# JUDICIAL COUNCIL OF CALIFORNIA

455 Golden Gate Avenue · San Francisco, California 94102-3688

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# REPORT TO THE JUDICIAL COUNCIL

For business meeting on April 14-15, 2016

Title

Trial Courts: Superior Court of Los Angeles County Establishment of an Irrevocable Other Post- Employment Benefits (OPEB) Trust

Rules, Forms, Standards, or Statutes Affected

None

Recommended by

Superior Court of Los Angeles County
Sherri R. Carter, Court Executive Officer
Judicial Council staff
Zlatko Theodorovic, Director
Finance

Agenda Item Type

Action Required

Effective Date

April 15, 2016

Date of Report

March 16, 2016

Contact


Greg L. Keil, 415-865-7956
gregory.keil@jud.ca.gov


## Executive Summary


The Judicial Council Finance staff recommends approving the Superior Court of Los Angeles County's request to establish a qualified irrevocable trust with the Los Angeles County Employees Retirement Association to prefund its Other Post-Employment Benefits (OPEB), effective immediately. Prior Judicial Council action requires the Judicial Council to approve a trial court's establishment of an OPEB qualified irrevocable trust with a provider of such trust and investment services other than the California Public Employees' Retirement System (CalPERS) or Public Agency Retirement Services (PARS). The initial contribution to the OPEB trust is expected to be approximately $21 million.


## Recommendation

The Judicial Council Finance Staff recommends that the Judicial Council approve the Superior Court of Los Angeles County's request to use the Los Angeles County Employees Retirement Association (LACERA) OPEB Trust as trustee and investment services provider for the prefunding of the court's OPEB liabilities. The court seeks to establish a tax-exempt qualified irrevocable trust during fiscal year 2015–2016 as a participant under Los Angeles County's agreement with the LACERA OPEB Trust. The court has selected the LACERA OPEB Trust as an appropriate extension of its employee pension and employee benefits relationship with the County of Los Angeles.

## Previous Council Action

On October 23, 2009, because of the difficult financial condition of the State Budget, the Judicial Council approved a two-year moratorium on prefunding of OPEB obligations through June 30, 2011.[1] Following expiration of the moratorium, trial courts were permitted to establish OPEB qualified irrevocable trusts with two trust and investment service providers, CalPERS's California Employers' Retiree Benefit Trust (CERBT) and U.S. Bank's PARS, which comply with Internal Revenue Code section 115. The Judicial Council also gave the Administrative Director the authority to approve other qualified irrevocable trust providers. Trial courts seeking to establish such trusts were required to coordinate with the Judicial Council Human Resources and Finance offices when establishing a qualified irrevocable trust and to comply with the *Statement of Investment Policy for the Trial Courts,* adopted in 2004.

On July 27, 2012, the Judicial Council amended the original OPEB policy by requiring notice only to the Judicial Council's Human Resources office of a court's intent to establish an OPEB qualified irrevocable trust and continue to follow the Judicial Council's Statement of Investment Policy for the Trial Courts.[2]

On October 25, 2013, the Judicial Council approved the termination of the Administrative Director's authority to approve other OPEB qualified irrevocable trust providers.[3]

## Rationale for Recommendation

Because the County of Los Angeles prepares the superior court's payroll and because the court is also a member of the county's pension plan and cost-sharing multiple-employer OPEB program administered by LACERA, the court's selection of LACERA's OPEB Trust is an appropriate extension of the existing employee benefits business relationship between the court and its county. LACERA's OPEB Trust is a tax-exempt qualified irrevocable trust similar to those of the Judicial Council–approved CERBT and PARS qualified irrevocable trust providers, which includes professionally managed investment services.[4] The Superior Court of Los Angeles County is a participant under LACERA's cost-sharing multiple-employer OPEB program, along

[1] Judicial Council of Cal., mins. (Oct. 23, 2009), Discussion Item F, p. 45.

[2] Judicial Council of Cal., mins. (July 27, 2012), Consent Item C, p. 4.

[3] Judicial Council of Cal., mins. (Oct. 25, 2013), Discussion Item L, p. 45.

[4] Los Angeles County Employees Retirement Association, *2015 Annual Report: Working for You* (2015), p. 25, *www.lacera.com/investments/Annual_Report/cafr/cafr.pdf*, OPEB Trust, first paragraph; also included as Attachment A.

with Los Angeles County and four outside related districts. The LACERA OPEB Trust was established May 15, 2012, with the initial investments made by both participants, Los Angeles County and LACERA, during the fiscal year ended June 30, 2013. The LACERA OPEB Trust has an invested balance of $488.28 million at fair value per the most recent available financial statements, dated June 30, 2015.[5] LACERA also operates a pension plan with an invested balance of $47.99 billion at fair value, as of June 30, 2015, for the benefit of the employees of Los Angeles County, the Superior Court of Los Angeles County, and four outside related districts.[6]

The court will participate in the OPEB Trust through its county's relationship with the LACERA OPEB Trust. Its initial contribution to the OPEB Trust of approximately $21 million will be from the court's share of excess retiree health premiums paid by court employees that LACERA holds in reserve. A separate trust will be established for the court's prefunded OPEB, administered by LACERA as trustee and investment manager. Establishment of the court's OPEB Trust and the initial contribution must be approved by LACERA's boards and ratified by the court's collective bargaining unit[7]. The LACERA Board of Investments will manage the court's and Los Angeles County's OPEB Trust investments under a single investment policy, with full authority to purchase and sell securities within the investment portfolio as specified in the related investment management agreements.[8] LACERA's costs of administering the court's and Los Angeles County's OPEB trusts will be proportionately shared. LACERA will treat the court's OPEB Trust as a separate accounting entity and include its financial results in LACERA's comprehensive annual financial report.

The OPEB Trust of the Superior Court of Los Angeles County will have one investment asset allocation strategy available for all participants in the trust.[9]

CERBT and PARS both provide their participating courts with various investment strategy choices with varying levels of financial risk and return objectives, from "Conservative" to higher-risk and -return alternatives such as "Capital Appreciation." The court has the ability to periodically change the investment strategy. Each investment strategy's varying levels of financial risk and return are determined by each investment strategy's asset allocation: in general, the greater the proportion of equity investment, the higher the risk and return.

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[5] *Id*., at p. 27, Statement of Fiduciary Net Position, OPEB Trust, Total Investments, as of June 30, 2015.

[6] *Ibid*., Pension Plan, Total Investments, as of June 30, 2015.

[7] Boards are the LACERA Board of Retirement and LACERA Board of Investments.

[8] See Attachment B, the existing Los Angeles County Other Post-Employment Benefit (OPEB) Trust Fund Investment Policy Statement, reviewed February 11, 2015, revised February 12, 2014, and adopted November 13, 2012.

[9] Asset allocation is the various categories of securities comprising the investment portfolio's assets, including the combination of fixed-income securities or debt obligations and equity securities.

The LACERA OPEB Trust is a qualified irrevocable trust under Internal Revenue Code section 115, as are the CERBT and PARS OPEB Trusts.[10]

The LACERA OPEB Trust's annual investment return for the fiscal year ended June 30, 2015, has mixed results as compared to investment portfolios with similar financial risk characteristics offered by CERBT and PARS, per table 1 below.[11] Because the initial investment in the LACERA OPEB Trust was made during the fiscal year ended June 30, 2013, investment returns are available only for the complete fiscal years ended June 30, 2014 and 2015. The CERBT "Aggressive" and PARS "Capital Appreciation" investment portfolio asset allocations and their annual returns for the fiscal year ended June 30, 2015 (see table 1) are the higher-risk investment strategies offered that are comparable to LACERA OPEB Trust's asset allocation risk profile. Of the 31 courts with prefunded CERBT or PARS OPEB Trusts, none are using the PARS Capital Appreciation investment strategy, and only 3 courts are using the CERBT Aggressive investment strategy[12].

**Table 1. Asset Allocation and Investment Return**

| As of 06/30/2015 | LACERA | CERBT #1 Aggressive | PARS Capital Appreciation (Index Plus) |
|---|---|---|---|
| **Asset Allocation** | | | |
| Equities | 79.5% | 57% | 75% |
| Fixed Income | | 43% | 20% |
| Short Term Investments and Cash | 20.5% | 0% | 5% |
| Total | 100% | 100% | 100% |
| | | | |
| **Investment Return** | | | |
| 1 Year Yield | 1.02% | -0.11% | 3.65% |
| Total Administrative Fees | 0.08% | 0.10% | 0.33% |
| Net 1 Year Yield | 0.94% | -0.21% | 3.32% |

CERBT and PARS also offer lower-risk alternatives, with less of the portfolio's assets allocated to equity securities, providing annual returns for the fiscal year ended June 30, 2015, as provided

[10] LACERA, *supra*, at p. 30, OPEB Trust, second paragraph.

[11] Source documentation for LACERA is available at Attachment C, CERBT #1 Aggressive at Attachment D, and PARS Capital Appreciation at Attachment E.

[12] In addition to the 31 courts with CERBT or PARS OPEB trusts, 4 courts (Alameda, Orange, San Diego and Santa Barbara) have established OPEB trusts with their counties (The Orange Court has an OPEB trust with its county and PARS). 24 courts do not have OPEB trusts.

in table 2 below.[13] Of the 31 trial courts using CERBT or PARS for prefunding their OPEB obligations, 13 have selected Conservative, 13 have selected Moderate, and 5 have selected Aggressive/Balanced investment strategies.

**Table 2. Other Lower-Risk Asset Allocations and Investment Returns**

| As of 06/30/2015 | CERBT | | PARS (Index Plus) | | |
|---|---|---|---|---|---|
| | #3 Conservative | #2 Moderate | Conservative | Moderate | Balanced |
| **Asset Allocation** | | | | | |
| Equities | 24% | 40% | 15% | 50% | 60% |
| Fixed Income | 76% | 60% | 80% | 45% | 35% |
| Short Term Investments and Cash | 0% | 0% | 5% | 5% | 5% |
| Total | 100% | 100% | 100% | 100% | 100% |
| **Investment Return** | | | | | |
| 1 Year Yield | -0.03% | -0.34% | 1.45% | 2.52% | 2.69% |
| Total Administrative Fees | 0.10% | 0.10% | 0.33% | 0.33% | 0.33% |
| Net 1 Year Yield | -0.13% | -0.44% | 1.12% | 2.19% | 2.36% |

The long-term actuary-determined expected returns[14] for the three investment strategies presented in table 1 above, including the associated assumed long-term inflation rates are provided below in table 3.[15]

**Table 3. Long-Term Expected Returns and Assumed Inflation Rates**

| | LACERA | CERBT- #1 Aggressive | PARS - Capital Appr. |
|---|---|---|---|
| Actuarial Estimated Yield* | 7.00% | 7.28% | 6.75% |
| Assumed Inflation Rate | 3.00% | 2.75% | 2.75% |

* The Actuarial Estimated Yield includes the Assumed Inflation Rate, as of June 30, 2014 for LACERA and CERBT, and as of June 30, 2015 for PARS.

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13 Refer to Attachment F for CERBT #3 Conservative and #2 Moderate source data and Attachment G for PARS Conservative, Moderate, and Balanced source data.

14 Long-term expected return is the anticipated rate of return on an investment, net of administrative fees, taking into account an expected inflation rate, short- and long-term return expectations, and the expected cash flows of a hypothetical large plan.

15 The Actuarial Estimated Yield is from "LACERA OPEB Funding Considerations, January 20, 2016," page 4, prepared by LACERA's actuary Milliman, as of July 1, 2014, in Attachment H. The LACERA Assumed Inflation Rate is from Milliman's July 1, 2014, Actuarial Valuation, page A-8, in Attachment I. The CERBT data is as of October 15, 2014, www.calpers.ca.gov/docs/opeb-assumption-model.pdf, and included as Attachment J, and the PARS data is as of June 30, 2015, as estimated by Van Iwaarden actuaries, attached as Attachment K.

LACERA has been recognized by the Government and Finance Officers Association of the United States and Canada with the Certificate of Achievement for Excellence in Financial Reporting for the 25th consecutive year[16] and the Public Pension Coordinating Council's Public Pension Standards 2014 Award[17] for meeting professional standards for plan design and administration. LACERA has been awarded the Public Pension Standards Award 12 times.

## Attachments

1. Attachment A: *LACERA 2015 Annual Report*
2. Attachment B: *LACERA OPEB Trust Fund Investment Policy Statement*
3. Attachment C: *LACERA OPEB quarterly performance report, as of June 30, 2015*
4. Attachment D: *Quarterly performance report of CERBT Strategy1, aggressive portfolio, as of June 30, 2015*
5. Attachment E: *Quarterly performance report of PARS Capital Appreciation, as of June 30, 2015*
6. Attachment F: *Quarterly performance reports of CERBT Strategy 3, conservative, and Strategy 2, moderate portfolios, as of June 30, 2015*
7. Attachment G: *PARS Quarterly performance reports Conservative, Moderate, and Balanced Portfolios, as of June 30, 2015*
8. Attachment H: LACERA OPEB Funding Considerations, January 20, 2016
9. Attachment I: *LACERA OPEB July 1, 2014 Actuarial Valuation*
10. Attachment J: *CERBT OPEB Assumption Model*
11. Attachment K: *Van Iwaarden PARS Actuarial Investment Returns Analysis as of June 30, 2015*

[16] LACERA, *supra*, at p. 4, Awards.

[17] *Ibid*.

ATTACHMENT A

LACERA

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

# ANNUAL 2015 REPORT

Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2015 and 2014

Pension and OPEB Trust Funds of the County of Los Angeles, CA

Working For You

ATTACHMENT A

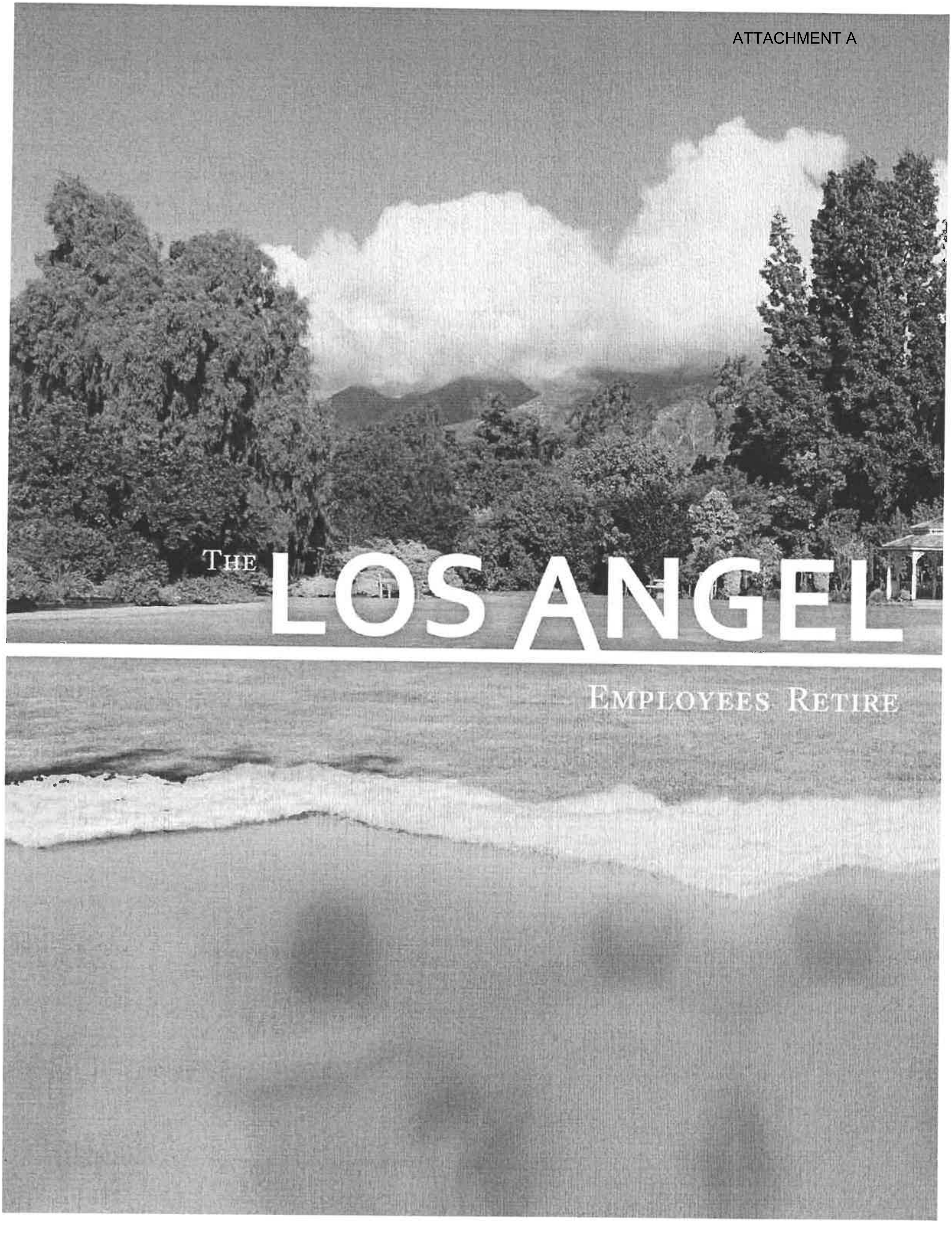
ATTACHMENT A


LACERA, the retirement association for Los Angeles County employees, strives to be a premiere association. We achieve this by connecting with and keeping our members informed, continuing to embrace technology and develop efficient business processes, securing member data, and working to secure and strengthen the Fund.

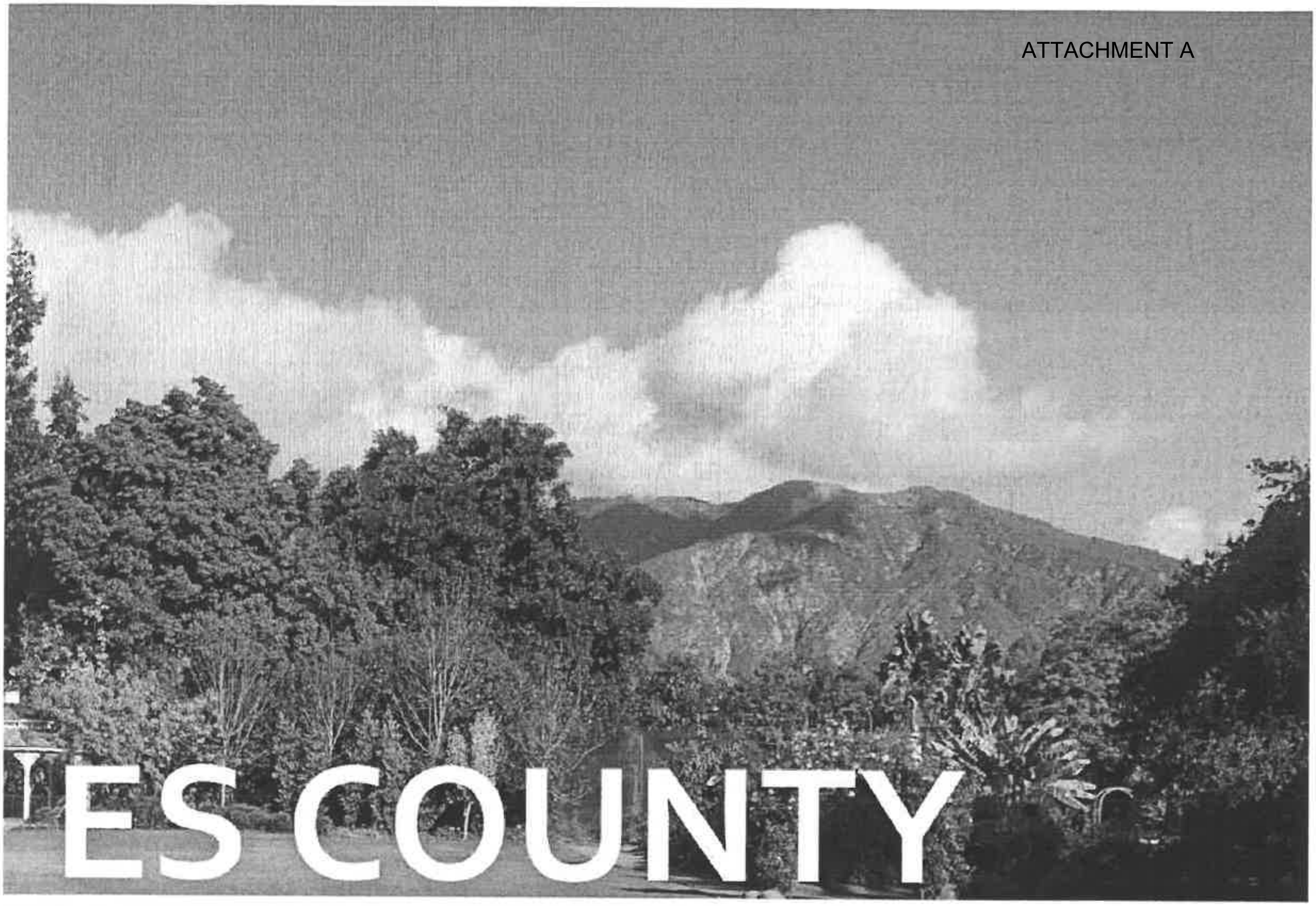
Our message is one of dedication to our members and excellent customer service in both word and deed.

LACERA Headquarters

ATTACHMENT A

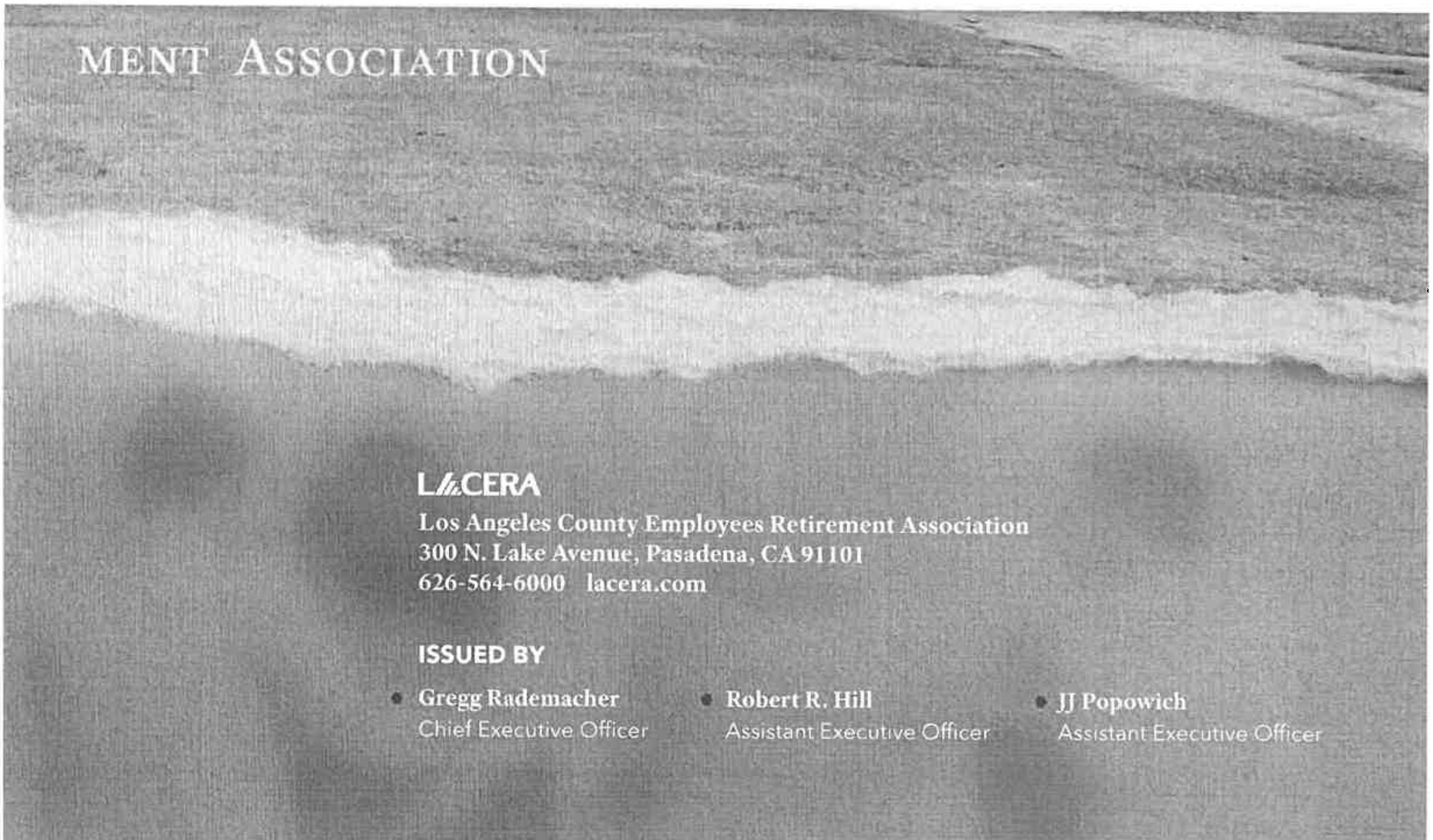


ATTACHMENT A



# ES COUNTY

MENT ASSOCIATION




LACERA
Los Angeles County Employees Retirement Association
300 N. Lake Avenue, Pasadena, CA 91101
626-564-6000 lacera.com


**ISSUED BY**

- **Gregg Rademacher**
  Chief Executive Officer
- **Robert R. Hill**
  Assistant Executive Officer
- **JJ Popowich**
  Assistant Executive Officer

ATTACHMENT A

# AWARDS

## Certificate of Achievement

Each year, a Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada (GFOA) to government units and public employee retirement systems whose Comprehensive Annual Financial Reports (CAFRs) achieve the highest standards in government accounting and reporting. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. For the 25th consecutive year, LACERA has earned this prestigious award for the 2014 Comprehensive Annual Financial Report. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

## PPCC Award

LACERA received the Public Pension Coordinating Council's (PPCC)* Public Pension Standards 2014 Award, in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards. The Public Pension Standards are intended to reflect minimum expectations for public retirement systems management and administration, and serve as a benchmark by which all defined benefit public plans should be measured. LACERA is the twelfth-time recipient of this important award.

*A confederation of NASRA, NCPERS, and NCTR.

# TABLE OF CONTENTS

ATTACHMENT A

For your convenience, the TABLE OF CONTENTS is linked.

## Introductory Section



## Financial Section



### Basic Financial Statements



### Required Supplementary Information



### Other Supplementary Information



## Investment Section



## Actuarial Section



## Statistical Section

ATTACHMENT A

L/ℎ.CERA Los Angeles County Employees Retirement Association
300 N. Lake Ave., Pasadena, CA 91101 / PO Box 7060, Pasadena, CA 91109-7060 / www.lacera.com / 626/564-6132 • 800/786-6464

December 3, 2015

Los Angeles County Employees Retirement Association
Board of Retirement/Board of Investments
300 N. Lake Avenue, Suite 820
Pasadena, CA 91101

I am pleased to present the Los Angeles County Employees Retirement Association (LACERA) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This report is intended to provide a detailed review of the association's financial, actuarial, and investment status. LACERA has the duty and authority to administer defined retirement plan benefits for the employees of Los Angeles County and outside districts. It is our mission to produce, protect, and provide the promised benefits to our members and their beneficiaries. In the course of fulfilling that mission, we provide comprehensive customer service to more than 162,500 members, including close to 61,000 benefit recipients.

## Working for You

The annual report for fiscal year ended June 30, 2015 tells of our commitment to working for the 162,500 LACERA members who work (or worked) for Los Angeles County. Across 15 divisions and in the various capacities in which we serve, LACERA employees bring expertise and dedication to their work each day. Directed by our Board of Retirement, employees rise to the occasion and connect with members to provide sound work products, deliver excellent customer service, and help to educate members about their retirement. Staff continues to develop efficient business processes all the while keeping member data security in mind. Guided by our Board of Investments, our Investment Office works to secure and strengthen the Funds. Our global commitment to working for our members is crucial to the fulfillment of our broader mission: To produce, protect, and provide the promised benefits.

## LACERA and Its Services

On January 1, 1938, LACERA was established to provide retirement allowances and other benefits to the general and safety members employed by Los Angeles County. Subsequently, LACERA expanded its membership program to include four other outside districts:

- Little Lake Cemetery District
- Local Agency Formation Commission
- Los Angeles County Office of Education
- South Coast Air Quality Management District

Since our inception, LACERA has been governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), and the regulations, procedures, and policies adopted by LACERA's Boards of Retirement and Investments. The Los Angeles County Board of Supervisors may also adopt resolutions, as permitted by the CERL, which may affect benefits of LACERA members. On September 12, 2012, California Governor Jerry Brown signed the Public Employees' Pension Reform Act of 2013 (PEPRA) into law. As of January 1, 2013, LACERA is governed by CERL and PEPRA. Both laws are contained in the California Government Code.

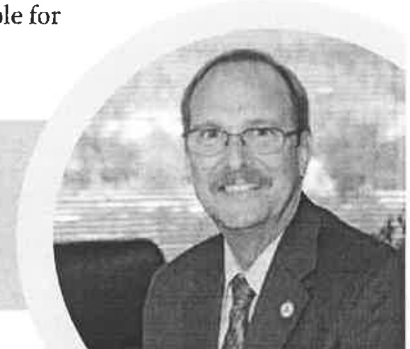
The Board of Retirement is responsible for the general management of LACERA. The Board of Investments is responsible for determining LACERA's investment objectives, strategies, and policies. Both Boards appoint a Chief Executive Officer, to whom is delegated the responsibility of overseeing the day-to-day management of LACERA and developing its annual administrative budget. Adoption of the budget is subject to approval by both Boards.

## Financial Information

### Internal Control

The financial attest audit performed by Brown Armstrong CPAs states that LACERA's financial statements which are prepared by management, are presented in conformity with Generally Accepted Accounting Principles, and are free of material misstatement. Management acknowledges it is responsible for the entire contents of this CAFR. In the course of sustaining a rigorous and comprehensive control environment throughout its operations, LACERA practices stringent risk management activities and annually performs a detailed, organization-wide risk assessment in which control objectives and their related processes are reviewed.

"This fiscal year has been filled with meaningful accomplishments and gains within LACERA. We want our members to feel confident that their retirement association continues to grow, in order to better serve them, by offering additional service options and improving our business efficiencies."



**Gregg Rademacher**
Chief Executive Officer

Maintaining appropriate internal controls is the responsibility of management; however, management recognizes no control or combination of controls can entirely free an organization from all error or misstatement. At their best, controls provide reasonable assurance such failings do not occur. The concept of reasonable assurance recognizes the cost of a control should not exceed benefits likely derived; the valuation of costs and benefits requires estimates and judgments by management.

LACERA management is provided such assurance through the ongoing efforts of its Internal Audit and Quality Control Divisions and its Boards. The Executive Office is confident LACERA's established controls and the interactions of those controls detect all significant occurrences and prevent noteworthy inaccuracies.

### Analysis

An overview of LACERA's fiscal operations is presented in the Management's Discussion and Analysis (MD&A) preceding the financial statements. This transmittal letter, when taken into consideration with the MD&A, provides an enhanced picture of the activities of the organization.

### Investment Activities

The Board of Investments adopted an Investment Policy Statement that provides a framework for the management of LACERA's investments. This Statement establishes LACERA's investment policies and objectives and defines the principal duties of the Board, investment staff, investment managers, master custodian, and consultants.

A pension fund's strategic asset allocation policy, implemented in a consistent and disciplined manner, is generally recognized to have the most impact on a fund's investment performance. The asset allocation process determines a fund's optimal long-term asset class mix (target allocation), which is expected to achieve a specific set of investment objectives. LACERA's strategic asset allocation targets are long-term by design because of the Fund's long-term investment horizon and the illiquidity of certain asset classes, such as Private Equity and Real Estate.

The total Fund returned 4.3 percent (gross of fees), representing an underperformance of 20 basis points below its Policy Benchmark, which returned 4.5 percent. Over the five-year period ended June 30, 2015, the total Fund's annualized return was 10.5 percent (gross of fees).

**Actuarial Funding Status**

Pursuant to provisions in the CERL, LACERA engages an independent actuarial firm to perform annual actuarial valuations. A system actuarial valuation is performed every three years (triennial valuation). The economic and non-economic assumptions are updated at the time each triennial valuation is performed. Triennial valuations serve as the basis for changes in member contribution rates necessary to properly fund the system. LACERA also hires an independent actuarial firm to audit the results of each triennial valuation. The latest triennial valuation was conducted as of June 30, 2013.

Robert Hill

Asst. Executive Officer

LACERA is funded by member and employer contributions and investment earnings on those contributions. Normal member contributions are those required to fund a specific annuity at a specified age. Member contribution rates for members who entered LACERA membership prior to January 1, 2013 vary according to the member's plan and age at first membership. The CERL also requires members to pay half the contributions required to fund the cost-of-living benefit, which is affected by changes in both economic and non-economic assumptions.

Liabilities not funded through member contributions are the responsibility of the employer. Changes in any of the economic and non-economic assumptions impact employer contribution rates. The employer is responsible for contributing to cover the cost of benefits expected to be accrued in the future and half of the cost-of-living benefit. These are called normal cost contributions. The employer is responsible also for making additional contributions to eliminate any shortfalls in funding covering liabilities that have accrued in the past, which is known as the Unfunded Actuarial Accrued Liability (UAAL).

Provisions of Public Employees' Pension Reform Act of 2013 (PEPRA) require equal sharing of normal costs between employers and employees. In January 2013, LACERA established two new retirement plans — General Plan G and Safety Plan C — for members with membership dates on or after January 1, 2013. Contributions for these plans are based on a single flat-rate percentage and are structured in accordance with the required 50/50 cost-sharing. A member's age at first membership is not considered.

The June 30, 2014 valuation, determining the funded ratio to be 79.5 percent, recognized an Unfunded Actuarial Accrued Liability (UAAL) of $11.3 billion. The County contribution rate was therefore set equal to 10.0 percent of payroll for the amortization of the UAAL over a closed 30-year layered period, plus the normal cost rate of 9.3 percent, for a total contribution rate of 19.3 percent of payroll.

In October 2011, the Board of Investments adopted a decrease in the investment return assumption, to be phased in over a period of three years. The investment return assumption in effect for the 2011 actuarial valuation was 7.70 percent; 2012 actuarial valuation was 7.60 percent; and 7.50 percent since the 2013 valuation. For each decrease in the investment return assumption, a corresponding decrease in the price and wage inflation assumptions will be made.

## Summary of Accomplishments for Fiscal Year 2014 - 2015

An important accomplishment this fiscal year was our implementation of the Los Angeles County Retiree Healthcare Benefits Program – Tier 2 (Tier 2), the retiree health insurance program for employees hired on or after June 30, 2014. In collaboration with the County, LACERA mailed a Retiree Healthcare Bulletin to all current active, deferred, and retired members, and their eligible beneficiaries, assuring them their benefits have not changed. Other Tier 2 efforts included updates on lacera.com, reaching out to strategic partners (the Human Resource professionals in the County), programming updates in our Systems (IT), producing new Retiree Healthcare forms and materials, and creating outreach print materials to explain Tier 2 to new members.

Other notable accomplishments include our Member Services and Retiree Healthcare Call Centers which fielded 168,294 calls more calls than our members! Our Member Services Division also connected with 17,253 members in one-on-one counseling sessions, and our Correspondence Unit processed 288,396 mailed inquiries. Our Administrative Services Division scanned 768,007 pages of member documentation. Our Benefits Division paid 61,895 monthly retirement allowances. My LACERA, the member portal on lacera.com received 104,803 visits and 58,131 retirement benefit estimates were created with the retirement calculator.


## Awards and Recognition

For the 25th consecutive year, the Government Finance Officers Association (GFOA) awarded LACERA its Certificate of Achievement for Excellence in Financial Reporting. This award is in recognition of our CAFR for the fiscal year ended June 30, 2014.

LACERA is a recipient also of the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting, for the 17th year running. We received this honor for our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2014.

These awards recognize contributions to the practice of government finance exemplifying outstanding financial management. In doing so, they stress practical, documented work that offers leadership to the profession.

The Public Pension Coordinating Council (PPCC) presented its Public Pension Standards Award to LACERA in recognition of compliance with professional standards for plan design and administration for the fiscal year ended June 30, 2014. LACERA is a twelfth-time recipient of this honor, which is judged on a retirement system's Comprehensive Benefit Program, Funding Adequacy, Actuarial Valuation, Independent Audit, Investments, and Communications.

## Acknowledgements

The preparation of this Comprehensive Annual Financial Report in a timely manner is made possible by the dedicated teamwork of LACERA staff under the leadership, dedication, and support of the LACERA Boards. I am sincerely grateful to the LACERA Boards and staff, as well as to all of our professional service providers, who perform so diligently to ensure the successful operation and financial soundness of LACERA.

Respectfully submitted,

*Gregg Rademacher*

Gregg Rademacher
Chief Executive Officer

# Our Boards

**Working For You**

**John M. Barger**
**Chair**
Board of Investments
Appointed by Board of Supervisors
Term expires 12/31/15

**Alan J. Bernstein**
**Vice Chair**
Board of Retirement
Appointed by Board of Supervisors
Term expires 12/31/15

**Anthony Bravo**
Board of Retirement
Appointed by Board of Supervisors
Term expires 12/31/17

**Yves Chery**
Board of Retirement
Elected by General Members
Term expires 12/31/17

**William de la Garza**
**Secretary**
Board of Retirement
Elected by Retired Members
Term expires 12/31/17

**Vivian H. Gray**
Board of Retirement
Elected by General Members
Term expires 12/31/15

**David Green**
**Vice Chair**
Board of Investments
Elected by General Members
Term expires 12/31/17

**Shawn R. Kehoe**
**Chair**
Board of Retirement
Board of Investments
Elected by Safety Members
Term expires 12/31/16

**Joseph Kelly**
**Secretary**
Board of Investments
Board of Retirement
County Treasurer and Tax Collector
Ex-Officio Member

**Keith Knox**
Board of Retirement
Board of Investments
Chief Deputy County Treasurer
and Tax Collector
Alternate Ex-Officio Member

**David L. Muir**
Board of Retirement
Alternate Retired Member
Elected by Retired Members
Term expires 12/31/17

**Ronald A. Okum**
Board of Retirement
Appointed by Board of Supervisors
Term expires 12/31/17

## Board of Retirement

The Board of Retirement is responsible for the administration of the retirement system, the retiree healthcare program, and the review and processing of disability retirement applications. The Board is composed of eleven members. Four members are elected: two are elected by active General Members; retired members elect one member and one alternate member; Safety Members elect one member and also have an alternate member. Four of its members are appointed by the Los Angeles County Board of Supervisors. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

**William R. Pryor**
Board of Retirement
Alternate Member
Elected by Safety Members
Term expires 12/31/16

**Les Robbins**
Board of Retirement
Appointed by Board of Supervisors
Term expires 12/31/16

**Diane A. Sandoval**
Board of Investments
Elected by Retired Members
Term expires 12/31/17

**Herman B. Santos**
Board of Investments
Elected by General Members
Term expires 12/31/15

**Kenneth M. Simril**
Board of Investments
Appointed by Board of Supervisors
Term expires 12/31/17

**Estevan R. Valenzuela**
Board of Investments
Appointed by Board of Supervisors
Term expires 12/31/16

**Valerie Rose Villarreal**
Board of Investments
Appointed by Board of Supervisors
Term expires 12/31/17

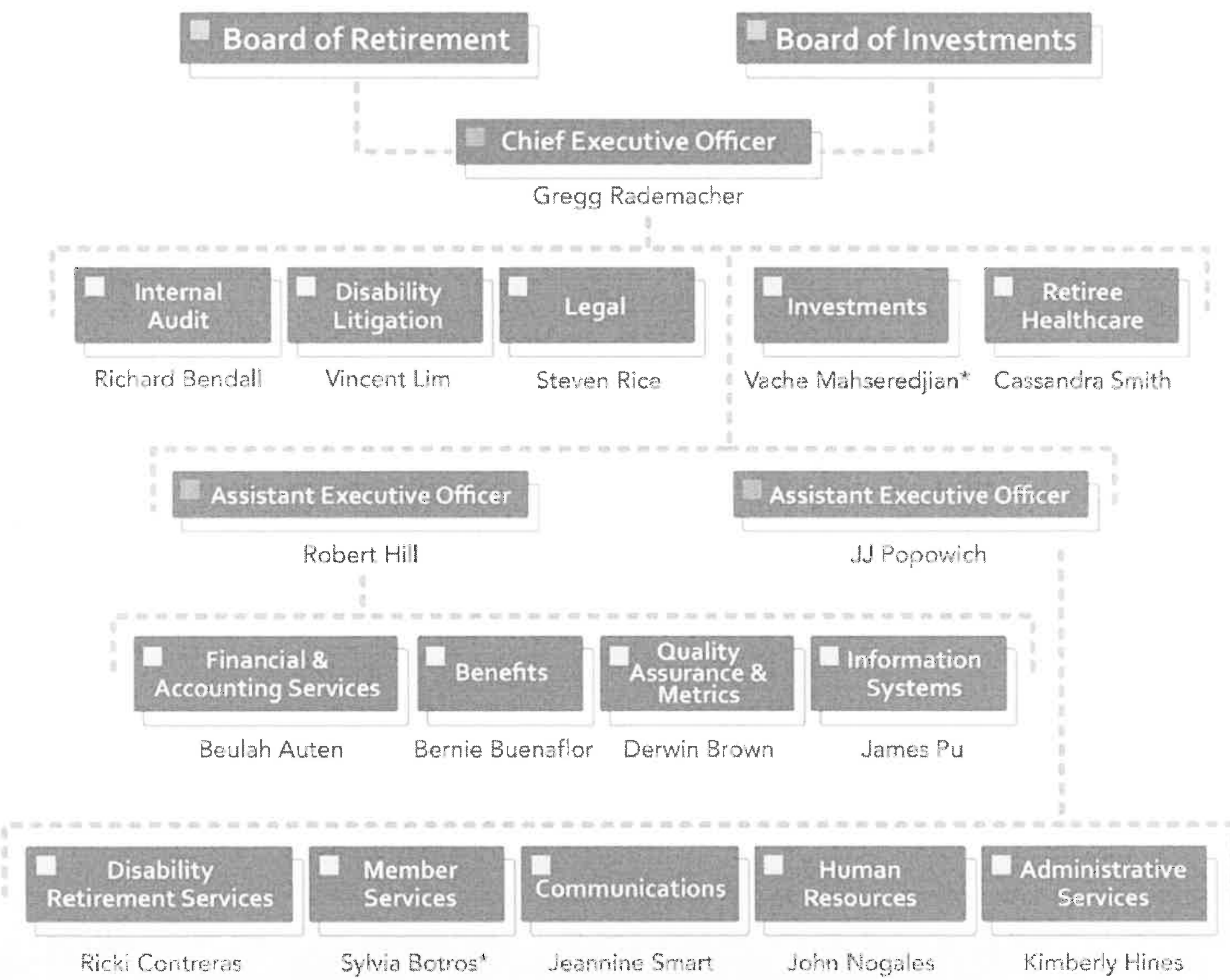
## Board of Investments

The Board of Investments is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment management of the Funds. The Board is composed of nine members. Four members are elected: two are elected by active General Members; retired members elect one member, as do Safety Members. Four of its members are appointed by the Los Angeles County Board of Supervisors. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

ATTACHMENT A

# ORGANIZATIONAL CHART

## LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION




*Interim Division Manager

**Consulting Actuary**
Milliman

**Auditing Actuary**
Segal Consulting

**Auditors**
Brown Armstrong, CPAs

**Commercial Banking**
State Street Bank and Trust Company

**Custodian**
State Street Bank and Trust Company

**Data Processing**
Los Angeles County Internal Services Department

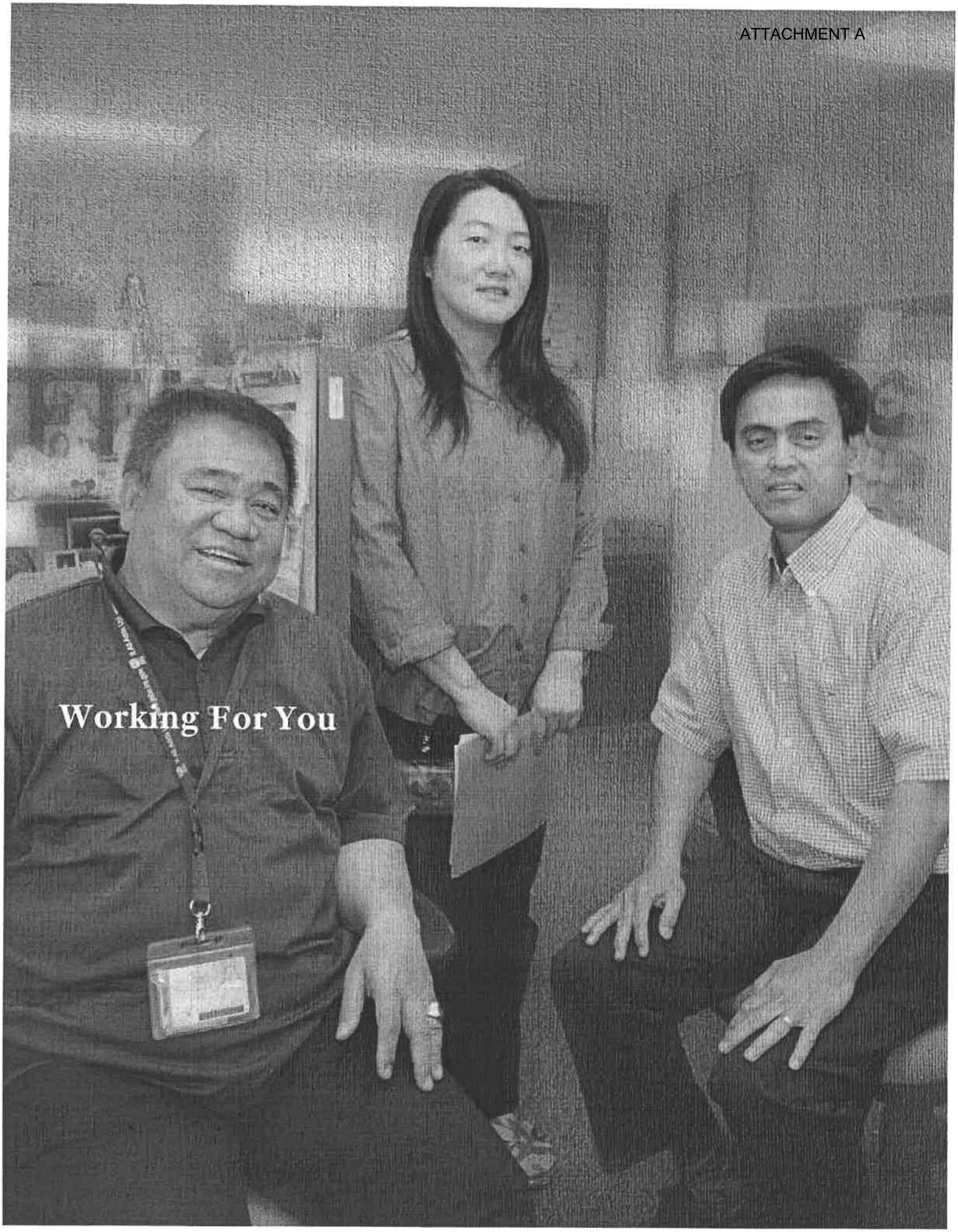
**Governance Consultants**
Glass, Lewis & Company, LLC
Institutional Shareholder Services, Inc.

**Investment Consultants**
GCM Customized Fund Investment Group, L.P.
The Townsend Group
Wilshire Associates

**Mortgage Loan Custodians**
Deutsche Bank National Trust Company

**Legal Consultants**
Andrews Kurth LLP
Arent Fox LLP
Baggett & Mitchell
Berman DeValerio
Bernstein Litowitz Berger & Grossman LLP
Bradford & Barthel, LLP
Bryan Cave LLP
Chapman & Cutler LLP
Cotchett, Pitre & McCarthy, LLP
Cox, Castle & Nicholson LLP
DLA Piper
Donna R. Evans, Attorney at Law
Foley & Lardner LLP
Foster Pepper PLLC
Glaser Weil Fink Jacobs Howard Avchen & Shapiro LLP
Grant & Eisenhofer P.A.
Greenberg Traurig, LLP
Gutierrez Preciado & House LLP
Liebert Cassidy Whitmore
Jackson Walker L.L.P.
Kessler Topaz Meltzer & Check, LLP
Labaton Sucharow LLP
Manatt, Phelps & Phillips, LLP
Nossaman LLP
Olson Hagel & Fishburn LLP
Orrick, Harrington & Sutcliffe LLP
Paul Hastings LLP
Pearlman, Borska & Wax
Pearson, Simon & Warshaw, LLP
Pillsbury Winthrop Shaw Pittman LLP
Reed Smith LLP
Seyfarth Shaw LLP
Spector Roseman Kodroff & Willis, P.C.
Steptoe & Johnson LLP

Please refer to the Investment Section for a list of Investment Managers and the Schedule of Investment Management Fees.


Working For You

## Education

We employ a variety of methods to keep our members informed on the complexities of their retirement plans and benefits. To ensure our members are equipped with the knowledge they need to make wise retirement choices, we produce quarterly newsletters, an array of brochures, and an interactive website. LACERA values internal education as well. Our boards, management, and staff regularly attend seminars and continuing education courses to keep abreast of the latest legislation and policies affecting retirement.


The educational tools we provide to our members reflect the expertise and dedication of several LACERA divisions: Our Communications Division creates and produces our newsletters, brochures, and web content; the Specialists in Member Services hold workshops throughout the year and provide both in-person and by-phone retirement counseling; and our Retiree Healthcare Division serves County retirees and their eligible beneficiaries by administering the Retiree Healthcare Benefits Program and holding semiannual Staying Healthy Together Wellness Workshops.

We believe today's well-informed member is tomorrow's thriving retiree.

ATTACHMENT A

BROWN ARMSTRONG

*Certified Public Accountants*

Boards of Retirement and Investments
Los Angeles County Employees Retirement Association
Pasadena, California

## Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of the Los Angeles County Employees Retirement Association (LACERA) and the Other Post Employment Benefits Trust (the OPEB Trust) as of June 30, 2015 and 2014; the related Statement of Changes in Fiduciary Net Position for the years then ended; and the related notes to the financial statements, which collectively comprise LACERA's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to LACERA's and the OPEB Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LACERA's and the OPEB Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of LACERA and the OPEB Trust as of June 30, 2015 and 2014 and their changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note E to the basic financial statements, the total pension liability of the participating employers as of June 30, 2015 was $56,570,520. The fiduciary net position as a percentage of the total liability as of June 30, 2015, was 86.30 percent. The actuarial valuations are very sensitive to the underlying actuarial assumptions, including a discount rate of 7.63 percent, which represents the long-term expected rate of return. Our opinion is not modified with respect to this matter.

Additionally, as discussed in Note G to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include private equity, real estate, and hedge funds. Such investments totaled $10,519,216,000 (20 percent of total assets) as of June 30, 2015. Where a publicly listed price is not available, the management of LACERA uses alternative sources of information, including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence, to determine the fair value of the investments. Our opinion is not modified with respect to these matters.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide such assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LACERA's and the OPEB Trust's basic financial statements. The other supplementary information and the introductory, investment, actuarial, and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 9, 2015, on our consideration of LACERA's and the OPEB Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering LACERA's and the OPEB Trust's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
October 9, 2015

This Management's Discussion and Analysis (MD&A) of the financial activities of the Los Angeles County Employees Retirement Association (LACERA) is an overview of its fiscal operations for the year ended June 30, 2015. Readers are encouraged to consider the information presented here in conjunction with the Basic Financial Statements and the Notes to the Basic Financial Statements. Amounts contained in this discussion have been rounded to facilitate readability.

## FINANCIAL HIGHLIGHTS — PENSION PLAN

- Net Position Restricted for Benefits, as reported in the *Statement of Fiduciary Net Position*, totaled $48.8 billion, an increase of $1.1 billion or 2.3 percent from the prior year.
- Total Additions, as reflected in the *Statement of Changes in Fiduciary Net Position*, were $3.9 billion. This was primarily due to positive investment earnings and increases in member and employer contributions. Additions totaled $4.7 billion, 54.7 percent less than the amounts realized for 2014.
- Total Deductions, as reflected in the *Statement of Changes in Fiduciary Net Position*, totaled $2.8 billion, an increase of $109 million or 4.0 percent from the prior year. The increase was primarily attributable to an increase in the retiree payroll.
- The latest actuarial valuation completed by Milliman, LACERA's independent consulting actuary, was as of June 30, 2014 and determined the funded status (the ratio of actuarial value of assets to actuarial accrued liabilities) to be 79.5 percent, versus 75.0 percent as of June 30, 2013.

## OVERVIEW OF FINANCIAL STATEMENTS

This MD&A serves as an introduction to the Basic Financial Statements. LACERA has two Basic Financial Statements, the Notes to the Basic Financial Statements, and several Required Supplementary Information Schedules of historical trend information. The Basic Financial Statements and the required disclosures are in compliance with the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB), utilizing the accrual basis of accounting.

Beulah Auten
Chief Financial Officer

The *Statement of Fiduciary Net Position* is a snapshot of account balances at fiscal year-end. This statement reflects assets available for future payments to retirees and their beneficiaries and any current liabilities owed as of the report date. The Net Position Restricted for Benefits, which is the assets less the liabilities, reflects the funds available for future use.

The County of Los Angeles (County) and LACERA participate in the irrevocable Other Post-Employment Benefit Trust Fund (OPEB Trust). The OPEB Trust is presented separately in the *Statement of Fiduciary Net Position*. LACERA's Board of Investments manages the OPEB Trust investments for the County and utilizes a separate Investment Policy Statement in managing the OPEB Trust. The Net Position Restricted for Benefits at year-end will serve as a funding tool for paying future expenses associated with other post-employment benefits such as those options provided for in the Retiree Healthcare Program. To distinguish the activities of the OPEB Trust from the Pension Plan, the OPEB Trust is also presented separately in the *Statement of Changes in Fiduciary Net Position*. Addition and deduction activities for the OPEB Trust are limited to administrative expenses.

The OPEB Program (or Retiree Healthcare Program) is presented as the OPEB Agency Fund. The assets and liabilities related to OPEB activities are reported in this manner because the OPEB Agency Fund was established as a revocable fund. The pay-as-you-go financial activities within the OPEB Agency Fund are represented as additions and deductions to the balances. LACERA is acting as a custodian for these funds on behalf of the plan sponsors and participants. The OPEB Program is administered on a pay-as-you-go basis; therefore, only assets and liabilities are reported.

The *Statement of Changes in Fiduciary Net Position* reflects all the activities that occurred during the fiscal year and the impact of those addition or deduction activities on the Net Position Restricted for Benefits. The trend of additions versus deductions to the Pension Plan will indicate the condition of LACERA's financial position over time. The *Statement of Changes in Assets and Liabilities* for the OPEB Agency Fund is presented in the Other Supplementary Information Section.

The Notes to the Basic Financial Statements (Notes) are an integral part of the financial statements. The Notes provide detailed discussion of key policies, programs, and activities that occurred during the year.

## FINANCIAL ANALYSIS — PENSION PLAN

### Net Position Restricted for Benefits

As of June 30, 2015, LACERA's financial position increased $1.1 billion or 2.3 percent from the prior year, due primarily to positive investment returns. For the fiscal year ended June 30, 2015, LACERA's portfolio earned a 4.1 percent return (net of fees), while retiree payroll and other expenses remained relatively consistent with the prior period.

As of June 30, 2015, LACERA had $48.8 billion in Net Position Restricted for Benefits, which means that Total Assets of $51.4 billion exceeded Total Liabilities of $2.6 billion. As of June 30, 2014, LACERA had $47.7 billion in Net Position Restricted for Benefits as a result of Total Assets of $51.0 billion exceeding Total Liabilities of $3.3 billion. The Total Net Position Restricted for Benefits represents funds available for future retirement benefit payments.

### Net Position Restricted for Benefits

*As of June 30, 2015, 2014, and 2013*
(Dollars in Millions)

| | 2015 | 2014 | 2013 | 2015 % Change | 2014 % Change |
|---|---|---|---|---|---|
| Investments | $47,990 | $49,033 | $42,286 | -2.1% | 16.0% |
| Other Assets | 3,404 | 2,034 | 1,440 | 67.4% | 41.3% |
| Total Assets | 51,394 | 51,067 | 43,726 | 0.6% | 16.8% |
| Total Liabilities | (2,576) | (3,345) | (1,952) | -23.0% | 71.4% |
| **Net Position Restricted for Benefits** | **$48,818** | **$47,722** | **$41,774** | **2.3%** | **14.2%** |

### Additions and Deductions to Net Position Restricted for Benefits

The primary sources that finance the promised benefits LACERA provides to members and their beneficiaries are investment income and the collection of member and employer retirement contributions. For fiscal year 2015, Total Additions amounted to $3.9 billion as a result of modest investment returns in the U.S. equity market. For fiscal year 2014, Total Additions amounted to $8.7 billion, due primarily to significant investment performance returns.

The net investment gain for fiscal year 2015 was $2.0 billion, a decrease of $4.9 billion from the 2014 fiscal year net investment gain of $6.9 billion. This fiscal year's investment returns of 4.1 percent (net of fees) fell short of the actuarial assumed investment earnings rate of 7.5 percent. The investment gains and losses experienced will continue to impact the actuarial funded ratio over time as they are recognized in the future during the actuarial asset-smoothing process.

To finance employer contributions that are due to LACERA, the County makes semimonthly cash payments, which coincides with the employee payroll cycle. For the fiscal years ended June 30, 2015 and 2014, the County paid all of its employer contributions due to LACERA in the form of cash payments.

The primary uses of LACERA's assets include the payment of the promised benefits to members and their beneficiaries, the refund of contributions to terminated employees, and the cost of administering the plan. These deductions totaled $2.8 billion for fiscal year 2015, an increase of $109 million or 4.0 percent from the prior year. For fiscal year 2014, these deductions totaled $2.7 billion, an increase of $127 million or 4.9 percent from the prior year.

## Additions and Deductions in Fiduciary Net Position — Pension

*For the Years Ended June 30, 2015, 2014, and 2013*
(Dollars in Millions)

| | 2015 | 2014 | 2013 | 2015 Difference | 2015 % Change | 2014 % Change |
|---|---|---|---|---|---|---|
| Contributions | **$1,936** | $1,759 | $1,403 | $177 | 10.1% | 25.4% |
| Net Investment Income/(Loss) | **1,991** | 6,911 | 4,659 | (4,920) | -71.2% | 48.3% |
| **Total Additions** | **$3,927** | **$8,670** | **$6,062** | **$(4,743)** | **-54.7%** | **43.0%** |
| Benefits and Refunds | **$(2,768)** | $(2,663) | $(2,541) | $(105) | 4.0% | 4.8% |
| Administrative Expenses and Miscellaneous | **(63)** | (59) | (54) | (4) | 6.8% | 9.3% |
| **Total Deductions** | **$(2,831)** | **$(2,722)** | **$(2,595)** | **$(109)** | **4.0%** | **4.9%** |
| Net Increase/(Decrease) | **$1,096** | $5,948 | $3,467 | $(4,852) | -81.6% | 71.6% |
| Net Position Beginning of Year | **47,722** | 41,774 | 38,307 | 5,948 | 14.2% | 9.1% |
| **Net Position at End of Year** | **$48,818** | **$47,722** | **$41,774** | **$1,096** | **2.3%** | **14.2%** |

## Pension Liabilities

As GASB 67 requires, LACERA reports the Total Pension Liability and the Net Pension Liability as calculated by LACERA's actuary. It is important to note that these liabilities are solely calculated for financial reporting purposes and are not intended to provide information about the funding of such liabilities by the employers.

LACERA's Total Pension Liability as of June 30, 2015, was $56.6 billion or an increase of 2.9 percent from $55.0 billion as of June 30, 2014. LACERA's Net Pension Liability as of June 30, 2015, was $7.8 billion, representing an increase of 6.9 percent from $7.3 billion as of June 30, 2014. This $497 million increase in net liabilities is primarily due to the increase in LACERA's Fiduciary Net Position.

Under GASB 67, the Fiduciary Net Position as a percentage of the Total Pension Liability is required to be presented. For the fiscal years ended June 30, 2015 and 2014, the Fiduciary Net Position as a percentage of the Total Pension Liability is reported as 86.3 percent and 86.8 percent, respectively. The subtle decrease is due to an offsetting effect of growth in Total Pension Liability of $1.6 billion compared to an increase in LACERA's Fiduciary Net Position of $1.1 billion.

## Net Pension Liability

*As of June 30, 2015, 2014 and 2013*
(Dollars in Millions)

| | 2015 | 2014 | 2013 | 2015 $ Change | 2015 % Change |
|---|---|---|---|---|---|
| Total Pension Liability | **$56,570** | $54,977 | $52,673 | $1,593 | 2.9% |
| Less: Fiduciary Net Position | **(48,818)** | (47,722) | (41,774) | (1,096) | 2.3% |
| Net Pension Liability | **$7,752** | $7,255 | $10,899 | $497 | 6.9% |
| **Fiduciary Net Position as a Percentage of Total Pension Liability** | **86.30%** | **86.80%** | **79.31%** | | |

ATTACHMENT A

# PLAN ADMINISTRATION

## LACERA Membership

The table below provides comparative LACERA membership data for the last two fiscal years. Vested members decreased 1.25 percent from fiscal years ended 2014 to 2015, evidencing a slight dip in the employers' hiring. Retired members increased slightly, by 2.3 percent, between the two fiscal years ended 2014 and 2015, possibly indicating employees are more confident in their financial situation and ability to lead a sustainable retired lifestyle.

### LACERA Membership

*As of June 30, 2015 and 2014*

| | 2015 | 2014 |
|---|---|---|
| Active Members | 93,674 | 92,466 |
| Retired/Deferred Members | 68,770 | 67,313 |
| **Total Membership** | **162,444** | **159,779** |

## Benefit Provisions — Retiree Healthcare Program

In June 2014, the County Board of Supervisors authorized, and the LACERA Board of Retirement and Board of Investments approved, the County's request to modify the existing Agreement between the County and LACERA, which created a new retiree healthcare benefit program for new employees in order to lower retiree healthcare costs. Structurally, this means the County segregated all current retirees and current employees, who will be entitled to future benefits, into the LACERA-administered Retiree Healthcare Benefits Program — Tier 1 (Tier 1). Employees hired after June 30, 2014 are entitled to benefits under the new Los Angeles County Retiree Healthcare Benefits Program — Tier 2 (Tier 2).

This modification brought about a significant difference in LACERA's administrative responsibility for the Retiree Healthcare Program between the two tiers. Regarding Tier 1, LACERA continues its agreed-upon role as program administrator under the 1982 Agreement with the County. Regarding Tier 2, LACERA is responsible for administering this new program for as long as the County desires. The County may, at any time, choose another organization to administer Tier 2 benefits.

The County Board of Supervisors adopted changes to Los Angeles County Code Title 5 - Personnel, which established the benefit provisions for Tier 2. The Tier 2 program offers the same selection of medical and dental/vision plans and the same County subsidy percentages as those offered by Tier 1. However, under Tier 2, the County retiree medical and dental/vision subsidy applies to retiree-only coverage, regardless of whether the retiree includes an eligible dependent on his or her healthcare plan. Additionally, under Tier 2, Medicare-eligible retirees and their eligible dependents are required to enroll in Medicare Parts A and B and in a Medicare HMO plan or Medicare Supplement plan.

# ADMINISTRATIVE EXPENSES

The LACERA Boards of Retirement and Investments jointly approve the annual budget, which controls administrative expenses and represents approximately 0.12 percent of the total actual Net Position Restricted for Benefits.

The County Employees Retirement Law of 1937 (CERL) states that the annual budget for administrative expenses of a CERL retirement system may not exceed twenty-one hundredths of one percent (0.21 percent) of the actuarial accrued liability of the retirement system as of the prior fiscal year. The cost of legal representation is not to exceed one-hundredth of one percent (0.01 percent) of system assets in any budget year. LACERA's appropriation for legal representation is included in the administrative expense allocation.

The table below provides a comparison of the actual administrative expenses for the fiscal years ended 2015 and 2014. The actuarial accrued liability was used to calculate the statutory budget amount. For both years, LACERA's administrative expenditures were well below the limit imposed by law.

### Budget-to-Actual Analysis of Administrative Expenses

*As of June 30, 2015 and 2014*
(Dollars in Thousands)

| | 2015 | 2014 |
|---|---|---|
| Actual Administrative Expenses | **$62,591** | $58,723 |
| Basis for Budget Calculation (Actuarial Accrued Liability) | **53,247,776** | 50,809,425 |
| **Administrative Expenses as a Percentage of the Basis for Budget Calculation** | **0.12%** | 0.12% |
| Limit per CERL | **0.21%** | 0.21% |

## ACTUARIAL VALUATIONS

In order to determine whether the Net Position Restricted for Benefits will be sufficient to meet future obligations, the actuarial funded status needs to be calculated. An actuarial valuation is similar to an inventory process. On the valuation date, the assets available for the payment of retirement benefits are appraised. These assets are compared with the actuarial liabilities, which represent the actuarial present value of all future benefits expected to be paid for each member. The purpose of the valuation is to determine what future contributions by the employees (members) and the employers (plan sponsors) are needed to pay all expected future benefits.

In December 2009, the LACERA Board of Investments adopted a new Retirement Benefit Funding Policy (Funding Policy). The changes in the Funding Policy continued to impact the valuation for 2014, including the implementation of five-year smoothing on asset gains and losses. The positive investment returns for fiscal year ended 2014 were greater than the assumed rate. The recognition of net asset gains from the current and prior years resulted in a gain on the actuarial value of assets for the current year. The Funding Policy utilizes what is referred to as a "layered" amortization method. Under this method, the Unfunded Actuarial Accrued Liability (UAAL) amounts are amortized over a closed 30-year period. Future actuarial gains and losses on the UAAL are amortized over new closed 30-year periods beginning with the June 30, 2010 valuation. For the June 30, 2014 valuation, six amortization layers were used to calculate the total amortization payment.

The Funding Policy was amended in February 2013 to conform to the new provisions mandated by the California Public Employees' Pension Reform Act of 2013 (PEPRA). In addition, beginning with the June 30, 2012 valuation and on a prospective basis, the Board of Investments approved inclusion of the Supplemental Targeted Adjustment for Retirees (STAR) Reserve balance as part of valuation assets.

In October 2011, the Board of Investments adopted a decrease in the investment return assumption, to be phased in over a three-year period. The investment return assumptions have remained the same at 7.50 percent for the June 30, 2013 and June 30, 2014 actuarial valuations. For each decrease in the investment return assumption, a corresponding decrease in the price and wage inflation assumptions were made.

LACERA's independent consulting actuary, Milliman, performed the actuarial valuation as of June 30, 2014 and determined that the Funded Ratio of the actuarial assets to the actuarial accrued liabilities increased to 79.5 percent, as compared to 75.0 percent as of the June 30, 2013 valuation. The positive investment return for 2014 resulted in a 4.5 percent increase in the Funded Ratio under the five-year actuarial asset smoothing method. For the 2013 valuation, the Pension Fund returned 12.1 percent (net of fees) on a market basis, which is more than the assumed rate of 7.50 percent. The significant recognized gains on actuarial assets from the last two fiscal years ended June 30, 2013 and June 30, 2014 had a positive impact on the 2014 valuation results.

## FAIR VALUE, RATES OF RETURN, AND FUNDED RATIO

The table below provides a three-year history of investment and actuarial returns and the actuarial funded ratio. As required by GASB 67, the money-weighted rate of return is presented as an expression of investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments was 4.1 percent (net of fees). An expanded version of this table, which provides 10 years of information, when available, can be found in the Investment Section.

The investment returns varied between moderately and significantly positive over the last three years. The Board of Investments has reduced the assumed rate of return (as described in the Actuarial Valuations section above). As a result, the funded ratio has increased from fiscal years ended 2013 to 2014.

### Fair Value, Rates of Return, and Funded Ratio

*For the Last Three Fiscal Years Ended June 30*

(Dollars in Thousands)

| Fiscal Year-End | Total Investment Portfolio Fair Value | Total Fund Time-Weighted Return (gross of fees) | Total Fund Money-Weighted Return (net of fees) | Return on Smoothed Valuation Assets* (net of fees) | Actuarial Assumed Rate of Return | Funded Ratio |
|---|---|---|---|---|---|---|
| 2013 | 42,285,906 | 12.1% | — | 5.4% | 7.50% | 75.0% |
| 2014 | 49,033,365 | 16.8% | 17.2% | 11.8% | 7.50% | 79.5% |
| **2015**** | **47,990,447** | **4.3%** | **4.1%** | — | — | — |

*Returns calculated using the money-weighted rate of return method.
**Actuarial valuation report for June 30, 2015 not available at publication.

## INTEREST CREDITS FOR RESERVE ACCOUNTS

Pursuant to CERL, LACERA credits interest semiannually on December 31 and June 30 to all contributions in the retirement plan that have been on deposit six months prior to such dates. The Board of Investments' policy is to credit annual interest equal to the current actuarial assumed earnings rate in the same priorities as listed for the allocation of actuarial assets, provided there are sufficient realized earnings for the six-month period to support that interest rate.

The semiannual interest crediting rate applied during the fiscal year ended June 30, 2015 was 3.75 percent (i.e., 7.50 percent annual rate). This rate was implemented with the Board of Investments' adoption of the June 30, 2012 actuarial valuation. To provide ample time for the County and LACERA to prepare for the rate change implementation, the new 7.50 percent rate became effective July 1, 2014, which was also when corresponding employee contribution rates took effect. The total Pension Fund's positive return provided ample realized earnings, which allowed LACERA to credit the full 3.75 percent semiannual interest for the periods ended December 31, 2014 and June 30, 2015 to certain reserve accounts, according to the CERL provisions.

## ECONOMIC FACTORS

The U.S. economic output growth paused in early 2015, weighed down by the stronger dollar and adverse weather. Nonetheless, as evidenced by job gains in the private sector and a falling unemployment rate, the labor market has continued to improve. The Federal Reserve has kept policy rates close to zero, consistent with signs of lingering labor market slack, stagnant wages, low underlying inflation and well-anchored inflation expectations. Supportive monetary conditions and lower energy prices should uphold a sustained pick-up in aggregate demand and ongoing increases in household wealth, consumer spending, and residential construction.

Moving forward, the U.S. economy will likely continue to see moderate economic growth in the second half of 2015 but may not see the recent gains in the Gross Domestic Product (GDP) growth. Strong consumer spending is playing a big role in fueling the economic resurgence. An increase in construction activity, including home-building; strong gains in disposable income; and lower gasoline prices are also encouraging.

Over the past year, the dollar has appreciated 20 percent against a basket of currencies including the euro, the Japanese yen, and the Canadian dollar, making U.S.-produced goods more expensive in foreign markets. Indications are that the dollar will stay strong well into the next year, as will historically low interest rates, which may make dollar-based investments more attractive. Canada, a top trade partner with the U.S., and Brazil, Latin America's largest economy, are in recession. China is slowing and is trying to increase its own exports through currency devaluation.

For the fiscal year ended June 30, 2015, LACERA's total Pension Fund return was 4.3 percent, gross of fees. The Pension Fund's return fell short of its Policy benchmark, which returned 4.5 percent.

## OPEB TRUST

Pursuant to the California Government Code, Los Angeles County established an irrevocable tax-exempt Other Post-Employment Benefits (OPEB) Trust for the purpose of holding and investing assets to pre-fund the Retiree Healthcare Program administered by LACERA.

In May 2012, the County hired the LACERA Board of Investments to manage and invest the OPEB Trust assets. The participating employers will be responsible for and have full discretion over contributions to and withdrawals from the OPEB Trust. At this time, there are two participating employers in the OPEB Trust: the County and LACERA.

### Financial Analysis

As reflected in the *Statement of Changes in Fiduciary Net Position*, additions included net investment income of $4.7 million and total deductions of $0.2 million for administrative expenses. The total Net Position Restricted for Benefits for the OPEB Trust as of the fiscal year ended June 30, 2015 was $488.4 million.

Information related to the OPEB Trust has been included throughout sections of this report to meet financial reporting standards.

## NEW PENSION ACCOUNTING AND FINANCIAL REPORTING STANDARDS

On June 25, 2012, the GASB voted to approve two new standards designed to substantially improve the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing guidance for the financial reports of most pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions*, revises and establishes new financial reporting requirements for governments that provide their employees with defined benefit pensions. These accounting and financial reporting standards represent the most significant fundamental changes in reporting requirements for pension plans (LACERA) and plan sponsors (Los Angeles County and outside districts) since 1994.

LACERA adopted GASB 67 effective for the fiscal year ended June 30, 2014 and has included the required financial information herein. The most notable change is the distinct separation of actuarial funding from financial reporting. Notes and disclosures provided in LACERA's financial statements are intended to provide accounting-related information but will not necessarily provide sufficient information to reflect the Pension Plan's complete actuarial picture. Reports provided by LACERA's consulting actuary include detailed information to measure and provide the Pension Plan's funding status and metrics.

Plan sponsors of LACERA are required to implement GASB 68, effective as of June 30, 2015. The new standards require the County and outside districts to recognize their proportionate share of the long-term obligation for pension benefits as a liability for the first time in their financial statements and to more comprehensively and comparably measure the annual costs of pension benefits. This proportionate share is based on the plan sponsors' long-term projected contribution effort. The new financial reporting standards also enhance accountability and transparency through revised and new note disclosures and required supplementary information. LACERA and its consulting actuary cooperated to provide the required information to the County and outside districts, which will help satisfy the new financial reporting provisions.

Since April 2013, LACERA has hosted a GASB 67/68 Task Force (Task Force) comprised of key stakeholders from the County, outside districts, and external professional service providers to discuss requirements for implementation of the new GASB 68 accounting standards. The Task Force opened the lines of communication among the parties involved and provided the opportunity to establish timelines and a framework for implementing decisions. We are pleased to report the Task Force successfully achieved its objectives.

## REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Retirement and Board of Investments, our membership, and interested third parties with a general overview of LACERA's finances and to show accountability for the funds it receives.

Address questions regarding this report and/or requests for additional financial information to:

Chief Financial Officer
LACERA
300 N. Lake Avenue, Suite 650
Pasadena, CA 91101

Respectfully submitted,

Beulah S. Auten

Beulah S. Auten, CPA, CGFM, CGMA
Chief Financial Officer

## Statement of Fiduciary Net Position

*As of June 30, 2015 and June 30, 2014*

(Dollars in Thousands)

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | **Pension Plan** | **OPEB Trust** | **OPEB Agency Fund** | **Pension Plan** | **OPEB Trust** | **OPEB Agency Fund** |
| **Assets** | | | | | | |
| Cash | $1,309,414 | — | $78,735 | $230,254 | $6,299 | $48,084 |
| Cash Collateral on Loaned Securities | 1,033,471 | — | — | 998,216 | — | — |
| Receivables | | | | | | |
| Contributions Receivable | 81,249 | — | — | 74,412 | — | — |
| Accounts Receivable - Sale of Investments | 778,038 | — | — | 583,816 | — | — |
| Accrued Interest and Dividends | 99,637 | 149 | — | 120,236 | 206 | — |
| Accounts Receivable - Other | 102,145 | — | 44,016 | 27,000 | — | 40,574 |
| **Total Receivables** | 1,061,069 | 149 | 44,016 | 805,464 | 206 | 40,574 |
| Investments at Fair Value | | | | | | |
| Equity | 24,689,701 | 388,254 | — | 25,412,713 | 383,874 | — |
| Fixed Income | 12,781,560 | 100,022 | 110,542 | 11,893,851 | 94,524 | 110,884 |
| Private Equity | 4,346,854 | — | — | 4,015,799 | — | — |
| Real Estate | 5,480,795 | — | — | 4,995,446 | — | — |
| Commodities | — | — | — | 2,169,289 | — | — |
| Hedge Funds | 691,537 | — | — | 546,267 | — | — |
| **Total Investments** | 47,990,447 | 488,276 | 110,542 | 49,033,365 | 478,398 | 110,884 |
| **Total Assets** | 51,394,401 | 488,425 | 233,293 | 51,067,299 | 484,903 | 199,542 |
| **Liabilities** | | | | | | |
| Accounts Payable - Purchase of Investments | 1,471,192 | — | — | 2,283,900 | 1,000 | — |
| Retiree Payroll and Other Payables | 623 | — | 124 | 645 | — | 150 |
| Accrued Expenses | 30,432 | 66 | 418 | 28,392 | 65 | 364 |
| Tax Withholding Payable | 30,693 | — | — | 29,624 | — | — |
| Obligations under Securities Lending Program | 1,033,471 | — | — | 998,216 | — | — |
| Accounts Payable - Other | 9,640 | — | 122,210 | 4,245 | 14 | 88,144 |
| Due to Employers | — | — | 110,541 | — | — | 110,884 |
| **Total Liabilities** | 2,576,051 | 66 | 233,293 | 3,345,022 | 1,079 | 199,542 |
| **Net Position Restricted for Benefits** | $48,818,350 | $488,359 | — | $47,722,277 | $483,824 | — |

The accompanying Notes are an integral part of these financial statements.

