

CITY OF LOS ANGELES
FIRE & POLICE PENSION PLAN
ANNUAL ACTUARIAL VALUATION
June 30, 2002



Submitted to
BOARD of FIRE and POLICE PENSION COMMISSIONERS

The City of Los Angeles Fire and Police Pension Plan

June 30, 2002 Actuarial Valuation

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GABRIEL, ROEDER, SMITH & COMPANY
 CONSULTANTS & ACTUARIES

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November 27, 2002

Board of Fire and Police Pension Commissioners
 360 East Second Street, 6th Floor
 Los Angeles, CA 90012

Members of the Board:

Results of the regular Annual Actuarial Valuation as of June 30, 2002 of The City of Los Angeles Fire and Police Pension Plan are summarized. The valuation is intended to provide a measure of the funding status of the retirement system and health subsidy benefits. This valuation forms the basis for the City contribution rates for the year beginning July 1, 2003

Contributions	Retirement	Health
Normal Costs	15.81%	2.28%
Unfunded Amortization	-4.81%	0.70%
TOTAL	11.00%	2.98%

The member statistical data on which the valuation was based was furnished by staff, together with pertinent data on financial operations. Data was reviewed for reasonableness, but was not audited by the actuary.

There was an overall actuarial loss of \$1.08 billion, which reflects 10.0% of related actuarial accrued liabilities as of June 30, 2001.

The cooperation of staff in furnishing materials requested for this valuation is deeply acknowledged with appreciation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

Rick A. Roeder, E.A., F.S.A., M.A.A.A.

**The City of Los Angeles Fire and Police Pension Plan
Summary of Significant Valuation Results**

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total
I. Total Membership						
A. Active Members						
• Fire	0	747	798	800	1,034	3,379
• Police	<u>0</u>	<u>820</u>	<u>4,093</u>	<u>1,614</u>	<u>2,400</u>	<u>8,927</u>
• Total	0	1,567	4,891	2,414	3,434	12,306
B. Pensioners						
• Service Retirement	306	6,543	49	17	131	7,046
• Disability Retirement	280	1,941	174	4	0	2,399
• Surviving Spouses and Dependents	<u>742</u>	<u>1,515</u>	<u>56</u>	<u>0</u>	<u>2</u>	<u>2,315</u>
Total Pensioners	1,328	9,999	279	21	133	11,760
C. Total Membership	1,328	11,566	5,170	2,435	3,567	24,066
II. Annual Salary at June 30, 2002						
A. Total						
• Fire	0	67,882,976	63,203,447	54,135,903	81,644,036	266,866,363
• Police	<u>0</u>	<u>75,337,751</u>	<u>307,646,865</u>	<u>113,736,817</u>	<u>182,449,456</u>	<u>679,170,889</u>
• Total	0	143,220,727	370,850,313	167,872,720	264,093,492	946,037,252
B. Average						
• Fire	0	90,874	79,202	67,670	78,959	78,978
• Police	<u>0</u>	<u>91,875</u>	<u>75,164</u>	<u>70,469</u>	<u>76,021</u>	<u>76,081</u>
• Total	0	91,398	75,823	69,541	76,906	76,876
III. Average Monthly Benefit to Current Pensioners and Beneficiaries at June 30, 2002						
A. Service Retirement	\$1,778	\$3,681	\$2,639	\$2,890	\$5,750	\$3,627
B. Disability Retirement	2,064	3,613	2,492	2,460	0	3,349
C. Surviving Spouses and Dependents	2,066	3,079	3,168	0	5,871	2,758
D. All Pensioners	1,999	3,576	2,653	2,809	5,751	3,399

The City of Los Angeles Fire and Police Pension Plan						
Summary of Significant Valuation Results						
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total
IV. Average Monthly Health Subsidy Benefits to Current Pensioners	\$229	\$320	\$312	\$325	\$344	\$317
V. Actuarial Value of Assets Available for						
A. Pension Benefits	-3,656,855	8,130,013,255	1,256,176,547	489,576,635	1,619,812,780	11,491,922,362
B. Health Subsidy	<u>3,668,502</u>	<u>239,141,754</u>	<u>158,618,484</u>	<u>60,539,671</u>	<u>124,985,439</u>	<u>586,953,850</u>
C. Total	11,647	8,369,155,009	1,414,795,031	550,116,306	1,744,798,219	12,078,876,212
VI. Unfunded/(Surplus) Actuarial Accrued Liability						
A. Pension Benefits	266,261,977	-754,176,578	-155,720,901	-73,290,634	-168,170,950	-885,097,086
B. Health Subsidy	<u>11,902,815</u>	<u>356,847,700</u>	<u>-69,793,981</u>	<u>-27,849,176</u>	<u>26,310,006</u>	<u>297,417,364</u>
C. Total	278,164,792	-397,328,878	-225,514,882	-101,139,810	-141,860,944	-587,679,722
VII. Actuarial Funded Ratio						
A. Pension Benefits	-1.4%	110.2%	114.2%	117.6%	111.6%	108.3%
B. Health Subsidy	23.6%	40.1%	178.6%	185.2%	82.6%	66.4%
C. Total	0.0%	105.0%	119.0%	122.5%	108.9%	105.1%
VIII. Budget Items						
A. Pension Benefits						
1. Normal Cost as a Percent of Pay	0.00%	20.94%	15.20%	13.05%	15.63%	15.81%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability	\$25,034,595	-4.06%	-4.17%	-4.37%	-3.53%	-4.81%
B. Health Subsidy Benefits						
1. Normal Cost as a Percent of Pay	0.00%	2.37%	2.16%	2.73%	2.12%	2.28%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability	\$1,119,131	1.92%	-2.75%	-2.32%	0.55%	0.70%
C. Total Contribution (A+B)						
1. Normal Cost as a Percent of Pay	0.00%	23.31%	17.36%	15.78%	17.75%	18.09%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability	\$26,153,726	-14.10%	-6.93%	-6.69%	-2.98%	-4.11%

Note: Tier 2 Amortization of Unfunded/(Surplus) AAL percentages only are applied to payroll for all Tiers combined.

The City of Los Angeles Fire and Police Pension Plan

Funded Status Of Retirement Benefits			
	June 30, 2002	June 30, 2001	Percent Change
Actuarial Accrued Liability			
· Pensioners and Beneficiaries	\$6,598,367,515	\$6,298,911,550	4.8%
· Active Members	<u>4,008,457,761</u>	<u>3,655,144,911</u>	9.7%
· Total	\$10,606,825,276	\$9,954,056,461	6.6%
Value of Assets			
Available for Pension Benefits			
Market:	\$9,621,691,610	\$10,904,103,321	-11.8%
Actuarial:	\$11,491,922,362	\$11,835,548,939	-2.9%
Funding Ratio			
Market:	90.7%	109.5%	-17.2%
Actuarial:	108.3%	118.9%	-8.9%

Funded Status Of Health Benefits			
	June 30, 2002	June 30, 2001	Percent Change
Actuarial Accrued Liability			
· Pensioners and Beneficiaries	\$502,564,092	\$469,537,496	7.0%
· Active Members	<u>381,807,122</u>	<u>370,750,448</u>	3.0%
· Total	\$884,371,214	\$840,287,944	5.2%
Value of Assets			
Available for Pension Benefits			
Market:	\$444,038,567	\$489,126,016	-9.2%
Actuarial:	\$586,953,850	\$573,844,190	2.3%
Funding Ratio			
Market:	50.2%	58.2%	-13.7%
Actuarial:	66.4%	68.3%	-2.8%

**FINANCIAL PRINCIPLES
AND
OPERATIONAL TECHNIQUES**

The City of Los Angeles Fire and Police Pension Plan
Financial Principles and Operational Techniques

Promises Made, and To Be Paid For. As each year is completed, the Retirement System in effect hands an “IOU” to each member then acquiring a year of service credit – the “IOU” says: “The City of Los Angeles Fire and Police Pension Plan owes you one year’s worth of retirement benefits, payments in cash commencing when you qualify for retirement.”

The related key financial questions are:

Which generation of taxpayers contributes the money to cover the IOU?

The present taxpayers, who receive the benefit of the member’s present year of service?

Or the future taxpayers, who happen to be in Los Angeles City at the time the IOU becomes a cash demand, years and decades later?

The principle of level percent of payroll financing intends that this year’s taxpayers contribute the money to cover the IOUs being handed out this year. By following this principle, the employer contribution rate will remain approximately level from generation to generation (after funding of the System’s initial unfunded liability is addressed) – our children and our grandchildren will contribute the same percents of active payroll we contribute now.

(There are systems which have a design for deferring contributions to future taxpayers, lured by a lower contribution rate now and putting aside the consequence that the contribution rate must then relentlessly grow much greater over decades of time.)

An inevitable by-product of the level-cost design is the accumulation of reserve assets, for decades, and income produced when the assets are invested. Invested assets are a by-product and not the objective. Investment income becomes, in effect, the 3rd contributor for benefits to employees, and is interlocked with the contribution amounts required from employees and employer.

The City of Los Angeles Fire and Police Pension Plan
Financial Principles and Operational Techniques

(Concluded)

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Current Cost (the cost of members' service being rendered this year) . . .

plus. . .

Interest on Unfunded Accrued Liabilities (unfunded accrued liabilities are the difference between (i) liabilities for service already rendered and (ii) the accrued assets of the plan).

Computing Contributions To Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of an actuarial valuation and a funding method.

An actuarial valuation has a number of ingredients such as: the rate of investment return which plan assets will earn; rates of withdrawal of active members who leave covered employment; rates of mortality; rates of disability; rates of pay increases; and the assumed age or ages at actual retirement. In an actuarial valuation assumptions must be made as to what the above rates will be, for the next year and for decades in the future. Only the subsequent actual experience of the plan can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the wisdom behind the various financial assumptions or the skill of the actuary and the millions of calculations made. The future can be predicted with considerable but not complete precision, except for inflation which defies reliable prediction.

The System copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continual adjustments in the computed employer contribution rates.

THE ACTUARIAL VALUATION PROCESS

The financing diagram on the opposite page shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program) which is an increasing contribution method; and the level contribution method which equalizes contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined. The flow of activity constituting the valuation may be summarized as follows:

- A. Covered people data, furnished by THE SYSTEM, including:
 - Retirees now receiving benefits
 - Former employees with vested benefits not yet payable
 - Active employees

- B. + Asset data (cash & investments), furnished by the System

- C. + Assumptions concerning future experience in various risk areas, which are established by the Board after consulting with the actuary

- D. + The funding method for employer contributions (the long-term, planned pattern for employer contributions)

- E. + Mathematically combining the assumptions, the funding method, and the data

- F. = Determination of:
 - Plan Financial Position and/or
 - Employer's New Contribution Rate

**VALUATION RESULTS
&
COMMENTS**

June 30, 2002

FUNDING OBJECTIVE

The funding objective of the Retirement System is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens.

CONTRIBUTION RATES

The System is supported by member contributions, City contributions, and investment income from Fund assets.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation and are intended to:

1. cover the actuarial present value of benefits allocated to the current year by the actuarial cost method (the normal cost); and
2. finance over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (unfunded actuarial accrued liability).

Computed contributions for the fiscal year beginning July 1, 2003 are shown on the following pages.

The City of Los Angeles Fire and Police Pension Plan

Computed Contribution Rates

(Expressed as Percents of Active Payroll)

Valuation Date	<u>Retirement</u>		<u>Health Subsidy</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Applying to Fiscal Year	2003-04	2002-03	2003-04	2002-03
Normal Cost	15.81%	14.77%	2.28%	2.48%
UAAL Amortization	-4.81%	-11.03%	0.70%	0.84%
Total City Contribution	11.00%	3.74%	2.98%	3.32%

The above contributions assume a 1% “pick up” of Tier 5 employee contributions (which will continue to apply as long as the funded ratio exceeds 100%), and assume contributions are made, on average, at the middle of the fiscal year. Our understanding is that the City has maintained a practice of making most of the contributions at the beginning of the fiscal year and applying a 4.5% discount.

Ongoing unfunded actuarial accrued liabilities (UAAL) are a byproduct of actuarial gains and losses, as well as benefit, assumption and methodology changes. Each valuation generates an actuarial gain (loss) for each group valued. Each year’s gain (loss) is amortized as determined by policy for each separate Tier. Amortization is expressed as a percent-of-payroll and added to (or subtracted from) computed normal costs.



The City of Los Angeles Fire and Police Pension Plan
Computed Contribution Rates – Retirement Benefits

June 30, 2002

(Expressed as Percents of Active Payroll)

Elements of Normal Cost

	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>	<u>Total</u>
Normal Retirement	20.08%	18.43%	15.50%	18.48%	18.17%
Non-service Death	0.13	0.15	0.13	0.13	0.14
Death-In-Service ¹	0.48	0.62	0.58	0.57	0.58
Non-Service Disability ¹	0.15	0.13	0.13	0.13	0.13
Service Disability	5.52	3.41	3.78	3.48	3.82
Contribution Refunds	<u>0.58</u>	<u>0.46</u>	<u>0.93</u>	<u>0.84</u>	<u>0.67</u>
Total Normal Cost	26.94%	23.20%	21.05%	23.63%	23.51%
Less					
Employee Contributions ²	<u>6.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>7.70</u>
Equals					
Employer Normal Cost	20.94%	15.20%	13.05%	15.63%	15.81%

- 1 These figures could be viewed as overstated, and Normal Retirement figures understated, since, in many cases, an active member, who dies or becomes disabled will have significant service credit accrued and may be eligible for service retirement at time of disability or death benefit grant.
- 2 Watson Wyatt had reflected the netting of the 7% employee contribution rate for Tier 2 to reflect the cessation of contributions after 30 years of service. They did no similar netting for Tiers 3-4. To be consistent with their methodology, we continued their practice and did not net after 33 years of service for newly created Tier 5. Please see our Comment F in this regard.

The City of Los Angeles Fire and Police Pension Plan

Computed Contributions – Historic Comparison

Valuation <u>Date</u>	<u>Retirement</u>	<u>Health</u>	<u>Total</u>	Valuation <u>Payroll</u>
6/30/00	8.68%	3.60%	12.29%	845,426,191
6/30/01	3.74%	3.32%	7.06%	882,758,282
6/30/02	11.00%	2.98%	13.98%	946,037,252

Valuation Payroll is the sum of active member pays for each Tier that are reported to us by staff. Such payroll amounts are also inclusive of pay raises granted on the July 1 immediately succeeding the valuation date and are not reflected on the data provided us. For the 2001 and 2002 valuations, respectively, such increases were 4% and 5%.



The City of Los Angeles Fire and Police Pension Plan

Budget Amounts for Pension Benefits

	Recommended 2003 - 2004	Recommended 2002 - 2003	Percent Change
Tier 1			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 1 Payroll	N/A	17.55%	N/A
2. Amortization of Unfunded Actuarial Accrued Liability	\$ 25,034,595	\$ 26,453,474	-5.4%
Tier 2			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 2 Payroll	20.94%	21.02%	-0.4%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Total Payroll, All Tiers	-4.06%	-10.16%	-60.0%
Tier 3			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 3 Payroll	15.20%	12.83%	18.5%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 3 Payroll	-4.17%	-5.68%	-26.6%
3. Total Contribution as a Percent of Tier 3 Payroll	11.03%	7.15%	54.3%
Tier 4			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 4 Payroll	13.05%	11.88%	9.8%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 4 Payroll	-4.37%	-4.32%	1.2%
3. Total Contribution as a Percent of Tier 4 Payroll	8.68%	7.56%	14.8%
Tier 5			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 5 Payroll	15.63%	N/A	N/A
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 5 Payroll	-3.53%	N/A	N/A
3. Total Contribution as a Percent of Tier 5 Payroll	12.10%	N/A	N/A

The City of Los Angeles Fire and Police Pension Plan

Budget Amounts for Health Subsidy Benefits

	Recommended 2003 - 2004	Recommended 2002 - 2003	Percent Change
Tier 1			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 1 Payroll	N/A	0.15%	N/A
2. Amortization of Unfunded Actuarial Accrued Liability	\$ 1,119,131	\$ 964,977	16.0%
Tier 2			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 2 Payroll	2.37%	1.24%	91.1%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Total Payroll, All Tiers	1.92%	1.74%	10.3%
Tier 3			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 3 Payroll	2.16%	2.87%	-24.7%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 3 Payroll	-2.75%	-1.43%	92.3%
3. Total Contribution as a Percent of Tier 3 Payroll	-0.59%	1.44%	-141.0%
Tier 4			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 4 Payroll	2.73%	3.05%	-10.5%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 4 Payroll	-2.32%	-1.25%	85.6%
3. Total Contribution as a Percent of Tier 4 Payroll	0.41%	1.80%	-77.2%
Tier 5			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 5 Payroll	2.12%	N/A	N/A
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 5 Payroll	0.55%	N/A	N/A
3. Total Contribution as a Percent of Tier 5 Payroll	2.67%	N/A	N/A

The City of Los Angeles Fire and Police Pension Plan

UFLAC Settlement Amortization Schedule

The City and UFLAC settled litigation regarding the payment of investment manager fees/expenses out of plan assets in 1995. It was agreed that the City would make amortization payments plus \$500,000 each year until the \$11,040,227 agreed upon amount was paid off. The City began making the additional \$500,000 payments in the fiscal year beginning July 1, 1996.

Based on the amortization schedule below, the City should continue to make the additional \$500,000 payments through the fiscal year beginning July 1, 2006, with a final payment of \$282,582 in the fiscal year beginning July 1, 2007 along with annual required contributions to fully amortize this obligation.

<u>Fiscal Year</u>	<u>Balance</u>	<u>Scheduled Payment</u>	<u>Additional Payment</u>
7/1/96	11,040,227	896,521	500,000
7/1/97	10,463,421	896,521	500,000
7/1/98	9,837,586	896,521	500,000
7/1/99	9,158,556	896,521	500,000
7/1/00	8,421,808	896,521	500,000
7/1/01	7,622,436	896,521	500,000
7/1/02	6,755,118	896,521	500,000
7/1/03	5,814,077	896,521	500,000
7/1/04	4,793,049	896,521	500,000
7/1/05	3,685,232	896,521	500,000
7/1/06	2,483,252	896,521	500,000
7/1/07	1,179,103	896,521	282,582
7/1/08	0		

The City of Los Angeles Fire and Police Pension Plan
Member Contributions as of June 30, 2002

In addition to City contributions, the System is also funded by member contributions. The current rates are 7% for Tier 2 (including COLA contribution) and 8% for Tiers 3 through 5.

The Member contribution account balances (including interest) that were reported for the June 30, 2002 valuation are:

	<u>Fire Members</u>	<u>Police Members</u>	<u>Total</u>
Tier 2	\$112,300,157	\$125,089,944	\$237,390,101
Tier 3	61,873,448	206,287,339	268,160,786
Tier 4	37,571,019	80,720,394	118,291,413
Tier 5	<u>102,591,414</u>	<u>181,522,695</u>	<u>284,114,109</u>
Total	314,336,037	593,620,371	907,956,409

The City of Los Angeles Fire and Police Pension Plan

Unfunded Actuarial Accrued Liability

June 30, 2002

Derivation of Experience Gain (Loss)

The actuarial gains or losses realized in the operation of the System provide an experience test. Gains and losses are expected to cancel each other over a period of years and sizable year-to-year fluctuations are common.

	<u>Retirement</u>	<u>Health</u>
(1) UAAL* at beginning of year	(\$1,881,492,478)	\$266,443,754
(2) Contribution toward UAAL	(79,199,714)	6,853,952
(3) Interest Accrual:	(156,629,513)	22,362,366
(4) Increase in UAAL due to benefit enhancements	7,596,652	0
(5) Expected UAAL at the end of year (1) - (2) + (3) + (4)	(1,951,325,625)	281,952,168
(6) Actual End of Year UAAL	(885,097,086)	297,417,364
(7) (Gain)/Loss	1,066,228,539	15,465,196
(8) (Gain)/Loss as percentage actuarial accrued liabilities at beginning of year	10.7%	1.8%

* Unfunded actuarial accrued liability

The City of Los Angeles Fire and Police Pension Plan

Detail of Amortization of Unfunded Actuarial Accrued Liability

Retirement Benefits

Tier 1

Unfunded/(Surplus) Actuarial Accrued Liability is amortized as a flat dollar amount, over 35 years as of June 30, 2002

Tier 2

Unfunded/(Surplus) Actuarial Accrued Liability is amortized as a percent of total payroll, all Tiers, over 35 years as of June 30, 2002

Tier 3

<u>Item</u>	<u>Years Remaining Balance Left</u>	<u>6/30/02</u>	<u>Amortization Amount</u>
ORIGINAL BASE	1	893,352	923,130
7-1-89 (GAIN) / LOSS	2	(821,718)	(431,514)
7-1-89 ASSUMPTION CHANGE	17	(17,821,259)	(1,390,159)
7-1-90 (GAIN) / LOSS	3	(2,002,365)	(712,438)
7-1-90 AMENDMENT	18	308,331	23,055
7-1-90 ASSUMPTION CHANGE	18	(6,926,350)	(517,905)
7-1-91 (GAIN) / LOSS	4	10,490,355	2,844,720
7-1-92 (GAIN) / LOSS	5	(6,680,142)	(1,472,550)
7-1-92 ASSUMPTION CHANGE	20	2,655,992	184,071
7-1-93 (GAIN) / LOSS	6	(11,088,984)	(2,069,671)
7-1-94 (GAIN) / LOSS	7	2,471,864	401,749
7-1-95 (GAIN) / LOSS	8	(3,346,502)	(483,457)
7-1-95 ASSUMPTION CHANGE	23	(21,525,481)	(1,354,834)
7-1-96 (GAIN) / LOSS	9	(239,726)	(31,269)
7-1-96 PLAN CHANGE	24	2,981,397	182,425
7-1-95 AVA METHOD CHANGE	24	(19,272,616)	(1,179,248)
7-1-97 (GAIN) / LOSS	10	(17,525,057)	(2,089,573)
7-1-98 (GAIN) / LOSS	11	(29,060,693)	(3,199,070)
7-1-98 PLAN CHANGE	26	5,741,584	333,619
7-1-98 ASSUMPTION CHANGE	26	9,656,713	561,110
7-1-99 (GAIN) / LOSS	12	(47,320,906)	(4,849,043)
7-1-00 (GAIN) / LOSS	13	(57,865,074)	(5,557,668)
7-1-00 PLAN CHANGE	28	981,173	54,443
7-1-01 (GAIN) / LOSS	14	(46,604,982)	(4,220,077)
7-1-01 ASSUMPTION CHANGE	29	(29,994,669)	(1,629,413)
7-1-02 (GAIN) / LOSS	15	126,194,863	10,827,410
Total		(155,720,901)	(14,852,158)

The City of Los Angeles Fire and Police Pension Plan

Detail of Amortization of Unfunded Actuarial Accrued Liability

Retirement Benefits (continued)

Tier 4

<u>Item</u>	<u>Years Left</u>	<u>Remaining Balance 6/30/02</u>	<u>Amortization Amount</u>
ORIGINAL BASE	1	342,047	353,449
7-1-89 (GAIN) / LOSS	2	(314,620)	(165,218)
7-1-89 ASSUMPTION CHANGE	17	(6,823,429)	(532,266)
7-1-90 (GAIN) / LOSS	3	(766,668)	(272,779)
7-1-90 AMENDMENT	18	118,055	8,827
7-1-90 ASSUMPTION CHANGE	18	(2,651,970)	(198,296)
7-1-91 (GAIN) / LOSS	4	4,016,563	1,089,191
7-1-92 (GAIN) / LOSS	5	(2,557,702)	(563,812)
7-1-92 ASSUMPTION CHANGE	20	1,016,930	70,477
7-1-93 (GAIN) / LOSS	6	(4,245,766)	(792,439)
7-1-94 (GAIN) / LOSS	7	946,432	153,822
7-1-95 (GAIN) / LOSS	8	(1,281,314)	(185,107)
7-1-95 ASSUMPTION CHANGE	23	(8,241,707)	(518,741)
7-1-96 (GAIN) / LOSS	9	(91,786)	(11,972)
7-1-96 PLAN CHANGE	24	1,141,521	69,847
7-1-95 AVA METHOD CHANGE	24	(7,379,127)	(451,512)
7-1-97 (GAIN) / LOSS	10	(6,710,019)	(800,059)
7-1-98 (GAIN) / LOSS	11	(11,126,801)	(1,224,865)
7-1-98 PLAN CHANGE	26	2,198,346	127,736
7-1-98 ASSUMPTION CHANGE	26	3,697,377	214,839
7-1-99 (GAIN) / LOSS	12	(18,118,297)	(1,856,609)
7-1-00 (GAIN) / LOSS	13	(22,155,464)	(2,127,928)
7-1-00 PLAN CHANGE	28	373,486	20,724
7-1-01 (GAIN) / LOSS	14	(10,526,764)	(953,198)
7-1-01 ASSUMPTION CHANGE	29	(4,904,278)	(266,417)
7-1-02 (GAIN) / LOSS	15	20,754,322	1,780,703
Total		(73,290,634)	(7,031,602)

Tier 5

<u>Item</u>	<u>Years Left</u>	<u>Remaining Balance 6/30/02</u>	<u>Amortization Amount</u>
ORIGINAL BASE 07/01/02	30	(168,170,950)	(8,953,746)
Total		(168,170,950)	(8,953,746)

The City of Los Angeles Fire and Police Pension Plan

Detail of Amortization of Unfunded Actuarial Accrued Liability

Health Subsidy Benefits

Tier 1

Unfunded/(Surplus) Actuarial Accrued Liability is amortized as a flat dollar amount, over 35 years as of June 30, 2002

Tier 2

Unfunded/(Surplus) Actuarial Accrued Liability is amortized as a percent of total payroll, all Tiers, over 35 years as of June 30, 2002

Tier 3

<u>Item</u>	<u>Years Left</u>	<u>Remaining Balance 6/30/02</u>	<u>Amortization Amount</u>
ORIGINAL BASE	17	65,390,353	5,100,819
7-1-90 (GAIN) / LOSS	3	641,429	228,219
7-1-91 (GAIN) / LOSS	4	592,499	160,671
7-1-92 (GAIN) / LOSS	5	(1,918,386)	(422,883)
7-1-92 ASSUMPTION CHANGE	20	7,938,620	550,180
7-1-93 (GAIN) / LOSS	6	(6,648,895)	(1,240,964)
7-1-93 ASSUMPTION CHANGE	21	(22,903,598)	(1,533,919)
7-1-94 (GAIN) / LOSS	7	(4,287,434)	(696,831)
7-1-95 (GAIN) / LOSS	8	(10,402,976)	(1,502,881)
7-1-95 ASSUMPTION CHANGE	23	(3,112,390)	(195,897)
7-1-96 (GAIN) / LOSS	9	(23,018,455)	(3,002,483)
7-1-96 CHANGE IN AVA METHOD	24	(6,697,518)	(409,806)
7-1-96 ASSUMPTION CHANGE	24	(3,711,154)	(227,077)
7-1-97 (GAIN) / LOSS	10	(8,604,816)	(1,025,982)
7-1-97 CHANGE IN PLAN PROV	25	12,111,706	721,636
7-1-97 ASSUMPTION CHANGE	25	(6,641,668)	(395,722)
7-1-98 (GAIN) / LOSS	11	(4,328,600)	(476,503)
7-1-98 CHANGE IN PLAN PROV	26	(199,118)	(11,570)
7-1-98 ASSUMPTION CHANGE	26	(649,346)	(37,731)
7-1-99 (GAIN) / LOSS	12	(7,534,150)	(772,036)
7-1-00 (GAIN) / LOSS	13	(12,029,848)	(1,155,410)
7-1-00 CHANGE IN PLAN PROV	28	11,351,892	629,895
7-1-01 (GAIN) / LOSS	14	(10,810,488)	(978,889)
7-1-01 CHANGE IN PLAN PROV	29	10,506,472	570,748
7-1-01 ASSUMPTION CHANGE	29	(6,374,295)	(346,274)
7-1-02 (GAIN) / LOSS	15	(38,453,817)	(3,299,304)
Total		(69,793,981)	(9,769,992)

The City of Los Angeles Fire and Police Pension Plan

Detail of Amortization of Unfunded Actuarial Accrued Liability

Health Subsidy Benefits (continued)

Tier 4

<u>Item</u>	<u>Years Left</u>	<u>Remaining Balance 6/30/02</u>	<u>Amortization Amount</u>
ORIGINAL BASE	17	22,357,435	1,744,007
7-1-90 (GAIN) / LOSS	3	219,309	78,030
7-1-91 (GAIN) / LOSS	4	202,580	54,935
7-1-92 (GAIN) / LOSS	5	(655,910)	(144,587)
7-1-92 ASSUMPTION CHANGE	20	2,714,271	188,110
7-1-93 (GAIN) / LOSS	6	(2,273,306)	(424,295)
7-1-93 ASSUMPTION CHANGE	21	(7,830,907)	(524,458)
7-1-94 (GAIN) / LOSS	7	(1,465,905)	(238,252)
7-1-95 (GAIN) / LOSS	8	(3,556,853)	(513,846)
7-1-95 ASSUMPTION CHANGE	23	(1,064,148)	(66,978)
7-1-96 (GAIN) / LOSS	9	(7,870,175)	(1,026,570)
7-1-96 CHANGE IN AVA METHOD	24	(2,289,930)	(140,116)
7-1-96 ASSUMPTION CHANGE	24	(1,268,870)	(77,639)
7-1-97 (GAIN) / LOSS	10	(2,942,049)	(350,791)
7-1-97 CHANGE IN PLAN PROV	25	4,141,080	246,732
7-1-97 ASSUMPTION CHANGE	25	(2,270,835)	(135,300)
7-1-98 (GAIN) / LOSS	11	(1,479,980)	(162,920)
7-1-98 CHANGE IN PLAN PROV	26	(68,080)	(3,956)
7-1-98 ASSUMPTION CHANGE	26	(222,017)	(12,900)
7-1-99 (GAIN) / LOSS	12	(2,575,981)	(263,965)
7-1-00 (GAIN) / LOSS	13	(4,113,092)	(395,043)
7-1-00 CHANGE IN PLAN PROV	28	3,851,725	213,725
7-1-01 (GAIN) / LOSS	14	(8,289,505)	(750,614)
7-1-01 CHANGE IN PLAN PROV	29	3,709,636	201,520
7-1-01 ASSUMPTION CHANGE	29	(1,028,371)	(55,865)
7-1-02 (GAIN) / LOSS	15	(13,779,298)	(1,182,252)
Total		(27,849,176)	(3,743,286)

Tier 5

<u>Item</u>	<u>Years Left</u>	<u>Remaining Balance 6/30/02</u>	<u>Amortization Amount</u>
ORIGINAL BASE 07-01-02	30	26,310,006	1,400,795
Total		26,310,006	1,400,795

Funding Progress Indicators

June 30, 2002

There is no single all-encompassing indicator which measures a retirement system's funding progress and current funded status. A traditional measure has been the relationship of valuation assets to unfunded actuarial accrued liability – a measure that is influenced by the choice of actuarial cost method.