ATTACHMENT A

## Statement of Changes in Fiduciary Net Position

*For the Years Ended June 30, 2015 and 2014*
(Dollars in Thousands)

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Pension Plan | OPEB Trust | Pension Plan | OPEB Trust |
| **Additions** | | | | |
| Contributions | | | | |
| Employer | $1,494,975 | — | $1,320,442 | — |
| Member | 441,258 | — | 439,001 | — |
| Total Contributions | 1,936,233 | — | 1,759,443 | — |
| Investment Income | | | | |
| From Investing Activities: | | | | |
| Net Appreciation/(Depreciation) in Fair Value of Investments | (330,804) | 4,429 | 4,699,445 | 35,516 |
| Investment Income/(Loss) | 2,421,690 | 486 | 2,305,690 | (223) |
| Total Investing Activity Income | 2,090,886 | 4,915 | 7,005,135 | 35,293 |
| Less Expenses from Investing Activities | (108,079) | (228) | (101,170) | (180) |
| Net Investing Activity Income | 1,982,807 | 4,687 | 6,903,965 | 35,113 |
| From Securities Lending Activities: | | | | |
| Securities Lending Income | 5,457 | — | 2,896 | — |
| Less Expenses from Securities Lending Activities: | | | | |
| Borrower Rebates | 2,533 | — | 2,289 | — |
| Management Fees | (1,439) | — | (738) | — |
| Total Expenses from Securities Lending Activities | 1,094 | — | 1,551 | — |
| Net Securities Lending Income | 6,551 | — | 4,447 | — |
| Total Net Investment Income | 1,989,358 | 4,687 | 6,908,412 | 35,113 |
| Miscellaneous | 1,695 | — | 2,256 | — |
| **Total Additions** | 3,927,286 | 4,687 | 8,670,111 | 35,113 |
| **Deductions** | | | | |
| Retiree Payroll | 2,740,970 | — | 2,637,182 | — |
| Administrative Expenses | 62,591 | 152 | 58,723 | 144 |
| Refunds | 25,411 | — | 23,528 | — |
| Lump-Sum Death/Burial Benefits | 2,029 | — | 1,691 | — |
| Miscellaneous | 212 | — | 229 | — |
| **Total Deductions** | 2,831,213 | 152 | 2,721,353 | 144 |
| **Net Increase in Net Position** | 1,096,073 | 4,535 | 5,948,758 | 34,969 |
| **Net Position Restricted for Benefits** | | | | |
| Beginning of Year | 47,722,277 | 483,824 | 41,773,519 | 448,855 |
| End of Year | $48,818,350 | $488,359 | $47,722,277 | $483,824 |

The accompanying Notes are an integral part of these financial statements.

## Note A — Plan Description

The Los Angeles County Employees Retirement Association (LACERA) was established on January 1, 1938. It is governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL); the California Public Employees' Pension Reform Act of 2013 (PEPRA); and the regulations, procedures, and policies adopted by LACERA's Board of Retirement and Board of Investments. The Los Angeles County (County) Board of Supervisors may also adopt resolutions, as permitted by CERL, that may affect the benefits of LACERA members. LACERA operates as a cost-sharing multiple-employer defined benefit plan for Los Angeles County and its affiliated Superior Court, plus four outside districts: Little Lake Cemetery District, Local Agency Formation Commission, Los Angeles County Office of Education, and South Coast Air Quality Management District.

### Membership

LACERA provides retirement, disability, and death benefits to its active safety and general members and administers the plan sponsors' Retiree Healthcare Benefits Program. (See Note N — Other Post-Employment Benefits (OPEB) Program). Safety membership includes law enforcement (Sheriff and District Attorney Investigators), firefighting, forester, and lifeguard classifications. General membership is applicable to all other occupational classifications. The retirement benefits within the plan are tiered based on the date of LACERA membership. Additional information regarding the benefit structure is available by contacting LACERA.

### LACERA Membership

*As of June 30, 2015 and 2014*

| | 2015 | 2014 |
|---|---|---|
| Active Members | | |
| Vested | **73,556** | 74,489 |
| Non-Vested | **20,118** | 17,977 |
| **Total Active Members** | **93,674** | 92,466 |
| Retired Members | **60,584** | 59,223 |
| Terminated Vested (Deferred) | **8,186** | 8,090 |
| **Total Membership** | **162,444** | 159,779 |

### Investments

**Pension Plan:** Assets in the Pension Plan are derived from three sources: employer contributions; employee contributions (made by the employer on behalf of employees pursuant to §414(h)(2) of the Internal Revenue Code); and investment earnings. Assets of the Pension Plan are held separate from any other assets and are invested pursuant to policies and procedures adopted by LACERA's Board of Investments. Pension Plan gross income is exempt from federal income taxation under §115 of the Internal Revenue Code.

**OPEB Agency Fund:** The County provides a health insurance program and death benefits for retired employees and their dependents, which LACERA administers on the County's behalf. Pursuant to an agreement between the County and LACERA, the County subsidizes, either in whole or in part, insurance premiums covering program participants. An Agency Fund is maintained to record income and expenses as well as to maintain asset and liability balances.

**LACERA maintains two investment accounts under the OPEB Agency Fund:** the OPEB Operating Account and OPEB Reserve Account. Funds in these two accounts are reported and invested separately from Pension Plan assets. External managers invest funds in both accounts pursuant to policies and procedures approved by LACERA's Board of Investments. In addition, tax counsel opined that investment income realized in these types of accounts maintained by government entities generally is exempt from federal income taxation under §115 of the Internal Revenue Code.

**OPEB Operating Account:** This account is primarily used to fund the OPEB Program's operations. Additions include the monthly insurance subsidy collected from the County, payments from program participants, and interest income. Deductions include premium payments to insurance carriers and program administrative expenses.

**OPEB Reserve Account:** This account was established to help stabilize premium rates over time. Annual surpluses and deficits for the various insurance plans result from the difference between premiums received and the healthcare costs incurred. The accumulated surplus is held in this account to address deficits and/or emergency premiums. Additions include rebates from insurance carriers and other income. Deductions include management fees and County-authorized payments to offset waived premium costs (i.e., insurance premium holidays) for both the County and affected participants.

**OPEB Trust:** The County established the OPEB Trust for the purpose of holding and investing assets to pre-fund the Retiree Healthcare Benefits Program, which is administered by LACERA, for eligible retired members and eligible dependents and survivors of LACERA members.

The County hired the LACERA Board of Investments to act as Trustee and Investment Manager by entering into a Trust and Investment Services Agreement on May 15, 2012. The Board of Investments approved an Investment Policy and initial asset allocation for the purpose of effectively managing and monitoring the assets of the OPEB Trust. Contributions and transfers to the OPEB Trust are determined at the County's discretion. OPEB Trust gross income is exempt from federal income taxation under §115 of the Internal Revenue Code. On August 14, 2014, LACERA obtained a letter ruling from the Internal Revenue Service to this effect.

The OPEB Trust will serve as a funding tool for the participating employers to pay expenses associated with other post-employment benefits and to pre-fund the liability for retiree healthcare benefits. The OPEB Trust does not modify the participating employer's benefit programs, and at this time there are two participating employers in the OPEB Trust: the County and LACERA. For fiscal year ended June 30, 2013, the participating employers provided the initial contributions to the OPEB Trust. There have been no additional contributions since that period.

## Benefit Provisions

Vesting occurs when a member accumulates five years' creditable service under contributory plans or accumulates 10 years of creditable service under the general service non-contributory plan. Benefits are based upon 12 or 36 months' average compensation, depending on the plan, as well as age at retirement and length of service as of the retirement date, according to applicable statutory formula. Vested members who terminate employment before retirement age are considered terminated vested (deferred) members. Service-connected disability benefits may be granted regardless of length of service consideration. Five years of service are required for nonservice-connected disability eligibility according to applicable statutory formula. Members of the non-contributory plan, who are covered under separate long-term disability provisions not administered by LACERA, are not eligible for disability benefits provided by LACERA.

## Cost-of-Living Adjustment (COLA)

Each year, the Board of Retirement considers how the change in the cost of living, a measure of inflation, has affected the purchasing power of monthly allowances paid by LACERA. Cost of living is measured by the Bureau of Labor Statistics, which releases the Consumer Price Index (CPI) for all Urban Consumers in the Los Angeles-Anaheim-Riverside area as of January 1 each year. The difference in the current and previous year's CPI shows whether the cost of living has increased or decreased in this area in the past year.

If the CPI has increased, the Board of Retirement grants a Cost-of-Living Adjustment (COLA) increase for monthly allowances. If the CPI has decreased, it is possible for the Board of Retirement to decrease monthly allowances; however, a decrease in allowances has never occurred. In any event, a cost-of-living decrease could not reduce a member's allowance to an amount less than the allowance received at the time of retirement.

## Supplemental Targeted Adjustment for Retirees (STAR) Program

In addition to cost-of-living increases, the CERL also provides the Board of Retirement the authority to grant supplemental cost-of-living increases. Under this program, known as STAR, excess earnings have been used to restore retirement allowances to 80 percent of the purchasing power held by retirees at the time of retirement. Except for Program year 2005, the Board of Retirement made permanent the 2001 through 2009 STAR Programs at an 80 percent level as authorized in the CERL §31874.3. There were no new retirees or beneficiaries entitled to additional STAR benefits for Program years 2005 and 2010 through 2015 due to the modest CPI percentage increase. Thus, all eligible members had COLA Accumulation accounts below the 20 percent threshold for providing STAR benefits.

Future ad hoc increases in the current STAR Program will be subject to approval by the Board of Retirement on an annual basis, provided sufficient excess earnings are available as determined by the Board of Investments. Permanent STAR benefits become part of the member's retirement allowance and are payable for life. Ad hoc STAR benefits are payable only for the calendar year approved.

Since the inception of the STAR Program in 1990 to the present, the Program received $1.5 billion in funding. Except for Program years 2005 and 2010 through 2015, the STAR Program funded approximately $353 million when the Board of Retirement made permanent the 2001-2009 STAR Program benefits. As of June 30, 2015, there is $614 million available in the STAR Program reserve to fund future benefits. Total STAR Program costs since inception equaled $957 million.

The STAR Program is administered on a calendar-year basis. The Statistical Section contains a 10-year trend schedule of costs for the STAR Program.

## NOTE B — Summary of Significant Accounting Policies

### Reporting Entity

LACERA, with its own governing Boards, is an independent governmental entity separate and distinct from the County of Los Angeles (County). Because of the nature of the close relationship between LACERA and the County, LACERA's basic financial statements are reflected as a Pension Trust Fund of the County's basic financial statements. LACERA's operations are heavily dependent upon County funding, and the operations benefit the County as well as LACERA's members. Maintaining appropriate controls and preparing the financial statements are the responsibility of LACERA management, with oversight by LACERA's Internal Audit staff.

LACERA wholly owns numerous Title Holding Corporations (THCs) and Limited Liability Companies (LLCs). The THCs are nonprofit corporations under §501(c)(25) of the Internal Revenue Code (IRC). The LLCs do not have tax-exempt status, but their income is excludable from taxation under IRC §115. The THCs invest in commercial properties located throughout the United States, and the LLCs invest in hotels and office buildings. The financial activities of the THCs and LLCs are included in the accompanying financial statements as investments at fair value.

### Method of Reporting

LACERA follows the accounting principles and reporting guidelines set forth by the Governmental Accounting Standards Board (GASB). The financial statements are prepared using the accrual basis of accounting to reflect the overall operations of LACERA.

Member and employer contributions are recognized in the period in which the contributions are due, and benefits and refunds are recognized when payable in accordance with the terms of each benefit plan.

### Capital Assets (Including Intangible Assets)

Capital Assets are items that benefit more than one fiscal year. LACERA's potential capital assets are largely in information technology. Due to the continual upgrading of information technology systems by LACERA, these items are expensed, as they are immaterial to the Pension Plan's Fiduciary Net Position. Management reviewed and considered all expenses that could be capitalized as intangible assets and determined these items to be appropriately classified as expenses for the current fiscal year.

### Accrued Vacation and Sick Leave

Employees who terminate or retire from active employment are entitled to full compensation for all unused vacation and a percentage of their unused sick leave. The accrued vacation and sick leave balances for LACERA employees as of June 30, 2015 and 2014, were $2.6 million and $2.8 million, respectively.

### Cash

Cash includes deposits with various financial institutions, the County, and non-U.S. currency holdings, which have original maturities of less than 90 days, translated to U.S. dollars using the exchange rates in effect at June 30, 2015 and 2014.

## Investments

Investments are carried at fair value. Fair values for investments are derived by various methods, as indicated below:

| Investments | Source |
|---|---|
| **Publicly Traded Securities, such as stocks and bonds. Bonds include obligations of the U.S. Treasury, U.S. agencies, non-U.S. governments, and both U.S. and non-U.S. corporations. Also included are mortgage-backed securities and asset-backed securities.** | Valuations are provided by LACERA's custodian based on end-of-day prices from external pricing vendors. Non-U.S. securities reflect currency exchange rates in effect at June 30, 2015 and 2014. |
| **Whole Loan Mortgages** | For the LACERA Member Home Loan Program, valuation is performed by LACERA staff based on loan information provided by Ocwen Financial Corporation, the program's mortgage servicer, with fair market value adjustments based on the market returns of the Barclays mortgage-backed securities index. |
| **Real Estate Equity Funds** | Fair value as provided by real estate fund managers, based on review of cash flow, exit capitalization rates, and market trends; fund managers commonly subject each property to independent third-party appraisal annually. Investments under development are carried at cumulative cost until developed. |
| **Real Estate: Title Holding Corporations, Limited Liability Companies, and Special Purpose Entities** | Fair value of the investment as provided by investment managers. Each property is subject to independent third-party appraisals every three years. |
| **Real Estate Debt Investments** | Fair value for real estate debt investments as provided by investment managers. |
| **Private Equity** | Fair value provided by investment managers as follows:<br>Private investments — valued by the General Partner giving consideration to financial condition and operating results of the portfolio companies, nature of investment, marketability, and other factors deemed relevant.<br>Public investments — valued based on quoted market prices, less a discount, if appropriate, for restricted securities.<br>Fair values are reviewed by LACERA's private equity consultant. |
| **Public Market Equity and Fixed Income Investments held in Institutional Commingled Fund/Partnership** | Fair value is typically provided by third-party fund administrator, who performs this service for the fund manager. |
| **Derivatives** | Over-the-counter derivatives (other than currency forwards) valuations are provided by the fund managers. Currency forward contracts are valued by the custodian bank. |
| **Hedge Fund of Funds** | Valuation of the underlying funds is performed by those funds' general partners. Valuation of the fund of funds portfolios is provided by third-party administrators and by the General Partner for the two portfolios held in limited partnership vehicles. |

There are certain market risks, credit risks, foreign currency exchange risks, liquidity risks, and event risks that may subject LACERA to economic changes occurring in certain industries, sectors, or geographies.

Dividend income is recorded on the ex-dividend date. Other investment income is recorded as earned on an accrual basis.

## Investment Policies

**Investment Policy.** The allocation of investment assets within the LACERA Defined Benefit Pension Plan (Pension Plan) investment portfolio is approved by the Board of Investments, as outlined in the LACERA Investment Policy Statement. Pension Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Pension Plan. The Investment Policy Statement calls for an asset liability study to be conducted no later than every three to five years. The following table displays the Board of Investments-approved asset allocation targets for the fiscal year ended June 30, 2015. These asset allocation targets were developed through the latest asset liability valuation study that was conducted in 2012, and the long-term expected rates of return displayed reflect the expectations for the asset classes at that time. New asset allocation targets were approved by the Board of Investments in August 2015 as the result of a new asset liability study. Plans to implement the new targets are expected to receive final Board of Investments approval before the end of 2015.

### Schedule of Target Allocation and Long-Term Expected Rate of Return

*For the Year Ended June 30, 2015*

| | | Weighted Average Long-Term Expected Rate of Return (Geometric) | |
|---|---|---|---|
| **Asset Class** | **Target Allocation** | **Asset Class** | **Expected Alpha** |
| Global Equity | 48.50% | 7.50% | 0.10% |
| Fixed Income | 22.50% | 3.50% | 0.20% |
| Real Estate | 10.00% | 6.05% | 0.00% |
| Private Equity | 11.00% | 9.85% | 4.00% |
| Commodities | 3.00% | 4.35% | 0.75% |
| Hedge Funds | 3.00% | 5.50% | 0.00% |
| Cash | 2.00% | 1.75% | 0.25% |
| **Total** | **100.00%** | **6.85%** | **0.30%** |

Total Fund Long-Term Expected Return Including Alpha 7.15%

**Target Allocation.** The preceding target allocation was approved by the Board of Investments as a result of the Asset Liability Study completed by Wilshire Consulting in August 2012. These asset allocation targets provide for diversification of assets in an effort to maximize the total return of the Pension Plan consistent with market conditions and risk control. It is anticipated that an extended period of time may be required to fully implement the asset allocation policy and that periodic revisions will occur. The Board of Investments and internal staff implement the asset allocation policy through the use of external managers, who manage portfolios using active and passive investment strategies.

**Expected Long-Term Rate of Return by Asset Class.** The long-term expected rate of return on Pension Plan investments was determined using a building-block approach, in which a median (or expected) geometric rate of return is developed for each major asset class. The median rates are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages. Estimates of the median geometric rates of return for each major asset class at the time the asset allocation targets were selected are shown in the table. The asset class return assumptions are presented on a nominal basis, and all assumptions incorporate a base inflation rate assumption of 2.35 percent.

**Discount Rate.** The investment rate of return assumption used for actuarial funding was 7.50 percent for the fiscal year ended June 30, 2015.

GASB Statement No. 67 requires determination that the Pension Plan's Fiduciary Net Position is projected to be sufficient to make projected benefit payments. The discount rate used to measure the Total Pension Liability was 7.63 percent. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50 percent, net of all expenses, increased by 0.13 percent to be gross of administrative expenses.

Funding requirements under LACERA's funding policy require the Unfunded Actuarial Accrued Liability to be amortized as a level percent of pay over 30-year closed layered periods and require minimum employee contributions. The projection of cash flows used to determine the discount rate assumed that Pension Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Money-Weighted Rate of Return.** For the year ended June 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 4.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Investment Concentrations.** The Pension Plan does not hold investments in any one organization that represents 5 percent or more of the Pension Plan's Fiduciary Net Position.

## Use of Estimates

The preparation of LACERA's financial statements in conformity with accounting principles generally accepted in the United States of America (i.e., GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes to the financial statements. Actual results could differ from these estimates.

## Reclassifications

Comparative data for the prior year have been presented in the selected sections of the accompanying *Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.* Also, certain accounts presented in the prior year's data may have been reclassified to be consistent with the current year's presentation.

## NOTE C — Contributions

Members and employers contribute to LACERA based on unisex rates recommended by an independent consulting actuary and adopted by the Board of Investments and the Los Angeles County Board of Supervisors. Contributory plan members are required to contribute between approximately 5 percent and 16 percent of their annual covered salary. Member and employer contributions received from the outside districts are considered part of LACERA's pension plan as a whole.

Participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees (members) through monthly or annual prefunded contributions at actuarially determined rates. Rates for the contributory plans for members who entered the Pension Plan prior to January 1, 2013 are based upon age at entry to the plan and plan-type enrollment. As of January 1, 2013, the rate methodology for new members entering the Pension Plan is different from the previous plans' "age-based" structure. The PEPRA-mandated retirement plans are administered as single average rate contributions.

LACERA's consulting actuary determined these rates following an analysis of PEPRA. Both member rate methodologies are actuarially designed for the employees, as a group, to make the same dollar contributions into the Pension Plan. As a result of collective bargaining, actual member contribution rates for various Plan Types are controlled through these agreements and through additional employer contributions (for some contributory plans), known as the surcharge amount, which is subject to change each year.

For fiscal years ended June 30, 2015 and June 30, 2014, Los Angeles County and the outside districts paid their employee and employer contributions due to LACERA, in the form of monthly and semimonthly cash payments totaling $1.94 billion and $1.76 billion, respectively.

## NOTE D — Reserves

LACERA includes accounts within Net Position Restricted for Benefits as reserve accounts for various operating purposes stipulated in various agreements within the plan sponsor. Reserves are neither required nor recognized under accounting principles generally accepted in the United States of America. These are not shown separately on the Statement of Fiduciary Net Position, as the sum of these reserves equals the Net Position Restricted for Benefits. Reserves are established from member and employer contributions and the accumulation of investment income after satisfying investment and administrative expenses. The reserves do not represent the present value of assets needed, as determined by actuarial valuation, to satisfy retirements and other benefits as they become due.

### Pension Plan

LACERA's major classes of reserves:

**Member Reserves** represent the balance of member contributions. Additions include member contributions and related earnings. Deductions include annuity payments to retirees, refunds to members, and related expenses.

**Employer Reserves** represent the balance of employer contributions for future retirement payments to current active members. Additions include contributions from employers and related earnings. Deductions include annuity payments to retired members, lump-sum death/burial benefit payments to members' survivors, and supplemental disability payments.

**County Contribution Credit Reserve (CCCR)** was created pursuant to the 1994 Retirement System Funding Agreement between LACERA and the County. Seventy-five percent (75%) of excess earnings in fiscal years 1995-1999 were credited into the CCCR. Deductions include payments, as the County authorizes, for current and future employer contributions due to LACERA.

**STAR Reserve** represents the balance of transfers from the Contingency Reserve for future supplemental cost-of-living adjustment (COLA) increases. Twenty-five percent (25%) of excess earnings in fiscal years 1995-1999 were credited to the STAR Reserve pursuant to the 1994 Retirement System Funding Agreement between LACERA and the County. Additions include transfers from the Contingency Reserve. Deductions include STAR COLA payments to retirees and funding for permanent benefits. Except for Program year 2005, the Board of Retirement made permanent the 2001 through 2009 STAR Programs at an 80 percent level, as authorized in the County Employees Retirement Law of 1937 (CERL). There were no new retirees or beneficiaries entitled to additional STAR benefits for Program years 2005 and 2010 through 2015 due to the modest Consumer Price Index (CPI) percentage increase. Thus, all eligible members had COLA Accumulation accounts below the 20 percent threshold for providing STAR benefits.

Future ad hoc increases in the current STAR Program will be subject to approval by the Board of Retirement on an annual basis, provided sufficient excess earnings are available as determined by the Board of Investments. Permanent STAR benefits become part of the member's retirement allowance and are payable for life. Ad hoc STAR benefits are payable only for the calendar year approved.

**Contingency Reserve** represents reserves accumulated for future earning deficiencies, investment losses, and other contingencies. Additions include realized investment income and other revenues. Deductions include investment expenses; administrative expenses; interest allocated to other reserves, in priority order, to the extent that realized earnings are available for the six-month period, as defined in the 2009 Retirement Benefit Funding Policy (Funding Policy) approved by the Board of Investments; and funding of the STAR Reserve when excess earnings are available and authorized by the Board of Retirement. The Contingency Reserve is used to satisfy the CERL requirement for LACERA to reserve against deficiencies in interest earnings in other years, losses on investments, and other contingencies.

ATTACHMENT A

For fiscal year ended June 30, 2015, the net investment earnings were applied to credit interest to some of the reserves in accordance with the Funding Policy, leaving no balance in the Contingency Reserve. For fiscal year ended June 30, 2014, the Contingency Reserve balance of $49 million represented 0.1 percent of the Fair Value of Total Investments.

## Reserves

*As of June 30, 2015 and 2014*
(Dollars in Thousands)

| | 2015 | 2014 |
|---|---|---|
| Member Reserves | $18,784,899 | $17,816,467 |
| Employer Reserves | 21,369,845 | 20,862,024 |
| County Contribution Credit Reserve | 21,891 | 21,891 |
| STAR Reserve | 614,011 | 614,011 |
| Contingency Reserve | — | 49,376 |
| **Total Reserves at Book Value** | 40,790,646 | 39,363,769 |
| Unrealized Investment Portfolio Appreciation | 8,027,704 | 8,358,508 |
| **Total Reserves at Fair Value** | $48,818,350 | $47,722,277 |

## OPEB Trust

The County hired the LACERA Board of Investments to manage and invest the County's OPEB Trust. During the fiscal year ended June 30, 2013, the County made initial contributions to prefund the growing liability for retiree healthcare benefits. There have been no additional contributions since then. The Trust Fund balance represents the employer contributions received from both employers: the County and LACERA. Additions include contributions from employers and investment income. Deductions include investment and administrative expenses.

As of June 30, 2015, the OPEB Trust Fund balance was $488 million.

## NOTE E — Pension Actuarial Valuations

The County Employees Retirement Law of 1937 (CERL) requires an actuarial valuation to be performed at least every three years for the purpose of measuring the Plan's funding progress and setting contribution rates. LACERA exceeds this requirement by engaging an independent actuarial consulting firm to perform an actuarial valuation for the pension plan annually. Employer contribution rates may be updated annually as a result of the valuation.

Actuarial standards guide the frequency with which an investigation of experience (experience study) is performed. LACERA engages an independent actuarial consulting firm to perform the experience study at least every three years. The economic and demographic assumptions are reviewed and updated as required each time an experience study is performed. The experience study and corresponding annual valuation serve as the basis for changes in member contribution rates necessary to properly fund the Pension Plan. New assumptions were adopted by the Board of Investments (BOI) beginning with the June 30, 2013 actuarial valuation, based on the results of the 2013 triennial experience study. In December 2013, the BOI adopted a decrease in the investment return and other economic assumptions. The investment return assumption in effect for the 2014 actuarial valuation was 7.50 percent.

The information displayed below presents the funded status as of the most recent actuarial valuation. The Schedule of Funding Progress — Pension Plan in the Actuarial section presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability of benefits.

### Funded Status — Pension Plan as of the Most Recent Actuarial Valuation Date

(Dollars in Thousands)

| Actuarial Valuation Date | Actuarial Value of Valuation Assets (a) | Actuarial Accrued Liabilities (AAL) (b) | Unfunded Actuarial Accrued Liabilities (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|---|---|---|---|---|---|---|
| June 30, 2014 | $43,654,462 | $54,942,453 | $11,287,991 | 79.5% | $6,672,228 | 169.2% |

## Actuarial Methods and Significant Assumptions

| | |
|---|---|
| **Actuarial Cost Method** | Entry Age Normal. |
| **Actuarial Asset Valuation Method** | Five-year smoothed method based on the difference between the expected market value and the actual market value of the assets as of the valuation date. The expected market value is the prior year's market value increased with the net cash flow of funds, both adjusted to reflect expected investment returns during the past fiscal year at the investment return assumption. The five-year smoothing valuation basis for all assets was adopted beginning with the June 30, 2009 valuation. |
| **Inflation Rate — Consumer Price Index (CPI)** | 3.0 percent.<br>This rate was adopted beginning with the June 30, 2013 valuation. |
| **Investment Return** | 7.5 percent.<br>Compounded annually, net of both investment and administrative expenses. This rate was adopted beginning with the June 30, 2013 valuation. |
| **Projected Salary Increases** | 3.76 percent to 9.71 percent.<br>The total expected increase in salary includes both merit and the general wage increase assumption of 3.5 percent per annum. The total result is compounded rather than additive. Increases are assumed to occur mid-year (i.e., January 1) and apply only to base salary. The mid-year timing reflects that salary increases occur throughout the year, or on average mid-year. These rates were adopted beginning with the June 30, 2013 valuation. |
| **Post-Retirement Benefit Increases** | Increase varies by plan. Regular Plan Cost-of-Living Adjustment (COLA) is no greater than the Consumer Price Index (CPI) assumption. A supplemental COLA may be provided to certain members to limit the loss of purchasing power to no more than 20.0 percent.<br><br>Post-retirement benefit increases of either 3.0 percent or 2.0 percent per year are assumed for the valuation in accordance with the benefits provided. These adjustments, which are based on the CPI, are assumed payable each year in the future as they are less than the expected increase in the CPI of 3.0 percent per year. This rate was adopted beginning with the June 30, 2013 valuation.<br><br>Plan E members receive a prorated post-retirement benefit increase of 2.0 percent for service credit earned after June 4, 2002. The portion payable is based on the member's years of service earned after June 4, 2002 to the member's total years of service. The portion of the full 2.0 percent increase not provided for may be purchased by the member. |

## Actuarial Methods and Significant Assumptions continued

| | |
|---|---|
| **Amortization Method and Period** | In accordance with LACERA's Funding Policy adopted in 2009, the County's contributions are set equal to the normal cost rate, net of expected member contributions for the next year, plus amortization of any Unfunded Actuarial Accrued Liability (UAAL) or Surplus Funding. A UAAL occurs if the Funded Ratio is less than 100 percent. Surplus Funding occurs if the Funded Ratio is greater than 100 percent.<br><br>The amortization of the UAAL beginning with the June 30, 2009 valuation is funded over a closed 30-year period. Any future unanticipated changes in the UAAL, such as assumption changes or actuarial gains and losses, are amortized over new closed 30-year periods beginning with the June 30, 2010 valuation. This approach is often referred to as a "layered amortization method." For the June 30, 2014 valuation, six amortization layers were used to calculate the total amortization payment beginning July 1, 2015. The employer contribution rate is not allowed to be less than the rate if LACERA amortized the total UAAL over a 30-year period. If the Funded Ratio is greater than 120 percent in future valuations, the amortization of any Surplus Funding is funded over an open or "rolling" 30-year period. If the Funded Ratio is between 100 and 120 percent, only the employer normal cost rate is contributed. |

In December 2009, the BOI adopted a new Retirement Benefit Funding Policy (Funding Policy). The Funding Policy was amended in February 2013 to conform with the new standards mandated in the California Public Employees' Pension Reform Act of 2013. In addition, the BOI approved inclusion of the STAR Reserve as part of valuation assets and on an ongoing basis for future valuations. The liability for STAR benefits that may be granted in the future is not included in the valuation.

The latest actuarial valuation as of June 30, 2014 decreased the County's normal cost rate from 9.44 percent to 9.29 percent. The change in the normal cost contribution rates from year to year is generally due to a few factors. This year the normal cost rate was impacted by normal actuarial experience and a change in plan proportion as new members are hired into General Plan G and Safety Plan C. The County's required contribution rate to finance the UAAL over a layered 30-year period decreased from 11.90 percent to 10.04 percent. Additionally, member contribution rates decreased slightly for General Plan G and increased slightly for Safety Plan C members at most entry ages, effective with the 2014 valuation and due to typical year-to-year experience. There were no changes in the member contribution rates for the other plans.

The combined result is a 2.01 percent decrease in the total required County contribution rate from the previous valuation (from 21.34 percent to 19.33 percent of payroll). The most significant factor causing the decrease was the recognition of asset losses from prior years, which resulted in a 0.88 percent decrease in the UAAL rate, while the recognition of asset losses from the current year resulted in a 0.55 percent decrease. All other factors caused a 0.58 percent decrease.

## Net Pension Liability

GASB 67 requires public pension plans to provide a Net Pension Liability. The Net Pension Liability is measured as the Total Pension Liability less the amount of the pension plan's Fiduciary Net Position.

The Net Pension Liability is an accounting measurement for financial statement reporting purposes. The components of LACERA's (the Pension Plan's) Net Pension Liability at June 30, 2015 were as follows:

### Schedule of Net Pension Liability

*For the Year Ended June 30, 2015*
(Dollars in Thousands)

| | 2015 |
|---|---|
| Total Pension Liability | **$56,570,520** |
| Less: Fiduciary Net Position | **(48,818,350)** |
| **Net Pension Liability** | **$7,752,170** |
| Fiduciary Net Position as a Percentage of Total Pension Liability | **86.30%** |

**Actuarial Assumptions.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive Pension Plan and include the types of benefits provided at the time of each valuation.

The Total Pension Liability at June 30, 2015 was determined by completing a roll-forward calculation based on an actuarial valuation conducted as of June 30, 2014, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. All actuarial methods and assumptions used for this GASB analysis were the same as those used for the June 30, 2014 funding valuation, except where differences are noted. Key methods and assumptions used to calculate the Total Pension Liability are presented below.

| Description | Method |
|---|---|
| **Inflation** | 3.0 percent. |
| **Salary Increases** | 3.5 percent, average, including inflation. |
| **Discount Rate** | 7.63 percent, net of pension plan investment expense, including inflation. |
| **Mortality** | Various rates based on the RP-2000 mortality tables and using static projection of improvement to 2025 using Projection Scale AA. See June 30, 2014 valuation report for further details. |
| **Cost-of-Living Adjustments** | The LACERA funding policy calls for the inclusion of the STAR (Supplemental Targeted Adjustment for Retirees) reserves in the calculation of valuation assets for funding purposes, with no corresponding liability. For the Total Pension Liability, STAR COLA (cost-of-living adjustments) benefits are assumed to be substantively automatic at the 80 percent purchasing power level until the STAR reserve is projected to be insufficient to pay further STAR benefits. This roll-forward calculation includes a future liability for STAR COLA benefits. |

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of the actuarial experience study for the period July 1, 2010 to June 30, 2013. LACERA's actuary performs an experience study every three years.

## Cost-Of-Living Adjustments (COLA)

Each year, the Board of Retirement considers how the change in the cost of living, a measure of inflation, has affected the purchasing power of monthly allowances paid by LACERA. Cost of living is measured by the Bureau of Labor Statistics, which releases the Consumer Price Index (CPI) for all Urban Consumers in the Los Angeles-Anaheim-Riverside area as of January 1 each year. The difference in the current and previous year's CPI shows whether the cost of living has increased or decreased in this area in the past year.

If the CPI has increased, the Board of Retirement grants a cost-of-living adjustment (COLA) increase for monthly allowances. If the CPI has decreased, it is possible for the Board of Retirement to decrease monthly allowances; however, a decrease in allowances has never occurred. In any event, a cost-of-living decrease could not reduce a member's allowance to an amount less than the allowance received at the time of retirement.

LACERA members may receive more than one type of COLA:

**COLA ("April 1st COLA")**

The COLA percentage increase is effective annually on April 1. Members who retire prior to April 1, or eligible survivors of members who died prior to April 1, are eligible for COLA. The increase begins with the April 30 monthly allowances. The COLA provision was added to CERL in 1966, and LACERA's first COLA increase was granted July 1, 1967. Until 2002, only contributory members were eligible for COLA.

**Plan E COLA**

Effective June 4, 2002, Plan E members and their survivors also are eligible for COLA. The portion of the COLA percentage received by each Plan E member is a ratio of the member's service credit earned on and after June 4, 2002, to total service credit.

**Supplemental Targeted Adjustment for Retirees (STAR) Program**

The STAR percentage increase is effective annually on January 1. STAR is designed to keep the purchasing power of monthly allowances no more than 20 percent behind accumulated cost-of-living adjustments based on the CPI (in other words, to restore at least 80 percent of the original value of the monthly allowance). STAR applies to contributory plans only. Retirees and survivors whose allowances have lost more than 20 percent of their purchasing power are eligible for STAR. The STAR Program became effective January 1, 1990.

## Sensitivity Analysis

In accordance with GASB 67, changes to the Total Pension Liability and Net Pension Liability must be reported. The Net Pension Liability changes when there are changes in the discount rate. The following presents the Net Pension Liability, calculated using the discount rate of 7.63 percent, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.63 percent) or 1 percentage point higher (8.63 percent) than the current rate (7.63 percent):

### Sensitivity Analysis

*For the Year Ended June 30, 2015*
(Dollars in Thousands)

| | 1% Decrease [6.63%] | Discount Rate [7.63%] | 1% Increase [8.63%] |
|---|---|---|---|
| Total Pension Liability | $63,816,436 | $56,570,520 | $50,515,373 |
| Less: Fiduciary Net Position | (48,818,350) | (48,818,350) | (48,818,350) |
| **Net Pension Liability** | $14,998,086 | $7,752,170 | $1,697,023 |

## NOTE F — Partial Annuitization of Benefit Payments

In January 1987, LACERA entered into agreements to purchase single life annuities from two insurance carriers to provide benefit payments to a portion of the retired members. Under the terms of the agreements, LACERA continues to administer all benefit payments to covered members. There is no effect on covered members, since they retain all benefits accorded to other LACERA members, including rights to continuance of benefits to survivors, health insurance subsidies, and COLA. The values of the annuities are entirely allocated to covered members.

The monthly annuity reimbursement from the carriers is limited to the straight life annuity payments and statutory COLA increases.

LACERA is responsible for any difference in benefit payments payable to covered members who are unreimbursed by the insurance carriers. The reimbursements received are netted with the pension and annuity payments in the financial statements. During the fiscal year ended June 30, 2015, LACERA paid $22.0 million to covered members and received $18.1 million in related reimbursements. During the fiscal year ended June 30, 2014, LACERA paid $25.0 million to covered members and received $20.2 million in related reimbursements. As the monthly annuity reimbursement from carriers is allocated to covered members, the fair value of contracts has been excluded from Pension Plan assets and actuarially determined information.

## NOTE G — Deposit and Investment Risks

The County Employees Retirement Law of 1937 (CERL) vests the Board of Investments (BOI) with exclusive control over LACERA's investment portfolio. The BOI established an Investment Policy Statement. BOI members exercise authority and control over the management of LACERA's Net Position Restricted for Benefits by setting policy that the investment staff executes either internally or through the use of prudent external experts.

The Investment Policy Statement encompasses the following:

- U.S. Equity Investment Policy
- Non-U.S. Equity Investment Policy
- Private Equity Investment Policy
- Fixed Income Investment Policy
- Cash and Cash Equivalents Investment Policy
- Real Estate Investment Policy
- Commodities Investment Policy
- Corporate Governance Policy and Principles
- Derivatives Investment Policy
- Emerging Manager Policy
- Manager Monitoring and Review Policy
- Securities Lending Policy
- Placement Agent Policy
- Hedge Fund Policy

### Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LACERA seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the Pension Fund at an acceptable level of risk within this asset class. To control Credit Risk, credit quality guidelines have been established.

The majority of the Core, Core Plus, and High Yield portfolios use the following guidelines in terms of credit quality.

### Domestic Fixed Income Core and Core Plus Portfolios

A minimum of 80 percent and 70 percent of Core and Core Plus portfolios, respectively, must be invested in securities rated investment-grade by the major credit rating agencies: Moody's Investors Service (Moody's), Standard & Poor's (S&P), and Fitch Ratings (Fitch).

In addition:

- Money market instruments must be rated at least A-2/P-2 or equivalent by at least one major credit rating agency.
- All rated securities, including Rule 144A securities, must be rated at least B- by S&P or equivalent by at least one major credit rating agency at the time of purchase.
- Unrated issues may be purchased provided, in the judgment of the Investment Manager, they would not violate LACERA's minimum credit quality criteria.
- Unrated issues and securities rated BBB+, BBB, or BBB- by S&P or equivalent, in combination, may represent up to 30 percent of the portfolio.

### Domestic High-Yield Fixed Income Portfolios

By definition, high-yield bonds are securities rated below investment grade. Therefore, the majority of bonds in the high-yield portfolios are rated below investment grade by at least one of the major credit rating agencies: Moody's, S&P, and Fitch.

In addition:

- Money market instruments must be rated at least A-2/P-2 or equivalent by at least one major credit rating agency.
- At least 95 percent of all rated securities, including Rule 144A securities, must be rated at least B- by S&P or equivalent by at least one major credit rating agency at the time of purchase.
- Consistent with the preceding requirement, a maximum of 5 percent of the portfolio may be invested in issues rated below B- by S&P or equivalent; however, these issues must be rated at least CCC by S&P or Caa by Moody's.
- Unrated issues may be purchased provided, that in the judgment of the Investment Manager, they would not violate LACERA's minimum credit criteria.

LACERA's Opportunistic Credit portfolios allow for the assumption of more credit risk than other fixed income portfolios, by investing in securities that include unrated bonds, bonds rated below investment grade issued by corporations undergoing financial stress or distress, junior tranches of structured securities backed by residential and commercial mortgages, and bank loans. LACERA utilizes specific investment guidelines for these portfolios that limit maximum exposure by issuer, industry, and sector, which result in well-diversified portfolios.

*The following is a schedule of the credit quality ratings by Moody's, a nationally recognized statistical rating organization, of investments in fixed income securities. Whole loan mortgages from Pension Plan of $63 million, short-term investments from OPEB Trust of $43 million, and short-term investments from OPEB Agency Fund of $2 million are excluded from this presentation. Additionally, investment-grade fixed income securities of $57 million and $109 million held in OPEB Trust and OPEB Agency Fund, respectively, are excluded.*

## Credit Quality Ratings of Investments in Fixed Income Securities

*As of June 30, 2015*

(Dollars in Thousands)

| Quality Ratings | U.S. Treasuries | U.S. Govt. Agencies | Municipals | Corporate Debt/Credit Securities | Pooled Funds | Total | % of Portfolio |
|---|---|---|---|---|---|---|---|
| Aaa | $1,858,585 | $2,205,374 | $1,043 | $753,165 | — | $4,818,167 | 38% |
| Aa | — | 6,471 | 34,268 | 418,283 | — | 459,022 | 4% |
| A | — | 2,406 | 33,886 | 1,138,907 | — | 1,175,199 | 9% |
| Baa | — | 595 | — | 1,798,916 | — | 1,799,511 | 14% |
| Ba | — | — | — | 780,317 | — | 780,317 | 6% |
| B | — | — | 3,857 | 909,027 | — | 912,884 | 7% |
| Caa | — | — | 5,499 | 321,043 | — | 326,542 | 3% |
| Ca | — | — | — | 6,201 | — | 6,201 | 0% |
| C | — | — | — | 21,706 | — | 21,706 | 0% |
| Not Rated | — | — | 5,620 | 490,109 | 1,922,832 | 2,418,561 | 19% |
| **Total Investment in Fixed Income Securities** | **$1,858,585** | **$2,214,846** | **$84,173** | **$6,637,674** | **$1,922,832** | **$12,718,110** | **100%** |

### Custodial Credit Risk

LACERA's contract with its primary custodian (Bank) provides that the Bank may hold LACERA's securities registered in the Bank's or its agent's nominee name, in bearer form, book-entry form, a clearing house corporation, or a depository, so long as the Bank's records clearly indicate that the securities are held in custody for LACERA's account. The Bank may also hold securities in custody in LACERA's name when required by LACERA. When held in custody by the Bank, the securities are not at risk of loss in the event of the Bank's financial failure, because the securities are not property (assets) of the Bank. Cash invested overnight in the Bank's depository accounts is subject to the risk that in the event of the Bank's failure, LACERA might not recover all or some of its deposits. This risk is mitigated when the overnight deposits are insured or collateralized.

LACERA's policy as incorporated in its current contract with the Bank requires the Bank to certify it has taken all steps to assure all LACERA monies on deposit with the Bank are eligible for and covered by "pass-through insurance," in accordance with applicable law and FDIC rules and regulations. The steps taken by the Bank include paying deposit insurance premiums when due, maintaining a "prompt corrective action" (PCA) capital category of "well capitalized," and identifying on the Bank's records that it acts as a fiduciary for LACERA with respect to the monies on deposit. In addition, the Bank is required to provide evidence of insurance and to maintain a Financial Institution Bond, which will cover the loss of money and securities with respect to any and all property the Bank or its agents hold in or for LACERA's account, up to the amount of the bond. To implement certain investment strategies in a cost-effective manner, some of LACERA's assets are invested in investment managers' pooled vehicles. The securities in these vehicles may be held by a different custodian.

### Counterparty Risk

Counterparty Risk for investments is the risk that, in the event of the failure of the counterparty to complete a transaction, LACERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

### Concentration of Credit Risk

No more than 5 percent of the Core, Core Plus, or High-Yield portfolios may be invested in securities of a single issuer, except: U.S. Treasury securities, government-guaranteed debt (including G-7 countries), agency debt, agency mortgage-backed securities, and manager's approved commingled funds.

As of June 30, 2015, LACERA did not hold any investments in any one issuer that would represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

### Interest Rate Risk

Interest Rate Risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

To manage Interest Rate Risk, the modified adjusted duration of the Domestic Fixed Income Core, Core Plus, and High-Yield portfolios is restricted to +/- 25.0 percent of the duration of the portfolios' respective benchmarks. Deviations from any of the stated guidelines require prior written authorization from LACERA.

*The Fixed Income Securities – Duration schedule presents the duration by investment type. Whole loan mortgages from Pension Plan of $63 million, short-term investments from OPEB Trust of $43 million, and short-term investments from OPEB Agency Fund of $2 million are excluded from this presentation. Additionally, investment-grade fixed income securities of $57 million and $109 million held in OPEB Trust and OPEB Agency Fund, respectively, were excluded.*

### Fixed Income Securities — Duration

*As of June 30, 2015*
(Dollars in Thousands)

| Investment Type | Fair Value | Portfolio-Weighted Average Effective Duration* |
|---|---|---|
| U.S. Government and Agency Instruments: | | |
| U.S. Treasury | $1,858,585 | 6.36 |
| U.S. Government Agency | 2,214,846 | 2.53 |
| Municipal/Revenue Bonds | 84,173 | 9.54 |
| **Subtotal U.S. Government and Agency Instruments** | **$4,157,604** | |
| Corporate Bonds and Credit Securities: | | |
| Asset-Backed Securities | $475,437 | 1.05 |
| Commercial Mortgage-Backed Securities | 317,718 | 0.92 |
| Corporate and Other Credit | 3,788,855 | 4.44 |
| Fixed Income Swaps | 3,468 | N/A |
| Pooled Investments | 1,922,832 | N/A |
| **Subtotal Corporate Bonds and Credit Securities** | **$6,508,310** | |
| Non-U.S. Fixed Income | $193,816 | 5.77 |
| Private Placement Fixed Income | 1,858,380 | 4.10 |
| **Subtotal Non-U.S. and Private Placement Securities** | **$2,052,196** | |
| **Total Fixed Income Securities** | **$12,718,110** | |

*Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a modified duration of 5 indicates that a 1 percent increase in a bond's yield will cause the bond price to decline 5 percent.

## Foreign Currency Risk

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERA's authorized managers are permitted to invest in approved countries or regions, as stated in their respective investment guidelines. To mitigate Foreign Currency Risk, LACERA has in place a passive currency hedging program, which hedges into U.S. dollars (USD) approximately 50 percent of LACERA's foreign currency exposure for developed market equities.

The following schedule represents LACERA's exposure to Foreign Currency Risk in U.S. dollars. LACERA is invested in several non-U.S. commingled funds. This means LACERA owns units of commingled funds, and the fund holds the actual securities and/or currencies. The values shown include LACERA's pro rata portion of non-U.S. commingled fund holdings.

## Non-U.S. Securities at Fair Value

*As of June 30, 2015*
(Dollars in Thousands)

| Currency | Equity | Fixed Income | Foreign Currency | Real Estate Commingled Funds | Private Equity Investments | Forward Contract | Total |
|---|---|---|---|---|---|---|---|
| AMERICAS | | | | | | | |
| Argentine Peso | $6,753 | — | — | — | — | — | $6,753 |
| Bermuda Dollar | 2,956 | — | — | — | — | — | 2,956 |
| Brazilian Real | 177,857 | 15,812 | 8 | — | — | (105) | 193,572 |
| Canadian Dollar | 834,224 | 4,769 | 165 | — | — | 7,308 | 846,466 |
| Chilean Peso | 17,994 | — | — | — | — | — | 17,994 |
| Columbian Peso | 6,254 | — | — | — | — | — | 6,254 |
| Mexican Peso | 112,394 | 40,586 | 953 | — | — | 7 | 153,940 |
| Peruvian New Sol | 11,670 | — | — | — | — | — | 11,670 |
| EUROPE | | | | | | | |
| British Pound Sterling | 1,719,028 | 25,472 | 761 | 3,529 | 54,022 | (33,065) | 1,769,747 |
| Czech Republic Koruna | 1,483 | — | — | — | — | — | 1,483 |
| Danish Krone | 151,861 | — | — | — | — | (1,455) | 150,406 |
| Euro | 2,558,657 | 92,520 | 26,760 | 161,247 | 295,705 | (14,300) | 3,120,589 |
| Hungarian Forint | 4,492 | — | — | — | — | — | 4,492 |
| Norwegian Krone | 70,914 | — | 203 | — | — | 264 | 71,381 |
| Polish Zloty | 20,698 | — | — | — | — | — | 20,698 |
| Russian Ruble | 88,714 | — | — | — | — | — | 88,714 |
| Swedish Krona | 263,162 | — | — | — | — | (3,339) | 259,823 |
| Swiss Franc | 742,937 | — | — | — | — | (6,986) | 735,951 |
| PACIFIC | | | | | | | |
| Australian Dollar | 606,176 | — | 3,020 | — | — | 3,132 | 612,328 |
| Chinese RNB | 28,184 | — | — | — | — | — | 28,184 |
| Japanese Yen | 1,863,021 | — | 6,805 | — | — | 18,375 | 1,888,201 |
| New Zealand Dollar | 14,924 | 1,730 | 225 | — | — | 1,282 | 18,161 |
| South Korean Won | 280,312 | — | 277 | — | — | — | 280,589 |
| MIDDLE EAST | | | | | | | |
| Egyptian Pound | 3,199 | — | — | — | — | — | 3,199 |
| Israeli New Shekel | 40,865 | — | 10 | — | — | (1,367) | 39,508 |
| Lebanese Pound | 770 | — | — | — | — | — | 770 |
| Omani Rial | 2,065 | — | — | — | — | — | 2,065 |
| Qatari Rial | 8,407 | — | — | — | — | — | 8,407 |
| Saudi Riyal | 11,121 | — | — | — | — | — | 11,121 |
| Turkish Lira | 52,172 | — | — | — | — | — | 52,172 |
| UAE Dirham | 8,925 | — | — | — | — | — | 8,925 |

## Non–U.S. Securities at Fair Value continued

*As of June 30, 2015*
(Dollars in Thousands)

| Currency | Equity | Fixed Income | Foreign Currency | Real Estate Commingled Funds | Private Equity Investments | Forward Contracts | Total |
|---|---|---|---|---|---|---|---|
| AFRICA | | | | | | | |
| CFA Franc (W. African) | $1,812 | — | — | — | — | — | $1,812 |
| Ghana New Cedi | 2,046 | — | — | — | — | — | 2,046 |
| Kenyan Shilling | 3,728 | — | — | — | — | — | 3,728 |
| Moroccan Dirham | 581 | — | — | — | — | — | 581 |
| Mozambique Metical | — | — | — | — | — | — | — |
| Nigerian Naira | 11,748 | — | — | — | — | — | 11,748 |
| South African Rand | 182,208 | — | 341 | — | — | — | 182,549 |
| Tanzanian Shilling | 507 | — | — | — | — | — | 507 |
| Tunisian Dinar | 1,362 | — | — | — | — | — | 1,362 |
| SOUTHEAST ASIA | | | | | | | |
| Hong Kong Dollar | 926,476 | — | 6,399 | — | — | 13 | 932,888 |
| Indonesian Rupiah | 39,328 | — | 15 | — | — | — | 39,343 |
| Malaysian Ringgit | 51,076 | — | 16 | — | — | — | 51,092 |
| New Taiwan Dollar | 247,904 | — | 291 | — | — | — | 248,195 |
| Philippine Peso | 14,598 | 7,535 | — | — | — | — | 22,133 |
| Singapore Dollar | 192,626 | — | 2,736 | — | — | (539) | 194,823 |
| Thai Baht | 58,839 | — | — | — | — | — | 58,839 |
| Vietnamese Dong | 3,810 | — | — | — | — | — | 3,810 |
| SOUTH ASIA | | | | | | | |
| Indian Rupee | 231,325 | — | — | — | — | — | 231,325 |
| Sri Lankan Rupee | 311 | — | — | — | — | — | 311 |
| **Total Securities Subject to Foreign Currency Risk** | **$11,682,474** | **$188,424** | **$48,985** | **$164,776** | **$349,727** | **$(30,775)** | **$12,403,611** |

## NOTE H — Securities Lending Program

The Board of Investments' policies authorize LACERA to participate in a securities lending program. Securities lending is an investment management activity that mirrors the fundamentals of a loan transaction. Securities are lent to brokers and dealers (borrower), and in turn, LACERA receives cash as collateral. LACERA pays the borrower interest on the collateral received and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower.

LACERA's securities lending program is managed by two parties: LACERA's custodian bank, State Street Bank and Trust, and a third-party lending agent, Goldman Sachs Agency Lending (GSAL). State Street Bank and Trust lends LACERA's non-U.S. equities, U.S. Treasury, agency, and mortgage-backed securities. GSAL lends LACERA's U.S. equities and corporate bonds. All non-U.S. loans are collateralized at 105 percent, while the U.S. loans are collateralized at 102 percent of the loan market value.

State Street Global Advisors invests the collateral received from both lending programs. The collateral is invested in short-term, highly liquid instruments. The collateral is marked-to-market daily, and if the market value of the securities on loan rises, LACERA receives additional collateral. Earnings generated above and beyond the interest paid to the borrowers represent net income. LACERA shares this net income with the two lending agents based on contractual agreements.

Under the terms of their lending agreements, both lending agents provide borrower default indemnification in the event a borrower does not return securities on loan. The terms of the lending agreements entitle LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities" when loaned securities are not returned. In the event the purchase price of replacement securities exceeds the amount of collateral, the lending agent shall be liable to LACERA for the amount of such excess, with interest. Either LACERA or the borrower of the security can terminate a loan on demand.

At year-end, LACERA had no credit risk exposure to borrowers, because the amount of collateral received exceeded the value of securities on loan. As of June 30, 2015, there were no known violations of legal or contractual provisions. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the years ended June 30, 2015 and 2014.

As of June 30, 2015, the fair value of securities on loan was $1.7 billion, with a value of cash collateral received of $1.0 billion and non-cash collateral of $815 million. As of June 30, 2014, the fair value of securities on loan was $1.7 billion, with a value of cash collateral received of $998 million and non-cash collateral of $707 million. LACERA's income, net of expenses from securities lending, was $6.6 million and $4.0 million for the years ended June 30, 2015 and 2014, respectively.

*The following table shows the fair value of securities on loan and cash collateral received.*

### Securities Lending

*As of June 30, 2015*
(Dollars in Thousands)

| Securities on Loan | Fair Value of Securities on Loan | Cash Collateral Received | Non-Cash Collateral Received |
|---|---|---|---|
| U.S. Equities | $443,668 | $455,078 | — |
| U.S. Fixed Income | 168,288 | 171,887 | — |
| Non-U.S. Equities | 1,135,566 | 406,506 | 815,428 |
| **Total** | **$1,747,522** | **$1,033,471** | **$815,428** |

## NOTE I — Derivative Financial Instruments

LACERA's Investment Policy Statement and Manager Guidelines allow the use of derivatives by certain investment managers. Derivatives are financial instruments that derive their value, usefulness, and marketability from an underlying instrument that represents direct ownership of an asset or an obligation of an issuer whose payments are based on or derived from the performance of some agreed-upon benchmark. Managers are required to mark-to-market derivative positions daily and may trade only with counterparties with a credit rating of A3/A-, as defined by Moody's Investors Service (Moody's) and Standard & Poor's (S&P), respectively. Trades with counterparties with a minimum credit rating of BBB/Baa2 may also be allowed with the posting of initial collateral. Substitution, risk control, and arbitrage are the only derivative strategies permitted. Speculation is prohibited. Gains and losses from derivatives are included in net investment income. For financial reporting purposes, all LACERA derivatives are classified as investment derivatives. The following types of derivatives are permitted: futures contracts, currency forward contracts, option contracts, and swap agreements. Given that hedge fund managers may already have discretion to use derivatives in the funds they manage, LACERA's Derivatives Policy will not apply to hedge fund investments.

### Futures Contracts

A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transaction is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

### Currency Forward Contracts

A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to manage currency exposure, implement the passive currency hedge, and facilitate the settlement of international security purchase and sale transactions.

## Currency Forwards Analysis

*As of June 30, 2015*
(Dollars in Thousands)

| Currency Name | Notional Cost | Pending Foreign Exchange Purchases | Pending Foreign Exchange Sales | Fair Value 2015 | Fair Value 2014 |
|---|---|---|---|---|---|
| Australian Dollar | $495,087 | $498,219 | $(495,087) | $3,132 | $(8,418) |
| Brazilian Real | 18,987 | 18,882 | (18,987) | (105) | 61 |
| British Pound Sterling | 1,458,400 | 1,425,335 | (1,458,400) | (33,065) | (23,296) |
| Canadian Dollar | 598,506 | 605,813 | (598,506) | 7,308 | (16,224) |
| Swiss Franc | 649,001 | 642,015 | (649,001) | (6,986) | 65 |
| Danish Krone | 126,495 | 125,039 | (126,495) | (1,456) | 246 |
| Euro | 2,957,527 | 2,943,227 | (2,957,527) | (14,300) | 445 |
| Hong Kong Dollar | 172,549 | 172,563 | (172,549) | 14 | 16 |
| Israeli New Shekel | 55,606 | 54,239 | (55,606) | (1,367) | (448) |
| Japanese Yen | 1,978,955 | 1,997,331 | (1,978,955) | 18,375 | (7,744) |
| Mexican Peso | 14,991 | 14,998 | (14,991) | 7 | 6 |
| Norwegian Krone | 55,934 | 56,198 | (55,934) | 264 | 956 |
| New Zealand Dollar | 24,901 | 26,183 | (24,901) | 1,282 | (320) |
| Swedish Krona | 332,147 | 328,808 | (332,147) | (3,339) | 3,042 |
| Singapore Dollar | 125,124 | 124,585 | (125,124) | (539) | (951) |
| **Total** | **$9,064,210** | **$9,033,435** | **$(9,064,210)** | **$(30,775)** | **$(52,564)** |

### Option Contracts

An option contract is a type of derivative in which a buyer (purchaser) has the right, but not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

### Swap Agreements

A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. The cash flows the counterparties exchange are tied to a notional amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior mark-to-market.

ATTACHMENT A

*The Investment Derivatives schedule below reports the fair value balances, changes in fair value, and notional amounts of derivatives outstanding as of and for the year ended June 30, 2015, classified by type.*

## Investment Derivatives

*As of June 30, 2015*
(Dollars in Thousands)

| Derivative Type | Net Appreciation/ (Depreciation) in Fair Value For the Fiscal Year Ended June 30, 2015 | Fair Value at June 30, 2015 | Notional (Dollars) | Notional (Units) |
|---|---|---|---|---|
| Commodity Futures Long | $(326,378) | — | — | $345,062 |
| Commodity Futures Short | 122,199 | — | — | (74,906) |
| Credit Default Swaps Bought | 1,165 | (1,352) | 39,889 | — |
| Credit Default Swaps Written | (1,113) | 1,259 | 77,727 | — |
| Equity Options Bought | (40) | — | — | — |
| Equity Swaps | (7) | — | — | — |
| Fixed Income Futures Long | 10,909 | — | — | 297,495 |
| Fixed Income Futures Short | (900) | — | — | (789,902) |
| Fixed Income Options Bought | (2,030) | 1,386 | 609,577 | — |
| Fixed Income Options Written | 2,675 | (1,749) | (934,051) | — |
| Foreign Currency Options Bought | 118 | 78 | 13,663 | — |
| Foreign Currency Options Written | 64 | (6) | (7,184) | — |
| Futures Options Bought | (1,866) | 935 | 8,184 | — |
| Futures Options Written | 2,376 | (1,308) | (14,086) | — |
| FX Forwards | 735,286 | (30,775) | 9,064,209 | — |
| Pay Fixed Interest Rate Swaps | 1,385 | 3,563 | 819,524 | — |
| Receive Fixed Interest Rate Swaps | (371) | (323) | 56,509 | — |
| Rights | 388 | 47 | — | 9 |
| Total Return Swaps Bond | 141 | 185 | 38,736 | — |
| Total Return Swaps Equity | (102,296) | 7,834 | (336,103) | — |
| Warrants | (95) | — | — | 6,167 |
| **Total** | **$441,610** | **$(20,226)** | **$9,436,594** | **$(216,075)** |

All investment derivative positions are included as part of Investments at Fair Value in the *Statement of Fiduciary Net Position*. All changes in fair value are reported as part of Net Appreciation/ (Depreciation) in Fair Value of Investments in the *Statement of Changes in Fiduciary Net Position*.

Investment information was provided either by investment managers or LACERA's investment custodian.

### Counterparty Credit Risk

LACERA is exposed to counterparty credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to counterparty credit risk include currency forward contracts and swap agreements. To minimize counterparty credit risk exposure, LACERA's investment managers continuously monitor credit ratings of counterparties. Should there be a counterparty failure, LACERA would be exposed to the loss of the fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. LACERA requires investment managers to have Master Agreements in place that permit netting in order to minimize credit risk. Netting arrangements provide LACERA with a legal right of setoff in the event of bankruptcy or default by the counterparty. LACERA would be exposed to loss of collateral provided by the counterparty. Collateral provided by the counterparty reduces LACERA's counterparty credit risk exposure.

*The schedule displays the fair value of investments with each counterparty's S&P, Fitch, and Moody's credit rating by counterparty's name alphabetically.*

### Counterparty Credit Risk Analysis

*As of June 30, 2015*
(Dollars in Thousands)

| Counterparty Name | Total Fair Value | S&P Rating | Fitch Rating | Moody's Rating |
|---|---|---|---|---|
| Bank of America N.A. | $322 | A | A+ | A1 |
| Bank of New York | 113 | A+ | AA- | A1 |
| Barclays | 35 | A- | A | A2 |
| Barclays Bank PLC Wholesale | 2 | A- | A | A2 |
| Barclays Capital | 204 | A- | A | A2 |
| BNP Paribas | 39 | A+ | A+ | A1 |
| BNP Paribas SA | 379 | A+ | A+ | A1 |
| Citibank N.A. | 1,455 | A | A+ | A1 |
| Credit Suisse FOB CME | 1,949 | A | A | A1 |
| Credit Suisse FOB LCH | 1,846 | A | A | A1 |
| Credit Suisse International | 4,700 | A | A | A1 |
| Credit Suisse Securities (USA) LLC | 1,887 | A | A | A1 |
| Deutsche Bank AG | 13,635 | BBB+ | A | A3 |
| Deutsche Bank Securities Inc | 55 | BBB+ | A | A3 |
| Goldman Sachs + Co | 1,418 | A- | A | A3 |
| Goldman Sachs CME | 1,824 | A- | A | A3 |
| Goldman Sachs International | 4,998 | A- | A | A3 |
| HSBC Bank USA | 1 | AA- | AA- | Aa3 |
| JP Morgan | 134 | A | A+ | A3 |
| JP Morgan Chase Bank N.A. | 119 | A+ | AA- | Aa3 |
| JP Morgan Securities Inc | 1,579 | A | A+ | A3 |
| Macquarie Bank Limited | 62 | A | A | A2 |
| Morgan Stanley Bank N.A. | 274 | A | A+ | A1 |
| Morgan Stanley Co Incorporated | 2 | A- | A | A3 |
| Royal Bank of Scotland PLC | 11,221 | BBB+ | BBB+ | A3 |
| Societe Generale | 2,836 | A | A | A2 |
| Standard Chartered Bank | 66 | A+ | AA- | Aa2 |
| Standard Chartered Bank, London | 17 | A+ | AA- | Aa2 |
| State Street Bank And Trust Company | 1,101 | AA- | AA | A1 |
| Toronto Dominion Bank | 2 | AA- | AA- | Aa1 |
| UBS AG | 62 | A | A | A2 |
| UBS AG London | 14,244 | A | A | A2 |
| UBS CME | 447 | A | A | A2 |
| Westpac Banking Corporation | 11,501 | AA- | AA- | Aa2 |
| **Total** | **$78,529** | | | |

## Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest Rate Swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments are disclosed in the following table:

### Interest Rate Risk Analysis

*As of June 30, 2015*
(Dollars in Thousands)

| | | | Investment Maturities (in years) | | | |
|---|---|---|---|---|---|---|
| **Investment Type** | **Notional Value** | **Fair Value** | **Less Than 1** | **1 - 5** | **6 - 10** | **More Than 10** |
| Credit Default Swaps Bought | $39,889 | $(1,352) | — | $(1,502) | $150 | — |
| Credit Default Swaps Written | 77,727 | 1,259 | 32 | 1,171 | (5) | 61 |
| Fixed Income Futures Long | 297,495 | — | — | — | — | — |
| Fixed Income Futures Short | (789,902) | — | — | — | — | — |
| Fixed Income Options Bought | 609,577 | 1,386 | 1,258 | 128 | — | — |
| Fixed Income Options Written | (934,051) | (1,749) | (1,589) | (153) | (7) | — |
| Pay Fixed Interest Rate Swaps | 819,524 | 3,563 | (52) | (2,371) | 61 | 5,925 |
| Receive Fixed Interest Rate Swaps | 56,509 | (323) | — | 6 | (313) | (16) |
| Total Return Swaps Bond | 38,736 | 185 | (53) | 238 | — | — |
| Total Return Swaps Equity | (336,103) | 7,834 | 7,798 | 36 | — | — |
| **Total** | **$(120,599)** | **$10,803** | **$7,394** | **$(2,447)** | **$(114)** | **$5,970** |

## NOTE J — Title Holding Corporations, Limited Liability Companies, and Special Purpose Entities

As of June 30, 2015, the LACERA real estate portfolio included 87 Title Holding Corporations (THCs) and 31 Limited Liability Companies (LLCs).

As of June 30, 2014, the portfolio included 89 THCs and 23 LLCs.

*The following is a summary of the THCs' and LLCs' financial positions.*

### Title Holding Corporations' and Limited Liability Companies' Financial Position

*As of June 30, 2015 and 2014*
(Dollars in Thousands)

| | 2015 | 2014 |
|---|---|---|
| Assets | $6,541,502 | $5,828,040 |
| Less: Liabilities | (2,162,184) | (2,025,448) |
| **Net Assets** | $4,379,318 | $3,802,592 |
| **Net Income** | $237,858 | $115,610 |

In March 2011, the LACERA Board of Investments approved allocating up to $200 million for a commercial real estate debt investment mandate managed by Cornerstone Real Estate Advisors. Additional allocations of $300 million were made in 2013, bringing the total investable equity commitment to $500 million. In 2014, a $250 million commitment was added for the purpose of backstopping a subscription facility, though this equity is not considered investable. The total assets and liabilities of this Special Purpose Entity (SPE) as of June 30, 2015 were $373 million and $181 million, respectively, with a net income of $12.8 million.

## NOTE K — Related Party Transactions

### Office Lease

LACERA, as the sole shareholder, formed a Title Holding Corporation (THC) to acquire Gateway Plaza. In January 1991, LACERA entered into its original lease agreement with the THC to occupy approximately 85,000 square feet. Under the terms of the agreement, LACERA's base rent is abated via a base rent credit. However, LACERA is required to pay its proportionate share of the building's taxes and operating costs as defined in the lease.

Subsequent to the original lease agreement, several amendments have been entered into that adjusted the rentable square footage and lease expiration dates. The latest is the Eleventh Amendment to the Office Lease, dated March 14, 2013, leasing a total close to 107,000 rentable square feet of space and maintaining the lease's existing expiration date of December 31, 2015. LACERA has one five-year option to further extend the terms of the lease.

Additionally, LACERA leased two additional spaces, one for 3,421 square feet and another for 2,642 square feet of space, on August 6, 2013 and March 17, 2014, respectively, with terms expiring December 31, 2020 for both spaces.

Total operating expenses charged to LACERA were approximately $1.82 million and $1.80 million for the years ended June 30, 2015 and June 30, 2014, respectively.

### Notes Receivable

LACERA had a notes receivable balance of approximately $22.5 million from one of its THCs for each of the years ended June 30, 2015 and 2014. This amount is reflected in the Accounts Receivable-Other balance for both years.

## NOTE L — Administrative Expenses

The Board of Retirement and Board of Investments annually adopt the operating budget for the administration of LACERA. The administrative expenses are charged against the earnings of the retirement fund.

Beginning in fiscal year 2012, LACERA implemented §31580.2 of the CERL, which provided administrative budget limitation relief to LACERA by shifting from an asset-based cap to a more stable liability-based cap. This CERL provision states that the annual budget for administrative expenses of a CERL retirement system may not exceed twenty-one hundredths of one percent (0.21 percent) of the actuarial accrued liability of the retirement system.

Expenses for computer software, hardware, and computer technology consulting services relating to those expenditures are not to be considered a cost of administration subject to the budget limit. The cost of legal representation is not to exceed one-hundredth of one percent (0.01 percent) of system assets in any budget year, pursuant to §31529.1 of the CERL. LACERA's appropriation for legal representation is included in the administrative expense allocation.

Under applicable sections of the CERL, both LACERA Boards approved the operating budgets for fiscal years ended June 30, 2015 and June 30, 2014, which were prepared based upon the twenty-one hundredths of one percent (0.21 percent) CERL limit.

ATTACHMENT A

*The following budget-to-actual analysis of administrative expenses schedule is based upon the budget, as approved by the LACERA governing boards, in comparison to actual administrative expenses.*

## Budget-to-Actual Analysis of Administrative Expenses

*As of June 30, 2015 and 2014*

(Dollars in Thousands)

| | 2015 | 2014 |
|---|---|---|
| Basis for Budget Calculation (Actuarial Accrued Liability) | **$53,247,776** | **$50,809,425** |
| Maximum Allowable for Administrative Expense* | 111,820 | 106,700 |
| **Total Statutory Budget Appropriation** | **111,820** | **106,700** |
| Operating Budget Request | 65,629 | 62,193 |
| Administrative Expenses | (62,591) | (58,723) |
| **Underexpended Operating Budget** | **3,038** | **3,470** |
| Administrative Expenses | 62,591 | 58,723 |
| Basis for Budget Calculation | 53,247,776 | 50,809,425 |
| **Administrative Expenses as a Percentage of the Basis for Budget Calculation** | **0.12%** | **0.12%** |
| Limit per CERL | **0.21%** | 0.21% |
| Administrative Expenses | 62,591 | 58,723 |
| Net Position Restricted for Benefits | $48,818,350 | $47,722,277 |
| **Administrative Expenses as a Percentage of Net Position Restricted for Benefits** | **0.13%** | **0.12%** |
| Limit per CERL | **0.21%** | 0.21% |

*LACERA's appropriation for legal representation is included in administrative expense.

## NOTE M — Commitments and Contingencies

### Litigation

LACERA is a defendant in various lawsuits and other claims arising in the ordinary course of its operations. LACERA's management and legal counsel estimate the ultimate outcome of such litigation will not have a material effect on LACERA's financial statements.

### Securities Litigation

In 2001, the Board of Investments adopted a Securities Litigation Policy in response to increasing incidents of corporate corruption and fraud. The policy requires LACERA's Legal Office to monitor securities fraud class actions and to actively pursue recovery of LACERA's losses in accordance with the policy.

In 2011, the U.S. Supreme Court held that certain fraud provisions of the U.S. securities laws could not be applied to securities purchased outside the U.S. Therefore, the Board of Investments adopted a global policy to ensure that LACERA continues to meet its fiduciary duty by identifying, monitoring, and evaluating securities actions in which the fund has an interest both foreign and domestic and pursuing such claims when and in a manner the Board of Investments determines is in the best interest of the fund.

Compliance with the Securities Litigation Policy ensures that the Board of Investments, with the assistance of the LACERA Legal Office, will continue to aggressively protect the financial interests of LACERA and its members.

### Leases

LACERA leases equipment under lease agreements that expire over the next five years. The annual commitments and operating expenses for such equipment leases were approximately $276,000 and $279,000 in fiscal years 2015 and 2014, respectively.

The building space lease agreement was originally entered in January 1991. Subsequent amendments were made with the latest one dated August 22, 2013. LACERA agreed to lease additional space of which extended lease terms to December 31, 2020. As of fiscal year 2015, a total of 112,756 rentable square feet is leased by LACERA, which requires a proportionate share of taxes, parking facilities, and operating costs applicable to the premises be paid.

LACERA's leasing agreements are also discussed in Note K — Related Party Transactions. The total operating expenses for leasing the building premises are $1.82 million and $1.80 million in fiscal years 2015 and 2014, respectively.

### Capital Commitments

LACERA real estate, private equity, and activist investment managers identify and acquire investments on a discretionary basis. Each manager's investment activity is controlled by the LACERA Manager Investment Plan, which identifies the limitations on each manager's discretion. Such investment activities are further restricted by the amount of capital allocated or committed to each manager. Both the Manager Investment Plan and capital commitments are subject to approval by the Board of Investments and may be updated as often as necessary to reflect LACERA investment preferences, as well as changes in market conditions.

As of June 30, 2015, outstanding capital commitments to the various investment managers, as approved by the Board of Investments, totaled $4.21 billion. Subsequent to June 30, 2015, LACERA funded $266 million of these capital commitments.

## Note N — Other Post-Employment Benefits (OPEB) Program

LACERA administers a cost-sharing multiple-employer Other Post-Employment Benefits (OPEB) or Retiree Healthcare Program on behalf of the County, its affiliated Superior Court, and four outside districts. The outside districts include: Little Lake Cemetery District, Local Agency Formation Commission, Los Angeles County Office of Education, and the South Coast Air Quality Management District. This OPEB Program is presented in the Statement of Fiduciary Net Position as the OPEB Agency Fund.

### Program Description

In April 1982, the County adopted an ordinance pursuant to the CERL that provided for a retiree health insurance program and death/burial benefits for retired employees and their eligible dependents. In 1982, the County and LACERA entered into an Agreement whereby LACERA would administer the program subject to the terms and conditions of the Agreement. In 1994, the County amended the Agreement to continue to support LACERA's retiree insurance benefits program, regardless of the status of the active member insurance.

In June 2014, the LACERA Boards approved the County's request to modify the agreement to create a new retiree healthcare benefit program in order to lower its costs. Structurally, this means that the County segregated all current retirees and current employees into LACERA-Administered Retiree Healthcare Benefits Program — Tier 1 (Tier 1) and place all employees hired after June 30, 2014 into Los Angeles County Retiree Healthcare Benefits Program — Tier 2 (Tier 2).

A significant difference included in this modification concerns LACERA's administrative responsibility for the Retiree Healthcare Program. Under Tier 1, LACERA will continue its agreed-upon role as program administrator for retiree healthcare benefits as governed by the 1982 Agreement. Under Tier 2, LACERA is responsible for administering this program for as long as the County desires. The County may, at any time, choose another organization to administer the Tier 2 program.

On June 17, 2014, the Los Angeles County Board of Supervisors adopted changes to Los Angeles County Code Title 5 – Personnel, which established the Benefit Provisions for the new Tier 2.

### Membership

Employees are eligible for the OPEB Program if they are members of LACERA and retire from the County of Los Angeles, the Superior Court, or a participating outside district. Healthcare benefits are also offered to qualifying survivors of deceased retired members and deceased active employees who were eligible to retire at the time of death. Receipt of a pension benefit is a prerequisite for retiree healthcare and death benefits; therefore, eligibility and qualifications applicable to retiree healthcare and death/burial benefits are substantially similar to pension benefits.

### Summary of Participating Retired Members, Spouses, and Dependents — OPEB

*OPEB Actuarial Valuation — July 1, 2014*

| Plan Type | Retirees and Survivors | Spouses and Dependents |
|---|---|---|
| Medical | 45,825 | 22,298 |
| Dental/Vision | 46,612 | 25,404 |
| Death Benefit | 50,434 | N/A |

### Benefit Provisions

The OPEB Program offers members an extensive choice of medical plans as well as two dental/vision plans. The medical plans are either HMOs or indemnity plans, and some are designed to work with Medicare benefits, such as the Medicare

Supplement or Medicare HMO plans. Coverage is available regardless of pre-existing medical conditions. Under the new Tier 2 program, retirees who are eligible for Medicare are required to enroll in that program. Medicare-eligible retirees and their covered dependents must enroll in Medicare Parts A and B and in a Medicare HMO plan or Medicare Supplement plan.

**Medical and Dental/Vision** — The participant's cost for medical and dental/vision insurance varies according to the years of retirement service credit with LACERA, the plan selected, and the number of persons covered. The County contribution subsidizing the participant's cost starts at 10 years of service credit or 40 percent of the lesser of the benchmark plan rate (Anthem Blue Cross Plans I and II for medical and Cigna Indemnity Dental/Vision for dental and vision) or the premium of the plan in which the retiree is enrolled. Under Tier 2, the County subsidy is based on retiree-only coverage. Tier 2 benchmark plans are: Anthem Blue Cross Plans I and II for Medicare-ineligible members, Anthem Blue Cross Plan III for Medicare-eligible members, and Cigna Indemnity Dental/Vision for dental and vision. For each year of retirement service credit beyond 10 years, the County contributes four percent per year, up to a maximum of 100 percent for a member with 25 years of service credit. The County contribution can never exceed the premium of the benchmark plan.

**Medicare Part B** — The member's base rate premiums paid to Social Security for Part B coverage are reimbursed by the County, subject to annual approval by the County Board of Supervisors. Eligible members and their dependents must be enrolled in both Medicare Part A and Medicare Part B and in a LACERA-administered Medicare HMO Plan or Medicare Supplement Plan. Under Tier 2, the County reimburses for Medicare Part B (standard rate) for eligible members or eligible survivors only.

**Disability** — If a member is granted a service-connected disability retirement and has less than 13 years of service, the County contributes the lesser of 50 percent of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. Under Tier 2, the benchmark plan rate is based on retiree-only premiums. A member with 13 years of service credit receives a 52 percent subsidy. This percentage increases 4 percent for each additional completed year of service.

**Death/Burial Benefit** — There is a one-time lump-sum $5,000 death/burial benefit payable to the designated beneficiary upon the death of a retiree, paid directly by the County. Active and vested terminated (deferred) members are eligible for this benefit once they retire. Spouses and dependents are not eligible for this death benefit upon their death.