We believe a better understanding of funding progress and status can be achieved using the following indicators which are independent of the actuarial cost method.

1. The ratio of valuation assets to the actuarial present value of credited projected benefits allocated in the proportion accrued service is to projected total service – a plan continuation indicator.
2. The ratio of the unfunded actuarial present value of credited projected benefits to member payroll – a plan continuation indicator. In a soundly financed retirement system, the amount of the unfunded actuarial present value of credited projected benefits will be controlled and prevented from increasing in the absence of benefit improvements or strengthening of actuarial assumptions. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease in the absence of benefit improvements or strengthening of actuarial assumptions.

The City of Los Angeles Fire and Police Pension Plan
Funding Progress Indicators – Historic Comparison

(\$ in Thousands)

Valuation Date	Valuation Assets	<u>Retirement</u>			Member Payroll	UAAL Ratio to Payroll
		Actuarial Accrued Liability	Unfunded AAL	Funded Ratio		
6/30/95	5,602,149	8,412,407	2,810,258	66.6%	608,978	461.5%
6/30/96	6,558,797	8,786,176	2,227,379	74.6%	688,572	323.5%
6/30/97	7,406,444	9,111,058	1,704,614	81.3%	749,506	227.4%
6/30/98	8,393,869	8,912,535	518,667	94.2%	808,807	64.1%
6/30/99	9,637,255	9,203,636	(433,619)	104.7%	819,741	(52.9)%
6/30/00	10,985,936	9,604,174	(1,381,763)	114.4%	845,426	(163.4)%
6/30/01	11,835,579	9,954,056	(1,881,492)	118.9%	882,758	(213.1)%
6/30/02	11,491,922	10,606,825	(885,097)	108.3%	946,037	(93.6)%

Valuation Date	Valuation Assets	<u>Health Subsidy</u>			Member Payroll	UAAL Ratio to Payroll
		Actuarial Accrued Liability	Unfunded AAL	Funded Ratio		
6/30/95	175,793	659,806	484,013	26.6%	608,978	79.5%
6/30/96	248,229	591,778	343,549	41.9%	688,572	49.9%
6/30/97	310,852	586,429	275,577	53.0%	749,506	36.8%
6/30/98	371,411	626,670	255,258	59.3%	808,807	31.6%
6/30/99	443,492	666,566	223,074	66.5%	819,741	27.2%
6/30/00	519,241	791,338	272,097	65.6%	845,426	32.2%
6/30/01	573,844	840,288	266,444	68.3%	882,758	30.2%
6/30/02	586,954	884,371	297,417	66.4%	946,037	31.4%

The City of Los Angeles Fire and Police Pension Plan

Actuarial Balance Sheet – June 30, 2002

(\$ in Thousands)

Present Resources and Expected Future Resources

	<u>Retirement</u>	<u>Health</u>	<u>Total</u>
A. Actuarial value of system assets	\$11,491,922	\$586,954	\$12,078,876
B. Present value of expected future contributions			
1. For normal costs for present actives	1,596,934	229,132	1,826,066
2. For unfunded actuarial accrued liability	<u>(885,097)</u>	<u>297,417</u>	<u>(587,680)</u>
3. Totals	711,837	526,549	1,238,386
C. Present value of expected future member contributions	<u>703,594</u>	<u>0</u>	<u>703,594</u>
D. Total Present and Expected Future Resources	12,907,353	1,113,503	14,020,856

Present Value of Expected Future Benefit Payments and Reserve

A. To retirants and beneficiaries	\$6,598,368	\$502,564	\$7,100,932
B. To present active members			
1. Allocated to service rendered prior to valuation date	4,008,458	381,807	4,390,265
2. Allocated to service likely to be rendered after valuation date	<u>2,300,527</u>	<u>229,132</u>	<u>2,529,659</u>
3. Totals	6,308,985	610,939	6,919,924
C. Total Present Value of Expected Future Benefit Payments	12,907,353	1,113,503	14,020,856

The City of Los Angeles Fire and Police Pension Plan

Comments & Recommendations

June 30, 2002

COMMENT A: The overall contribution rate has increased significantly from 7.06% to 13.98% of payroll. This is attributed to an actuarial loss of \$1.08 billion that reflects the poor investment markets of the last two years. This rate is closer to the aggregate rate in the 2000 valuation of 12.29%.

COMMENT B: If not for smoothing of the actuarial value of assets, contribution rates would have increased more than they did. On a market-to-market basis, the investment yield was negative 8.49% or \$1.9 billion short of the yield if the 8.5% assumption had been met. On an actuarial basis, which uses five-year smoothing of unanticipated gains and losses that deviate from your 8.5% assumption, the yield was 0.33%. Since we are comparing to 8.5%, not zero, this resulted in the actuarial investment loss of \$1 billion dollars.

COMMENT C: The overall funded ratio dropped from 115.0% to 105.1% using the actuarial value of assets. The funded ratio would be 87.6% using the market value of assets.

COMMENT D: Heads up! Due to the large excess of \$2 billion of actuarial value of assets over the market value of assets, contribution rates will almost certainly increase in the June 30, 2003 valuation. The City should be informed of this likelihood soon so that appropriate plans can be made for the fiscal year beginning July 1, 2004.

COMMENT E: There is a new technical issue in the 2002 valuation. As of June 30, 2002, there were 3,434 active members who elected to join the newly created Tier 5. This creates an issue as to how allocated assets are to be transferred to this Tier. After talking to staff, we have taken the approach that the assets allocated to other Tiers will be transferred to Tier 5 in proportion to their accrued liabilities under their former plans as of June 30, 2002.

This has necessitated that we track the accrued liabilities for each electing Tier 5 member from Tiers 2-4 – a significant task!

COMMENT F: We have made every attempt to mirror the methodology used by Watson Wyatt. Sometimes, review by a second set of actuaries is useful as an audit. The next time assumptions are reviewed, we would suggest consideration of the following refinements:

1) We would recommend consistent treatment of the handling of the netting of the employee rates against the total normal cost. For example, in Tier 2, a 6% employee rate is netted against the total normal cost even though the nominal rate is 7%. For Tier 2 only, Watson Wyatt assumed that there was a “netting” due to the cessation of contributions after 30 years. Their rationale for not similarly netting for Tiers 3 and 4 was that no member of either Tier would currently have enough years of service to currently have any cessation of employee contributions.

Our suggestion would be to explicitly value the cessation of contributions for all Tiers, including new Tier 5. This is particularly relevant since there are significantly different populations for Tiers 2-4 with the advent of Tier 5. Since we calculate the long-term value of benefits, it seems consistent to calculate the long-term value of employee contributions. It is not difficult to calculate the adjustment exactly for each Tier.

Comments & Recommendations

June 30, 2002

For example, we have derived the following netting for Tiers 2-5 as follows, based on the ratio of Present Value of Future Anticipated Contributions divided by Present Value of Future Anticipated Payroll.

<u>Tier</u>	<u>Gross Employee Rate</u>	<u>Net Employee Rate</u>
2	7%	4.49%
3	8%	7.76%
4	8%	7.54%
5	8%	7.58%

Over 10% of remaining Tier 2 members have over 30 years of service now and a number of other Tier 2 members will have some probability of working more than 30 years.

2) The assumed investment yield of 8.5% is a NET number. No explicit provision for investment expenses is assumed. Thus, it is inconsistent to back out investment expense in the development of the actuarial value of assets since that is already considered in the 8.5% figure. A similar argument could be made for administrative expenses.

3) The rate of accumulation of employee monies is assumed to be 8.5% even though this is a much higher rate than has been credited for many years. This is somewhat picayune. If this rate was changed to be more realistic, there would be little impact on computed rates.

4) The development of the denominator of the determination of normal cost assumes that no active member will leave active status during the year following the valuation. We believe a consistent approach is to look at expected compensation during the following year for the active members at the valuation date, in order to calculate the normal cost percentage. This would incorporate, on a consistent basis, decrements such as assumed employee turnover.

5) We would suggest that a close look of assumed retirement rates occur. There certainly is some guesswork in regard to the retirement ages for Tiers 3-5 since none of these Tiers has significant experience. However, we do not believe that the differences in benefits or retirement eligibility conditions likely warrant a situation where some Tiers of employees have widely varying probabilities of retirement in their early 50's compared to other Tiers. Watson Wyatt felt that some differences in entry age by Tier warranted such differences.

COMMENT G: In the spirit of using the same assumptions as used in the 2001 valuation, we are using the same 8.5% investment assumption used in last year's valuation. We empathize with Watson Wyatt's previous recommendation to consider reduction of the 8.5% rate since this rate is slightly above median for public funds. However, we also are wary of recommending overly frequent assumption changes where there is a reasonable range for an assumption. Thus, we understand if the Pension Board prefers not to address this issue until completion of the next experience investigation.

Comments & Recommendations

June 30, 2002

COMMENT H: We recommend that the Pension Board clarify one aspect of the Tier 5 employee contribution rate. The rate will be increased from 8% to 9% in the event that the System ceases to be “fully funded.” We request that this be clarified as to whether “fully funded” applies on a System-wide basis or only based on the liabilities and assets allocated to Tier 5. It is theoretically possible that Tier 5 status in this regard may differ from the System as a whole in some future year.

COMMENT I: To be consistent with Watson Wyatt methodology in 2001, we increased the payroll by 5% from valuation payroll supplied us by staff to reflect pay increases scheduled to go into effect on July 1, 2002.

COMMENT J: It is our understanding that the City has agreed to pay a \$500,000 annual contribution in addition to our computed rates to reflect a settlement with UFLAC in 1995. Page 11 shows the related amortization schedule for this added payment.

COMMENT K: The System continues to be well-funded in accordance with the principles of level-percent-of-payroll financing. However, all parties should be aware that there is a strong likelihood of increasing contribution rates and a decreasing funding ratio on the actuarial value of assets due to 2 billion dollars of deferred losses not yet reflected in computed rates.

SUMMARY OF BENEFIT PROVISIONS

&

VALUATION DATA SUBMITTED BY RETIREMENT SYSTEM

	Tier 2	Tier 3	Tier 4	Tier 5
1. SERVICE RETIREMENT				
a. Eligibility	20 years of service.	Age 50 with 10 years of service.	20 years of service.	Age 50 with 20 years of service.
b. Salary Base	Normal Pension Base (monthly salary rate)	Final Average Salary (One-year monthly average salary)	Final Average Salary (One-year monthly average salary)	Final Average Salary (One-year monthly average salary)
c. Pensions as a percentage of salary base.	40% at 20 years of service, plus 2% for each additional year up to 25 years of service. 55% at 25 years of service, plus 3% for each additional year between 25 and 30 years of service.	2% per year of service up to 20 years of service, plus 3% for each additional year of service up to 30 years of service.	2% per year of service up to 20 years of service, plus 3% for each additional year of service up to 30 years of service.	50% at 20 years of service, plus 3% for each additional year (except 4% at 30 years of service).
	Maximum of 70% for 30 or more years of service.	Maximum of 70% for 30 or more years of service.	Maximum of 70% for 30 or more years of service.	Maximum of 90% for 33 or more years of service.
2. SERVICE-CONNECTED DISABILITY				
a. Eligibility	Work related. No age or service requirements.	Work related. No age or service requirements.	Work related. No age or service requirements.	Work related. No age or service requirements.
b. Salary Base	Normal Pension Base (monthly salary rate)	Final Average Salary (One-year monthly average salary)	Final Average Salary (One-year monthly average salary)	Final Average Salary (One-year monthly average salary)
c. Pensions as a percentage of salary base.	50% to 90% depending on severity of disability, with a minimum of Member's service pension percentage rate.	30% to 90% depending on severity of disability, with a minimum of 2% per year of service.	30% to 90% depending on severity of disability, with a minimum of 2% per year of service.	30% to 90% depending on severity of disability, with a minimum of 2% per year of service.
3. NONSERVICE-CONNECTED DISABILITY				
a. Eligibility	Not work related. Five years of service.	Not work related. Five years of service.	Not work related. Five years of service.	Not work related. Five years of service.
b. Salary Base	Nonservice-Connected Salary Base: Highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay.	Final Average Salary (One-year monthly average salary)	Final Average Salary (One-year monthly average salary)	Final Average Salary (One-year monthly average salary)
c. Pension as a percentage of salary base.	40%	30% to 50% depending on severity of disability.	30% to 50% depending on severity of disability.	30% to 50% depending on severity of disability.

SUMMARY OF PENSION PLAN BENEFITS				
	Tier 2	Tier 3	Tier 4	Tier 5
4. SERVICE-CONNECTED DEATH OR DEATH AFTER SERVICE-CONNECTED DISABILITY				
a. Eligibility	Work related. No age or service requirements.	Work related. No age or service requirements.	Work related. No age or service requirements.	Work related. No age or service requirements.
b. Salary Base	Normal Pension Base (monthly salary rate)	Final Average Salary (One-year monthly average salary)	Final Average Salary (One-year monthly average salary)	Final Average Salary (One-year monthly average salary) <i>Except for Members who transferred from Tier 2 to Tier 5</i>
c. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit as a percentage of Member's salary base.	50% with less than 25 years of service with uncapped COLA.	SERVICE-CONNECTED DEATH: 75% of Final Average Salary if service-connected death or death due to service connected causes, within 3 years after effective date of Service-Connected Disability pension with 3% cap on COLA.	SERVICE-CONNECTED DEATH: 75% of Final Average Salary if service-connected death or death due to service connected causes, within 3 years after effective date of Service-Connected Disability pension with 3% cap on COLA.	SERVICE-CONNECTED DEATH: Former Tier 2: 75% of Normal Pension Base if service-connected death with 3% cap on COLA and COLA bank. Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02: 75% of Final Average Salary if service-connected death or death due to service connected causes within 3 years after effective date of Service-Connected Disability pension with 3% cap on COLA and COLA bank. DEATH AFTER SERVICE-CONNECTED DISABILITY: Former Tier 2: 50% of Normal Pension Base with less than 25 YOS with 3% cap on COLA and COLA bank. 55% of Normal Pension Base with 25 or more YOS with 3% cap on COLA and COLA bank.
		DEATH AFTER SERVICE-CONNECTED DISABILITY: 60% of Member's Service-Connected Disability pension with 3% cap on COLA	DEATH AFTER SERVICE-CONNECTED DISABILITY: 60% of Member's Service-Connected Disability pension with 3% cap on COLA	

SUMMARY OF PENSION PLAN BENEFITS				
	Tier 2	Tier 3	Tier 4	Tier 5
4. SERVICE-CONNECTED DEATH OR DEATH AFTER SERVICE-CONNECTED DISABILITY (continued)				
c. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit as a percentage of Member's salary base.				Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02:
(Continued)				75% of Final Average Salary if died within 3 years after effective date of Service-Connected Disability pension, and death due to service connected causes, otherwise 60% of Member's Service-Connected Disability pension with 3% cap on COLA and COLA bank.
d. Eligible children's benefit as a percentage of Qualified Surviving Spouse's or Qualified Partner's benefit.	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:
	25% for one child	25% for one child	25% for one child	25% for one child
	40% for two children	40% for two children	40% for two children	40% for two children
	50% for three or more children	50% for three or more children	50% for three or more children	50% for three or more children
	Pension not payable after child reaches age 18 unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.
	Uncapped COLA	3% cap on COLA, no COLA Bank.	3% cap on COLA, no COLA Bank.	3% cap on COLA, with COLA Bank.
e. Eligible dependent parent's benefit as a percentage of Qualified Surviving Spouse's or Qualified Domestic Partner's benefit.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.
	Uncapped COLA	3% cap on COLA, no COLA Bank.	3% cap on COLA, no COLA Bank.	3% cap on COLA, with COLA Bank.

SUMMARY OF PENSION PLAN BENEFITS				
	Tier 2	Tier 3	Tier 4	Tier 5
5. DEATH WHILE ELIGIBLE TO RECEIVE A SERVICE PENSION ON ACCOUNT OF YEARS OF SERVICE				
a. Eligibility	20 years of service.	10 years of service	20 years of service.	20 years of service.
b. Eligible Qualified	100% of Member's accrued	Higher of 30% of Final Average	Higher of 30% of Final Average	Former Tier 2:
Surviving Spouse's (QSS) or Qualified Domestic Partner's (QSDP) benefit as a percentage of Member's salary base	service retirement member would have received, not to exceed 55% of normal pension base.	Salary or, if eligible to retire based on years of service, 80% of the pension the Member would have received not to exceed 40% of Final Average Salary.	Salary or, if eligible to retire based on years of service, 80% of the pension the Member would have received not to exceed 40% of Final Average Salary.	Former Tier 2: 100% of Member's accrued service retirement member would have received, not to exceed 55% of Normal Pension Base with 3% cap on COLA, with COLA bank.
				Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02:
				Per Section 1508(2), if member was eligible to retire based on YOS, 80% of service retirement Member would have been entitled to or 30% of Member's Final Average Salary; not to exceed 40% of Final Average Salary with 3% cap on COLA and COLA bank.
c. Eligible children's benefit as a percentage of Qualified Surviving Spouse's or Qualified Partner's benefit.	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:
	25% for one child	25% for one child	25% for one child	25% for one child
	40% for two children	40% for two children	40% for two children	40% for two children
	50% for three or more children	50% for three or more children	50% for three or more children	50% for three or more children
	Pension not payable after child reaches age 18 unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.
	Uncapped COLA			
		3% cap on COLA, no COLA Bank.	3% cap on COLA, no COLA Bank.	3% cap on COLA, with COLA Bank.

SUMMARY OF PENSION PLAN BENEFITS				
	Tier 2	Tier 3	Tier 4	Tier 5
5. DEATH WHILE ELIGIBLE TO RECEIVE A SERVICE PENSION ON ACCOUNT OF YEARS OF SERVICE (continued)				
d. Eligible dependent parent's benefit as a percentage of	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.
Qualified Surviving Spouse's or Qualified Domestic Partner's benefit.	Uncapped COLA	3% cap on COLA, no COLA Bank.	3% cap on COLA, no COLA Bank.	3% cap on COLA, with COLA Bank.
6. DEATH AFTER SERVICE RETIREMENT				
a. Eligibility	20 years of service.	10 years of service and age 50.	10 years of service and age 50.	20 years of service and age 50.
b. Eligible Qualified Surviving Spouse's (QSS) or Qualified Domestic Partner's (QSDP) benefit as a percentage of Member's salary base	Same as Member's pension up to 55% of Member's Normal Pension Base.	60% of Member's pension benefit.	60% of Member's pension benefit.	Former Tier 2: Same as Member's Tier 2 pension up to 55% of Normal Pension Base, with 3% cap on COLA, with COLA Bank.
	Uncapped COLA	3% cap on COLA, no COLA Bank.	3% cap on COLA, no COLA Bank.	Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02: 60% of Member's pension benefit, with 3% cap on COLA and COLA Bank.
c. Eligible children's benefit as a percentage of	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive,	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive,	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive,	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive,
Qualified Surviving Spouse's or Qualified Partner's benefit.	otherwise:	otherwise:	otherwise:	otherwise:
	25% for one child	25% for one child	25% for one child	25% for one child
	40% for two children	40% for two children	40% for two children	40% for two children
	50% for three or more children	50% for three or more children	50% for three or more children	50% for three or more children
	Pension not payable after child reaches age 18 unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.
	Uncapped COLA	3% cap on COLA, no COLA Bank.		3% cap on COLA, with COLA Bank.

SUMMARY OF PENSION PLAN BENEFITS				
	Tier 2	Tier 3	Tier 4	Tier 5
6. DEATH AFTER SERVICE RETIREMENT (continued)				
d. Eligible dependent parent's benefit as a percentage of	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly
Qualified Surviving Spouse's or Qualified Domestic Partner's benefit.	pension equal to the pension the QSS/QSDP would have been eligible to receive.	pension equal to the pension the QSS/QSDP would have been eligible to receive.	pension equal to the pension the QSS/QSDP would have been eligible to receive.	pension equal to the pension the QSS/QSDP would have been eligible to receive.
	Uncapped COLA	3% cap on COLA, no COLA Bank.	3% cap on COLA, no COLA Bank.	3% cap on COLA, with COLA Bank.
7. NONSERVICE-CONNECTED DEATH OR DEATH AFTER NONSERVICE-CONNECTED DISABILITY				
a. Eligibility	Five years of service.	Five years of service.	Five years of service.	Five years of service.
b. Eligible Qualified Surviving Spouse's (QSS) or Qualified Domestic Partner's (QSDP) benefit as a percentage of Member's salary base	40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay. (nonservice-connected pension base)	For non-service death: 30% of Final Average Salary or, if eligible to retire based on years of service, 80% of the pension the Member would have received not to exceed 40% of Final Average Salary.	For non-service death: 30% of Final Average Salary or, if eligible to retire based on years of service, 80% of the pension the Member would have received not to exceed 40% of Final Average Salary.	NONSERVICE-CONNECTED DEATH Former Tier 2: 40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay with 3% cap on COLA and COLA Bank.
	Uncapped COLA	For death after nonservice-connected disability: 60% of Member's pension.	For death after nonservice-connected disability: 60% of Member's pension.	Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02: 30% of Final Average Salary or, if eligible to retire based on years of service, 80% of the pension the Member would have received not to exceed 40% of Final Average Salary with 3% cap on COLA and COLA Bank.
				DEATH AFTER NONSERVICE-CONNECTED DISABILITY
				Former Tier 2: 40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay with 3% cap on COLA and COLA Bank.
				Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02: 60% of Member's Pension and 3% cap on COLA and COLA Bank.

SUMMARY OF PENSION PLAN BENEFITS				
	Tier 2	Tier 3	Tier 4	Tier 5
7. NONSERVICE-CONNECTED DEATH OR DEATH AFTER NONSERVICE-CONNECTED DISABILITY (continued)				
c. Eligible children's benefit as a percentage of Qualified Surviving Spouse's or Qualified Partner's benefit.	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive, otherwise:
	25% for one child	25% for one child	25% for one child	25% for one child
	40% for two children	40% for two children	40% for two children	40% for two children
	50% for three or more children	50% for three or more children	50% for three or more children	50% for three or more children
	Pension not payable after child reaches age 18 unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.	Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.
	Uncapped COLA	3% cap on COLA, no COLA Bank.	3% cap on COLA, no COLA Bank.	3% cap on COLA, with COLA Bank.
d. Eligible dependent parent's benefit as a percentage of Qualified Surviving Spouse's or Qualified Domestic Partner's benefit.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.
	Uncapped COLA	3% cap on COLA, no COLA Bank.	3% cap on COLA, no COLA Bank.	3% cap on COLA, with COLA Bank.
8. COST-OF-LIVING				
a. Generally applicable provisions	Full annual cost-of-living increase.	Annual cost-of-living increase not to exceed 3%.	Annual cost-of-living increase not to exceed 3%.	Annual cost-of-living increase not to exceed 3%. Amounts above the maximum of 3% are banked to be credited during years when the CPI is less than the maximum.
	Cost-of-living increases compound, and are based upon the Consumer Price Index for local Urban Consumers.	Cost-of-living increases compound, and are based upon the Consumer Price Index for local Urban Consumers.	Cost-of-living increases compound, and are based upon the Consumer Price Index for local Urban Consumers.	Cost-of-living increases compound, and are based upon the Consumer Price Index for local Urban Consumers.
		City Council may grant discretionary cost-of-living increases once every three years.	City Council may grant discretionary cost-of-living increases once every three years.	City Council may grant discretionary cost-of-living increases once every three years. Such discretionary COLAs

SUMMARY OF PENSION PLAN BENEFITS				
	Tier 2	Tier 3	Tier 4	Tier 5
8. COST-OF-LIVING (continued)				
a. Generally applicable provisions (Continued)	Survivors' pension includes the percentage of cost-of-living increases applied to the Member's pension prior to death.	Survivors' pension includes the percentage of cost-of-living increases applied to the Member's pension prior to death.	Survivors' pension includes the percentage of cost-of-living increases applied to the Member's pension prior to death.	Survivors' pension includes the percentage of cost-of-living increases applied to the Member's pension prior to death.
		Pro rata adjustment in the first year of retirement.	Pro rata adjustment in the first year of retirement.	Pro rata adjustment in the first year of retirement.
b. Effective date of cost-of-living increases				
i. Service retirement	Annual increases commence on July 1 following the date the Member would have completed 25 years of service.	Same provisions for all types of pensions. Annual increases commence on the July 1 following the effective date.	Same provisions for all types of pensions. Annual increases commence on the July 2 following the effective date.	Same provisions for all types of pensions. Annual increases commence on the July 1 following the effective date.
ii. Service-connected disability, service-connected death	Annual increases commence on July 1 following the effective date.	Annual increases commence on July 1 following the effective date.	Annual increases commence on July 1 following the effective date.	Annual increases commence on July 1 following the effective date.
iii. Nonservice-connected disability	Annual increases commence on July 1 following the date the Member would have completed 25 years of service or 5 years after the effective date of Member's pension, whichever is earlier.	Annual increases commence on July 1 following the effective date.	Annual increases commence on July 1 following the effective date.	Annual increases commence on July 1 following the effective date.
iv. Nonservice-connected death, death while eligible for service retirement	Annual increases commence on July 1 following the date the Member would have been age 55 or 5 years after the effective date of the qualified Survivor's pension, whichever is earlier.	Annual increases commence on July 1 following the effective date.	Annual increases commence on July 1 following the effective date.	Annual increases commence on July 1 following the effective date.
v. Death after nonservice-connected disability, death after service-connected disability.	Annual increases commence on July 1 following the date the Member would have had 26 years of service or 5 years after the effective date of the qualified Survivor's pension, whichever is earlier.	Annual increases commence on July 1 following the effective date.	Annual increases commence on July 1 following the effective date.	Annual increases commence on July 1 following the effective date.

SUMMARY OF PENSION PLAN BENEFITS				
	Tier 2	Tier 3	Tier 4	Tier 5
9. MEMBERS' CONTRIBUTIONS AS AN ANNUAL PERCENTAGE OF PAY				
	6% plus 1/2 of the cost of cost-of living benefit up to 1%. (Currently 7%)	8%	8%	9%. City pays 1% of 9% if Plan is at least 100% actuarially funded.
	No Member contributions required after 30 years of service.	No Member contributions required after 30 years of service.	No Member contributions required after 30 years of service.	No Member contributions required after 33 years of service.
10. MISCELLANEOUS				
a. Vesting of service retirement	No vesting until retirement (20 years).	Tier 3: After 10 years of service.	Tier 4: No vesting until retirement (20 years).	After 20 years of service.
b. Return of contributions with interest.	On termination or death if no other benefits are payable.	Tier 3: On termination or death if no other benefits are payable (except basic death benefit).	Tier 4: Upon death if no other benefits are payable (except basic death benefit). No refund upon termination.	On termination or death if no other benefits are payable (except basic death benefit).
c. Basic death benefit	None.	In addition to return of contributions, beneficiary receives one-year average salary times years of completed service (not to exceed 6 years).	In addition to return of contributions, beneficiary receives one-year average salary times years of completed service (not to exceed 6 years).	In addition to return of contributions, beneficiary receives one-year average salary times years of completed service (not to exceed 6 years).
d. Optional forms of benefit	None.	At service or disability retirement, Member may elect higher death benefit with corresponding actuarial reduction of retirement benefit.	At service or disability retirement, Member may elect higher death benefit with corresponding actuarial reduction of retirement benefit.	At service or disability retirement, Member may elect higher death benefit with corresponding actuarial reduction of retirement benefit.
e. Deferred Pension Option	None.	Tier 3: Upon termination, can elect deferred pension option if member has at least 10 yos and leaves contributions in Fund. Upon reaching age 50, member is entitled to receive a service pension using Tier 3 retirement formula.	Tier 4: None.	Tier 5: Upon termination, can elect deferred pension option if member has at least 20 yos and leaves contributions in Fund. Upon reaching age 50, member is entitled to receive a service pension using Tier 3 retirement formula.

The City of Los Angeles Fire and Police Pension Plan
Summary of Pension Plan Benefits

(concluded)

Deferred Retirement Option Plan (DROP):

- Elective after 25 years of service.
- Interest crediting rate on DROP monies is 5% per annum.
- 5-year maximum DROP period.
- COLA amounts on DROP apply.
- Employee contributions continue until year of service cap is met.

NOTE: The summary of major plan provisions is designed to outline principal plan benefits. If the Pension Board should find the plan summary not in accordance with the actual provisions, the Pension Board should alert the actuary so they can both be sure the proper provisions are valued.

The City of Los Angeles Fire and Police Pension Plan
Summary of Health Subsidy Benefit Provisions

BASIC SUBSIDY

Eligibility:	Retired Members age 55 and over who retired with 10 or more years of service. Members who retire prior to July 1, 2000 are subject to an eligibility requirement of age 60 with 10 or more years of service. Subsidy is paid only to Members on service or disability retirements. Surviving spouses/domestic partners are eligible for benefits upon the death of the Member. Basic subsidy is paid until age 65, or after age 65 if Member is not covered by Medicare Parts A and B.
Amount of Subsidy:	4% per year of service, to a maximum of 100%, times Maximum Subsidy, subject to a maximum of the actual premium paid to City approved health carrier.
Maximum Subsidy:	Lesser of monthly amount paid to active Fire and Police Members and retired CERS Members. Effective July 1, 2002, maximum is \$563 per month. For Surviving spouses, the maximum subsidy is \$338.99 per month.
Increase in Subsidy:	Based on the lesser of the rate increases to active Fire and Police Members or the dollar increase to the civilian retirees, 2 party non Medicare Kaiser plan, subject to Board approval.
Spousal/Domestic Partner Portion:	Difference between Basic Subsidy amount and single-party premium.



The City of Los Angeles Fire and Police Pension Plan

Summary of Health Subsidy Benefits

MEDICARE-RELATED SUBSIDY

Eligibility: Retired Members over age 65 with 10 or more years of service who participate in Medicare Part A & B.

Amount of Subsidy to Participant: 100% of actual premium up to civilian retiree limit to City approved health carrier with 20-24 years of service.

90% of actual premium up to civilian retiree limit City approved health carrier with 15-19 years of service.

75% of actual premium up to civilian retiree limit to City approved health carrier with 10-14 years of service.

Surviving spouses/domestic partners are eligible for benefits upon the death of the Member.

Spousal Portion: Difference between Medicare Related Subsidy amount and single party premium without Medicare.