## Healthcare Reform

In March 2010, President Obama signed into law the Affordable Care Act (ACA). The ACA will have an impact on the County's future healthcare liabilities. Estimated ACA fees are included in the OPEB trend assumptions. As potential impacts become clearer, they will be reflected in the OPEB assumptions. However, as a "retiree only" group plan, LACERA is exempt from many of the provisions implemented thus far, including these significant provisions:

- Dependent Coverage for Adult Children up to Age 26
- Elimination of Lifetime Limits
- No Cost-Sharing for Approved Preventive Services

Other provisions of the ACA may or may not impact the Retiree Healthcare Benefits Program as these provisions and any governing regulations are clarified and implemented.

### Eligible Dependent Child Age Limit Increased to Age 26

The plan sponsor, the County of Los Angeles, has approved an extension of the dependent children age limit to age 26 under the Retiree Healthcare Benefits Program, regardless of a dependent child's marital or student status. This comes as a result of a California law, Senate Bill (SB) 1088.

Until July 1, 2014, this law exempted retiree-only plans, such as LACERA's. SB 1088 requires health plan carriers to offer the coverage to dependents up to age 26 but does not obligate the plan sponsor, the County of Los Angeles, to pay for coverage up to age 26. However, in March 2015, the County determined that it will pay for dependent coverage up to age 26 under the contribution method described above.

## Summary of Significant Accounting Policies

**Basis of Presentation** — The OPEB Agency Fund is presented according to the principles and reporting guidelines set forth by the Governmental Accounting Standards Board (GASB). This OPEB Agency Fund accounts for assets held as an agent on behalf of others. This fund is custodial in nature and does not measure the results of operations. Assets and liabilities are recorded using the accrual basis of accounting. Receivables include contributions due as of the reporting date. Payables include premium payments and refunds due to members and accrued investment and administrative expenses.

**Investment Valuation** — Investments are carried at fair value. Fair values for investments are derived from quoted market prices. For publicly traded stocks and bonds and issues of the United States Government and its agencies, the most recent sales price as of fiscal year-end is used.

**Contributions Authority** — Pursuant to the 1982, 1994, and 2014 Agreements between the County and LACERA, the parties agreed to the continuation of the health insurance benefits then in existence. The County agreed to subsidize a portion of the insurance premiums of certain retired members and their eligible dependents based on the member's length of service. The County further agreed to maintain the status quo of existing benefits provided to participants. As part of the 2014 Agreement, the County modified the existing healthcare benefit plan, which created a new benefit structure for all employees hired after June 30, 2014. LACERA agreed not to lower retired members' contributions toward insurance premiums or modify medical benefit levels without the County's prior consent.

**Funding Policy and Contributions** — The County has historically discharged its premium subsidy obligations on a pay-as-you-go basis. LACERA bills the healthcare premiums to the County and members on a monthly basis. An administrative fee to cover the costs of administering the OPEB Program is added to the monthly premium. Internal cost allocations among the participating outside districts, including the Superior Court, have historically been based on the number of active employees. In June 2015, the Board of Supervisors approved the budget with a dedicated funding promise for the OPEB Liability. LACERA will work with the County to determine its OPEB Trust Fund contribution schedule in a strategic effort to sustain the program on a prefunding basis. LACERA, as an independent employer, will also bring recommendations to the LACERA Boards on joining the County in prefunding its share of the OPEB liability.

**Premium Payments**

During the fiscal year ended June 30, 2015, premium payments of $455.1 million were made to insurance carriers. These payments were funded by employer subsidy payments of $415.6 million and payments of $39.5 million by the participants. In addition, the County paid $47.3 million in Medicare Part B reimbursements and $7.3 million in death/burial benefits.

In December 2014 and January 2015, the County granted a Premium Holiday. A Premium Holiday is a temporary period in which the monthly premium costs for both the Program Sponsor (County) and affected members are waived. Affected members are those retirees enrolled in certain medical benefit plans who also pay their share of the monthly premiums. The Premium Holiday granted in the fiscal year ended June 30, 2015 amounted to $12.1 million.

**Establishment of OPEB Trust**

Pursuant to the California Government Code, the County established an irrevocable OPEB Trust for the purpose of holding and investing assets to prefund the Retiree Healthcare Benefits Program, which LACERA administers. In May 2012, the County Board of Supervisors approved entering into a Trust and Investment Services Agreement with the LACERA Board of Investments to act as trustee and investment manager.

The OPEB Trust was the County's first step to reduce its OPEB unfunded liability. It provides a framework where the Board of Supervisors can make contributions to the trust and transition, over time, from pay-as-you-go to prefunding. The OPEB Trust does not modify the participating employers' benefit programs.

The OPEB Trust will serve as a funding tool for the participating employers to hold and invest assets for paying expenses associated with OPEB benefits, such as the Retiree Healthcare Benefits Program and retiree death/burial benefit. The participating employers will be responsible for and have full discretion over contributions to and withdrawals from the OPEB Trust. At this time, there are only two participating employers in the trust: Los Angeles County and LACERA. Both employers funded contributions to the OPEB Trust totaling $448.8 million during the fiscal year ended June 30, 2013. There have been no additional contributions to the OPEB Trust since the initial funding. The LACERA Board of Investments is responsible for setting the investment policy and investing any contributions transferred into the OPEB Trust from the participating employers.

### Employer Disclosures

Participating employers, upon implementing the related GASB Statement No. 45, are required to disclose additional information in their financial statements with regard to funding policy. This includes the employer's annual OPEB Program costs and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial assumptions and methods used to prepare the actuarial valuation.

### OPEB Actuarial Valuation

The Los Angeles County OPEB actuarial valuation was conducted by Milliman as of July 1, 2014. The valuation was performed in accordance with GASB Statements No. 43 and No. 45 requirements to satisfy financial statement reporting guidelines that apply to the sponsoring employers and the pension plans that administer the benefits program. The reporting guidelines are intended to improve cost disclosures and do not require any funding arrangements. The valuations are conducted at least every two years using the projected unit credit actuarial cost method. The next OPEB actuarial valuation will be conducted as of July 1, 2016.

### Funded Status — OPEB Program as of the Most Recent Actuarial Valuation Date

(Dollars in Thousands)

| Actuarial Valuation Date | Actuarial Value of Valuation Assets (a) | Actuarial Accrued Liabilities (AAL) (b) | Unfunded Actuarial Accrued Liabilities (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll* (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|---|---|---|---|---|---|---|
| July 1, 2014 | **$483,800** | $28,546,600 | $28,062,800 | 1.7% | $6,672,228 | 420.6% |

*Covered Payroll is consistent with the pension plan's covered payroll.

**Excise Tax** — The ACA currently contains provisions to assess an excise tax in 2018 on employer-provided health insurance benefits that are determined by the ACA to be an excess benefit. Milliman has estimated the impact on the projection of benefits in the measurement of Los Angeles County's OPEB Actuarial Accrued Liability as of July 1, 2014 to be approximately $2.17 billion. This would increase the Unfunded Actuarial Accrued Liabilities from $28.06 billion to $30.23 billion and would mean a corresponding increase of the Annual Required Contribution as a percentage of payroll from 31.82 percent to 35.04 percent. LACERA and the County are evaluating a process of allocating such potential liabilities among the various OPEB Program stakeholders.

### Disclosure of Information about Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required Schedule of Funding Progress — OPEB Program immediately following the Notes to the Basic Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the cost-sharing pattern between the employer and plan members to that point.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the cost-sharing pattern between the employer and plan members that may be adopted in the future.

Actuarial calculations reflect a long-term perspective. Actuarial assumptions and methods used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

## Actuarial Assumptions and Methods

Where applicable, the same actuarial assumptions used for the LACERA retirement benefit plan (Pension Plan) are used for the LACERA-administered Los Angeles County OPEB Program. The table below summarizes the primary OPEB-related assumptions that were approved and used to conduct the July 1, 2014 OPEB actuarial valuation. The retirement benefit-related demographic and economic assumptions are based on those developed for the June 30, 2014 valuation of the Pension Plan. Economic and demographic assumptions from the retirement benefit investigation of experience are integrated into the OPEB Investigation of Experience. The OPEB demographic and economic assumptions are based on the results of the 2013 OPEB Investigation of Experience, dated March, 25, 2014. OPEB-specific assumptions that have been updated since the 2013 OPEB Investigation of Experience include health cost trend rates, claim costs, and economic assumptions. The 2016 OPEB investigation of experience is scheduled to be completed and the results used for the July 1, 2016 valuation.

| | |
|---|---|
| **Actuarial Cost Method** | Projected Unit Credit |
| **Actuarial Asset Valuation Method** | Market Value |
| **Inflation Rate** | 3.0 percent per annum |
| **Investment Return** | 3.75 percent. This assumption was adopted beginning with the July 1, 2014 OPEB valuation. |
| **Projected Salary Increases** | 3.50 percent<br>The general wage increase assumption is 3.50 percent per annum, which is used for projecting the total future payroll. The amortization of the Unfunded Actuarial Accrued Liability (UAAL) is determined as a level percentage of payroll. General wage increases and individual salary increases due to promotion and longevity do not affect the amount of the Program's OPEB benefit. |

**Healthcare Cost Trend Rates***

| | FY 2014 to FY 2015 | FY 2015 to FY 2016 | Ultimate** |
|---|---|---|---|
| LACERA Medical Under 65 | 7.05% | 6.40% | 4.70% |
| LACERA Medical Over 65 | 9.60% | 8.85% | 4.70% |
| Part B Premiums | 2.20% | 4.60% | 4.85% |
| Dental (all) | 0.50% | 3.00% | 3.35% |
| Weighted Average Trend | 7.41% | 7.31% | 4.71% |

| | |
|---|---|
| **Amortization Method** | Level percentage of projected salaries of the active members, both present and future, over a "rolling" 30-year amortization period. This assumption was adopted beginning with the July 1, 2006 OPEB valuation. |

**Probability of Initial Enrollment Upon Retirement**

| Years of Service | Medical | Dental/Vision |
|---|---|---|
| <10 | 9% | 11% |
| 10-14 | 47% | 51% |
| 15-19 | 66% | 68% |
| 20-24 | 82% | 83% |
| 25+ | 95% | 95% |
| Disabled | 95% | 100% |

*The first-year trend rates for LACERA's medical and dental/vision plans are adjusted to reflect premium increases effective July 1, 2015. Healthcare Reform Fees including Transitional Reinsurance Fee and Insurer Fee are also included in the medical and dental/vision trends.

**For the Healthcare Cost Trend Ultimate Rates, the grading period used ranges from June 30, 2015 to June 30, 2094, or 79 years.

ATTACHMENT A

## Actuarial Assumptions and Methods continued

| | Non-Firefighter 1014* | | | | Firefighter 1014 |
|---|---|---|---|---|---|
| Medical Spouse/Dependent Enrollment Probability | <65 Male | <65 Female | 65+ Male | 65+ Female | All |
| | 76.50% | 45% | 64.50% | 32.50% | 93% |

| | Male | Female |
|---|---|---|
| Dental/Vision Spouse/Dependent Enrollment Probability | 74% | 43% |

*Members who have been covered by the Firefighters Local 1014 medical plan while actively employed by Los Angeles County may continue this coverage after retirement. Retired Local 1014 non-Firefighter members are eligible for the Local 1014 Firefighters' retiree medical plan.

## NOTE O — Hedge Funds

The hedge fund category of investments is not a separate asset class but is comprised of strategies that: 1) invest in securities within LACERA's existing asset classes or across multiple asset classes; 2) have an absolute return objective; and 3) include the ability to use specialized techniques, such as leverage and short-selling, and instruments such as derivatives.

LACERA employs two hedge fund of funds managers with specialized knowledge and expertise to construct three hedge fund portfolios. The hedge fund of funds managers identify, select, implement, and monitor these investment strategies in the portfolios consistent with LACERA's stated objectives, constraints, and Investment Policy.

In October 2011, LACERA began investing in hedge funds with a goal of reducing the volatility of the Pension Fund without materially decreasing Pension Fund returns. This initial investment consisted of a portfolio of hedge funds invested in a diversified strategy.

In December 2012, LACERA began investing in a second portfolio of hedge funds focused on opportunistic credit strategies.

These two hedge fund portfolios are each structured in a limited partnership in which LACERA is the sole limited partner, and each was created to hold the interests in the underlying hedge funds. LACERA's original fund of funds manager serves as General Partner and owns a 0.01 percent stake in each partnership.

In April 2015, LACERA began funding a third portfolio of hedge funds, managed in a diversified strategy by a second fund of funds manager. The underlying hedge funds in this portfolio are held directly by LACERA.

Each underlying fund investment in the entire hedge fund program is in a legal entity designed to limit liability for each fund's investment to the capital invested with that fund.

The investment performance for this strategy is measured separately from other asset classes. The market values of assets invested in hedge funds as of June 30, 2015 and June 30, 2014 were $692 million and $546 million, respectively.

## NOTE P — Subsequent Event

Subsequent events have been evaluated through October 9, 2015, which is the date the financial statements were issued.

## Schedule of Funding Progress — Other Post-Employment Benefits Program

(Dollars in Thousands)

Los Angeles County and Participating Agencies

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)* (b) | Unfunded Actuarial Accrued Liability (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|---|---|---|---|---|---|---|
| July 1, 2006 | — | $21,215,800 | $21,215,800 | 0.0% | $5,205,804 | 407.5% |
| July 1, 2008 | — | 21,863,600 | 21,863,600 | 0.0% | 6,123,888 | 357.0% |
| July 1, 2010 | — | 24,031,000 | 24,031,000 | 0.0% | 6,695,439 | 358.9% |
| July 1, 2012 | — | 26,952,700 | 26,952,700 | 0.0% | 6,619,816 | 407.2% |
| July 1, 2014 | 483,800 | 28,546,600 | 28,062,800 | 1.7% | 6,672,228 | 420.6% |

*Using the Projected Unit Credit actuarial cost method.
NOTE: The next valuation will be conducted as of July 1, 2016.

## Schedule of Employer Contributions — Other Post-Employment Benefits Program

(Dollars in Thousands)

| Fiscal Year Ended June 30 | Annual Required Contribution (ARC) | Actual Employer Contributions | Percentage of ARC Contributed |
|---|---|---|---|
| 2010 | $1,737,000[1] | $400,686 | 23% |
| 2011 | 1,938,400[2] | 423,032 | 22% |
| 2012 | 1,938,400[2] | 442,099 | 23% |
| 2013 | 2,126,100[3] | 460,331 | 22% |
| 2014 | 2,126,100[3] | 466,788 | 22% |
| 2015 | 2,152,300[4] | 470,185 | 22% |

NOTES:

ARC determined by most recent OPEB Actuarial Valuation conducted as of: [1] July 1, 2008, [2] July 1, 2010, [3] July 1, 2012, [4] July 1, 2014.

Significant changes to the OPEB Program and trends that may affect the amounts reported here are discussed in Note N - Other Post-Employment Benefits (OPEB Program).

ATTACHMENT A

## Schedule of Net Pension Liability

*For the Years Ended June 30, 2015, 2014, and 2013*
(Dollars in Thousands)

| | 2015 | 2014 | 2013[1] |
|---|---|---|---|
| Total Pension Liability | **$56,570,520** | $54,977,021 | $52,672,558 |
| Less: Fiduciary Net Position | **(48,818,350)** | (47,722,277) | (41,773,519) |
| Net Pension Liability | **$7,752,170** | **$7,254,744** | **$10,899,039** |
| Fiduciary Net Position as a Percentage of Total Pension Liability | **86.30%** | 86.80% | 79.31% |
| Covered Employee Payroll[2] | **$7,592,760** | $7,196,869 | $7,041,734 |
| Net Position Liability as a Percentage of Covered Employee Payroll | **102.10%** | 100.80% | 154.78% |

### Total Pension Liability

The Total Pension Liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and methods noted below, and was then projected forward to the measurement date taking into account any significant changes between the valuation date and the fiscal year-end as prescribed by GASB 67.

### Rates of Return

| | | | |
|---|---|---|---|
| Discount Rate | **7.63%** | 7.63% | 7.63% |
| Long-Term Expected Rate of Return, Net of Expenses | **7.50%** | 7.50% | 7.50% |
| Municipal Bond Rate | **N/A** | N/A | N/A |

The best-estimate range for the long-term expected rate of return was determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation. The 2013 Investigation of Experience analysis was used to develop the 7.63 percent assumption used for the current financial statement reporting date. This is equal to the 7.5 percent long-term investment return assumption adopted by the Board of Investments (net of investment and administrative expenses), plus 0.13 percent assumed administrative expenses.

The plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total Pension Liability is equal to the plan's long-term expected rate of return, gross of administrative expenses.

### Other Key Actuarial Assumptions

The actuarial assumptions that determined the Total Pension Liability as of June 30, 2015 were based on the results of an actuarial experience study for the three-year period July 1, 2010 to June 30, 2013.

| | | | |
|---|---|---|---|
| Valuation Date[3] | **June 30, 2014** | June 30, 2013 | June 30, 2013 |
| Measurement Date | **June 30, 2015** | June 30, 2014 | June 30, 2013 |

For Other Actuarial Assumptions and Methods — See Notes to the Required Supplementary Information.

NOTES:

[1]Trend Information: Schedule will ultimately show information for 10 years. Additional years will be displayed as they become available prospectively.

[2]Covered Employee Payroll reported for GASB 67 disclosures is the payroll of employees who are provided with pensions through the pension plan. Covered Payroll presented here is for financial statement reporting and is distinct from covered payroll reported in actuarial valuation disclosures.

[3]For the initial year of GASB 67 implementation at June 30, 2014, both the beginning of the year (June 30, 2013) measurement and at the end of year (June 30, 2014) measurement are based on the June 30, 2013 actuarial valuation.

## Schedule of Changes in Net Pension Liability and Related Ratios

*For the Year Ended June 30, 2015 and 2014*

(Dollars in Thousands)

| | 2015 | 2014* |
|---|---|---|
| Total Pension Liability | | |
| Service Cost | $1,024,288 | $1,009,834 |
| Interest on Total Pension Liability | 4,073,299 | 3,957,030 |
| Effect of Plan Changes | — | — |
| Effect of Assumptions Changes or Inputs | — | — |
| Effect of Economic/Demographic Gains or (Losses) | (735,678) | — |
| Benefit Payments and Refund of Contributions | (2,768,410) | (2,662,401) |
| Net Change in Total Pension Liability | 1,593,499 | 2,304,463 |
| **Total Pension Liability - Beginning** | 54,977,021 | 52,672,558 |
| **Total Pension Liability - Ending (a)** | $56,570,520 | $54,977,021 |
| Fiduciary Net Position | | |
| Contributions - Employer | $1,494,975 | $1,320,442 |
| Contributions - Member | 441,258 | 439,001 |
| Net Investment Income | 1,989,358 | 6,910,439 |
| Net Miscellaneous Income | 1,483 | — |
| Benefit Payments | (2,768,410) | (2,662,401) |
| Administrative Expenses | (62,591) | (58,723) |
| Net Change in Fidcuiary Net Position | $1,096,073 | $5,948,758 |
| **Fiduciary Net Position - Beginning** | $47,722,277 | $41,773,519 |
| **Fiduciary Net Position - Ending (b)** | $48,818,350 | $47,722,277 |
| **Net Pension Liability - Ending (a) - (b)** | $7,752,170 | $7,254,744 |
| Fiduciary Net Position as a Percentage of Total Pension Liability | 86.30% | 86.80% |
| Covered Employee Payroll** | $7,592,760 | $7,196,869 |
| Net Position Liability as a Percentage of Covered Employee Payroll | 102.10% | 100.80% |

*Trend Information: Schedule will ultimately show information for 10 years. Additional years will be displayed as they become available prospectively.

**Covered Employee Payroll reported for GASB 67 disclosures is the payroll of employees who are provided with pensions through the pension plan. Covered Payroll presented here is for financial statement reporting and is distinct from covered payroll reported in actuarial valuation disclosures.

## Schedule of Contributions History — Pension Plan

*Last Ten Fiscal Years*
(Dollars in Thousands)
*2015 to 2011*

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Actuarially Determined Contributions | $1,494,975 | $1,320,442 | $1,172,014 | $1,078,929 | $944,174 |
| Contributions in Relation to the Actuarially Determined Contribution | 1,494,975 | 1,320,442 | 1,172,014 | 1,078,929 | 944,174 |
| Contribution Deficiency/ (Excess) | — | — | — | — | — |
| Covered Employee Payroll | $6,948,738 | $6,672,228 | $6,595,902 | $6,619,816 | $6,650,674 |
| Contributions as a Percentage of Covered Employee Payroll | 21.51% | 19.79% | 17.77% | 16.30% | 14.20% |

*2010 to 2006*

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| Actuarially Determined Contributions | $843,704 | $847,172 | $827,911 | $863,626 | $855,531 |
| Contributions in Relation to the Actuarially Determined Contribution | 843,704 | 847,172 | 828,630 | 863,626 | 856,035 |
| Contribution Deficiency/ (Excess) | — | — | $(719) | — | $(504) |
| Covered Employee Payroll | $6,695,439 | $6,547,616 | $6,123,888 | $5,615,736 | $5,205,804 |
| Contributions as a Percentage of Covered Employee Payroll | 12.60% | 12.94% | 13.52% | 15.38% | 16.43% |

## Schedule of Investment Returns — Pension Plan

*For the Year Ended June 30, 2015 and 2014*

| | 2015 | 2014 |
|---|---|---|
| Annual Money-Weighted Rate of Return, Net of Investment Expenses | 4.1% | 17.2% |

NOTES:

Money-Weighted Rate of Return is calculated as the internal rate of return on pension plan investments, net of investment expenses.

Trend Information: Schedule will ultimately show information for 10 years. Additional years will be displayed as they become available prospectively.

## Notes to Required Supplementary Information

*For the Year Ended June 30, 2015*

### Changes in Benefit Terms

California Public Employees' Pension Reform Act of 2013 (PEPRA) changed benefits for new members of Los Angeles County Employees Retirement Association (LACERA) who entered on or after January 1, 2013. These members join either General Plan G or Safety Plan C. The provisions of PEPRA apply for the current valuation. Due to the limited membership in these plans as of the June 30, 2013 valuation, a hypothetical five-year population has been used to determine the normal cost rate for this group. This methodology was adopted by the Board of Investments at its February 2014 meeting and will apply through the June 30, 2017 valuation, when the actual plan populations are expected to reflect five years of membership.

### 2014 Changes in Assumptions

In addition to the annual valuations, LACERA requires its actuary to review the reasonableness of the economic and non-economic actuarial assumptions every three years. This review, commonly referred to as the investigation of experience, or experience study, is accomplished by comparing actual experience during the preceding three years to what was expected to happen according to the actuarial assumptions. On the basis of this review, the actuary determines whether changing the assumptions or methodology will better project benefit liabilities and asset growth.

At the December 2013 Board of Investments meeting, the Board adopted new valuation assumptions with the 2013 Investigation of Experience report. The adopted assumptions included 7.50 percent for the investment return, 3.5 percent for wage growth, and an increase in life expectancies. All assumption changes are reflected in the June 30, 2014 actuarial valuation.

### Actuarial Methods and Assumptions

As required by Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67), LACERA's actuary completed a roll forward analysis to calculate the Total Pension and Net Pension Liability information for financial reporting, as of June 30, 2015. The basis for these calculations was the latest valuation report, prepared for funding purposes. All actuarial methods and assumptions used for this roll forward analysis were the same as those used in the June 30, 2014 valuation report, except as noted below. Please see NOTE E — Pension Actuarial Valuations for the actuarial assumptions and methods used for the June 30, 2014 valuation report.

*The following are key assumptions and methods used in this GASB analysis:*

| | |
|---|---|
| **Valuation Timing** | Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported. |
| **Actuarial Cost Method** | Individual Entry Age Normal* |
| **Amortization Method** | |
| Level Percent or Level Dollar | Level Percent |
| Closed, Open, or Layered Periods | Layered |
| Amortization Period for Each Layer | 30 years |
| Amortization Growth Rate | 3.5 percent |
| **Asset Valuation Method** | |
| Smoothing Period | 5 years |
| Recognition Method | Non-Asymptotic |
| Corridor | None |

*Differs slightly from actuarial valuation for groups in existence for less than five years.

ATTACHMENT A

| | |
|---|---|
| **Inflation** | 3.0 percent |
| **Salary Increases Including Inflation** | 3.5 percent |
| **Discount Rate** | 7.63 percent* |
| **Retirement Age** | A schedule of the probabilities of employment termination based on age due to a particular cause is used. For additional information, see the Probability of Occurrence tables in the Actuarial Section of this report. |
| **Cost-of-Living Adjustments** | As noted in the June 30, 2014 actuarial valuation report, with one modification: STAR COLA benefits are assumed to be substantively automatic at the 80 percent purchasing power level until the STAR Reserve is projected to be insufficient to pay further STAR benefits.** |
| **Mortality** | Various rates based on RP-2000 mortality tables using static projection of improvement to 2025 using Projection Scale AA. See June 30, 2014 valuation report for further details. |

*Differs from actuarial valuation due to addition of administrative expense load of 0.13 percent.
**Differs from actuarial valuation due to inclusion of future liability for STAR COLA benefits.

## Administrative Expenses

*For the Years Ended June 30, 2015 and 2014*
(Dollars in Thousands)

| | 2015 | 2014 |
|---|---|---|
| Personnel Services | | |
| Salaries and Wages | $29,355 | $27,682 |
| Employee Benefits | 16,735 | 15,166 |
| **Total Personnel Services** | 46,090 | 42,848 |
| Consultant & Professional Services | | |
| County Department Services | 205 | 216 |
| External Audit Fees | 153 | 243 |
| Legal Consultants | 439 | 227 |
| Professional Services | 405 | 391 |
| Temporary Personnel Services | 1,627 | 1,832 |
| **Total Consultant & Professional Services** | 2,829 | 2,909 |
| Operating & Equipment Expenses | | |
| Administrative Support | 165 | 288 |
| General Expenses | 757 | 783 |
| Computer Software | 1,754 | 2,255 |
| Disability Medical Service Fees | 1,929 | 1,775 |
| Educational Expenses | 918 | 694 |
| Equipment | 1,758 | 961 |
| Facilities Operations | 2,872 | 2,983 |
| Insurance | 603 | 458 |
| Printing | 690 | 692 |
| Postage | 839 | 756 |
| Telecommunications | 668 | 544 |
| Transportation & Travel | 719 | 777 |
| **Total Operating & Equipment Expenses** | 13,672 | 12,966 |
| **Total Administrative Expenses** | $62,591 | $58,723 |

ATTACHMENT A

## Schedule of Investment Expenses

*For the Years Ended June 30, 2015 and 2014*

(Dollars in Thousands)

| | Pension Trust Fund | | OPEB Trust Fund | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| **Investment Management Fees** | | | | |
| Cash and Short-Term Managers | $951 | $841 | $50 | $92 |
| Commodity Managers | 3,848 | 4,330 | — | — |
| Equity Managers | | | | |
| U.S. Equity | 15,612 | 15,267 | 134 | 50 |
| Non-U.S. Equity | 23,230 | 21,446 | — | — |
| Fixed Income Managers | 23,502 | 18,591 | — | — |
| Hedge Fund Mergers | 11,266 | 10,341 | — | — |
| Private Equity Managers | 44,542 | 45,362 | — | — |
| Real Estate Managers | 38,372 | 39,137 | — | — |
| **Total Investment Management Fees** | 161,323 | 155,315 | 184 | 142 |
| **Other Investment Expenses** | | | | |
| Consultants | 2,360 | 2,296 | — | — |
| Custodian | 3,073 | 2,324 | 44 | 38 |
| Legal Counsel | 598 | 523 | — | — |
| Other | 4,863 | 7,621 | — | — |
| **Total Other Investment Expenses** | 10,894 | 12,764 | 44 | 38 |
| **Total Management Fees & Other Investment Expenses** | $172,217 | $168,079 | $228 | $180 |

## Schedule of Payments to Consultants

*For the Years Ended June 30, 2015 and 2014*
(Dollars in Thousands)

| | 2015 | 2014 |
|---|---|---|
| Actuarial | | |
| Actuarial Valuations and Consulting Fees | $217 | $230 |
| Audit | | |
| External Audit Services | 153 | 243 |
| Legal | | |
| Investment Legal Counsel | 598 | 523 |
| Legislative Consulting | 146 | 68 |
| Other Legal Services | 293 | 159 |
| Total | 1,037 | 750 |
| Management | | |
| Management and Human Resources | 125 | 113 |
| Information Technology Consulting | 41 | 71 |
| Total | 166 | 184 |
| **Total Payments to Consultants** | $1,573 | $1,407 |

NOTE:

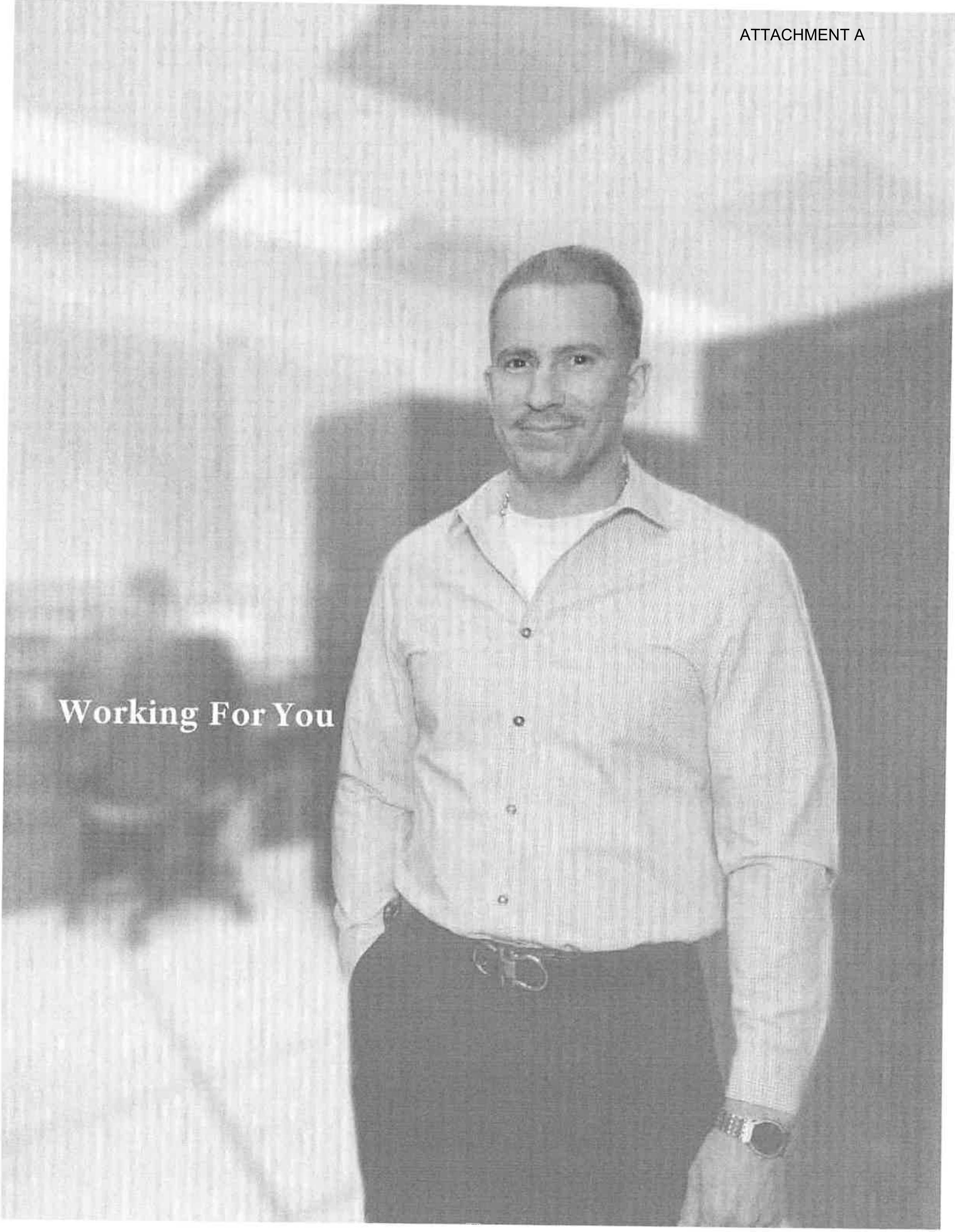
For fees paid to investment professionals, refer to Schedule of Investment Management Fees in the Investment Section.

## Statement of Changes in Assets and Liabilities — OPEB Agency Fund

*For the Year Ended June 30, 2015*
(Dollars in Thousands)

| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $48,084 | $526,214 | $495,563 | $78,735 |
| Accounts Receivable - Other | 40,574 | 521,704 | 518,261 | 44,017 |
| Fixed Income | 110,884 | 1,339,024 | 1,339,367 | 110,541 |
| **Total Assets** | $199,542 | $2,386,942 | $2,353,191 | $233,293 |
| **Liabilities** | | | | |
| Retiree Payroll and Other Payables | $150 | $42,161 | $42,187 | $124 |
| Accrued Expenses | 364 | 418 | 364 | 418 |
| Accounts Payable - Other | 88,144 | 523,892 | 489,827 | 122,210 |
| Due to Employers | 110,884 | 1,339,024 | 1,339,367 | 110,541 |
| **Total Liabilities** | $199,542 | $1,905,495 | $1,871,745 | $233,293 |

ATTACHMENT A



## Technology

LACERA uses technology to make both internal processes and member self-service on My LACERA as efficient as they are secure. Our Benefits Division refines member-related processes, working with our Systems Division to develop innovations such as automated calculations and expedient Direct Deposit enrollment. It's important to us that each member's transition to retirement is smooth and that their beneficiaries receive benefits seamlessly.


In a dynamic IT landscape, our Systems Division plans strategically for LACERA's current and foreseeable information requirements and offers internal technical assistance and consultation. Our Benefits Division serves members by efficiently and accurately processing their retirement benefits.

With the application of advancing technologies, we are able to grow and innovate as a company.

ATTACHMENT A

September 30, 2015

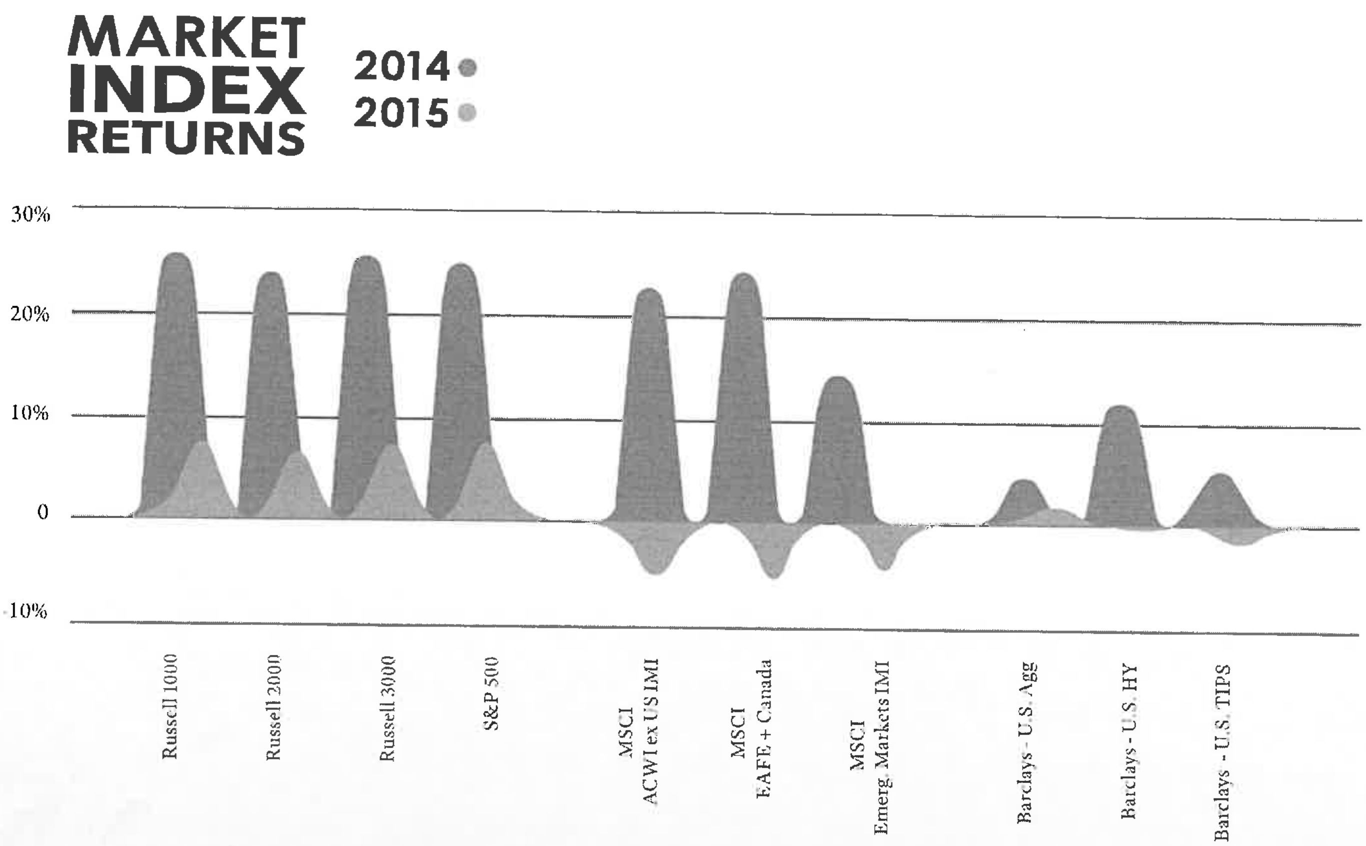
Board of Investments
Los Angeles County Employees Retirement Association
Gateway Plaza
300 North Lake Avenue, Suite 850
Pasadena, CA 91101

WILSHIRE

Dear Board Members:

Wilshire Associates Incorporated ("Wilshire"), investment consultant to the Board of Investments of the Los Angeles County Employees Retirement Association ("LACERA"), is pleased to present this review of LACERA's investment performance over the past fiscal year (period ending June 30, 2015).

The U.S. equity market posted modest single-digit gains for the one-year period ending June 30, 2015. This represents the third consecutive fiscal year of positive U.S. equity returns across all market capitalizations. An up-and-down year, markets started to follow a more downward path as the fiscal year came to close as rumors of the Fed's first interest rate hike since the Fiscal Crisis began to swirl and issues overseas started to come to a head. The non-U.S. equity markets took a downward trajectory during the year; with Europe concerned about debt issues, prospective Scottish independence, low oil prices, and lastly the Chinese slowdown. The investment grade fixed income markets continued to offer disappointing risk premiums. Speculation regarding rising interest rates made investors uneasy throughout much of the year. The graph below illustrates the capital market results for the past two fiscal years.



**Annual Consultant Review**

LACERA's 2015 fiscal year Total Fund return performance and ranking within Wilshire's Total Public Fund's Plan Sponsor Universe are displayed in the table below. Percentile rankings are shown to the right of the return and range from 1st (best) to 100th (worst). Differences in returns between plans in the universe are most often driven by differences in asset allocation policies. LACERA has implemented a broadly diversified allocation to both public and private assets, which has achieved top quartile performance over the long term. The LACERA Total Fund ranked in the 5th percentile over the Ten-Year period, while the LACERA Policy ranked in the 11th percentile. LACERA tends to have a lower U.S. Equity policy allocation than many other plans in the universe, as LACERA's U.S. equity allocation is based on the weight of the global equity opportunity set. Because U.S. equity performed well relative to non-U.S. equity over the One- and Five-Year periods, LACERA has ranked lower in the universe over these periods.

## 2015 Fiscal Year Total Fund Performance*

(Gross of Fees)

| | One Year | Rank | Five Years | Rank | Ten Years | Rank |
|---|---|---|---|---|---|---|
| Total Fund | 4.33 | 21 | 10.51 | 68 | 7.22 | 5 |
| Policy | 4.45 | 19 | 9.97 | 83 | 6.92 | 11 |
| Over/(Under) Policy | -0.12 | | 0.54 | | 0.30 | |
| **Universe Median** | 16.86 | | 12.69 | | 7.27 | |
| *As of June 30, 2015 Number of Funds. | 50 | | 47 | | 42 | |

During fiscal year 2015, the LACERA investment staff and Wilshire have worked cooperatively to address goals and implement ideas designed to improve the efficiency of the investment program. Among the projects completed or currently underway are:

- Board Offsite Education ("Approaches to Asset Allocation")
- Investment Performance Reporting
- Asset/Liability Analysis
- Securitized Credit Fixed Income Search
- Emerging Market Debt Fixed Income Search
- Activist Investment Management Search
- Risk Parity Education
- Performance Fee Education
- Commodities Education

In our partnership with LACERA, Wilshire Associates looks forward to implementing projects both currently underway and those planned for the future.

Sincerely,

Marlin D. Pease, CFA
Managing Director

WILSHIRE ASSOCIATES
210 Sixth Avenue, Suite 3720, Pittsburgh, PA 15222
TEL 412.434.1580 FAX 412.434.1584 www.wilshire.com

ATTACHMENT A

## Investment Policy

LACERA's investment program objective is to provide Association participants with retirement benefits as required by the County Employees Retirement Law of 1937. The Board of Investments has exclusive control of all retirement system investments. There are nine Board of Investments members: Four are elected by the active and retired members, and four are appointed by the Los Angeles County Board of Supervisors. The County Treasurer-Tax Collector serves as an ex-officio member.

The Board of Investments has adopted an Investment Policy Statement that provides a framework for the management of LACERA's investments. This Statement establishes LACERA's investment policies and objectives and defines the principal duties of the Board of Investments, investment staff, investment managers, master custodian, and consultants.

The assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the pension fund. LACERA applies principles of Modern Portfolio Theory, which asserts that higher levels of investment risk are expected to be rewarded with higher returns in the long run. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification to meet this objective. These activities are executed in a manner that serves the best interests of LACERA's members.

## Asset Allocation

A pension fund's strategic asset allocation policy is generally recognized to have the most impact on a fund's investment performance. The asset allocation policy determines a fund's optimal long-term asset class mix (target allocation). This policy is expected to achieve a specific set of investment goals, such as risk and return objectives. The policy also establishes ranges around the optimal target asset class mix that act as triggers for reallocating assets to ensure adherence to target weights.

**Vache Mahseredjian**
Interim
Chief Investments Officer

The Board of Investments reviews the Fund's Asset Allocation Policy (the Policy) every three to five years. In August 2012, the Board of Investments adopted the Policy in use during this fiscal year. Since the end of the fiscal year, in August 2015, the Board of Investments adopted a new Asset Allocation Policy. LACERA staff, its Board of Investments, and consultant are developing a plan to implement the new Asset Allocation Policy. The following factors were considered in establishing the Asset Allocation Policy:

- Projected actuarial assets, liabilities, benefit payments, and contributions
- Expected long-term capital market risk and return targets
- Expected future economic conditions, including inflation and interest rate levels
- LACERA's current and projected funding status

## LACERA's target and actual asset allocations as of June 30, 2015

The Board of Investments implements the asset allocation plan by hiring investment managers to invest assets on LACERA's behalf, subject to investment guidelines. LACERA's investment staff closely monitors manager activities and assists the Board of Investments with the implementation of investment policies and long-term investment strategies.

In December 2013, the Board of Investments approved a new allocation for the OPEB Trust consisting of a strategic reserve of $100 million in cash and the remainder invested in a global equity index fund. The


cash portion consists of high quality, short-term debt instruments such as U.S. Treasury Bills and Notes, commercial paper, and other corporate obligations, certificates of deposit, and asset-backed securities. The global equity fund's allocation between U.S. equity and non-U.S. equity was 51.6 percent and 48.4 percent, respectively, as of June 30, 2015.

## Performance Overview

After generating double-digit returns in the two prior fiscal years, LACERA's investment program earned a modest 4.3 percent for the fiscal year ended June 30, 2015. The best performing sectors of the portfolio were Private Equity (+13.2 percent for the year), Real Estate (+12.8 percent), and U.S. Equities (+7.4 percent). Lower performing sectors were non-U.S. Equity (+1.1 percent), Cash (+0.1 percent), and Commodities (-23.0 percent).

Despite the lackluster return of the past year, the portfolio's average annualized return of 7.2 percent over the past 10 years is solid. As noted in the accompanying letter from LACERA's investment consultant, Wilshire Associates, the fund's relative performance over the past 10 years is excellent, ranking in the top 5 percent of public pension plans in Wilshire's universe. Taking an even longer-term perspective, over the past 25 years, the fund has generated an average annualized return of 8.7 percent, comfortably ahead of the 8 percent return that the actuaries assumed back in 1990.

## Economic and Market Review

Despite a weather-related dip in GDP during the first quarter of 2015, U.S. economic conditions improved over the course of the fiscal year. The unemployment rate declined to 5.3 percent, inflation remained subdued, home prices continued to appreciate, and full-year GDP increased 2.7 percent. Conditions improved to such an extent that the Federal Reserve began to taper monetary accommodation, and concerns arose about when the Fed would begin to raise rates—its first such action in over nine years.

In contrast, economic conditions were generally disappointing in other parts of the world. As a result, foreign central banks continue to provide loose monetary policy in an effort to stimulate their respective economies. Growth in Japan was negative in the most recent quarter, and eurozone growth continues to be barely positive. Investors' biggest concern is the slowdown in China, where growth is expected to be approximately 7 percent, down slightly from levels over the past few years and significantly lower than growth rates a decade ago, when China was the biggest contributor to global growth. The slowdown in China has had far-reaching ramifications, negatively impacting commodities prices and depressing growth in emerging market countries, particularly those dependent on commodity exports.

In addition to the slowdown in global growth, financial markets continue to be buffeted by geopolitical developments. Hostilities in the Middle East, Ukraine, and parts of North Africa, combined with political instability in several countries including Greece and Brazil, led to increased uncertainty and a heightened sensitivity to risk. Another wild card was oil, as the combination of slower global growth, increased U.S. production via fracking, and the possible lifting of U.N. sanctions on Iran has led to a 55 percent decline in oil prices over the past year.

## Performance by Asset Class

LACERA's 4.3 percent return for the fiscal year ended June 30, 2015 was 20 basis points (bps) below the 4.5 percent return of its policy benchmark. Underperformance relative to policy benchmarks was evident last year in the private equity and hedge funds asset classes, whereas global equities and commodities showed modest outperformance. Over the past five years, the Fund has generated an average annualized return of 10.5 percent, outperforming its policy benchmark by an average of 0.5 percent per year.

LACERA's U.S. and non-U.S. equity portfolios are structured to have a low level of risk relative to their respective benchmarks. With improving economic conditions in the U.S., equity markets provided adequate returns during the fiscal year. LACERA's U.S. equity portfolio returned 7.4 percent, 10 bps above its benchmark, the Russell 3000 Index, a broad-based measure of the U.S. stock market. However, deeper concerns about growth outside the U.S. and in emerging markets led to low returns in those areas. The non-U.S. equity market, as measured by the Morgan Stanley Capital International (MSCI) All Country World ex-U.S. Investable Market Index (IMI), a broad-based world equity benchmark, declined 5.0 percent in U.S. dollar terms.

The non-U.S. equity portfolio ended the year up 1.1 percent, 20 bps above its customized hedged benchmark, as most active managers performed well. This custom benchmark hedges 50 percent of the currency exposure from developed markets countries. Over the course of the year, the U.S. dollar appreciated 17.7 percent versus a basket of 10 leading currencies. Because of the strengthening dollar, LACERA's 50 percent passive currency hedge program returned 7.7 percent during the year.

LACERA's bond portfolio gained 1.6 percent for the year, matching the performance of its benchmark, the Barclays U.S. Universal Bond Index. Gains from modest declines in long-term U.S. Treasury interest rates were offset by price declines from corporate bonds, particularly lower-rated, higher yielding bonds. Higher-rated corporate bonds, as measured by the Barclays U.S. Corporate Investment Grade Bond Index, generated a total return of +0.8 percent for the year. In comparison, lower-rated corporate bond returns were -0.4 percent, as measured by the Barclays U.S. Corporate High Yield Bond Index.

LACERA's commodities portfolio performed poorly in absolute terms, down 23.0 percent, but exceeded the -23.7 percent return of the broad-based Bloomberg Commodity Index Total Return by 70 bps. Cash, used to fund benefit payments and other obligations, had low absolute performance of 0.1 percent, consistent with the 0.1 percent return of the Citigroup 6-month Treasury Bill Index. LACERA's hedge fund program returned 3.1 percent. This was 190 bps below the 5.0 percent absolute return benchmark, reflecting lower general performance for credit-oriented strategies to which the program is exposed.

LACERA's private market asset classes, private equity and real estate, focus on longer-term, less liquid investments. Both asset classes experienced positive performance during the fiscal year. Though these returns are indicative of overall market direction, final returns can be known with certainty only when assets are sold. Private equity generated a 13.2 percent return due to a favorable environment for exits via initial public offerings and elevated valuations, particularly in the healthcare and technology sectors. LACERA's private equity composite missed its target return of 13.8 percent by 60 bps. The real estate portfolio continued its fifth consecutive year of positive performance, ending the fiscal year up 12.8 percent, which equaled the return of its target benchmark. Stable core properties have been able to generate attractive yields and to benefit from modest capital appreciation.

## Outlook

As we look across the investment landscape, several themes come to mind. First, given the improvement in U.S. economic growth, we are on the cusp of a shift in monetary policy. The era of lower domestic interest rates appears to be nearing its end. Second, given weak global growth, it is likely that any increase in U.S. interest rates will be slow and moderate. Third, although rising interest rates will have a different impact on various markets, generally speaking, rising rates have a dampening effect on returns.

ATTACHMENT A

Therefore, expected returns in the near term do not look as attractive as past returns. Finally, from a valuation perspective, all of the asset classes look fairly valued, at best.

Faced with this challenging environment, more diligence and creativity are required to uncover investment opportunities and construct a portfolio with the appropriate mix of return, risk, cost, and liquidity. As always, LACERA's investment staff will do its utmost to carry out its fiduciary duties, ever mindful of the 162,000 LACERA members we serve.

Respectfully submitted,

Vache Mahseredjian

Vache Mahseredjian, CFA, CAIA, FRM, ASA
Interim Chief Investment Officer

## Investment Summary — Pension Plan*

*For the Year Ended June 30, 2015*
(Dollars in Thousands)

| Type of Investment | Fair Value | Percent of Total Fair Value |
|---|---|---|
| Cash and Cash Equivalents | $1,436,774 | 3.0% |
| Fixed Income | 10,882,471 | 22.5% |
| Subtotal Fixed Income and Cash | 12,319,245 | 25.5% |
| U.S. Equity | 12,865,258 | 26.6% |
| Non-U.S. Equity | 11,888,456 | 24.6% |
| Subtotal Equities | 24,753,714 | 51.2% |
| Commodities | 1,012,372 | 2.1% |
| Private Equity | 4,308,056 | 8.8% |
| Real Estate | 5,413,965 | 11.2% |
| Hedge Funds | 596,666 | 1.2% |
| **Total Investments — Pension Plan** | $48,404,018 | 100.0% |

## Investment Summary — OPEB Agency Fund*

*For the Year Ended June 30, 2015*
(Dollars in Thousands)

| Type of Investment | Fair Value | Percent of Total Fair Value |
|---|---|---|
| Cash and Cash Equivalents | $4,821 | 4.4% |
| Fixed Income | 105,742 | 95.6% |
| **Total Investments — OPEB Agency Fund** | **$110,563** | **100.0%** |

## Investment Summary — OPEB Trust*

*For the Year Ended June 30, 2015*
(Dollars in Thousands)

| Type of Investment | Fair Value | Percent of Total Fair Value |
|---|---|---|
| Cash and Cash Equivalents | $100,158 | 20.5% |
| Equity | 388,220 | 79.5% |
| **Total Investments — OPEB Trust** | **$488,378** | **100.0%** |

*Differences between Statement of Fiduciary Net Position and investment values above are due to the utilization of investment manager asset classifications and their fair values.

## Investment Results Based on Fair Value*

*As of June 30, 2015*

| | Annualized | | |
|---|---|---|---|
| | Current Year | Three-year | Five-year |
| U.S. Equity | 7.4% | 18.1% | 17.7% |
| Benchmark: Russell 3000 Index | 7.3% | 17.7% | 17.5% |
| Non-U.S. Equity, 50% Developed Markets Hedge[1] | 1.1% | 12.6% | 9.5% |
| Benchmark: Non-U.S. Equity Custom Hedged Index[2] | 0.9% | 12.1% | 9.1% |
| Fixed Income[3] | 1.6% | 3.6% | 5.1% |
| Benchmark: Barclays U.S. Universal Index | 1.6% | 2.3% | 3.8% |
| Real Estate[4] | 12.8% | 10.2% | 9.8% |
| Benchmark: Real Estate Target Return[5] | 12.8% | 11.8% | 12.8% |
| Private Equity[4] | 13.2% | 15.7% | 15.8% |
| Benchmark: Private Equity Target Return[6] | 13.8% | 13.4% | 11.1% |
| Commodities | (23.0)% | (7.1)% | (1.8)% |
| Benchmark: Bloomberg Commodity Index Total Return[7] | (23.7)% | (8.8)% | (3.9)% |
| Hedge Funds[8] | 3.1% | 8.3% | — |
| Benchmark: Hedge Fund Custom Index[9] | 5.0% | 5.0% | — |
| Cash | 0.1% | 0.3% | 0.6% |
| Benchmark: Citigroup 6-Month T-Bill Index | 0.1% | 0.1% | 0.1% |
| **Total Fund (Gross of Fees)** | **4.3%** | **11.0%** | **10.5%** |
| **Total Fund (Net of Fees)** | **4.1%** | **10.7%** | **10.3%** |
| **Total Fund Policy Benchmark** | **4.5%** | **10.3%** | **10.0%** |

*Asset class returns are calculated based on time-weighted rates of return; Total Fund performance is calculated based on the weighted average returns of the asset classes.

Prior year returns are restated to enhance comparability to the current year.

NOTES:

1 Passive 50 percent developed markets hedge implemented 7/30/10.
2 The Non-U.S. Equity benchmark is MSCI ACWI X U.S. IMI (Net) with 50 percent hedged Developed Markets from 7/31/10 to present. From 8/31/08 to 7/31/10, it was MSCI ACWI X U.S. IMI (Net).
3 The performance of two opportunistic portfolios are reported with a one-month lag.
4 One quarter in arrears. Preliminary returns.
5 From 7/1/13 to the present, Open End Diversified Core Equity (ODCE)(Net) Index plus 40 basis points. For the period in this table prior to 6/30/13, the benchmark was NCREIF Property Index (NPI) minus 25 basis points.
6 Rolling 10-year return of the Russell 3000 Index plus 500 bps.
7 Formerly known as The DJ-UBS Commodity Index, prior to 7/1/14.
8 Portfolio and benchmark are one month in arrears. Performance included in Total Fund beginning 10/31/11.
9 The Hedge Fund benchmark is the Citigroup 3-month T-Bill Index plus 500 basis points annually.

## Total Pension Investment Rates of Return

*For the Last Ten Fiscal Years Ended June 30*

(Dollars in Thousands)

| Fiscal Year-End | Total Investment Portfolio Fair Value | Total Fund Time-Weighted Return (gross of fees)[1] | Total Fund Money-Weighted Return (net of fees)[2] | Return on Smoothed Valuation Assets (net of fees)[3] | Actuarial Assumed Rate of Return[4] | Actuarial Funded Ratio[5] |
|---|---|---|---|---|---|---|
| 2006 | $35,190,995 | 13.4% | — | 14.5% | 7.75% | 90.5% |
| 2007 | 41,329,424 | 19.1% | — | 14.5% | 7.75% | 93.8% |
| 2008 | 39,472,905 | (1.4)% | — | 9.0% | 7.75% | 94.5% |
| 2009 | 30,918,057 | (18.2)% | — | 1.5% | 7.75% | 88.9% |
| 2010 | 33,760,695 | 11.8% | — | 0.5% | 7.75% | 83.3% |
| 2011 | 39,770,032 | 20.4% | — | 3.3% | 7.70% | 80.6% |
| 2012 | 38,627,163 | 0.3% | — | 1.8% | 7.60% | 76.8% |
| 2013 | 42,285,906 | 12.1% | — | 5.4% | 7.50% | 75.0% |
| 2014 | 49,033,365 | 16.8% | 17.5% | 11.8% | 7.50% | 79.5% |
| 2015[6] | 47,990,447 | 4.3% | 4.1% | — | — | — |

NOTES:

[1]**Total Fund - Time-Weighted Rate of Return** is the aggregate increase or decrease in the value of the portfolio resulting from the net appreciation or depreciation of the principal of the fund, plus or minus the net income or loss experienced by the fund during the period. The returns are presented gross of investment management fees.

[2]**Total Fund - Money-Weighted Rate of Return** is a measurement of investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

[3]**Return on Smoothed Valuation Assets** consists of annual investment income in excess or shortfall of the expected rate of return on a valuation (actuarial) basis smoothed over a specified period with a portion of the year's asset gains or losses being recognized each year beginning with the current year. The money-weighted rate of return is presented, net of investment management fees.

[4]**Actuarial Assumed Rate of Return** is the future investment earnings of the assets which are assumed to accrue at an annual rate, compounded annually, net of both investment and administrative expenses. The Actuarial Assumed Rate of Return is 7.50 percent as adopted by the Board of Investments based on the results of the Actuarial Investigation of Experience completed in December 2013. For Fiscal Year 2014-2015, interest crediting and operating tables applied the 7.50 percent Actuarial Assumed Rate of Return.

[5]**Actuarial Funded Ratio** is a measurement of the funded status of the fund calculated by dividing the valuation assets by the actuarial accrued liability.

[6]Actuarial Valuation report for June 30, 2015 is not available at CAFR publication.

## Largest Equity Holdings (by Fair Value)

*As of June 30, 2015*

(Dollars in Thousands)

| Shares | Description | Fair Value |
|---|---|---|
| 360,585 | Apple Inc. | $45,226 |
| 2,207,652 | DBS Group Holdings Ltd. | 33,922 |
| 186,400 | Murata Manufacturing Company Ltd. | 32,538 |
| 130,000 | Fanuc Corporation | 26,645 |
| 579,253 | Microsoft Corporation | 25,574 |
| 375,900 | Toyota Motor Corporation | 25,199 |
| 374,348 | Commonwealth Bank of Australia | 24,494 |
| 228,800 | Daito Trust Construction Company Ltd. | 23,709 |
| 283,931 | Exxon Mobil Corporation | 23,623 |
| 306,000 | Nidec Corporation | 22,919 |

NOTE:

A complete list of portfolio holdings is available upon request.

## Largest Fixed Income Holdings by Fair Value

*As of June 30, 2015*

(Dollars in Thousands)

| Par | Description | Fair Value |
|---|---|---|
| 104,915,000 | Federal National Mortgage Association TBA 3.500% 08/13/2045 | $107,841 |
| 102,000,000 | U.S. Treasury Note 2.000% 01/31/2016 | 103,084 |
| 88,120,000 | Federal National Mortgage Association TBA 4.000% 08/13/2045 | 93,155 |
| 80,679,000 | U.S. Treasury Note 2.500% 02/15/2045 | 71,004 |
| 70,580,000 | U.S. Treasury Note 0.375% 03/31/2016 | 70,652 |
| 61,112,500 | Federal National Mortgage Association TBA 3.500% 07/14/2045 | 62,979 |
| 49,262,675 | U.S. Treasury Inflation Indexed Bond 2.375% 01/15/2025 | 57,953 |
| 53,500,000 | U.S. Treasury Note 2.125% 12/31/2015 | 54,022 |
| 52,000,000 | U.S. Treasury Note 1.375% 11/30/2015 | 52,280 |
| 51,872,000 | U.S. Treasury Note 0.875% 08/15/2017 | 52,058 |

NOTE: A complete list of portfolio holdings is available upon request.

## Schedule of Investment Management Fees

*For the Fiscal Years Ended June 30, 2015 and 2014*

(Dollars in Thousands)

| | Pension Plan | | OPEB Trust | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Cash and Short-Term Managers | $951 | $841 | $50 | $92 |
| Commodity Managers | 3,848 | 4,330 | — | — |
| Equity Managers | | | | |
| U.S. Equity | 15,612 | 15,267 | 134 | 50 |
| Non-U.S. Equity | 23,230 | 21,446 | — | — |
| Fixed Income Managers | 23,502 | 18,591 | — | — |
| Hedge Fund Managers | 11,266 | 10,341 | — | — |
| Private Equity Managers | 44,542 | 45,362 | — | — |
| Real Estate Managers | 38,372 | 39,137 | — | — |
| **Total Investment Management Fees** | **$161,323** | **$155,315** | **$184** | **$142** |

## Cash & Short-Term
J.P. Morgan Asset Management

## Equities — U.S.
BlackRock Institutional Trust Company, N.A.
Cramer Rosenthal & McGlynn, LLC
Eagle Asset Management, Inc.
FIS Group, Inc.
Frontier Capital Management Company, LLC
INTECH Investment Management, LLC
Northern Trust Global Advisors, Inc.
Relational Investors, LLC
Twin Capital Management, Inc.
Westwood Management Corporation

## Equities — Non-U.S.
Acadian Asset Management, LLC
AQR Capital Management, LLC
BlackRock Institutional Trust Company, N.A.
Capital Group
GAM International Management, Ltd.
Genesis Investment Management, LLP
Lazard Asset Management, LLC
Putnam Advisory Company, LLC

## Fixed Income
Beach Point Capital
BlackRock Financial Management, Inc.
Brigade Capital Management, LP
Crescent Capital Group LP
Dodge & Cox
Dolan McEniry Capital Management, LLC
GW Capital, Inc.
LM Capital Group, LLC
Loomis, Sayles & Company, LP
Oaktree Capital Management, L.P.
Pacific Investment Management Company (PIMCO)
PENN Capital Management Company, Inc.
Principal Global Investors, LLC
Pugh Capital Management, Inc.
Sankaty Advisors, LLC
TCW Asset Management Company
Tennenbaum Capital Partners, LLC
Wells Capital Management
Western Asset Management Company

## Hedge Funds
Goldman Sachs Hedge Fund Strategies LLC
Grosvenor Capital Management, LP

## Private Equity
Gateway Private Equity Fund
GTB Capital Partners, LP
J.P. Morgan EMP

## Real Estate
Capri Capital Advisors, LLC
CBRE Global Investors
CityView
Clarion Partners
Cornerstone Real Estate Advisers, LLC
Deutsche Asset & Wealth Management
Europa Capital
Heitman Capital Management, LLC
Hunt Investment Management
Invesco Institutional (N.A.), Inc.
LaSalle Investment Management, Inc.
Phoenix Realty Group, LLC
ProLogis
Quadrant Real Estate Advisors, LLC
Realty Associates Advisors, LLC (TA)
Starwood Capital Group
Stockbridge Capital Group
The Carlyle Group
TriPacific Enterprises Residential Advisors (LOWE)
UrbanAmerica Advisors
Vanbarton Group

## Mortgage Loan Servicer
Ocwen Loan Servicing, LLC

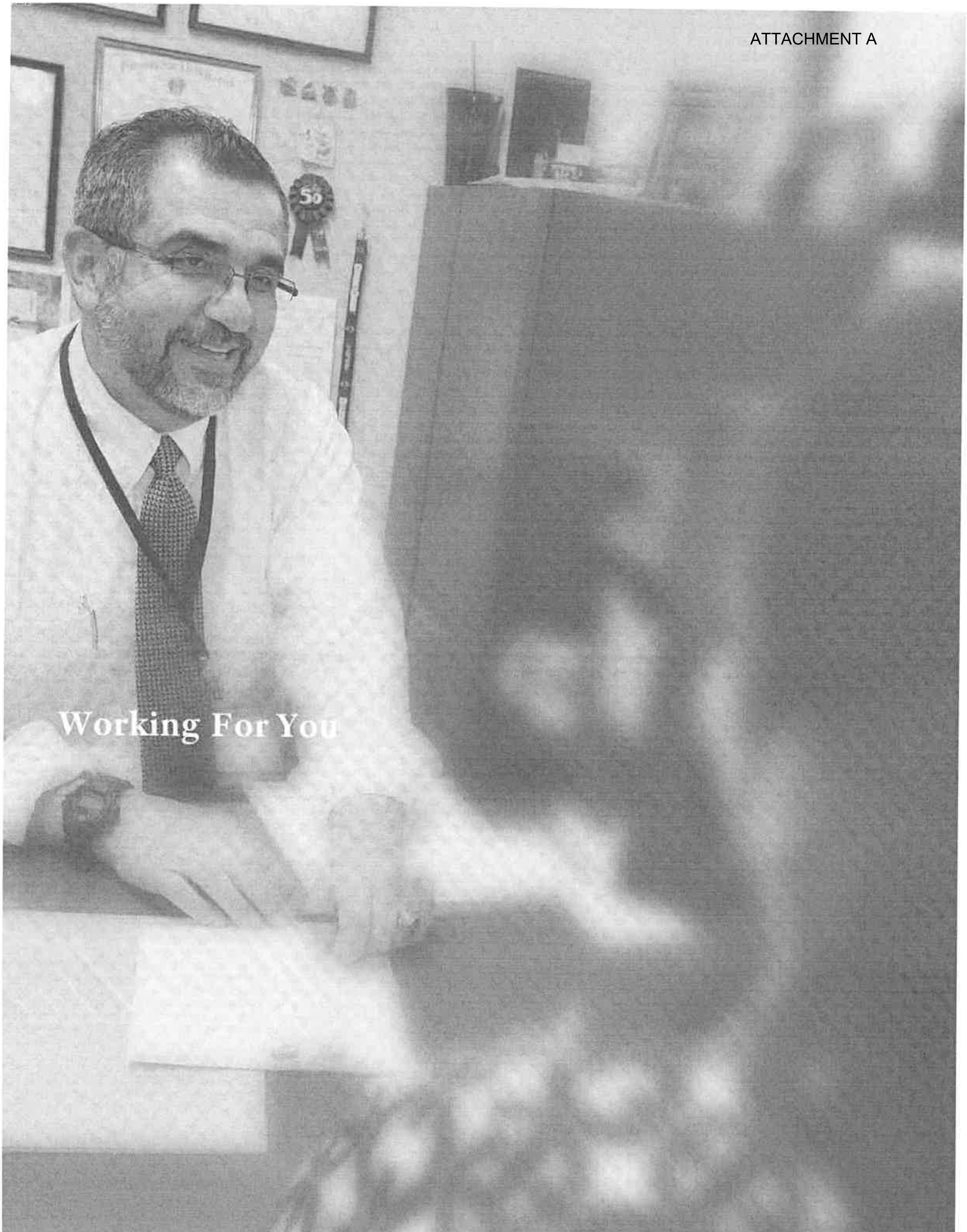
## Commodities
Credit Suisse Asset Management, LLC
Gresham Investment Management, LLC
Neuberger Berman Alternative Fund Management, LLC
Pacific Investment Management Company (PIMCO)

## Passive (Index Fund) Manager
BlackRock Institutional Trust Company, N.A.

## Securities Lending Program
State Street Corporation
State Street Bank & Trust Company of California, N.A.
Goldman Sachs Agency Lending (GSAL)

## Health Reserve Program
Standish Mellon Asset Management Company, LLC

ATTACHMENT A



ATTACHMENT A



## Service

At LACERA we're committed to customer service. It drives everything we do, from taking members' calls, responding to correspondence, leading workshops, and counseling individuals in one-on-one sessions to offering technology like My LACERA that makes connecting with retirement and performing account transactions easy.


Our Member Services Division mission: To explain complex retirement information accurately and clearly and to provide world-class service in a positive, supported, professional, and equitable manner through a variety of channels.

Our commitment to customer service motivates us as a team — Boards, Management, and Staff-to be our best.

## Introduction

The actuarial process at LACERA is governed by provisions in the County Employees Retirement Law of 1937 (CERL) §31453. This section requires LACERA to obtain an actuarial valuation at least once every three years. It further requires the Board of Investments to transmit its recommendations related to contribution rates to the County's Board of Supervisors. The Board of Supervisors adopts and adjusts contribution rates in accordance with LACERA's recommendations.

## Valuation Policy

LACERA's Board of Investments adopted the Retirement Benefit Funding Policy that requires annual adjustment of the employer contribution rates based on the annual valuation of LACERA's actuary. Milliman, the Plan actuary, performed the actuarial valuation as of June 30, 2014 and recommended changes to the employer and employee contribution rates.

In addition to the annual valuations, LACERA requires its actuary to review the reasonableness of the economic and non-economic actuarial assumptions every three years. This review, commonly referred to as the investigation of experience or experience study, is accomplished by comparing actual experience during the preceding three years to what was expected to happen according to the actuarial assumptions. Based on this review, the actuary recommends changes in the assumptions or methodology that will better project benefit liabilities and asset growth. The Board of Investments adopts, possibly with modification, the recommended assumptions and methods to be used in future valuations.

## Employee Contributions

As part of the experience study, the Plan actuary will recommend adjustments to employee rates, if necessary, due to changes in the underlying assumptions and methodologies used in calculating employee rates for age-based contributory Plan (General Plans A, B, C, and D, and Safety Plans A and B). Therefore, it is expected that the age-based employee rates will change no more frequently than every three years, when the actuary reviews the assumptions and methodologies.

For the Plans that use single-rate employee contribution rates (General Plan G and Safety Plan C), the Plan actuary is required to recommend rates that are one-half the normal cost rate. If there is a change in these plans' total normal cost, the actuary will recommend new employee rates.

## Employer Contributions

The members and employers are responsible for contributing to the cost of benefits to be earned each year. These contributions are known as normal cost contributions. The portion not funded by expected member contributions is the responsibility of the employers and is referred to as the employer normal cost. The actuary has recommended new employer normal cost contribution rates for all Plans.

The employers are responsible also for contributing for funding shortfalls related to liabilities accrued in the past including changes in the economic and non-economic assumptions impacting past service. This portion of the employer's contribution rate is known as the Unfunded Actuarial Accrued Liability (UAAL) contribution.

## Actuarial Cost Method

The entry age normal actuarial cost method is used for both funding requirements and financial reporting purposes. This method was approved by LACERA in 1999, as recommended by the consulting actuary. The entry age normal method allocates costs to each future year as a level percentage of payroll, which is ideal for employers to budget future costs.

## Audits

The valuation policy requires actuarial audits of retirement benefit valuations at regular intervals in the same cycle as LACERA's triennial experience study and valuation. With 2013 being a year where the triennial valuation and experience study was completed, the Plan audit actuary, The Segal Company (Segal), performed an audit of Milliman's 2013 experience study and valuation reports.

Segal concluded, "Milliman has employed generally accepted actuarial practices and principles in studying Plan experience, selecting assumptions, computing employer contribution rates, and presenting the results of their work. We believe that the actuarial assumptions as recommended by Milliman, as well as those approved by the Board of Investments are reasonable for use in LACERA's actuarial valuation." The audit of Milliman's valuation report "confirms that the actuarial calculations as of June 30, 2013 are reasonable and based on generally accepted actuarial principles and practices," according to Segal.

At their December 2014 meeting, the Board of Investments accepted the June 30, 2014 actuarial valuation report prepared by Milliman.

## Other Actuarial Information

Actuarially Determined Contributions: The Schedule of Contributions History–Pension Plan included in the Required Supplementary Information Section provides 10 years of actuarially determined contributions in relation to the actual contributions provided to the Pension Plan.

Actuarial Methods and Significant Assumptions: A description of the actuarial assumptions and methods for the Pension Plan Valuation used by the Pension Plan actuary are included in this Actuarial Section. In addition, Note E–Pension Actuarial Valuations provides a summary of the methods and assumptions used to prepare the Pension Plan (Retirement Benefits) Valuation Report, which determines the Pension Plan's funding requirements. The Notes to Required Supplementary Information discusses the actuarial methods and assumptions used for financial reporting and required GASB 67 disclosures. Any differences between the assumptions used for financial reporting and those applied for funding purposes are noted.

Summary of Plan Provisions: A Summary of Plan Provisions for the Retirement Benefits Plan is available upon request from LACERA.

The following additional information is included in this section:

- Actuary's Certification Letter – Pension Plan
- Actuary's Certification Letter – OPEB Program
- Summary of Actuarial Assumptions and Methods – Pension Plan
- Schedule of Funding Progress – Pension Plan
- Active Member Valuation Data
- Retirants and Beneficiaries Added To/Removed From Retiree Payroll – Pension Plan
- Retirants and Beneficiaries Added To/Removed From Benefits – OPEB Program
- Actuary Solvency Test – Pension Plan
- Actuarial Analysis of Financial Experience – Pension Plan
- Actuarial Analysis of Financial Experience – OPEB Program
- Probability of Occurrence

ATTACHMENT A

September 4, 2015

Milliman
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Board of Investments
Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 820
Pasadena, CA 91101-4199

Dear Members of the Board:

The basic financial goal of LACERA is to establish contributions that fully fund the System's liabilities and which, as a percentage of payroll, remain level for each generation of active members.* Annual actuarial valuations measure the progress toward this goal and test the adequacy of the contribution rates.

LACERA measures its funding status as the Funded Ratio, which is equal to the actuarial value of valuation assets over the actuarial accrued liabilities. The funding status based on the past three actuarial valuations is shown below:

| | |
|---|---|
| **Valuation Date:** June 30, 2012 | **Funded Ratio:** 76.8% |
| **Valuation Date:** June 30, 2013 | **Funded Ratio:** 75.0% |
| **Valuation Date:** June 30, 2014 | **Funded Ratio:** 79.5% |

It is our opinion that LACERA continues in sound financial condition as of June 30, 2014. Most of this year's increase in the Funded Ratio is due to the recognition of a portion of the deferred asset gains. Using the market value of assets on June 30, 2014, the Funded Ratio would be 86.0 percent. Currently, a net asset gain is being deferred.

LACERA's funding policy provides that the County's contributions are set equal to the normal cost rate, net of member contributions, plus the amortization payment of any Unfunded Actuarial Accrued Liability (UAAL) or minus the amortization of any Surplus Funding. A UAAL occurs if the Funded Ratio is less than 100 percent. Surplus Funding occurs when the Funded Ratio is greater than 100 percent. The amortization of the UAAL uses a layered 30-year approach. Under this approach, the UAAL, as of June 30, 2009, is amortized over a closed 30-year period. Each year thereafter, any increase or decrease in the UAAL is also amortized over a new 30-year closed period. If the Funded Ratio exceeds 100 percent, then any Surplus is amortized over an open 30-year period.

The current funding policy requires LACERA to consider all of the funds in the Contingency Reserve in excess of 1 percent of the market value of assets as part of the valuation assets. The STAR Reserve is also considered part of the valuation assets. The Board's policy does not include any corresponding liability for future STAR benefits in the valuation. Note that if all of the STAR Reserve funds were excluded from the valuation assets for funding purposes, the Funded Ratio on June 30, 2014 would decrease to 78.3 percent.

The June 30, 2014 valuation results are based on the membership data and the asset information provided by LACERA. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes, although we have not audited the data at the source. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is found to be materially inaccurate or incomplete, our calculations would need to be revised.

The valuation is also based on our understanding of LACERA's current benefit provisions and the actuarial assumptions that were reviewed and adopted by the Board of Investments. The funding assumptions were

*A further goal is to minimize employer contributions, consistent with the requirements of Article XVI, Section 17 of the California Constitution and §31595 of the California Government Code.

based on the triennial investigation of experience study report as of June 30, 2013 and adopted at the December 11, 2013 Board of Investments meeting. The assumptions used for financial reporting under GASB 67 are the same as the funding assumptions, with the following exceptions:

1) The discount rate of 7.63 percent is gross of administrative expenses;
2) The STAR COLA is treated as substantively automatic and valued to the extent it is projected to be paid in the future; and
3) The individual entry age normal cost method is used without modification.

The actuarial computations presented in the valuation report are for purposes of determining the recommended funding amounts for LACERA consistent with our understanding of their funding requirements and goals. The liabilities are determined by using the entry age normal funding method. The actuarial assets are determined by using a five-year smoothed recognition method of asset gains and losses, determined as the difference of the actual market value to the expected market value. We believe that the actuarial assumptions and methods are internally consistent, reasonable, and meet the parameters of GASB Statement No. 67 for fulfilling financial accounting requirements. Nevertheless, the emerging costs will vary from those presented in our report to the extent that actual experience differs from that projected by the actuarial assumptions. Future actuarial measurements may differ significantly from the current measurements as presented in the valuation report due to such factors as the following: experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in the program provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Our valuation report and this letter have been prepared exclusively for LACERA for a specific and limited purpose. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. It is a complex, technical analysis that assumes a high level of knowledge concerning LACERA's operations and uses LACERA's data, which Milliman has not audited. Any third-party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product but should engage qualified professionals for advice appropriate to its own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

Milliman prepared the following information for the actuarial and financial sections:

1) For the actuarial section, the Retirants and Beneficiaries Added to and Removed from Retiree Payroll – Pension Plan.
2) For Note E of the financial section, the Schedule of Net Pension Liability and Sensitivity Analysis.

Except as noted above, LACERA staff prepared the supporting schedules in this section and the information in Note E of the financial section, based on information supplied in prior actuarial reports and our June 30, 2014 actuarial valuation and GASB 67 Disclosure reports for the fiscal year ended June 30, 2014. Milliman has reviewed the information in Note E for accuracy.