SPECIAL SUBSIDY

Eligibility: Various, based on effective date of retirement, rank at retirement, years of service and type of pension.

The benefit is paid temporarily until the Basic Subsidy becomes effective and is only available to eligible Members who retire between July 2, 1988 and June 30, 1998.

Amount of Subsidy:

Flat Amount Based on Years of Service	
20-24 years	\$150 per month
25-29 years	\$225 per month
30 and over	\$300 per month

The City of Los Angeles Fire and Police Pension Plan

Summary of Health Subsidy Benefits

**MEDICARE PREMIUM
SUBSIDY**

For retired Members enrolled in Medicare A & B who are receiving a subsidy, the Plan provide payment of Part B premiums (\$54.00 per month for calendar year 2002).

DENTAL SUBSIDY

Eligibility: Retired Members age 55 and over who retired with 10 or more years of service. Subsidy is paid only to Members on service, or disability retirements. Surviving spouses/domestic partners are not eligible for benefits upon the death of the Member.

Amount of Subsidy: 4% per year of service, to a maximum of 100%, times Maximum Subsidy, subject to a maximum of the actual premium paid to City approved dental carrier.

Maximum Subsidy: Lesser of monthly amount paid to active Fire and Police Members and retired CERS Members. Effective July 1, 2002, maximum is \$35.75 per month

NOTE: The summary of major plan provisions is designed to outline principal plan benefits. If the Pension Board should find the plan summary not in accordance with the actual provisions, the Pension Board should alert the actuary so they can both be sure the proper provisions are valued.

The City of Los Angeles Fire and Police Pension Plan

Summary of Reported Asset Information

Submitted for the June 30, 2002 Valuation

Plan Assets:

The rates of return on plan assets are shown below. Asset information was provided by the Department of Pensions. We have not audited or verified these figures. These figures represent both pension and health subsidy reserves. The actuarial value of assets as of June 30, 2002 is a market-related value, described in detail on the following page.

All Tiers Combined	Book Value	Market Value	Actuarial Value
Value of Assets at 6/30/2001	\$10,475,152,752	\$11,393,229,337	\$12,409,393,129
Contributions:			
City	103,447,209	103,447,209	103,447,209
Members	60,805,614	60,805,614	60,805,614
Benefits Paid to Participants	500,387,023	500,387,023	500,387,023
Expenses Paid	34,523,358	34,523,358	34,523,358
Investment Earnings	38,671,572	(956,841,602)	40,140,641
Value of Assets at 6/30/2002	\$10,143,166,766	\$10,065,730,177	\$12,078,876,212
RATE OF RETURN	0.37%	-8.49%	0.33%

The breakdown of total plan assets between those available for pension benefits and those available for health subsidy benefits is as follows:

	<u>Book Value</u>	<u>Market Value</u>	<u>Actuarial Value</u>
Pension Benefits	9,650,275,649	9,621,691,610	11,491,922,362
Health Subsidy	<u>492,891,117</u>	<u>443,038,567</u>	<u>586,953,850</u>
Total	10,143,166,766	10,065,730,177	12,078,876,212

The City of Los Angeles Fire and Police Pension Plan

Derivation of Actuarial Value of Assets

	YEAR ENDING				
	June 30, 2002	June 30, 2001	June 30, 2000	June 30, 1999	June 30, 1998
1. Beginning of Year Market Value	\$11,393,229,337	\$13,014,087,014	\$11,465,641,579	\$10,073,850,556	\$8,656,947,050
2. City Contributions	103,447,209	138,933,173	190,837,163	248,388,667	260,756,667
3. Member Contributions	60,805,614	58,165,860	57,134,923	55,556,643	53,139,136
4. Benefit Payments	500,387,023	477,341,383	446,619,051	418,254,182	402,246,954
5. Expenses Paid	34,523,358	29,405,558	43,464,739	28,385,841	20,218,789
6. Expected Return Based on 8.5% Assumption	957,068,054	1,098,942,020	972,400,366	860,769,290	742,308,435
7. Expected End of Year Market Value (1)+(2)+(3)-(4)-(5)+(6)	11,979,639,833	13,803,381,126	12,195,930,241	10,791,925,133	9,290,685,545
8. Actual End of Year Market Value	10,065,730,177	11,393,229,337	13,014,087,014	11,465,641,579	10,073,850,556
9. Gain/(Loss)	(1,913,909,656)	(2,410,151,789)	818,156,773	673,716,446	783,165,011

1. Market Value at June 30, 2002	\$10,065,730,177
2002 (Gain)/Loss x 80%	1,531,127,725
2001 (Gain)/Loss x 60%	1,446,091,073
2000 (Gain)/Loss x 40%	(327,262,709)
1999 (Gain)/Loss x 20%	(134,743,289)
2. Actuarial Value at June 30, 2002	12,580,942,977
3. 80% of Market Value at June 30, 2002	8,052,584,142
4. 120% of Market Value at June 30, 2002	12,078,876,212
5. Actuarial Value at June 30, 2002 (2), but no less than (3) and no more than (4)	\$12,078,876,212

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2002

Tier 2 - Fire Members

Attained Age	Years of Service												Total	
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	83	1	0	0	84	84
Average Salary	0	0	0	0	0	0	0	0	91,800	80,607	0	0	91,667	91,667
45 - 49	0	0	0	0	0	0	0	0	166	108	0	0	274	274
Average Salary	0	0	0	0	0	0	0	0	89,175	92,088	0	0	90,323	90,323
50 - 54	0	0	0	0	0	0	0	0	59	167	12	0	238	238
Average Salary	0	0	0	0	0	0	0	0	91,094	91,875	97,379	0	91,959	91,959
55 - 59	0	0	0	0	0	0	0	0	6	84	42	0	132	132
Average Salary	0	0	0	0	0	0	0	0	81,761	90,248	89,400	0	89,592	89,592
60 - 64	0	0	0	0	0	0	0	0	1	3	6	5	15	15
Average Salary	0	0	0	0	0	0	0	0	97,206	78,438	96,522	92,707	91,680	91,680
Over 64	0	0	0	0	0	0	0	0	0	0	1	3	4	4
Average Salary	0	0	0	0	0	0	0	0	0	0	80,607	88,696	86,673	86,673
Total	0	0	0	0	0	0	0	0	315	363	61	8	747	747
Average Salary	0	0	0	0	0	0	0	0	90,111	91,420	91,526	91,203	90,874	90,874
Average Age:	50.2													
Average Service:	25.8													

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2002

Tier 2 - Police Members

Attained Age	Years of Service												Total	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	Over 34		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	39	0	0	0	0	39
Average Salary	0	0	0	0	0	0	0	0	92,664	0	0	0	0	92,664
45 - 49	0	0	0	0	0	1	0	0	211	121	0	0	0	333
Average Salary	0	0	0	0	0	71,635	0	0	92,951	94,176	0	0	0	93,332
50 - 54	0	0	0	0	0	0	0	0	56	215	39	0	0	310
Average Salary	0	0	0	0	0	0	0	0	90,398	90,435	95,732	0	0	91,095
55 - 59	0	0	0	0	0	0	0	0	11	58	48	3	0	120
Average Salary	0	0	0	0	0	0	0	0	83,984	91,618	87,962	89,340	0	89,399
60 - 64	0	0	0	0	0	0	0	0	1	6	10	0	0	17
Average Salary	0	0	0	0	0	0	0	0	79,445	87,646	99,421	0	0	94,089
Over 64	0	0	0	0	0	0	0	0	0	0	1	0	0	1
Average Salary	0	0	0	0	0	0	0	0	0	0	77,488	0	0	77,488
Total	0	0	0	0	0	1	0	0	318	400	98	3	0	820
Average Salary	0	0	0	0	0	71,635	0	0	92,113	91,697	92,117	89,340	0	91,875
Average Age:	50.5													
Average Service:	26.2													

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2002

Tier 3 - Fire Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	1	3	0	0	0	0	0	0	4
Average Salary	0	0	0	0	46,673	66,724	0	0	0	0	0	0	61,712
30 - 34	0	0	0	0	5	49	20	0	0	0	0	0	74
Average Salary	0	0	0	0	71,701	73,160	79,727	0	0	0	0	0	74,836
35 - 39	0	0	0	0	6	72	130	32	0	0	0	0	240
Average Salary	0	0	0	0	73,266	74,620	79,379	82,299	0	0	0	0	78,188
40 - 44	0	0	0	0	0	26	134	123	15	0	0	0	298
Average Salary	0	0	0	0	0	73,280	79,206	81,853	84,354	0	0	0	80,040
45 - 49	0	0	0	0	1	0	27	73	34	1	0	0	136
Average Salary	0	0	0	0	68,749	0	78,575	80,418	85,195	100,482	0	0	81,308
50 - 54	0	0	0	0	1	0	4	12	12	5	0	0	34
Average Salary	0	0	0	0	70,539	0	76,750	80,786	84,378	81,914	0	0	81,443
55 - 59	0	0	0	0	0	0	1	6	1	0	0	0	8
Average Salary	0	0	0	0	0	0	90,458	80,357	78,624	0	0	0	81,402
60 - 64	0	0	0	0	0	0	0	2	0	2	0	0	4
Average Salary	0	0	0	0	0	0	0	87,970	0	73,732	0	0	80,851
Over 64	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	14	150	316	248	62	8	0	0	798
Average Salary	0	0	0	0	70,290	73,753	79,260	81,450	84,728	82,190	0	0	79,202

Average Age: 41.0
Average Service: 13.9

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2002

Tier 3 - Police Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	1	0	0	4	101	194	0	0	0	0	0	0	300
Average Salary	53,180	0	0	62,393	64,233	68,797	0	0	0	0	0	0	67,122
30 - 34	0	0	1	8	202	896	84	0	0	0	0	0	1,191
Average Salary	0	0	54,781	65,444	66,168	71,400	77,491	0	0	0	0	0	70,889
35 - 39	0	1	1	5	80	510	634	36	0	0	0	0	1,267
Average Salary	0	69,880	51,914	62,775	67,930	72,446	79,485	81,735	0	0	0	0	75,891
40 - 44	0	0	1	2	27	175	409	170	13	0	0	0	797
Average Salary	0	0	84,543	67,232	72,835	72,812	80,076	84,079	85,464	0	0	0	79,151
45 - 49	0	0	0	1	19	61	134	151	30	0	0	0	396
Average Salary	0	0	0	61,026	72,262	71,687	81,937	84,374	89,640	0	0	0	81,354
50 - 54	0	0	0	0	5	19	20	43	19	1	0	0	107
Average Salary	0	0	0	0	78,128	73,499	81,397	84,093	87,897	87,010	0	0	82,132
55 - 59	0	0	0	0	3	5	3	15	2	0	0	0	28
Average Salary	0	0	0	0	95,137	71,016	86,625	81,219	77,461	0	0	0	81,199
60 - 64	0	0	0	0	1	0	2	1	0	0	0	0	4
Average Salary	0	0	0	0	87,010	0	79,410	75,507	0	0	0	0	80,334
Over 64	0	0	0	1	0	2	0	0	0	0	0	0	3
Average Salary	0	0	0	102,353	0	72,227	0	0	0	0	0	0	82,270
Total	1	1	3	21	438	1,862	1,286	416	64	1	0	0	4,093
Average Salary	53,180	69,880	63,746	65,945	67,101	71,579	79,844	83,861	87,893	87,010	0	0	75,164
Average Age:	37.3												
Average Service:	9.5												

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2002

Tier 4 - Fire Members

Attained Age	Years of Service												Total	
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>		
Under 25	12	11	1	0	0	0	0	0	0	0	0	0	0	24
Average Salary	50,642	52,251	65,254	0	0	0	0	0	0	0	0	0	0	51,989
25 - 29	76	72	23	3	0	1	0	0	0	0	0	0	0	175
Average Salary	50,574	55,477	62,575	64,790	0	61,847	0	0	0	0	0	0	0	54,476
30 - 34	67	62	24	15	6	14	14	0	0	0	0	0	0	202
Average Salary	51,109	56,533	62,511	71,025	72,673	76,327	78,506	0	0	0	0	0	0	59,894
35 - 39	30	13	9	15	2	1	69	37	1	0	0	0	0	177
Average Salary	49,857	54,507	63,557	70,881	70,539	69,404	81,225	85,781	84,561	0	0	0	0	72,955
40 - 44	6	4	0	5	1	0	6	79	66	0	0	0	0	167
Average Salary	51,054	58,079	0	69,976	68,749	0	79,841	82,774	85,553	0	0	0	0	81,568
45 - 49	0	0	0	0	0	0	0	12	37	0	0	0	0	49
Average Salary	0	0	0	0	0	0	0	86,818	84,460	0	0	0	0	85,037
50 - 54	0	0	0	0	0	0	0	1	1	4	0	0	0	6
Average Salary	0	0	0	0	0	0	0	81,747	102,382	92,577	0	0	0	92,406
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	191	162	57	38	9	16	89	129	105	4	0	0	0	800
Average Salary	50,669	55,648	62,750	70,338	71,762	74,989	80,704	84,004	85,319	92,577	0	0	0	67,670
Average Age:	34.8													
Average Service:	8.2													

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2002

Tier 4 - Police Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	32	18	9	1	0	0	0	0	0	0	0	0	60
Average Salary	50,013	53,579	56,471	59,400	0	0	0	0	0	0	0	0	52,208
25 - 29	79	108	122	124	30	19	0	0	0	0	0	0	482
Average Salary	50,825	55,014	57,726	60,630	64,331	70,163	0	0	0	0	0	0	57,636
30 - 34	25	38	58	83	32	38	23	0	0	0	0	0	297
Average Salary	50,433	55,118	58,394	62,368	65,140	76,117	79,657	0	0	0	0	0	63,057
35 - 39	5	10	18	33	10	2	192	39	0	0	0	0	309
Average Salary	52,263	53,631	57,988	60,729	67,303	68,337	82,551	86,261	0	0	0	0	77,246
40 - 44	0	2	3	8	2	1	23	220	76	0	0	0	335
Average Salary	0	54,881	60,303	61,284	72,891	73,693	84,244	86,755	91,044	0	0	0	86,398
45 - 49	0	1	1	2	0	0	1	43	66	0	0	0	114
Average Salary	0	54,781	56,286	63,041	0	0	87,010	90,324	91,090	0	0	0	89,649
50 - 54	0	0	13	1	0	1	0	1	0	1	0	0	17
Average Salary	0	0	57,862	61,026	0	68,665	0	102,353	0	79,410	0	0	62,568
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	141	177	224	252	74	61	239	303	142	1	0	0	1,614
Average Salary	50,623	54,809	57,905	61,252	65,314	73,845	82,454	87,249	91,065	79,410	0	0	70,469
Average Age:	34.4												
Average Service:	8.7												