We certify that the June 30, 2014 valuation was performed in accordance with the Actuarial Standards Board (ASB) standards of practice and by qualified actuaries. We are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

Sincerely,

Mark C Olleman

Mark C. Olleman, FSA, EA, MAAA
Consulting Actuary

Nick Collier

Nick J. Collier, ASA, EA, MAAA
Consulting Actuary

September 4, 2015

Milliman

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milliman.com

Board of Retirement
Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 820
Pasadena, CA 91101-4199

Dear Members of the Board:

Los Angeles County provides Other Postemployment Benefits (OPEB): retiree medical, dental/vision, and life insurance benefits to the retired Los Angeles County (County) workers who also participate in the Los Angeles County Employees Retirement Association (LACERA) retirement benefits program. These benefits are called the Los Angeles County OPEB Benefits Program, or the "Program." The Program provides these benefits on a "pay-as-you-go" basis. Biennial actuarial valuations provide the required financial disclosures for the Program.

A summary of the results of the past three actuarial valuations is shown below:

| Valuation Date | Actuarial Accrued Liability ($ billions) | Annual Required Contribution (ARC) as a Percentage of Payroll |
|---|---|---|
| July 1, 2010 | $24.03 | 28.79% |
| July 1, 2012 | $26.95 | 32.07% |
| July 1, 2014 | $28.55 | 31.82% |

The County's Board of Supervisors affirmed their support for pre-funding its OPEB liabilities by providing specific initial appropriations to the OPEB Trust Fund. Since the July 1, 2012 valuation, details of a long-term funding policy have been finalized. The July 1, 2014 valuation includes assets invested in the Trust.

Biennial actuarial valuations are expected. The first five valuations were as of July 1, 2006, July 1, 2008, July 1, 2010, July 1, 2012 and July 1, 2014. The next valuation is expected as of July 1, 2016.

In preparing the July 1, 2014 OPEB valuation report, we relied, without audit, on information (some oral and some in writing) supplied by Los Angeles County, LACERA, and Aon Hewitt. This information includes, but is not limited to, benefit descriptions, membership data, and financial information. We found this information to be reasonably consistent and comparable with data used for other purposes. The valuation results depend on the integrity of this information. In some cases, where the data was incomplete, we made assumptions as noted in Table C-11 of our July 1, 2014 valuation report. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

The valuation is also based on our understanding of the Program's current benefit provisions and the actuarial assumptions which were reviewed and adopted by the Board of Retirement. The retirement benefit related demographic and economic assumptions were based on those developed for the June 30, 2014 valuation of the LACERA's retirement benefit program, approved by LACERA's Board of Investments. Economic and relevant demographic assumptions from the retirement benefit investigation of experience, conducted by Milliman, are included in the July 1, 2014 OPEB valuation. Assumptions unique to OPEB were identified and evaluated in our 2013 OPEB investigation of experience study report as of June 30, 2013, approved by LACERA's Board of Retirement.

The actuarial computations presented in the valuation report are for purposes of fulfilling financial accounting requirements for LACERA. The liabilities are determined by using the projected unit credit actuarial cost method. We consider the actuarial assumptions and methods to be internally consistent, to represent a long-term perspective, and to be reasonable. We believe they also meet the parameters of Governmental Accounting Standards Board Statement No. 43 for fulfilling financial accounting requirements. Nevertheless, the emerging costs will vary from those presented in our report to the extent that actual experience differs from that projected by the actuarial assumptions. Future actuarial measurements may differ significantly from the current measurements presented in the valuation report due to such factors as the following: OPEB program experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in OPEB program provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Our valuation report and this letter have been prepared solely for a specific and limited purpose. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. It is a complex, technical analysis that assumes a high level of knowledge concerning LACERA's operations and uses LACERA's data, which Milliman has not audited. Any third-party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product but should engage qualified professionals for advice appropriate to its own specific needs.

The consultants who worked on this assignment are employee benefit actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

Milliman prepared the following information for the actuarial section:

1. Retirees and Beneficiaries Added to and Removed from Benefits – OPEB Program.
2. Actuarial Analysis of Financial Experience – OPEB Program.

Except as noted above, LACERA staff prepared the supporting schedules in this section and the information in Note N of the financial section and the Required Supplementary Information, based on information supplied in prior actuarial reports and our July 1, 2014 actuarial valuation. Milliman has reviewed the information in Note N for accuracy.

We certify that the July 1, 2014 valuation was performed in accordance with the Actuarial Standards Board (ASB) standards of practice and by qualified actuaries. We are members of the American Academy of Actuaries and have experience in performing valuations for public OPEB programs.

Sincerely,

Robert L. Schmidt, FSA, EA, MAAA
Consulting Actuary

Janet O. Jennings, ASA, MAAA
Associate Actuary

RLS/PAP

| | |
|---|---|
| **Actuarial Assumptions and Methods** | Recommended by the Consulting Actuary and adopted by the Board of Investments. The actuarial assumptions used to determine the liabilities are based on the results of the 2013 triennial investigation of experience study (experience study). In December 2013, the Board of Investments adopted a decrease in the investment return and other economic assumptions.<br><br>In 2009, the Board of Investments adopted a new Retirement Benefit Funding Policy (Funding Policy). Under the Funding Policy, modifications to the asset valuation and amortization methods were adopted beginning with the June 30, 2009 actuarial valuation. The Funding Policy was amended in February 2013 to conform with the new standards mandated in the PEPRA and to specify that the Supplemental Targeted Adjustment for Retirees Reserve (STAR) should be included with the valuation assets on an ongoing basis. |
| **Actuarial Cost Method** | Entry Age Normal. |
| **Actuarial Asset Valuation Method** | The assets are valued using a five-year smoothed method based on the difference between expected and actual market value of assets as of the valuation date. The expected market value is the prior year's market value increased with the net cash flow of funds, all increased with interest during the past fiscal year at the expected investment return rate assumption. The five-year smoothing valuation basis for all assets was adopted beginning with the June 30, 2009 valuation.<br><br>For the June 30, 2014 valuation, the Board of Investments approved including the STAR Reserve as part of the 2014 valuation assets. The inclusion of the STAR Reserve in the valuation assets was formalized for the current and future actuarial valuations in the February 2013 amendment to LACERA's Funding Policy. |
| **Amortization of Unfunded Actuarial Accrued Liability (UAAL) or Funding Surplus** | In accordance with LACERA's Funding Policy, the County's contributions are set equal to the normal cost rate, net of expected member contributions for the next year, plus amortization of any UAAL or Surplus Funding. A UAAL occurs if the Funded Ratio is less than 100 percent. Surplus Funding occurs if the Funded Ratio is greater than 100 percent.<br><br>The amortization of the UAAL beginning with the June 30, 2009 valuation is funded over a closed 30-year period. Any future unanticipated changes in the UAAL, such as assumption changes or actuarial gains and losses, are amortized over new closed 30-year periods beginning with the June 30, 2010 valuation. This approach is often referred to as a "layered amortization method." The employer contribution rate is not allowed to be less than the rate if LACERA amortized the total UAAL over a 30-year period. If the Funded Ratio is greater than 120 percent in future valuations, the amortization of any Surplus Funding is funded over an open or "rolling" 30-year period. If the Funded Ratio is between 100 and 120 percent, only the employer normal cost rate is contributed. |
| **Amortization of Gains and Losses** | Actuarial gains and losses are reflected in the UAAL or Surplus Funding. The original UAAL, beginning with the June 30, 2009 valuation, is amortized over a closed 30-year period. Future gains and losses are amortized over new closed 30-year periods, referred to as layered amortization. For the June 30, 2014 valuation, six amortization layers were used to calculate the total amortization payment beginning July 1, 2015. |

| | |
|---|---|
| **Investment Rate of Return** | Future investment earnings are assumed to accrue at an annual rate of 7.5 percent, compounded annually, net of both investment and administrative expenses. This rate was adopted beginning with the June 30, 2013 valuation. |
| **Projected Salary Increases** | Rates of annual salary increases assumed for the purpose of the valuation range from 3.76 percent to 9.71 percent. In addition to increases in salary due to promotions and longevity, the increases include an assumed 3.5 percent per annum rate of increase in the general wage level of membership. Increases are assumed to occur mid-year (i.e., January 1) and apply only to base salary, excluding Megaflex compensation. The mid-year timing reflects that salary increases occur throughout the year, or on average, mid-year. For plans with a one-year final average compensation period, actual average annual compensation is used. These rates were adopted beginning with the June 30, 2013 valuation. |
| **Post-Retirement Benefit Increases** | Post-retirement benefit increases of either 3.0 percent or 2.0 percent per year are assumed for the valuation in accordance with the benefits provided. These adjustments, which are based on the Consumer Price Index (CPI), are assumed payable each year in the future, as they are less than the expected increase in the CPI of 3.0 percent per year. This rate was adopted beginning with the June 30, 2013 valuation.<br><br>Plan E members receive a prorated post-retirement benefit increase of 2.0 percent for service credit earned after June 4, 2002. The portion payable is based on a ratio of the member's years of service earned after June 4, 2002, to his/her total years of service. The portion of the full 2.0 percent increase not provided for may be purchased by the member. |
| **Consumer Price Index** | Increase of 3.0 percent per annum. This rate was adopted beginning with the June 30, 2013 valuation. |
| **Rates of Separation From Employment** | Various rates dependent upon member's age, sex, and retirement plan. Each rate represents the probability that a member will separate from service at each age due to the particular cause. These rates of separation from active service were adopted beginning with the June 30, 2013 valuation. |
| **Expectation of Life After Retirement** | The same post-retirement mortality rates are used in the valuation for active members, members retired from service, and beneficiaries. Current beneficiary mortality is assumed to be the same as healthy members of the same sex. Future beneficiaries are assumed to be of the opposite sex and have the same mortality as general members.<br><br>**Males:**<br>**General Members:** RP-2000 Combined Mortality Table for Males, projected to 2025 using Projection Scale AA, with ages set back one year.<br>**Safety Members:** RP-2000 Combined Mortality Table for Males, projected to 2025 using Projection Scale AA, with ages set back two years.<br><br>**Females:**<br>**General Members:** RP-2000 Combined Mortality Table for Females, projected to 2025 using Projection Scale AA, with ages set back one year.<br>**Safety Members:** RP-2000 Combined Mortality Table for Females, projected to 2025 using Projection Scale AA, with ages set back one year.<br><br>These rates were adopted beginning with the June 30, 2013 valuation. |

| | |
|---|---|
| **Expectation of Life After Disability** | **Males:**<br>**General Members:** Average of RP-2000 Combined and Disabled Mortality Tables for Males, projected to 2025 using Projection Scale AA, with ages set back one year.<br>**Safety Members:** RP-2000 Combined Mortality Table for Males, projected to 2025 using Projection Scale AA, with no age adjustment.<br><br>**Females:**<br>**General Members:** Average of RP-2000 Combined and Disabled Mortality Table for Females, projected to 2025 using Projection Scale AA, with ages set back one year.<br>**Safety Members:** RP-2000 Combined Mortality Table for Females, projected to 2025 using Projection Scale AA, with no age adjustment.<br><br>These rates were adopted for the June 30, 2013 valuation. |
| **Recent Changes and Their Financial Impact** | An experience study was performed by the consulting actuary for the three-year period ended June 30, 2013. The Board of Investments adopted the demographic assumptions as recommended in that report, as well as reductions in the economic assumptions. Changes to those assumptions and other financial impacts are discussed below.<br><br>**STAR Reserve:** The STAR Reserve is included in the 2014 valuation assets. There is no corresponding liability for future potential STAR benefits included in the valuation. The inclusion of the STAR Reserve in the valuation assets was formalized for the current and future actuarial valuations in the February 2013 amendment to LACERA's Funding Policy.<br><br>**Employer Contributions:** The total required employer contribution rate calculated in the 2014 valuation decreased over the prior year by 2.01 percent of payroll. The most significant factor causing this decrease was the recognition of asset gains from the current and prior years, which resulted in a 1.43 percent decrease. Additionally, Cost-of-Living Adjustments (COLAs) less than assumed and salary increases less than assumed caused further decreases in the employer rate.<br><br>**Member Contributions:** New member contribution rates for General Plan G and Safety Plan C were implemented based on the new plan normal cost rates calculated in the 2014 actuarial valuation. The General Plan G member rate decreased from 7.63 percent to 7.62 percent, while the Safety Plan C member rate increased from 13.39 percent to 13.42 percent, effective July 1, 2015.<br><br>**Funding:** The recognition of deferred asset gains from the current and prior years caused a 3.0 percent increase in the Funded Ratio. Additionally, the salary increases and COLA increases less than assumed caused further increases to the Funded Ratio. In total, the Funded Ratio increased from 75.0 percent in the June 30, 2013 valuation to 79.5 percent in the June 30, 2014 valuation due to these changes. |

See Note N — OPEB Program in the Financial Section for a Summary of Actuarial Assumptions and Methods for the OPEB Program.

## Schedule of Funding Progress — Pension Plan

(Dollars in Thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)* (b) | Unfunded Actuarial Accrued Liability (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|---|---|---|---|---|---|---|
| June 30, 2005 | $29,497,485 | $34,375,949 | $4,878,464 | 85.8% | $4,982,084 | 97.9% |
| June 30, 2006 | 32,819,725 | 36,258,929 | 3,439,204 | 90.5% | 5,205,802 | 66.1% |
| June 30, 2007 | 37,041,832 | 39,502,456 | 2,460,624 | 93.8% | 5,615,736 | 43.8% |
| June 30, 2008 | 39,662,361 | 41,975,631 | 2,313,270 | 94.5% | 6,123,888 | 37.8% |
| June 30, 2009 | 39,541,865 | 44,468,636 | 4,926,771 | 88.9% | 6,547,616 | 75.2% |
| June 30, 2010 | 38,839,392 | 46,646,838 | 7,807,446 | 83.3% | 6,695,439 | 116.6% |
| June 30, 2011 | 39,193,627 | 48,598,166 | 9,404,539 | 80.6% | 6,650,674 | 141.4% |
| June 30, 2012 | 39,039,364 | 50,809,425 | 11,770,061 | 76.8% | 6,619,816 | 177.8% |
| June 30, 2013 | 39,932,416 | 53,247,776 | 13,315,360 | 75.0% | 6,595,902 | 201.9% |
| **June 30, 2014** | **43,654,462** | **54,942,453** | **11,287,991** | **79.5%** | **6,672,228** | **169.2%** |

*Using the Entry Age Normal actuarial cost method.

## Active Member Valuation Data

| Valuation Date | Plan Type | Member Count | Annual Salary* | Average Annual Salary | % Increase/ Decrease in Average Salary |
|---|---|---|---|---|---|
| June 30, 2005 | General | 75,167 | $4,046,526,732 | $53,834 | 1.53% |
| | Safety | 11,217 | 904,864,212 | 80,669 | 3.94% |
| | **Total** | **86,384** | **$4,951,390,944** | **$57,318** | **1.86%** |
| June 30, 2006 | General | 77,167 | $4,267,148,748 | $55,298 | 2.72% |
| | Safety | 11,464 | 969,379,404 | 84,559 | 4.82% |
| | **Total** | **88,631** | **$5,236,528,152** | **$59,082** | **3.08%** |
| June 30, 2007 | General | 79,829 | $4,673,126,964 | $58,539 | 5.86% |
| | Safety | 12,267 | 1,103,924,952 | 89,991 | 6.42% |
| | **Total** | **92,096** | **$5,777,051,916** | **$62,729** | **6.17%** |
| June 30, 2008 | General | 81,664 | $5,016,720,948 | $61,431 | 4.94% |
| | Safety | 12,828 | 1,187,406,768 | 92,564 | 2.86% |
| | **Total** | **94,492** | **$6,204,127,716** | **$65,658** | **4.67%** |
| June 30, 2009 | General | 82,878 | $5,347,558,596 | $64,523 | 5.03% |
| | Safety | 12,910 | 1,239,655,092 | 96,023 | 3.74% |
| | **Total** | **95,788** | **$6,587,213,688** | **$68,769** | **4.74%** |
| June 30, 2010 | General | 81,413 | $5,318,137,692 | $65,323 | 1.24% |
| | Safety | 12,997 | 1,257,305,532 | 96,738 | 0.75% |
| | **Total** | **94,410** | **$6,575,443,224** | **$69,648** | **1.28%** |
| June 30, 2011 | General | 80,145 | $5,295,354,528 | $66,072 | 1.15% |
| | Safety | 12,641 | 1,239,553,116 | 98,058 | 1.36% |
| | **Total** | **92,786** | **$6,534,907,644** | **$70,430** | **1.12%** |
| June 30, 2012 | General | 79,467 | $5,271,580,728 | $66,337 | 0.40% |
| | Safety | 12,485 | 1,229,922,420 | 98,512 | 0.46% |
| | **Total** | **91,952** | **$6,501,503,148** | **$70,705** | **0.39%** |
| June 30, 2013 | General | 79,006 | $5,253,152,532 | $66,491 | 0.23% |
| | Safety | 12,539 | 1,234,902,228 | 98,485 | -0.03% |
| | **Total** | **91,545** | **$6,488,054,760** | **$70,873** | **0.24%** |
| **June 30, 2014** | **General** | **79,943** | **$5,487,670,164** | **$68,645** | **3.24%** |
| | **Safety** | **12,523** | **1,252,867,272** | **100,045** | **1.58%** |
| | **Total** | **92,466** | **$6,740,537,436** | **$72,897** | **2.86%** |

*Active Member Valuation Annual Salary is an annualized compensation of only those members who were active on the actuarial valuation date. Covered Payroll includes compensation paid to all active employees, on which contributions are calculated.

## Retirants and Beneficiaries Added to and Removed From Retiree Payroll — Pension Plan

| | Added to Rolls | | Removed From Rolls | | Rolls at End of Year | | | |
|---|---|---|---|---|---|---|---|---|
| Valuation Date | Member Count | Annual Allowance (in 000s) | Member Count | Annual Allowance (in 000s) | Member Count | Annual Allowance[1] (in 000s) | % Increase in Retiree Allowance | Average Annual Allowance |
| June 30, 2005 | 2,855 | $102,903 | (1,418) | $(17,465) | 49,769 | $1,645,490 | 7.07% | $33,063 |
| June 30, 2006 | 3,007 | 104,405 | (1,784) | (33,101) | 50,992 | 1,768,706 | 7.49% | 34,686 |
| June 30, 2007 | 2,015 | 79,955 | (1,615) | (35,054) | 51,392 | 1,858,225 | 5.06% | 36,158 |
| June 30, 2008 | 2,759 | 167,753[2] | (1,801) | (47,103) | 52,350 | 1,978,875 | 6.49% | 37,801 |
| June 30, 2009 | 2,505 | 157,469[2] | (1,786) | (50,619) | 53,069 | 2,085,725 | 5.40% | 39,302 |
| June 30, 2010 | 2,947 | 188,724[2] | (1,820) | (54,105) | 54,196[3] | 2,220,344 | 6.45% | 40,969 |
| June 30, 2011 | 3,134 | 185,204[2] | (1,959) | (62,923) | 55,371 | 2,342,625 | 5.51% | 42,308 |
| June 30, 2012 | 3,194 | 193,865[2] | (1,795) | (61,588) | 56,770 | 2,474,902 | 5.65% | 43,595 |
| June 30, 2013 | 3,373 | 205,659[2] | (2,057) | (69,494) | 58,086 | 2,611,067 | 5.50% | 44,952 |
| **June 30, 2014** | **3,128** | **172,743[2]** | **(1,985)** | **(71,730)** | **59,229** | **2,712,080** | **3.87%** | **45,790** |

NOTES:

[1]Annual allowance is the monthly benefit allowance annualized for those members counted as of June 30.

[2]Includes COLAs that occurred during the fiscal year and therefore were not included in the previous years' Annual Allowance totals.

[3]For the June 30, 2010 actuarial valuation, Member Count includes 25 beneficiaries of recently deceased retirees who due to timing at year end, are not yet included in the total Retired Members count disclosed in Note A - Plan Description.

## Retirants and Beneficiaries Added to and Removed From Benefits — OPEB Program

| | Added to Rolls | | Removed From Rolls | | Rolls at End of Year | | | |
|---|---|---|---|---|---|---|---|---|
| Valuation Date* | Member Count | Annual Allowance** (in 000s) | Member Count | Annual Allowance (in 000s) | Member Count | Annual Allowance (in 000s) | % Increase in Retiree Allowance | Average Annual Allowance |
| July 1, 2010 | — | — | — | — | 43,936 | $391,979 | — | $8,922 |
| July 1, 2012 | 5,336 | 56,982 | (3,070) | (25,497) | 46,202 | 423,464 | 8.03% | 9,165 |
| **July 1, 2014** | **5,335** | **89,205** | **(3,369)** | **(29,925)** | **48,168** | **482,744** | **14.00%** | **10,022** |

*Includes changes for continuing retirees and beneficiaries.

**Schedule is intended to show information for six years. Additional years will be displayed as they become available prospectively.

## Actuary Solvency Test — Pension Plan

(Dollars in Millions)

| | Actuarial Accrued Liability (AAL) | | | | Percentage of AAL Covered by Assets | | |
|---|---|---|---|---|---|---|---|
| Valuation Date | (1) Active Member Contributions | (2) Retired/ Vested Member Contributions | (3) Employer Financed Portion | Actuarial Value of Valuation Assets | (1) Active | (2) Retired | (3) Employer |
| June 30, 2005 | $4,308 | $20,238 | $9,829 | $29,497 | 100% | 100% | 50% |
| June 30, 2006 | 4,628 | 21,377 | 10,254 | 32,820 | 100% | 100% | 66% |
| June 30, 2007 | 4,852 | 22,398 | 12,253 | 37,042 | 100% | 100% | 80% |
| June 30, 2008 | 5,279 | 23,730 | 12,966 | 39,662 | 100% | 100% | 82% |
| June 30, 2009 | 5,795 | 24,692 | 13,982 | 39,542 | 100% | 100% | 65% |
| June 30, 2010 | 6,278 | 26,220 | 14,148 | 38,839 | 100% | 100% | 45% |
| June 30, 2011 | 6,529 | 27,559 | 14,511 | 39,194 | 100% | 100% | 35% |
| June 30, 2012 | 6,961 | 29,118 | 14,730 | 39,039 | 100% | 100% | 20% |
| June 30, 2013 | 7,837 | 30,980 | 14,430 | 39,932 | 100% | 100% | 8% |
| **June 30, 2014** | **8,354** | **31,882** | **14,706** | **43,654** | **100%** | **100%** | **23%** |

## Actuarial Analysis of Financial Experience — Pension Plan
(Dollars in Millions)

| | Valuation as of June 30 | | | | | |
|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Prior Valuation Unfunded Actuarial Accrued Liability | $2,313 | $4,927 | $7,807 | $9,405 | $11,770 | $13,315 |
| Expected Increase (Decrease) from Prior Valuation | (78) | 333 | 565 | 772 | 1,380 | 338 |
| Salary Increases Greater (Less) than Expected | 380 | (353) | (579) | (629) | (563) | (291) |
| CPI Less than Expected | (4) | (29) | (215) | (181) | (190) | (427) |
| Asset Return Less (Greater) than Expected | 2,465 | 2,879 | 1,761 | 2,337 | 893 | (1,664) |
| All Other Experience | (149) | 50 | 66 | 66 | 25 | 17 |
| **Ending Unfunded Actuarial Accrued Liability** | **$4,927** | **$7,807** | **$9,405** | **$11,770** | **$13,315** | **$11,288** |

## Actuarial Analysis of Financial Experience — OPEB Program
(Dollars in Billions)

| | Valuation as of July 1 | | | |
|---|---|---|---|---|
| | 2008 | 2010 | 2012 | 2014 |
| Prior Valuation Unfunded Actuarial Accrued Liability | $21.22 | $21.86 | $24.03 | $26.95 |
| Expected Increase (Decrease) from Prior Valuation | 3.34 | 3.48 | 3.77 | 3.68 |
| Claim Costs Greater (Less) than Expected* | (3.13) | (1.27) | (4.60) | (4.50) |
| Change in Assumptions | 0.53 | 0.29 | 4.15 | 2.47 |
| All Other Experience | (0.10) | (0.33) | (0.40) | (0.05) |
| **Ending Unfunded Actuarial Accrued Liability** | **$21.86** | **$24.03** | **$26.95** | **$28.55** |

*Includes the trend assumption change.

## Plans A, B, and C General Members

| Age | Service Retirement | Service Disability | Ordinary Disability | Service Death | Ordinary Death | Other Terminations |
|---|---|---|---|---|---|---|
| **Male** | | | | | | |
| 20 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0002 | 0.0050 |
| 30 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0004 | 0.0050 |
| 40 | 0.0300 | 0.0006 | 0.0002 | N/A | 0.0009 | 0.0050 |
| 50 | 0.0300 | 0.0014 | 0.0004 | N/A | 0.0014 | 0.0050 |
| 60 | 0.2600 | 0.0036 | 0.0010 | N/A | 0.0037 | 0.0050 |
| 70 | 0.2800 | 0.0042 | 0.0025 | N/A | 0.0071 | 0.0050 |
| 75 | 1.0000 | 0.0000 | 0.0000 | N/A | 0.0000 | 0.0000 |
| **Female** | | | | | | |
| 20 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 | 0.0050 |
| 30 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0002 | 0.0050 |
| 40 | 0.0300 | 0.0005 | 0.0002 | N/A | 0.0004 | 0.0050 |
| 50 | 0.0300 | 0.0012 | 0.0004 | N/A | 0.0009 | 0.0050 |
| 60 | 0.2600 | 0.0024 | 0.0010 | N/A | 0.0032 | 0.0050 |
| 70 | 0.2800 | 0.0052 | 0.0025 | N/A | 0.0061 | 0.0050 |
| 75 | 1.0000 | 0.0000 | 0.0000 | N/A | 0.0078 | 0.0000 |

## Plans D and G General Members

| Age | Service Retirement | Service Disability | Ordinary Disability | Service Death | Ordinary Death | Years of Service | Other Terminations |
|---|---|---|---|---|---|---|---|
| **Male** | | | | | | | |
| 20 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0002 | 5 | 0.0233 |
| 30 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0004 | 10 | 0.0170 |
| 40 | 0.0200 | 0.0006 | 0.0002 | N/A | 0.0009 | 15 | 0.0120 |
| 50 | 0.0200 | 0.0014 | 0.0004 | N/A | 0.0014 | 20 | 0.0076 |
| 60 | 0.0600 | 0.0036 | 0.0010 | N/A | 0.0037 | 25 | 0.0048 |
| 70 | 0.2000 | 0.0042 | 0.0025 | N/A | 0.0071 | 30 & up | 0.0000 |
| 75 | 1.0000 | 0.0042 | 0.0000 | N/A | 0.0119 | — | — |
| **Female** | | | | | | | |
| 20 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 | 5 | 0.0233 |
| 30 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0002 | 10 | 0.0170 |
| 40 | 0.0200 | 0.0005 | 0.0002 | N/A | 0.0004 | 15 | 0.0120 |
| 50 | 0.0200 | 0.0012 | 0.0004 | N/A | 0.0009 | 20 | 0.0076 |
| 60 | 0.0600 | 0.0024 | 0.0010 | N/A | 0.0029 | 25 | 0.0048 |
| 70 | 0.2000 | 0.0052 | 0.0025 | N/A | 0.0061 | 30 & up | 0.0000 |
| 75 | 1.0000 | 0.0000 | 0.0000 | N/A | 0.0078 | — | — |

## Plan E General Members

| Age | Service Retirement | Service Disability | Ordinary Disability | Service Death | Ordinary Death | Years of Service | Other Terminations |
|---|---|---|---|---|---|---|---|
| **Male** | | | | | | | |
| 20 | 0.0000 | N/A | N/A | N/A | 0.0002 | 5 | 0.0277 |
| 30 | 0.0000 | N/A | N/A | N/A | 0.0004 | 10 | 0.0200 |
| 40 | 0.0000 | N/A | N/A | N/A | 0.0009 | 15 | 0.0162 |
| 50 | 0.0000 | N/A | N/A | N/A | 0.0014 | 20 | 0.0132 |
| 60 | 0.0450 | N/A | N/A | N/A | 0.0037 | 25 | 0.0108 |
| 70 | 0.2000 | N/A | N/A | N/A | 0.0071 | 30 & up | 0.0100 |
| 75 | 1.0000 | N/A | N/A | N/A | 0.0119 | | |
| **Female** | | | | | | | |
| 20 | 0.0000 | N/A | N/A | N/A | 0.0001 | 5 | 0.0277 |
| 30 | 0.0000 | N/A | N/A | N/A | 0.0002 | 10 | 0.0200 |
| 40 | 0.0000 | N/A | N/A | N/A | 0.0004 | 15 | 0.0162 |
| 50 | 0.0000 | N/A | N/A | N/A | 0.0009 | 20 | 0.0132 |
| 60 | 0.0450 | N/A | N/A | N/A | 0.0029 | 25 | 0.0108 |
| 70 | 0.2000 | N/A | N/A | N/A | 0.0061 | 30 & up | 0.0100 |
| 75 | 1.0000 | N/A | N/A | N/A | 0.0078 | — | — |

## Plans A, B, and C Safety Members

| Age | Service Retirement | Service Disability | Ordinary Disability | Service Death | Ordinary Death | Years of Service | Other Terminations |
|---|---|---|---|---|---|---|---|
| **Male** | | | | | | | |
| 20 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0002 | 5 | 0.0113 |
| 30 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0003 | 10 | 0.0076 |
| 40 | 0.0100 | 0.0041 | 0.0000 | 0.0001 | 0.0007 | 15 | 0.0042 |
| 50 | 0.0100 | 0.0090 | 0.0000 | 0.0001 | 0.0011 | 20 & up | 0.0000 |
| 60 | 1.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0019 | — | — |
| **Female** | | | | | | | |
| 20 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | 5 | 0.0113 |
| 30 | 0.0000 | 0.0046 | 0.0000 | 0.0001 | 0.0002 | 10 | 0.0076 |
| 40 | 0.0100 | 0.0095 | 0.0000 | 0.0001 | 0.0004 | 15 | 0.0042 |
| 50 | 0.0100 | 0.0203 | 0.0000 | 0.0001 | 0.0009 | 20 & up | 0.0000 |
| 60 | 1.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0029 | — | — |

ATTACHMENT A

## Investments

As a premier retirement association, LACERA's investment strategy is multifaceted to ensure the security of the Fund. Our Board of Investments is responsible for establishing LACERA's investment policy and objectives in addition to exercising authority and control over the investment management of the Funds, guiding our internal Investments Office in its activities. This structure enables us to pay the promised benefits, generation after generation.


Our Investment Office's role is to oversee, administer, and implement the Board of Investments' policies and decisions. In doing so, they develop and recommend investment and risk management strategies that help the pension Fund achieve its objectives.

The Investment Office helps make it possible for LACERA to fulfill our collective mission: To produce, protect, and provide the promised benefits.

The objective of the Statistical Section is to provide historical perspective, context, and detail to assist in utilizing the Basic Financial Statements, Notes to the Basic Financial Statements, and Required Supplementary Information to understand and assess LACERA's economic condition. Statistical data is maintained by LACERA's in-house member information system, commonly referred to as Member Workspace (Workspace). Workspace is a sophisticated data management system where member-specific information resides and comprehensive plan membership records are actively maintained by LACERA. For the fiscal year-end, membership information is generated and reported so that the status of each member (active, retired, deferred, etc.) is the most current information available to report.

The Statistical Information provided here is divided into two main categories: Financial Trends Information and Operating Information.

Financial Trends Information is intended to assist readers in understanding how LACERA's financial position has changed over time. *Changes in Fiduciary Net Position — Pension Plan and Changes in Fiduciary Net Position — OPEB Trust* present additions by source, deductions by type, and the total change in Fiduciary Net Position for each year. *Pension Benefit Expenses by Type* presents retirement benefits, lump-sum death/burial benefits, and refund deductions by type of benefit, such as Service Retiree and Disability Retiree, as well as by General and Safety benefits.

Operating Information provides contextual information about LACERA's operations and membership to assist readers in using financial statement information to comprehend and evaluate LACERA's fiscal condition. *Active and Deferred Members* provides membership statistics for active vested and non-vested members as well as for deferred members. *Retired Members by Type of Pension Benefit* and the *Retired Members by Type of OPEB Benefit* present benefit information for the current year by benefit type and dollar levels. *Schedule of Average Pension Benefit Payments* presents the average monthly benefit, average final salary, and number of retired members, organized in five-year increments of credited service. *Active Members and Participating Pension Employers* presents the employers and their corresponding covered employees. *Retired Members of Participating OPEB Employers* presents the number of covered members by medical or dental/vision benefits. The *Employer Contribution Rates* are provided as additional information. Finally, the *Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment (STAR COLA) Program Cost* schedule trends the Program's cost through June 30, 2015.

## Changes in Fiduciary Net Position — Pension Plan

**Last Ten Fiscal Years**
(Dollars in Thousands)

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Additions** | | | | | |
| Employer Contributions | $676,667 | $751,928 | $788,029 | $831,671 | $843,704 |
| Member Contributions | 296,176 | 347,701 | 414,752 | 415,545 | 429,612 |
| Net Investment Income/(Loss) | 4,092,410 | 6,487,184 | (1,426,117) | (7,407,790) | 3,840,401 |
| Miscellaneous | 1,582 | 1,803 | 1,767 | 1,221 | 868 |
| **Total Additions/(Declines)** | **5,066,835** | **7,588,616** | **(221,569)** | **(6,159,353)** | **5,114,585** |
| **Deductions** | | | | | |
| Total Benefit Expenses* | 1,798,463 | 1,792,654 | 1,913,272 | 2,016,364 | 2,130,738 |
| Administrative Expenses | 42,469 | 43,880 | 48,223 | 49,730 | 48,892 |
| Miscellaneous | 75 | 197 | 371 | 243 | 48 |
| **Total Deductions** | **1,841,007** | **1,836,731** | 1,961,866 | **2,066,337** | **2,179,678** |
| Transfer to OPEB Agency Fund** | 66,344 | 29,368 | — | — | — |
| **Net Increase/(Decrease) in Fiduciary Net Position** | **$3,159,484** | **$5,722,517** | **$(2,183,435)** | **$(8,225,690)** | **$2,934,907** |

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| **Additions** | | | | | |
| Employer Contributions | $944,174 | $1,078,929 | $723,195 | $1,320,442 | **$1,494,975** |
| Member Contributions | 463,743 | 506,758 | 679,572 | 439,001 | **441,258** |
| Net Investment Income/(Loss) | 6,930,358 | (291,009) | 4,659,015 | 6,908,412 | **1,989,358** |
| Miscellaneous | 591 | 1,004 | 385 | 2,256 | **1,695** |
| **Total Additions/(Declines)** | **8,338,866** | **1,295,682** | **6,062,167** | **8,670,111** | **3,927,286** |
| **Deductions** | | | | | |
| Total Benefit Expenses* | 2,269,791 | 2,390,598 | 2,541,351 | 2,662,401 | **2,768,410** |
| Administrative Expenses | 50,605 | 50,218 | 53,863 | 58,723 | **62,591** |
| Miscellaneous | 347 | 121 | 190 | 229 | **212** |
| **Total Deductions** | **2,320,743** | **2,440,937** | **2,595,404** | **2,721,353** | **2,831,213** |
| Transfer to OPEB Agency Fund** | — | — | — | — | — |
| **Net Increase/(Decrease) in Fiduciary Net Position** | **$6,018,123** | **$(1,145,255)** | **$3,466,763** | **$5,948,758** | **$1,096,073** |

*See *Pension Benefit Expenses by Type*.
**GASB Statement No. 43 implementation.

ATTACHMENT A

## Changes in Fiduciary Net Position — OPEB Trust
(Dollars in Thousands)

| | 2015 | 2014 | 2013* |
|---|---|---|---|
| **Additions** | | | |
| Employer Contributions | — | — | $448,819 |
| Member Contributions | — | — | — |
| Net Investment Income | 4,688 | 35,113 | 209 |
| Miscellaneous | — | — | — |
| Total Additions | 4,688 | 35,113 | 449,028 |
| **Deductions** | | | |
| Premium Expense | — | — | — |
| Administrative Expense | 153 | 144 | 173 |
| Miscellaneous | — | — | — |
| Total Deductions | 153 | 144 | 173 |
| **Net Increase in Fiduciary Net Position** | **$4,535** | **$34,969** | **$448,855** |

*Trend Information: Schedule will ultimately show information for 10 years. Additional years will be displayed as they become available prospectively.

## Pension Benefit Expenses by Type

Last Ten Fiscal Years
(Dollars in Thousands)

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Service Retiree Payroll** | | | | | |
| General | $1,072,193 | $1,087,908 | $1,162,474 | $1,221,671 | $1,295,574 |
| Safety | 234,565 | 228,779 | 242,948 | 269,893 | 291,796 |
| **Total** | **1,306,758** | **1,316,687** | **1,405,422** | **1,491,564** | **1,587,370** |
| **Disability Retiree Payroll** | | | | | |
| General | 135,397 | 133,361 | 139,390 | 141,821 | 144,861 |
| Safety | 335,226 | 322,979 | 341,158 | 361,235 | 377,429 |
| **Total** | **470,623** | **456,340** | **480,548** | **503,056** | **522,290** |
| **Total Retiree Payroll** | | | | | |
| General | 1,207,590 | 1,221,269 | 1,301,864 | 1,363,492 | 1,440,435 |
| Safety | 569,791 | 551,758 | 584,106 | 631,128 | 669,225 |
| **Total** | **1,777,381** | **1,773,027** | **1,885,970** | **1,994,620** | **2,109,660** |
| **Refunds** | | | | | |
| General | 16,889 | 15,682 | 20,894 | 16,743 | 13,041 |
| Safety | 2,842 | 2,356 | 4,694 | 3,613 | 5,863 |
| **Total** | **19,731** | **18,038** | **25,588** | **20,356** | **18,904** |
| **Lump-Sum Death/Burial Benefits** | **1,351** | **1,589** | **1,714** | **1,388** | **2,174** |
| **Total Benefit Expenses** | **$1,798,463** | **$1,792,654** | **$1,913,272** | **$2,016,364** | **$2,130,738** |

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| **Service Retiree Payroll** | | | | | |
| General | $1,383,478 | $1,465,218 | $1,556,814 | $1,631,285 | **$1,692,558** |
| Safety | 315,745 | 340,177 | 367,471 | 384,248 | **397,962** |
| **Total** | **1,699,223** | **1,805,395** | **1,924,285** | **2,015,533** | **2,090,520** |
| **Disability Retiree Payroll** | | | | | |
| General | 150,585 | 152,698 | 157,406 | 162,338 | **165,543** |
| Safety | 395,197 | 413,300 | 432,405 | 459,311 | **484,907** |
| **Total** | **545,782** | **565,998** | **589,811** | **621,649** | **650,450** |
| **Total Retiree Payroll** | | | | | |
| General | 1,534,063 | 1,617,916 | 1,714,220 | 1,793,623 | **1,858,101** |
| Safety | 710,942 | 753,477 | 799,876 | 843,559 | **882,869** |
| **Total** | **2,245,005** | **2,371,393** | **2,514,096** | **2,637,182** | **2,740,970** |
| **Refunds** | | | | | |
| General | 17,498 | 14,523 | 19,406 | 18,994 | **22,050** |
| Safety | 5,220 | 3,098 | 5,606 | 4,534 | **3,361** |
| **Total** | **22,718** | **17,621** | **25,012** | **23,528** | **25,411** |
| **Lump-Sum Death/Burial Benefits** | **2,068** | **1,584** | **2,243** | **1,691** | **2,029** |
| **Total Benefit Expenses** | **$2,269,791** | **$2,390,598** | **$2,541,351** | **$2,662,401** | **$2,768,410** |

## Active and Deferred Members

Last Ten Fiscal Years

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Active Vested** | | | | | |
| General | 53,280 | 53,918 | 53,884 | 54,729 | 56,162 |
| Safety | 9,860 | 10,061 | 9,876 | 9,761 | 9,916 |
| Subtotal | 63,140 | 63,979 | 63,760 | 64,490 | 66,078 |
| **Active Non-Vested** | | | | | |
| General | 23,887 | 25,911 | 27,780 | 28,149 | 25,251 |
| Safety | 1,604 | 2,206 | 2,952 | 3,149 | 3,081 |
| Subtotal | 25,491 | 28,117 | 30,732 | 31,298 | 28,332 |
| **Total Active Members** | | | | | |
| General | 77,167 | 79,829 | 81,664 | 82,878 | 81,413 |
| Safety | 11,464 | 12,267 | 12,828 | 12,910 | 12,997 |
| **Total** | **88,631** | **92,096** | **94,492** | **95,788** | **94,410** |
| **Deferred Members** | | | | | |
| General | 7,021 | 7,441 | 11,149 | 7,589 | 7,478 |
| Safety | 438 | 470 | 685 | 462 | 460 |
| **Total** | **7,459** | **7,911** | **11,834** | **8,051** | **7,938** |

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| **Active Vested** | | | | | |
| General | 59,055 | 61,433 | 62,803 | 63,301 | **62,532** |
| Safety | 10,054 | 10,663 | 11,177 | 11,188 | **11,024** |
| Subtotal | 69,109 | 72,096 | 73,980 | 74,489 | **73,556** |
| **Active Non-Vested** | | | | | |
| General | 21,090 | 18,034 | 16,203 | 16,642 | **18,696** |
| Safety | 2,587 | 1,822 | 1,362 | 1,335 | **1,422** |
| Subtotal | 23,677 | 19,856 | 17,565 | 17,977 | **20,118** |
| **Total Active Members** | | | | | |
| General | 80,145 | 79,467 | 79,006 | 79,943 | **81,228** |
| Safety | 12,641 | 12,485 | 12,539 | 12,523 | **12,446** |
| **Total** | **92,786** | **91,952** | **91,545** | **92,466** | **93,674** |
| **Deferred Members** | | | | | |
| General | 7,423 | 7,379 | 7,462 | 7,550 | **7,623** |
| Safety | 465 | 480 | 497 | 540 | **563** |
| **Total** | **7,888** | **7,859** | **7,959** | **8,090** | **8,186** |

## Retired Members by Type of Pension Benefit

*As of June 30, 2015*

| Amount of Monthly Benefit | Number of Retired Members | Type of Retirement[1] | | |
|---|---|---|---|---|
| | | 1 | 2 | 3 |
| $1 — $1,000 | 15,437 | 9,584 | 1,499 | 4,354 |
| $1,001 — $2,000 | 14,165 | 9,708 | 2,104 | 2,353 |
| $2,001 — $3,000 | 9,579 | 6,994 | 1,718 | 867 |
| $3,001 — $4,000 | 6,382 | 4,868 | 1,062 | 452 |
| $4,001 — $5,000 | 4,409 | 3,545 | 628 | 236 |
| $5,001 — $6,000 | 3,132 | 2,468 | 534 | 130 |
| $6,001 — $7,000 | 2,191 | 1,690 | 432 | 69 |
| > $7,000 | 5,289 | 3,923 | 1,257 | 109 |
| | **60,584** | **42,780** | **9,234** | **8,570** |

| Amount of Monthly Benefit | Retirement Option Selected[2] | | | | | |
|---|---|---|---|---|---|---|
| | Unmodified | Unmodified+Plus | Option 1 | Option 2 | Option 3 | Option 4 |
| $1 — $1,000 | 14,094 | 543 | 163 | 451 | 85 | 101 |
| $1,001 — $2,000 | 12,778 | 721 | 154 | 309 | 85 | 118 |
| $2,001 — $3,000 | 8,582 | 608 | 98 | 154 | 50 | 87 |
| $3,001 — $4,000 | 5,677 | 451 | 56 | 87 | 27 | 84 |
| $4,001 — $5,000 | 3,834 | 395 | 47 | 50 | 23 | 60 |
| $5,001 — $6,000 | 2,705 | 320 | 22 | 28 | 7 | 50 |
| $6,001 — $7,000 | 1,794 | 306 | 11 | 22 | 6 | 52 |
| > $7,000 | 3,946 | 1,127 | 24 | 23 | 20 | 149 |
| | **53,410** | **4,471** | **575** | **1,124** | **303** | **701** |

NOTES:

[1] Type of Retirement:
1 - Service Retiree
2 - Disability Retiree
3 - Beneficiary/Continuant/Survivor

[2] Retirement Option Selected:
Unmodified - For Plans A-G, beneficiary receives 65% of the member's allowance (60% if the member retired before June 4, 2002); for Plan E, beneficiary receives 55% of member's allowance (50% if the member retired before June 4, 2002).

**The following options reduce the member's monthly benefit:**

Unmodified+Plus - For all Plans (A-G), member's allowance is reduced to pay an increased continuing allowance to an eligible surviving spouse/partner.
Option 1 - Beneficiary receives lump sum of member's unused contributions.
Option 2 - Beneficiary receives 100% of member's reduced monthly benefit.
Option 3 - Beneficiary receives 50% of member's reduced monthly benefit.
Option 4 - Beneficiary(ies) receives percentage of member's reduced monthly benefit as designated by member.

ATTACHMENT A

## Retired Members by Type of OPEB Benefit

*As of June 30, 2015*

| | Medical Benefit/Premium Amounts | | | | | Total Member Count |
|---|---|---|---|---|---|---|
| | $1-$500 | $501-$1,000 | $1,001-$1,500 | $1,501-$2,000 | > $2,000 | |
| **Medical Plans by Plan Type** | | | | | | |
| Blue Cross I | 4 | — | 1,044 | 395 | 38 | 1,481 |
| Blue Cross II | 2 | — | 2,227 | 1,992 | 455 | 4,676 |
| Blue Cross III | 6,045 | 3,533 | 1,109 | 82 | — | 10,769 |
| Blue Cross Prudent Buyer Plan | 2 | 828 | 36 | 579 | — | 1,445 |
| CIGNA Healthcare for Seniors | 21 | 17 | 8 | 1 | — | 47 |
| CIGNA Network Model Plan | 1 | — | 408 | 22 | 226 | 657 |
| Kaiser - California | — | 3,187 | 194 | 2,673 | 49 | 6,103 |
| Kaiser - Senior Advantage | 13,652 | — | 1,922 | — | — | 15,574 |
| Kaiser - Colorado | 27 | 13 | 5 | — | 2 | 47 |
| Kaiser - Georgia | 55 | 19 | 39 | — | 7 | 120 |
| Kaiser - Hawaii | 28 | 18 | 7 | 2 | — | 55 |
| Kaiser - Oregon-Washington | 72 | 40 | 9 | 12 | 6 | 139 |
| Firefighters Local 1014 | — | 426 | — | 983 | 255 | 1,664 |
| Pacificare | — | 418 | — | 352 | 188 | 958 |
| Scan/Smart Care Health Plan | 269 | 91 | — | — | — | 360 |
| Secure Horizons - Pacificare | 1,375 | 753 | 344 | — | — | 2,472 |
| **Total Medical by Plan Type** | **21,553** | **9,343** | **7,352** | **7,093** | **1,226** | **46,567** |
| **Medical Plans by Retirement Type** | | | | | | |
| Service Retirees | 16,279 | 6,819 | 5,324 | 4,902 | 769 | 34,093 |
| Disability Retirees | 1,891 | 1,588 | 1,000 | 2,058 | 429 | 6,966 |
| Survivors | 3,383 | 936 | 1,028 | 133 | 28 | 5,508 |
| **Total Medical by Retirement Type** | **21,553** | **9,343** | **7,352** | **7,093** | **1,226** | **46,567** |

| | Dental/Vision Benefit Premium Amount $1 - $500 |
|---|---|
| **Dental/Vision Plans by Plan Type** | |
| CIGNA Indemnity Dental/Vision (Provident) | 42,183 |
| CIGNA HMO Dental/Vision | 5,303 |
| **Total Dental/Vision by Plan Type** | **47,486** |
| **Dental/Vision Plans by Retirement Type** | |
| Service Retirees | 34,555 |
| Disability Retirees | 7,290 |
| Survivors | 5,641 |
| **Total by Retirement Type** | **47,486** |

## Schedule of Average Pension Benefit Payments

Last Ten Fiscal Years

| Retirement Effective Dates | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ |
| **7/1/05 to 6/30/06** | | | | | | |
| **Retirants** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $754 | $1,001 | $1,491 | $2,351 | $3,652 | $4,207 |
| Average Final Salary | $4,402 | $4,291 | $4,521 | $5,550 | $7,178 | $5,771 |
| Number of Active Retirants | 75 | 268 | 277 | 180 | 235 | 908 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $4,625 | $3,843 | $3,408 | $3,612 | $5,977 | $7,646 |
| Average Final Salary | $6,858 | $6,458 | $6,994 | $7,454 | $8,461 | $9,032 |
| Number of Active Retirants | 29 | 19 | 13 | 29 | 58 | 110 |
| **Survivors** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $611 | $635 | $726 | $1,132 | $1,793 | $2,434 |
| Average Final Salary | $2,962 | $3,500 | $3,397 | $3,707 | $4,519 | $4,518 |
| Number of Active Survivors | 19 | 52 | 31 | 30 | 37 | 71 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $487 | $1,608 | $2,449 | $2,693 | $3,358 | $5,707 |
| Average Final Salary | $5,061 | $5,254 | $6,059 | $4,501 | $5,950 | $7,384 |
| Number of Active Survivors | 1 | 4 | 3 | 6 | 6 | 21 |
| **7/1/06 to 6/30/07** | | | | | | |
| **Retirants** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,011 | $955 | $1,445 | $1,927 | $2,325 | $4,068 |
| Average Final Salary | $4,398 | $4,201 | $4,775 | $5,224 | $5,070 | $5,749 |
| Number of Active Retirants | 74 | 219 | 246 | 177 | 266 | 624 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $2,714 | $3,414 | $3,433 | $3,837 | $5,903 | $8,093 |
| Average Final Salary | $6,093 | $7,083 | $6,906 | $7,498 | $8,622 | 10,050 |
| Number of Active Retirants | 25 | 19 | 20 | 14 | 62 | 88 |
| **Survivors** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $600 | $480 | $917 | $951 | $1,565 | $2,210 |
| Average Final Salary | $2,436 | $3,462 | $4,165 | $3,246 | $4,171 | $4,832 |
| Number of Active Survivors | 15 | 31 | 31 | 34 | 27 | 61 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $3,432 | $2,960 | $2,549 | $2,138 | $2,939 | $4,493 |
| Average Final Salary | $6,863 | $3,735 | $6,591 | $4,149 | $5,347 | $6,656 |
| Number of Active Survivors | 2 | 1 | 4 | 3 | 8 | 15 |

## Schedule of Average Pension Benefit Payments continued

Last Ten Fiscal Years

| Retirement Effective Dates | Years of Credited Service 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ |
|---|---|---|---|---|---|---|
| **7/1/07 to 6/30/08** | | | | | | |
| **Retirants** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,247 | $894 | $1,681 | $2,198 | $2,575 | $4,603 |
| Average Final Salary | $5,160 | $4,425 | $5,095 | $5,394 | $5,352 | $6,151 |
| Number of Active Retirants | 109 | 206 | 256 | 195 | 264 | 778 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $4,264 | $3,995 | $3,534 | $4,785 | $6,170 | $9,478 |
| Average Final Salary | $7,234 | $7,344 | $8,061 | $8,923 | $9,252 | $11,067 |
| Number of Active Retirants | 25 | 17 | 13 | 20 | 92 | 188 |
| **Survivors** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,026 | $738 | $906 | $1,101 | $1,690 | $2,506 |
| Average Final Salary | $5,729 | $4,095 | $4,409 | $3,937 | $4,441 | $5,113 |
| Number of Active Survivors | 18 | 37 | 28 | 29 | 37 | 56 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $1,574 | $3,661 | $1,555 | $2,964 | $3,638 | $4,723 |
| Average Final Salary | $5,295 | $4,838 | $4,379 | $5,534 | $6,619 | $7,088 |
| Number of Active Survivors | 2 | 1 | 5 | 5 | 10 | 9 |
| **7/1/08 to 6/30/09** | | | | | | |
| **Retirants** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,462 | $1,018 | $1,793 | $2,284 | $2,916 | $4,917 |
| Average Final Salary | $5,224 | $4,233 | $5,054 | $5,478 | $5,711 | $6,387 |
| Number of Active Retirants | 116 | 232 | 195 | 172 | 182 | 669 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $4,959 | $4,185 | $4,593 | $4,719 | $7,000 | $10,042 |
| Average Final Salary | $8,344 | $7,798 | $8,425 | $9,120 | $10,131 | $11,838 |
| Number of Active Retirants | 22 | 13 | 17 | 22 | 76 | 127 |
| **Survivors** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $755 | $688 | $999 | $1,204 | $1,819 | $2,363 |
| Average Final Salary | $4,243 | $3,810 | $4,450 | $3,939 | $4,563 | $4,987 |
| Number of Active Survivors | 14 | 31 | 39 | 43 | 52 | 67 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $3,045 | $3,267 | $2,136 | $2,535 | $3,272 | $4,931 |
| Average Final Salary | $5,765 | $5,497 | $4,271 | $5,996 | $6,153 | $7,238 |
| Number of Active Survivors | 4 | 2 | 2 | 5 | 14 | 22 |

## Schedule of Average Pension Benefit Payments continued

Last Ten Fiscal Years

| Retirement Effective Dates | Years of Credited Service 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ |
|---|---|---|---|---|---|---|
| **7/1/09 to 6/30/10** | | | | | | |
| **Retirants** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,242 | $1,204 | $1,782 | $2,559 | $3,418 | $5,319 |
| Average Final Salary | $4,984 | $4,790 | $5,072 | $5,888 | $6,525 | $6,923 |
| Number of Active Retirants | 116 | 242 | 251 | 210 | 258 | 888 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $4,656 | $3,461 | $3,008 | $4,840 | $7,055 | $10,450 |
| Average Final Salary | $8,092 | $7,848 | $8,377 | $8,519 | $10,104 | $12,206 |
| Number of Active Retirants | 14 | 22 | 10 | 11 | 85 | 157 |
| **Survivors** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $737 | $825 | $1,077 | $1,201 | $1,336 | $2,528 |
| Average Final Salary | $4,738 | $4,069 | $4,592 | $3,875 | $3,732 | $4,926 |
| Number of Active Survivors | 19 | 31 | 33 | 40 | 59 | 89 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $5,467 | $1,895 | $3,210 | $3,413 | $3,884 | $5,653 |
| Average Final Salary | $8,746 | $7,268 | $8,850 | $7,809 | $7,374 | $7,554 |
| Number of Active Survivors | 1 | 3 | 6 | 7 | 11 | 10 |
| **7/1/10 to 6/30/11** | | | | | | |
| **Retirants** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,721 | $1,249 | $1,810 | $2,784 | $3,418 | $5,082 |
| Average Final Salary | $5,702 | $5,064 | $5,296 | $6,286 | $6,576 | $6,820 |
| Number of Active Retirants | 127 | 238 | 269 | 284 | 258 | 922 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $2,336 | $4,135 | $5,198 | $5,308 | $7,347 | $9,667 |
| Average Final Salary | $6,862 | $9,057 | $9,158 | $9,679 | $10,365 | $11,617 |
| Number of Active Retirants | 10 | 28 | 21 | 30 | 91 | 152 |
| **Survivors** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $629 | $786 | $871 | $1,654 | $1,325 | $2,485 |
| Average Final Salary | $3,677 | $3,698 | $3,359 | $5,351 | $3,678 | $5,238 |
| Number of Active Survivors | 24 | 36 | 43 | 44 | 60 | 93 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $3,187 | $1,715 | $2,386 | $3,499 | $3,788 | $5,461 |
| Average Final Salary | $6,572 | $5,766 | $5,589 | $6,862 | $6,768 | $6,929 |
| Number of Active Survivors | 3 | 2 | 8 | 4 | 10 | 25 |

## Schedule of Average Pension Benefit Payments continued

Last Ten Fiscal Years

| Retirement Effective Dates | Years of Credited Service 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ |
|---|---|---|---|---|---|---|
| **7/1/11 to 6/30/12** | | | | | | |
| **Retirants** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,793 | $1,362 | $2,082 | $2,567 | $3,525 | $4,956 |
| Average Final Salary | $5,624 | $5,141 | $5,683 | $5,686 | $6,711 | $6,830 |
| Number of Active Retirants | 141 | 291 | 234 | 278 | 297 | 918 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $2,203 | $4,924 | $6,474 | $4,417 | $7,372 | $9,750 |
| Average Final Salary | $6,307 | $8,948 | $9,929 | $9,108 | $10,380 | $11,587 |
| Number of Active Retirants | 8 | 29 | 13 | 33 | 103 | 183 |
| **Survivors** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,055 | $691 | $965 | $1,770 | $1,643 | $2,736 |
| Average Final Salary | $4,661 | $3,821 | $3,766 | $5,244 | $4,301 | $5,662 |
| Number of Active Survivors | 21 | 46 | 26 | 43 | 57 | 94 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $2,786 | $2,352 | $2,789 | $3,271 | $3,221 | $5,580 |
| Average Final Salary | $5,771 | $6,466 | $7,785 | $7,019 | $6,127 | $7,824 |
| Number of Active Survivors | 5 | 5 | 5 | 7 | 8 | 23 |
| **7/1/12 to 6/30/13** | | | | | | |
| **Retirants** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,825 | $1,562 | $2,116 | $2,663 | $3,570 | $5,043 |
| Average Final Salary | $6,046 | $5,405 | $6,042 | $6,009 | $6,758 | $6,888 |
| Number of Active Retirants | 112 | 324 | 233 | 271 | 338 | 897 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $2,233 | $5,909 | $6,416 | $5,507 | $7,360 | $10,046 |
| Average Final Salary | $7,299 | $9,266 | $9,611 | $9,843 | $10,481 | $11,921 |
| Number of Active Retirants | 12 | 29 | 20 | 33 | 118 | 191 |
| **Survivors** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $861 | $804 | $1,097 | $1,403 | $1,889 | $2,496 |
| Average Final Salary | $4,743 | $4,020 | $3,961 | $4,451 | $4,930 | $5,611 |
| Number of Active Survivors | 22 | 54 | 39 | 70 | 60 | 103 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $989 | $1,523 | $2,523 | $3,378 | $4,137 | $5,460 |
| Average Final Salary | $4,454 | $4,896 | $5,990 | $8,242 | $7,055 | $7,468 |
| Number of Active Survivors | 6 | 7 | 10 | 5 | 20 | 31 |

Last Ten Fiscal Years

| Retirement Effective Dates | Years of Credited Service 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ |
|---|---|---|---|---|---|---|
| **7/1/13 to 6/30/14** | | | | | | |
| **Retirants** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,913 | $1,624 | $2,024 | $2,722 | $3,553 | $4,788 |
| Average Final Salary | $6,415 | $5,241 | $5,657 | $5,930 | $6,724 | $6,733 |
| Number of Active Retirants | 109 | 307 | 240 | 305 | 358 | 726 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $1,542 | $4,454 | $6,018 | $5,225 | $7,467 | $9,719 |
| Average Final Salary | $6,452 | $8,381 | $10,140 | $9,414 | $10,753 | $11,823 |
| Number of Active Retirants | 8 | 31 | 18 | 20 | 83 | 212 |
| **Survivors** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,017 | $837 | $936 | $1,726 | $1,888 | $2,550 |
| Average Final Salary | $4,475 | $4,679 | $3,794 | $4,913 | $4,732 | $6,064 |
| Number of Active Survivors | 29 | 51 | 37 | 41 | 63 | 119 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $1,031 | $1,709 | $2,056 | $3,132 | $3,827 | $5,358 |
| Average Final Salary | $6,377 | $6,249 | $5,830 | $6,874 | $6,772 | $7,309 |
| Number of Active Survivors | 2 | 8 | 6 | 6 | 15 | 22 |
| **7/1/14 to 6/30/15** | | | | | | |
| **Retirants** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $1,422 | $1,716 | $2,202 | $3,106 | $3,360 | $5,017 |
| Average Final Salary | $5,939 | $5,543 | $5,903 | $6,731 | $6,294 | $6,970 |
| Number of Active Retirants | 126 | 331 | 280 | 308 | 436 | 784 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $2,917 | $5,412 | $5,374 | $6,477 | $7,082 | $9,923 |
| Average Final Salary | $7,015 | $9,261 | $9,810 | $10,748 | $10,400 | $11,847 |
| Number of Active Retirants | 20 | 19 | 21 | 28 | 116 | 215 |
| **Survivors** | | | | | | |
| General Members | | | | | | |
| Average Monthly Benefit | $903 | $1,021 | $1,342 | $1,854 | $1,799 | $2,741 |
| Average Final Salary | $4,076 | $4,471 | $5,243 | $5,464 | $4,814 | $5,525 |
| Number of Active Survivors | 32 | 53 | 40 | 52 | 71 | 126 |
| Safety Members | | | | | | |
| Average Monthly Benefit | $2,101 | $2,054 | $1,768 | $2,911 | $4,530 | $6,206 |
| Average Final Salary | $5,564 | $6,518 | $4,737 | $6,552 | $6,815 | $8,367 |
| Number of Active Survivors | 6 | 4 | 9 | 12 | 16 | 29 |

## Active Members and Participating Pension Employers

Last Ten Fiscal Years

| County of Los Angeles | 2006 Covered Members | 2006 Percentage of Total Covered Members | 2007 Covered Members | 2007 Percentage of Total Covered Members |
|---|---|---|---|---|
| General Members | 77,153 | 87.050% | 79,816 | 86.666% |
| Safety Members | 11,464 | 12.935% | 12,267 | 13.320% |
| **Total** | **88,617** | **99.985%** | **92,083** | **99.986%** |
| **Participating Agencies (General Membership)** | | | | |
| South Coast Air Quality Mgmt. District | 2 | 0.002% | 2 | 0.002% |
| Los Angeles County Office of Education | 3 | 0.003% | 3 | 0.003% |
| Little Lake Cemetery District | 1 | 0.001% | 1 | 0.001% |
| Local Agency Formation Commission | 8 | 0.009% | 7 | 0.008% |
| **Total Participating Agencies** | **14** | **0.015%** | **13** | **0.014%** |
| **Total Active Membership** | | | | |
| General Members | 77,167 | 87.065% | 79,829 | 86.680% |
| Safety Members | 11,464 | 12.935% | 12,267 | 13.320% |
| **Total** | **88,631** | **100.000%** | **92,096** | **100.000%** |

| County of Los Angeles | 2008 Covered Members | 2008 Percentage of Total Covered Members | 2009 Covered Members | 2009 Percentage of Total Covered Members |
|---|---|---|---|---|
| General Members | 81,650 | 86.409% | 82,865 | 86.509% |
| Safety Members | 12,828 | 13.576% | 12,910 | 13.478% |
| **Total** | **94,478** | **99.985%** | **95,775** | **99.987%** |
| **Participating Agencies (General Membership)** | | | | |
| South Coast Air Quality Mgmt. District | 2 | 0.002% | 2 | 0.002% |
| Los Angeles County Office of Education | 3 | 0.003% | 3 | 0.003% |
| Little Lake Cemetery District | 1 | 0.001% | 1 | 0.001% |
| Local Agency Formation Commission | 8 | 0.009% | 7 | 0.007% |
| **Total Participating Agencies** | **14** | **0.015%** | **13** | **0.013%** |
| **Total Active Membership** | | | | |
| General Members | 81,664 | 86.424% | 82,878 | 86.522% |
| Safety Members | 12,828 | 13.576% | 12,910 | 13.478% |
| **Total** | **94,492** | **100.000%** | **95,788** | **100.000%** |

## Active Members and Participating Pension Employers
Last Ten Fiscal Years

| County of Los Angeles | 2010 Covered Members | 2010 Percentage of Total Covered Members | 2011 Covered Members | 2011 Percentage of Total Covered Members |
|---|---|---|---|---|
| General Members | 81,400 | 86.220% | 80,133 | 86.363% |
| Safety Members | 12,997 | 13.767% | 12,641 | 13.624% |
| **Total** | **94,397** | **99.987%** | **92,774** | **99.987%** |
| **Participating Agencies (General Membership)** | | | | |
| South Coast Air Quality Mgmt. District | 2 | 0.002% | 1 | 0.001% |
| Los Angeles County Office of Education | 3 | 0.003% | 3 | 0.003% |
| Little Lake Cemetery District | 1 | 0.001% | 1 | 0.001% |
| Local Agency Formation Commission | 7 | 0.007% | 7 | 0.008% |
| **Total Participating Agencies** | **13** | **0.013%** | **12** | **0.013%** |
| **Total Active Membership** | | | | |
| General Members | 81,413 | 86.233% | 80,145 | 86.376% |
| Safety Members | 12,997 | 13.767% | 12,641 | 13.624% |
| **Total** | **94,410** | **100.000%** | **92,786** | **100.000%** |

| County of Los Angeles | 2012 Covered Members | 2012 Percentage of Total Covered Members | 2013 Covered Members | 2013 Percentage of Total Covered Members |
|---|---|---|---|---|
| General Members | 79,459 | 86.413% | 78,997 | 86.293% |
| Safety Members | 12,485 | 13.578% | 12,539 | 13.697% |
| **Total** | **91,944** | **99.991%** | **91,536** | **99.990%** |
| **Participating Agencies (General Membership)** | | | | |
| South Coast Air Quality Mgmt. District | 1 | 0.001% | 1 | 0.001% |
| Los Angeles County Office of Education | — | 0.000% | — | 0.000% |
| Little Lake Cemetery District | 1 | 0.001% | 1 | 0.001% |
| Local Agency Formation Commission | 6 | 0.007% | 7 | 0.008% |
| **Total Participating Agencies** | **8** | **0.009%** | **9** | **0.010%** |
| **Total Active Membership** | | | | |
| General Members | 79,467 | 86.422% | 79,006 | 86.303% |
| Safety Members | 12,485 | 13.578% | 12,539 | 13.697% |
| **Total** | **91,952** | **100.000%** | **91,545** | **100.000%** |

## Active Members and Participating Pension Employers
Last Ten Fiscal Years

| | 2014 | | 2015 | |
|---|---|---|---|---|
| **County of Los Angeles** | **Covered Members** | **Percentage of Total Covered Members** | **Covered Members** | **Percentage of Total Covered Members** |
| General Members | 79,934 | 86.447% | 81,219 | 86.704% |
| Safety Members | 12,523 | 13.543% | 12,446 | 13.286% |
| **Total** | **92,457** | **99.990%** | **93,665** | **99.990%** |
| **Participating Agencies (General Membership)** | | | | |
| South Coast Air Quality Mgmt. District | 1 | 0.001% | 1 | 0.001% |
| Los Angeles County Office of Education | — | 0.000% | — | 0.000% |
| Little Lake Cemetery District | 1 | 0.001% | 1 | 0.001% |
| Local Agency Formation Commission | 7 | 0.008% | 7 | 0.008% |
| **Total Participating Agencies** | **9** | **0.010%** | **9** | **0.010%** |
| **Total Active Membership** | | | | |
| General Members | 79,943 | 86.457% | 81,228 | 86.714% |
| Safety Members | 12,523 | 13.543% | 12,446 | 13.286% |
| **Total** | **92,466** | **100.000%** | **93,674** | **100.000%** |

## Retired Members of Participating OPEB Employers

**Last Ten Fiscal Years***

| *2007 to 2011* | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|
| **Los Angeles County and Participating Agencies** | | | | | |
| Medical | 40,807 | 40,444 | 40,868 | 41,676 | 42,627 |
| Dental/Vision | 40,172 | 40,628 | 41,175 | 42,045 | 43,114 |

| *2012 to 2015* | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|
| **Los Angeles County and Participating Agencies** | | | | |
| Medical | 43,746 | 44,753 | 45,576 | 46,567 |
| Dental/Vision | 44,344 | 45,485 | 46,383 | 47,486 |

*This schedule was implemented effective with GASB Statement No. 43 reporting in fiscal year-end June 30, 2007.

If the OPEB counts in this schedule are different from the counts in Note N - Other Post-Employment Benefits (OPEB) Program in the Financial Section, the differences are due to data edits conducted for the actuarial valuation by the consulting actuary. Data in Note N includes members who retired on or before July 1 but did not enroll for insurance coverage until after July 1.

## Employer Contribution Rates: County of Los Angeles

**Last Ten Fiscal Years**

| | General Members | | | | | | Safety Members | | |
|---|---|---|---|---|---|---|---|---|---|
| Effective Date | Plan A | Plan B | Plan C | Plan D | Plan E | Plan G* | Plan A | Plan B | Plan C* |
| 7/1/2005 to 6/30/2006 | 21.42% | 14.53% | 14.16% | 14.25% | 14.33% | — | 28.21% | 23.65% | — |
| 7/1/2006 to 6/30/2007 | 20.17% | 13.31% | 13.02% | 13.16% | 13.32% | — | 28.05% | 22.70% | — |
| 7/1/2007 to 6/30/2008 | 18.14% | 11.44% | 11.14% | 11.33% | 11.29% | — | 26.89% | 20.93% | — |
| 7/1/2008 to 6/30/2009 | 17.64% | 10.79% | 10.22% | 10.79% | 10.67% | — | 28.16% | 20.54% | — |
| 7/1/2009 to 9/30/2010 | 17.28% | 10.62% | 9.88% | 10.48% | 10.45% | — | 27.83% | 20.35% | — |
| 10/1/2010 to 9/30/2011 | 19.40% | 12.74% | 12.23% | 12.65% | 12.67% | — | 29.46% | 22.69% | — |
| 10/1/2011 to 9/30/2012 | 21.59% | 15.00% | 14.51% | 14.80% | 15.30% | — | 30.38% | 24.10% | — |
| 10/1/2012 to 9/30/2013 | 22.65% | 15.55% | 15.35% | 16.00% | 16.77% | — | 31.55% | 25.37% | — |
| 1/1/2013 to 9/30/2013 | — | — | — | — | — | 15.61% | — | — | 20.98% |
| 10/1/2013 to 9/30/2014 | 25.08% | 17.95% | 17.54% | 18.24% | 19.09% | 17.81% | 34.63% | 27.92% | 23.18% |
| 10/1/2014 to 6/30/2015 | 26.99% | 19.49% | 19.01% | 19.74% | 20.95% | 19.53% | 35.91% | 29.26% | 25.29% |

*As a result of PEPRA implementation, effective January 1, 2013.

## Employer Contribution Rates: Little Lake Cemetery District[1], Local Agency Formation Commission[2], and Los Angeles County Office of Education[3]

**Last Ten Fiscal Years**

| Effective Date | | | General | | | |
|---|---|---|---|---|---|---|
| | | | Plan A | Plan D | Plan E | Plan G[4] |
| 7/1/2005 | to | 6/30/2006 | 21.42% | 14.25% | 14.33% | — |
| 7/1/2006 | to | 6/30/2007 | 20.17% | 13.16% | 13.32% | — |
| 7/1/2007 | to | 6/30/2008 | 18.14% | 11.33% | 11.29% | — |
| 7/1/2008 | to | 6/30/2009 | 17.64% | 10.79% | 10.67% | — |
| 7/1/2009 | to | 9/30/2010 | 17.28% | 10.48% | 10.45% | — |
| 10/1/2010 | to | 9/30/2011 | 19.40% | 12.65% | 12.67% | — |
| 10/1/2011 | to | 9/30/2012 | 21.59% | 14.80% | 15.30% | — |
| 10/1/2012 | to | 9/30/2013 | — | 16.00% | 16.77% | — |
| 1/1/2013 | to | 9/30/2013 | — | — | — | 15.61% |
| 10/1/2013 | to | 9/30/2014 | — | 18.24% | 19.09% | 17.81% |
| 10/1/2014 | to | 6/30/2015 | — | 19.74% | 20.95% | 19.53% |

NOTES:

[1]Rates applicable to Little Lake Cemetery District are limited to Plan D.
[2]Rates applicable to the Local Agency Formation Commission are limited to Plans D, E, and G.
[3]Rates applicable to the Los Angeles County Office of Education are limited to Plan A. Effective June 30, 2012, all participating members retired, leaving no active members for this agency.
[4]As a result of PEPRA implementation effective January 1, 2013.

## Employer Contribution Rates: South Coast Air Quality Management District (SCAQMD)[1]

**Last Ten Fiscal Years**

| Effective Date | | | General | | |
|---|---|---|---|---|---|
| | | | Plan A[2] | Plan B | Plan C[3] |
| 7/1/2005 | to | 6/30/2006 | — | 20.39% | 18.80% |
| 7/1/2006 | to | 6/30/2007 | — | 19.18% | 18.91% |
| 7/1/2007 | to | 6/30/2008 | 24.04% | 17.31% | 17.04% |
| 7/1/2008 | to | 6/30/2009 | 22.38% | 16.67% | — |
| 7/1/2009 | to | 9/30/2010 | 22.02% | 16.51% | — |
| 10/1/2010 | to | 9/30/2011 | 24.14% | 18.64% | — |
| 10/1/2011 | to | 9/30/2012 | — | 20.90% | — |
| 10/1/2012 | to | 9/30/2013 | — | 21.45% | — |
| 10/1/2013 | to | 9/30/2014 | — | 23.87% | — |
| 10/1/2014 | to | 6/30/2015 | — | 25.38% | — |

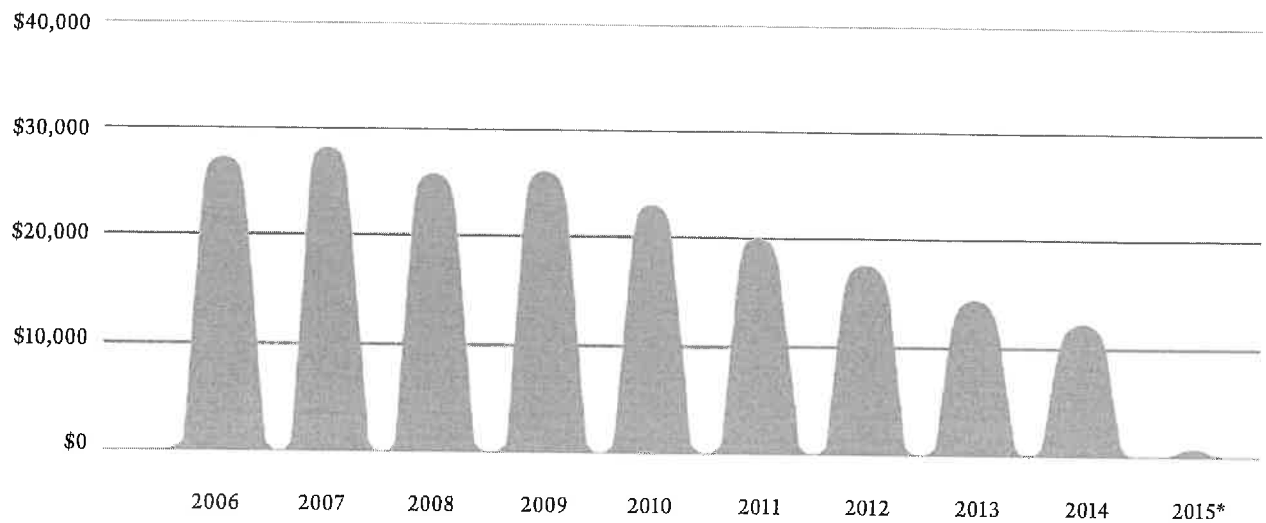
NOTES:

[1]SCAQMD recalculates its employer contribution rates to pick up a portion of its employee rates, in accordance with its labor contract.
[2]Effective March 31, 2011, participating member in Plan A retired, leaving no active members in Plan A.
[3]Member changed from Plan C to Plan A effective November 2007, leaving no active members in Plan C.

## Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment (STAR COLA)

The STAR COLA Program is administered on a calendar-year basis. The chart below represents the STAR COLA Program cost for the last 10 years.

# LACERA STAR COLA PROGRAM COSTS
**AS OF JUNE 2015**




*Represents Program year through June 30.

## Committed to Our Members

We're working for the 162,500 individuals who spend their lives working for Los Angeles County, to help ensure that their retirement years are rewarding. We continue to listen and act upon our members' input as we develop and expand our service platforms. We will continue to offer personal one-to-one counseling *and* offer more self-service options online. We're partnering with our members from day one, throughout their careers, working together through the retirement process and steadily paying their monthly retirement benefits.

Working For You:
Our members are our business.

# LOS ANGELES COUNTY OTHER POST-EMPLOYMENT BENEFIT (OPEB) TRUST FUND INVESTMENT POLICY STATEMENT

## INTRODUCTION

The Los Angeles County Employees Retirement Association ("LACERA") has been named as the Investment Manager for the Los Angeles County Other Post-employment Benefit Trust ("OPEB" or "the Trust"). As the Trustee, the LACERA Board of Investments (the "Board") has the responsibility to oversee investment of the Trust assets. LACERA's Investment Staff ("Investment Staff" or "Staff") provides the day-to-day oversight of the investment activities, and executes the instructions of the Board.

This document provides the framework for the management of the OPEB Trust's assets. The purpose of the Investment Policy is to assist the Board and Staff in effectively supervising and monitoring the investment and use of OPEB Trust assets. Specifically, it addresses the following issues:

- The general goals of the investment program.
- Specific asset class allocations, targets, and ranges.
- Performance objectives.
- The investment policies and structures for the management of the assets.
- Responsible parties and duties.

The Board establishes this investment policy in accordance with applicable local, State, and Federal laws. The Board members exercise authority and control over the management of the Trust, by setting policy which the Investment Staff executes through the use of external prudent experts. The Board oversees and guides the Trust subject to the following basic fiduciary responsibilities:

- Solely in the interest of, and for the exclusive purpose of providing other post employment benefits to employees and retirees of Los Angeles County.
- With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like objectives.
- To diversify the investments of the Trust so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances, it is clearly prudent

not to do so. Diversification is applicable to the deployment of the assets as a whole.

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program. Incorporated by reference and attached to this document are the following:

<u>Attachments</u>

A Cash and Cash Equivalents Investment Policy
- *Enhanced Cash Investment*

B Global Equity Investment Policy

C Manager Monitoring and Review Policy

These are concise policy statements; more detailed strategic plans or procedures may be developed separately.

## INVESTMENT GOALS

The Trust's general investment goals are broad in nature. The objective shall be to efficiently allocate and manage the assets dedicated to the payment of post employment benefits and administrative expenses. The following goals, consistent with the above described purpose, are adopted:

- The overall goal of the Trust's investment program is to provide employees and retirees of Los Angeles County with post-employment health care benefits as promised. This will be accomplished through a carefully planned and executed long-term investment program.
- Trust assets will be managed on a total return basis. While the Trust recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns in the long term. At the request of the Plan Sponsor, a reserve of $100 million cash is established for potential immediate access.
- The Plan Sponsor requests the remainder of the assets be invested in an effort to maximize the total return of the Trust consistent with market conditions and appropriate levels of risk.

The Investment Policy has been designed to allow the Trust to achieve a long-term total return. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification to meet this goal. The investment activities are designed and executed in a manner that serves the best interests of the beneficiaries of the Trust.

All transactions undertaken will be for the sole economic benefit of beneficiaries and for the exclusive purpose of providing benefits to them.

The OPEB Trust has a long-term investment horizon, and utilizes an asset allocation which encompasses a strategic, long-run perspective of capital markets. It is generally recognized that a strategic long-term asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the Trust's investment performance.

Investment recommendations and subsequent actions are expected to comply with "prudent expert" standards.

## ASSET ALLOCATION POLICY

The asset allocation policy is predicated on a number of factors, including:

- A projection of actuarial assets, liabilities, benefit payments, contributions, and the assumed actuarial rate of return[1].
- Historical behavior and expected long-term capital market risk, return and correlation forecasts.
- An assessment of future economic conditions, including inflation and interest rate levels.
- The current and projected funded status of the Trust.
- Various risk/return scenarios.
- Liquidity requirements.
- Requests by the Plan Sponsor regarding investment of assets

This policy provides for diversification of assets in an effort to maximize the total return of the Trust consistent with market conditions and risk control. The asset allocation modeling process identifies asset classes the Trust may utilize and the percentage that each class represents of the total fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. Investment Staff will monitor and assess the actual asset allocation versus policy and will evaluate any variation deemed significant.

The Board will implement the asset allocation policy through the use of passive investment managers, who will invest the assets of their portfolios. All investments are subject to investment guidelines incorporated into the executed investment management agreements or the policies established by the Board[2]. The strategic asset allocation targets and ranges for the investments of the Trust's assets are shown below:

[1] The July 1, 2012 OPEB Actuarial Valuation indicates an assumed actuarial rate of return of 5%

[2] General Investment Guidelines may be found in the attachments related to Global Equity Policy and Cash and Cash Equivalents Investment Policy. Through this Investment Policy Statement, Staff is authorized to implement Investment Guidelines specific to each portfolio within these constraints. Investment Guidelines falling outside these constraints require approval by the Chief Investment Officer, with notice to the Board.

| ASSET CLASS | BENCHMARK | TARGET ALLOCATION | ALLOCATION RANGE |
|---|---|---|---|
| Cash/Enhanced Cash | Citi 6-month T-Bills Index | $100 million | |
| Global Public Equity | MSCI ACWI IMI | 100% of remainder of assets | |
| **TOTAL FUND** | | **100%** | |

## PERFORMANCE OBJECTIVES

The long-term performance objective of the Trust's total fund is to match its Policy benchmark gross of fees

## INVESTMENT PROGRAM POLICIES

The policies of the Trust's investment program are designed to maximize the likelihood that the investment goals will be achieved. Investment policies will evolve as fund conditions change and as investment conditions warrant. In addition, legislative modifications, as adopted by the Federal or State Government, will be adhered to.

**Portfolio Components**
The OPEB Trust will utilize the following portfolio components to fulfill the asset allocation targets and total fund performance goals established elsewhere in this document.

**Cash and Cash Equivalents -**Cash equivalents are part of the Trust's strategic asset allocation. Cash equivalents will be invested in short term investments as described in **Attachment A**.

**Global Equities -** The Trust will utilize Global Index Funds and not pursue active management strategies. Policies for this asset class are contained in **Attachment B**.

## INVESTMENT MANAGEMENT POLICIES

The Trust will utilize externally managed portfolios based on specific mandates and methodologies. The external managers will be expected to acknowledge in writing that they are Trust fiduciaries, and they will have discretion and authority to determine investment strategy, security selection and timing, subject to the Policy guidelines and investment guidelines specific to their portfolio.

Investment managers, as prudent experts, will be expected to know specific investment guidelines for their portfolios, and to comply with these guidelines. It is each manager's responsibility to identify guidelines that may have an adverse impact on performance, and to initiate discussion with Staff toward possible improvement of said guidelines.

As outlined in the Manager Monitoring and Annual Review Policy (**Attachment C**), Staff, under Board supervision, is responsible for monitoring investment managers' adherence to their investment mandate, and any material changes in the managers' organization. The investment managers retained by the Trust will be responsible for informing Staff of all such material changes on a timely basis. Further, Staff is responsible for monitoring and evaluating manager performance on a regular basis relative to each portfolio's benchmark return and relative to a peer group of managers with similar investment mandates.

Investment managers under contract to the Trust shall have discretion to establish and execute transactions with any securities broker/dealers as needed. However, the Trust reserves the right to preclude investment managers from directing trades through brokerage subsidiaries of Trust or LACERA contractors. The investment managers must obtain the most favorable executions with respect to all of the portfolio transactions as market conditions permit.

**Prohibited Transactions**

The following transactions will be prohibited unless stated otherwise in the investment manager guidelines:

- Short sales.
- Selling or buying on margin.
- "Prohibited transactions" as defined under the Employee Retirement Income Security Act of 1974 (ERISA).
- Transactions that involve a broker acting as a "principal", where such broker is also the investment manager who is making the transaction.
- Any or all investment activities forbidden by SEC or other applicable governing bodies.
- No investment manager or trustee may leverage the OPEB Trust portfolio by investing more than 100% of the total market value. This measure must reflect the effective exposure associated with derivative securities. The exposure for options, when permitted by contract, must be based on an appropriate options pricing model.

**Selection Criteria for Investment Managers**

Criteria will be established for each manager search undertaken by the Trust and will be tailored to the Trust's needs in such a search. In general, eligible managers will possess attributes including, but not limited to, the following:

- The firm must be experienced in managing investments for institutional clients in the asset class/product category/investment style specified by the Trust.
- The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
- The firm must have an asset base sufficient to accommodate the Trust's portfolio. In general, the Trust's portfolio should make up no more than 25% of the firm's total asset base at funding. Exceptions may be made on a case-by-case basis.
- The firm must demonstrate adherence to the investment mandate sought by the Trust, and adherence to the firm's stated investment discipline.
- The firm's fees should be competitive with industry standards for the product category.
- The firm must comply with the "Duties of the Investment Managers" outlined herein.
- The firm must conform to Global Investment Performance Standards (GIPS) for performance reporting.

As much as possible, the Trust intends to leverage the relationships LACERA maintains with various asset management organizations in order to take advantage of preferred pricing and capabilities. Where the needs of the Trust differ from those of LACERA, such considerations shall take precedence in the manager selection process.

**Termination Criteria for Investment Managers**

LACERA reserves the right to terminate an investment manager for any reason. Grounds for investment manager termination may include, but are not limited to, the following:

- Failure to comply with the guidelines agreed upon for management of the Trust portfolio, including holding restricted issues.
- Failure to achieve performance objectives specified in the manager's guidelines.
- Significant deviation from the manager's stated investment philosophy and/or process.
- Loss of key personnel.
- Evidence of illegal or unethical behavior by the investment management firm.
- Lack of willingness to cooperate with reasonable requests by LACERA for information, meetings or other material related to its portfolios.
- Loss of confidence by Staff and the Board in the investment manager.

- A change in the Trust's asset allocation program which necessitates a shift of assets to another sector.

The presence of any one of these factors will be carefully reviewed by LACERA Staff, but will not necessarily result in an automatic termination.

## DUTIES OF RESPONSIBLE PARTIES

**Duties of LACERA's Board of Investments**
The Board or its designee(s) will adhere to the following in the management of Trust assets:

- Shall approve guidelines for the execution of the Trust's investment program. Only the Board in its sole discretion can delegate its decision-making authority regarding the investment program. Staff will be responsible for the timely implementation and administration of these decisions.
- Shall review the Trust's investment structure, asset allocation and financial performance annually or more frequently as the need arises. The review will include recommended adjustments to the long-term, strategic asset allocation to reflect any changes in applicable regulations, long-term capital market assumptions, actuarial assumptions or the Trust's financial condition.
- Shall review Trust investments quarterly or as needed to ensure that policies and guidelines continue to be met. The Board shall monitor investment returns on both an absolute basis and relative to appropriate benchmarks and peer group comparisons. The source of information for these reviews shall come from Staff, consultants, the custodian and the Trust's investment managers.
- May retain investment consultants to provide such services as conducting performance reviews, asset allocation, manager reviews and investment research. The comments and recommendations of the consultants will be considered in conjunction with other available information to aid the Board in making informed, prudent decisions.
- Shall take appropriate action if investment objectives are not being met or if policies and guidelines are not being followed. Reviews for separate portfolios managed by external managers are defined in the Manager Monitoring and Annual Review Policy (**Attachment C**).
- Shall expect Staff to administer Trust investments in a cost-effective manner subject to Board approval. These costs include, but are not limited to, management, consulting and custodial fees, transaction costs and other administrative costs chargeable to the Trust.
- Shall select a qualified custodian with advice from Staff.
- Shall strive to avoid conflicts of interests.

**Duties of the Investment Staff**

The Investment Staff, as designated by the Board, plays a significant role in the management and oversight of the Fund. Investment Staff shall be responsible for the following:

- Manage the strategic asset allocation of the Trust in accordance with agreed upon target ranges and rebalancing policies.
- Monitor external managers for adherence to appropriate policies and guidelines. Ensure that investment managers conform to the terms of their contracts.
- Ensure that due diligence and oversight of the Investment portfolios is conducted.
- Evaluate and manage the relationships with the consultants to the Trust to ensure that they are providing all the necessary assistance to Staff and the Board as set forth in their service contracts.
- Conduct the manager search process, as set forth in this document, with assistance from consultants as directed by the Board.
- Manage portfolio restructurings resulting from external manager terminations with the assistance of consultants and managers, as needed.
- As directed by the Board, conduct special research required to manage the Trust more effectively.
- Report on investment activity and matters of significance at least quarterly.
- Rebalance the portfolio to maintain asset allocation and/or to provide liquidity for cash needs or benefit payments. This requires delegating authority to the Chief Investment Officer to periodically invest income generated from the Enhanced Cash portfolio or Global Equities, or to liquidate assets as needed to meet cash needs as requested by the Plan Sponsor for payments related to the Retiree Healthcare Program.
- Maintain control over all wire transfers or movement of monies to or from all investment accounts.
- Strive to avoid conflicts of interest.
- Authorize consent to assignments of Investment Manager Agreements that are technical assignments under the Investment Advisors Act of 1940 with subsequent notification to the Board.
- Report to the entire Board if either the Chief Executive Officer (CEO) or a member of the Board of Investments has contacted the Investment Staff on three separate occasions over a rolling one-year period regarding a potential investment manager.
- In addition to these core responsibilities, LACERA's Board of Investments has delegated to the Chief Investment Officer the following authorities. In the event

the CIO is not available, and time is of the essence in making a decision, the CEO shall have the authorities identified below. In the event neither the CIO or CEO are available, a committee comprised of all available Principal Investment Officers shall have such authority.

- Authority to sign all investment-related consultant contracts and agreements, subsequent to Board approval. Thereafter, authority to sign all amendments and modifications with respect to such contracts and agreements, and make all decisions with respect to their day-to-day operation and implementation where the investment mandate remains substantially unchanged. The Board will receive written notification of all material actions taken.
- Authority to approve temporary variances from public market investment manager guidelines. The Board will receive written notification of all such actions.
- Authority to approve reductions to investment manager fee schedules. The Board will receive written notification of all such actions.
- Authority to limit or freeze manager trading activity pending discussion and action by the Board.
- Authority to take actions not otherwise specifically delegated, when deemed in the best interest of the Trust, in consultation with the CEO and the Chair of the Board of Investments, pending discussion and action by the Board of Investments.

All investment-related contracts and agreements and all amendments and modifications to them are subject to review and approval by LACERA's Legal Office.

**Duties of the Investment Managers**

The investment managers shall have designated discretion to direct and manage the investment and reinvestment of assets allocated to their accounts in accordance with this document; applicable Local, State and Federal statutes and regulations; and individual management investment plans and executed contracts. The investment managers shall be responsible for the following:

- Execution of a contractual agreement to invest within the guidelines established in the Investment Plan.
- Provide LACERA with proof of liability and fiduciary insurance coverage.
- Be a SEC-Registered Investment Advisor under the 1940 Act, unless LACERA has previously approved an exemption from registration, and be recognized as providing demonstrated expertise over a number of years in the management of institutional, tax-exempt assets within a defined investment specialty.
- Adhere to the investment management style and principles for which they were retained, including, but not limited to, developing portfolio strategy,

performing research, developing buy, hold and sell lists, and purchasing and selling securities.

- Execute all transactions for the benefit of the Trust with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the Trust.
- Reconcile monthly accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian. Maintain frequent and open communication with Staff on all significant matters that affect the Fund, including, but not limited to, the following:
    - Major changes in the Investment Manager's investment outlook, investment strategy and portfolio structure.
    - Significant changes in ownership, organizational structure, financial condition or senior personnel.
    - Any changes in the Portfolio Manager or other key personnel assigned to the Plan.
    - Each significant client which terminates its relationship with the Investment Manager, within 30 days of such termination.
    - All pertinent issues which the Investment Manager deems to be of significant interest or material importance.
    - Meet with the Board or its designee(s) on an as-needed basis.

**Duties of the Master Custodian**

The Master Custodian shall be responsible for the following:

- Provide complete global custody and depository services for the designated accounts.
- Manage, if directed by the Board, a Short-Term Investment Fund (STIF) for investment of any cash not invested by managers, and ensure that all available cash is invested. If the cash reserves are managed externally, full cooperation must be provided.
- Provide Staff with portfolio performance in a timely manner, and reconcile differences with managers.
- Provide, in a timely and effective manner, a monthly report of the investment activities implemented by the investment managers.
- Calculate all income and principal realized and properly report the results in periodic statements.
- Provide monthly and fiscal year-end accounting statements for the portfolio, including all transactions; these should be based on accurate security values

for both cost and market. These reports should be provided within acceptable time frames.

- Report to LACERA situations where accurate security pricing, valuation and accrued income is either not possible or subject to considerable uncertainty.
- Provide assistance to LACERA to complete such activities as the annual audit, transaction verification, corporate actions, securities litigation, or unique issues as required by the Board.

**Duties of Consultants**
The Board and Staff will consider the comments and recommendations of consultants in conjunction with other available information to make informed, prudent decisions.

**General Investment Consultant**
The General Investment Consultant shall be responsible for the following:

- **Assist LACERA's senior Staff with strategic investment decisions–** focus on "big-picture" total fund investment policy and structure issues.
- **Provide independent reviews–**when requested, provide independent reviews via brief (1 to 2 pages) summary reports to the Board on projects that Staff has completed in the following areas:

    1. ***Investment Policy and Guidelines***
    2. ***Asset Class Structures and Strategies***
    3. ***Investment Manager Searches***

- **Calculate performance measurement–**independently from LACERA's custodian and provide quarterly Trust performance reports. Once a year the Consultant will make a performance presentation to the Board of Investments.
- **Research investment ideas–**provide independent, thorough research on current industry issues.

**Educate LACERA's Investment Board-**provide educational presentations to the Board on specific issues. Education will range from informational items to critical investment policy issues.

Revised February 11, 2015
Revised: February 12, 2014
Adopted: November 13, 2012

**ATTACHMENT A**

# CASH and CASH EQUIVALENTS INVESTMENT POLICY

The OPEB Trust's cash is actively managed. The two sources of cash are: 1) a $100 million Strategic Reserve in the Trust's current asset allocation mix, and 2) un-invested cash swept daily from the Trust's other portfolios. The investment's key objectives are to:

- Preserve principal through the use of high quality, short-term fixed income instruments.
- Diversify with respect to maturity, sector, industry, and issuer.
- Generate income and maintain adequate liquidity to pay benefits,.
- Outperform the Citigroup 6-month U.S. Treasury Bill Index by 25 bps, net-of-fees, over a full market cycle, with an expected tracking error of 0.5% - 1%.

The manager may invest in high quality, short-term fixed income instruments with a credit rating of at least A-2/P-2 by Moody's or S&P. The portfolio's maximum average duration is one year, and the maximum average maturity for individual securities is two years. The use of repurchase agreements will be permitted provided these agreements are adequately collateralized.

Although the Trust recognizes that duration management is a key contributor to total return in the management of cash/short-term assets, the investment manager may also enhance the total return of the portfolio through sector rotation and security selection. Investment Staff will continually monitor the manager's portfolio to analyze the account's performance, review stability of key investment personnel, ensure the continuity of their investment process, and verify that securities purchased on the Trust's behalf conform to the stated and approved investment guidelines.

## Tobacco Policy

Investment managers should refrain from purchasing tobacco securities when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security.

## Sudan Policy

Investment managers should refrain from purchasing securities where the company has been identified as doing business in Sudan or with the government of Sudan, when the same investment goals concerning risk, return and diversification can be achieved through the purchase of another security.

## Iran Policy

Investment managers should refrain from purchasing securities where the company has been identified as doing business in Iran's energy sector or with the government of Iran, when the same investment goals concerning risk, return and diversification can be achieved through the purchase of another security.

Reviewed: February 11, 2015
Revised: February 12, 2014
Adopted: November 13, 2012

**ATTACHMENT B**

# GLOBAL EQUITY INVESTMENT POLICY

The OPEB Trust seeks to maintain a diversified portfolio of equity securities in order to obtain the highest total return for the Fund at an acceptable level of risk within this asset class:

- The Global equity portfolio is expected to earn an annualized rate of return from dividends and realized and unrealized capital gains that matches the Morgan Stanley Capital International All Country World Investable Market Index (MSCI-ACWI IMI) over rolling five-to-seven year periods, with expected tracking error of 5 – 15 basis points (.05% - .15%).
- Passive management will comprise 100% of the total Global Equity portfolio.
- Active management will not be utilized in this portfolio.

Reviewed: February 11, 2015
Adopted: February 12, 2014

**ATTACHMENT C**

# MANAGER MONITORING AND REVIEW POLICY

This policy outlines and defines, in accordance with Board Policies, a process for the on-going monitoring and review of investment managers by LACERA's Investment Staff on behalf of the Los Angeles County Other Post Employment Benefit Trust ("OPEB Trust" or "Trust") and to establish guidelines for scheduling manager presentations to the Board of Investments (the Board). In adopting this policy, the Board acknowledges that LACERA has developed a highly qualified and capable in-house Investment Staff. The Staff is led by a Chief Investment Officer with asset class responsibility delegated to individual Investment Officers. This Investment Staff is responsible for and fully capable of performing the work assigned to it by the procedures discussed below.

The Board recognizes it is not necessary to meet with every investment manager annually, although from time-to-time, the Board may wish to meet with managers experiencing either performance or organizational related problems.

The following outlines the Investment Staff's responsibilities for monitoring and reporting back to the Board investment manager activities.

## MONTHLY AND QUARTERLY INVESTMENT REPORTS

### Quarterly Chief Investment Officer Reports

This report will provide the Board asset class market values and target allocations, as well as preliminary performance results for calendar year-to-date, fiscal year-to-date, and most recent calendar year's return. Other information may include investment activity such as manager rebalancing and funding activity.

### Performance Measurement Reports

The Investment Staff will provide quarterly performance measurement reports for the most recent calendar quarter end. Staff will supplement these written reports with oral presentations to the Board annually, alternating every six months with the Trust's general investment consultant.

Public market reports will include the Total Fund results for the trailing quarter, one-, three- and five-year periods. Composite results for all asset classes will also be reported. Public markets individual manager results will also be included in this report. Manager results will include a summary page reviewing all managers' gross and net-of-fee performance results for the most recent quarter, one, three, and five years. Risk-adjusted graphs will be provided for managers with at least three years of data.

A one-page summary for each manager will also be provided in the quarterly performance report. This summary will list each manager's mandate, provide peer and benchmark relative performance and since inception results. Estimated manager fees will be included in the appendix.

## MONITORING MANAGERS BY INVESTMENT STAFF

The Board has delegated to the investment Staff the fundamental responsibility of monitoring the OPEB Trust's investment managers on an on-going basis. Effectively monitoring managers can be broken into two key areas: identifying critical factors to monitor and establishing how managers will be monitored.

**Public Markets**
Staff will monitor the following critical factors: adherence to investment style, changes in key personnel, performance, organizational changes such as a sale of a firm, rapid asset growth or loss, and high staff turnover. Additionally, manager portfolios will be monitored for adherence to investment guidelines and contract compliance issues.

Managers will be monitored via periodic telephone calls and on-site visits. Each manager's performance will be reviewed quarterly. In addition, portfolio characteristics will be reviewed periodically to ensure that a manager is adhering to its investment style. Such reviews will incorporate analytics from external software packages and data provided by the Trust's custodian or obtained from the investment managers.

## FORMAL BOARD REVIEW OF MANAGERS

Formal manager reviews may be undertaken for any of the following reasons:

- When a manager's last three consecutive quarters of one year rolling excess returns are below the calculated performance bands.
- When a manager's last three consecutive quarters of one year rolling excess returns are *above* the calculated performance bands, a manager review may be undertaken at the discretion of the Chief Investment Officer.
- At the Board's request.
- At either Staff's or Consultant's recommendations.

Staff will notify the Board during performance reviews, or at other times of the year, when in Staff's opinion it is necessary to conduct a manager review. Additionally, the Board may periodically decide for no particular reason to invite investment managers to undertake a formal review.

The review may entail the manager conducting a formal presentation to the Board of Investments. Managers requested to present to the Board because of performance or organizational concerns will be asked to specifically address these issues. They will also be asked to review the following key points:

- Investment philosophy.
- Performance results.
- Past Investment strategy and performance impact relative to the benchmark.
- Current investment strategy.
- Potential investment strategy risk.

Reviewed: February 11, 2015
Revised: February 12, 2014
Adopted: November 13, 2012

# OPEB TRUST FUND

for the quarter ended June 30, 2015

## COMMENTARY

The Los Angeles County Other Post Employment Benefit (OPEB) Trust was funded in January of 2013 with an initial deposit of $325.6 million. Additional contributions during the first quarter of 2013 raised total deposits to $448.8 million. The OPEB portfolio was invested initially in an enhanced cash mandate. In December of 2013, LACERA's Board of Investments approved a new allocation consisting of a strategic reserve of $100 million in cash, with the remainder invested in a global equity index fund. As of June 30, 2015, the OPEB Trust's market value was $488.4 million, consisting of $388.2 million in equity and $100.2 million in cash.

The equity investment is benchmarked to the MSCI All Country World Investable Market Index (ACWI IMI), which reflects equity market performance in the U.S., as well as unhedged non-U.S. market returns in developed and emerging countries. The equity portfolio returned 0.64% for the quarter, slightly outperforming the index return of 0.54%. The index performance reflected a return of 0.10% in the U.S., -0.45% in Canada, 0.96% in Europe, 1.35% in the Pacific region, and 1.19% in emerging markets.

The cash portion is invested in high quality, short-term debt instruments such as U.S. Treasury Bills and Notes, commercial paper and other corporate obligations, certificates of deposit, and asset-backed securities. The portfolio's exposure to interest rate risk is low, as signified by a duration of 0.3 years. The cash portfolio return was 0.13% for the quarter, versus the 0.02% return of its benchmark, the Citigroup 6 month T-Bill index.

The combined OPEB portfolio's gross return for the second quarter was 0.54%, versus the blended cash/equity benchmark return of 0.43%.

## CONTRIBUTION HISTORY

| Date | Description | Amount |
|---|---|---|
| 01/17/13 | Initial Funding | $325,610,555 |
| 01/30/13 | Deposit | $43,360,129 |
| 02/15/13 | Deposit | $21,313,821 |
| 02/28/13 | Deposit | $20,611,263 |
| 03/15/13 | Deposit | $20,508,942 |
| 03/29/13 | Deposit | $17,414,061 |
| **Total Contributions:** | | **$448,818,771** |

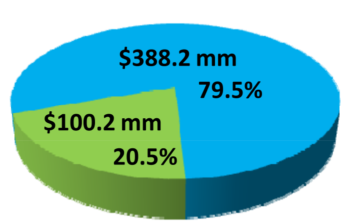
## PERFORMANCE

| | Qtr | FYTD | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
|---|---|---|---|---|---|---|
| OPEB Global Equity | 0.64 | 1.18 | 1.18 | ---- | ---- | ---- |
| MSCI ACWI IMI (Net) | 0.54 | 0.81 | 0.81 | ---- | ---- | ---- |
| OPEB Enhanced Cash | 0.13 | 0.40 | 0.40 | ---- | ---- | ---- |
| CG 6-Month T-Bill | 0.02 | 0.07 | 0.07 | ---- | ---- | ---- |
| **OPEB Trust Fund - Gross** | **0.54** | **1.02** | **1.02** | **----** | **----** | **----** |
| **OPEB Trust Fund - Net** | **0.53** | **0.98** | **0.98** | **----** | **----** | **----** |
| **OPEB Trust Fund - Net All*** | **0.52** | **0.94** | **0.94** | **----** | **----** | **----** |
| **OPEB Custom Index** | **0.43** | **0.66** | **0.66** | **----** | **----** | **----** |

* Includes Custody & LACERA's Administrative Fees ($18,351 a month since inception).

## ASSET ALLOCATION

**OPEB Trust Fund**




OPEB Enhanced Cash   OPEB Global Equity

## MARKET VALUE & PERCENT OWNERSHIP

| | | |
|---|---|---|
| County | $486,516,956 | 99.62% |
| LACERA | $1,860,719 | 0.38% |
| **OPEB Trust** | **$488,377,675** | **100.00%** |

# OPEB TRUST FUND

for the quarter ended June 30, 2015

| MANAGER PROFILE | |
|---|---|
| Firm: | BlackRock Institutional Trust Co. |
| Location: | San Francisco, CA |
| Year Founded: | 1985 |
| Portfolio Manager: | Lilian Wan, Managing Director |
| Account Assets: | $388,219,458 |
| Account Inception: | Mar-14 |
| Benchmark: | MSCI ACWI IMI (Net) |
| Investment Style: | Global Equity |

**PERFORMANCE**

| | Qtr | FYTD | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
|---|---|---|---|---|---|---|
| OPEB Global Equity | 0.64 | 1.18 | 1.18 | ---- | ---- | ---- |
| MSCI ACWI IMI (Net) | 0.54 | 0.81 | 0.81 | ---- | ---- | ---- |

| MANAGER PROFILE | |
|---|---|
| Firm: | J.P. Morgan Asset Management |
| Location: | New York, NY |
| Year Founded: | 1871 |
| Portfolio Manager: | Kyongsoo Noh, Exec. Director |
| Account Assets: | $100,158,218 |
| Account Inception: | Feb-13 |
| Benchmark: | Citigroup 6-month T-Bill |
| Investment Style: | Enhanced Cash |

**PERFORMANCE**

| | Qtr | FYTD | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
|---|---|---|---|---|---|---|
| OPEB Enhanced Cash | 0.13 | 0.40 | 0.40 | ---- | ---- | ---- |
| CG 6-Month T-Bill | 0.02 | 0.07 | 0.07 | ---- | ---- | ---- |

ATTACHMENT D

California Employers' Retiree Benefit Trust (CERBT)

# CERBT Strategy 1

June 30, 2015

## Objective

The objective of the CERBT Strategy 1 portfolio is to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. There is no guarantee that the portfolio will achieve its investment objective.

## Strategy

The CERBT Strategy 1 portfolio is invested in various asset classes in percentages approved by the CalPERS Board. The specific percentages of portfolio assets allocated to each asset class are shown under "Composition". Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CERBT Strategy 2 and Strategy 3, this portfolio consists of a higher percentage of equities than bonds and other assets. Historically, equities have displayed greater price volatility and therefore this portfolio may experience greater fluctuation of value. Employers that seek higher investment returns, and are able to accept greater risk and tolerate more fluctuation in returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes, in composition as well as targeted allocation percentages and ranges at any time.

## Assets Under Management

As of the specifed reporting month-end, the aggregate total of assets under management for all CERBT Strategies was

**$4,435,254,081.**

## Composition

### Asset Class Allocations and Benchmarks

The CERBT Strategy 1 portfolio consists of the following asset classes and corresponding benchmarks:

| Asset Class | Target Allocation[1] | Target Range | Benchmark |
|---|---|---|---|
| Global Equity | 57% | ± 2% | MSCI All Country World Index IMI (net) |
| Fixed Income | 27% | ±2% | Barclays Capital Long Liability Index |
| Treasury Inflation-Protected Securities ("TIPS") | 5% | ± 2% | Barclays Capital Global: US TIPS Index |
| Real Estate Investment Trusts ("REITs") | 8% | ± 2% | FTSE EPRA/NAREIT Developed Liquid Index (net) |
| Commodities | 3% | ± 2% | S&P GSCI Total Return Index |

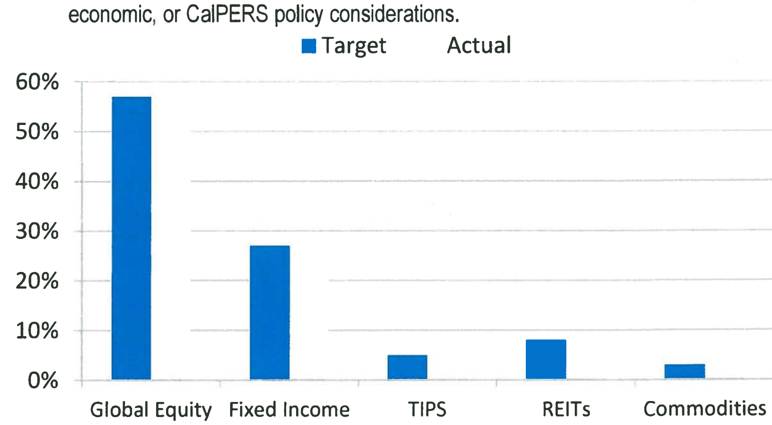
[1] Allocations approved by the Board at the October 2014 Investment Committee meeting

### Portfolio Benchmark

The CERBT Strategy 1 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

### Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may overweight or underweight an allocation to a particular asset class based on market, economic, or CalPERS policy considerations.




| CERBT Strategy 1 Performance as of June 30, 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 Month | 3 Months | Fiscal YTD | 1 Year | 3 Years* | 5 Years* | Since Inception* (June 1, 2007) |
| Returns before expenses[1] | -2.15% | -0.93% | -0.11% | -0.11% | 9.79% | 10.62% | 4.19% |
| Benchmark returns | -2.23% | -1.07% | -0.57% | -0.57% | 9.43% | 10.46% | 3.74% |

*Returns for periods greater than one year are annualized.

[1] See the Expense section of this document.

California Employers' Retiree Benefit Trust (CERBT)

# CERBT Strategy 1

June 30, 2015

CalPERS

## General Information

### Information Accessibility

The CERBT Strategy 1 portfolio consists of assets managed internally by CalPERS and/or external advisors. Since it is not a mutual fund, a prospectus is not available nor is information available from a newspaper source. This summary is designed to provide descriptive information. CalPERS provides a quarterly statement of the employer's account and other information about the CERBT. For total market value, detailed asset allocation, investment policy and current performance information, including performance to the most recent month-end, please visit our website at: **www.calpers.ca.gov**.

### Portfolio Manager Information

The CalPERS Investment Committee and Board of Administration directs the investment strategy and investments of the CERBT. Under that direction, CalPERS Investment staff manages fixed income, treasuery inflation-protected securities and commodities assets; and State Street Global Advisors (SSgA) manages the global equity and real estate investment trust assets.

### Custodian and Record Keeper

State Street Bank serves as custodian for the CERBT. Northeast Retirement Services serves as record keeper.

### Expenses

CERBT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the fee, the greater the reduction of investment return. Currently, CERBT expenses are 0.10% which consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to SSgA to manage the global equity and real estate trust assets, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per share. CERBT's actual expenses may differ from the amount currently being accrued due to factors such as changes in average fund assets or market conditions. The expense accrual rate may change without notice in order to reflect changes in average portfolio assets or in expense amounts. The CalPERS Board annually reviews the operating expenses and changes may be made as appropriate. Even if the portfolio loses money during a period, the fee is still charged.

## What Employers Own

Each employer choosing CERBT Strategy 1 owns a percentage of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

## Price

The value of the portfolio changes daily, based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

## Principal Risks of the Portfolio

The CalPERS CERBT Fund provides California government employers with a trust through which they may prefund retiree medical costs and other post-employment benefits. CERBT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives nor provide sufficient funding to meet these employer obligations. Further, CalPERS will not make up the difference between actual health care premiums for payment of future benefits provided to retirees should CERBT assets not be sufficient to cover future obligations.

An investment in the portfolio is not a bank deposit, and it is not insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CERBT Principal Investment Risks" located at **www.calpers.ca.gov**.

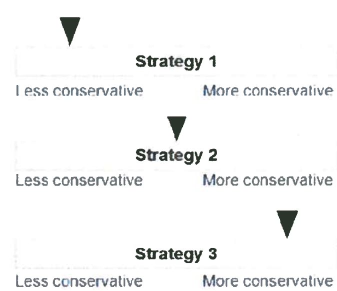
## Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit **www.calpers.ca.gov** and follow the links to California Employer Retirees' Benefit Trust.

## CERBT Strategy Risk Levels

CalPERS offers employers the choice of one of three investment strategies. Risk levels among strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

| Asset Class Target Allocations | Strategy 1 | Strategy 2 | Strategy 3 |
|---|---|---|---|
| Global Equity | 57% | 40% | 24% |
| Fixed Income | 27% | 39% | 39% |
| Treasury Inflation-Protected Securities | 5% | 10% | 26% |
| Real Estate Investment Trusts | 8% | 8% | 8% |
| Commodities | 3% | 3% | 3% |



ATTACHMENT E

HighMark® CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

# CAPITAL APPRECIATION

AS OF JUNE 30, 2015

## WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

### Flexible Investment Options

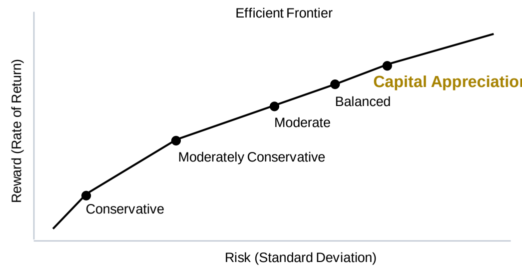
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

## INVESTMENT OBJECTIVE

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.




## ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

| | Strategic Range | Policy | Tactical |
|---|---|---|---|
| Equity | 65 - 85% | 75% | 73% |
| Fixed Income | 10 - 30% | 20% | 24% |
| Cash | 0 - 20% | 5% | 3% |

## ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

| | |
|---|---|
| Current Quarter* | 0.30% |
| *Blended Benchmark*** | *-0.29%* |
| Year To Date* | 2.79% |
| *Blended Benchmark** | *1.90%* |
| 1 Year | 3.65% |
| *Blended Benchmark* | *3.97%* |
| 3 Year | 11.73% |
| *Blended Benchmark* | *12.13%* |
| 5 Year | 11.77% |
| *Blended Benchmark* | *12.25%* |
| Inception To Date (78-Mos.) | 11.76% |
| *Blended Benchmark* | *12.60%* |

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Gov't, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill.

## ANNUAL RETURNS

| | |
|---|---|
| 2008 | N/A% |
| 2009 | 23.77% |
| 2010 | 12.95% |
| 2011 | -1.35% |
| 2012 | 13.87% |
| 2013 | 20.33% |
| 2014 | 6.05% |

## PORTFOLIO FACTS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|---|---|---|---|
| Inception Data | 01/2009 | Inception Data | N/A |
| No of Funds in Portfolio | 19 | No of Funds in Portfolio | 14 |

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

HighMark®
CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800.582.4734
www.highmarkcapital.com

**ABOUT THE ADVISER**
HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

**ABOUT THE PORTFOLIO MANAGEMENT TEAM**

**Andrew Brown, CFA®**
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

**Kevin Churchill, CFA®, CFP®**
Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

**Salvatore "Tory" Milazzo III, CFA®**
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

**J. Keith Stribling, CFA**
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

**Christiane Tsuda**
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

**Matthew Webber, CFA®**
Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

**Anne Wimmer, CFA®**
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

**Asset Allocation Committee**
Number of Members: 15
Average Years of Experience: 26
Average Tenure (Years): 14

**Manager Review Group**
Number of Members: 9
Average Years of Experience: 22
Average Tenure (Years): 8

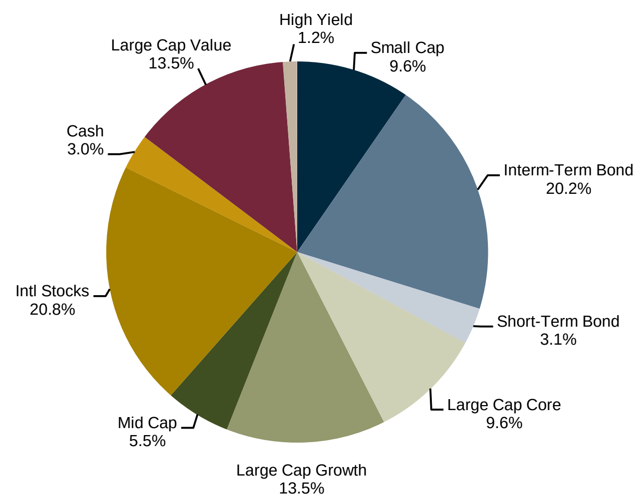


## SAMPLE HOLDINGS

| HighMark Plus (Active) | Index Plus (Passive) |
|---|---|
| Columbia Contrarian Core Z | iShares S&P 500 |
| T. Rowe Price Growth Stock | iShares S&P 500/Value |
| Columbia Small Cap Value II Z | iShares S&P 500/Growth |
| T. Rowe Price New Horizons | iShares Russell 2000 Value |
| Nationwide Bailard International Equities | iShares Russell 2000 Growth |
| Nationwide HighMark Bond | iShares MSCI EAFE |
| Vanguard Short-Term Invest-Grade Adm | iShares Russell Midcap Value |
| Loomis Sayles Value Y | iShares Russell Midcap Growth |
| PIMCO Total Return | iShares Barclays Aggregate Bond |
| Dodge & Cox International Stock | Vanguard Short-Term Invest-Grade Adm |
| MFS International Growth I | First American Prime Obligation Z |
| First American Prime Obligation Z | SPDR Euro Stoxx 50 ETF |
| TIAA-CREF Mid Cap Value | SPDR Barclays High Yield Bond ETF |
| Ivy Mid Cap Growth | Vanguard FTSE Emerging Markets ETF |
| Harbor Capital Appreciation | |
| Schroder Emerging Market Equity | |
| Dodge & Cox Stock | |
| SPDR Euro Stoxx 50 ETF | |
| PIMCO High Yield | |

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE




The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Capital Appreciation active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

California Employers' Retiree Benefit Trust (CERBT)

# CERBT Strategy 3

June 30, 2015

CalPERS

## Objective

The objective of the CERBT Strategy 3 portfolio is to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. There is no guarantee that the portfolio will achieve its investment objective.

## Strategy

The CERBT Strategy 3 portfolio is invested in various asset classes in percentages approved by the CalPERS Board. The specific percentages of portfolio assets allocated to each asset class are shown under "Composition". Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CERBT Strategy 1 and Strategy 2, this portfolio consists of a lower percentage of equities than bonds, and other assets. Historically, funds with a lower percentage of equities have displayed less price volatility and therefore, this portfolio may experience less fluctuation of value. Employers that seek greater stability of value, in exchange for possible lower investement returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes, in composition as well as targeted allocation percentages and ranges at any time.

## Assets Under Management

As of the specified reporting month-end, the aggregate total of assets under management for all CERBT Strategies was

**$4,435,254,081.**

## Composition

### Asset Class Allocations and Benchmarks

The CERBT Strategy 3 portfolio consists of the following asset classes and corresponding benchmarks:

| Asset Class | Target Allocation[1] | Target Range | Benchmark |
|---|---|---|---|
| Global Equity | 24% | ± 2% | MSCI All Country World Index IMI (net) |
| Fixed Income | 39% | ± 2% | Barclays Capital Long Liability Index |
| Treasury Inflation-Protected Securities ("TIPS") | 26% | ± 2% | Barclays Capital Global: US TIPS Index |
| Real Estate Investment Trusts ("REITs") | 8% | ± 2% | FTSE EPRA/NAREIT Developed Liquid Index (net) |
| Commodities | 3% | ± 2% | S&P GSCI Total Return Index |

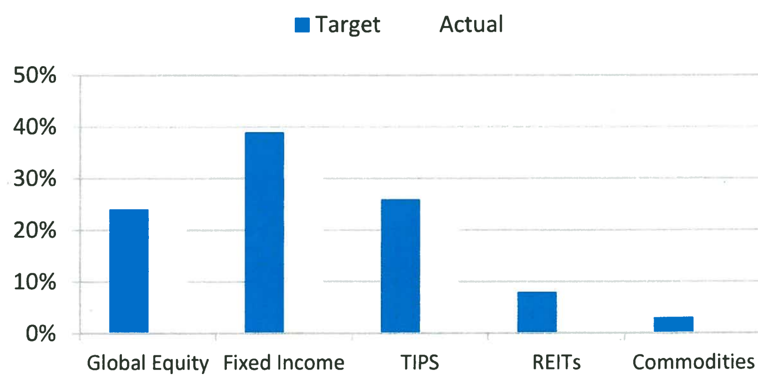
[1] Allocations approved by the Board at the October 2014 Investment Committee meeting

### Portfolio Benchmark

The CERBT Strategy 3 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

### Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may overweight or underweight an allocation to a particular asset class based on market, economic, or CalPERS policy considerations.




| CERBT Strategy 3 Performance as of June 30, 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 Month | 3 Months | Fiscal YTD | 1 Year | 3 Years* | 5 Years* | Since Inception* January 1, 2012) |
| Returns before expenses[1] | -1.90% | -1.81% | -0.03% | -0.03% | 5.88% | - | 6.49% |
| Benchmark returns | -1.96% | -1.91% | -0.57% | -0.57% | 5.35% | - | 6.13% |

*Returns for periods greater than one year are annualized.

[1] See the Expense section of this document.

ATTACHMENT F

California Employers' Retiree Benefit Trust (CERBT)

# CERBT Strategy 3

June 30, 2015

## General Information

### Information Accessibility

The CERBT Strategy 3 portfolio consists of assets managed internally by CalPERS and/or external advisors. Since it is not a mutual fund, a prospectus is not available nor is information available from a newspaper source. This summary is designed to provide descriptive information. CalPERS provides a quarterly statement of the employer's account and other information about the CERBT. For total market value, detailed asset allocation, investment policy and current performance information, including performance to the most recent month-end, please visit our website at: **www.calpers.ca.gov**.

### Portfolio Manager Information

The CalPERS Investment Committee and Board of Administration directs the investment strategy and investments of the CERBT. Under that direction, CalPERS Investment staff manages fixed income, treasury inflation-protected securities and commodities assets; and State Street Global Advisors (SSgA) manages the global equity and real estate investment trust assets.

### Custodian and Record Keeper

State Street Bank serves as custodian for the CERBT. Northeast Retirement Services serves as record keeper.

### Expenses

CERBT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the fee, the greater the reduction of investment return. Currently, CERBT expenses are 0.10% which consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to SSgA to manage the global equity and real estate trust assets, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per share. CERBT's actual expenses may differ from the amount currently being accrued due to factors such as changes in average fund assets or market conditions. The expense accrual rate may change without notice in order to reflect changes in average portfolio assets or in expense amounts. The CalPERS Board annually reviews the operating expenses and changes may be made as appropriate. Even if the portfolio loses money during a period, the fee is still charged.

## What Employers Own

Each employer choosing CERBT Strategy 3 owns a percentage of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

## Price

The value of the portfolio changes daily, based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

## Principal Risks of the Portfolio

The CalPERS CERBT Fund provides California government employers with a trust through which they may prefund retiree medical costs and other post-employment benefits. CERBT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives nor provide sufficient funding to meet these employer obligations. Further, CalPERS will not make up the difference between actual health care premiums for payment of future benefits provided to retirees should CERBT assets not be sufficient to cover future obligations.

An investment in the portfolio is not a bank deposit, and it is not insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CERBT Principal Investment Risks" located at **www.calpers.ca.gov**.

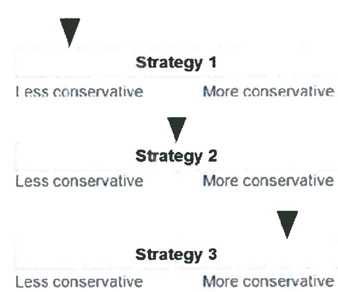
## Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit **www.calpers.ca.gov** and follow the links to California Employer Retirees' Benefit Trust.

## CERBT Strategy Risk Levels

CalPERS offers employers the choice of one of three investment strategies. Risk levels among strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

| Asset Class Target Allocations | Strategy 1 | Strategy 2 | Strategy 3 |
|---|---|---|---|
| Global Equity | 57% | 40% | 24% |
| Fixed Income | 27% | 39% | 39% |
| Treasury Inflation-Protected Securities | 5% | 10% | 26% |
| Real Estate Investment Trusts | 8% | 8% | 8% |
| Commodities | 3% | 3% | 3% |



California Employers' Retiree Benefit Trust (CERBT)

# CERBT Strategy 2

June 30, 2015

CalPERS

## Objective

The objective of the CERBT Strategy 2 portfolio is to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. There is no guarantee that the portfolio will achieve its investment objective.

## Strategy

The CERBT Strategy 2 portfolio is invested in various asset classes in percentages approved by the CalPERS Board. The specific percentages of portfolio assets allocated to each asset class are shown under "Composition". Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CERBT Strategy 1 and Strategy 3, this portfolio consists of a moderate allocation of equities, bonds, and other assets. Historically, equities have displayed greater price volatility and therefore, this portfolio may experience comparatively less fluctuation of value compared to CERBT Strategy 1 but more fluctuation of value compared to CERBT Strategy 3. Employers that seek a moderate approach to investing may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes, in composition as well as targeted allocation percentages and ranges at any time.

## Assets Under Management

As of the specified reporting month-end, the aggregate total of assets under management for all CERBT Strategies was

**$4,435,254,081.**

## Composition

### Asset Class Allocations and Benchmarks

The CERBT Strategy 2 portfolio consists of the following asset classes and corresponding benchmarks:

| Asset Class | Target Allocation[1] | Target Range | Benchmark |
|---|---|---|---|
| Global Equity | 40% | ± 2% | MSCI All Country World Index IMI (net) |
| Fixed Income | 39% | ± 2% | Barclays Capital Long Liability Index |
| Treasury Inflation-Protected Securities ("TIPS") | 10% | ± 2% | Barclays Capital Global: US TIPS Index |
| Real Estate Investment Trusts ("REITs") | 8% | ± 2% | FTSE EPRA/NAREIT Developed Liquid Index (net) |
| Commodities | 3% | ± 2% | S&P GSCI Total Return Index |

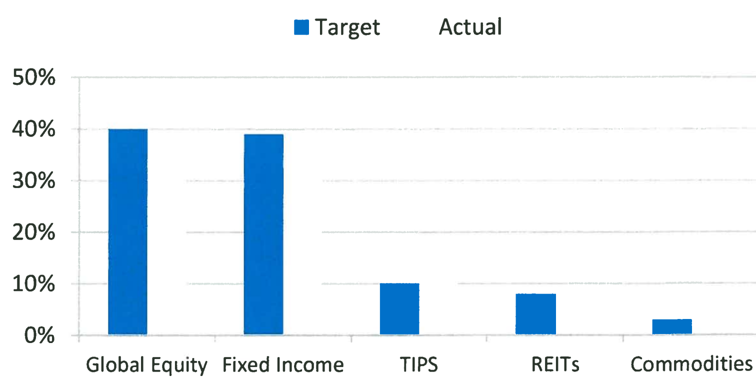
[1] Allocations approved by the Board at the October 2014 Investment Committee meeting

### Portfolio Benchmark

The CERBT Strategy 2 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

### Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may overweight or underweight an allocation to a particular asset class based on market, economic, or CalPERS policy considerations.




| CERBT Strategy 2 Performance as of June 30, 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 Month | 3 Months | Fiscal YTD | 1 Year | 3 Years* | 5 Years* | Since Inception* (October 1, 2011) |
| Returns before expenses[1] | -2.09% | -1.52% | -0.34% | -0.34% | 7.84% | - | 9.17% |
| Benchmark returns | -2.16% | -1.65% | -0.73% | -0.73% | 7.46% | - | 8.94% |

*Returns for periods greater than one year are annualized.

[1] See the Expense section of this document.

California Employers' Retiree Benefit Trust (CERBT)

# CERBT Strategy 2

CalPERS

June 30, 2015

## General Information

### Information Accessibility

The CERBT Strategy 2 portfolio consists of assets managed internally by CalPERS and/or external advisors. Since it is not a mutual fund, a prospectus is not available nor is information available from a newspaper source. This summary is designed to provide descriptive information. CalPERS provides a quarterly statement of the employer's account and other information about the CERBT. For total market value, detailed asset allocation, investment policy and current performance information, including performance to the most recent month-end, please visit our website at: **www.calpers.ca.gov**.

### Portfolio Manager Information

The CalPERS Investment Committee and Board of Administration directs the investment strategy and investments of the CERBT. Under that direction, CalPERS Investment staff manages fixed income, treasury inflation-protected securities and commodities assets; and State Street Global Advisors (SSgA) manages the global equity and real estate investment trust assets.

### Custodian and Record Keeper

State Street Bank serves as custodian for the CERBT. Northeast Retirement Services serves as record keeper.

### Expenses

CERBT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the fee, the greater the reduction of investment return. Currently, CERBT expenses are 0.10% which consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to SSgA to manage the global equity and real estate trust assets, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per share. CERBT's actual expenses may differ from the amount currently being accrued due to factors such as changes in average fund assets or market conditions. The expense accrual rate may change without notice in order to reflect changes in average portfolio assets or in expense amounts. The CalPERS Board annually reviews the operating expenses and changes may be made as appropriate. Even if the portfolio loses money during a period, the fee is still charged.

## What Employers Own

Each employer choosing CERBT Strategy 2 owns a percentage of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

## Price

The value of the portfolio changes daily, based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

## Principal Risks of the Portfolio

The CalPERS CERBT Fund provides California government employers with a trust through which they may prefund retiree medical costs and other post-employment benefits. CERBT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives nor provide sufficient funding to meet these employer obligations. Further, CalPERS will not make up the difference between actual health care premiums for payment of future benefits provided to retirees should CERBT assets not be sufficient to cover future obligations.

An investment in the portfolio is not a bank deposit, and it is not insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CERBT Principal Investment Risks" located at **www.calpers.ca.gov**.

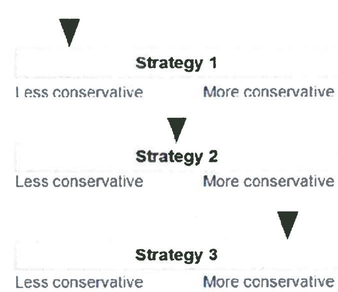
## Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit **www.calpers.ca.gov** and follow the links to California Employer Retirees' Benefit Trust.

## CERBT Strategy Risk Levels

CalPERS offers employers the choice of one of three investment strategies. Risk levels among strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

| Asset Class Target Allocations | Strategy 1 | Strategy 2 | Strategy 3 |
|---|---|---|---|
| Global Equity | 57% | 40% | 24% |
| Fixed Income | 27% | 39% | 39% |
| Treasury Inflation-Protected Securities | 5% | 10% | 26% |
| Real Estate Investment Trusts | 8% | 8% | 8% |
| Commodities | 3% | 3% | 3% |



HighMark® CAPITAL MANAGEMENT

ATTACHMENT G

PARS DIVERSIFIED PORTFOLIOS

# CONSERVATIVE

AS OF JUNE 30, 2015

## WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

### Flexible Investment Options

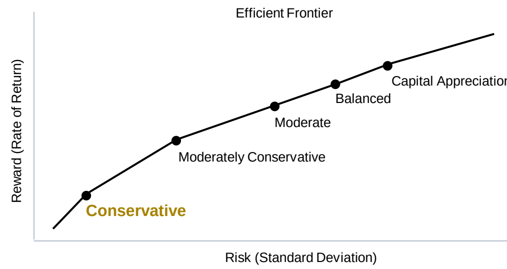
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

## INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.




## ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

| | Strategic Range | Policy | Tactical |
|---|---|---|---|
| Equity | 5 – 20% | 15% | 15% |
| Fixed Income | 60 – 95% | 80% | 80% |
| Cash | 0 – 20% | 5% | 5% |

## ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

| | |
|---|---|
| Current Quarter* | -0.80% |
| *Blended Benchmark*** | *-0.86%* |
| Year To Date* | 1.03% |
| *Blended Benchmark** | *0.59%* |
| 1 Year | 1.74% |
| *Blended Benchmark* | *1.98%* |
| 3 Year | 4.19% |
| *Blended Benchmark* | *3.62%* |
| 5 Year | 5.09% |
| *Blended Benchmark* | *4.31%* |
| 10 Year | 4.83% |
| *Blended Benchmark* | *4.24%* |

Index Plus (Passive)

| | |
|---|---|
| Current Quarter* | -1.01% |
| *Blended Benchmark*** | *-0.86%* |
| Year To Date* | 0.42% |
| *Blended Benchmark** | *0.59%* |
| 1 Year | 1.45% |
| *Blended Benchmark* | *1.98%* |
| 3 Year | 3.69% |
| *Blended Benchmark* | *3.62%* |
| 5 Year | 4.67% |
| *Blended Benchmark* | *4.31%* |
| 10 Year | 4.41% |
| *Blended Benchmark* | *4.24%* |

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Gov't, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

## ANNUAL RETURNS

HighMark Plus (Active)

| | |
|---|---|
| 2008 | -9.04% |
| 2009 | 15.59% |
| 2010 | 8.68% |
| 2011 | 2.19% |
| 2012 | 8.45% |
| 2013 | 3.69% |
| 2014 | 3.88% |

Index Plus (Passive)

| | |
|---|---|
| 2008 | -6.70% |
| 2009 | 10.49% |
| 2010 | 7.67% |
| 2011 | 3.70% |
| 2012 | 6.22% |
| 2013 | 3.40% |
| 2014 | 4.32% |

## PORTFOLIO FACTS

HighMark Plus (Active)

| | |
|---|---|
| Inception Data | 07/2004 |
| No of Funds in Portfolio | 19 |

Index Plus (Passive)

| | |
|---|---|
| Inception Data | 07/2004 |
| No of Funds in Portfolio | 14 |

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

HighMark® CAPITAL MANAGEMENT

350 California Street
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800.582.4734
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**ABOUT THE ADVISER**
HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

**ABOUT THE PORTFOLIO MANAGEMENT TEAM**

**Andrew Brown, CFA®**
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California;
BA, University of Southern California

**Kevin Churchill, CFA®, CFP®**
Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University;
BS, University of Puget Sound

**Salvatore "Tory" Milazzo III, CFA®**
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

**J. Keith Stribling, CFA**
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

**Christiane Tsuda**
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

**Matthew Webber, CFA®**
Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

**Anne Wimmer, CFA®**
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

**Asset Allocation Committee**
Number of Members: 15
Average Years of Experience: 26
Average Tenure (Years): 14

**Manager Review Group**
Number of Members: 9
Average Years of Experience: 22
Average Tenure (Years): 8

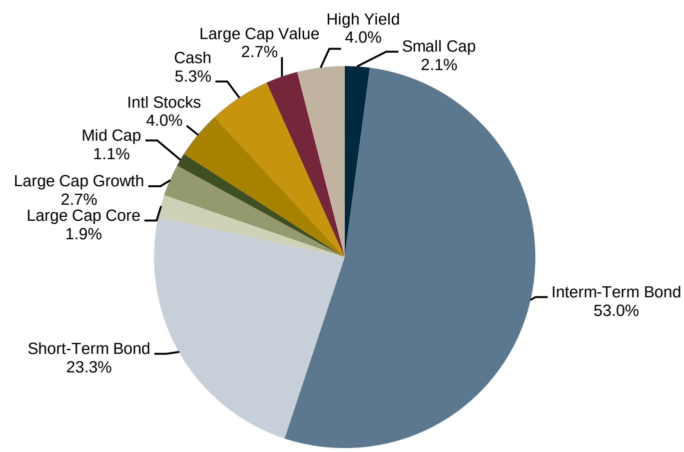
ATTACHMENT G

## SAMPLE HOLDINGS

| HighMark Plus (Active) | Index Plus (Passive) |
|---|---|
| Columbia Contrarian Core Z | iShares S&P 500 |
| T. Rowe Price Growth Stock | iShares S&P 500/Value |
| Columbia Small Cap Value II Z | iShares S&P 500/Growth |
| T. Rowe Price New Horizons | iShares Russell 2000 Value |
| Nationwide Bailard International Equities | iShares Russell 2000 Growth |
| Nationwide HighMark Bond | iShares MSCI EAFE |
| Vanguard Short-Term Invest-Grade Adm | iShares Russell Midcap Value |
| Loomis Sayles Value Y | iShares Russell Midcap Growth |
| PIMCO Total Return | iShares Barclays Aggregate Bond |
| Dodge & Cox International Stock | Vanguard Short-Term Invest-Grade Adm |
| MFS International Growth I | First American Prime Obligation Z |
| First American Prime Obligation Z | SPDR Euro Stoxx 50 ETF |
| TIAA-CREF Mid Cap Value | SPDR Barclays High Yield Bond ETF |
| Ivy Mid Cap Growth | Vanguard FTSE Emerging Markets ETF |
| Harbor Capital Appreciation | |
| Schroder Emerging Market Equity | |
| Dodge & Cox Stock | |
| SPDR Euro Stoxx 50 ETF | |
| PIMCO High Yield | |

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE




The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

ATTACHMENT G

HighMark® CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS
# MODERATE
AS OF JUNE 30, 2015

## WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

### Comprehensive Investment Solution
HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

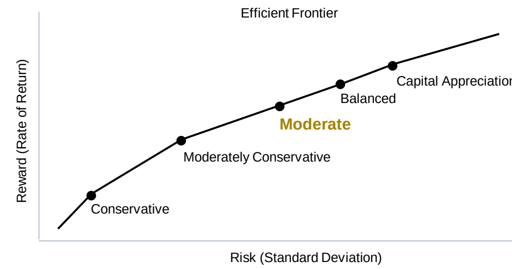
### Rigorous Manager Due Diligence
Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

### Flexible Investment Options
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

### Risk Management
The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

## INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.




## ASSET ALLOCATION — MODERATE PORTFOLIO

| | Strategic Range | Policy | Tactical |
|---|---|---|---|
| Equity | 40 - 60% | 50% | 49% |
| Fixed Income | 40 - 60% | 45% | 48% |
| Cash | 0 - 20% | 5% | 3% |

## ANNUALIZED TOTAL RETURNS
(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

| HighMark Plus (Active) | | Index Plus (Passive) | |
|---|---|---|---|
| Current Quarter* | -0.28% | Current Quarter* | -0.69% |
| *Blended Benchmark*** | *-0.62%* | *Blended Benchmark*** | *-0.62%* |
| Year To Date* | 2.10% | Year To Date* | 1.29% |
| *Blended Benchmark** | *1.30%* | *Blended Benchmark** | *1.30%* |
| 1 Year | 2.78% | 1 Year | 2.52% |
| *Blended Benchmark* | *3.31%* | *Blended Benchmark* | *3.31%* |
| 3 Year | 8.45% | 3 Year | 8.25% |
| *Blended Benchmark* | *8.64%* | *Blended Benchmark* | *8.64%* |
| 5 Year | 9.33% | 5 Year | 9.22% |
| *Blended Benchmark* | *9.29%* | *Blended Benchmark* | *9.29%* |
| 10 Year | 5.63% | Inception To Date (110-Mos.) | 5.45% |
| *Blended Benchmark* | *5.74%* | *Blended Benchmark* | *5.62%* |

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Gov't, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

## ANNUAL RETURNS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|---|---|---|---|
| 2008 | -22.88% | 2008 | -18.14% |
| 2009 | 21.47% | 2009 | 16.05% |
| 2010 | 12.42% | 2010 | 11.77% |
| 2011 | 0.55% | 2011 | 2.29% |
| 2012 | 12.25% | 2012 | 10.91% |
| 2013 | 13.06% | 2013 | 12.79% |
| 2014 | 4.84% | 2014 | 5.72% |

## PORTFOLIO FACTS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|---|---|---|---|
| Inception Data | 10/2004 | Inception Data | 05/2006 |
| No of Funds in Portfolio | 19 | No of Funds in Portfolio | 14 |

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

HIGHMARK®
CAPITAL MANAGEMENT

350 California Street
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## SAMPLE HOLDINGS

| HighMark Plus (Active) | Index Plus (Passive) |
|---|---|
| Columbia Contrarian Core Z | iShares S&P 500 |
| T. Rowe Price Growth Stock | iShares S&P 500/Value |
| Columbia Small Cap Value II Z | iShares S&P 500/Growth |
| T. Rowe Price New Horizons | iShares Russell 2000 Value |
| Nationwide Bailard International Equities | iShares Russell 2000 Growth |
| Nationwide HighMark Bond | iShares MSCI EAFE |
| Vanguard Short-Term Invest-Grade Adm | iShares Russell Midcap Value |
| Loomis Sayles Value Y | iShares Russell Midcap Growth |
| PIMCO Total Return | iShares Barclays Aggregate Bond |
| Dodge & Cox International Stock | Vanguard Short-Term Invest-Grade Adm |
| MFS International Growth I | First American Prime Obligation Z |
| First American Prime Obligation Z | SPDR Euro Stoxx 50 ETF |
| TIAA-CREF Mid Cap Value | SPDR Barclays High Yield Bond ETF |
| Ivy Mid Cap Growth | Vanguard FTSE Emerging Markets ETF |
| Harbor Capital Appreciation | |
| Schroder Emerging Market Equity | |
| Dodge & Cox Stock | |
| SPDR Euro Stoxx 50 ETF | |
| PIMCO High Yield | |

*Holdings are subject to change at the discretion of the investment manager.*

## ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

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Investment Experience: since 1994
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Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

**Christiane Tsuda**
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

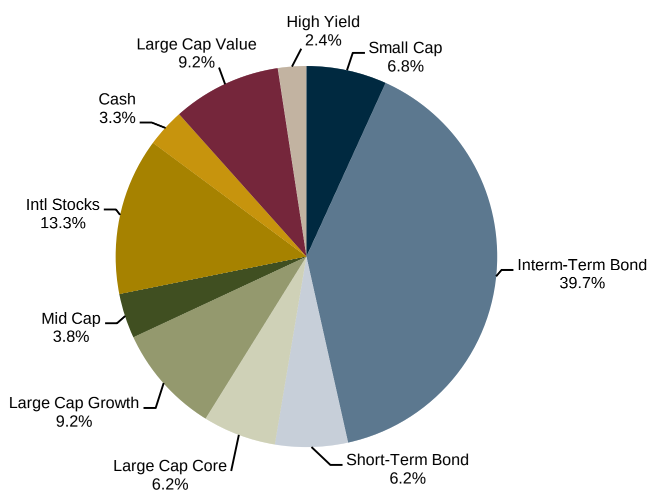
**Matthew Webber, CFA®**
Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

**Anne Wimmer, CFA®**
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

**Asset Allocation Committee**
Number of Members: 15
Average Years of Experience: 26
Average Tenure (Years): 14

**Manager Review Group**
Number of Members: 9
Average Years of Experience: 22
Average Tenure (Years): 8

## STYLE




The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Moderate active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

[illegible]e adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank m[illegible]y charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2015, the blended rate is [illegible]8%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

ATTACHMENT G

HIGHMARK® CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS
# BALANCED
AS OF JUNE 30, 2015

## WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

### Comprehensive Investment Solution
HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

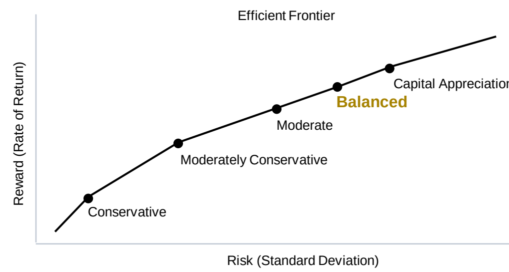
### Rigorous Manager Due Diligence
Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

### Flexible Investment Options
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

### Risk Management
The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

## INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.




## ASSET ALLOCATION — BALANCED PORTFOLIO

| | Strategic Range | Policy | Tactical |
|---|---|---|---|
| Equity | 50 – 70% | 60% | 58% |
| Fixed Income | 30 – 50% | 35% | 39% |
| Cash | 0 – 20% | 5% | 3% |

## ANNUALIZED TOTAL RETURNS
(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

| HighMark Plus (Active) | | Index Plus (Passive) | |
|---|---|---|---|
| Current Quarter* | -0.05% | Current Quarter* | -0.56% |
| *Blended Benchmark*** | *-0.51%* | *Blended Benchmark*** | *-0.51%* |
| Year To Date* | 2.57% | Year To Date* | 1.49% |
| *Blended Benchmark** | *1.52%* | *Blended Benchmark** | *1.52%* |
| 1 Year | 3.11% | 1 Year | 2.69% |
| *Blended Benchmark* | *3.69%* | *Blended Benchmark* | *3.69%* |
| 3 Year | 9.94% | 3 Year | 9.53% |
| *Blended Benchmark* | *10.12%* | *Blended Benchmark* | *10.12%* |
| 5 Year | 10.53% | 5 Year | 10.35% |
| *Blended Benchmark* | *10.77%* | *Blended Benchmark* | *10.77%* |
| Inception to Date (105-Mos.) | 5.33% | Inception to Date (93-Mos.) | 4.62% |
| *Blended Benchmark* | *5.89%* | *Blended Benchmark* | *5.16%* |

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

## ANNUAL RETURNS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|---|---|---|---|
| 2008 | -25.72% | 2008 | -23.22% |
| 2009 | 21.36% | 2009 | 17.62% |
| 2010 | 14.11% | 2010 | 12.76% |
| 2011 | -0.46% | 2011 | 1.60% |
| 2012 | 13.25% | 2012 | 11.93% |
| 2013 | 16.61% | 2013 | 15.63% |
| 2014 | 4.70% | 2014 | 6.08% |

## PORTFOLIO FACTS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|---|---|---|---|
| Inception Data | 10/2006 | Inception Data | 10/2007 |
| No of Funds in Portfolio | 19 | No of Funds in Portfolio | 14 |

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

ATTACHMENT G

HighMark® CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800.582.4734
www.highmarkcapital.com

**ABOUT THE ADVISER**

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

**ABOUT THE PORTFOLIO MANAGEMENT TEAM**

**Andrew Brown, CFA®**
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California;
BA, University of Southern California

**Kevin Churchill, CFA®, CFP®**
Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University;
BS, University of Puget Sound

**Salvatore "Tory" Milazzo III, CFA®**
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

**J. Keith Stribling, CFA**
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

**Christiane Tsuda**
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

**Matthew Webber, CFA®**
Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

**Anne Wimmer, CFA®**
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

**Asset Allocation Committee**
Number of Members: 15
Average Years of Experience: 26
Average Tenure (Years): 14

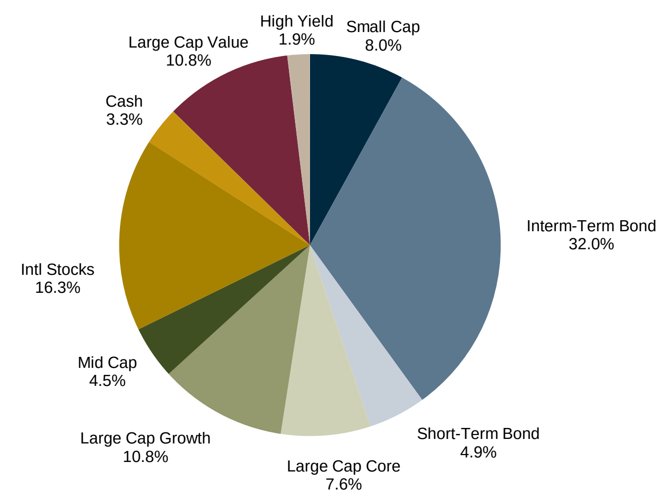
**Manager Review Group**
Number of Members: 9
Average Years of Experience: 22
Average Tenure (Years): 8

## SAMPLE HOLDINGS

| HighMark Plus (Active) | Index Plus (Passive) |
|---|---|
| Columbia Contrarian Core Z | iShares S&P 500 |
| T. Rowe Price Growth Stock | iShares S&P 500/Value |
| Columbia Small Cap Value II Z | iShares S&P 500/Growth |
| T. Rowe Price New Horizons | iShares Russell 2000 Value |
| Nationwide Bailard International Equities | iShares Russell 2000 Growth |
| Nationwide HighMark Bond | iShares MSCI EAFE |
| Vanguard Short-Term Invest-Grade Adm | iShares Russell Midcap Value |
| Loomis Sayles Value Y | iShares Russell Midcap Growth |
| PIMCO Total Return | iShares Barclays Aggregate Bond |
| Dodge & Cox International Stock | Vanguard Short-Term Invest-Grade Adm |
| MFS International Growth I | First American Prime Obligation Z |
| First American Prime Obligation Z | SPDR Euro Stoxx 50 ETF |
| TIAA-CREF Mid Cap Value | SPDR Barclays High Yield Bond ETF |
| Ivy Mid Cap Growth | Vanguard FTSE Emerging Markets ETF |
| Harbor Capital Appreciation | |
| Schroder Emerging Market Equity | |
| Dodge & Cox Stock | |
| SPDR Euro Stoxx 50 ETF | |
| PIMCO High Yield | |

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE




The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Balanced active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

# OPEB Funding Considerations
# Board Offsite Meeting
# January 20, 2016

Presented by:

Robert Schmidt, FSA, EA, MAAA

Janet Jennings, ASA, MAAA

# Agenda

- OPEB Trust Fund Updates
- Cost Sharing vs. Agent
  - Considerations
  - Transitional steps
  - Implementation
  - Estimated cost impact
- GASB 74/75
  - What has changed?
  - How will it affect the July 1, 2016 valuation?
- 2016-2017 Projects





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# OPEB TRUST FUND





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# Background

- The County has established an OPEB Trust satisfying three criteria:
  – Irrevocable
  – Assets dedicated to plan members
  – Legally protected from creditors
- LACERA has a private letter ruling from the IRS confirming the tax-exempt status of the OPEB Trust
- Advance funding of liabilities will require a shift from pay as you go funding to pre-funding

# Investment Policy

- The policy includes:
  - General goals
  - Asset class allocation:
    - $100 million cash reserve
    - 100% of remainder of assets: MSCI ACWI IMI Global Public Equity
  - Performance objectives: match Policy benchmark gross of fees
  - Policies and structures for the management of assets
  - Responsible parties and duties
- Based on this information, we used an allocation of 20% Cash, 40% Broad US Equities, 20% Developing Foreign Equities, and 20% Emerging Markets Equities, resulting in an estimated discount rate of 7.00% for a plan funding the full "Annual Required Contribution"

# Funding Policy

- The County and LACERA adopted a six-year funding plan on 6/20/15 to phase in the funding of the OPEB unfunded liability
  – Continue to pay for the Retiree Healthcare Program on a pay-as-you-go basis (about $500 million in FY2015, increasing each year)
  – Make gradually increasing additional annual contributions until a sustainable level is reached
- Funding decisions for the County, LACERA, and Superior Court are independent of each other
  – The Superior Court is not assumed to be pre-funding at this time
- There is no legally binding funding policy yet, although our projections assume there is one
- First and second quarter of FY2016 have been funded

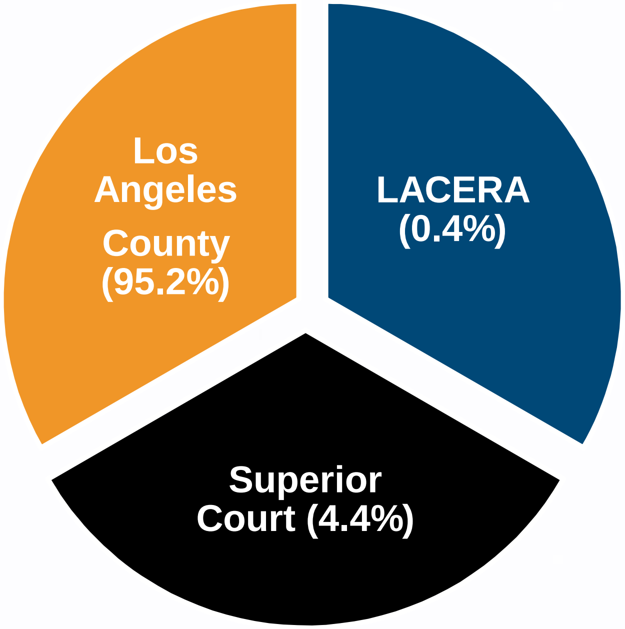
# COST SHARING VS. AGENT

# Cost-Sharing Plan vs. Agent Plan

## Cost Sharing Plan


If the County proceeds with a Cost Sharing plan that includes the Superior Court, assets would be available to all participating employers, including those that choose not to pre-fund the benefits.

## Agent Plan




Percentages are based on each participating employer's AAL from the July 1, 2014 OPEB Valuation.