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2002

Tier 5 - Fire Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	27	4	0	0	0	0	0	0	0	0	0	0	31
Average Salary	46,391	53,354	0	0	0	0	0	0	0	0	0	0	47,289
25 - 29	65	20	9	3	0	0	0	0	0	0	0	0	97
Average Salary	48,324	56,426	63,293	67,530	0	0	0	0	0	0	0	0	51,977
30 - 34	42	14	10	8	2	16	9	0	0	0	0	0	101
Average Salary	47,996	58,038	61,740	64,201	68,749	75,479	79,111	0	0	0	0	0	59,570
35 - 39	16	4	3	4	1	18	57	20	0	0	0	0	123
Average Salary	52,232	54,785	60,922	70,920	72,423	74,467	81,937	83,766	0	0	0	0	75,446
40 - 44	6	1	0	0	1	8	43	60	42	0	0	0	161
Average Salary	51,142	63,799	0	0	70,539	73,102	78,243	85,876	87,127	0	0	0	82,002
45 - 49	2	0	0	0	0	0	12	47	58	26	0	0	145
Average Salary	49,533	0	0	0	0	0	80,929	82,674	88,936	93,340	0	0	86,490
50 - 54	0	0	0	0	0	0	0	9	32	104	19	0	164
Average Salary	0	0	0	0	0	0	0	82,606	84,459	91,424	100,627	0	90,647
55 - 59	0	0	0	0	0	0	1	3	2	61	71	5	143
Average Salary	0	0	0	0	0	0	77,139	86,710	78,624	88,606	91,771	92,104	90,040
60 - 64	0	0	0	0	0	0	0	1	1	7	19	22	50
Average Salary	0	0	0	0	0	0	0	78,624	85,042	85,923	88,060	95,556	90,810
Over 64	0	0	0	0	0	0	0	0	3	0	0	16	19
Average Salary	0	0	0	0	0	0	0	0	88,842	0	0	96,731	95,485
Total	158	43	22	15	4	42	122	140	138	198	109	43	1,034
Average Salary	48,424	56,683	62,264	66,659	70,115	74,593	80,288	84,256	87,168	90,612	92,668	95,592	78,959
Average Age:	44.2												
Average Service:	17.6												

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2002

Tier 5 - Police Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	84	9	2	0	0	0	0	0	0	0	0	0	95
Average Salary	47,920	52,717	57,090	0	0	0	0	0	0	0	0	0	48,568
25 - 29	122	33	32	50	41	33	0	0	0	0	0	0	311
Average Salary	48,627	55,455	58,798	62,256	65,930	70,613	0	0	0	0	0	0	57,203
30 - 34	67	25	42	60	49	209	29	0	0	0	0	0	481
Average Salary	49,205	55,553	59,255	63,183	66,486	72,449	79,875	0	0	0	0	0	65,865
35 - 39	13	5	15	12	27	89	210	10	0	0	0	0	381
Average Salary	48,473	56,306	60,581	62,269	68,916	73,910	81,478	82,206	0	0	0	0	75,955
40 - 44	1	0	3	10	9	33	132	92	16	0	0	0	296
Average Salary	50,385	0	59,141	63,689	68,358	73,907	82,773	87,238	90,372	0	0	0	82,151
45 - 49	0	2	0	1	0	1	33	72	80	19	0	0	208
Average Salary	0	56,470	0	57,811	0	73,973	80,567	85,239	87,524	89,963	0	0	85,346
50 - 54	0	0	5	1	0	0	4	27	64	151	98	0	350
Average Salary	0	0	58,186	64,450	0	0	79,082	86,826	87,451	93,080	94,764	0	91,300
55 - 59	0	0	0	0	0	0	2	1	19	70	128	15	235
Average Salary	0	0	0	0	0	0	87,145	86,033	84,792	88,592	93,584	95,462	91,419
60 - 64	0	0	0	0	0	0	0	0	0	7	17	12	36
Average Salary	0	0	0	0	0	0	0	0	0	88,958	93,086	90,862	91,542
Over 64	0	0	0	0	0	0	0	0	0	1	3	3	7
Average Salary	0	0	0	0	0	0	0	0	0	87,010	87,522	91,125	88,994
Total	287	74	99	134	126	365	410	202	179	248	246	30	2,400
Average Salary	48,554	55,241	59,206	62,762	66,960	72,776	81,712	86,216	87,463	91,434	93,946	93,189	76,021
Average Age:	40.2												
Average Service:	13.5												

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2002

Total For All Fire And Police Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	155	42	12	1	0	0	0	0	0	0	0	0	210
Average Salary	48,296	53,026	57,306	59,400	0	0	0	0	0	0	0	0	49,810
25 - 29	343	233	186	184	173	250	0	0	0	0	0	0	1,369
Average Salary	49,520	55,340	58,779	61,291	64,551	69,088	0	0	0	0	0	0	58,823
30 - 34	201	139	135	174	296	1,222	179	0	0	0	0	0	2,346
Average Salary	49,740	56,121	59,615	63,622	66,353	71,906	78,566	0	0	0	0	0	67,557
35 - 39	64	33	46	69	126	692	1,292	174	1	0	0	0	2,497
Average Salary	50,358	55,013	59,982	63,943	68,423	72,896	80,455	83,974	84,561	0	0	0	76,059
40 - 44	13	7	7	25	40	243	747	744	350	1	0	0	2,177
Average Salary	51,044	57,982	63,268	64,461	71,672	73,024	80,417	84,899	89,374	80,607	0	0	81,917
45 - 49	2	3	1	4	20	63	207	398	682	275	0	0	1,655
Average Salary	49,533	55,907	56,286	61,230	72,087	71,722	81,246	84,321	89,881	93,009	0	0	86,877
50 - 54	0	0	18	2	6	20	28	93	243	648	168	0	1,226
Average Salary	0	0	57,953	62,739	76,863	73,257	80,403	84,487	88,565	91,506	95,839	0	89,822
55 - 59	0	0	0	0	3	5	7	25	41	273	289	23	666
Average Salary	0	0	0	0	95,137	71,016	85,966	81,863	83,323	89,748	91,597	93,934	89,847
60 - 64	0	0	0	0	1	0	2	4	3	25	52	39	126
Average Salary	0	0	0	0	87,010	0	79,410	82,517	87,231	85,313	92,864	93,746	90,916
Over 64	0	0	0	1	0	2	0	0	3	1	5	22	34
Average Salary	0	0	0	102,353	0	72,227	0	0	88,842	87,010	84,132	94,871	91,416
Total	778	457	405	460	665	2,497	2,462	1,438	1,323	1,223	514	84	12,306
Average Salary	49,428	55,385	59,185	62,833	67,024	72,012	80,387	84,541	89,289	91,312	93,039	94,093	76,876
Average Age:	39.8												
Average Service:	13.2												

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 1 - Service Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	1	0	2	11	18	34	176	35	277
1983	0	0	0	4	1	0	0	0	5
1984	0	0	3	1	0	0	0	0	4
1985	0	0	2	1	0	0	0	0	3
1986	0	0	3	1	0	1	0	0	5
1987	0	0	2	0	0	1	0	0	3
1988	0	1	0	0	0	0	0	0	1
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	1	0	0	0	0	0	1
1992	0	0	0	1	0	0	0	0	1
1993	0	0	2	0	0	0	0	0	2
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	1	0	0	0	0	0	1
1997	0	0	1	0	0	0	0	0	1
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	0	0	1	1	0	0	0	0	2
2001	0	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0	0
TOTALS	1	1	18	20	19	36	176	35	306

Group Averages

Age at Retirement: 46.7
Attained Age: 80.6
Annual Pension: \$21,331

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 2 - Service Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	0	0	47	194	372	824	1,009	58	2,504
1983	0	0	24	43	23	7	0	0	97
1984	0	0	50	39	20	4	0	0	113
1985	0	1	44	46	28	10	0	0	129
1986	0	8	43	46	29	4	0	0	130
1987	0	18	53	45	38	7	3	0	164
1988	0	37	65	59	32	3	1	0	197
1989	0	69	63	65	15	4	0	0	216
1990	0	65	115	48	34	3	1	0	266
1991	0	77	89	36	12	2	0	0	216
1992	0	93	152	56	20	5	1	0	327
1993	0	133	114	48	9	1	1	0	306
1994	0	153	49	12	4	1	0	0	219
1995	1	141	60	19	2	1	0	0	224
1996	2	121	60	21	1	0	0	0	205
1997	2	113	47	13	2	0	0	0	177
1998	8	112	80	13	3	1	0	0	217
1999	3	252	78	10	2	1	0	0	346
2000	19	234	44	6	1	0	0	0	304
2001	18	108	21	5	0	0	0	0	152
2002	8	25	1	0	0	0	0	0	34
TOTALS	61	1,760	1,299	824	647	878	1,016	58	6,543

Group Averages

Age at Retirement: 50.9
Attained Age: 66.8
Annual Pension: \$44,167

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 3 - Service Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	0	0	0	0	0	0	0	0	0
1983	0	0	0	0	0	0	0	0	0
1984	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	1	0	1
1986	0	0	0	0	1	1	0	0	2
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	1	0	0	0	0	1
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	1	0	0	0	0	0	1
1993	0	0	0	0	0	0	0	0	0
1994	0	0	1	1	0	0	0	0	2
1995	0	2	1	0	0	0	0	0	3
1996	0	4	0	0	0	0	0	0	4
1997	0	2	1	0	0	0	0	0	3
1998	0	5	0	0	0	0	0	0	5
1999	0	5	2	1	0	0	0	0	8
2000	0	5	2	0	0	0	0	0	7
2001	0	7	1	0	0	0	0	0	8
2002	0	4	0	0	0	0	0	0	4
TOTALS	0	34	9	3	1	1	1	0	49

Group Averages

Age at Retirement: 52.7
Attained Age: 57.5
Annual Pension: \$31,668

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 4 - Service Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	0	0	0	0	0	0	0	0	0
1983	0	0	0	0	0	0	0	0	0
1984	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	3	0	0	0	0	0	0	3
2000	1	0	0	0	0	0	0	0	1
2001	6	0	0	0	0	0	0	0	6
2002	7	0	0	0	0	0	0	0	7
TOTALS	14	3	0	0	0	0	0	0	17

Group Averages

Age at Retirement: 44.2
Attained Age: 45.6
Annual Pension: \$34,686

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 5 - Service Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	0	0	0	0	0	0	0	0	0
1983	0	0	0	0	0	0	0	0	0
1984	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0
2002	0	101	24	6	0	0	0	0	131
TOTALS	0	101	24	6	0	0	0	0	131

Group Averages

Age at Retirement: 56.4
Attained Age: 56.8
Annual Pension: \$68,995

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 1 - Disability Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	0	4	20	30	44	77	86	12	273
1983	0	0	1	0	0	0	0	0	1
1984	0	0	1	0	0	1	0	0	2
1985	0	1	0	0	0	0	0	0	1
1986	0	0	1	0	0	0	0	0	1
1987	0	0	0	1	0	0	0	0	1
1988	0	0	0	0	0	0	0	0	0
1989	0	0	1	0	0	0	0	0	1
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0	0
TOTALS	0	5	24	31	44	78	86	12	280

Group Averages

Age at Retirement: 38.1
Attained Age: 75.6
Annual Pension: \$24,768

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 2 - Disability Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	5	246	179	141	99	66	65	2	803
1983	3	31	18	14	9	2	0	0	77
1984	3	29	30	13	14	4	0	0	93
1985	0	15	22	19	7	6	0	0	69
1986	0	20	17	12	9	6	1	0	65
1987	2	14	15	13	13	3	0	0	60
1988	3	25	21	14	11	3	0	0	77
1989	1	17	13	12	4	2	0	0	49
1990	0	19	19	7	10	1	0	0	56
1991	2	23	11	11	3	1	0	0	51
1992	2	34	26	19	6	0	1	0	88
1993	1	32	9	16	2	1	0	0	61
1994	2	26	15	11	2	0	0	0	56
1995	2	34	11	10	2	0	0	0	59
1996	0	19	13	11	3	0	0	0	46
1997	6	20	18	1	1	0	0	0	46
1998	3	14	9	3	2	0	0	0	31
1999	1	25	17	7	0	0	0	0	50
2000	4	31	16	3	0	1	0	0	55
2001	2	18	11	0	0	1	0	0	32
2002	1	11	3	2	0	0	0	0	17
TOTALS	43	703	493	339	197	97	67	2	1,941

Group Averages

Age at Retirement: 45.4
Attained Age: 62.1
Annual Pension: \$43,352

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 3 - Disability Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	0	0	0	0	0	0	0	0	0
1983	0	3	0	0	0	0	0	0	3
1984	0	1	0	0	1	0	0	0	2
1985	0	0	0	0	0	0	0	0	0
1986	2	2	1	2	0	0	0	0	7
1987	1	2	0	0	1	0	0	0	4
1988	1	3	0	0	0	0	0	0	4
1989	4	1	1	0	0	0	0	0	6
1990	3	0	1	0	0	0	0	0	4
1991	2	1	0	0	0	0	0	0	3
1992	5	3	0	0	0	0	0	0	8
1993	5	6	0	0	0	0	0	0	11
1994	12	2	0	0	0	0	0	0	14
1995	6	3	0	0	0	0	0	0	9
1996	14	0	1	0	0	0	0	0	15
1997	13	3	0	0	0	0	0	0	16
1998	16	5	0	0	0	0	0	0	21
1999	12	6	1	0	0	0	0	0	19
2000	15	4	0	0	0	0	0	0	19
2001	8	0	0	0	0	0	0	0	8
2002	1	0	0	0	0	0	0	0	1
TOTALS	120	45	5	2	2	0	0	0	174

Group Averages

Age at Retirement: 38.3
Attained Age: 45.6
Annual Pension: \$29,898

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 4 - Disability Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	0	0	0	0	0	0	0	0	0
1983	0	0	0	0	0	0	0	0	0
1984	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	1	0	0	0	0	0	0	0	1
1999	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0
2001	0	1	0	0	0	0	0	0	1
2002	2	0	0	0	0	0	0	0	2
TOTALS	3	1	0	0	0	0	0	0	4

Group Averages

Age at Retirement: 42.3
Attained Age: 44.0
Annual Pension: \$29,525

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 1 - Surviving Spouses and Dependents

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	4	4	5	12	14	46	123	74	282
1983	0	1	1	1	0	3	3	8	17
1984	0	0	0	0	1	2	17	5	25
1985	0	0	0	0	1	2	7	4	14
1986	0	0	0	0	1	2	8	6	17
1987	0	0	0	1	1	4	7	3	16
1988	0	0	0	0	1	4	6	6	17
1989	0	0	1	1	1	1	11	5	20
1990	0	0	0	0	3	6	12	6	27
1991	0	0	0	1	2	4	6	3	16
1992	0	0	2	1	3	4	7	5	22
1993	1	0	1	0	1	4	12	5	24
1994	0	0	2	1	2	3	3	6	17
1995	0	0	0	3	1	6	14	0	24
1996	2	1	0	1	4	4	14	3	29
1997	0	0	0	0	1	6	13	4	24
1998	0	0	0	1	5	6	12	1	25
1999	0	1	1	3	5	4	12	0	26
2000	0	0	1	1	6	8	7	2	25
2001	0	2	4	4	6	9	25	3	53
2002	0	0	1	0	3	7	8	3	22
TOTALS	7	9	19	31	62	135	327	152	742

Group Averages

Age at Retirement: N/A
Attained Age: 81.9
Annual Pension: \$24,784

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 2 - Surviving Spouses and Dependents

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	1	29	22	27	32	70	79	9	269
1983	0	5	4	2	5	7	7	1	31
1984	1	4	5	2	6	9	13	1	41
1985	1	4	6	6	3	9	10	2	41
1986	1	5	0	5	7	6	7	2	33
1987	0	4	3	1	5	6	16	1	36
1988	1	11	4	1	6	8	17	2	50
1989	0	3	3	2	5	6	12	1	32
1990	0	6	2	6	5	14	9	1	43
1991	2	6	4	1	5	15	30	1	64
1992	2	6	8	7	7	11	13	4	58
1993	3	9	5	4	6	15	17	1	60
1994	1	9	2	6	9	16	16	0	59
1995	3	6	8	7	11	20	26	0	81
1996	2	7	4	13	14	25	33	1	99
1997	7	7	4	4	10	16	18	4	70
1998	3	14	7	8	14	25	23	3	97
1999	1	9	3	12	9	15	18	2	69
2000	2	12	6	9	13	27	34	1	104
2001	4	9	14	10	22	29	24	2	114
2002	4	4	4	6	9	15	20	2	64
TOTALS	39	169	118	139	203	364	442	41	1,515