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# Alternative One: Cost-Sharing Plan

- Contributions from participating employers are not segregated from other participating employers
- Assumptions apply to the entire group
- Benefit payouts are paid from the assets of the entire group

# Alternative Two: Agent Plan

- Contributions from one employer are only used for benefits payable for that employer's members
- Assets are clearly designated as separate accounts for each employer
- Administrative and investment functions may still be pooled
- Provides flexibility for each employer to change benefit structure and funding policy





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# Transitional Steps

- Employer groups for purposes of the Agent plan would be LA County, LACERA, and the Superior Court
- Valuation results must be presented for each employer group
  - Each employer group may have different discount rates under GASB 74/75 because of different fund values and depletion dates
- Review the change with tax, legal, and audit teams





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# Implementation

- The change would be effective July 1, 2016
- Assets would be split as follows:
  - LA County
  - LACERA
  - Superior Court: $0
- It would be preferable to have separate valuation reports for each employer

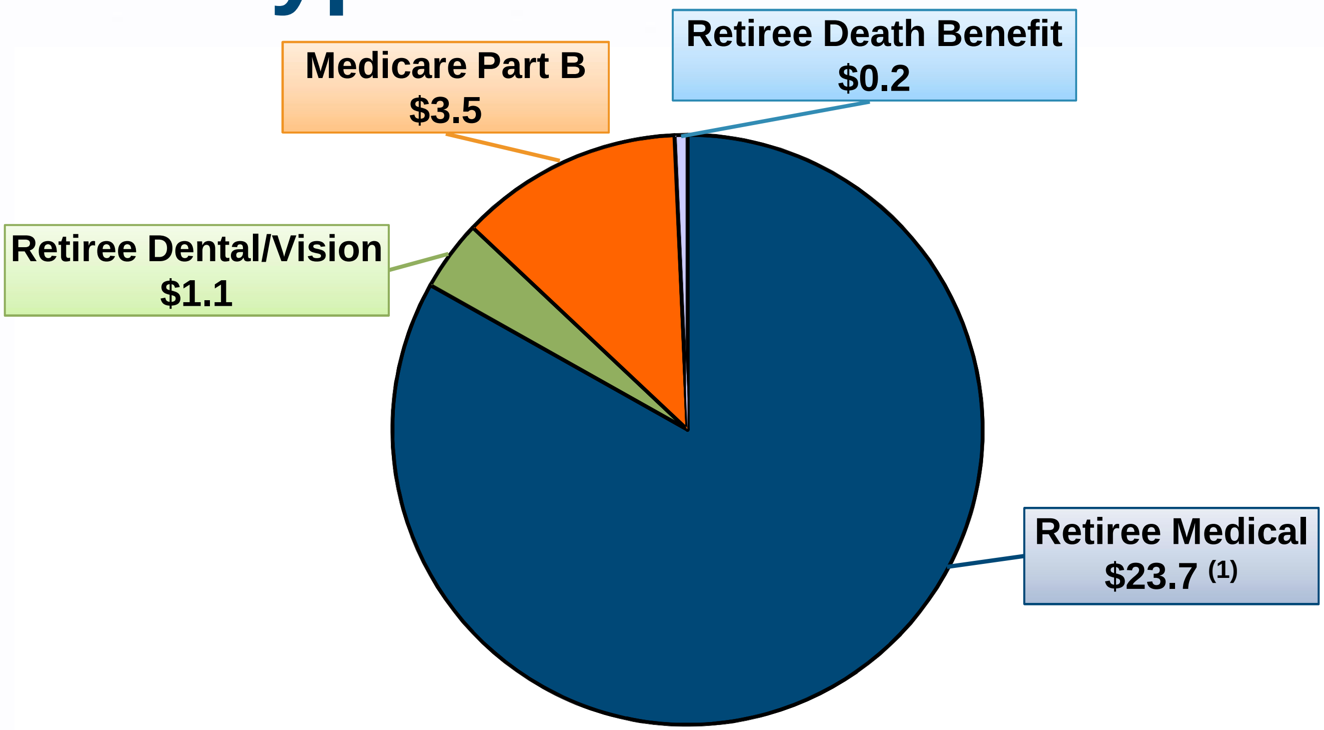
# High Level Results from July 1, 2014 Valuation

| | July 1, 2014 | July 1, 2012 |
|---|---|---|
| Actuarial Accrued Liability ($billions) | $ 28.55 | $ 26.95 |
| County Normal Cost Rate | 17.50% | 17.55% |
| County ARC as a Percentage of Payroll | 31.82% | 32.07% |

Assumptions

Discount Rate: 3.75% (assumes partial pre-funding of OPEB benefits)
Other Assumptions: Per July 1, 2014 Report

# Actuarial Accrued Liability by Benefit Type




*Amounts in billions*

*(1) Retiree Medical is composed of $4.1 billion for pre-65 and $19.6 billion for post-65.*





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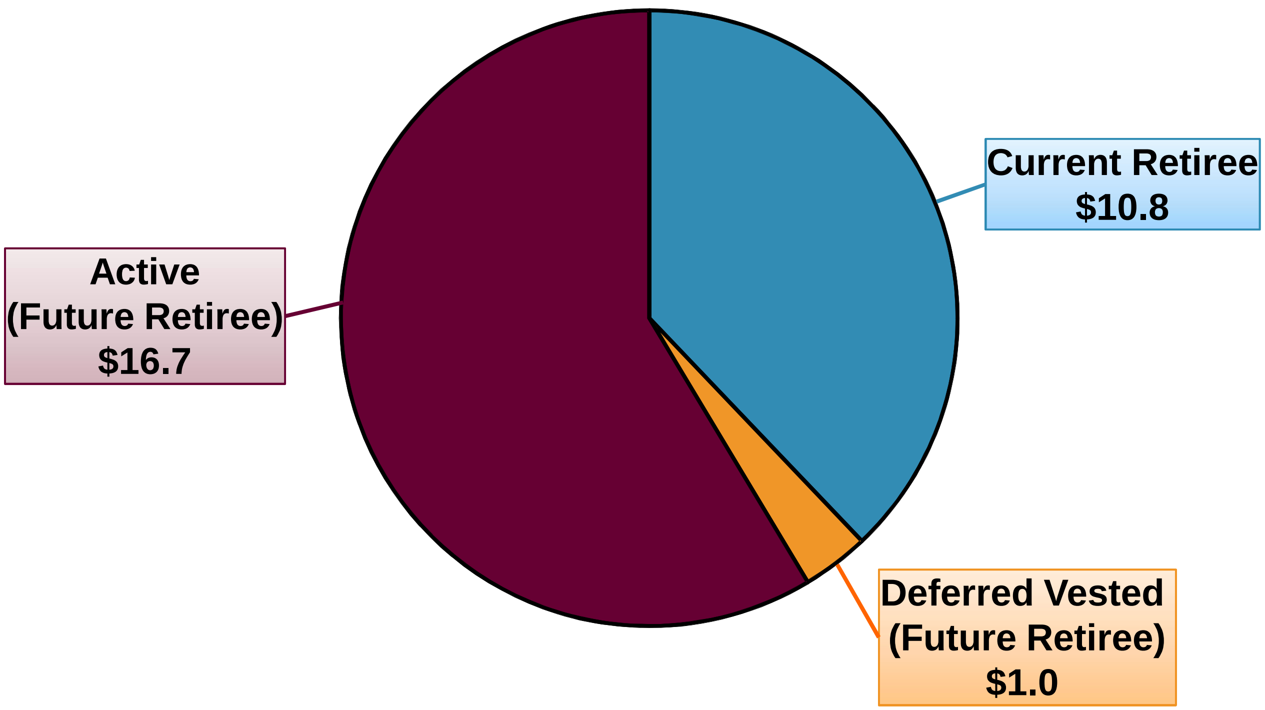
# Actuarial Accrued Liability by Member Status




*Amounts in billions*

# High Level Projection Results

| | First Year ARC is Fully Funded[1] | Percentage of AAL Funded by 2054 |
|---|---|---|
| **Cost Sharing** | | |
| Total | 2028 | 46% |
| **Agent** | | |
| LA County | 2027 | 47% |
| LACERA | 2028 | 44% |
| Superior Court | N/A | 0% |

Notes:
Projections are based on GASB 43/45 methodology, and do not include the impact of the ACA Excise Tax (“Cadillac Tax”).

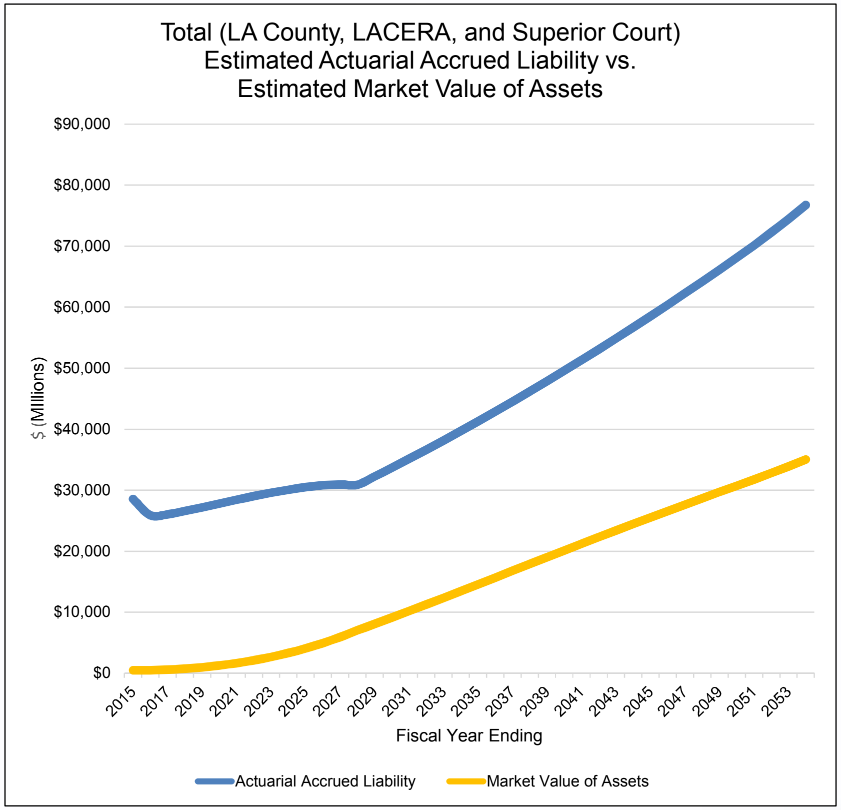
Future GASB reporting requirements will differ from these projections.

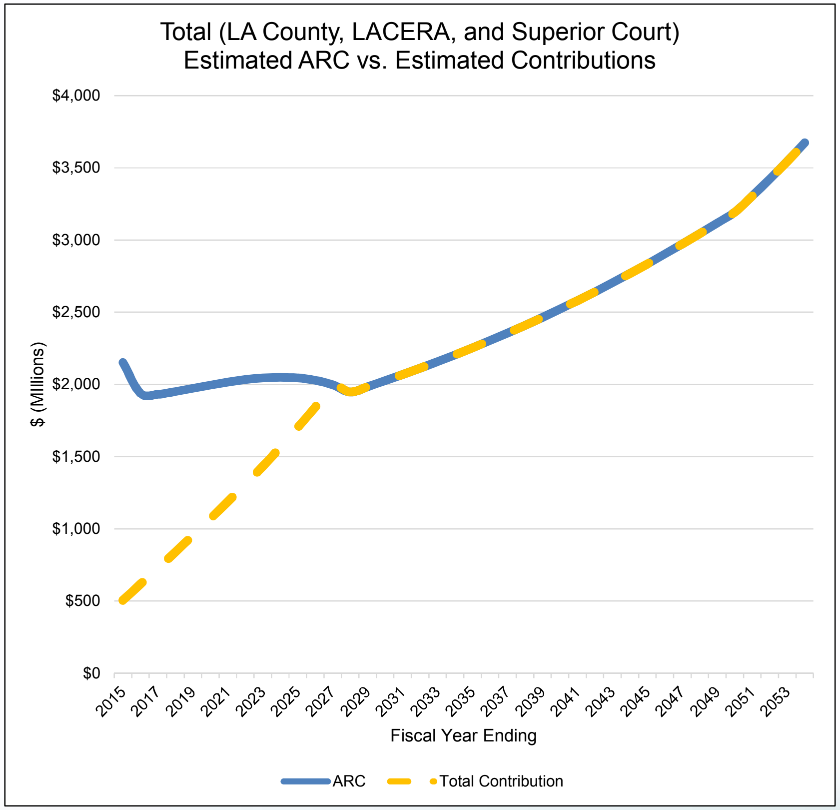
These results are based on broad estimates and should be used for illustrative purposes only. Actual results will vary.

(1) The first year that the sum of benefit payments and prefunding contributions is at least equal to the GASB annual cost.

# Cost Sharing Projections

- Total (LA County, LACERA, and Superior Court)




The assumed discount rate begins at 3.75% and increases to 7.00% over the first 13 years.

**This work product was prepared solely for LACERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.**



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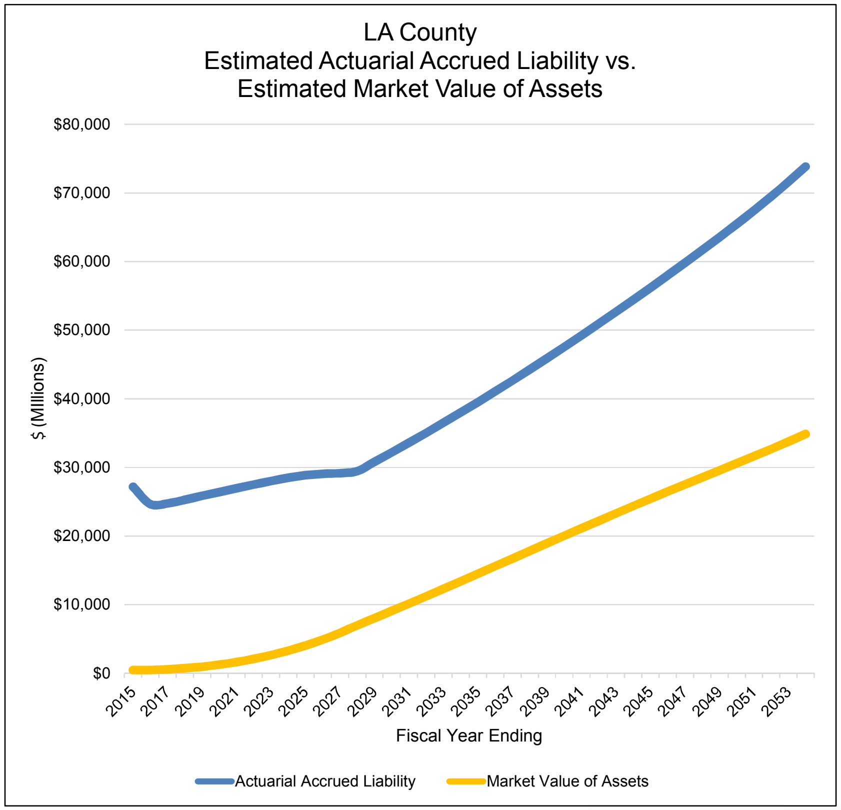
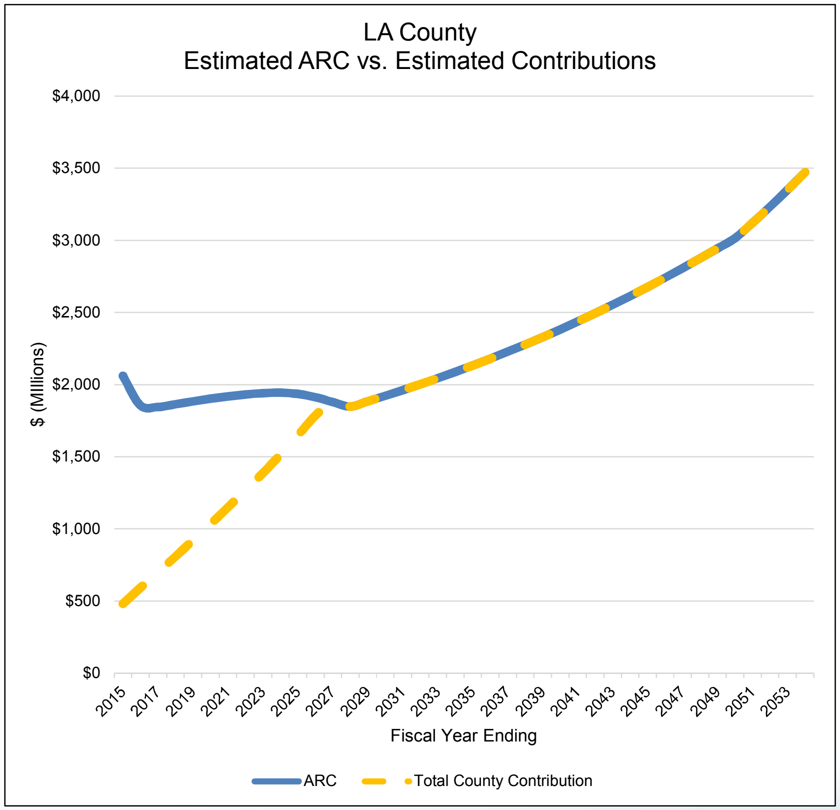
# Agent Projections

- LA County

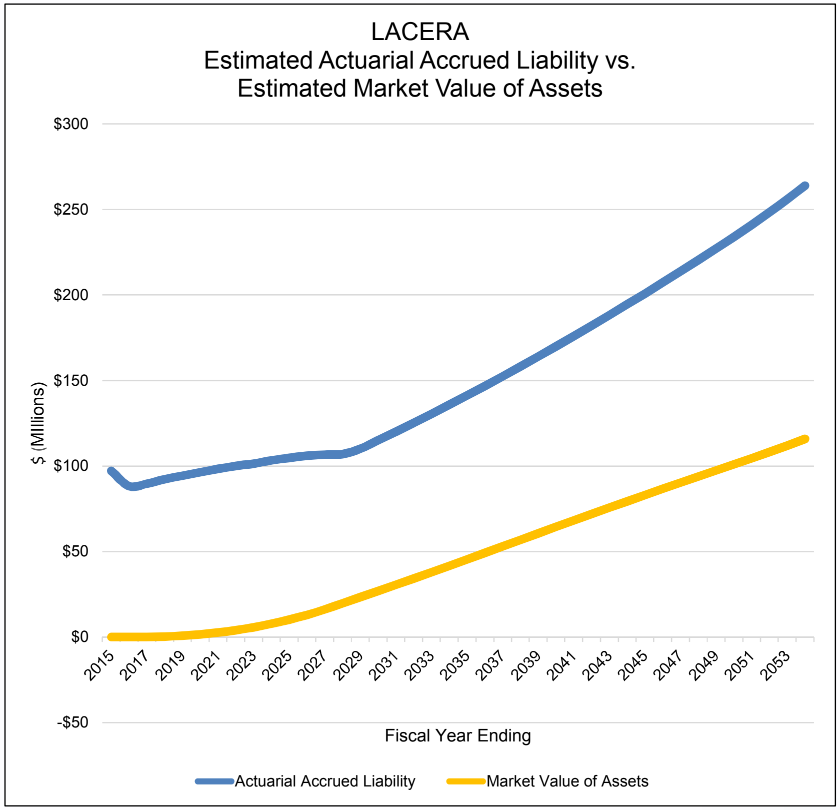


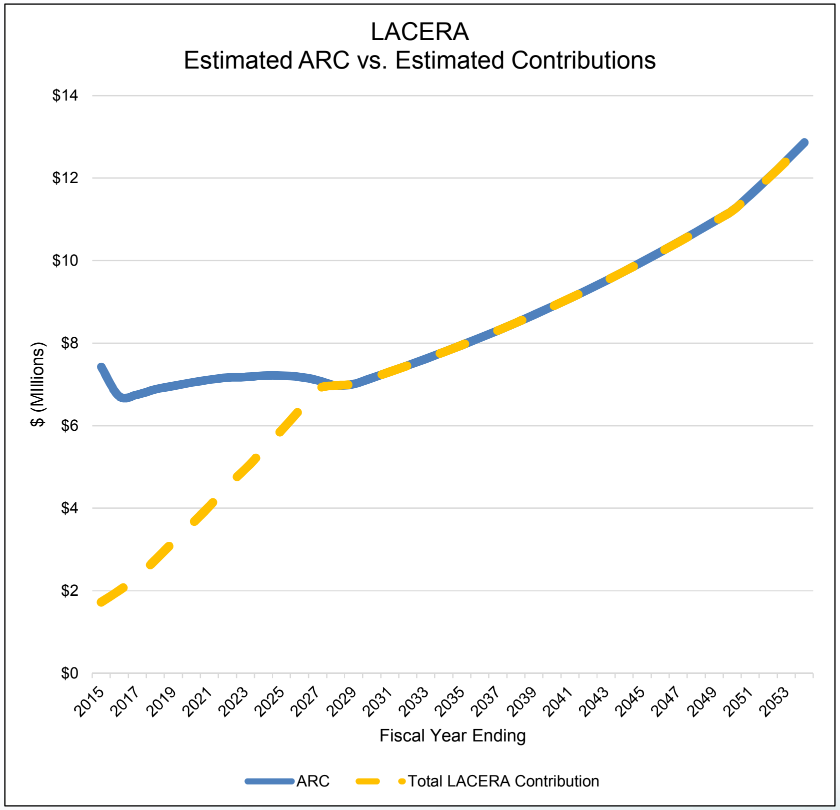




The assumed discount rate begins at 3.75% and increases to 7.00% over the first 12 years.

# Agent Projections

- LACERA




The assumed discount rate begins at 3.75% and increases to 7.00% over the first 13 years.





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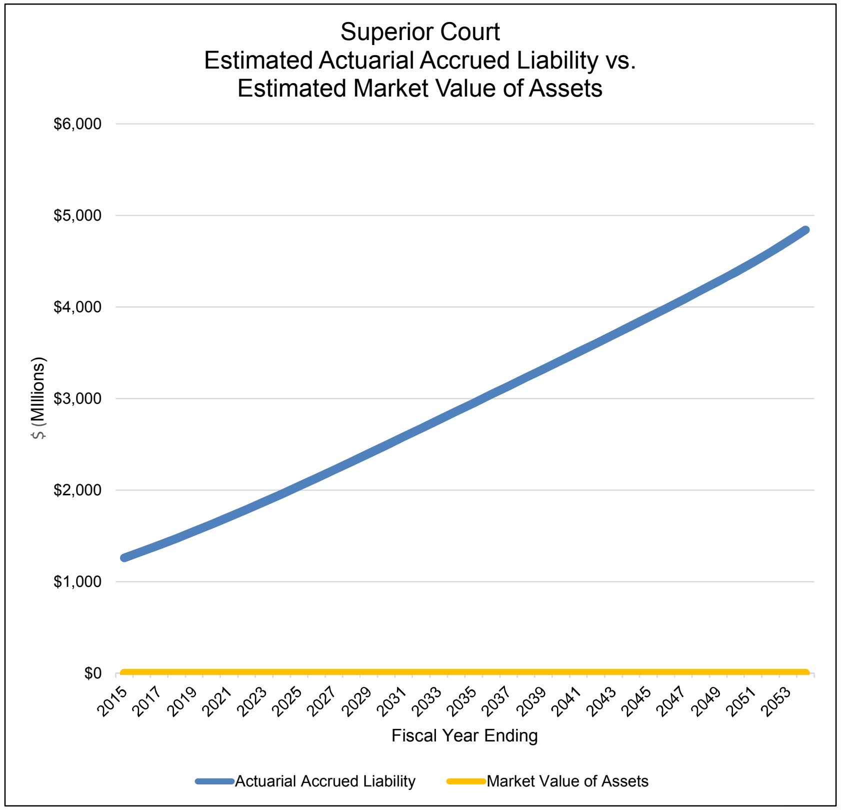
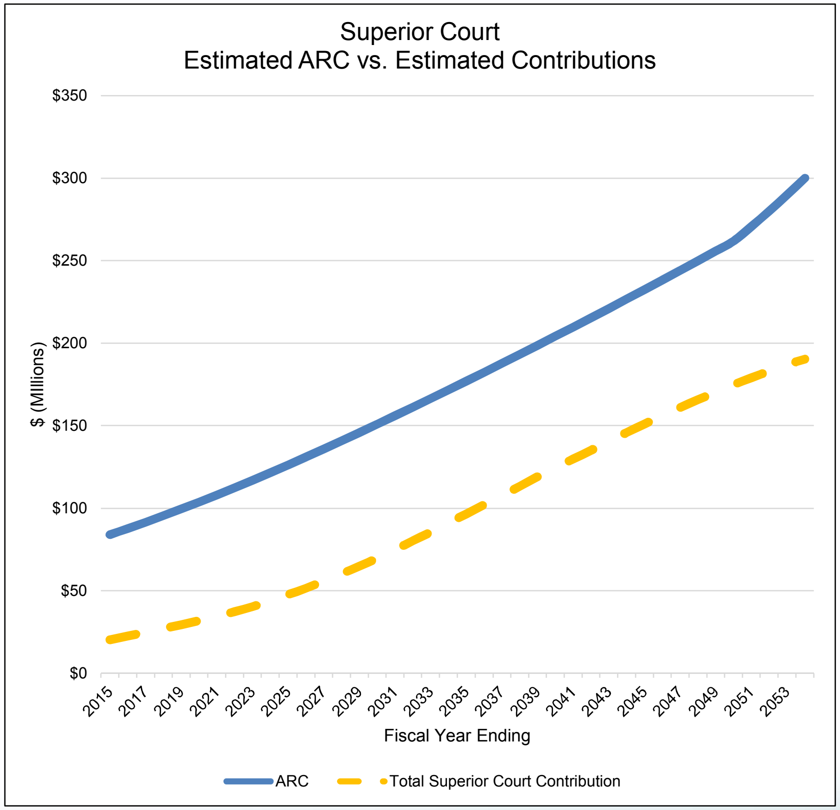
# Agent Projections

- Superior Court




The assumed discount rate remains at 3.75% for all years.





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# Assumptions

- Data methods, plan provisions, and assumptions used are based on our July 1, 2014 OPEB Valuation and December 19, 2013 Tier 2 Study other than:
  - 4,000 new entrants each year
  - All benefits are included, not just medical
- ACA Excise Tax is not included
- Interpolated discount rate based on prior year's % ARC funded
  - Used an asset allocation of 20% Cash, 40% Broad US Equities, 20% Developing Foreign Equities, and 20% Emerging Markets Equities

# Assumptions (continued)

- Based total County (LA County + LACERA) contributions to the fund on Cheiron's April 2, 2015 Projections (Scenario 1, $25 Million + Subvention Contribution), delayed one year
- Based LACERA contributions to the fund on November 20, 2015 Funding Policy recommendation through 2021 and then used a portion of the total County contribution based on a weighted average of the headcounts and 7/1/2014 AAL
- LACERA projected AAL and Normal Cost use same portion of the total County as described above
- An annual OPEB valuation is assumed for illustrative purposes
- Projections are based on GASB statements 43 and 45

# GASB 74/75

# GASB 74/75

## Overview of the Statements

- Statement 74 supersedes Statement 43 for the plan's financials
- Statement 75 supersedes Statement 45 for the sponsoring employer's financials
- New Terminology
- Timing and effective dates
- Key areas
  - Discount Rate
  - Actuarial Cost Method
  - Assets at market value, no smoothing
  - Expense Recognition





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# GASB 74/75

## New Terminology

- Total OPEB Liability (TOL)
  – Actuarial Accrued Liability calculated in accordance with statements
- Fiduciary Net Position (FNP)
  – Market value of plan assets
- Net OPEB Liability (NOL)
  – TOL less FNP; formerly the Unfunded Actuarial Accrued Liability
  – Significant increase compared with GASB 43/45
- Deferred inflows and outflows of resources
  – Unrecognized gains (deferred inflows or “acquisition of net asset”) and losses (deferred outflows or “consumption of net asset”)
- Actuarially Determined Contribution
  – Reported in Required Supplementary Information (RSI), in comparison to actual contribution, can use any methodology (including that previously used for ARC)

# GASB 74/75

## Timing

- GASB 74
  - Net OPEB liability must be measured as of plan's fiscal year end (FYE)
  - Effective with FYE June 30, 2017
- GASB 75
  - Effective with FYE June 30, 2018
- The 7/1/2016 OPEB valuation report will be under GASB 74/75

# GASB 74/75

## Key Areas – Discount Rate

- Blended rate is no longer based on what portion of ARC is funded and methodology is spelled out
- Represents a “blended” rate equivalent to combination of:
  – Long-term expected rate of return on assets (LT-ROR) while such assets are sufficient to pay benefits
  – 20-year tax-exempt municipal bond yield or index rate for the period following asset depletion (crossover)
- Discount rate is single rate producing same actuarial present value (PVB) as the combination of rates described above
- The projection of assets and benefit payments used to assess the “crossover point” is critical in establishing the discount rate





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# GASB 74/75

## Key Areas – Other

- Statements require “traditional” Entry Age cost method
  - Will change the AAL and Normal Cost
- Recognition of annual changes in Actuarial Accrued Liability:
  - Changes due to plan amendments are immediately recognized
  - Changes due to investment experience are recognized over five years
  - All other AAL changes are recognized over participants’ expected remaining service (with zero years averaged in for inactives)
  - Expense will likely be more volatile and could be higher than the ARC reported under GASB 43/45
- Funding and Reporting may be based on different methodologies

# 2016-2017 PROJECTS





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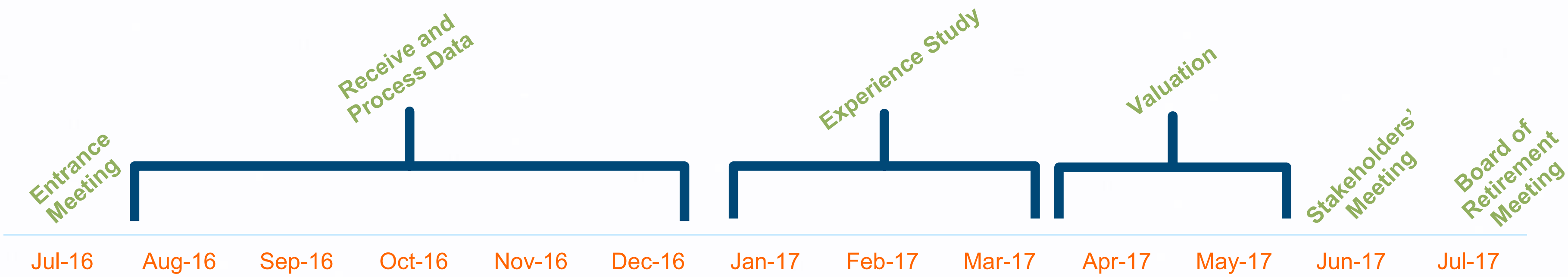
# 2016-2017 Projects – Schedule

- July 2016 – Entrance Meeting
- August – December 2016 – Receive and Process Data
- January – March 2017 Experience Study
- April – May 2017 Valuation
- June 2017 – Stakeholders' Meeting
- July 2017 – Board of Retirement Meeting



# Questions?





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# Caveats and Disclaimers

This presentation is based on the data, methods, assumptions and plan provisions described in our July 1, 2014 Valuation Report except as otherwise stated. All caveats and limitations of use contained in the valuation report continue to apply to this presentation.

These projection estimates are subject to the uncertainties of a regular actuarial valuation; the projections are inexact because they are based on assumptions that are themselves necessarily inexact, even though we consider them reasonable. Thus, the emerging projections may vary from those presented in this presentation to the extent actual experience differs from that projected by the actuarial assumptions.

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We are members of the American Academy of Actuaries and the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Robert L. Schmidt, FSA, MAAA
Principal and Consulting Actuary

Janet Jennings, ASA, MAAA
Associate Actuary

# APPENDIX

# Cost Sharing – Total

| | | Beginning of Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ending | Discount Rate | Actuarial Accrued Liability | Market Value of Assets | Unfunded Actuarial Liability | Percent Funding | ARC | Benefit Payment | Prefunding Contribution | Total Contribution | % of ARC Funded |
| 2015 | 3.75% | $28,547 | $484 | $28,063 | 1.7% | $2,152 | $504 | $0 | $504 | 23.4% |
| 2016 | 4.51% | $25,873 | $488 | $25,385 | 1.9% | $1,939 | $561 | $56 | $617 | 31.8% |
| 2017 | 4.78% | $26,020 | $580 | $25,440 | 2.2% | $1,931 | $614 | $112 | $726 | 37.6% |
| 2018 | 4.97% | $26,570 | $737 | $25,833 | 2.8% | $1,951 | $670 | $168 | $838 | 43.0% |
| 2019 | 5.15% | $27,158 | $962 | $26,196 | 3.5% | $1,973 | $730 | $224 | $954 | 48.4% |
| 2020 | 5.32% | $27,786 | $1,261 | $26,525 | 4.5% | $1,996 | $789 | $280 | $1,069 | 53.6% |
| 2021 | 5.49% | $28,405 | $1,639 | $26,766 | 5.8% | $2,016 | $851 | $336 | $1,187 | 58.9% |
| 2022 | 5.66% | $29,016 | $2,101 | $26,914 | 7.2% | $2,034 | $918 | $392 | $1,310 | 64.4% |
| 2023 | 5.84% | $29,563 | $2,654 | $26,909 | 9.0% | $2,045 | $984 | $448 | $1,432 | 70.0% |
| 2024 | 6.03% | $30,051 | $3,303 | $26,748 | 11.0% | $2,049 | $1,060 | $504 | $1,564 | 76.4% |
| 2025 | 6.23% | $30,475 | $4,055 | $26,419 | 13.3% | $2,045 | $1,141 | $560 | $1,701 | 83.2% |
| 2026 | 6.45% | $30,783 | $4,919 | $25,864 | 16.0% | $2,029 | $1,227 | $616 | $1,843 | 90.8% |
| 2027 | 6.70% | $30,926 | $5,900 | $25,026 | 19.1% | $1,998 | $1,317 | $672 | $1,989 | 99.6% |
| 2030 | 7.00% | $33,655 | $9,110 | $24,545 | 27.1% | $2,026 | $1,610 | $416 | $2,026 | 100.0% |
| 2035 | 7.00% | $41,267 | $14,545 | $26,722 | 35.2% | $2,254 | $2,165 | $89 | $2,254 | 100.0% |
| 2040 | 7.00% | $49,574 | $20,095 | $29,479 | 40.5% | $2,521 | $2,817 | ($295) | $2,521 | 100.0% |
| 2045 | 7.00% | $58,508 | $25,516 | $32,992 | 43.6% | $2,835 | $3,541 | ($707) | $2,835 | 100.0% |
| 2050 | 7.00% | $68,064 | $30,710 | $37,353 | 45.1% | $3,193 | $4,286 | ($1,093) | $3,193 | 100.0% |
| 2054 | 7.00% | $76,734 | $35,013 | $41,720 | 45.6% | $3,673 | $4,884 | ($1,210) | $3,673 | 100.0% |

*Dollar amounts are in millions.*

# Agent – LA County

| | | Beginning of Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ending | Discount Rate | Actuarial Accrued Liability | Market Value of Assets | Unfunded Actuarial Liability | Percent Funding | ARC | Benefit Payment | Prefunding Contribution | Total County Contribution | % of ARC Funded |
| 2015 | 3.75% | $27,191 | $484 | $26,707 | 1.8% | $2,061 | $482 | $0 | $482 | 23.4% |
| 2016 | 4.51% | $24,653 | $488 | $24,165 | 2.0% | $1,856 | $536 | $56 | $592 | 31.9% |
| 2017 | 4.79% | $24,753 | $580 | $24,173 | 2.3% | $1,845 | $587 | $112 | $699 | 37.9% |
| 2018 | 4.98% | $25,285 | $736 | $24,548 | 2.9% | $1,864 | $641 | $168 | $809 | 43.4% |
| 2019 | 5.16% | $25,853 | $961 | $24,892 | 3.7% | $1,884 | $698 | $223 | $922 | 48.9% |
| 2020 | 5.34% | $26,409 | $1,259 | $25,150 | 4.8% | $1,902 | $754 | $279 | $1,033 | 54.3% |
| 2021 | 5.52% | $26,957 | $1,636 | $25,321 | 6.1% | $1,918 | $814 | $335 | $1,149 | 59.9% |
| 2022 | 5.70% | $27,495 | $2,097 | $25,398 | 7.6% | $1,932 | $878 | $391 | $1,268 | 65.7% |
| 2023 | 5.88% | $28,025 | $2,648 | $25,377 | 9.4% | $1,941 | $940 | $446 | $1,386 | 71.4% |
| 2024 | 6.07% | $28,498 | $3,295 | $25,203 | 11.6% | $1,944 | $1,013 | $502 | $1,515 | 77.9% |
| 2025 | 6.28% | $28,861 | $4,045 | $24,816 | 14.0% | $1,936 | $1,090 | $558 | $1,648 | 85.1% |
| 2026 | 6.52% | $29,066 | $4,906 | $24,160 | 16.9% | $1,913 | $1,171 | $614 | $1,785 | 93.3% |
| 2027 | 6.78% | $29,168 | $5,884 | $23,284 | 20.2% | $1,878 | $1,257 | $622 | $1,878 | 100.0% |
| 2030 | 7.00% | $32,191 | $9,083 | $23,109 | 28.2% | $1,923 | $1,535 | $388 | $1,923 | 100.0% |
| 2035 | 7.00% | $39,528 | $14,500 | $25,028 | 36.7% | $2,133 | $2,061 | $72 | $2,133 | 100.0% |
| 2040 | 7.00% | $47,555 | $20,031 | $27,525 | 42.1% | $2,382 | $2,683 | ($300) | $2,382 | 100.0% |
| 2045 | 7.00% | $56,202 | $25,433 | $30,769 | 45.3% | $2,676 | $3,378 | ($702) | $2,676 | 100.0% |
| 2050 | 7.00% | $65,458 | $30,609 | $34,848 | 46.8% | $3,015 | $4,097 | ($1,082) | $3,015 | 100.0% |
| 2054 | 7.00% | $73,848 | $34,897 | $38,951 | 47.3% | $3,471 | $4,677 | ($1,205) | $3,471 | 100.0% |

*Dollar amounts are in millions.*

# Agent – LACERA

| Fiscal Year Ending | Discount Rate | Beginning of Fiscal Year: Actuarial Accrued Liability | Market Value of Assets | Unfunded Actuarial Liability | Percent Funding | ARC | Benefit Payment | Prefunding Contribution | Total LACERA Contribution | % of ARC Funded |
|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 3.75% | $97 | $0 | $97 | 0.0% | $7 | $2 | $0 | $2 | 23.2% |
| 2016 | 4.50% | $88 | $0 | $88 | 0.0% | $7 | $2 | $0 | $2 | 29.9% |
| 2017 | 4.72% | $90 | $0 | $90 | 0.1% | $7 | $2 | $0 | $2 | 34.4% |
| 2018 | 4.87% | $92 | $0 | $92 | 0.4% | $7 | $2 | $0 | $3 | 39.9% |
| 2019 | 5.05% | $94 | $1 | $94 | 0.9% | $7 | $2 | $1 | $3 | 45.6% |
| 2020 | 5.23% | $96 | $2 | $95 | 1.7% | $7 | $3 | $1 | $4 | 51.2% |
| 2021 | 5.41% | $98 | $3 | $96 | 2.7% | $7 | $3 | $1 | $4 | 56.9% |
| 2022 | 5.60% | $100 | $4 | $96 | 4.0% | $7 | $3 | $1 | $5 | 63.3% |
| 2023 | 5.81% | $101 | $6 | $96 | 5.7% | $7 | $3 | $2 | $5 | 69.0% |
| 2024 | 5.99% | $103 | $8 | $95 | 7.5% | $7 | $4 | $2 | $5 | 75.0% |
| 2025 | 6.19% | $105 | $10 | $95 | 9.7% | $7 | $4 | $2 | $6 | 81.6% |
| 2026 | 6.40% | $106 | $13 | $93 | 12.2% | $7 | $4 | $2 | $6 | 88.8% |
| 2027 | 6.64% | $107 | $16 | $91 | 15.1% | $7 | $4 | $2 | $7 | 96.9% |
| 2030 | 7.00% | $115 | $27 | $88 | 23.4% | $7 | $5 | $2 | $7 | 100.0% |
| 2035 | 7.00% | $141 | $45 | $96 | 32.2% | $8 | $7 | $1 | $8 | 100.0% |
| 2040 | 7.00% | $170 | $64 | $106 | 37.9% | $9 | $10 | ($1) | $9 | 100.0% |
| 2045 | 7.00% | $201 | $83 | $118 | 41.4% | $10 | $12 | ($2) | $10 | 100.0% |
| 2050 | 7.00% | $234 | $101 | $133 | 43.2% | $11 | $15 | ($3) | $11 | 100.0% |
| 2054 | 7.00% | $264 | $116 | $148 | 43.9% | $13 | $17 | ($4) | $13 | 100.0% |

*Dollar amounts are in millions.*





Milliman

# Agent – Superior Court

| | | Beginning of Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ending | Discount Rate | Actuarial Accrued Liability | Market Value of Assets | Unfunded Actuarial Liability | Percent Funding | ARC | Benefit Payment | Prefunding Contribution | Total Superior Court Contribution | % of ARC Funded |
| 2015 | 3.75% | $1,259 | $0 | $1,259 | 0.0% | $84 | $20 | $0 | $20 | 24.1% |
| 2016 | 3.75% | $1,329 | $0 | $1,329 | 0.0% | $88 | $23 | $0 | $23 | 25.8% |
| 2017 | 3.75% | $1,400 | $0 | $1,400 | 0.0% | $91 | $25 | $0 | $25 | 27.1% |
| 2018 | 3.75% | $1,474 | $0 | $1,474 | 0.0% | $95 | $27 | $0 | $27 | 28.4% |
| 2019 | 3.75% | $1,549 | $0 | $1,549 | 0.0% | $100 | $29 | $0 | $29 | 29.5% |
| 2020 | 3.75% | $1,627 | $0 | $1,627 | 0.0% | $104 | $32 | $0 | $32 | 30.7% |
| 2021 | 3.75% | $1,706 | $0 | $1,706 | 0.0% | $108 | $34 | $0 | $34 | 31.9% |
| 2022 | 3.75% | $1,788 | $0 | $1,788 | 0.0% | $112 | $37 | $0 | $37 | 33.2% |
| 2023 | 3.75% | $1,871 | $0 | $1,871 | 0.0% | $117 | $40 | $0 | $40 | 34.5% |
| 2024 | 3.75% | $1,956 | $0 | $1,956 | 0.0% | $122 | $44 | $0 | $44 | 36.1% |
| 2025 | 3.75% | $2,043 | $0 | $2,043 | 0.0% | $126 | $48 | $0 | $48 | 37.7% |
| 2026 | 3.75% | $2,130 | $0 | $2,130 | 0.0% | $131 | $51 | $0 | $51 | 39.3% |
| 2027 | 3.75% | $2,219 | $0 | $2,219 | 0.0% | $136 | $56 | $0 | $56 | 41.1% |
| 2030 | 3.75% | $2,491 | $0 | $2,491 | 0.0% | $151 | $70 | $0 | $70 | 46.2% |
| 2035 | 3.75% | $2,952 | $0 | $2,952 | 0.0% | $177 | $97 | $0 | $97 | 54.5% |
| 2040 | 3.75% | $3,416 | $0 | $3,416 | 0.0% | $204 | $125 | $0 | $125 | 61.0% |
| 2045 | 3.75% | $3,887 | $0 | $3,887 | 0.0% | $232 | $151 | $0 | $151 | 65.0% |
| 2050 | 3.75% | $4,382 | $0 | $4,382 | 0.0% | $262 | $175 | $0 | $175 | 66.8% |
| 2054 | 3.75% | $4,842 | $0 | $4,842 | 0.0% | $300 | $190 | $0 | $190 | 63.4% |

*Dollar amounts are in millions.*

# LOS ANGELES COUNTY

# OTHER POSTEMPLOYMENT BENEFITS PROGRAM

## ACTUARIAL VALUATION

**July 1, 2014**

Prepared By:

Robert L. Schmidt, FSA, EA, MAAA
Fellow, Society of Actuaries
Enrolled Actuary
Member, American Academy of Actuaries

and

Janet O. Jennings, ASA, MAAA
Associate, Society of Actuaries
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June 22, 2015

Mr. Gregg Rademacher
Chief Executive Officer
LACERA
300 North Lake Avenue, Suite 820
Pasadena, CA 91101

Re: July 1, 2014 Other Postemployment Benefits (OPEB) Actuarial Valuation

Dear Gregg:

As requested, we have prepared an actuarial valuation of the retiree medical, dental/vision, and death benefits covering the retired Los Angeles County (County) workers who also participate in the Los Angeles County Employees Retirement Association (LACERA) retirement benefit plan. These health-related benefits are collectively referred to in this report as the Los Angeles County (County) Other Postemployment Benefits (OPEB) Program, or the “OPEB program”. The major findings of the valuation are contained in this report. This report reflects the benefit provisions in effect as of July 1, 2014, and the retiree health plan premium rates in effect as of July 1, 2014, and July 1, 2015, premium rates received from Aon Hewitt (LACERA’s Health Care Benefits Consultant).

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the County, LACERA and Aon Hewitt. This information includes, but is not limited to: benefit descriptions, membership data, and financial information. We found this information to be reasonably consistent and comparable with data used for other purposes. In some cases, where the data was incomplete, we made assumptions as noted in Table C-11 of Appendix C. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

In developing these recommendations, we have reflected an estimate of fees including the Transitional Reinsurance Fee, the Patient Centered Outcomes Research Institute Fee, and the Insurer Fee associated with the Affordable Care Act (ACA), which was signed into law in March 2010. The OPEB assumptions will reflect changes in future valuations as regulations are released. The Excise Tax is addressed separately in Section 3.

All costs, liabilities, rates of interest, health cost trend rates, and other factors under the OPEB program have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the OPEB program and reasonable expectations); and which, in combination, offer our a reasonable estimate of anticipated experience affecting the OPEB program. Further, in our opinion, the actuarial assumptions in the aggregate are reasonable and are related to the experience of the OPEB program and to reasonable expectations and represent a reasonable estimate of anticipated experience under the OPEB program.

We further certify that the assumptions developed in this report satisfy Actuarial Standards Board (ASB) Standards of Practice, in particular, No. 6 (Measuring Retiree Group Benefit Obligations). The retirement benefit related demographic and economic assumptions used in this report are based on those developed for the June 30, 2014 valuation of the LACERA retirement benefit program. The OPEB demographic and economic assumptions are based on the results of our 2013 OPEB Investigation of Experience, dated March 25, 2014. The assumptions used in the OPEB Investigation of Experience were derived from a combination of assumptions identified during the 2013 LACERA Investigation of Experience for Retirement Benefit Related Assumptions and collaboration among a group of stakeholder representatives. Economic and demographic assumptions from the Retirement Benefit Investigation of Experience, conducted by Milliman and approved by LACERA's Board of Investments, are integrated into the OPEB Investigation of Experience. Assumptions unique to OPEB, were identified, evaluated, and agreed upon collaboratively by the actuaries and consultants representing the OPEB program stakeholders at the time including: Milliman, LACERA's actuary; Segal, LACERA’s auditing actuary; Aon Hewitt, LACERA's Health Care Benefits Consultant; Buck Consultants, Los Angeles County's now former actuary; and Rael & Letson, actuary for SEIU Local 721. Types of OPEB specific assumptions include: initial enrollment, plan and tier selection, spouse age difference, and re-enrollment assumptions. The OPEB Investigation of Experience was reviewed by LACERA's Board of Retirement. OPEB specific assumptions that have been updated since the 2013 OPEB Investigation of Experience study include health cost trend rates, claim costs, and economic assumptions. These updated assumptions have been identified, evaluated, and agreed upon collaboratively by the actuaries and consultants currently representing the OPEB program stakeholders including: Milliman, LACERA's actuary; Aon Hewitt, LACERA's Health Care Benefits Consultant; Cheiron, Los Angeles County's actuary; and Rael & Letson, actuary for SEIU Local 721. LACERA’s Board of Retirement has the final decision regarding the appropriateness of the assumptions. The assumptions are summarized in Appendix A.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: OPEB program experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in OPEB program provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations under Government Accounting Standards Board (GASB) Statement Numbers 43 and 45 are for purposes of fulfilling financial accounting requirements for LACERA and Los Angeles County (the employer) respectively. LACERA must report under GASB 43 since the benefit payments flow through LACERA's financial accounts. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of GASB No. 43 and No. 45, the OPEB program provisions as described in Appendix B of this report, as well as the County's funding goals. A discussion of the new GASB OPEB statements 74 and 75 applicable to OPEB reporting is in Section 2, Subsection E, Accounting and CAFR Information. Determinations for purposes other than meeting these financial accounting requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of LACERA. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product.

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(a) LACERA may provide a copy of Milliman's work, in its entirety, to LACERA's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit LACERA.

(b) LACERA may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

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The consultants who worked on this assignment are employee benefit actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Milliman



We would like to express our appreciation to LACERA staff members, Los Angeles County, SEIU Local 721, Aon Hewitt, Segal, Rael & Letson, and Cheiron who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report and we look forward to discussing it with you.

Sincerely,

Robert L. Schmidt, FSA, EA, MAAA
Principal and Consulting Actuary

Janet O. Jennings, ASA, MAAA
Associate Actuary

RLS/pap

cc: Mr. Robert Hill, LACERA

# Los Angeles County Other Post Employment Benefits Program

## July 1, 2014 Actuarial Valuation

## Table of Contents

# Los Angeles County Other Post Employment Benefits Program

## July 1, 2014 Actuarial Valuation

## Section 1: Executive Summary

### 2014 Valuation Results

| | July 1, 2014 | July 1, 2012 |
|---|---|---|
| Actuarial Accrued Liability ($ billions) | $ 28.55 | $ 26.95 |
| County Normal Cost Rate | 17.50% | 17.55% |
| County ARC as a Percentage of Payroll | 31.82% | 32.07% |

**Overview**

We are pleased to present the results of the July 1, 2014 biennial actuarial valuation. Several key points are summarized as follows:

- The Actuarial Accrued Liability (AAL) increased due to a combination of several factors, some of which were offsetting. These included the discount rate change, increases due to the passage of time since our July 1, 2012 valuation, and demographic, trend, and claim cost related experience gains measured as of July 1, 2014.

- The County Normal Cost Rate (NCR) and Annual Required Contribution (ARC) decreased as a percentage of payroll due to the factors mentioned above.

**Analysis of Change**

The following table illustrates the sources of change between the July 1, 2012 and July 1, 2014 valuations. The AAL figures are expressed in billions of dollars.

| Sources of Change | Actuarial Accrued Liability | County Normal Cost Rate | County ARC Percentage |
|---|---|---|---|
| **A. July 1, 2012 Valuation** | $ 26.95 | 17.55% | 32.07% |
| 2013 Experience Study Changes | (0.19) | (0.43%) | (0.54%) |
| Expected Two-year Change | 3.87 | 0.40% | 1.29% |
| **B. July 1, 2014 Valuation Expected** | $ 30.63 | 17.52% | 32.82% |
| Claim Cost Experience | (4.50) | (3.18%) | (5.55%) |
| Trend Assumption (Gain)/Loss * | (0.97) | (1.06%) | (1.57%) |
| General Wage Increase Assumption Change (Gain)/Loss | - | 0.00% | 0.64% |
| Discount Rate Change (Gain)/Loss | 3.44 | 2.97% | 3.64% |
| Other Experience (Gain)/Loss | (0.05) | 1.25% | 2.09% |
| Inclusion of Assets on 7/1/2014 (Gain)/Loss | - | 0.00% | (0.25%) |
| **C. July 1, 2014 Valuation** | $ 28.55 | 17.50% | 31.82% |

* Includes impact of July 1, 2015 renewal for all plans except Firefighters Local 1014

**Analysis of Change (continued)**

***Section A:*** The expected two-year change represents expected increases in the AAL and NCR due to interest and benefit accruals, net of benefits paid. The cost percentages are based on the assumed July 1, 2012 valuation payroll of $6,630.0 million, increased by 3.85% (the payroll increase known at the time of the July 1, 2012 valuation) for two years to $7,150.3 million (projected as of July 1, 2014).

***Section B:*** The claim cost experience gain includes the impact of lower-than-expected increases in health insurance premiums as of July 1, 2014. The trend assumption gain includes the impact of the July 1, 2015 premiums and the trend assumption changes. The July 1, 2015 premiums are based on premiums received from Aon Hewitt as of March 20, 2015. The discount rate changed from 4.35% in the July 1, 2012 OPEB valuation to 3.75% in the July 1, 2014 OPEB valuation resulting in an AAL loss. The fees associated with ACA are reflected in the medical and dental trend rates. These fees include the Transitional Reinsurance Fee, the Patient Centered Outcomes Research Institute (PCORI) Fee, and the Insurer Fee. The "Other Experience" gain includes the impact of all other demographic and economic experience along with a decrease in the expected payroll. The inclusion of OPEB Trust assets on July 1, 2014 lowers the Unfunded Actuarial Accrued Liability (UAAL). The amortization of this change is included in the ARC resulting in a 0.25% gain in the County ARC percentage. The cost percentages in this section are based on the updated July 1, 2014 valuation payroll of $6,764.0 million.

**Summary Valuation Results**

The table on the next page provides a summary of the valuation results by member group. The following key results are included in the table:

- The total Present Value of Future Benefits (PVB). The PVB is based on a projection of all benefits that are expected to be received in the future for all current members (active, vested, and retired) discounted to the valuation date.
- The Present Value of Future Normal Costs. It is the difference between the PVB and the Actuarial Accrued Liability.
- The Actuarial Accrued Liability (AAL). This amount represents the value of the liability that is accrued for periods prior to the valuation date, according to the actuarial cost method used.
- Assets. Since the OPEB program is currently partially funded, this is the asset balance as of July 1, 2014.
- The Annual Required Contribution (ARC). The ARC is based on the County Normal Cost Rate plus a 30-year level percentage of payroll amortization of the Unfunded Actuarial Accrued Liability (UAAL). This is the minimum amortization amount allowed for accounting purposes under current GASB rules. It should be noted that the amortization does not cover interest on the UAAL; in other words, the UAAL will be expected to increase in the following year if all assumptions are met. We assume that the contributions made by the County equal the benefit payments (a pay-as-you-go-funding approach), and thus a Net OPEB Obligation will continue to accumulate in the future.

**County Costs for OPEB Benefits[1]**
**Summary of July 1, 2014 Valuation Results**
**(all dollar amounts in billions)**

| | LA County | | | Superior | |
|---|---|---|---|---|---|
| | General | Safety | Subtotal | Court | Total |
| 1. Present Value of Future Benefits | $ 32.07 | $ 13.05 | $ 45.12 | $ 1.83 | $ 46.95 |
| 2. Present Value of Future Normal Costs | 13.36 | 4.47 | 17.83 | 0.57 | 18.40 |
| 3. Actuarial Accrued Liability (1-2) | $ 18.71 | $ 8.58 | $ 27.29 | $ 1.26 | $ 28.55 |
| 4. Assets[2] | 0.33 | 0.15 | 0.48 | - | 0.48 |
| 5. Unfunded Actuarial Accrued Liability (3-4) | $ 18.38 | $ 8.43 | $ 26.81 | $ 1.26 | $ 28.07 |
| 6. ARC[3] | $ 1.45 | $ 0.62 | $ 2.07 | $ 0.08 | $ 2.15 |
| 7. ARC expressed as a percentage of payroll | | | | | |
| Normal Cost | 15.80% | 25.41% | 17.74% | 12.74% | 17.50% |
| UAAL payment | 12.32% | 22.37% | 14.35% | 13.65% | 14.32% |
| Total | 28.12% | 47.78% | 32.09% | 26.39% | 31.82% |

[1] Net of Retiree Paid Premiums. May not match other Tables due to rounding.
[2] Assets distributed by AAL.
[3] Normal cost and 30 year level percentage of payroll amortization of the Unfunded Actuarial Accrued Liability (UAAL).

**Comparison of Results to Prior Valuation**

Table 1 provides a summary of key valuation results as of July 1, 2014, compared with July 1, 2012, under the Projected Unit Credit Cost Method. The July 1, 2014 results are based on an assumed 3.75% investment rate of return and the July 1, 2012 results are based on an assumed 4.35% investment rate of return. The following key results are included in this table:

- A summary of total membership by type of member as of the valuation date.
- Total payroll as of the valuation date. The two-year increase of 2.0% is lower than the anticipated two-year increase of 7.85% (based on 3.85% compounded annually).
- The expected County paid benefits for the first year following the valuation date. The two-year increase of 9.7% is much less than the expected two-year increase of 19.4% due largely to lower than anticipated health care premiums. This is based on Table 6 of the July 1, 2012 valuation, which expected the 2012-2013 payment level of $459.3 million to increase to $548.5 million in 2014-2015 (as compared to the new expected amount $503.9 million).
- The total Present Value of Future Benefits (PVB).
- The Actuarial Accrued Liability (AAL). The increases in AAL varied by member status and benefit type. The 10.9% increase for retired members is a result of updated trend assumptions, a reduced discount rate, and an increase in the number of retirees and their spouses and dependents. The increases in medical, dental and Part B benefits are also a result of new retirees, updated claim cost, trend, and discount rate assumptions, some of which are offsetting. Medical benefits have not increased as much partially due to a change in Post 65 migration patterns towards lower cost plans. The 16.2% increase for retiree death benefits is a result of a reduced discount rate.
- The Annual Required Contribution (ARC). The ARC increased by 1.2% in dollar terms, and decreased by 0.8% as a percentage of payroll. As seen in the Analysis of Change section on page 1, there were several reasons for these changes, including the passage of time; lower-than-expected health care premiums as of July 1, 2014 and July 1, 2015; the discount rate change; and lower-than-expected payroll increases.

# Los Angeles County Other Post Employment Benefits Program

**Table 1: July 1, 2014 Summary of County Paid Liabilities and Cost (All Dollar Amounts in Millions)**

| | July 1, 2014 | July 1, 2012 | Percentage Change |
|---|---|---|---|
| A. Total Membership | | | |
| 1. Active Members | 92,393 | 91,898 | 0.5% |
| 2. Vested Terminated Members | 8,069 | 7,835 | 3.0% |
| 3. Retirees and Survivors (Medical Coverage) | 45,825 | 43,897 | 4.4% |
| 4. Total | 146,287 | 143,630 | 1.8% |
| B. Valuation Payroll | $ 6,764.0 | $ 6,630.0 | 2.0% |
| C. Projected County Paid First-Year Benefits | $ 503.9 | $ 459.3 | 9.7% |
| D. Present Value of Future Benefits (PVB)[1] | $ 46,949.1 | $ 44,760.5 | 4.9% |
| E. Actuarial Accrued Liability by Member Group[1] | | | |
| 1. LA County Members | $ 27,287.9 | $ 25,733.3 | 6.0% |
| 2. Superior Court Members | 1,258.7 | 1,219.4 | 3.2% |
| 3. Total | $ 28,546.6 | $ 26,952.7 | 5.9% |
| F. Actuarial Accrued Liability by Member Status[1] | | | |
| 1. Active Members | $ 16,756.2 | $ 16,272.2 | 3.0% |
| 2. Vested Terminated Members | 1,033.4 | 983.2 | 5.1% |
| 3. Retired Members | 10,757.0 | 9,697.3 | 10.9% |
| 4. Total | $ 28,546.6 | $ 26,952.7 | 5.9% |
| G. Actuarial Accrued Liability by Benefit Type[1] | | | |
| 1. Retiree Medical | $ 23,714.0 | $ 22,791.9 | 4.0% |
| 2. Retiree Dental/Vision | 1,138.7 | 1,019.9 | 11.6% |
| 3. Medicare Part B | 3,464.6 | 2,943.6 | 17.7% |
| 4. Retiree Death Benefit | 229.3 | 197.3 | 16.2% |
| 5. Total | $ 28,546.6 | $ 26,952.7 | 5.9% |
| H. Assets | $ 483.8 | $ - | |
| I. Unfunded Actuarial Accrued Liability | $ 28,062.8 | $ 26,952.7 | 4.1% |
| J. Annual Required Contribution (ARC)[2] | $ 2,152.3 | $ 2,126.1 | 1.2% |
| K. ARC expressed as a percentage of payroll | | | |
| 1. Normal Cost | 17.50% | 17.55% | (0.3%) |
| 2. UAAL payment | 14.32% | 14.52% | (1.4%) |
| 3. Total | 31.82% | 32.07% | (0.8%) |

[1] Net of Retiree Paid Premiums
[2] Normal cost and 30 year level percentage of payroll amortization of the Unfunded Actuarial Accrued Liability (UAAL)

**Los Angeles County Other Post Employment Benefits Program**

**July 1, 2014 Actuarial Valuation**

## Section 2: Actuarial Valuation as of July 1, 2014

### A. Valuation Methodology

This is a valuation of the retiree medical, dental/vision, and death benefits covering the retired Los Angeles County workers who also participate in the Los Angeles County Employees Retirement Association (LACERA) retirement benefit program. This valuation is performed every two years.

In analyzing the GASB liabilities and ARC, we were asked to divide the results into the following member groups:

- LA County General Members. This is the largest group, covering essentially all LACERA members who are not Safety Members or Superior Court members.
- LA County Safety Members. This group includes members of law enforcement, firefighters, and lifeguards.
- Superior Court Members. This group includes members of the Superior Court, as identified by LACERA staff.

The tables in this report present the unfunded liabilities, ARC, and projected County benefit payments under the Projected Unit Credit (PUC) cost method separately for each of the three groups identified above. This method is described further in Appendix A.

The actuarial assumptions and methods used in the valuation are summarized in Appendix A. The retirement benefit related demographic and economic assumptions used in this report are based on those developed for the June 30, 2014 valuation of the LACERA retirement benefit plan. The OPEB demographic and economic assumptions are based on the results of our 2013 OPEB Investigation of Experience, dated March 25, 2014. These assumptions were identified, evaluated, and agreed upon collaboratively by the actuaries and consultants at the time representing the OPEB program stakeholders including: Milliman, LACERA's actuary; Segal, LACERA’s auditing actuary; Aon Hewitt, LACERA's Health Care Benefits Consultant; Buck Consultants, Los Angeles County's former actuary; and Rael & Letson, actuary for SEIU Local 721.

**Valuation Methodology (continued)**

The health related assumptions and updates to the economic assumptions used in the report were also agreed upon collaboratively by the following actuaries and consultants: Aon Hewitt, Cheiron, Rael & Letson, and Segal and approved by the Board of Retirement. Thus, the assumptions were the result of a collaborative effort by these various stakeholder groups.

Comprehensive medical benefits, dental/vision benefits, and death benefits are provided to all County employees, including the Superior Court members, who retire and satisfy the eligibility requirements outlined in Appendix B. Retired Local 1014 members are eligible for the Local 1014 Firefighters' retiree medical plan as outlined in Appendix F. Eligibility for the County OPEB program is tied to benefit eligibility under the LACERA retirement benefit program. Thus, all former County employees receiving OPEB program benefits are also members in the retirement benefit plan.

The active and vested terminated member census data for each of the OPEB program member groups is summarized by the LACERA retirement benefit program levels in Appendix C. The retiree and dependent data for each health plan and benefit group is also summarized.

A glossary of terms is provided in Appendix D. Summaries of health benefits are provided in Appendices E, F, G, and H. Additional subtotaling of the liabilities and costs for the South Coast Air Quality Management District (SCAQMD) members are provided in Appendix I.

## B. GASB Liabilities and Costs

**Key Liability Descriptions**

GASB Statements No. 43 and No. 45 cover non-pension postretirement benefits. In summary, the statements hold that benefits should be recognized over the working lifetime of the employee, from the date of hire to the last date of employment. A discussion of the new GASB Statements No. 74 and 75 is in Section 2, Subsection E, Accounting and CAFR Information.

The statements define two measures of OPEB program liabilities, the Actuarial Present Value of Projected Total Benefits (PVB) and the Actuarial Accrued Liability (AAL).

The PVB is the present value of the future postemployment benefits payable by the County to current active members and retirees. This value is net of future retiree contributions. The PVB is shown in Table 1, D. above.

**Key Liability Descriptions (continued)**

The AAL is the most important measure of liability because it is used to derive the Annual Required Contribution (ARC) and disclosure values. The AAL is the portion of the PVB attributed to periods up to the measurement date. For this report, the AAL is determined under the Projected Unit Credit (PUC) actuarial cost method. The AAL is shown in Table 2 subtotaled by benefit type and member status.

Under GASB requirements, post-employment benefits are accrued during employment. This is why the costs are spread over the period from the date of hire to the date of termination or retirement. For current retirees and terminated vested members, the AAL is equal to the PVB, since there is no future service to be rendered. For active members, the AAL is based on the portion of the PVB that is allocated to prior years based on the actuarial cost method. For the PUC method, the allocation basis is pro-rata on years of service between entry age and assumed exit.

The portion of the PVB that is anticipated to be earned in the year following the valuation date is the Normal Cost (NC). The NC is shown in Table 3.

**Annual Required Contribution**

The ARC is made up of two components: Normal Cost (NC) and amortization of the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is the AAL net of assets. For purposes of this valuation, the UAAL is amortized over 30 years as a level percentage of payroll. Although this method complies with the GASB minimum amortization payment requirements, it is not sufficient to cover interest on the UAAL. The amortization period is assumed to begin on the valuation date. Note this term, the ARC, is an accounting allocation amount, and may or may not reflect the actual employer contributions towards funding the OPEB program benefits.

Table 4 details the ARC results as of July 1, 2014, the beginning of the 2014/2015 fiscal year.

**Background on Accounting Requirements**

GASB issued Statement No. 43 in April of 2004. This statement covers Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. GASB issued Statement No. 45 in June of 2004. This statement covers Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. LACERA was required to adopt Statement No. 43 for the fiscal year ended June 30, 2007. For the County, Statement No. 45 was required to be adopted for the fiscal year ended June 30, 2008.

This report was prepared for the purposes of meeting these financial accounting and reporting disclosure requirements. The actual funding of the OPEB program benefits may differ from the amounts used for accounting disclosure purposes. Under the GASB rules, if the employer is not prefunding the benefit obligations, then the assumed discount rate or investment return rate cannot exceed the expected return on the employer's general ledger accounts. Since Los Angeles County is now prefunding a portion of the OPEB program benefits, the discount rate was developed based on a blend of the projected return on general ledger assets and the projected return on the assets used for prefunding. Based on this, a 3.75% interest assumption was selected.

## Los Angeles County Other Post Employment Benefits Program

**Table 2: July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75%**
**Retiree Medical Benefits**
**(All Dollar Amounts in Millions)**

| | LA County General | LA County Safety | LA County Subtotal | Superior Court | Total |
|---|---|---|---|---|---|
| 1. AAL - Total Medical Benefits | | | | | |
| Retirees | $ 6,030.8 | $ 3,427.9 | $ 9,458.7 | $ 388.3 | $ 9,847.0 |
| Vested Terminateds | 927.4 | 71.5 | 998.9 | 113.4 | 1,112.3 |
| Actives | 9,769.9 | 4,560.1 | 14,330.0 | 639.6 | 14,969.6 |
| Total | $ 16,728.1 | $ 8,059.5 | $ 24,787.6 | $ 1,141.3 | $ 25,928.9 |
| 2. AAL - Retiree Paid Medical Premiums | | | | | |
| Retirees | $ 519.4 | $ 302.9 | $ 822.3 | $ 41.7 | $ 864.0 |
| Vested Terminateds | 381.6 | 41.8 | 423.4 | 44.1 | 467.5 |
| Actives | 627.5 | 226.1 | 853.6 | 29.8 | 883.4 |
| Total | $ 1,528.5 | $ 570.8 | $ 2,099.3 | $ 115.6 | $ 2,214.9 |
| 3. AAL - County Paid Medical Benefits (1) - (2) | | | | | |
| Retirees | $ 5,511.4 | $ 3,125.0 | $ 8,636.4 | $ 346.6 | $ 8,983.0 |
| Vested Terminateds | 545.8 | 29.7 | 575.5 | 69.3 | 644.8 |
| Actives | 9,142.4 | 4,334.0 | 13,476.4 | 609.8 | 14,086.2 |
| Total | $ 15,199.6 | $ 7,488.7 | $ 22,688.3 | $ 1,025.7 | $ 23,714.0 |

## Los Angeles County Other Post Employment Benefits Program

**Table 2 (Cont): July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75%**
**Retiree Dental and Vision Benefits**
**(All Dollar Amounts in Millions)**

| | LA County General | LA County Safety | LA County Subtotal | Superior Court | Total |
|---|---|---|---|---|---|
| 4. AAL - Total Dental & Vision Benefits | | | | | |
| Retirees | $ 395.0 | $ 165.5 | $ 560.5 | $ 23.1 | $ 583.6 |
| Vested Terminateds | 44.6 | 2.6 | 47.2 | 5.1 | 52.3 |
| Actives | 444.6 | 144.7 | 589.3 | 29.3 | 618.6 |
| Total | $ 884.2 | $ 312.8 | $ 1,197.0 | $ 57.5 | $ 1,254.5 |
| 5. AAL - Retiree Paid Dental & Vision Premiums | | | | | |
| Retirees | $ 37.2 | $ 15.2 | $ 52.4 | $ 2.7 | $ 55.1 |
| Vested Terminateds | 18.3 | 1.5 | 19.8 | 2.0 | 21.8 |
| Actives | 30.3 | 7.0 | 37.3 | 1.6 | 38.9 |
| Total | $ 85.8 | $ 23.7 | $ 109.5 | $ 6.3 | $ 115.8 |
| 6. AAL - County Paid Dental & Vision Benefits (4) - (5) | | | | | |
| Retirees | $ 357.8 | $ 150.3 | $ 508.1 | $ 20.4 | $ 528.5 |
| Vested Terminateds | 26.3 | 1.1 | 27.4 | 3.1 | 30.5 |
| Actives | 414.3 | 137.7 | 552.0 | 27.7 | 579.7 |
| Total | $ 798.4 | $ 289.1 | $ 1,087.5 | $ 51.2 | $ 1,138.7 |

## Los Angeles County Other Post Employment Benefits Program

**Table 2 (Cont): July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75%**
**Medicare Part B and Retiree Death Benefit**
**(All Dollar Amounts in Millions)**

| | LA County General | LA County Safety | LA County Subtotal | Superior Court | Total |
|---|---|---|---|---|---|
| 7. AAL - County Paid Medicare Part B Premiums | | | | | |
| Retirees | $ 763.3 | $ 288.0 | $ 1,051.3 | $ 44.2 | $ 1,095.5 |
| Vested Terminateds | 283.3 | 34.0 | 317.3 | 29.3 | 346.6 |
| Actives | 1,474.7 | 451.1 | 1,925.8 | 96.7 | 2,022.5 |
| Total | $ 2,521.3 | $ 773.1 | $ 3,294.4 | $ 170.2 | $ 3,464.6 |
| 8. AAL - County Paid Retiree Death Benefit | | | | | |
| Retirees | $ 116.9 | $ 26.0 | $ 142.9 | $ 7.1 | $ 150.0 |
| Vested Terminateds | 10.0 | 0.6 | 10.6 | 0.9 | 11.5 |
| Actives | 55.1 | 9.1 | 64.2 | 3.6 | 67.8 |
| Total | $ 182.0 | $ 35.7 | $ 217.7 | $ 11.6 | $ 229.3 |
| 9. AAL - County Paid Benefits (3) + (6) + (7) + (8) | | | | | |
| Retirees | $ 6,749.4 | $ 3,589.3 | $ 10,338.7 | $ 418.3 | $ 10,757.0 |
| Vested Terminateds | 865.4 | 65.4 | 930.8 | 102.6 | 1,033.4 |
| Actives | 11,086.5 | 4,931.9 | 16,018.4 | 737.8 | 16,756.2 |
| Total | $ 18,701.3 | $ 8,586.6 | $ 27,287.9 | $ 1,258.7 | $ 28,546.6 |

## Los Angeles County Other Post Employment Benefits Program

**Table 3: July 1, 2014 Normal Cost at 3.75%**
**(All Dollar Amounts in Millions)**

| | LA County General | LA County Safety | LA County Subtotal | Superior Court | Total |
|---|---|---|---|---|---|
| 1. Total Medical Benefits | $ 745.3 | $ 319.3 | $ 1,064.6 | $ 35.9 | $ 1,100.5 |
| 2. Retiree Paid Medical Premiums | 81.5 | 29.6 | 111.1 | 2.7 | 113.8 |
| 3. Net County Paid Medical Benefits (1) - (2) | $ 663.8 | $ 289.7 | $ 953.5 | $ 33.2 | $ 986.7 |
| 4. Total Dental/Vision Benefits | $ 29.9 | $ 9.1 | $ 39.0 | $ 1.6 | $ 40.6 |
| 5. Retiree Paid DentalVision Premiums | 3.5 | 0.9 | 4.4 | 0.1 | 4.5 |
| 6. Net County Paid Dental/Vision Benefits (4) - (5) | $ 26.4 | $ 8.2 | $ 34.6 | $ 1.5 | $ 36.1 |
| 7. County Paid Medicare Part B Premiums | $ 118.9 | $ 32.2 | $ 151.1 | $ 5.6 | $ 156.7 |
| 8. County Paid Retiree Death Benefit | $ 3.6 | $ 0.5 | $ 4.1 | $ 0.2 | $ 4.3 |
| 9. Total County Normal Cost (3) + (6) + (7) + (8) | $ 812.7 | $ 330.6 | $ 1,143.3 | $ 40.5 | $ 1,183.8 |
| 10. Valuation Payroll | $ 5,144.8 | $ 1,301.2 | $ 6,446.0 | $ 318.0 | $ 6,764.0 |
| 11. County Normal Cost as a Percentage of Payroll | 15.80% | 25.41% | 17.74% | 12.74% | 17.50% |

## Los Angeles County Other Post Employment Benefits Program

**Table 4: 2014-2015 Annual Required Contribution (ARC) at 3.75%**
**(All Dollar Amounts in Millions)**

| | LA County General | LA County Safety | LA County Subtotal | Superior Court | Total |
|---|---|---|---|---|---|
| 1. Unfunded Actuarial Accrued Liability (UAAL) | | | | | |
| Present Value of Benefits (PVB) | $ 32,064.3 | $ 13,053.7 | $ 45,118.0 | $ 1,831.1 | $ 46,949.1 |
| Present Value of Future Normal Cost (PVFNC) | 13,363.0 | 4,467.1 | 17,830.1 | 572.4 | 18,402.5 |
| Actuarial Accrued Liability as of July 1, 2014 | $ 18,701.3 | $ 8,586.6 | $ 27,287.9 | $ 1,258.7 | $ 28,546.6 |
| Fund Balance at July 1, 2014 | 331.6 | 152.2 | 483.8 | - | 483.8 |
| Unfunded Actuarial Accrued Liability | $ 18,369.7 | $ 8,434.4 | $ 26,804.1 | $ 1,258.7 | $ 28,062.8 |
| 2. Amortization of UAAL (Level % of Pay) | | | | | |
| Amortization Period (years) | 30 | 30 | 30 | 30 | 30 |
| Amortization Factor | 28.975 | 28.975 | 28.975 | 28.975 | 28.975 |
| UAAL Amortization Payment | $ 634.0 | $ 291.1 | $ 925.1 | $ 43.4 | $ 968.5 |
| 3. 2014 - 2015 Annual Required Contribution (ARC) on July 1, 2014 | | | | | |
| Amortization of UAAL | $ 634.0 | $ 291.1 | $ 925.1 | $ 43.4 | $ 968.5 |
| Normal Cost | 812.7 | 330.6 | 1,143.3 | 40.5 | 1,183.8 |
| Annual Required Contribution (ARC) (As of July 1, 2014) | $ 1,446.7 | $ 621.7 | $ 2,068.4 | $ 83.9 | $ 2,152.3 |
| 4. July 1, 2014 Valuation Payroll | $ 5,144.8 | $ 1,301.2 | $ 6,446.0 | $ 318.0 | $ 6,764.0 |
| 5. Estimated ARC as a Percentage of Valuation Payroll | 28.12% | 47.78% | 32.09% | 26.38% | 31.82% |

*Fund balance distributed by AAL*

## C. Estimated Pay-As-You-Go Costs

**Estimated Pay-As-You-Go Costs**

Tables 5 and 6 project the estimated annual County OPEB benefit pay-as-you-go costs, net of expected retiree paid premiums for the next ten years.

Table 5 shows the total projected pay-as-you-go costs separately for medical, dental/vision, Medicare Part B, and retiree death benefits. The medical and dental/vision retiree contributions are also summarized. Finally, the net County paid benefits are shown, which are the total projected pay-as-you-go costs minus the retiree contributions.

Table 6 summarizes the projected net County paid benefit costs for each of the three valuation member groups. The total amounts are the same as those in Table 5.

## Los Angeles County Other Post Employment Benefits Program

**Table 5: Projected County Paid Benefits by Type**
**(All Dollar Amounts in Millions)**

| Fiscal Year Ending | Medical Total | Dental/Vision Total | Medicare Part B | Death Benefit | Medical Retiree Contribution | Dental/Vision Retiree Contribution | Total County Paid Benefits |
|---|---|---|---|---|---|---|---|
| 6/30/2015 | $ 451.2 | $ 39.7 | $ 49.3 | $ 7.6 | $ (40.0) | $ (3.9) | $ 503.9 |
| 6/30/2016 | 509.1 | 41.6 | 53.0 | 7.9 | (46.7) | (4.2) | 560.7 |
| 6/30/2017 | 561.9 | 43.9 | 57.3 | 8.2 | (52.7) | (4.5) | 614.1 |
| 6/30/2018 | 617.2 | 46.3 | 62.0 | 8.5 | (58.9) | (4.7) | 670.4 |
| 6/30/2019 | 675.5 | 48.8 | 67.1 | 8.8 | (65.2) | (5.0) | 730.0 |
| 6/30/2020 | 731.7 | 51.4 | 72.9 | 9.1 | (71.3) | (5.3) | 788.5 |
| 6/30/2021 | 790.8 | 54.1 | 80.0 | 9.4 | (77.7) | (5.7) | 850.9 |
| 6/30/2022 | 853.4 | 56.9 | 87.9 | 9.7 | (84.2) | (6.0) | 917.7 |
| 6/30/2023 | 913.2 | 59.8 | 96.2 | 10.0 | (90.2) | (6.3) | 982.7 |
| 6/30/2024 | 984.5 | 62.8 | 105.3 | 10.3 | (97.1) | (6.6) | 1,059.2 |

Projection Basis:
All assumptions are met
No future members are reflected

## Los Angeles County Other Post Employment Benefits Program

### Table 6: Projected County Paid Benefits by Group
### (All Dollar Amounts in Millions)

| Fiscal Year Ending | LA County General | LA County Safety | LA County Subtotal | Superior Court | Total |
|---|---|---|---|---|---|
| 6/30/2015 | $ 346.1 | $ 137.5 | $ 483.6 | $ 20.3 | $ 503.9 |
| 6/30/2016 | 381.2 | 156.9 | 538.1 | 22.6 | 560.7 |
| 6/30/2017 | 415.2 | 174.1 | 589.3 | 24.8 | 614.1 |
| 6/30/2018 | 450.9 | 192.4 | 643.3 | 27.1 | 670.4 |
| 6/30/2019 | 488.2 | 212.4 | 700.6 | 29.4 | 730.0 |
| 6/30/2020 | 525.2 | 231.5 | 756.7 | 31.8 | 788.5 |
| 6/30/2021 | 564.7 | 251.8 | 816.5 | 34.4 | 850.9 |
| 6/30/2022 | 607.8 | 272.7 | 880.5 | 37.2 | 917.7 |
| 6/30/2023 | 650.9 | 291.5 | 942.4 | 40.3 | 982.7 |
| 6/30/2024 | 700.4 | 314.9 | 1,015.3 | 43.9 | 1,059.2 |

Projection Basis:
All assumptions are met
No future members are reflected

## D. Impact of Alternative Trend Rates on AAL and ARC

To analyze the sensitivity of the health cost trend rates, the chart below shows the impact of a 1% increase or decrease in the assumed health cost trend rates on the GASB values. The retiree death benefits are included, but they are unaffected by the health cost trend rates.

| | Valuation Trend Rates | Valuation Trend Rates Plus 1% | Valuation Trend Rates Minus 1% |
|---|---|---|---|
| | | (in millions) | |
| July 1, 2014 AAL | $ 28,546.6 | $ 35,423.3 | $ 23,373.6 |
| Percentage Increase/(Decrease) | | 24% | (18%) |
| 2014 – 2015 ARC | $ 2,152.3 | $ 2,820.4 | $ 1,671.3 |
| Percentage Increase/(Decrease) | | 31% | (22%) |

## E. Accounting and CAFR Information

**Los Angeles County Other Post Employment Benefits Program**
**Schedule of Funding Progress**

(Dollars in Thousands)

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liabilities | Unfunded Actuarial Accrued Liabilities (UAAL) | Funded Ratio | Covered Payroll [1] | UAAL As A Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| July 1, 2010 | - | $24,031,000 | $24,031,000 | 0.0% | $6,695,439 | 358.9% |
| July 1, 2012 | - | $26,952,700 | $26,952,700 | 0.0% | $6,619,816 | 407.2% |
| July 1, 2014 | $483,800 | $28,546,600 | $28,062,800 | 1.7% | $6,672,228 | 420.6% |

[1] Covered Payroll is consistent with the retirement program's covered payroll.