Group Averages

Age at Retirement: N/A
Attained Age: 72.5
Annual Pension: \$36,943

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 3 - Surviving Spouses and Dependents

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	0	0	0	0	0	0	0	0	0
1983	0	0	0	0	0	0	0	0	0
1984	0	0	0	0	0	0	0	0	0
1985	2	1	0	0	0	0	0	0	3
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	4	0	0	1	0	0	0	0	5
1990	1	0	0	0	1	0	0	0	2
1991	2	0	0	0	0	0	0	0	2
1992	3	1	0	0	0	0	0	0	4
1993	3	0	0	0	0	0	0	0	3
1994	1	1	1	0	0	0	0	0	3
1995	3	0	0	0	0	0	0	0	3
1996	0	0	1	0	0	0	0	0	1
1997	7	0	1	0	0	0	0	0	8
1998	6	0	0	0	0	0	0	0	6
1999	8	0	0	0	0	0	0	0	8
2000	3	0	0	0	0	0	0	0	3
2001	2	0	0	1	0	0	0	0	3
2002	2	0	0	0	0	0	0	0	2
TOTALS	47	3	3	2	1	0	0	0	56

Group Averages

Age at Retirement: N/A
Attained Age: 37.8
Annual Pension: \$38,017

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Tier 5 - Surviving Spouses and Dependents

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	0	0	0	0	0	0	0	0	0
1983	0	0	0	0	0	0	0	0	0
1984	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0
2002	0	1	1	0	0	0	0	0	2
TOTALS	0	1	1	0	0	0	0	0	2

Group Averages

Age at Retirement: N/A
Attained Age: 57.6
Annual Pension: \$70,451

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2002

Total for All Pensioners

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1983	11	283	275	415	579	1,117	1,538	190	4,408
1983	3	40	48	64	38	19	10	9	231
1984	4	34	89	55	42	20	30	6	280
1985	3	22	74	72	39	27	18	6	261
1986	3	35	65	66	47	20	16	8	260
1987	3	38	73	61	58	21	26	4	284
1988	5	77	90	75	50	18	24	8	347
1989	9	90	82	81	25	13	23	6	329
1990	4	90	137	61	53	24	22	7	398
1991	8	107	105	49	22	22	36	4	353
1992	12	137	189	84	36	20	22	9	509
1993	13	180	131	68	18	21	30	6	467
1994	16	191	70	31	17	20	19	6	370
1995	15	186	80	39	16	27	40	0	403
1996	20	152	80	46	22	29	47	4	400
1997	35	145	72	18	14	22	31	8	345
1998	37	150	96	25	24	32	35	4	403
1999	25	301	102	33	16	20	30	2	529
2000	44	286	70	20	20	36	41	3	520
2001	40	145	51	20	28	39	49	5	377
2002	25	146	34	14	12	22	28	5	286
TOTALS	335	2,835	2,013	1,397	1,176	1,589	2,115	300	11,760

Group Averages

Age at Retirement: 49.1
Attained Age: 67.6
Annual Pension: \$40,792

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2002 Actuarial Valuation

ACTIVE MEMBERS

		<u>Averages</u>				
		<u>No.</u>	<u>Annual Compensation¹</u>	<u>Annual Compensation¹</u>	<u>Age</u>	<u>Service</u>
TIER 2						
Fire	6/30/2002	747	\$67,882,976	\$90,874	50.2	25.8
	6/30/2001	1,154	97,999,903	84,922	50.8	26.2
	Percent Change	-35.3%	-30.7%	7.0%	-1.2%	-1.5%
Police	6/30/2002	820	75,337,751	91,875	50.5	26.2
	6/30/2001	1,597	135,212,768	84,667	51.4	26.9
	Percent Change	-48.7%	-44.3%	8.5%	-1.8%	-2.6%
TIER 3						
Fire	6/30/2002	798	63,203,447	79,202	41.0	13.9
	6/30/2001	1,106	82,011,884	74,152	40.9	13.7
	Percent Change	-27.8%	-22.9%	6.8%	0.2%	1.5%
Police	6/30/2002	4,093	307,646,865	75,164	37.3	9.5
	6/30/2001	5,248	365,380,427	69,623	36.5	8.9
	Percent Change	-22.0%	-15.8%	8.0%	2.2%	6.7%
TIER 4						
Fire	6/30/2002	800	54,135,903	67,670	34.8	8.2
	6/30/2001	1,050	64,535,327	61,462	34.2	7.9
	Percent Change	-23.8%	-16.1%	10.1%	1.8%	3.8%
Police	6/30/2002	1,614	113,736,817	70,469	34.4	8.7
	6/30/2001	2,166	137,537,481	63,498	33.3	7.3
	Percent Change	-25.5%	-17.3%	11.0%	3.3%	19.2%
TIER 5						
Fire	6/30/2002	1,034	81,644,039	78,959	44.2	17.6
	6/30/2001	N/A	N/A	N/A	N/A	N/A
	Percent Change	N/A	N/A	N/A	N/A	N/A
Police	6/30/2002	2,400	182,449,456	76,021	40.2	13.5
	6/30/2001	N/A	N/A	N/A	N/A	N/A
	Percent Change	N/A	N/A	N/A	N/A	N/A

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2002 Actuarial Valuation

ACTIVE MEMBERS

		<u>No.</u>	<u>Annual Compensation¹</u>	<u>Averages</u>		
				<u>Annual Compensation¹</u>	<u>Age</u>	<u>Service</u>
TOTAL						
Fire	6/30/2002	3,379	266,866,363	78,978	42.6	16.3
	6/30/2001	3,310	244,547,114	73,881	42.3	16.2
	Percent Change	2.1%	9.1%	6.9%	0.7%	0.6%
Police	6/30/2002	8,927	679,170,889	76,081	38.8	12.0
	6/30/2001	9,012	638,211,168	70,818	38.5	11.7
	Percent Change	-0.9%	6.4%	7.4%	0.8%	2.6%
Grand Total	6/30/2002	12,306	\$946,037,252	\$76,876	39.8	13.2
Grand Total	6/30/2001	12,322	882,758,282	71,641	39.4	12.9
Percent Change		-0.1%	7.2%	7.3%	1.0%	2.3%

¹ These numbers include a 4% negotiated July 1, 2001 pay increase that Watson Wyatt incorporated into liabilities in 2001 and a 5% negotiated July 1, 2002 pay increase that we have reflected in liabilities for 2002. Their 2001 report showed \$848,606,041 in Annual Compensation prior to the increase.

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2002 Actuarial Valuation

PENSIONERS

		<u>No.</u>	<u>Annual Allowance</u>	<u>Average</u>			<u>New Retirees</u>		
				<u>Annual Allowance</u>	<u>Attained Age</u>	<u>Age at Retirement</u>	<u>No.</u>	<u>Age</u>	<u>Average Allowance</u>
TIER 1									
Service Retirement	6/30/02	306	\$6,527,295	\$21,331	80.6	46.7	0	N/A	N/A
	6/30/01	345	7,166,979	\$20,774					
	Percent Change	-11.3%	-8.9%	2.7%					
Disability Retirement	6/30/02	280	6,935,152	24,768	75.6	38.1	0	N/A	N/A
	6/30/01	299	7,183,190	24,024					
	Percent Change	-6.4%	-3.5%	3.1%					
Survivors & Dependents	6/30/02	742	18,390,069	24,784	81.9	N/A	N/A	N/A	N/A
	6/30/01	762	18,487,804	24,262					
	Percent Change	-2.6%	-0.5%	2.2%					
TIER 2									
Service Retirement	6/30/02	6,543	\$288,981,811	\$44,167	66.8	50.9	86	53.7	55,674
	6/30/01	6,590	282,344,333	42,844					
	Percent Change	-0.7%	2.4%	3.1%					
Disability Retirement	6/30/02	1,941	84,145,361	43,352	62.1	45.4	20	56.6	62,222
	6/30/01	1,935	81,119,415	41,922					
	Percent Change	0.3%	3.7%	3.4%					
Survivors & Dependents	6/30/02	1,515	55,968,548	36,943	72.5	N/A	N/A	N/A	N/A
	6/30/01	1,464	52,817,259	36,077					
	Percent Change	3.5%	6.0%	2.4%					

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2002 Actuarial Valuation

PENSIONERS

		<u>No.</u>	<u>Annual Allowance</u>	<u>Average</u>			<u>New Retirees</u>		
				<u>Annual Allowance</u>	<u>Attained Age</u>	<u>Age at Retirement</u>	<u>No.</u>	<u>Age</u>	<u>Average Allowance</u>
TIER 3									
Service Retirement	6/30/02	49	\$1,551,751	\$31,668	57.5	52.7	4	51.0	24,312
	6/30/01	45	1,408,449	31,299					
	Percent Change	8.9%	10.2%	1.2%					
Disability Retirement	6/30/02	174	5,202,316	29,898	45.6	38.3	1	47.8	26,455
	6/30/01	162	4,763,773	29,406					
	Percent Change	7.4%	9.2%	1.7%					
Survivors & Dependents	6/30/02	56	2,128,959	38,017	37.8	N/A	N/A	N/A	N/A
	6/30/01	56	2,084,136	37,217					
	Percent Change	0.0%	2.2%	2.1%					
TIER 4									
Service Retirement	6/30/02	17	\$589,661	\$34,686	45.6	44.2	10	43.3	33,617
	6/30/01	N/A	N/A	N/A					
	Percent Change	N/A	N/A	N/A					
Disability Retirement	6/30/02	4	118,100	29,525	44.0	42.3	2	39.7	25,327
	6/30/01	N/A	N/A	N/A					
	Percent Change	N/A	N/A	N/A					
Survivors & Dependents	6/30/02	0	0	0	N/A	N/A	N/A	N/A	N/A
	6/30/01	N/A	N/A	N/A					
	Percent Change	N/A	N/A	N/A					

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2002 Actuarial Valuation

PENSIONERS

		<u>No.</u>	<u>Annual Allowance</u>	<u>Average</u>			<u>New Retirees</u>		
				<u>Annual Allowance</u>	<u>Attained Age</u>	<u>Age at Retirement</u>	<u>No.</u>	<u>Age</u>	<u>Average Allowance</u>
TIER 5									
Service Retirement	6/30/02	131	\$9,038,374	\$68,995	56.8	56.4	131	56.4	68,995
	6/30/01	N/A	N/A	N/A					
	Percent Change	N/A	N/A	N/A					
Disability Retirement	6/30/02	0	0	0	N/A	N/A	N/A	N/A	N/A
	6/30/01	N/A	N/A	N/A					
	Percent Change	N/A	N/A	N/A					
Survivors & Dependents	6/30/02	2	140,902	70,451	57.6	N/A	N/A	N/A	N/A
	6/30/01	N/A	N/A	N/A					
	Percent Change	N/A	N/A	N/A					
ALL TIERS COMBINED									
Service Retirement	6/30/02	7,046	\$306,688,892	\$43,527	67.1	50.8	231	54.7	61,730
	6/30/01	6,980	290,919,761	41,679					
	Percent Change	0.9%	5.4%	4.4%					
Disability Retirement	6/30/02	2,399	96,400,929	40,184	62.4	44.0	23	54.7	57,459
	6/30/01	2,396	93,066,379	38,842					
	Percent Change	0.1%	3.6%	3.5%					
Survivors & Dependents	6/30/02	2,315	76,628,478	33,101	74.7	N/A	N/A	N/A	N/A
	6/30/01	2,282	73,389,199	32,160					
	Percent Change	1.4%	4.4%	2.9%					
Total - All Pensioners	6/30/02	11,760	\$479,718,298	\$40,792	67.6	49.1	254	54.7	61,344
	6/30/01	11,658	457,375,339	39,233					
	Percent Change	0.9%	4.9%	4.0%					

ACTUARIAL COST METHODS, ACTUARIAL ASSUMPTIONS

AND

DEFINITIONS OF TECHNICAL TERMS

The City of Los Angeles Fire and Police Pension Plan

Actuarial Cost Methods - June 30, 2002

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an individual entry age actuarial cost method having the following characteristics:

- (i) the annual normal costs for each active member, payable from the date of entry into the system to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Financing of Unfunded Actuarial Accrued Liability. For Tiers 3-5, each year's actuarial gain (loss) is funded (or credited, if negative) in fifteen installments. Any liability changes due to benefit or assumption changes are funded over 30 years. For Tier 1, level-dollar amortization is used ending on June 30, 2037. For Tier 2, level-percent-of-payroll amortization is used ending on June 30, 2037 as a percent of TOTAL valuation payroll.

Active member payroll in aggregate is assumed to increase 5% a year for the purpose of determining the level percent contributions, although individual annual pay increase rates will increase by greater percentages per year for the purpose of projecting individual pays.

Deferred Member Actuarial Accrued Liability. Data provided includes date of hire, date of birth, date of termination, last pay and an indicator if the deferred member is known to work with a reciprocal employer. Service credit, highest average salary, and deferred retirement age were estimated, based on the data provided. The estimates were used to compute the retirement benefit, upon which the liabilities are based.

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2002 Valuation

The contribution requirements and benefit values of the Fund are calculated by applying actuarial assumptions to the benefit provisions and member information furnished, using the actuarial cost methods described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- (i) long-term rates of investment return to be generated by the assets of the Fund.
- (ii) patterns of pay increases to members.
- (iii) rates of mortality among members, retirants, and beneficiaries.
- (iv) rates of withdrawal of active members (without entitlement to a retirement benefit).
- (v) rates of disability among members.
- (vi) the age patterns of actual retirements.

In making a valuation, the monetary effect of each assumption is calculated for as long as a present covered person survives -- a period of time which can be as long as a century.

Actual experience of the System will not coincide exactly with assumed experience, regardless of the choice of the assumptions, the skill of the actuary and the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate. From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2002 Valuation

(Continued)

The Entry Age Normal Actuarial Cost Method was used in conjunction with the following actuarial assumptions.

The investment return rate used for the actuarial valuation calculations was 8.5% a year, net of administrative expenses, compounded annually. This assumption, used to equate the value of payments due at different points in time, is adopted by the Pension Board. The rate is comprised of two elements:

General Inflation	5.0%
Real Rate of Return	<u>3.5%</u>
Total	8.5%

The general inflation rate used for the actuarial valuation calculations was 5% per year, compounded annually. It represents the difference between the investment return rate and the assumed real rate of return.

Inflation actually experienced, as measured by the Consumer Price Index for urban wage earners, has been as follows:

Consumer Price Index	
Urban Wage Earners and Clerical Workers Before 1978	
All Urban Consumers After 1977	
<u>10 Year Moving Averages</u>	
June 30, 1962	1.3 %
June 30, 1972	3.3%
June 30, 1982	8.8%
June 30, 1992	3.8%
June 30, 2002	2.5%
50-Year Average	3.9%

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2002 Valuation
(Continued)

Compensation increase rates used to project current pays to those, upon which a benefit will be based, are represented by the following table.

Annual Rate of Compensation Increase

General Inflation	5.0%
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plus

Merit & Longevity	See Table Below for Sample Ages
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<u>Age</u>	<u>Additional Salary Increase</u>
20	5.00%
25	4.00%
30	3.00%
35	2.00%
40	1.00%
45	0.75%
50	0.50%
55	0.50%
60	0.50%

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2002 Valuation

(Continued)

Rates of separation from active membership are shown below (rates do not include separation on account of retirement). This assumption measures the probabilities of members remaining in employment. All decrements are assumed to occur at the beginning of the valuation year.

Fire Members

Sample Ages	% of Active Members Separating Within Next Year						
	<u>Withdrawal*</u>	<u>Death</u>		<u>Death while eligible for:</u>		<u>Disability</u>	
		<u>Ordinary</u>	<u>Service</u>	<u>Service Retirement</u>	<u>Disability Retirement</u>	<u>Ordinary</u>	<u>Service</u>
20	7.75%	0.00%	0.02%	0.00%	0.00%	0.00%	0.03%
25	3.78%	0.00%	0.03%	0.00%	0.00%	0.00%	0.03%
30	1.99%	0.01%	0.04%	0.01%	0.01%	0.00%	0.03%
35	1.11%	0.01%	0.05%	0.02%	0.02%	0.02%	0.07%
40	0.54%	0.02%	0.06%	0.03%	0.03%	0.02%	0.16%
45	0.26%	0.02%	0.07%	0.03%	0.03%	0.03%	0.40%
50	0.00%	0.03%	0.08%	0.04%	0.04%	0.03%	0.90%
55	0.00%	0.04%	0.09%	0.06%	0.06%	0.04%	3.00%
60	0.00%	0.05%	0.10%	0.07%	0.07%	0.05%	7.00%

Police Tier 2 Members

Sample Ages	% of Active Members Separating Within Next Year						
	<u>Withdrawal*</u>	<u>Death</u>		<u>Death while eligible for:</u>		<u>Disability</u>	
		<u>Ordinary</u>	<u>Service</u>	<u>Service Retirement</u>	<u>Disability Retirement</u>	<u>Ordinary</u>	<u>Service</u>
20	7.88%	0.06%	0.02%	0.00%	0.06%	0.00%	0.03%
25	4.68%	0.06%	0.03%	0.00%	0.04%	0.00%	0.03%
30	2.78%	0.06%	0.04%	0.00%	0.04%	0.02%	0.05%
35	1.65%	0.06%	0.05%	0.01%	0.04%	0.02%	0.11%
40	0.98%	0.08%	0.06%	0.02%	0.05%	0.03%	0.30%
45	0.58%	0.08%	0.07%	0.03%	0.05%	0.03%	0.55%
50	0.00%	0.09%	0.08%	0.04%	0.06%	0.03%	0.80%
55	0.00%	0.12%	0.10%	0.05%	0.08%	0.03%	1.60%
60	0.00%	0.15%	0.10%	0.06%	0.10%	0.03%	2.00%

*No withdrawal is assumed once a member is vested.

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2002 Valuation

(Continued)

Police Tier 3-5 Members

Sample Ages	% of Active Members Separating Within Next Year						
	<u>Withdrawal*</u>	<u>Death</u>		<u>Death while eligible for:</u>		<u>Disability</u>	
		<u>Ordinary</u>	<u>Service</u>	<u>Service Retirement</u>	<u>Disability Retirement</u>	<u>Ordinary</u>	<u>Service</u>
20	7.00%	0.06%	0.02%	0.00%	0.06%	0.00%	0.03%
25	5.18%	0.06%	0.03%	0.00%	0.04%	0.00%	0.03%
30	3.53%	0.06%	0.04%	0.00%	0.04%	0.02%	0.05%
35	2.21%	0.06%	0.05%	0.01%	0.04%	0.02%	0.11%
40	1.41%	0.08%	0.06%	0.02%	0.05%	0.03%	0.30%
45	1.25%	0.08%	0.07%	0.03%	0.05%	0.03%	0.55%
50	0.00%	0.09%	0.08%	0.04%	0.06%	0.03%	0.80%
55	0.00%	0.12%	0.10%	0.05%	0.08%	0.03%	1.60%
60	0.00%	0.15%	0.10%	0.06%	0.10%	0.03%	2.00%

*No withdrawal is assumed once a member is vested. Withdrawal rates for Members with less than five years of service is greater of the above rate and 5.5%.

The post-retirement mortality table used was the 1994 Group Annuity Mortality Basic Table. This assumption is used to measure the probabilities of members dying after retirement and the probabilities of each benefit payment being made after retirement. Spouses use the same table with a four-year set back.

Sample Ages	Future Life Expectancy (Years)		% Dying Within Next Year	
	Non-disabled Retirees		Non-disabled Retirees	
	<u>Members</u>	<u>Spouses</u>	<u>Members</u>	<u>Spouses</u>
45	34.7	38.5	0.17%	0.12%
50	30.0	33.7	0.28	0.19
55	25.5	29.1	0.48	0.31
60	21.2	24.6	0.86	0.53
65	17.3	20.4	1.56	0.97
70	13.8	16.5	2.55	1.75
75	10.7	13.1	4.00	2.79

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2002 Valuation

(Continued)

The 1984 PBGC Disabled Life Mortality Table is used for disability retirants, with a three-year setback. Related values are shown below.

Sample	Future Life Expectancy (Years)		% Dying Within Next Year	
	Disabled Retirees		Disabled Retirees	
<u>Ages</u>	<u>Members</u>		<u>Members</u>	
45	30.4		0.38%	
50	26.0		0.62	
55	22.0		0.99	
60	18.1		1.55	
65	14.7		2.48	
70	11.7		3.77	
75	9.0		5.78	

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2002 Valuation

(Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year.

Retirement Ages	Fire Members Tiers 2 & 4	Police Members Tiers 2 & 4	Fire Members Tiers 3 & 5	Police Members Tiers 3 & 5
41	1.00%	6.00%	0.00%	0.00%
42	1.00%	6.00%	0.00%	0.00%
43	1.00%	6.00%	0.00%	0.00%
44	1.10%	6.00%	0.00%	0.00%
45	1.15%	6.00%	0.00%	0.00%
46	1.20%	7.16%	0.00%	0.00%
47	1.25%	8.32%	0.00%	0.00%
48	1.40%	9.47%	0.00%	0.00%
49	1.60%	10.63%	0.00%	0.00%
50	2.00%	11.79%	20.00%	25.00%
51	2.75%	12.95%	18.00%	22.50%
52	3.60%	14.11%	16.00%	20.00%
53	4.70%	15.26%	14.00%	18.00%
54	5.75%	16.42%	12.00%	16.00%
55	7.30%	17.58%	10.00%	15.42%
56	8.86%	18.74%	8.86%	16.11%
57	9.85%	19.89%	9.85%	16.84%
58	10.94%	21.05%	10.94%	17.60%
59	12.16%	22.21%	12.16%	18.40%
60	13.52%	23.37%	13.52%	19.23%
61	15.03%	24.53%	15.03%	20.10%
62	16.70%	25.68%	16.70%	21.01%
63	18.56%	26.84%	18.56%	21.96%
64	20.63%	28.00%	20.63%	22.95%
65	100.00%	100.00%	100.00%	100.00%

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2002 Valuation

(Continued)

Survivor Benefits. Marital status and spouses' census data were imputed with respect to active members.

Marital Status – 86% are assumed married or having a domestic partner at retirement.

Spouse Census – Spouses are assumed to be 3 years younger than members.

Dependent Children – Members are assumed to have two children with a three-year difference in age.
 The eldest is assumed to reach age 21 when the participant reaches age 45.

Cost of Living: 5.0% for Tiers 1 and 2
 3.0% for Tiers 3, 4, and 5

Average Service-Connected

Disability Benefits:

Benefits are assumed to follow this schedule:

Years of Service at Time of Disability	Percent of Salary Base
Less than 20	50%
20-30	60%
Over 30	70%

Average Nonservice-Connected
 Disability benefit for
 Tiers 3, 4, & 5: 40% of Salary Base.

Funding Method: Entry Age Normal Funding Method.

Asset Valuation Method: The actuarial value of assets is determined by phasing in, over five years, the difference between the actual and expected realized and unrealized appreciation. The expected appreciation is based on the assumed 8.5% rate of return. The actuarial value of assets can be no less than 80% and no greater than 120% of the market value of assets.

DROP Program: The DROP program became effective in May of 2002. Since it was priced on a cost neutral basis there have been no assumption changes in this valuation for DROP program consideration. As the program matures, it would be beneficial to study actual DROP experience and consider explicitly reflecting actual experience.

The City of Los Angeles Fire and Police Pension Plan
Summary of Actuarial Assumptions and Methods
Used for Valuation of Health Subsidy Benefits

Funding Method: Entry Age Normal Funding Method

Discount Rate: 8.5%

Medical Trend Rates:

	Medical Trend		<u>Dental Trend</u>	<u>Medicare Part B</u>
	<u>Pre-65</u>	<u>Post 65</u>		
2002-2003	7.25%	7.00%	7.25%	6.50%
2003-2004	7.00%	6.75%	7.00%	6.50%
2004-2005	6.75%	6.50%	6.75%	6.50%
2005+	6.50%	6.50%	6.50%	6.50%

The City of Los Angeles Fire and Police Pension Plan
Summary of Actuarial Assumptions and Methods
Used for Valuation of Health Subsidy Benefits

Mortality:	Same as used for valuation of retirement benefits.
Probability of Termination of Employment:	Same rates as used in valuation of retirement benefits. See retirement report for details.
Members Assumed to Receive Subsidy:	85% of all retirees are assumed to receive a subsidy for an approved health carrier.
Spouses and Domestic Partners:	86% of retirees who receive a subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage, with members being three years older than spouses/domestic partners.
Medicare Coverage:	90% of retirees are assumed to elect Medicare Parts A & B.
Dental Coverage:	65% of retirees are assumed to elect dental coverage.
Spousal Coverage:	With regard to Members who are currently alive, 70% of eligible spouse or domestic partners are assumed to elect continued health coverage after the Member's death. With regard to deceased Members, 70% of the current eligible survivors are assumed to elect health coverage.
Funding Method:	Entry Age Normal Funding Method.
Asset Valuation Method:	The actuarial value of assets is determined by phasing in, over five years, the difference between the actual and expected realized and unrealized appreciation. The expected appreciation is based on the assumed 8.5% rate of return. The actuarial value of assets can be no less than 80% and no greater than 120% of the market value of assets.

Definitions of Technical Terms

Actuarial Accrued Liability. The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as "accrued liability" or "actuarial liability".

Actuarial Assumptions. Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Actuarial assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Accrued Service. Service credited under the System which was rendered before the date of the actuarial valuation.

Actuarial Equivalent. A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefits between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Actuarial Gain (Loss). The difference between actual experience and actuarial assumption anticipated experience during the period between two actuarial valuation dates.

Actuarial Present Value. The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment.

Amortization. Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying off with lump sum payment.

Normal Cost. The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.

Pension Benefit Obligation. A standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date.

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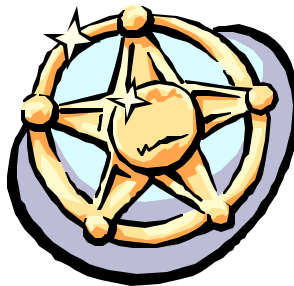
Definitions of Technical Terms

(Concluded)

Unfunded Actuarial Accrued Liability. The difference between actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded actuarial liability" or "unfunded accrued liability".

Most retirement systems have unfunded actuarial accrued liability. They arise each time new benefits are added and each time an actuarial loss is realized.

The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liability and the trend in its amount (after due allowance for devaluation of the dollar). Unfunded actuarial accrued liability must be controlled.



**DISCLOSURES REQUIRED BY
STATEMENTS NO. 25 AND 27 OF
THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The City of Los Angeles Fire and Police Pension Plan

**GASB No. 25 Disclosure
Schedule of Funding Progress
Retirement Benefits**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Total Plan Payroll as of July 1	UAAL as a % of Total Plan Payroll
June 30, 1992	\$4,285,642,005	\$7,840,118,795	\$3,554,476,790	54.7%	\$573,922,239	619.3%
June 30, 1993	4,846,189,341	8,144,652,745	3,298,463,404	59.5%	562,672,803	586.2%
June 30, 1994	5,111,331,371	8,311,393,751	3,200,062,380	61.5%	554,626,745	577.0%
June 30, 1995	5,602,149,360	8,412,407,080	2,810,257,720	66.6%	608,978,306	461.5%
June 30, 1996	6,558,796,766	8,786,175,771	2,227,379,005	74.6%	688,572,262	323.5%
June 30, 1997	7,406,443,749	9,111,057,591	1,704,613,842	81.3%	749,505,571	227.4%
June 30, 1998	8,393,868,685	8,912,535,199	518,666,514	94.2%	808,807,269	64.1%
June 30, 1999	9,637,255,489	9,203,636,397	(433,619,092)	104.7%	819,740,647	-52.9%
June 30, 2000	10,985,936,206	9,604,173,676	(1,381,762,529)	114.4%	845,426,191	-163.4%
June 30, 2001	11,835,548,939	9,954,056,461	(1,881,492,478)	118.9%	882,758,282	-213.1%
June 30, 2002	11,491,922,362	10,606,825,276	(885,097,086)	108.3%	946,037,252	-93.6%

**GASB No. 25 Disclosure
Schedule of Employer Contributions
Retirement Benefits**

Fiscal Year Ending	Annual Required Contribution	Percent Contributed
1993	\$277,367,625	100%
1994	281,880,495	100%
1995	287,697,971	100%
1996	296,136,023	100%
1997	265,744,307	100%
1998	231,170,833	100%
1999	221,755,064	100%
2000	163,380,843	100%
2001	113,849,004	100%
2002	73,120,666	100%

The City of Los Angeles Fire and Police Pension Plan

**Schedule of Funding Progress
Health Benefits**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Total Plan Payroll	UAAL as a % of Total Plan Payroll
June 30, 1992	\$54,998,828	\$714,129,035	\$659,130,207	7.7%	\$573,922,239	139.1%
June 30, 1993	92,738,324	686,751,150	594,012,826	13.5%	562,672,803	105.6%
June 30, 1994	131,848,404	697,230,188	565,381,784	18.9%	554,626,745	101.9%
June 30, 1995	175,792,687	659,805,919	484,013,232	26.6%	608,978,306	79.5%
June 30, 1996	248,228,909	591,777,845	343,548,936	41.9%	688,572,262	49.9%
June 30, 1997	310,852,382	586,429,073	275,576,691	53.0%	749,505,571	36.8%
June 30, 1998	371,411,413	626,669,733	255,258,320	59.3%	808,807,269	31.6%
June 30, 1999	443,492,170	666,565,679	223,073,509	66.5%	819,740,647	27.2%
June 30, 2000	519,240,573	791,337,962	272,097,389	65.6%	845,426,191	32.2%
June 30, 2001	573,844,190	840,287,944	266,443,754	68.3%	882,758,282	30.2%
June 30, 2002	586,953,850	884,371,214	297,417,364	66.4%	946,037,252	31.4%

**Schedule of Employer Contributions
Health Benefits**

Fiscal Year Ending	Annual Required Contribution	Percent Contributed
1993	\$45,138,597	100%
1994	49,889,992	100%
1995	45,782,214	100%
1996	46,565,595	100%
1997	39,935,095	100%
1998	29,585,834	100%
1999	26,633,603	100%
2000	27,456,320	100%
2001	25,084,169	100%
2002	30,326,543	100%