**Los Angeles County Other Post Employment Benefits Program**
**Schedule of Employer Contributions**

(Dollars in Thousands)

| Fiscal Year Ended June 30 | Annual Required Contribution (ARC) | Actual Employer Contributions [2] | | | Percentage of ARC Contributed |
|---|---|---|---|---|---|
| | | Cash Payment | Transfer from Reserve Account | Total | |
| 2012 | $1,938,400 | $442,099 | - | $442,099 | 23% |
| 2013 | $2,126,100 | $460,331 | - | $460,331 | 22% |
| 2014 | $2,126,100 | $466,788 | - | $466,788 | 22% |

[2] Values from Fiscal Year Ended June 30, 2012, 2013, and 2014 are from the LACERA 2014 CAFR.
Actual Employer Contributions are not yet available for Fiscal Year Ended June 30, 2015.

**Los Angeles County Other Post Employment Benefits Program**
**Demographic Activity of Retired Members and Beneficiaries (OPEB Plan)**

| | Added to Rolls | | Removed from Rolls | | Rolls at End of Year | | % Increase in Retiree | Average Annual |
|---|---|---|---|---|---|---|---|---|
| Plan Year Ended | Count | Annual Allowance* | Count | Annual Allowance | Count | Annual Allowance | Allowance | Allowance |
| June 30, 2010 | | | | | 43,936 | $391,979,000 | | $8,922 |
| June 30, 2012 | 5,336 | $56,982,000 | (3,070) | ($25,497,000) | 46,202 | $423,464,000 | 8.03% | $9,165 |
| June 30, 2014 | 5,335 | $89,205,000 | (3,369) | ($29,925,000) | 48,168 | $482,744,000 | 14.00% | $10,022 |

*Includes changes for continuing retirees and beneficiaries

**Los Angeles County Other Post Employment Benefits Program**
**Actuarial Analysis of Financial Experience - OPEB Program**
(Dollars in Billions)

| | Valuation as of July 1 | | | |
|---|---|---|---|---|
| | 2008 | 2010 | 2012 | 2014 |
| Prior Valuation Unfunded Actuarial Accrued Liability | $ 21.22 | $ 21.86 | $ 24.03 | $ 26.95 |
| Expected Increase (Decrease) from Prior Valuation | 3.34 | 3.48 | 3.77 | 3.87 |
| Claim Costs Greater (Less) than Expected | (3.13) | (1.27) | (4.60) * | (5.47) * |
| Change in Assumptions | 0.53 | 0.29 | 4.15 | 3.25 |
| All Other Experience | (0.10) | (0.33) | (0.40) | (0.05) |
| **Ending Unfunded Actuarial Accrued Liability** | **$ 21.86** | **$ 24.03** | **$ 26.95** | **$ 28.55** |

* This amount Includes the trend assumption change.

## Discussion of GASB Statements No. 74 and 75

On June 2, 2015, GASB approved Statement Numbers 74 and 75.

GASB Statement Number 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement Number 43.

The effective date for this statement is applicable to LACERA's fiscal year reporting period ending June 30, 2017. LACERA plans to implement the new standard at that time with the July 1, 2016 OPEB valuation.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces GASB Statement Number 45. Though the effective date is one year later than GASB Statement Number 74, it will be addressed with the July 1, 2016 OPEB valuation.

**Los Angeles County Other Post Employment Benefits Program**

**July 1, 2014 Actuarial Valuation**

## Section 3: GASB Liabilities and Costs as of July 1, 2014 with Excise Tax

An excise tax for high cost health coverage, or “Cadillac” health plans was included as part of ACA. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. The 2018 annual thresholds are $10,200 for single coverage and $27,500 for a family plan. For qualified retirees aged 55 to 64 or workers in “high risk” professions such as firefighters and police officers, the thresholds are $11,850 for single coverage and $30,950 for a family plan. If, between 2010 and 2018, the cost of health care insurance rises more than 55%, the threshold for the excise tax will be adjusted.

As requested, Milliman has calculated the GASB 43/45 Liabilities and Costs as of July 1, 2014 with the impact of the Excise Tax under ACA. A summary of results and the trend reflecting Excise Tax follows.

In order to determine the costs and liabilities with excise tax, the benefit plans, assumptions, and methods in the appendices apply. The medical trend in Appendix A has been updated in the following table to reflect Excise Tax. We assume that there will be no changes to the current law and that there will be no changes in plan design to help mitigate the impact of the tax.

## Los Angeles County Other Post Employment Benefits Program

**Table 7: July 1, 2014 Summary of County Paid Liabilities and Cost with Excise Tax (All Dollar Amounts in Millions)**

| | July 1, 2014 with Excise Tax | July 1, 2014 without Excise Tax | Percentage Change |
|---|---|---|---|
| A. Total Membership | | | |
| 1. Active Members | 92,393 | 92,393 | 0.0% |
| 2. Vested Terminated Members | 8,069 | 8,069 | 0.0% |
| 3. Retirees and Survivors (Medical Coverage) | 45,825 | 45,825 | 0.0% |
| 4. Total | 146,287 | 146,287 | 0.0% |
| B. Valuation Payroll | $ 6,764.0 | $ 6,764.0 | 0.0% |
| C. Projected County Paid First-Year Benefits | $ 503.9 | $ 503.9 | 0.0% |
| D. Present Value of Future Benefits (PVB)[1] | $ 51,857.9 | $ 46,949.1 | 10.5% |
| E. Actuarial Accrued Liability by Member Group[1] | | | |
| 1. LA County Members | $ 29,359.5 | $ 27,287.9 | 7.6% |
| 2. Superior Court Members | 1,350.8 | 1,258.7 | 7.3% |
| 3. Total | $ 30,710.3 | $ 28,546.6 | 7.6% |
| F. Actuarial Accrued Liability by Member Status[1] | | | |
| 1. Active Members | $ 18,409.2 | $ 16,756.2 | 9.9% |
| 2. Vested Terminated Members | 1,092.5 | 1,033.4 | 5.7% |
| 3. Retired Members | 11,208.6 | 10,757.0 | 4.2% |
| 4. Total | $ 30,710.3 | $ 28,546.6 | 7.6% |
| G. Actuarial Accrued Liability by Benefit Type[1] | | | |
| 1. Retiree Medical | $ 25,877.7 | $ 23,714.0 | 9.1% |
| 2. Retiree Dental/Vision | 1,138.7 | 1,138.7 | 0.0% |
| 3. Medicare Part B | 3,464.6 | 3,464.6 | 0.0% |
| 4. Retiree Death Benefit | 229.3 | 229.3 | 0.0% |
| 5. Total | $ 30,710.3 | $ 28,546.6 | 7.6% |
| H. Assets | $ 483.8 | $ 483.8 | 0.0% |
| I. Unfunded Actuarial Accrued Liability | $ 30,226.5 | $ 28,062.8 | 7.7% |
| J. Annual Required Contribution (ARC)[2] | $ 2,370.3 | $ 2,152.3 | 10.1% |
| K. ARC expressed as a percentage of payroll | | | |
| 1. Normal Cost | 19.62% | 17.50% | 12.1% |
| 2. UAAL payment | 15.42% | 14.32% | 7.7% |
| 3. Total | 35.04% | 31.82% | 10.1% |

[1] Net of Retiree Paid Premiums
[2] Normal cost and 30 year level percentage of payroll amortization of the Unfunded Actuarial Accrued Liability (UAAL)

## Los Angeles County Other Postemployment Benefits Program

### Health Cost Trend Assumptions with Excise Tax *

The medical trend in Appendix A has been modified in the following table to reflect Excise Tax.

| Fiscal Year Ending | | LACERA Medical Trend with Excise Tax | |
|---|---|---|---|
| From | To | Under 65 | Over 65 |
| 6/30/2015 | 6/30/2016 | 7.05% | 9.60% |
| 6/30/2016 | 6/30/2017 | 6.40% | 8.85% |
| 6/30/2017 | 6/30/2018 | 6.55% | 9.25% |
| 6/30/2018 | 6/30/2019 | 6.30% | 8.35% |
| 6/30/2019 | 6/30/2020 | 5.90% | 6.30% |
| 6/30/2020 | 6/30/2021 | 6.00% | 5.95% |
| 6/30/2021 | 6/30/2022 | 6.00% | 5.95% |
| 6/30/2022 | 6/30/2023 | 6.00% | 5.95% |
| 6/30/2023 | 6/30/2024 | 6.10% | 5.95% |
| 6/30/2024 | 6/30/2025 | 6.25% | 6.00% |
| 6/30/2025 | 6/30/2026 | 6.30% | 6.00% |
| 6/30/2026 | 6/30/2027 | 6.30% | 6.00% |
| 6/30/2027 | 6/30/2028 | 6.35% | 6.00% |
| 6/30/2037 | 6/30/2038 | 6.65% | 6.15% |
| 6/30/2047 | 6/30/2048 | 6.05% | 6.15% |
| 6/30/2057 | 6/30/2058 | 5.85% | 6.15% |
| 6/30/2067 | 6/30/2068 | 5.30% | 5.45% |
| 6/30/2077 | 6/30/2078 | 4.90% | 5.05% |
| 6/30/2087 | 6/30/2088 | 4.90% | 4.95% |
| 6/30/2097 | 6/30/2098 | 4.85% | 4.95% |
| 6/30/2100 | | 4.85% | 4.90% |

Note that after fiscal year ending June 30, 2027, selected years are shown in the table. After fiscal year ending June 30, 2098, the trend rates remain at 4.85% for pre 65 trend and 4.90% for post 65 trend.

* *The first year trend rates for LACERA medical non-firefighter Local 1014 and dental/vision plans have been adjusted to reflect premium increases effective July 1, 2015. ACA Fees including Transitional Reinsurance Fee and Insurer Fee are also included in the medical and dental/vision trends.*

The table below projects the estimated annual County OPEB benefit pay-as-you-go medical costs with and without the Excise Tax, net of expected retiree paid premiums for the next ten years in millions.

| Fiscal Year Ending | July 1, 2014 with Excise Tax | July 1, 2014 without Excise Tax |
|---|---|---|
| 6/30/2015 | $ 411.2 | $ 411.2 |
| 6/30/2016 | 462.4 | 462.4 |
| 6/30/2017 | 509.2 | 509.2 |
| 6/30/2018 | 563.8 | 558.3 |
| 6/30/2019 | 623.3 | 610.3 |
| 6/30/2020 | 676.1 | 660.4 |
| 6/30/2021 | 732.1 | 713.1 |
| 6/30/2022 | 791.7 | 769.2 |
| 6/30/2023 | 849.3 | 823.0 |
| 6/30/2024 | 918.2 | 887.4 |

Projection Basis:
All assumptions are met
No future members are reflected

The table below shows when each plan is projected to reach the Excise Tax threshold.

| Plan | First Year Excise Tax applies |
|---|---|
| Blue Cross I | 2018 |
| Blue Cross II | 2018 |
| Blue Cross III | 2037 |
| Blue Cross Prudent Buyer | 2018 |
| Cigna Network Model | 2018 |
| Cigna Healthcare for Seniors | 2045 |
| Firefighters' Local 1014 | 2018 |
| Kaiser Basic | 2019 |
| Kaiser Over 65 | 2046 |
| UnitedHealthcare | 2018 |
| UnitedHealthcare Medicare Advantage | 2049 |
| SCAN | 2046 |

## Appendix A: Actuarial Procedures and Assumptions

The actuarial procedures and assumptions used in this valuation are described in this section. Where applicable, the same assumptions are used for the LACERA postemployment health and death benefit plans as for the LACERA retirement benefits. The assumptions that overlap with the LACERA retirement benefits plan assumptions were reviewed and changed June 30, 2013, as a result of the 2013 triennial Retirement Benefit Investigation of Experience Study, approved by the Board of Investments in December 2013. The general wage increase, investment earnings, and implied inflation assumptions were evaluated with the June 30, 2014, retirement benefits plan valuation. The OPEB specific assumptions other than premiums, claim costs, aging, and trend, were reviewed and changed as a result of the 2013 OPEB Investigation of Experience Study approved in the April 2014 Board meeting. The premiums, claim costs, aging, and trend used for this valuation are updated as of July 1, 2014.

The actuarial assumptions used in both the retirement benefit and OPEB program actuarial valuations are intended to estimate the future experience of the members eligible for benefit payments and the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the benefits.

Table A-1 summarizes the assumptions. The mortality rates are taken from the sources listed. The economic assumptions in this table were evaluated with the June 30, 2014 retirement benefits plan valuation.

Tables A-2 and A-3 show how members are expected to leave retired status due to death.

Table A-4 presents the probability of refund of retirement benefit contributions upon termination of employment while vested.

Table A-5 presents the general wage increase of 3.50% per annum.

Tables A-6 to A-13 present the rates of separation of active service. These were developed from the experience as measured by the 2013 Retirement Benefit Investigation of Experience Study. The rates are the probabilities a member will leave active employment for various reasons.

Tables A-14 to A-19 present enrollment assumptions. These were developed from the 2013 OPEB Investigation of Experience Study to estimate health eligibility and enrollment.

Tables A-20 to A-21 present premium and claim cost assumptions developed from the OPEB program's premium and claim information.

Table A-22 presents the health cost trend rates.

Table A-23 presents the assumed retirement rates for vested terminated members developed from the 2013 OPEB Investigation of Experience.

**Actuarial Cost Method**

The actuarial valuation is prepared under the Projected Unit Credit (PUC) actuarial cost method. Under the principles of the PUC method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated pro-rata to each year of service between entry age and assumed exit.

For members who transferred between plans, entry age is based on original entry into the LACERA retirement benefits plan.

The portion of this actuarial present value allocated to a valuation year is called the Normal Cost (NC). The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets (if the benefits are funded), and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is amortized as a level percentage of the projected salaries of the active members, both present and future, covered by the LACERA retirement benefits plan over a 30-year period from the valuation date; this is commonly referred to as a "rolling 30-year amortization method". This method does not cover interest on the UAAL.

**Records and Data**

The data used in this valuation consist of medical and dental/vision premiums, financial information, and the age, service, and salary records for active and inactive members and their survivors. All of the information was supplied by LACERA and Aon Hewitt and was accepted for valuation purposes without audit.

**Growth in Membership**

For benefit valuation purposes, no growth in the active membership of LACERA is assumed. For funding purposes, if amortization is required, the total payroll of covered members is assumed to grow due to the combined effects of future wage increases of current active members and the replacement of the current active members by new employees. No growth in the total number of active members is assumed.

**Investment Earnings and Expenses**

GASB 45 requires that the discount rate for OPEB benefits be equal to the expected return on assets used to pay ongoing benefits. In the case of an unfunded plan, it would be the expected return on the County's general funds. In our previous valuations, we used the expected return on the County's general funds to develop the discount rate assumption. For the July 1, 2014 valuation, we have included the OPEB Investment Trust in our analysis to develop the discount rate. Based on the expected return on the County's general funds and the expected return on the OPEB Investment Trust, we have selected a discount rate of 3.75% for use in the July 1, 2014 OPEB valuation.

**Health Cost Trend**

The rates of the health cost trends for the purposes of the valuation are illustrated in Table A-22. These rates were adopted July 1, 2014.

**Future Salaries**

The 3.50% per annum rate of increase in the general wage level of membership is in Table A-5. This rate was adopted June 30, 2014.

**Retirement**

Members in General Plans A-D may retire at age 50 with 10 years of service, or any age with 30 years of service, or age 70 regardless of the number of years of service. General Plan G members are eligible to retire at age 52 with 5 years of service, or age 70 regardless of the number of years of service. Non-contributory Plan E members may retire at age 55 with 10 years of service. Members of Safety Plans A and B may retire at age 50 with 10 years of service, or any age with 20 years of service. Safety Plan C members are eligible to retire at age 50 with 5 years of County service. The retirement rates for active members vary by age and are shown by plan in Tables A-6 through A-13.

All general members who attain or who have attained age 75 in active service and all safety members who have attained age 60 in active service are assumed to retire immediately (except for Safety Plan C members who have not yet attained 5 years of service).

**Retirement (cont.)**

All deferred vested members are assumed to retire according to Table A-23.

The assumptions regarding termination of employment, early retirement, and unreduced service retirement are treated as a single set of decrements in regards to a particular member. For example, a general member hired at age 30 has a probability to withdraw from LACERA due to death, disability, or *other termination of employment* until age 50. After age 50, the member could still withdraw due to death, disability, or *retirement*. Thus, in no year during the member's projected employment would they be eligible for both a probability of other termination of employment and a probability of retirement.

The active members' retirement probabilities were adopted June 30, 2013. The term vested member's retirement probabilities were adopted July 1, 2013, for purposes of the OPEB program valuation only.

**Disability**

The rates of disability used in the valuation are illustrated in Tables A-6 through A-13. These rates were adopted June 30, 2013.

**Postretirement Mortality – Other Than Disabled Members**

The same postretirement mortality rates are used in the valuation for active members, members retired for service, and beneficiaries. These rates are illustrated in Table A-2. Current beneficiary mortality is assumed to be the same assumption as healthy members of the same gender. Future beneficiaries are assumed to be of the opposite gender and have the same mortality as General members. Note that these assumptions include a margin for expected future mortality improvement. These rates were adopted June 30, 2013.

*Males*

General members: RP-2000 Combined Mortality Table for Males, projected to 2025 using Projection Scale AA, with ages set back one year.

Safety members: RP-2000 Combined Mortality Table for Males, projected to 2025 using Projection Scale AA, with ages set back two years.

*Females* General members: RP-2000 Combined Mortality Table for Females, projected to 2025 using Projection Scale AA, with ages set back one year.

Safety members: RP-2000 Combined Mortality Table for Females, projected to 2025 using Projection Scale AA, with ages set back one year.

**Mortality – Disabled Members**

For disabled members, the mortality rates used in the valuation rates are illustrated in Table A-3. Note that these assumptions include a margin for expected future mortality improvement. These rates were adopted June 30, 2013.

*Males* General members: Average of RP-2000 Combined and Disabled Mortality Tables for Males, projected to 2025 using Projection Scale AA, with ages set back one year.

Safety members: RP-2000 Combined Mortality Table for Males, projected to 2025 using Projection Scale AA, with no age adjustment.

*Females* General members: Average of RP-2000 Combined and Disabled Mortality Tables for Females, projected to 2025 using Projection Scale AA, with ages set back one year.

Safety members: RP-2000 Combined Mortality Table for Females, projected to 2025 using Projection Scale AA, with no age adjustment.

**Mortality While in Active Status**

For active members, the mortality rates used in the valuation are illustrated in Tables A-6 through A-13. These rates were adopted June 30, 2013.

| Class | Gender | Proposed Table | |
|---|---|---|---|
| General | Male | RP 2000 Employee Male, Proj. 2025* | +1 |
| General | Female | RP 2000 Employee Female, Proj. 2025* | -2 |
| Safety | Male | RP 2000 Employee Male, Proj. 2025* | -5 |
| Safety | Female | RP 2000 Employee Female, Proj. 2025* | -2 |

** Static Projection of the RP 2000 tables using Projection Scale AA to 2025.*

Note that Safety members have an additional service-connected mortality rate of 0.01% per year.

**Other Employment Terminations**

Tables A-6 to A-13 show, for all ages, the rates assumed in this valuation for future termination from active service other than for death, disability, or retirement. These rates do not apply to members eligible for service retirement. These rates were adopted June 30, 2013.

Terminating employees may withdraw their contributions immediately upon termination of employment and forfeit the right to further retirement, medical, and dental/vision benefits, or they may leave their contributions with LACERA. Former contributing members whose contributions are on deposit may later elect to receive a refund, may return to work or may remain inactive until becoming eligible to receive a retirement benefit under either LACERA or a reciprocal retirement plan. All terminating members who are not eligible for vested benefits are assumed to withdraw their contributions immediately.

All terminating members are assumed to not be rehired. Table A-4 gives the assumed probabilities that vested members will withdraw their contributions and elect a refund immediately upon termination and the probability that remaining members will elect a deferred retirement allowance. All non-vested members are assumed to elect a refund and withdraw their contributions. These rates in Table A-4 were adopted June 30, 2013.

**Future Transfers**

Though a few active members may change pension plans, this valuation assumes the active members remain in the plan they are enrolled in at the time of the valuation. Specifically, we assume there will be no future transfers between retirement benefit plans.

**Retiree Medical and Dental/Vision Eligibility and Enrollment Assumptions**

Any retired or vested terminated members who have not yet elected a refund of their member contributions and will receive a pension benefit other than a refund are eligible for retiree medical and dental/vision enrollment.

**Retiree Medical and Dental/Vision Eligibility and Enrollment Assumptions (cont.)**

The 2013 OPEB Investigation of Experience report was used to set the following assumptions:

| | |
|---|---|
| Age difference for future retirees and spouses | Table A-1 |
| Probability of initial medical enrollment upon retirement | Table A-14 |
| Probability of medical plan and tier selection upon retirement | Table A-15 |
| Probability of medical plan and tier selection for Pre 65 retirees who become eligible for a Post 65 Plan | Table A-16 |
| Probability of survivor and new dependent enrollment | Table A-17 |
| Probability of dental/vision enrollment upon retirement | Table A-18 |
| Probability of dental/vision plan and tier selection upon retirement | Table A-19 |
| Retirement of vested terminated members | Table A-23 |
| Probability of retirees in group plans who elect Medicare Part D | 0% |

## Table A-1: Summary of Valuation Assumptions as of July 1, 2014

| | | |
|---|---|---|
| I. | Economic Assumptions | |
| | A. General wage increases | 3.50%, Table A-5 |
| | B. Investment earnings | 3.75% |
| | C Implied Inflation | 3.00% |
| | D. Growth in membership | 0.00% |
| | E. Medical cost trend | Table A-22 |
| | F. Dental and vision cost trend | Table A-22 |
| II. | Demographic Assumptions | |
| | A. Retirement | Tables A-6 to A-13 |
| | B. Disablement | Tables A-6 to A-13 |
| | C. Mortality for active members after termination and service retired members. | Table A-2 |

Basis – RP-2000 Combined Mortality Table for respective genders, projected to 2025 using Projection Scale AA, and adjusted as follows:

| Class of Members | Age Adjustment |
|---|---|
| General – males | -1 year |
| General – females | -1 year |
| Safety – males | -2 years |
| Safety – females | -1 year |

| | | |
|---|---|---|
| | D. Mortality Among Disabled Members | Table A-3 |

Basis – Average of RP-2000 Combined and Disabled Mortality Tables projected to 2025 using Projection Scale AA, and adjusted as follows:

| | |
|---|---|
| General – males | -1 year |
| General – females | -1 year |

Basis – RP-2000 Combined Mortality Table, for respective genders projected to 2025 using Projection Scale AA, and adjusted as follows:

| | |
|---|---|
| Safety – males | 0 years |
| Safety – females | 0 years |

| | | |
|---|---|---|
| | E. Mortality for Beneficiaries | Table A-2 |
| | Basis – Beneficiaries are assumed to have the same mortality as a general member of the opposite gender who has taken a service retirement. | |
| | F. Other Terminations of Employment | Tables A-6 to A-13 |
| | G. Refund of Contributions on Vested Termination | Table A-4 |
| | H. Future male retirees are assumed to be four years older than their female spouses. Future female retirees are assumed to be two years younger than their male spouses. Assumption adopted July 1, 2008. | |
| III. | Retiree Medical and Dental/Vision Enrollment Assumptions | |
| | A. Probability of Initial Medical Enrollment upon Retirement | Table A-14 |
| | B. Probability of Medical Plan and Tier Selection Upon Retirement (Pre 65 Male, Pre 65 Female, Post 65 Male, Post 65 Female) | Table A-15 |
| | C. Probability of Medical Plan and Tier Selection for Pre 65 Retirees Who become Eligible for a *Post* 65 Plan | Table A-16 |
| | D. Probability of Medical Survivor and New Dependent Enrollment | Table A-17 |
| | E. Probability of Retirees in Group Plans Who Elect Medicare Part D. We have assumed there is no cost impact due to retirees and dependents enrolling in Part D. | 0% |
| | F. Probability of Dental/Vision Enrollment Upon Retirement | Table A-18 |
| | G. Probability of Dental/Vision Plan and Tier Selection Upon Retirement | Table A-19 |
| IV. | Premium and Claim Cost Analysis | Tables A-20 to A-21 |
| V. | Medical and Dental/Vision Trend | Table A-22 |
| VI. | Retirement of Vested Terminated Members | Table A-23 |

## Table A-2: Mortality for Members Retired for Service

| Age | Safety Male | Safety Female | General Male | General Female |
|---|---|---|---|---|
| 20 | 0.020% | 0.013% | 0.020% | 0.013% |
| 25 | 0.026% | 0.014% | 0.027% | 0.014% |
| 30 | 0.035% | 0.018% | 0.036% | 0.018% |
| 35 | 0.056% | 0.034% | 0.062% | 0.034% |
| 40 | 0.083% | 0.044% | 0.086% | 0.044% |
| 45 | 0.099% | 0.071% | 0.103% | 0.071% |
| 50 | 0.124% | 0.098% | 0.130% | 0.098% |
| 55 | 0.176% | 0.189% | 0.193% | 0.189% |
| 60 | 0.352% | 0.392% | 0.397% | 0.392% |
| 65 | 0.704% | 0.760% | 0.793% | 0.760% |
| 70 | 1.256% | 1.311% | 1.392% | 1.311% |
| 75 | 2.083% | 2.136% | 2.323% | 2.136% |
| 80 | 3.854% | 3.482% | 4.393% | 3.482% |
| 85 | 7.340% | 5.832% | 8.371% | 5.832% |
| 90 | 13.285% | 11.053% | 14.682% | 11.053% |

## Table A-3: Mortality for Members Retired for Disability

| Age | Safety Male | Safety Female | General Male | General Female |
|---|---|---|---|---|
| 20 | 0.021% | 0.013% | 0.709% | 0.262% |
| 25 | 0.029% | 0.015% | 0.827% | 0.262% |
| 30 | 0.039% | 0.021% | 1.014% | 0.285% |
| 35 | 0.068% | 0.036% | 1.027% | 0.307% |
| 40 | 0.088% | 0.048% | 0.990% | 0.277% |
| 45 | 0.109% | 0.075% | 0.886% | 0.291% |
| 50 | 0.136% | 0.109% | 0.967% | 0.387% |
| 55 | 0.224% | 0.222% | 1.127% | 0.697% |
| 60 | 0.451% | 0.446% | 1.557% | 1.112% |
| 65 | 0.895% | 0.856% | 2.094% | 1.554% |
| 70 | 1.522% | 1.477% | 2.791% | 2.214% |
| 75 | 2.660% | 2.299% | 3.818% | 3.119% |
| 80 | 5.007% | 3.849% | 6.117% | 4.585% |
| 85 | 9.292% | 6.663% | 9.845% | 6.850% |
| 90 | 16.592% | 12.215% | 14.806% | 11.601% |

## Table A-4: Immediate Refund of Contributions Upon Termination of Employment (Excludes Plan E)

| Years of Service | Safety | General |
|---|---|---|
| 0 | 100% | 100% |
| 1 | 100% | 100% |
| 2 | 100% | 100% |
| 3 | 100% | 100% |
| 4 | 100% | 100% |
| 5 | 35% | 35% |
| 6 | 35% | 35% |
| 7 | 35% | 35% |
| 8 | 33% | 34% |
| 9 | 31% | 34% |
| 10 | 29% | 33% |
| 11 | 27% | 33% |
| 12 | 25% | 32% |
| 13 | 22% | 31% |
| 14 | 19% | 30% |
| 15 | 16% | 30% |
| 16 | 13% | 29% |
| 17 | 10% | 28% |
| 18 | 6% | 25% |
| 19 | 2% | 23% |
| 20 | 0% | 20% |
| 21 | 0% | 18% |
| 22 | 0% | 15% |
| 23 | 0% | 12% |
| 24 | 0% | 9% |
| 25 | 0% | 6% |
| 26 | 0% | 3% |
| 27 | 0% | 0% |
| 28 | 0% | 0% |
| 29 | 0% | 0% |
| 30 & Up | 0% | 0% |

## Table A-5: Annual Increase in Salary

The general wage increase assumption is 3.50% per annum which is used for projecting the total future payroll. The amortization of the UAAL is determined as a level percentage of payroll. General wage increases and individual salary increases due to promotion and longevity do not affect the amount of the OPEB program's benefits.

## Appendix A: Rates of Separation From Active Service
## Tables A-6 to A-13

A schedule of the probabilities of termination of employment due to the following causes can be found on the following pages:

| | |
|---|---|
| Service Retirement: | Member retires after meeting age and service requirements for reasons other than disability. |
| Other Terminations: | Member terminates and elects a refund of member contributions or a deferred vested retirement benefit. |
| Service-Connected Disability: | Member receives disability retirement; disability is service-connected. |
| Nonservice-Connected Disability: | Member receives disability retirement; disability is not service-connected. |
| Service-Connected Pre-Retirement Death: | Member dies before retirement; death is service-connected. |
| Nonservice-Connected Pre-Retirement Death: | Member dies before retirement; death is not service-connected. |

Each rate represents the probability that a member will separate from service at each age due to the particular cause. For example, a rate of 0.0300 for a member's service retirement at age 50 means we assume that 30 out of 1,000 members who are age 50 will retire at that age.

Each table represents the detailed rates needed for each LACERA plan by gender:

| | | |
|---|---|---|
| Table | A-6: General Plans A, B, & C Males | A-10: General Plan E Males |
| | A-7: General Plans A, B, & C Females | A-11: General Plan E Females |
| | A-8: General Plans D & G Males | A-12: Safety Plans A, B, & C Males |
| | A-9: General Plans D & G Females | A-13: Safety Plans A, B, & C Females |

## Table A-6: Rate of Separation From Active Service For General Members Plans A, B, & C – Male

| Age | Service Retirement | Other Terminations | Service-Connected Disability | Nonservice-Connected Disability | Service-Connected Pre-Retirement Death | Nonservice-Connected Pre-Retirement Death |
|---|---|---|---|---|---|---|
| 18 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0002 |
| 19 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0002 |
| 20 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0002 |
| 21 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0002 |
| 22 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0003 |
| 23 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0003 |
| 24 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0003 |
| 25 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0003 |
| 26 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0003 |
| 27 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0003 |
| 28 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0004 |
| 29 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0004 |
| 30 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0004 |
| 31 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0005 |
| 32 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0006 |
| 33 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0006 |
| 34 | 0.0000 | 0.0050 | 0.0003 | 0.0001 | N/A | 0.0007 |
| 35 | 0.0000 | 0.0050 | 0.0003 | 0.0001 | N/A | 0.0007 |
| 36 | 0.0000 | 0.0050 | 0.0004 | 0.0001 | N/A | 0.0008 |
| 37 | 0.0000 | 0.0050 | 0.0004 | 0.0001 | N/A | 0.0008 |
| 38 | 0.0000 | 0.0050 | 0.0005 | 0.0001 | N/A | 0.0009 |
| 39 | 0.0000 | 0.0050 | 0.0005 | 0.0001 | N/A | 0.0009 |
| 40 | 0.0300 | 0.0050 | 0.0006 | 0.0002 | N/A | 0.0009 |
| 41 | 0.0300 | 0.0050 | 0.0006 | 0.0002 | N/A | 0.0009 |
| 42 | 0.0300 | 0.0050 | 0.0007 | 0.0002 | N/A | 0.0010 |
| 43 | 0.0300 | 0.0050 | 0.0007 | 0.0003 | N/A | 0.0010 |
| 44 | 0.0300 | 0.0050 | 0.0008 | 0.0003 | N/A | 0.0011 |
| 45 | 0.0300 | 0.0050 | 0.0009 | 0.0003 | N/A | 0.0011 |
| 46 | 0.0300 | 0.0050 | 0.0010 | 0.0004 | N/A | 0.0012 |
| 47 | 0.0300 | 0.0050 | 0.0011 | 0.0004 | N/A | 0.0012 |
| 48 | 0.0300 | 0.0050 | 0.0012 | 0.0004 | N/A | 0.0013 |
| 49 | 0.0300 | 0.0050 | 0.0013 | 0.0004 | N/A | 0.0014 |
| 50 | 0.0300 | 0.0050 | 0.0014 | 0.0004 | N/A | 0.0014 |
| 51 | 0.0300 | 0.0050 | 0.0015 | 0.0004 | N/A | 0.0015 |
| 52 | 0.0300 | 0.0050 | 0.0016 | 0.0004 | N/A | 0.0016 |
| 53 | 0.0300 | 0.0050 | 0.0018 | 0.0005 | N/A | 0.0017 |
| 54 | 0.0600 | 0.0050 | 0.0020 | 0.0006 | N/A | 0.0019 |
| 55 | 0.1000 | 0.0050 | 0.0022 | 0.0006 | N/A | 0.0021 |
| 56 | 0.1200 | 0.0050 | 0.0024 | 0.0007 | N/A | 0.0024 |
| 57 | 0.1700 | 0.0050 | 0.0026 | 0.0008 | N/A | 0.0027 |
| 58 | 0.2200 | 0.0050 | 0.0029 | 0.0009 | N/A | 0.0029 |
| 59 | 0.2400 | 0.0050 | 0.0032 | 0.0010 | N/A | 0.0033 |
| 60 | 0.2600 | 0.0050 | 0.0036 | 0.0010 | N/A | 0.0037 |
| 61 | 0.3100 | 0.0050 | 0.0039 | 0.0011 | N/A | 0.0041 |
| 62 | 0.3500 | 0.0050 | 0.0042 | 0.0012 | N/A | 0.0045 |
| 63 | 0.2800 | 0.0050 | 0.0042 | 0.0014 | N/A | 0.0049 |
| 64 | 0.2800 | 0.0050 | 0.0042 | 0.0015 | N/A | 0.0053 |
| 65 | 0.2800 | 0.0050 | 0.0042 | 0.0017 | N/A | 0.0058 |
| 66 | 0.2800 | 0.0050 | 0.0042 | 0.0018 | N/A | 0.0062 |
| 67 | 0.2800 | 0.0050 | 0.0042 | 0.0020 | N/A | 0.0064 |
| 68 | 0.2800 | 0.0050 | 0.0042 | 0.0022 | N/A | 0.0067 |
| 69 | 0.2800 | 0.0050 | 0.0042 | 0.0023 | N/A | 0.0068 |
| 70 | 0.2800 | 0.0050 | 0.0042 | 0.0025 | N/A | 0.0071 |
| 71 | 0.2800 | 0.0050 | 0.0042 | 0.0026 | N/A | 0.0077 |
| 72 | 0.2800 | 0.0050 | 0.0042 | 0.0028 | N/A | 0.0085 |
| 73 | 0.2800 | 0.0050 | 0.0042 | 0.0030 | N/A | 0.0094 |
| 74 | 0.2800 | 0.0050 | 0.0042 | 0.0031 | N/A | 0.0106 |
| 75 | 1.0000 | 0.0000 | 0.0000 | 0.0000 | N/A | 0.0000 |

## Table A-7: Rate of Separation From Active Service For General Members Plans A, B, & C – Female

| Age | Service Retirement | Other Terminations | Service-Connected Disability | Nonservice-Connected Disability | Service-Connected Pre-Retirement Death | Nonservice-Connected Pre-Retirement Death |
|---|---|---|---|---|---|---|
| 18 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 19 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 20 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 21 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 22 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 23 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 24 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 25 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 26 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 27 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 28 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0002 |
| 29 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0002 |
| 30 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0002 |
| 31 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0002 |
| 32 | 0.0000 | 0.0050 | 0.0001 | 0.0001 | N/A | 0.0002 |
| 33 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0003 |
| 34 | 0.0000 | 0.0050 | 0.0002 | 0.0001 | N/A | 0.0003 |
| 35 | 0.0000 | 0.0050 | 0.0003 | 0.0001 | N/A | 0.0003 |
| 36 | 0.0000 | 0.0050 | 0.0003 | 0.0001 | N/A | 0.0003 |
| 37 | 0.0000 | 0.0050 | 0.0004 | 0.0001 | N/A | 0.0004 |
| 38 | 0.0000 | 0.0050 | 0.0004 | 0.0001 | N/A | 0.0004 |
| 39 | 0.0000 | 0.0050 | 0.0005 | 0.0001 | N/A | 0.0004 |
| 40 | 0.0300 | 0.0050 | 0.0005 | 0.0002 | N/A | 0.0004 |
| 41 | 0.0300 | 0.0050 | 0.0005 | 0.0002 | N/A | 0.0004 |
| 42 | 0.0300 | 0.0050 | 0.0006 | 0.0002 | N/A | 0.0005 |
| 43 | 0.0300 | 0.0050 | 0.0007 | 0.0003 | N/A | 0.0005 |
| 44 | 0.0300 | 0.0050 | 0.0007 | 0.0003 | N/A | 0.0006 |
| 45 | 0.0300 | 0.0050 | 0.0008 | 0.0003 | N/A | 0.0006 |
| 46 | 0.0300 | 0.0050 | 0.0009 | 0.0004 | N/A | 0.0007 |
| 47 | 0.0300 | 0.0050 | 0.0009 | 0.0004 | N/A | 0.0008 |
| 48 | 0.0300 | 0.0050 | 0.0010 | 0.0004 | N/A | 0.0008 |
| 49 | 0.0300 | 0.0050 | 0.0011 | 0.0004 | N/A | 0.0008 |
| 50 | 0.0300 | 0.0050 | 0.0012 | 0.0004 | N/A | 0.0009 |
| 51 | 0.0300 | 0.0050 | 0.0012 | 0.0004 | N/A | 0.0010 |
| 52 | 0.0300 | 0.0050 | 0.0013 | 0.0004 | N/A | 0.0011 |
| 53 | 0.0300 | 0.0050 | 0.0014 | 0.0005 | N/A | 0.0012 |
| 54 | 0.0600 | 0.0050 | 0.0015 | 0.0006 | N/A | 0.0014 |
| 55 | 0.1000 | 0.0050 | 0.0016 | 0.0006 | N/A | 0.0016 |
| 56 | 0.1200 | 0.0050 | 0.0016 | 0.0007 | N/A | 0.0018 |
| 57 | 0.1700 | 0.0050 | 0.0017 | 0.0008 | N/A | 0.0021 |
| 58 | 0.2200 | 0.0050 | 0.0020 | 0.0009 | N/A | 0.0024 |
| 59 | 0.2400 | 0.0050 | 0.0022 | 0.0010 | N/A | 0.0027 |
| 60 | 0.2600 | 0.0050 | 0.0024 | 0.0010 | N/A | 0.0029 |
| 61 | 0.3100 | 0.0050 | 0.0027 | 0.0011 | N/A | 0.0032 |
| 62 | 0.3500 | 0.0050 | 0.0029 | 0.0012 | N/A | 0.0035 |
| 63 | 0.2800 | 0.0050 | 0.0031 | 0.0014 | N/A | 0.0038 |
| 64 | 0.2800 | 0.0050 | 0.0034 | 0.0015 | N/A | 0.0041 |
| 65 | 0.2800 | 0.0050 | 0.0037 | 0.0017 | N/A | 0.0044 |
| 66 | 0.2800 | 0.0050 | 0.0040 | 0.0018 | N/A | 0.0048 |
| 67 | 0.2800 | 0.0050 | 0.0044 | 0.0020 | N/A | 0.0051 |
| 68 | 0.2800 | 0.0050 | 0.0048 | 0.0022 | N/A | 0.0055 |
| 69 | 0.2800 | 0.0050 | 0.0052 | 0.0023 | N/A | 0.0058 |
| 70 | 0.2800 | 0.0050 | 0.0052 | 0.0025 | N/A | 0.0061 |
| 71 | 0.2800 | 0.0050 | 0.0052 | 0.0026 | N/A | 0.0064 |
| 72 | 0.2800 | 0.0050 | 0.0052 | 0.0028 | N/A | 0.0067 |
| 73 | 0.2800 | 0.0050 | 0.0052 | 0.0030 | N/A | 0.0068 |
| 74 | 0.2800 | 0.0050 | 0.0052 | 0.0031 | N/A | 0.0073 |
| 75 | 1.0000 | 0.0000 | 0.0000 | 0.0000 | N/A | 0.0078 |

## Table A-8: Rate of Separation From Active Service For General Members Plan D and G – Male

| Age | Service Retirement | Service-Connected Disability | Nonservice-Connected Disability | Service-Connected Pre-Retirement Death | Nonservice-Connected Pre-Retirement Death | Years of Service | Other Terminations |
|---|---|---|---|---|---|---|---|
| 18 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0002 | 0 | 0.0800 |
| 19 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0002 | 1 | 0.0550 |
| 20 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0002 | 2 | 0.0375 |
| 21 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0002 | 3 | 0.0300 |
| 22 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0003 | 4 | 0.0250 |
| 23 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0003 | 5 | 0.0233 |
| 24 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0003 | 6 | 0.0217 |
| 25 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0003 | 7 | 0.0200 |
| 26 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0003 | 8 | 0.0190 |
| 27 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0003 | 9 | 0.0180 |
| 28 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0004 | 10 | 0.0170 |
| 29 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0004 | 11 | 0.0160 |
| 30 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0004 | 12 | 0.0150 |
| 31 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0005 | 13 | 0.0140 |
| 32 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0006 | 14 | 0.0130 |
| 33 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0006 | 15 | 0.0120 |
| 34 | 0.0000 | 0.0003 | 0.0001 | N/A | 0.0007 | 16 | 0.0110 |
| 35 | 0.0000 | 0.0003 | 0.0001 | N/A | 0.0007 | 17 | 0.0100 |
| 36 | 0.0000 | 0.0004 | 0.0001 | N/A | 0.0008 | 18 | 0.0092 |
| 37 | 0.0000 | 0.0004 | 0.0001 | N/A | 0.0008 | 19 | 0.0084 |
| 38 | 0.0000 | 0.0005 | 0.0001 | N/A | 0.0009 | 20 | 0.0076 |
| 39 | 0.0000 | 0.0005 | 0.0001 | N/A | 0.0009 | 21 | 0.0068 |
| 40 | 0.0200 | 0.0006 | 0.0002 | N/A | 0.0009 | 22 | 0.0060 |
| 41 | 0.0200 | 0.0006 | 0.0002 | N/A | 0.0009 | 23 | 0.0056 |
| 42 | 0.0200 | 0.0007 | 0.0002 | N/A | 0.0010 | 24 | 0.0052 |
| 43 | 0.0200 | 0.0007 | 0.0003 | N/A | 0.0010 | 25 | 0.0048 |
| 44 | 0.0200 | 0.0008 | 0.0003 | N/A | 0.0011 | 26 | 0.0044 |
| 45 | 0.0200 | 0.0009 | 0.0003 | N/A | 0.0011 | 27 | 0.0040 |
| 46 | 0.0200 | 0.0010 | 0.0004 | N/A | 0.0012 | 28 | 0.0040 |
| 47 | 0.0200 | 0.0011 | 0.0004 | N/A | 0.0012 | 29 | 0.0040 |
| 48 | 0.0200 | 0.0012 | 0.0004 | N/A | 0.0013 | 30 & Above | 0.0000 |
| 49 | 0.0200 | 0.0013 | 0.0004 | N/A | 0.0014 | | |
| 50 | 0.0200 | 0.0014 | 0.0004 | N/A | 0.0014 | | |
| 51 | 0.0200 | 0.0015 | 0.0004 | N/A | 0.0015 | | |
| 52 | 0.0200 | 0.0016 | 0.0004 | N/A | 0.0016 | | |
| 53 | 0.0200 | 0.0018 | 0.0005 | N/A | 0.0017 | | |
| 54 | 0.0200 | 0.0020 | 0.0006 | N/A | 0.0019 | | |
| 55 | 0.0250 | 0.0022 | 0.0006 | N/A | 0.0021 | | |
| 56 | 0.0250 | 0.0024 | 0.0007 | N/A | 0.0024 | | |
| 57 | 0.0300 | 0.0026 | 0.0008 | N/A | 0.0027 | | |
| 58 | 0.0350 | 0.0029 | 0.0009 | N/A | 0.0029 | | |
| 59 | 0.0500 | 0.0032 | 0.0010 | N/A | 0.0033 | | |
| 60 | 0.0600 | 0.0036 | 0.0010 | N/A | 0.0037 | | |
| 61 | 0.0700 | 0.0039 | 0.0011 | N/A | 0.0041 | | |
| 62 | 0.1000 | 0.0042 | 0.0012 | N/A | 0.0045 | | |
| 63 | 0.0900 | 0.0042 | 0.0014 | N/A | 0.0049 | | |
| 64 | 0.1200 | 0.0042 | 0.0015 | N/A | 0.0053 | | |
| 65 | 0.2000 | 0.0042 | 0.0017 | N/A | 0.0058 | | |
| 66 | 0.2000 | 0.0042 | 0.0018 | N/A | 0.0062 | | |
| 67 | 0.1800 | 0.0042 | 0.0020 | N/A | 0.0064 | | |
| 68 | 0.1600 | 0.0042 | 0.0022 | N/A | 0.0067 | | |
| 69 | 0.1600 | 0.0042 | 0.0023 | N/A | 0.0068 | | |
| 70 | 0.2000 | 0.0042 | 0.0025 | N/A | 0.0071 | | |
| 71 | 0.2000 | 0.0042 | 0.0026 | N/A | 0.0077 | | |
| 72 | 0.2000 | 0.0042 | 0.0028 | N/A | 0.0085 | | |
| 73 | 0.2000 | 0.0042 | 0.0030 | N/A | 0.0094 | | |
| 74 | 0.2000 | 0.0042 | 0.0031 | N/A | 0.0106 | | |
| 75 | 1.0000 | 0.0042 | 0.0000 | N/A | 0.0119 | | |

## Table A-9: Rate of Separation From Active Service For General Members Plan D and G – Female

| Age | Service Retirement | Service-Connected Disability | Nonservice-Connected Disability | Service-Connected Pre-Retirement Death | Nonservice-Connected Pre-Retirement Death |
|---|---|---|---|---|---|
| 18 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 19 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 20 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 21 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 22 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 23 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 24 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 25 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 26 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 27 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0001 |
| 28 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0002 |
| 29 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0002 |
| 30 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0002 |
| 31 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0002 |
| 32 | 0.0000 | 0.0001 | 0.0001 | N/A | 0.0002 |
| 33 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0003 |
| 34 | 0.0000 | 0.0002 | 0.0001 | N/A | 0.0003 |
| 35 | 0.0000 | 0.0003 | 0.0001 | N/A | 0.0003 |
| 36 | 0.0000 | 0.0003 | 0.0001 | N/A | 0.0003 |
| 37 | 0.0000 | 0.0004 | 0.0001 | N/A | 0.0004 |
| 38 | 0.0000 | 0.0004 | 0.0001 | N/A | 0.0004 |
| 39 | 0.0000 | 0.0005 | 0.0001 | N/A | 0.0004 |
| 40 | 0.0200 | 0.0005 | 0.0002 | N/A | 0.0004 |
| 41 | 0.0200 | 0.0005 | 0.0002 | N/A | 0.0004 |
| 42 | 0.0200 | 0.0006 | 0.0002 | N/A | 0.0005 |
| 43 | 0.0200 | 0.0007 | 0.0003 | N/A | 0.0005 |
| 44 | 0.0200 | 0.0007 | 0.0003 | N/A | 0.0006 |
| 45 | 0.0200 | 0.0008 | 0.0003 | N/A | 0.0006 |
| 46 | 0.0200 | 0.0009 | 0.0004 | N/A | 0.0007 |
| 47 | 0.0200 | 0.0009 | 0.0004 | N/A | 0.0008 |
| 48 | 0.0200 | 0.0010 | 0.0004 | N/A | 0.0008 |
| 49 | 0.0200 | 0.0011 | 0.0004 | N/A | 0.0008 |
| 50 | 0.0200 | 0.0012 | 0.0004 | N/A | 0.0009 |
| 51 | 0.0200 | 0.0012 | 0.0004 | N/A | 0.0010 |
| 52 | 0.0200 | 0.0013 | 0.0004 | N/A | 0.0011 |
| 53 | 0.0200 | 0.0014 | 0.0005 | N/A | 0.0012 |
| 54 | 0.0200 | 0.0015 | 0.0006 | N/A | 0.0014 |
| 55 | 0.0250 | 0.0016 | 0.0006 | N/A | 0.0016 |
| 56 | 0.0250 | 0.0016 | 0.0007 | N/A | 0.0018 |
| 57 | 0.0300 | 0.0017 | 0.0008 | N/A | 0.0021 |
| 58 | 0.0350 | 0.0020 | 0.0009 | N/A | 0.0024 |
| 59 | 0.0500 | 0.0022 | 0.0010 | N/A | 0.0027 |
| 60 | 0.0600 | 0.0024 | 0.0010 | N/A | 0.0029 |
| 61 | 0.0700 | 0.0027 | 0.0011 | N/A | 0.0032 |
| 62 | 0.1000 | 0.0029 | 0.0012 | N/A | 0.0035 |
| 63 | 0.0900 | 0.0031 | 0.0014 | N/A | 0.0038 |
| 64 | 0.1200 | 0.0034 | 0.0015 | N/A | 0.0041 |
| 65 | 0.2000 | 0.0037 | 0.0017 | N/A | 0.0044 |
| 66 | 0.2000 | 0.0040 | 0.0018 | N/A | 0.0048 |
| 67 | 0.1800 | 0.0044 | 0.0020 | N/A | 0.0051 |
| 68 | 0.1600 | 0.0048 | 0.0022 | N/A | 0.0055 |
| 69 | 0.1600 | 0.0052 | 0.0023 | N/A | 0.0058 |
| 70 | 0.2000 | 0.0052 | 0.0025 | N/A | 0.0061 |
| 71 | 0.2000 | 0.0052 | 0.0026 | N/A | 0.0064 |
| 72 | 0.2000 | 0.0052 | 0.0028 | N/A | 0.0067 |
| 73 | 0.2000 | 0.0052 | 0.0030 | N/A | 0.0068 |
| 74 | 0.2000 | 0.0052 | 0.0031 | N/A | 0.0073 |
| 75 | 1.0000 | 0.0000 | 0.0000 | N/A | 0.0078 |

| Years of Service | Other Terminations |
|---|---|
| 0 | 0.0800 |
| 1 | 0.0550 |
| 2 | 0.0375 |
| 3 | 0.0300 |
| 4 | 0.0250 |
| 5 | 0.0233 |
| 6 | 0.0217 |
| 7 | 0.0200 |
| 8 | 0.0190 |
| 9 | 0.0180 |
| 10 | 0.0170 |
| 11 | 0.0160 |
| 12 | 0.0150 |
| 13 | 0.0140 |
| 14 | 0.0130 |
| 15 | 0.0120 |
| 16 | 0.0110 |
| 17 | 0.0100 |
| 18 | 0.0092 |
| 19 | 0.0084 |
| 20 | 0.0076 |
| 21 | 0.0068 |
| 22 | 0.0060 |
| 23 | 0.0056 |
| 24 | 0.0052 |
| 25 | 0.0048 |
| 26 | 0.0044 |
| 27 | 0.0040 |
| 28 | 0.0040 |
| 29 | 0.0040 |
| 30 & Above | 0.0000 |

## Table A-10: Rate of Separation From Active Service For General Members Plan E – Male

| Age | Service Retirement | Service-Connected Disability | Nonservice-Connected Disability | Service-Connected Pre-Retirement Death | Nonservice-Connected Pre-Retirement Death | Years of Service | Other Terminations |
|---|---|---|---|---|---|---|---|
| 18 | 0.0000 | N/A | N/A | N/A | 0.0002 | 0 | 0.1400 |
| 19 | 0.0000 | N/A | N/A | N/A | 0.0002 | 1 | 0.0750 |
| 20 | 0.0000 | N/A | N/A | N/A | 0.0002 | 2 | 0.0550 |
| 21 | 0.0000 | N/A | N/A | N/A | 0.0002 | 3 | 0.0400 |
| 22 | 0.0000 | N/A | N/A | N/A | 0.0003 | 4 | 0.0300 |
| 23 | 0.0000 | N/A | N/A | N/A | 0.0003 | 5 | 0.0277 |
| 24 | 0.0000 | N/A | N/A | N/A | 0.0003 | 6 | 0.0253 |
| 25 | 0.0000 | N/A | N/A | N/A | 0.0003 | 7 | 0.0230 |
| 26 | 0.0000 | N/A | N/A | N/A | 0.0003 | 8 | 0.0220 |
| 27 | 0.0000 | N/A | N/A | N/A | 0.0003 | 9 | 0.0210 |
| 28 | 0.0000 | N/A | N/A | N/A | 0.0004 | 10 | 0.0200 |
| 29 | 0.0000 | N/A | N/A | N/A | 0.0004 | 11 | 0.0190 |
| 30 | 0.0000 | N/A | N/A | N/A | 0.0004 | 12 | 0.0180 |
| 31 | 0.0000 | N/A | N/A | N/A | 0.0005 | 13 | 0.0174 |
| 32 | 0.0000 | N/A | N/A | N/A | 0.0006 | 14 | 0.0168 |
| 33 | 0.0000 | N/A | N/A | N/A | 0.0006 | 15 | 0.0162 |
| 34 | 0.0000 | N/A | N/A | N/A | 0.0007 | 16 | 0.0156 |
| 35 | 0.0000 | N/A | N/A | N/A | 0.0007 | 17 | 0.0150 |
| 36 | 0.0000 | N/A | N/A | N/A | 0.0008 | 18 | 0.0144 |
| 37 | 0.0000 | N/A | N/A | N/A | 0.0008 | 19 | 0.0138 |
| 38 | 0.0000 | N/A | N/A | N/A | 0.0009 | 20 | 0.0132 |
| 39 | 0.0000 | N/A | N/A | N/A | 0.0009 | 21 | 0.0126 |
| 40 | 0.0000 | N/A | N/A | N/A | 0.0009 | 22 | 0.0120 |
| 41 | 0.0000 | N/A | N/A | N/A | 0.0009 | 23 | 0.0116 |
| 42 | 0.0000 | N/A | N/A | N/A | 0.0010 | 24 | 0.0112 |
| 43 | 0.0000 | N/A | N/A | N/A | 0.0010 | 25 | 0.0108 |
| 44 | 0.0000 | N/A | N/A | N/A | 0.0011 | 26 | 0.0104 |
| 45 | 0.0000 | N/A | N/A | N/A | 0.0011 | 27 | 0.0100 |
| 46 | 0.0000 | N/A | N/A | N/A | 0.0012 | 28 | 0.0100 |
| 47 | 0.0000 | N/A | N/A | N/A | 0.0012 | 29 | 0.0100 |
| 48 | 0.0000 | N/A | N/A | N/A | 0.0013 | 30 & Above | 0.0100 |
| 49 | 0.0000 | N/A | N/A | N/A | 0.0014 | | |
| 50 | 0.0000 | N/A | N/A | N/A | 0.0014 | | |
| 51 | 0.0000 | N/A | N/A | N/A | 0.0015 | | |
| 52 | 0.0000 | N/A | N/A | N/A | 0.0016 | | |
| 53 | 0.0000 | N/A | N/A | N/A | 0.0017 | | |
| 54 | 0.0000 | N/A | N/A | N/A | 0.0019 | | |
| 55 | 0.0300 | N/A | N/A | N/A | 0.0021 | | |
| 56 | 0.0250 | N/A | N/A | N/A | 0.0024 | | |
| 57 | 0.0250 | N/A | N/A | N/A | 0.0027 | | |
| 58 | 0.0250 | N/A | N/A | N/A | 0.0029 | | |
| 59 | 0.0300 | N/A | N/A | N/A | 0.0033 | | |
| 60 | 0.0450 | N/A | N/A | N/A | 0.0037 | | |
| 61 | 0.0600 | N/A | N/A | N/A | 0.0041 | | |
| 62 | 0.0900 | N/A | N/A | N/A | 0.0045 | | |
| 63 | 0.0900 | N/A | N/A | N/A | 0.0049 | | |
| 64 | 0.1600 | N/A | N/A | N/A | 0.0053 | | |
| 65 | 0.2500 | N/A | N/A | N/A | 0.0058 | | |
| 66 | 0.1800 | N/A | N/A | N/A | 0.0062 | | |
| 67 | 0.1700 | N/A | N/A | N/A | 0.0064 | | |
| 68 | 0.1600 | N/A | N/A | N/A | 0.0067 | | |
| 69 | 0.1600 | N/A | N/A | N/A | 0.0068 | | |
| 70 | 0.2000 | N/A | N/A | N/A | 0.0071 | | |
| 71 | 0.2000 | N/A | N/A | N/A | 0.0077 | | |
| 72 | 0.2000 | N/A | N/A | N/A | 0.0085 | | |
| 73 | 0.2000 | N/A | N/A | N/A | 0.0094 | | |
| 74 | 0.2000 | N/A | N/A | N/A | 0.0106 | | |
| 75 | 1.0000 | N/A | N/A | N/A | 0.0119 | | |

## Table A-11: Rate of Separation From Active Service For General Members Plan E – Female

| Age | Service Retirement | Service-Connected Disability | Nonservice-Connected Disability | Service-Connected Pre-Retirement Death | Nonservice-Connected Pre-Retirement Death | Years of Service | Other Terminations |
|---|---|---|---|---|---|---|---|
| 18 | 0.0000 | N/A | N/A | N/A | 0.0001 | 0 | 0.1400 |
| 19 | 0.0000 | N/A | N/A | N/A | 0.0001 | 1 | 0.0750 |
| 20 | 0.0000 | N/A | N/A | N/A | 0.0001 | 2 | 0.0550 |
| 21 | 0.0000 | N/A | N/A | N/A | 0.0001 | 3 | 0.0400 |
| 22 | 0.0000 | N/A | N/A | N/A | 0.0001 | 4 | 0.0300 |
| 23 | 0.0000 | N/A | N/A | N/A | 0.0001 | 5 | 0.0277 |
| 24 | 0.0000 | N/A | N/A | N/A | 0.0001 | 6 | 0.0253 |
| 25 | 0.0000 | N/A | N/A | N/A | 0.0001 | 7 | 0.0230 |
| 26 | 0.0000 | N/A | N/A | N/A | 0.0001 | 8 | 0.0220 |
| 27 | 0.0000 | N/A | N/A | N/A | 0.0001 | 9 | 0.0210 |
| 28 | 0.0000 | N/A | N/A | N/A | 0.0002 | 10 | 0.0200 |
| 29 | 0.0000 | N/A | N/A | N/A | 0.0002 | 11 | 0.0190 |
| 30 | 0.0000 | N/A | N/A | N/A | 0.0002 | 12 | 0.0180 |
| 31 | 0.0000 | N/A | N/A | N/A | 0.0002 | 13 | 0.0174 |
| 32 | 0.0000 | N/A | N/A | N/A | 0.0002 | 14 | 0.0168 |
| 33 | 0.0000 | N/A | N/A | N/A | 0.0003 | 15 | 0.0162 |
| 34 | 0.0000 | N/A | N/A | N/A | 0.0003 | 16 | 0.0156 |
| 35 | 0.0000 | N/A | N/A | N/A | 0.0003 | 17 | 0.0150 |
| 36 | 0.0000 | N/A | N/A | N/A | 0.0003 | 18 | 0.0144 |
| 37 | 0.0000 | N/A | N/A | N/A | 0.0004 | 19 | 0.0138 |
| 38 | 0.0000 | N/A | N/A | N/A | 0.0004 | 20 | 0.0132 |
| 39 | 0.0000 | N/A | N/A | N/A | 0.0004 | 21 | 0.0126 |
| 40 | 0.0000 | N/A | N/A | N/A | 0.0004 | 22 | 0.0120 |
| 41 | 0.0000 | N/A | N/A | N/A | 0.0004 | 23 | 0.0116 |
| 42 | 0.0000 | N/A | N/A | N/A | 0.0005 | 24 | 0.0112 |
| 43 | 0.0000 | N/A | N/A | N/A | 0.0005 | 25 | 0.0108 |
| 44 | 0.0000 | N/A | N/A | N/A | 0.0006 | 26 | 0.0104 |
| 45 | 0.0000 | N/A | N/A | N/A | 0.0006 | 27 | 0.0100 |
| 46 | 0.0000 | N/A | N/A | N/A | 0.0007 | 28 | 0.0100 |
| 47 | 0.0000 | N/A | N/A | N/A | 0.0008 | 29 | 0.0100 |
| 48 | 0.0000 | N/A | N/A | N/A | 0.0008 | 30 & Above | 0.0100 |
| 49 | 0.0000 | N/A | N/A | N/A | 0.0008 | | |
| 50 | 0.0000 | N/A | N/A | N/A | 0.0009 | | |
| 51 | 0.0000 | N/A | N/A | N/A | 0.0010 | | |
| 52 | 0.0000 | N/A | N/A | N/A | 0.0011 | | |
| 53 | 0.0000 | N/A | N/A | N/A | 0.0012 | | |
| 54 | 0.0000 | N/A | N/A | N/A | 0.0014 | | |
| 55 | 0.0300 | N/A | N/A | N/A | 0.0016 | | |
| 56 | 0.0250 | N/A | N/A | N/A | 0.0018 | | |
| 57 | 0.0250 | N/A | N/A | N/A | 0.0021 | | |
| 58 | 0.0250 | N/A | N/A | N/A | 0.0024 | | |
| 59 | 0.0300 | N/A | N/A | N/A | 0.0027 | | |
| 60 | 0.0450 | N/A | N/A | N/A | 0.0029 | | |
| 61 | 0.0600 | N/A | N/A | N/A | 0.0032 | | |
| 62 | 0.0900 | N/A | N/A | N/A | 0.0035 | | |
| 63 | 0.0900 | N/A | N/A | N/A | 0.0038 | | |
| 64 | 0.1600 | N/A | N/A | N/A | 0.0041 | | |
| 65 | 0.2500 | N/A | N/A | N/A | 0.0044 | | |
| 66 | 0.1800 | N/A | N/A | N/A | 0.0048 | | |
| 67 | 0.1700 | N/A | N/A | N/A | 0.0051 | | |
| 68 | 0.1600 | N/A | N/A | N/A | 0.0055 | | |
| 69 | 0.1600 | N/A | N/A | N/A | 0.0058 | | |
| 70 | 0.2000 | N/A | N/A | N/A | 0.0061 | | |
| 71 | 0.2000 | N/A | N/A | N/A | 0.0064 | | |
| 72 | 0.2000 | N/A | N/A | N/A | 0.0067 | | |
| 73 | 0.2000 | N/A | N/A | N/A | 0.0068 | | |
| 74 | 0.2000 | N/A | N/A | N/A | 0.0073 | | |
| 75 | 1.0000 | N/A | N/A | N/A | 0.0078 | | |

## Table A-12: Rate of Separation From Active Service For Safety Members Plans A, B, & C – Male

| Age | Service Retirement | Service-Connected Disability | Nonservice-Connected Disability | Service-Connected Pre-Retirement Death | Nonservice-Connected Pre-Retirement Death |
|---|---|---|---|---|---|
| 18 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0000 |
| 19 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0000 |
| 20 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0002 |
| 21 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0002 |
| 22 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0002 |
| 23 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0002 |
| 24 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0002 |
| 25 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0002 |
| 26 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0002 |
| 27 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0002 |
| 28 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0003 |
| 29 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0003 |
| 30 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0003 |
| 31 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0003 |
| 32 | 0.0000 | 0.0027 | 0.0000 | 0.0001 | 0.0003 |
| 33 | 0.0000 | 0.0029 | 0.0000 | 0.0001 | 0.0003 |
| 34 | 0.0000 | 0.0031 | 0.0000 | 0.0001 | 0.0004 |
| 35 | 0.0000 | 0.0032 | 0.0000 | 0.0001 | 0.0004 |
| 36 | 0.0000 | 0.0034 | 0.0000 | 0.0001 | 0.0004 |
| 37 | 0.0000 | 0.0036 | 0.0000 | 0.0001 | 0.0005 |
| 38 | 0.0000 | 0.0038 | 0.0000 | 0.0001 | 0.0006 |
| 39 | 0.0000 | 0.0040 | 0.0000 | 0.0001 | 0.0006 |
| 40 | 0.0100 | 0.0041 | 0.0000 | 0.0001 | 0.0007 |
| 41 | 0.0100 | 0.0043 | 0.0000 | 0.0001 | 0.0007 |
| 42 | 0.0100 | 0.0045 | 0.0000 | 0.0001 | 0.0008 |
| 43 | 0.0100 | 0.0049 | 0.0000 | 0.0001 | 0.0008 |
| 44 | 0.0100 | 0.0052 | 0.0000 | 0.0001 | 0.0009 |
| 45 | 0.0100 | 0.0056 | 0.0000 | 0.0001 | 0.0009 |
| 46 | 0.0100 | 0.0059 | 0.0000 | 0.0001 | 0.0009 |
| 47 | 0.0100 | 0.0063 | 0.0000 | 0.0001 | 0.0009 |
| 48 | 0.0100 | 0.0072 | 0.0000 | 0.0001 | 0.0010 |
| 49 | 0.0100 | 0.0081 | 0.0000 | 0.0001 | 0.0010 |
| 50 | 0.0100 | 0.0090 | 0.0000 | 0.0001 | 0.0011 |
| 51 | 0.0200 | 0.0108 | 0.0000 | 0.0001 | 0.0011 |
| 52 | 0.0250 | 0.0126 | 0.0000 | 0.0001 | 0.0012 |
| 53 | 0.0300 | 0.0180 | 0.0000 | 0.0001 | 0.0012 |
| 54 | 0.1000 | 0.0270 | 0.0000 | 0.0001 | 0.0013 |
| 55 | 0.2400 | 0.0900 | 0.0000 | 0.0001 | 0.0014 |
| 56 | 0.1800 | 0.0720 | 0.0000 | 0.0001 | 0.0014 |
| 57 | 0.2000 | 0.1080 | 0.0000 | 0.0001 | 0.0015 |
| 58 | 0.2400 | 0.1260 | 0.0000 | 0.0001 | 0.0016 |
| 59 | 0.4000 | 0.1800 | 0.0000 | 0.0001 | 0.0017 |
| 60 | 1.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0019 |

| Years of Service | Other Terminations |
|---|---|
| 0 | 0.0300 |
| 1 | 0.0250 |
| 2 | 0.0200 |
| 3 | 0.0150 |
| 4 | 0.0120 |
| 5 | 0.0113 |
| 6 | 0.0107 |
| 7 | 0.0100 |
| 8 | 0.0092 |
| 9 | 0.0084 |
| 10 | 0.0076 |
| 11 | 0.0068 |
| 12 | 0.0060 |
| 13 | 0.0054 |
| 14 | 0.0048 |
| 15 | 0.0042 |
| 16 | 0.0036 |
| 17 | 0.0030 |
| 18 | 0.0024 |
| 19 | 0.0018 |
| 20 & Above | 0.0000 |

## Table A-13: Rate of Separation From Active Service For Safety Members Plans A, B, & C – Female

| Age | Service Retirement | Service-Connected Disability | Nonservice-Connected Disability | Service-Connected Pre-Retirement Death | Nonservice-Connected Pre-Retirement Death | | Years of Service | Other Terminations |
|---|---|---|---|---|---|---|---|---|
| 18 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | | 0 | 0.0300 |
| 19 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | | 1 | 0.0250 |
| 20 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | | 2 | 0.0200 |
| 21 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | | 3 | 0.0150 |
| 22 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | | 4 | 0.0120 |
| 23 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | | 5 | 0.0113 |
| 24 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | | 6 | 0.0107 |
| 25 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | | 7 | 0.0100 |
| 26 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | | 8 | 0.0092 |
| 27 | 0.0000 | 0.0033 | 0.0000 | 0.0001 | 0.0001 | | 9 | 0.0084 |
| 28 | 0.0000 | 0.0038 | 0.0000 | 0.0001 | 0.0002 | | 10 | 0.0076 |
| 29 | 0.0000 | 0.0041 | 0.0000 | 0.0001 | 0.0002 | | 11 | 0.0068 |
| 30 | 0.0000 | 0.0046 | 0.0000 | 0.0001 | 0.0002 | | 12 | 0.0060 |
| 31 | 0.0000 | 0.0050 | 0.0000 | 0.0001 | 0.0002 | | 13 | 0.0054 |
| 32 | 0.0000 | 0.0054 | 0.0000 | 0.0001 | 0.0002 | | 14 | 0.0048 |
| 33 | 0.0000 | 0.0060 | 0.0000 | 0.0001 | 0.0003 | | 15 | 0.0042 |
| 34 | 0.0000 | 0.0067 | 0.0000 | 0.0001 | 0.0003 | | 16 | 0.0036 |
| 35 | 0.0000 | 0.0072 | 0.0000 | 0.0001 | 0.0003 | | 17 | 0.0030 |
| 36 | 0.0000 | 0.0078 | 0.0000 | 0.0001 | 0.0003 | | 18 | 0.0024 |
| 37 | 0.0000 | 0.0085 | 0.0000 | 0.0001 | 0.0004 | | 19 | 0.0018 |
| 38 | 0.0000 | 0.0088 | 0.0000 | 0.0001 | 0.0004 | | 20 & Above | 0.0000 |
| 39 | 0.0000 | 0.0091 | 0.0000 | 0.0001 | 0.0004 | | | |
| 40 | 0.0100 | 0.0095 | 0.0000 | 0.0001 | 0.0004 | | | |
| 41 | 0.0100 | 0.0097 | 0.0000 | 0.0001 | 0.0004 | | | |
| 42 | 0.0100 | 0.0101 | 0.0000 | 0.0001 | 0.0005 | | | |
| 43 | 0.0100 | 0.0104 | 0.0000 | 0.0001 | 0.0005 | | | |
| 44 | 0.0100 | 0.0108 | 0.0000 | 0.0001 | 0.0006 | | | |
| 45 | 0.0100 | 0.0111 | 0.0000 | 0.0001 | 0.0006 | | | |
| 46 | 0.0100 | 0.0114 | 0.0000 | 0.0001 | 0.0007 | | | |
| 47 | 0.0100 | 0.0118 | 0.0000 | 0.0001 | 0.0008 | | | |
| 48 | 0.0100 | 0.0122 | 0.0000 | 0.0001 | 0.0008 | | | |
| 49 | 0.0100 | 0.0135 | 0.0000 | 0.0001 | 0.0008 | | | |
| 50 | 0.0100 | 0.0203 | 0.0000 | 0.0001 | 0.0009 | | | |
| 51 | 0.0200 | 0.0237 | 0.0000 | 0.0001 | 0.0010 | | | |
| 52 | 0.0250 | 0.0270 | 0.0000 | 0.0001 | 0.0011 | | | |
| 53 | 0.0300 | 0.0338 | 0.0000 | 0.0001 | 0.0012 | | | |
| 54 | 0.1000 | 0.0405 | 0.0000 | 0.0001 | 0.0014 | | | |
| 55 | 0.2400 | 0.0473 | 0.0000 | 0.0001 | 0.0016 | | | |
| 56 | 0.1800 | 0.0810 | 0.0000 | 0.0001 | 0.0018 | | | |
| 57 | 0.2000 | 0.0810 | 0.0000 | 0.0001 | 0.0021 | | | |
| 58 | 0.2400 | 0.0810 | 0.0000 | 0.0001 | 0.0024 | | | |
| 59 | 0.4000 | 0.0810 | 0.0000 | 0.0001 | 0.0027 | | | |
| 60 | 1.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0029 | | | |

## Table A-14: Probability of Initial Medical Enrollment

*Males and Females:*

| Years of Service | Assumed Enrollment % |
|---|---|
| < 10 | 9% |
| 10-14 | 47% |
| 15-19 | 66% |
| 20-24 | 82% |
| 25+, Disabled | 95% |

# Table A-15: Probability of Medical Plan and Tier Selection Upon Initial Enrollment

## Non-Local 1014 Firefighters Retirees

| Deduction | | | Pre 65 | | Post 65 | |
|---|---|---|---|---|---|---|
| Code | Plan | Tier | Male | Female | Male | Female |
| 201 | Anthem Blue Cross Prudent Buyer Plan | Retiree Only | 1.0% | 1.0% | | |
| 202 | Anthem Blue Cross Prudent Buyer Plan | Retiree and Spouse | 2.0% | 1.0% | | |
| 203 | Anthem Blue Cross Prudent Buyer Plan | Retiree and Family | 1.0% | | | |
| 204 | Anthem Blue Cross Prudent Buyer Plan | Retiree and Children | | | | |
| 205 | Anthem Blue Cross Prudent Buyer Plan | Minor Survivor | | | | |
| 211 | Anthem Blue Cross I | Retiree Only | | 1.0% | | 1.0% |
| 212 | Anthem Blue Cross I | Retiree and Spouse | 1.0% | 1.0% | | |
| 213 | Anthem Blue Cross I | Retiree, Spouse and Children | | | | |
| 214 | Anthem Blue Cross I | Retiree and Children | | | | |
| 215 | Anthem Blue Cross I | Minor Survivor | | | | |
| 221 | Anthem Blue Cross II | Retiree Only | 6.0% | 9.0% | 2.0% | 3.0% |
| 222 | Anthem Blue Cross II | Retiree and Spouse | 15.0% | 7.0% | 5.0% | 1.0% |
| 223 | Anthem Blue Cross II | Retiree, Spouse and Children | 10.0% | 1.0% | | |
| 224 | Anthem Blue Cross II | Retiree and Children | | | | |
| 225 | Anthem Blue Cross II | Minor Survivor | | | | |
| 240 | Anthem Blue Cross III | One Medicare | | 1.0% | 7.0% | 11.0% |
| 241 | Anthem Blue Cross III | Retiree and Spouse 1 Medicare | | | | |
| 242 | Anthem Blue Cross III | Retiree and Spouse 1 Medicare | | | 6.0% | 1.0% |
| 243 | Anthem Blue Cross III | Retiree and Spouse 2 Medicare | | | 7.0% | 4.0% |
| 244 | Anthem Blue Cross III | Retiree and Children 1 Medicare | | | | |
| 245 | Anthem Blue Cross III | Retiree and Children 1 Medicare | | | | |
| 246 | Anthem Blue Cross III | Retiree and Family 1 Medicare | | | | |
| 247 | Anthem Blue Cross III | Retiree and Family 1 Medicare | | | | |
| 248 | Anthem Blue Cross III | Retiree and Family 2 Medicare | | | | |
| 249 | Anthem Blue Cross III | Retiree and Family 2 Medicare | | | | |
| 250 | Anthem Blue Cross III | Retiree and Family 3 Medicare | | | | |
| 301 | Cigna Network Model Plan | Retiree Only | | | | |
| 302 | Cigna Network Model Plan | Retiree and Spouse | | | | |
| 303 | Cigna Network Model Plan | Retiree and Family | | | | |
| 304 | Cigna Network Model Plan | Retiree and Children | | | | |
| 305 | Cigna Network Model Plan | Minor Survivor | | | | |
| 321 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree Only | | | | |
| 322 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree & Spouse | | | | |
| 324 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree & Spouse (Both Risk) | | | | |
| 325 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree & Children | | | | |
| 327 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree & Family (1 Medicare) | | | | |
| 329 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree & Family (2 Medicare) | | | | |
| 401 | Kaiser (CA) | Retiree Basic (Under 65) | 13.0% | 33.0% | | |
| 402 | Kaiser (CA) | Retiree Cost ("M" Coverage) | | | | |
| 403 | Kaiser (CA) | Retiree Risk (Senior Advantage) | | | 20.0% | 36.0% |
| 404 | Kaiser (CA) | Retiree Excess I | | | 1.0% | 3.0% |
| 405 | Kaiser (CA) | Retiree Excess II - Part B | | | 2.0% | 4.0% |
| 406 | Kaiser (CA) | Excess III - Medicare Not Provided (MNP) | | | | 1.0% |
| 411 | Kaiser (CA) | Family Basic | 37.0% | 27.0% | | |
| 412 | Kaiser (CA) | One Cost ("M" Coverage), Others Basic | | | | |
| 413 | Kaiser (CA) | One Advantage, Others Basic | | | 18.0% | 4.0% |
| 414 | Kaiser (CA) | One Excess I, Others Basic | | | 2.0% | |
| 415 | Kaiser (CA) | Two+ Cost ("M" Coverage) | | | | |
| 416 | Kaiser (CA) | One Advantage, One Cost ("M" Coverage) | | | | |
| 417 | Kaiser (CA) | One Excess I, One Cost ("M" Coverage) | | | | |
| 418 | Kaiser (CA) | Two+ Advantage | | | 13.0% | 15.0% |
| 419 | Kaiser (CA) | One Excess I, One Advantage | | | 1.0% | 1.0% |
| 420 | Kaiser (CA) | Two+ Excess I | | | 1.0% | |
| 421 | Kaiser (CA) | Survivor | | | | |
| 422 | Kaiser (CA) | One Excess II - Part B, One Basic | | | 2.0% | 1.0% |
| 423 | Kaiser (CA) | One Excess III (MNP), One Basic | | | 1.0% | |
| 424 | Kaiser (CA) | One Cost ("M" Coverage), One Excess II - Part B | | | | |
| 425 | Kaiser (CA) | One Cost ("M" Coverage), One Excess III (MNP) | | | | |
| 426 | Kaiser (CA) | One Risk, One Excess II - Part B | | | | |
| 427 | Kaiser (CA) | One Risk, One Excess III (MNP) | | | | |
| 428 | Kaiser (CA) | One Excess I, One Excess II - Part B | | | | |
| 429 | Kaiser (CA) | One Excess I, One Excess III (MNP) | | | | |
| 430 | Kaiser (CA) | Two Excess II - Part B | | | | |
| 431 | Kaiser (CA) | One Excess II - Part B, One Excess III (MNP) | | | | |
| 432 | Kaiser (CA) | Two Excess III - Both (MNP) | | | | |

| Deduction Code | Plan | Tier | Pre 65 Male | Pre 65 Female | Post 65 Male | Post 65 Female |
|---|---|---|---|---|---|---|
| 450 | Kaiser - Colorado Basic | Retiree Basic | | | | |
| 451 | Kaiser - Colorado | Retiree Risk | | | | |
| 452 | Kaiser (Other) | Retiree Only | | | | |
| 453 | Kaiser - Colorado | Retiree Basic (Two Party) | | | | |
| 454 | Kaiser - Colorado | Retiree Basic Family | | | | |
| 455 | Kaiser - Colorado | One Risk, One Basic | | | | |
| 456 | Kaiser (Other) | Retiree and Spouse | | | | |
| 457 | Kaiser - Colorado | Two Retiree Risk | | | | |
| 458 | Kaiser - Colorado | One Risk, Two or More Dependents | | | | |
| 459 | Kaiser - Colorado | Two Risk, Two or More Dependents | | | | |
| 460 | Kaiser (Other) | Retiree and Spouse | | | | |
| 440 | Kaiser - Georgia | One Medicare Member with Part B only | | | | |
| 441 | Kaiser - Georgia | One Medicare Member with Part A only | | | | |
| 442 | Kaiser - Georgia | One Member without Medicare Part A&B | | | | |
| 443 | Kaiser - Georgia | One Medicare Member (Renal Failure) | | | | |
| 444 | Kaiser - Georgia | One Medicare Member + One Medicare with Part B only | | | | |
| 445 | Kaiser - Georgia | One Medicare Member + One Medicare with Part A only | | | | |
| 446 | Kaiser - Georgia | One Medicare Member + One Medicare without Part A&B | | | | |
| 461 | Kaiser - Georgia Basic | Basic | | | | |
| 462 | Kaiser - Georgia | Retiree Risk | | | | |
| 463 | Kaiser - Georgia | Retiree (Two Party) | | | | |
| 464 | Kaiser - Georgia | Retiree Basic Family | | | | |
| 465 | Kaiser - Georgia | One Retiree Risk, One Basic | | | | |
| 466 | Kaiser - Georgia | Two Retiree Risk | | | | |
| 467 | Kaiser - Georgia | One Retiree Risk, Two Retiree Basic | | | | |
| 468 | Kaiser - Georgia | Two Retiree Risk, One Basic | | | | |
| 469 | Kaiser - Georgia | Three Retiree Risk, One Basic | | | | |
| 470 | Kaiser - Georgia | Any other Family, at least one Retiree Risk | | | | |
| 471 | Kaiser - Hawaii | Retiree Basic (Under 65) | | | | |
| 472 | Kaiser - Hawaii | Retiree Risk | | | | |
| 473 | Kaiser - Hawaii | Retiree Over 65 without Medicare A&B | | | | |
| 474 | Kaiser - Hawaii Basic | Retiree Basic (Two Party) | | | | |
| 475 | Kaiser - Hawaii | Retiree Basic Family (Under 65) | | | | |
| 476 | Kaiser - Hawaii | One Retiree Risk, One Basic | | | | |
| 477 | Kaiser - Hawaii | Over 65 without Medicare A&B, One Basic | | | | |
| 478 | Kaiser - Hawaii | Two Retiree Risk | | | | |
| 479 | Kaiser - Hawaii | One Risk, One Over 65 without Medicare A&B | | | | |
| 481 | Kaiser - Oregon | Retiree Basic (Under 65) | | | | |
| 482 | Kaiser - Oregon | Retiree Risk | | | | |
| 483 | Kaiser - Oregon | Retiree Over 65 unassigned Medicare A&B | | | | |
| 484 | Kaiser - Oregon | Retiree Basic (Two Party) | | | | |
| 485 | Kaiser - Oregon Basic | Retiree Basic Family (Under 65) | | | | |
| 486 | Kaiser - Oregon | One Retiree Risk, One Basic | | | | |
| 487 | Kaiser - Oregon | Retiree Cost | | | | |
| 488 | Kaiser - Oregon | Two Retiree Risk | | | | |
| 489 | Kaiser - Oregon | Retiree w/ Part A only | | | | |
| 490 | Kaiser - Oregon | Retiree w/ Part B only | | | | |
| 491 | Kaiser - Oregon | One Risk, One Medicare Part A only | | | | |
| 492 | Kaiser - Oregon | One Risk, One Over 65 No Medicare | | | | |
| 493 | Kaiser - Oregon | One Risk, Two Basic | | | | |
| 494 | Kaiser - Oregon | Two Risk, One Basic | | | | |
| 495 | Kaiser - Oregon | Two Over 65 unassigned Medicare | | | | |
| 496 | Kaiser - Oregon | Two Medicare Part A only | | | | |
| 497 | Kaiser - Oregon | One Basic, One Medicare Part A only | | | | |
| 498 | Kaiser - Oregon | One Basic, One over 65 unassigned Medicare A&B | | | | |
| 611 | SCAN Health Plan | Retiree Only | | | 1.0% | 1.0% |
| 613 | SCAN Health Plan | Retiree & 1 Dependent (2 Medicare) | | | 1.0% | 1.0% |
| 701 | United Healthcare Medicare Advantage | Retiree Only | | | 2.5% | 7.5% |
| 702 | United Healthcare Medicare Advantage | Retiree & 1 Dependent (1 Medicare) | | 2.0% | 3.5% | 1.0% |
| 703 | United Healthcare Medicare Advantage | Retiree & 1 Dependent (2 Medicare) | | | 3.0% | 3.5% |
| 704 | United Healthcare Medicare Advantage | Retiree & 2 + Deps. (1 Medicare) | | | 1.0% | |
| 705 | United Healthcare Medicare Advantage | Retiree & 2 + Deps. (2 Medicare) | | | | |
| 706 | United Healthcare Medicare Advantage | Minor Survivor | | | | |
| 707 | United Healthcare | Single | 3.5% | 10.0% | | |
| 708 | United Healthcare | Two-Party | 7.0% | 5.0% | | |
| 709 | United Healthcare | Family | 3.5% | 1.0% | | |
| Total | | | 100.0% | 100.0% | 100.0% | 100.0% |
| | | **Probability of enrolling at least one dependent** | **76.5%** | **45.0%** | **64.5%** | **32.5%** |

## Firefighters Local 1014 Retirees

| Deduction Code | Plan | Tier | Pre 65 Male | Pre 65 Female | Post 65 Male | Post 65 Female |
|---|---|---|---|---|---|---|
| 801 | Firefighters Local 1014 | Med-Member under 65 | 7.0% | 7.0% | | |
| 802 | Firefighters Local 1014 | Med-Member +1 under 65 | 57.0% | 57.0% | | |
| 803 | Firefighters Local 1014 | Med-Member +2 under 65 | 36.0% | 36.0% | | |
| 804 | Firefighters Local 1014 | Med-Member with Medicare | | | 7.0% | 7.0% |
| 805 | Firefighters Local 1014 | Med-Member +1; 1 MDC | | | | |
| 806 | Firefighters Local 1014 | Med-Member +1; 2 MDC | | | 57.0% | 57.0% |
| 807 | Firefighters Local 1014 | Med-Member +2; 1 MDC | | | | |
| 808 | Firefighters Local 1014 | Med-Member +2; 2 MDC | | | 36.0% | 36.0% |
| 809 | Firefighters Local 1014 | Med-Surv. Sp. Under 65 | | | | |
| 810 | Firefighters Local 1014 | Med-Surv. Sp. +1 Under 65 | | | | |
| 811 | Firefighters Local 1014 | Med-Surv. Sp. +2 Under 65 | | | | |
| 812 | Firefighters Local 1014 | Med-Surv. Sp. With MDC | | | | |
| 813 | Firefighters Local 1014 | Med-Surv. Sp. +1 1 MDC | | | | |
| 814 | Firefighters Local 1014 | Med-Surv. Sp. +2; 1 MDC | | | | |
| 815 | Firefighters Local 1014 | Med-Surv. Sp. +1; 2 MDC | | | | |
| Total | | | 100.0% | 100.0% | 100.0% | 100.0% |
| | | **Probability of enrolling at least one dependent** | **93.0%** | **93.0%** | **93.0%** | **93.0%** |

## Table A-16: Probability of Medical Plan and Tier Selection for Pre 65 Retirees Who Become Eligible for a Post 65 Plan

We assume that Pre 65 retirees and dependents will choose Post 65 plans at age 65 according to the following table:

| From Pre Age 65 Eligible Plan | To Post Age 65 Eligible Plan |
|---|---|
| Anthem Blue Cross I | 40% Anthem Blue Cross I<br>60% Anthem Blue Cross III |
| Anthem Blue Cross II | 40% Anthem Blue Cross II<br>60% Anthem Blue Cross III |
| Anthem Blue Cross Prudent Buyer | 55% Anthem Blue Cross Prudent Buyer<br>45% Anthem Blue Cross III |
| Cigna Network Model | 53% Cigna Network Model<br>2% Cigna Medicare Select Plus Rx (AZ)<br>1% Anthem Blue Cross II<br>12% Anthem Blue Cross III<br>22% UnitedHealthcare – Medicare Advantage<br>6% Senior Advantage<br>4% SCAN Health Plan |
| UnitedHealthcare | 85% UnitedHealthcare – Medicare Advantage<br>4% Cigna Network Model<br>6% Anthem Blue Cross III<br>2% SCAN Health Plan<br>2% Senior Advantage<br>1% Excess II |
| Kaiser Permanente Retiree Basic | 81% Senior Advantage<br>4% Retiree Excess I<br>7% Retiree Excess II- Part B<br>6% Excess III (MNP)<br>2% Anthem Blue Cross III |
| Kaiser Permanente Family Basic | 78% Two + Advantage<br>2% One Excess I, One Advantage<br>8% One Advantage, One Excess II – Part B<br>10% One Advantage, One Excess III (MNP)<br>0.5% Two Excess II - Part B<br>1% Anthem Blue Cross III<br>0.5% UnitedHealthcare – Medicare Advantage |
| Firefighters Local 1014 Pre Age 65 Plan | 100% Firefighters Local Post Age 65 Plan |

We assume the following Post Medicare Only Plans are for enrollees who are entitled for Medicare Parts A & B:

- Anthem Blue Cross III
- Cigna Medicare Select Plus Rx (AZ)
- SCAN
- Kaiser Senior Advantage
- UnitedHealthcare – Medicare Advantage

We assume that 100% of the retirees are eligible for Medicare with Part B Premium Reimbursement for the following plans:

- UnitedHealthcare - Medicare Advantage
- Firefighters Local 1014 Post Medicare Plan
- Anthem Blue Cross III
- Cigna Medicare Select Plus Rx (AZ)
- SCAN
- Kaiser Senior Advantage

We assume all other plans' retirees do not elect Part B Premium Reimbursement.

Effective January 1, 2007, Medicare Part B premiums vary depending on income status. For the non-Local 1014 members, the County does not pay the higher premiums, and we assume that there will be no shift in enrollment.

### Table A-17: Survivor and New Dependent Enrollment

The valuation methods and assumptions are adjusted with the following considerations from LACERA discussions:

Scenario I

If a dependent or spouse dies, the retiree may enroll a new spouse/domestic partner and/or a new dependent.

- We assume 3% will enroll a new spouse / domestic partner.
- We assume 3% of the retirees will enroll a new dependent.

Scenario II

If a retiree who has a retirement plan option which qualifies as eligible for continuing retirement benefits to the survivor dies and the spouse has retiree medical, Part B, or dental/vision coverage, the existing spouse or dependent may continue to be enrolled and may also enroll a new spouse/domestic partner and/or a new dependent.

- We assume 50% of the retirees with spouses have a spouse continuance option.
- We assume 10% of the surviving spouse/domestic partners with a continuance option will enroll a new spouse.
- Therefore, we assume 5% (or 50% of the 10%) of the surviving spouses' new spouses will enroll and receive the County subsidy.
- We assume 2% of the surviving spouse/domestic partners will enroll a new dependent.

Scenario III

If a retiree who has a retirement plan option which qualifies as eligible for continuing retirement benefits to the survivor dies and the spouse does NOT have retiree medical coverage, we assume no additional spouse/domestic partner or dependent will be enrolled.

## Table A-18: Probability of Initial Dental/Vision Enrollment

*Males and Females*

| Years of Service | Assumed Enrollment % |
|---|---|
| < 10 | 11% |
| 10-14 | 51% |
| 15-19 | 68% |
| 20-24 | 83% |
| 25+ | 95% |
| Disabled | 100% |

## Table A-19: Probability of Dental/Vision Plan and Tier Selection Upon Dental/Vision Retirement Enrollment

| | Cigna Indemnity Dental/Vision | | | Cigna HMO Dental/Vision | | |
|---|---|---|---|---|---|---|
| Tier | Retiree Only | Retiree and Dependents | Survivor | Retiree Only | Retiree and Dependents | Survivor |
| Deduction Code | 501 | 502 | 503 | 901 | 902 | 903 |
| Percentage | | | | | | |
| Male | 21% | 65% | 0% | 5% | 9% | 0% |
| Female | 46% | 37% | 0% | 11% | 6% | 0% |

## Table A-20: Premium Information

The following premium information is for retirees living in California who have less than 10 years of service and have to pay the full amount. Members who have more than 10 years of service receive a subsidy from the County. Details can be found in Appendix B. The premium rates in Table A-20 include the carriers' administration fees and LACERA's per retiree monthly administration fee. The per retiree monthly administration fee was $5.00 effective July 1, 2014 and July 1, 2015.

**Pre and Post Age 65 Monthly Rates Effective July 1, 2014**
**UnitedHealthcare is Pre Age 65 Only**

| Tier | Anthem Blue Cross - Plan I | Anthem Blue Cross - Plan II | Anthem Blue Cross - Prudent Buyer | Cigna | United Healthcare |
|---|---|---|---|---|---|
| Retiree Only | $ 918.46 | $ 918.46 | $ 666.96 | $ 1,236.73 | |
| Retiree & Spouse | $ 1,655.99 | $ 1,655.99 | $ 1,312.37 | $ 2,233.40 | |
| Retiree & Family | $ 1,953.41 | $ 1,953.41 | $ 1,481.10 | $ 2,637.64 | |
| Retiree & Children | $ 1,215.26 | $ 1,215.26 | $ 857.26 | $ 1,641.45 | |
| Minor Survivor | $ 304.23 | $ 304.23 | $ 181.87 | $ 409.49 | $ 261.24 |
| UnitedHealthcare Single | | | | | $915.18 |
| UnitedHealthcare Two-Party | | | | | $ 1,671.68 |
| UnitedHealthcare Family | | | | | $ 1,982.16 |

**Pre and Post Age 65 Monthly Rates Effective July 1, 2015**
**UnitedHealthcare is Pre Age 65 Only**

| Tier | Anthem Blue Cross - Plan I | Anthem Blue Cross - Plan II | Anthem Blue Cross - Prudent Buyer | Cigna | United Healthcare |
|---|---|---|---|---|---|
| Retiree Only | $ 1,062.79 | $ 1,062.79 | $ 840.86 | $ 1,278.59 | |
| Retiree & Spouse | $ 1,916.85 | $ 1,916.85 | $ 1,655.82 | $ 2,309.12 | |
| Retiree & Family | $ 2,261.26 | $ 2,261.26 | $ 1,868.87 | $ 2,726.15 | |
| Retiree & Children | $ 1,406.48 | $ 1,406.48 | $ 1,081.15 | $ 1,697.94 | |
| Minor Survivor | $ 351.51 | $ 351.51 | $ 228.33 | $ 423.95 | $ 268.86 |
| UnitedHealthcare Single | | | | | $942.25 |
| UnitedHealthcare Two-Party | | | | | $ 1,721.25 |
| UnitedHealthcare Family | | | | | $ 2,040.96 |

## Post Age 65 Monthly Rates Effective July 1, 2014

| Tier | Anthem Blue Cross - Plan III | SCAN | United Healthcare Medicare Advantage |
|---|---|---|---|
| One Medicare | $ 370.89 | | |
| Retiree & Spouse- 1 Medicare | $ 1,185.98 | | |
| Retiree & Spouse- 2 Medicare | $ 738.28 | | |
| Retiree & Children- 1 Medicare | $ 664.18 | | |
| Retiree & Family- 1 Medicare | $ 1,479.18 | | |
| Retiree & Family- 2 Medicare | $ 1,031.42 | | |
| Retiree & Family- 3 Medicare | $ 1,155.92 | | |
| Retiree Only | | $ 293.00 | $ 299.40 |
| Retiree & 1 Dependent (1 Medicare) | | | $ 1,209.58 |
| Retiree & 1 Dependent (2 Medicare) | | $ 581.00 | $ 593.80 |
| Retiree & 2 + Deps. (1 Medicare) | | | $ 1,366.38 |
| Retiree & 2 + Deps. (2 Medicare) | | | $ 750.60 |

## Post Age 65 Monthly Rates Effective July 1, 2015

| Tier | Anthem Blue Cross - Plan III | SCAN | United Healthcare Medicare Advantage |
|---|---|---|---|
| One Medicare | $ 428.70 | | |
| Retiree & Spouse- 1 Medicare | $ 1,372.57 | | |
| Retiree & Spouse- 2 Medicare | $ 854.14 | | |
| Retiree & Children- 1 Medicare | $ 768.33 | | |
| Retiree & Family- 1 Medicare | $ 1,712.10 | | |
| Retiree & Family- 2 Medicare | $ 1,193.59 | | |
| Retiree & Family- 3 Medicare | $ 1,337.77 | | |
| Retiree Only | | $ 341.00 | $ 314.12 |
| Retiree & 1 Dependent (1 Medicare) | | | $ 1,251.37 |
| Retiree & 1 Dependent (2 Medicare) | | $ 677.00 | $ 623.24 |
| Retiree & 2 + Deps. (1 Medicare) | | | $ 1,412.83 |
| Retiree & 2 + Deps. (2 Medicare) | | | $ 784.70 |

## Kaiser California Monthly Rates

| Effective Date | July 1, 2014 | July 1, 2015 |
|---|---|---|
| Retiree Basic (Under 65) | $848.36 | $868.90 |
| Retiree Risk (Senior Advantage) | $237.06 | $239.60 |
| Retiree Excess I | $978.24 | $978.24 |
| Retiree Excess II - Part B | $869.06 | $890.15 |
| Excess III- Medicare Not Provided (MNP) | $1,534.70 | $1,611.19 |
| Family Basic | $1,691.72 | $1,732.80 |
| One Advantage, One Basic | $1,080.42 | $1,103.50 |
| One Excess I, One Basic | $1,821.60 | $1,842.14 |
| One Excess II - Part B, One Basic | $1,712.42 | $1,754.05 |
| One Excess III (MNP), One Basic | $2,378.06 | $2,475.09 |
| Two+ Advantage | $469.12 | $474.20 |
| One Excess I, One Advantage | $1,210.30 | $1,212.84 |
| One Advantage, One Excess II - Part B | $1,101.12 | $1,124.75 |
| One Advantage, One Excess III (MNP) | $1,766.76 | $1,845.79 |
| Two+ Excess I | $1,951.48 | $1,951.48 |
| One Excess I, One Excess II - Part B | $1,842.30 | $1,863.39 |
| One Excess I, One Excess (MNP) III | $2,507.94 | $2,584.43 |
| Two Excess II - Part B | $1,733.12 | $1,775.30 |
| One Excess II - Part B, One Excess III (MNP) | $2,398.76 | $2,496.34 |
| Two Excess III - Both (MNP) | $3,064.40 | $3,217.38 |
| Survivor | $848.36 | $868.90 |

## Firefighters Local 1014 Monthly Rates

| Effective Date | July 1, 2014 – July 31, 2014 | August 1, 2014 – June 30, 2015 |
|---|---|---|
| Medical Member Under 65 | $922.78 | $897.30 |
| Medical Member + 1 Under 65 | $1,663.85 | $1,617.90 |
| Medical Member + 2 Under 65 | $1,962.66 | $1,908.46 |
| Medical Member with Medicare | $922.78 | $897.30 |
| Medical Member + 1: 1 MDC | $1,663.85 | $1,617.90 |
| Medical Member + 1; 2 MDC | $1,663.85 | $1,617.90 |
| Medical Member + 2; 1 MDC | $1,962.66 | $1,908.46 |
| Medical Member + 2; 2 MDC | $1,962.66 | $1,908.46 |
| Medical Surviving Spouse Under 65 | $922.78 | $897.30 |
| Medical Surviving Spouse + 1 Under 65 | $1,663.85 | $1,617.90 |
| Medical Surviving Spouse + 2 Under 65 | $1,962.66 | $1,908.46 |
| Medical Surviving Spouse with MDC | $922.78 | $897.30 |
| Medical Surviving Spouse + 1; 1 MDC | $1,663.85 | $1,617.90 |
| Medical Surviving Spouse + 2; 1 MDC | $1,962.66 | $1,908.46 |
| Medical Surviving Spouse + 1; 2 MDC | $1,663.85 | $1,617.90 |

July 1, 2015 Firefighters Local 1014 premium rates are not available for this valuation.

### Dental/Vision Monthly Rates

| Effective Date | July 1, 2014 | | July 1, 2015 | |
|---|---|---|---|---|
| Tier | Cigna Dental HMO/Vision | Cigna Indemnity Dental/Vision | Cigna Dental HMO/Vision | Cigna Indemnity Dental/Vision |
| Retiree Only | $40.80 | $46.55 | $42.23 | $46.61 |
| Retiree & Dependents | $86.11 | $99.61 | $89.36 | $99.76 |
| Minor Survivor | $41.34 | $57.81 | $42.80 | $57.90 |

## COUNTY CONTRIBUTIONS TOWARDS RETIREE HEALTH BENEFITS

### Medical

If a retiree has 10 years of retirement service credit, the County contributes 40% of the health care plan premium or 40% of the benchmark plan rate (Anthem Blue Cross Plans I and II), whichever is less. For each year of retirement service credit beyond 10 years, the County contributes an additional 4% per year, up to a maximum of 100% for a member with 25 years of service credit. The County contribution can never exceed the premium of the benchmark plan; this means that if the premium for the chosen plan and coverage option exceeds the benchmark premium, the retiree is required to pay the difference, even if the retiree has 25 years of service. Likewise, if the retiree has 25 years of service and the plan premium is less than the benchmark rate, the County contributes 100% of the plan premium only, not the benchmark plan rate.

### Dental/Vision

The contribution percentages follow the same contribution proportions based on years of service as the medical plans where the benchmark plan is the indemnity plan.

### Service-Connected Disability

Any retiree with a service-connected disability retirement with less than 13 years of service will receive a different County contribution for both medical and dental/vision plans. The County contributes 50% of the lesser of the benchmark plan rate or the premium of the plan the retiree is enrolled in. If a retiree with service-connected disability retirement has 13 or more years of service, the County subsidy is the same as a retiree with service retirement.

## FIREFIGHTERS LOCAL 1014 CONTRIBUTIONS TOWARDS RETIREE HEALTH BENEFITS

### Medical, Dental/Vision, and Service-Connected Disability

Contributions are the same as for the County.

## Table A-21: Claim Cost Analysis

All of the plans' premium rates have been determined based on retiree only information. Active premium rates are established independently. Therefore, no implicit subsidy exists between active and retiree rates. However, some plans pooled the Medicare enrolled and non-Medicare enrolled retirees to determine the rates. The following plans did not pool Medicare and non-Medicare retirees (or have an insignificant Medicare enrollment), so we can assume the premium rates are representative of the average claim costs used to develop the age and gender adjusted claim costs:

- Anthem Blue Cross I and II (Combined)
- Anthem Blue Cross III
- Anthem Blue Cross Prudent Buyer
- Cigna Medicare Select Plus Rx (AZ)
- UnitedHealthcare
- UnitedHealthcare Medicare Advantage
- SCAN Health Plan
- Kaiser and Kaiser Interregional
    - Basic
    - Senior Advantage
    - Medicare Cost Supplement
    - Excess I
    - Excess II
    - Excess III
- Cigna Indemnity Dental/Vision
- Cigna HMO Dental/Vision

The following plans pooled Medicare and non-Medicare retirees to determine premium rates. Therefore, we adjusted the premium rates to compensate for the coordination with Medicare in making our claim cost assumption.

- Cigna Network Model Plan
- Firefighters Local 1014 Plan

For current active members projected to retire in the future, we used the enrollment assumptions in Table A-15 to develop weighted average claim costs as of July 1, 2014. The weighted average claim costs used for future retirees and dependents are shown in the following tables.

Note that the medical claim costs for pre 65 retirees are different than for post 65 retirees due to different plan selection assumptions.

### A. Future Retirees Retiring Before Age 65

| Age | Retiree | | | Spouse/Surv Spouse + Dependents | | |
|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total |
| 25 | $ 270.91 | $ 567.85 | $ 421.27 | $ 283.16 | $ 399.82 | $ 374.43 |
| 30 | $ 430.74 | $ 747.16 | $ 590.96 | $ 310.00 | $ 454.53 | $ 423.08 |
| 35 | $ 632.03 | $ 827.31 | $ 730.91 | $ 325.02 | $ 454.64 | $ 426.43 |
| 40 | $ 811.38 | $ 950.34 | $ 881.74 | $ 386.14 | $ 488.57 | $ 466.28 |
| 45 | $ 754.63 | $ 881.39 | $ 818.82 | $ 441.59 | $ 540.78 | $ 519.19 |
| 50 | $ 663.18 | $ 771.44 | $ 718.00 | $ 517.58 | $ 600.16 | $ 582.19 |
| 55 | $ 706.66 | $ 760.50 | $ 733.92 | $ 616.82 | $ 669.89 | $ 658.34 |
| 60 | $ 866.35 | $ 864.99 | $ 865.66 | $ 758.33 | $ 775.11 | $ 771.46 |
| 65 (Pre 65) | $ 1,093.71 | $ 1,069.82 | $ 1,081.61 | $ 954.65 | $ 954.73 | $ 954.71 |
| 65 (Post 65) | $ 346.90 | $ 307.43 | $ 326.39 | $ 303.43 | $ 332.04 | $ 323.36 |
| 70 | $ 436.26 | $ 388.92 | $ 411.66 | $ 381.59 | $ 420.06 | $ 408.39 |
| 75 | $ 506.10 | $ 450.76 | $ 477.35 | $ 442.68 | $ 486.85 | $ 473.45 |
| 80 | $ 547.51 | $ 486.52 | $ 515.82 | $ 478.90 | $ 525.47 | $ 511.34 |
| 85 | $ 575.69 | $ 512.59 | $ 542.91 | $ 503.55 | $ 553.62 | $ 538.43 |
| 90 | $ 593.63 | $ 530.02 | $ 560.58 | $ 519.24 | $ 572.44 | $ 556.30 |
| 95 | $ 593.63 | $ 530.02 | $ 560.58 | $ 519.24 | $ 572.44 | $ 556.30 |

### B. Future Retirees Retiring After Age 65

| Age | Retiree | | | Spouse/Dependents | | |
|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total |
| 25 | N/A | N/A | N/A | $ 289.82 | $ 416.22 | $ 388.71 |
| 30 | N/A | N/A | N/A | $ 317.29 | $ 473.17 | $ 439.25 |
| 35 | N/A | N/A | N/A | $ 332.66 | $ 473.29 | $ 442.69 |
| 40 | N/A | N/A | N/A | $ 395.22 | $ 508.61 | $ 483.93 |
| 45 | N/A | N/A | N/A | $ 451.97 | $ 562.96 | $ 538.81 |
| 50 | N/A | N/A | N/A | $ 529.74 | $ 624.78 | $ 604.10 |
| 55 | N/A | N/A | N/A | $ 631.32 | $ 697.37 | $ 683.00 |
| 60 | N/A | N/A | N/A | $ 776.15 | $ 806.91 | $ 800.22 |
| 65 (Pre 65) | N/A | N/A | N/A | $ 977.08 | $ 993.89 | $ 990.23 |
| 65 (Post 65) | $ 302.99 | $ 272.10 | $ 286.94 | $ 241.14 | $ 303.36 | $ 284.49 |
| 70 | $ 381.05 | $ 344.22 | $ 361.91 | $ 303.26 | $ 383.77 | $ 359.35 |
| 75 | $ 442.06 | $ 398.95 | $ 419.66 | $ 351.81 | $ 444.79 | $ 416.58 |
| 80 | $ 478.23 | $ 430.60 | $ 453.48 | $ 380.59 | $ 480.07 | $ 449.89 |
| 85 | $ 502.84 | $ 453.67 | $ 477.29 | $ 400.18 | $ 505.79 | $ 473.75 |
| 90 | $ 518.51 | $ 469.09 | $ 492.83 | $ 412.65 | $ 522.99 | $ 489.52 |
| 95 | $ 518.51 | $ 469.09 | $ 492.83 | $ 412.65 | $ 522.99 | $ 489.52 |

The Firefighters Local 1014 and dental/vision claim costs are shown in the tables on the following page.

### Firefighters Local 1014 Plan Monthly Medical Claim Costs

| Age | Retiree | | | Spouse/Surv Spouse + Dependents | | |
|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total |
| 25 | $ 417.24 | $ 853.43 | $ 419.00 | $ 429.29 | $ 618.36 | $ 615.55 |
| 30 | $ 663.39 | $ 1,122.91 | $ 665.24 | $ 469.98 | $ 702.97 | $ 699.51 |
| 35 | $ 973.41 | $ 1,243.38 | $ 974.50 | $ 492.75 | $ 703.14 | $ 700.02 |
| 40 | $ 1,249.63 | $ 1,428.28 | $ 1,250.35 | $ 585.41 | $ 755.61 | $ 753.08 |
| 45 | $ 1,162.22 | $ 1,324.65 | $ 1,162.87 | $ 669.47 | $ 836.36 | $ 833.88 |
| 50 | $ 1,021.37 | $ 1,159.40 | $ 1,021.93 | $ 784.67 | $ 928.20 | $ 926.07 |
| 55 | $ 1,088.33 | $ 1,142.96 | $ 1,088.55 | $ 935.13 | $ 1,036.04 | $ 1,034.54 |
| 60 | $ 1,334.27 | $ 1,300.01 | $ 1,334.13 | $ 1,149.67 | $ 1,198.77 | $ 1,198.04 |
| 65 (Pre 65) | $ 1,684.44 | $ 1,607.84 | $ 1,684.13 | $ 1,447.30 | $ 1,476.56 | $ 1,476.12 |
| 65 (Post 65) | $ 468.00 | $ 453.00 | $ 467.95 | $ 468.00 | $ 453.00 | $ 453.05 |
| 70 | $ 588.56 | $ 573.07 | $ 588.51 | $ 588.56 | $ 573.07 | $ 573.13 |
| 75 | $ 682.79 | $ 664.18 | $ 682.73 | $ 682.79 | $ 664.18 | $ 664.25 |
| 80 | $ 738.65 | $ 716.87 | $ 738.58 | $ 738.65 | $ 716.87 | $ 716.96 |
| 85 | $ 776.67 | $ 755.28 | $ 776.60 | $ 776.67 | $ 755.28 | $ 755.36 |
| 90 | $ 800.87 | $ 780.96 | $ 800.80 | $ 800.87 | $ 780.96 | $ 781.04 |
| 95 | $ 800.87 | $ 780.96 | $ 800.80 | $ 800.87 | $ 780.96 | $ 781.04 |

### Future Retirees Monthly Dental/Vision Claim Costs

| Age | Retiree | | | Spouse/Surv Spouse + Dependents | | |
|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total |
| 25 | $ 25.37 | $ 31.23 | $ 28.31 | $ 27.77 | $ 34.27 | $ 32.29 |
| 30 | $ 27.65 | $ 32.19 | $ 29.92 | $ 30.26 | $ 35.32 | $ 33.78 |
| 35 | $ 28.36 | $ 33.06 | $ 30.72 | $ 31.04 | $ 36.27 | $ 34.68 |
| 40 | $ 29.51 | $ 34.51 | $ 32.02 | $ 32.30 | $ 37.87 | $ 36.17 |
| 45 | $ 32.24 | $ 36.73 | $ 34.49 | $ 35.29 | $ 40.30 | $ 38.77 |
| 50 | $ 36.36 | $ 40.07 | $ 38.22 | $ 39.79 | $ 43.97 | $ 42.70 |
| 55 | $ 40.57 | $ 42.88 | $ 41.73 | $ 44.40 | $ 47.05 | $ 46.25 |
| 60 | $ 44.85 | $ 45.44 | $ 45.15 | $ 49.09 | $ 49.86 | $ 49.62 |
| 65 | $ 47.61 | $ 46.45 | $ 47.03 | $ 52.10 | $ 50.97 | $ 51.31 |
| 70 | $ 48.83 | $ 46.21 | $ 47.52 | $ 53.44 | $ 50.71 | $ 51.54 |
| 75 | $ 48.83 | $ 46.21 | $ 47.52 | $ 53.44 | $ 50.71 | $ 51.54 |
| 80 | $ 48.83 | $ 46.21 | $ 47.52 | $ 53.44 | $ 50.71 | $ 51.54 |
| 85 | $ 48.83 | $ 46.21 | $ 47.52 | $ 53.44 | $ 50.71 | $ 51.54 |
| 90 | $ 48.83 | $ 46.21 | $ 47.52 | $ 53.44 | $ 50.71 | $ 51.54 |
| 95 | $ 48.83 | $ 46.21 | $ 47.52 | $ 53.44 | $ 50.71 | $ 51.54 |

For current retired members, spouses, and dependents, the claim costs are based on the actual premiums by deduction code, adjusted for age and gender. The tables that follow show the age 65 adjusted claim costs. Adjustments by age and gender are based on the same methodology used in the tables above.

## Non Local 1014 Fire Fighters Male Retirees

| Deduct Code | Plan | Tier | Pre 65 Claim Costs: Retiree | Pre 65 Claim Costs: Spouse | Pre 65 Claim Costs: Child | Pre 65 Claim Costs: Surv | Post 65 Claim Costs for Post 65 Retirees: Retiree | Post 65 Claim Costs for Post 65 Retirees: Spouse | Post 65 Claim Costs for Post 65 Retirees: Surv | Post 65 Claim Costs for Pre 65 Retirees: Retiree | Post 65 Claim Costs for Pre 65 Retirees: Spouse | Post 65 Claim Costs for Pre 65 Retirees: Surv |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 201 | Anthem Blue Cross Prudent Buyer | Retiree Only | $ 636.02 | | | | $ 556.27 | | | $ 428.47 | | |
| 202 | Anthem Blue Cross Prudent Buyer | Retiree and Spouse | $ 636.02 | $ 507.00 | $ 733.37 | | $ 556.27 | $ 556.27 | | $ 428.47 | $ 428.47 | |
| 203 | Anthem Blue Cross Prudent Buyer | Retiree and Family | $ 636.02 | $ 507.00 | $ 733.37 | | $ 556.27 | $ 556.27 | | $ 428.47 | $ 428.47 | |
| 204 | Anthem Blue Cross Prudent Buyer | Retiree and Children | $ 636.02 | $ 507.00 | $ 733.37 | | $ 556.27 | | | $ 428.47 | | |
| 205 | Anthem Blue Cross Prudent Buyer | Minor Survivor | | | | $ 733.37 | | | $ 733.37 | | | |
| 211 | Anthem Blue Cross I | Retiree Only | $ 502.04 | | | | $ 439.09 | | | $ 339.01 | | |
| 212 | Anthem Blue Cross I | Retiree and Spouse | $ 502.04 | $ 400.20 | $ 578.89 | | $ 439.09 | $ 439.09 | | $ 339.01 | $ 339.01 | |
| 213 | Anthem Blue Cross I | Retiree, Spouse and Children | $ 502.04 | $ 400.20 | $ 578.89 | | $ 439.09 | $ 439.09 | | $ 339.01 | $ 339.01 | |
| 214 | Anthem Blue Cross I | Retiree and Children | $ 502.04 | $ 400.20 | $ 578.89 | | $ 439.09 | | | $ 339.01 | | |
| 215 | Anthem Blue Cross I | Minor Survivor | | | | $ 578.89 | | | $ 578.89 | | | $ 578.89 |
| 221 | Anthem Blue Cross II | Retiree Only | $ 998.32 | | | | $ 873.14 | | | $ 512.63 | | |
| 222 | Anthem Blue Cross II | Retiree and Spouse | $ 998.32 | $ 795.81 | $ 1,151.14 | | $ 873.14 | $ 873.14 | | $ 512.63 | $ 512.63 | |
| 223 | Anthem Blue Cross II | Retiree, Spouse and Children | $ 998.32 | $ 795.81 | $ 1,151.14 | | $ 873.14 | $ 873.14 | | $ 512.63 | $ 512.63 | |
| 224 | Anthem Blue Cross II | Retiree and Children | $ 998.32 | $ 795.81 | $ 1,151.14 | | $ 873.14 | | | $ 512.63 | | |
| 225 | Anthem Blue Cross II | Minor Survivor | | | | $ 1,151.14 | | | $ 1,151.14 | | | $ 1,151.14 |
| 240 | Anthem Blue Cross III | One Medicare | | | | | $ 272.28 | | | $ 272.28 | | |
| 241 | Anthem Blue Cross III | Retiree and Spouse 1 Medicare | $ 1,111.97 | $ 886.41 | $ 1,282.18 | | $ 272.28 | $ 272.28 | | $ 272.28 | $ 272.28 | |
| 242 | Anthem Blue Cross III | Retiree and Spouse 1 Medicare | $ 1,111.97 | $ 886.41 | $ 1,282.18 | | $ 272.28 | $ 272.28 | | $ 272.28 | $ 272.28 | |
| 243 | Anthem Blue Cross III | Retiree and Spouse 2 Medicare | | | | | $ 272.28 | $ 272.28 | | $ 272.28 | $ 272.28 | |
| 244 | Anthem Blue Cross III | Retiree and Children 1 Medicare | | $ 886.41 | $ 1,282.18 | | $ 272.28 | | | $ 272.28 | $ 272.28 | |
| 245 | Anthem Blue Cross III | Retiree and Children 1 Medicare | | $ 886.41 | $ 1,282.18 | | $ 272.28 | | | $ 272.28 | $ 272.28 | |
| 246 | Anthem Blue Cross III | Retiree and Family 1 Medicare | $ 1,111.97 | $ 886.41 | $ 1,282.18 | | $ 272.28 | $ 272.28 | | $ 272.28 | $ 272.28 | |
| 247 | Anthem Blue Cross III | Retiree and Family 1 Medicare | $ 1,111.97 | $ 886.41 | $ 1,282.18 | | $ 272.28 | $ 272.28 | | $ 272.28 | $ 272.28 | |
| 248 | Anthem Blue Cross III | Retiree and Family 2 Medicare | | $ 886.41 | $ 1,282.18 | | $ 272.28 | $ 272.28 | | $ 272.28 | $ 272.28 | |
| 249 | Anthem Blue Cross III | Retiree and Family 2 Medicare | | $ 886.41 | $ 1,282.18 | | $ 272.28 | $ 272.28 | | $ 272.28 | $ 272.28 | |
| 250 | Anthem Blue Cross III | Retiree and Family 3 Medicare | | $ 886.41 | $ 1,282.18 | | $ 272.28 | $ 272.28 | | $ 272.28 | $ 272.28 | |
| 301 | Cigna Network Model Plan | Retiree Only | $ 1,446.89 | | | | $ 897.30 | | | $ 591.30 | | |
| 302 | Cigna Network Model Plan | Retiree and Spouse | $ 1,446.89 | $ 1,153.39 | $ 1,668.38 | | $ 897.30 | $ 897.30 | | $ 591.30 | $ 591.09 | |
| 303 | Cigna Network Model Plan | Retiree and Family | $ 1,446.89 | $ 1,153.39 | $ 1,668.38 | | $ 897.30 | $ 897.30 | | $ 591.30 | $ 591.09 | |
| 304 | Cigna Network Model Plan | Retiree and Children | $ 1,446.89 | $ 1,153.39 | $ 1,668.38 | | $ 897.30 | | | $ 591.30 | | |
| 305 | Cigna Network Model Plan | Minor Survivor | | | | $ 1,668.38 | | | $ 1,668.38 | | | |
| 321 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree Only | | | | | $ 261.15 | | | | | |
| 322 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree & Spouse | | | | | $ 261.15 | $ 261.15 | | $ 261.15 | $ 261.15 | |
| 324 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree & Spouse ( Both Risk) | | | | | $ 261.15 | $ 261.15 | | | | |
| 401 | Kaiser (CA) | Retiree Basic (Under 65) | $ 1,163.05 | | | | | | | $ 290.44 | | |
| 403 | Kaiser (CA) | Retiree Risk (Senior Advantage) | | | | | $ 175.91 | | | | | |
| 404 | Kaiser (CA) | Retiree Excess I | | | | | $ 725.91 | | | | | |
| 405 | Kaiser (CA) | Retiree Excess II - Part B | | | | | $ 644.89 | | | | | |
| 406 | Kaiser (CA) | Excess III - Medicare Not Provided (MNP) | | | | | $ 1,138.83 | | | | | |
| 411 | Kaiser (CA) | Family Basic | $ 1,163.05 | $ 927.13 | $ 1,341.09 | | | | | $ 251.74 | $ 244.92 | |

## Non Local 1014 Fire Fighters Male Retirees

| Deduct Code | Plan | Tier | Pre 65 Claim Costs Retiree | Pre 65 Claim Costs Spouse | Pre 65 Claim Costs Child | Pre 65 Claim Costs Surv | Post 65 Claim Costs for Post 65 Retirees Retiree | Post 65 Claim Costs for Post 65 Retirees Spouse | Post 65 Claim Costs for Post 65 Retirees Surv | Post 65 Claim Costs for Pre 65 Retirees Retiree | Post 65 Claim Costs for Pre 65 Retirees Spouse | Post 65 Claim Costs for Pre 65 Retirees Surv |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 413 | Kaiser (CA) | One Advantage, One Basic | $ 1,163.05 | $ 927.13 | $ 1,341.09 | | $ 175.91 | $ 172.49 | | $ 175.91 | $ 244.92 | |
| 414 | Kaiser (CA) | One Excess I, One Basic | $ 1,163.05 | $ 927.13 | $ 1,341.09 | | $ 725.91 | $ 723.40 | | $ 725.91 | $ 244.92 | |
| 418 | Kaiser (CA) | Two+ Advantage | | | | | $ 175.91 | $ 172.49 | | | | |
| 419 | Kaiser (CA) | One Excess I, One Advantage | | | | | $ 450.17 | $ 448.69 | | | | |
| 420 | Kaiser (CA) | Two+ Excess I | | | | | $ 725.91 | $ 723.40 | | | | |
| 421 | Kaiser (CA) | Survivor | | | | $ 1,341.09 | | | $ 1,341.09 | | | $ 1,341.09 |
| 422 | Kaiser (CA) | One Excess II - Part B, One Basic | $ 1,163.05 | $ 927.13 | $ 1,341.09 | | $ 644.89 | $ 642.25 | | $ 644.89 | $ 244.92 | |
| 423 | Kaiser (CA) | One Excess III (MNP), One Basic | $ 1,163.05 | $ 927.13 | $ 1,341.09 | | $ 1,138.83 | $ 1,137.01 | | $ 1,138.83 | $ 244.92 | |
| 426 | Kaiser (CA) | One Advantage, One Excess II - Part B | | | | | $ 409.66 | $ 408.11 | | | | |
| 427 | Kaiser (CA) | One Advantage, One Excess III (MNP) | | | | | $ 656.63 | $ 655.49 | | | | |
| 428 | Kaiser (CA) | One Excess, One Excess II - Part B | | | | | $ 684.66 | $ 683.57 | | | | |
| 429 | Kaiser (CA) | One Excess, One Excess III (MNP) | | | | | $ 931.63 | $ 930.95 | | | | |
| 430 | Kaiser (CA) | Two Excess II - Part B | | | | | $ 644.89 | $ 642.25 | | | | |
| 431 | Kaiser (CA) | One Excess II - Part B, One Excess III (MNP) | | | | | $ 891.12 | $ 890.37 | | | | |
| 432 | Kaiser (CA) | Two Excess III - Both (MNP) | | | | | $ 1,138.83 | $ 1,137.01 | | | | |
| 450 | Kaiser - Colorado Basic | Retiree Basic | $ 1,182.05 | | | | | | | $ 240.11 | | |
| 451 | Kaiser - Colorado | Retiree Risk | | | | | $ 240.11 | | | | | |
| 453 | Kaiser - Colorado | Retiree Basic (Two Party) | $ 1,182.05 | $ 1,350.20 | | | | | | $ 240.11 | $ 238.61 | |
| 454 | Kaiser - Colorado | Retiree Basic Family | $ 1,182.05 | $ 1,350.20 | $ 4,620.05 | | | | | $ 240.11 | $ 238.61 | |
| 455 | Kaiser - Colorado | One Risk, One Basic | $ 1,182.05 | $ 1,106.64 | | | $ 240.11 | $ 238.61 | | $ 240.11 | $ 238.61 | |
| 457 | Kaiser - Colorado | Two Retiree Risk | | | | | $ 240.11 | $ 238.61 | | | | |
| 458 | Kaiser - Colorado | One Risk, Two or More Dependents | $ 1,182.05 | $ 1,106.64 | $ 5,578.55 | | $ 240.11 | $ 238.61 | | $ 240.11 | $ 238.61 | |
| 459 | Kaiser - Colorado | Two Risk, Two or More Dependents | | | $ 5,923.13 | | $ 240.11 | $ 238.61 | | $ 240.11 | $ 238.61 | |
| 441 | Kaiser - Georgia | One Medicare Member with Part A only | | | | | $ 641.02 | | | | | |
| 442 | Kaiser - Georgia | One Member without Medicare Part A&B | | | | | $ 641.02 | | | | | |
| 445 | Kaiser - Georgia | One Medicare Member + One Medicare with Part A only | | | | | $ 641.02 | $ 261.92 | | | | |
| 461 | Kaiser - Georgia Basic | Basic | $ 1,127.38 | | | | | | | $ 263.22 | | |
| 462 | Kaiser - Georgia | Retiree Risk | | | | | $ 263.22 | | | | | |
| 463 | Kaiser - Georgia | Retiree (Two Party) | $ 1,127.38 | $ 1,055.19 | $ 5,647.72 | | $ 263.22 | $ 261.92 | | $ 263.22 | $ 261.92 | |
| 464 | Kaiser - Georgia | Retiree Basic Family | $ 1,127.38 | $ 1,055.19 | $ 5,647.79 | | | | | $ 263.22 | $ 261.92 | |
| 465 | Kaiser - Georgia | One Retiree Risk, One Basic | $ 462.93 | $ 1,055.19 | $ 5,647.72 | | $ 263.22 | $ 261.92 | | $ 263.22 | $ 261.92 | |
| 466 | Kaiser - Georgia | Two Retiree Risk | | | | | $ 263.22 | $ 261.92 | | | | |
| 471 | Kaiser - Hawaii | Retiree Basic (Under 65) | $ 1,133.95 | | | | | | | $ 247.63 | | |
| 472 | Kaiser - Hawaii | Retiree Risk | | | | | $ 247.63 | | | | | |
| 473 | Kaiser - Hawaii | Retiree Over 65 without Medicare A&B | | | | | $ 987.76 | | | | | |
| 474 | Kaiser - Hawaii Basic | Retiree Basic (Two Party) | $ 1,133.95 | $ 1,061.35 | | | | | | $ 247.63 | $ 246.19 | |
| 475 | Kaiser - Hawaii | Retiree Basic Family (Under 65) | $ 1,133.95 | $ 1,061.35 | $ 5,680.79 | | | | | $ 247.63 | $ 246.19 | |
| 476 | Kaiser - Hawaii | One Retiree Risk, One Basic | $ 1,133.95 | $ 1,061.36 | $ 5,680.79 | | $ 247.63 | $ 246.19 | | $ 247.63 | $ 246.19 | |
| 477 | Kaiser - Hawaii | Over 65 without Medicare A&B, One Basic | $ 1,133.95 | $ 1,061.35 | $ 5,680.79 | | $ 987.76 | $ 993.01 | | $ 987.76 | $ 993.01 | |
| 478 | Kaiser - Hawaii | Two Retiree Risk | | | | | $ 247.63 | $ 246.19 | | | | |

### Non Local 1014 Fire Fighters Male Retirees

| Deduct Code | Plan | Tier | Pre 65 Claim Costs | | | | Post 65 Claim Costs for Post 65 Retirees | | | Post 65 Claim Costs for Pre 65 Retirees | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retiree | Spouse | Child | Surv | Retiree | Spouse | Surv | Retiree | Spouse | Surv |
| 481 | Kaiser - Oregon | Retiree Basic (Under 65) | $ 1,208.83 | | | | | | | $ 329.72 | | |
| 482 | Kaiser - Oregon | Retiree Risk | | | | | $ 329.72 | | | | | |
| 483 | Kaiser - Oregon | Retiree Over 65 unassigned Medicare A&B | | | | | $ 829.36 | | | | | |
| 484 | Kaiser - Oregon | Retiree Basic (Two Party) | $ 1,208.83 | $ 1,131.85 | | | | | | $ 329.72 | $ 329.02 | |
| 485 | Kaiser - Oregon Basic | Retiree Basic Family (Under 65) | $ 1,208.83 | $ 2,263.70 | $ 6,058.06 | | | | | $ 329.72 | $ 329.02 | |
| 486 | Kaiser - Oregon | One Retiree Risk, One Basic | $ 1,208.83 | $ 1,131.85 | $ 6,058.06 | | $ 329.72 | $ 329.02 | | $ 329.72 | $ 329.02 | |
| 488 | Kaiser - Oregon | Two Retiree Risk | | | | | $ 329.72 | $ 329.02 | | | | |
| 489 | Kaiser - Oregon | Retiree w/ Part A only | | | | | $ 709.08 | | | | | |
| 491 | Kaiser - Oregon | One Risk, One Medicare Part A only | | | | | $ 709.08 | $ 329.02 | | | | |
| 493 | Kaiser - Oregon | One Risk, Two Basic | $ 1,208.83 | $ 1,131.85 | | | $ 329.72 | $ 329.02 | | $ 329.72 | $ 329.02 | |
| 494 | Kaiser - Oregon | Two Risk, One Basic | $ 1,208.83 | $ 1,131.85 | $ 6,058.06 | | $ 329.72 | $ 330.50 | | $ 329.72 | $ 330.50 | |
| 495 | Kaiser - Oregon | Two Over 65 unassigned Medicare | | | | | $ 829.36 | $ 833.18 | | | | |
| 496 | Kaiser - Oregon | Two Medicare Part A only | | | | | $ 709.08 | $ 711.81 | | | | |
| 497 | Kaiser - Oregon | One Basic, One Medicare Part A only | $ 1,208.83 | $ 1,131.85 | | | $ 709.08 | $ 711.81 | | $ 709.08 | $ 711.81 | |
| 498 | Kaiser - Oregon | One Basic, One over 65 unassigned Medicare A&B | $ 1,208.83 | $ 1,131.85 | | | $ 829.36 | $ 833.18 | | $ 829.36 | $ 833.18 | |
| 611 | SCAN Health Plan | Retiree Only | | | | | $ 202.90 | | | | | |
| 613 | SCAN Health Plan | Retiree & 1 Dependent (2 Medicare) | | | | | $ 202.90 | $ 202.90 | | | | |
| 701 | United Healthcare | Retiree Only | $ 1,230.34 | | | | $ 229.23 | | | | | |
| 702 | United Healthcare | Retiree & 1 Dependent (1 Medicare) | $ 1,230.34 | $ 980.77 | $ 1,418.68 | | $ 229.23 | $ 229.23 | | | | |
| 703 | United Healthcare | Retiree & 1 Dependent (2 Medicare) | | | | | $ 229.23 | $ 229.23 | | | | |
| 704 | United Healthcare | Retiree & 2 + Deps. (1 Medicare) | $ 1,230.34 | $ 980.77 | $ 1,418.68 | | $ 229.23 | $ 229.23 | | | | |
| 705 | United Healthcare | Retiree & 2 + Deps. (2 Medicare) | $ 1,230.34 | $ 980.77 | $ 1,418.68 | | $ 229.23 | $ 229.23 | | | | |
| 706 | United Healthcare | Minor Survivor | | | | $ 1,418.68 | | | $ 1,418.68 | | | |
| 707 | United Healthcare | Single | $ 1,230.34 | | | | | | | $ 261.10 | | |
| 708 | United Healthcare | Two-Party | $ 1,230.34 | $ 980.77 | $ 1,418.68 | | | | | $ 261.10 | $ 261.00 | |
| 709 | United Healthcare | Family | $ 1,230.34 | $ 980.77 | $ 1,418.68 | | | | | $ 261.10 | $ 261.00 | |

### Fire Fighters Local 1014 Male Retirees

| Deduct Code | Plan | Tier | Pre 65 Claim Costs | | | | Post 65 Claim Costs for Post 65 Retirees | | | Post 65 Claim Costs for Pre 65 Retirees | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retiree | Spouse | Child | Surv | Retiree | Spouse | Surv | Retiree | Spouse | Surv |
| 801 | Firefighters' Local 1014 | Med-Member under 65 | $ 1,684.44 | | | | $ 468.00 | | | $ 468.00 | | |
| 802 | Firefighters' Local 1014 | Med-Member +1 under 65 | $ 1,684.44 | $ 1,342.76 | $ 1,942.29 | | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 |
| 803 | Firefighters' Local 1014 | Med-Member +2 under 65 | $ 1,684.44 | $ 1,342.76 | $ 1,942.29 | | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 |
| 804 | Firefighters' Local 1014 | Med-Member or Surviving Sp with Medicare | | | | | $ 468.00 | | $ 468.00 | $ 468.00 | | $ 468.00 |
| 805 | Firefighters' Local 1014 | Med-Member +1; 1 MDC | | $ 1,342.76 | $ 1,942.29 | | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 |
| 806 | Firefighters' Local 1014 | Med-Member +1; 2 MDC | | | | | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 |
| 807 | Firefighters' Local 1014 | Med-Member +2; 1 MDC | | $ 1,342.76 | $ 1,942.29 | | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 |
| 808 | Firefighters' Local 1014 | Med-Member +2; 2 MDC | | | | | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 | $ 468.00 |
| 809 | Firefighters' Local 1014 | Med-Surv. Sp. Under 65 | | | | $ 1,342.76 | | $ 468.00 | $ 468.00 | | $ 468.00 | $ 468.00 |
| 810 | Firefighters' Local 1014 | Med-Surv. Sp. +1 Under 65 | | $ 1,342.76 | $ 1,942.29 | $ 1,342.76 | | $ 468.00 | $ 468.00 | | $ 468.00 | $ 468.00 |
| 811 | Firefighters' Local 1014 | Med-Surv. Sp. +2 Under 65 | | $ 1,342.76 | $ 1,942.29 | $ 1,342.76 | | $ 468.00 | $ 468.00 | | $ 468.00 | $ 468.00 |
| 812 | Firefighters' Local 1014 | Med-Surv. Sp. With MDC | | | | | | $ 468.00 | $ 468.00 | | $ 468.00 | $ 468.00 |
| 813 | Firefighters' Local 1014 | Med-Surv. Sp. +1; 1 MDC | | $ 1,342.76 | $ 1,942.29 | $ 1,342.76 | | $ 468.00 | $ 468.00 | | $ 468.00 | $ 468.00 |
| 814 | Firefighters' Local 1014 | Med-Surv. Sp. +2; 1 MDC | | $ 1,342.76 | $ 1,942.29 | $ 1,342.76 | | $ 468.00 | $ 468.00 | | $ 468.00 | $ 468.00 |
| 815 | Firefighters' Local 1014 | Med-Surv. Sp. +1; 2 MDC | | | | | | $ 468.00 | $ 468.00 | | $ 468.00 | $ 468.00 |

### Dental/Vision Male Retirees

| Deduction Code | Plan | Tier | Age 65 Adjusted Claim Costs | | |
|---|---|---|---|---|---|
| | | | Retiree | Sp/Dep | Surv |
| 501 | Cigna Indemnity Dental/Vision | Retiree Only | $ 48.48 | | |
| 502 | Cigna Indemnity Dental/Vision | Family | $ 48.48 | $ 52.62 | |
| 503 | Cigna Indemnity Dental/Vision | Minor Survivor | | | $ 48.48 |
| 901 | Cigna Dental HMO/Vision | Retiree Only | $ 42.25 | | |
| 902 | Cigna Dental HMO/Vision | Family | $ 42.25 | $ 48.40 | |
| 903 | Cigna Dental HMO/Vision | Minor Survivor | | | $ 42.25 |

## Non Local 1014 Fire Fighters Female Retirees

| Deduct Code | Plan | Tier | Pre 65 Claim Costs | | | | Post 65 Claim Costs for Post 65 Retirees | | | Post 65 Claim Costs for Pre 65 Retirees | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retiree | Spouse | Child | Surv | Retiree | Spouse | Surv | Retiree | Spouse | Surv |
| 201 | Anthem Blue Cross Prudent Buyer | Retiree Only | $ 607.09 | | | | $ 538.43 | | | $ 414.73 | | |
| 202 | Anthem Blue Cross Prudent Buyer | Retiree and Spouse | $ 607.09 | $ 517.25 | $ 486.47 | | $ 538.43 | $ 538.43 | | $ 414.73 | $ 414.73 | |
| 203 | Anthem Blue Cross Prudent Buyer | Retiree and Family | $ 607.09 | $ 517.25 | $ 486.47 | | $ 538.43 | $ 538.43 | | $ 414.73 | $ 414.73 | |
| 204 | Anthem Blue Cross Prudent Buyer | Retiree and Children | $ 607.09 | $ 517.25 | $ 486.47 | | $ 538.43 | | | $ 414.73 | | |
| 205 | Anthem Blue Cross Prudent Buyer | Minor Survivor | | | | $ 486.47 | | | $ 486.47 | | | |
| 211 | Anthem Blue Cross I | Retiree Only | $ 479.21 | | | | $ 425.01 | | | $ 328.13 | | |
| 212 | Anthem Blue Cross I | Retiree and Spouse | $ 479.21 | $ 408.29 | $ 384.00 | | $ 425.01 | $ 425.01 | | $ 328.13 | $ 328.13 | |
| 213 | Anthem Blue Cross I | Retiree, Spouse and Children | $ 479.21 | $ 408.29 | $ 384.00 | | $ 425.01 | $ 425.01 | | $ 328.13 | $ 328.13 | |
| 214 | Anthem Blue Cross I | Retiree and Children | $ 479.21 | $ 408.29 | $ 384.00 | | $ 425.01 | | | $ 328.13 | | |
| 215 | Anthem Blue Cross I | Minor Survivor | | | | $ 384.00 | | | $ 384.00 | | | $ 384.00 |
| 221 | Anthem Blue Cross II | Retiree Only | $ 952.92 | | | | $ 845.14 | | | $ 496.19 | | |
| 222 | Anthem Blue Cross II | Retiree and Spouse | $ 952.92 | $ 811.90 | $ 763.59 | | $ 845.14 | $ 845.14 | | $ 496.19 | $ 496.19 | |
| 223 | Anthem Blue Cross II | Retiree, Spouse and Children | $ 952.92 | $ 811.90 | $ 763.59 | | $ 845.14 | $ 845.14 | | $ 496.19 | $ 496.19 | |
| 224 | Anthem Blue Cross II | Retiree and Children | $ 952.92 | $ 811.90 | $ 763.59 | | $ 845.14 | | | $ 496.19 | | |
| 225 | Anthem Blue Cross II | Minor Survivor | | | | $ 763.59 | | | $ 763.59 | | | $ 763.59 |
| 240 | Anthem Blue Cross III | One Medicare | | | | | $ 263.55 | | | $ 263.55 | | |
| 241 | Anthem Blue Cross III | Retiree and Spouse 1 Medicare | $ 1,061.40 | $ 904.32 | $ 850.51 | | $ 263.55 | $ 263.55 | | $ 263.55 | $ 263.55 | |
| 242 | Anthem Blue Cross III | Retiree and Spouse 1 Medicare | $ 1,061.40 | $ 904.32 | $ 850.51 | | $ 263.55 | $ 263.55 | | $ 263.55 | $ 263.55 | |
| 243 | Anthem Blue Cross III | Retiree and Spouse 2 Medicare | | | | | $ 263.55 | $ 263.55 | | $ 263.55 | $ 263.55 | |
| 244 | Anthem Blue Cross III | Retiree and Children 1 Medicare | | $ 904.32 | $ 850.51 | | $ 263.55 | | | $ 263.55 | $ 263.55 | |
| 245 | Anthem Blue Cross III | Retiree and Children 1 Medicare | | $ 904.32 | $ 850.51 | | $ 263.55 | | | $ 263.55 | $ 263.55 | |
| 246 | Anthem Blue Cross III | Retiree and Family 1 Medicare | $ 1,061.40 | $ 904.32 | $ 850.51 | | $ 263.55 | $ 263.55 | | $ 263.55 | $ 263.55 | |
| 247 | Anthem Blue Cross III | Retiree and Family 1 Medicare | $ 1,061.40 | $ 904.32 | $ 850.51 | | $ 263.55 | $ 263.55 | | $ 263.55 | $ 263.55 | |
| 248 | Anthem Blue Cross III | Retiree and Family 2 Medicare | | $ 904.32 | $ 850.51 | | $ 263.55 | $ 263.55 | | $ 263.55 | $ 263.55 | |
| 249 | Anthem Blue Cross III | Retiree and Family 2 Medicare | | $ 904.32 | $ 850.51 | | $ 263.55 | $ 263.55 | | $ 263.55 | $ 263.55 | |
| 250 | Anthem Blue Cross III | Retiree and Family 3 Medicare | | $ 904.32 | $ 850.51 | | $ 263.55 | $ 263.55 | | $ 263.55 | $ 263.55 | |
| 301 | Cigna Network Model Plan | Retiree Only | $ 1,381.10 | | | | $ 868.52 | | | $ 572.33 | | |
| 302 | Cigna Network Model Plan | Retiree and Spouse | $ 1,381.10 | $ 1,176.71 | $ 1,106.69 | | $ 868.52 | $ 868.52 | | $ 572.33 | $ 572.13 | |
| 303 | Cigna Network Model Plan | Retiree and Family | $ 1,381.10 | $ 1,176.71 | $ 1,106.69 | | $ 868.52 | $ 868.52 | | $ 572.33 | $ 572.13 | |
| 304 | Cigna Network Model Plan | Retiree and Children | $ 1,381.10 | $ 1,176.71 | $ 1,106.69 | | $ 868.52 | | | $ 572.33 | | |
| 305 | Cigna Network Model Plan | Minor Survivor | | | | $ 1,106.69 | | | $ 1,106.69 | | | |
| 321 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree Only | | | | | $ 252.77 | | | | | |
| 322 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree & Spouse | | | | | $ 252.77 | $ 252.77 | | $ 252.77 | $ 252.77 | |
| 324 | Cigna Medicare Select Plus Rx (AZ) | Risk-Retiree & Spouse ( Both Risk) | | | | | $ 252.77 | $ 252.77 | | | | |
| 401 | Kaiser (CA) | Retiree Basic (Under 65) | $ 1,110.16 | | | | | | | $ 281.13 | | |
| 403 | Kaiser (CA) | Retiree Risk (Senior Advantage) | | | | | $ 170.27 | | | | | |
| 404 | Kaiser (CA) | Retiree Excess I | | | | | $ 702.63 | | | | | |
| 405 | Kaiser (CA) | Retiree Excess II - Part B | | | | | $ 624.21 | | | | | |
| 406 | Kaiser (CA) | Excess III - Medicare Not Provided (MNP) | | | | | $ 1,102.31 | | | | | |
| 411 | Kaiser (CA) | Family Basic | $ 1,110.16 | $ 945.87 | $ 889.59 | | | | | $ 243.67 | $ 237.07 | |

## Non Local 1014 Fire Fighters Female Retirees

| Deduct Code | Plan | Tier | Pre 65 Claim Costs | | | | Post 65 Claim Costs for Post 65 Retirees | | | Post 65 Claim Costs for Pre 65 Retirees | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retiree | Spouse | Child | Surv | Retiree | Spouse | Surv | Retiree | Spouse | Surv |
| 413 | Kaiser (CA) | One Advantage, One Basic | $ 1,110.16 | $ 945.87 | $ 889.59 | | $ 170.27 | $ 166.96 | | $ 170.27 | $ 237.07 | |
| 414 | Kaiser (CA) | One Excess I, One Basic | $ 1,110.16 | $ 945.87 | $ 889.59 | | $ 702.63 | $ 700.20 | | $ 702.63 | $ 237.07 | |
| 418 | Kaiser (CA) | Two+ Advantage | | | | | $ 170.27 | $ 166.96 | | | | |
| 419 | Kaiser (CA) | One Excess I, One Advantage | | | | | $ 435.73 | $ 434.30 | | | | |
| 420 | Kaiser (CA) | Two+ Excess I | | | | | $ 702.63 | $ 700.20 | | | | |
| 421 | Kaiser (CA) | Survivor | | | | $ 889.59 | | | $ 889.59 | | | $ 889.59 |
| 422 | Kaiser (CA) | One Excess II - Part B, One Basic | $ 1,110.16 | $ 945.87 | $ 889.59 | | $ 624.21 | $ 621.65 | | $ 624.21 | $ 237.07 | |
| 423 | Kaiser (CA) | One Excess III (MNP), One Basic | $ 1,110.16 | $ 945.87 | $ 889.59 | | $ 1,102.31 | $ 1,100.55 | | $ 1,102.31 | $ 237.07 | |
| 426 | Kaiser (CA) | One Advantage, One Excess II - Part B | | | | | $ 396.52 | $ 395.02 | | | | |
| 427 | Kaiser (CA) | One Advantage, One Excess III (MNP) | | | | | $ 635.57 | $ 634.47 | | | | |
| 428 | Kaiser (CA) | One Excess, One Excess II - Part B | | | | | $ 662.70 | $ 661.65 | | | | |
| 429 | Kaiser (CA) | One Excess, One Excess III (MNP) | | | | | $ 901.75 | $ 901.10 | | | | |
| 430 | Kaiser (CA) | Two Excess II - Part B | | | | | $ 624.21 | $ 621.65 | | | | |
| 431 | Kaiser (CA) | One Excess II - Part B, One Excess III (MNP) | | | | | $ 862.54 | $ 861.82 | | | | |
| 432 | Kaiser (CA) | Two Excess III - Both (MNP) | | | | | $ 1,102.31 | $ 1,100.55 | | | | |
| 450 | Kaiser - Colorado Basic | Retiree Basic | $ 1,128.29 | | | | | | | $ 232.41 | | |
| 451 | Kaiser - Colorado | Retiree Risk | | | | | $ 232.41 | | | | | |
| 453 | Kaiser - Colorado | Retiree Basic (Two Party) | $ 1,128.29 | $ 1,377.49 | | | | | | $ 232.41 | $ 230.95 | |
| 454 | Kaiser - Colorado | Retiree Basic Family | $ 1,128.29 | $ 1,377.49 | $ 3,064.63 | | | | | $ 232.41 | $ 230.95 | |
| 455 | Kaiser - Colorado | One Risk, One Basic | $ 1,128.29 | $ 1,129.01 | | | $ 232.41 | $ 230.95 | | $ 232.41 | $ 230.96 | |
| 457 | Kaiser - Colorado | Two Retiree Risk | | | | | $ 232.41 | $ 230.96 | | | | |
| 458 | Kaiser - Colorado | One Risk, Two or More Dependents | $ 1,128.29 | $ 1,129.01 | $ 3,700.44 | | $ 232.41 | $ 230.96 | | $ 232.41 | $ 230.96 | |
| 459 | Kaiser - Colorado | Two Risk, Two or More Dependents | | | $ 3,929.01 | | $ 232.41 | $ 230.96 | | $ 232.41 | $ 230.96 | |
| 441 | Kaiser - Georgia | One Medicare Member with Part A only | | | | | $ 620.46 | | | | | |
| 442 | Kaiser - Georgia | One Member without Medicare Part A&B | | | | | $ 620.46 | | | | | |
| 445 | Kaiser - Georgia | One Medicare Member + One Medicare with Part A only | | | | | $ 620.46 | $ 253.52 | | | | |
| 461 | Kaiser - Georgia Basic | Basic | $ 1,076.11 | | | | | | | $ 254.78 | | |
| 462 | Kaiser - Georgia | Retiree Risk | | | | | $ 254.78 | | | | | |
| 463 | Kaiser - Georgia | Retiree (Two Party) | $ 1,076.11 | $ 1,076.51 | $ 3,746.32 | | $ 254.78 | $ 253.52 | | $ 254.78 | $ 253.52 | |
| 464 | Kaiser - Georgia | Retiree Basic Family | $ 1,076.11 | $ 1,076.51 | $ 3,746.37 | | | | | $ 254.78 | $ 253.52 | |
| 465 | Kaiser - Georgia | One Retiree Risk, One Basic | $ 441.88 | $ 1,076.51 | $ 3,746.32 | | $ 254.78 | $ 253.52 | | $ 254.78 | $ 253.52 | |
| 466 | Kaiser - Georgia | Two Retiree Risk | | | | | $ 254.78 | $ 253.52 | | | | |
| 471 | Kaiser - Hawaii | Retiree Basic (Under 65) | $ 1,082.38 | | | | | | | $ 239.69 | | |
| 472 | Kaiser - Hawaii | Retiree Risk | | | | | $ 239.69 | | | | | |
| 473 | Kaiser - Hawaii | Retiree Over 65 without Medicare A&B | | | | | $ 956.08 | | | | | |
| 474 | Kaiser - Hawaii Basic | Retiree Basic (Two Party) | $ 1,082.38 | $ 1,082.81 | | | | | | $ 239.69 | $ 238.29 | |
| 475 | Kaiser - Hawaii | Retiree Basic Family (Under 65) | $ 1,082.38 | $ 1,082.81 | $ 3,768.26 | | | | | $ 239.69 | $ 238.29 | |
| 476 | Kaiser - Hawaii | One Retiree Risk, One Basic | $ 1,082.38 | $ 1,082.82 | $ 3,768.26 | | $ 239.69 | $ 238.29 | | $ 239.69 | $ 238.29 | |
| 477 | Kaiser - Hawaii | Over 65 without Medicare A&B, One Basic | $ 1,082.38 | $ 1,082.81 | $ 3,768.26 | | $ 956.08 | $ 961.16 | | $ 956.08 | $ 961.16 | |
| 478 | Kaiser - Hawaii | Two Retiree Risk | | | | | $ 239.69 | $ 238.29 | | | | |

## Non Local 1014 Fire Fighters Female Retirees

| Deduct Code | Plan | Tier | Pre 65 Claim Costs Retiree | Pre 65 Claim Costs Spouse | Pre 65 Claim Costs Child | Pre 65 Claim Costs Surv | Post 65 Claim Costs for Post 65 Retirees Retiree | Post 65 Claim Costs for Post 65 Retirees Spouse | Post 65 Claim Costs for Post 65 Retirees Surv | Post 65 Claim Costs for Pre 65 Retirees Retiree | Post 65 Claim Costs for Pre 65 Retirees Spouse | Post 65 Claim Costs for Pre 65 Retirees Surv |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 481 | Kaiser - Oregon | Retiree Basic (Under 65) | $ 1,153.85 | | | | | | | $ 319.15 | | |
| 482 | Kaiser - Oregon | Retiree Risk | | | | | $ 319.15 | | | | | |
| 483 | Kaiser - Oregon | Retiree Over 65 unassigned Medicare A&B | | | | | $ 802.76 | | | | | |
| 484 | Kaiser - Oregon | Retiree Basic (Two Party) | $ 1,153.85 | $ 1,154.73 | | | | | | $ 319.15 | $ 318.47 | |
| 485 | Kaiser - Oregon Basic | Retiree Basic Family (Under 65) | $ 1,153.85 | $ 2,309.46 | $ 4,018.51 | | | | | $ 319.15 | $ 318.47 | |
| 486 | Kaiser - Oregon | One Retiree Risk, One Basic | $ 1,153.85 | $ 1,154.73 | $ 4,018.51 | | $ 319.15 | $ 318.47 | | $ 319.15 | $ 318.47 | |
| 488 | Kaiser - Oregon | Two Retiree Risk | | | | | $ 319.15 | $ 318.47 | | | | |
| 489 | Kaiser - Oregon | Retiree w/ Part A only | | | | | $ 686.34 | | | | | |
| 491 | Kaiser - Oregon | One Risk, One Medicare Part A only | | | | | $ 686.34 | $ 318.47 | | | | |
| 493 | Kaiser - Oregon | One Risk, Two Basic | $ 1,153.85 | $ 1,154.73 | | | $ 319.15 | $ 318.47 | | $ 319.15 | $ 318.47 | |
| 494 | Kaiser - Oregon | Two Risk, One Basic | $ 1,153.85 | $ 1,154.73 | $ 4,018.51 | | $ 319.15 | $ 319.90 | | $ 319.15 | $ 319.90 | |
| 495 | Kaiser - Oregon | Two Over 65 unassigned Medicare | | | | | $ 802.76 | $ 806.46 | | | | |
| 496 | Kaiser - Oregon | Two Medicare Part A only | | | | | $ 686.34 | $ 688.98 | | | | |
| 497 | Kaiser - Oregon | One Basic, One Medicare Part A only | $ 1,153.85 | $ 1,154.73 | | | $ 686.34 | $ 688.98 | | $ 686.34 | $ 688.98 | |
| 498 | Kaiser - Oregon | One Basic, One over 65 unassigned Medicare A&B | $ 1,153.85 | $ 1,154.73 | | | $ 802.76 | $ 806.46 | | $ 802.76 | $ 806.46 | |
| 611 | SCAN Health Plan | Retiree Only | | | | | $ 196.40 | | | | | |
| 613 | SCAN Health Plan | Retiree & 1 Dependent (2 Medicare) | | | | | $ 196.40 | $ 196.40 | | | | |
| 701 | United Healthcare | Retiree Only | $ 1,174.39 | | | | $ 221.87 | | | | | |
| 702 | United Healthcare | Retiree & 1 Dependent (1 Medicare) | $ 1,174.39 | $ 1,000.60 | $ 941.06 | | $ 221.87 | $ 221.87 | | | | |
| 703 | United Healthcare | Retiree & 1 Dependent (2 Medicare) | | | | | $ 221.87 | $ 221.87 | | | | |
| 704 | United Healthcare | Retiree & 2 + Deps. (1 Medicare) | $ 1,174.39 | $ 1,000.60 | $ 941.06 | | $ 221.87 | $ 221.87 | | | | |
| 705 | United Healthcare | Retiree & 2 + Deps. (2 Medicare) | $ 1,174.39 | $ 1,000.60 | $ 941.06 | | $ 221.87 | $ 221.87 | | | | |
| 706 | United Healthcare | Minor Survivor | | | | $ 941.06 | | | $ 941.06 | | | |
| 707 | United Healthcare | Single | $ 1,174.39 | | | | | | | $ 252.72 | | |
| 708 | United Healthcare | Two-Party | $ 1,174.39 | $ 1,000.60 | $ 941.06 | | | | | $ 252.72 | $ 252.63 | |
| 709 | United Healthcare | Family | $ 1,174.39 | $ 1,000.60 | $ 941.06 | | | | | $ 252.72 | $ 252.63 | |

## Fire Fighters Local 1014 Female Retirees

| Deduct Code | Plan | Tier | Pre 65 Claim Costs | | | | Post 65 Claim Costs for Post 65 Retirees | | | Post 65 Claim Costs for Pre 65 Retirees | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retiree | Spouse | Child | Surv | Retiree | Spouse | Surv | Retiree | Spouse | Surv |
| 801 | Firefighters' Local 1014 | Med-Member under 65 | $ 1,607.84 | | | | $ 453.00 | | | $ 453.00 | | |
| 802 | Firefighters' Local 1014 | Med-Member +1 under 65 | $ 1,607.84 | $ 1,369.90 | $ 1,288.38 | | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 |
| 803 | Firefighters' Local 1014 | Med-Member +2 under 65 | $ 1,607.84 | $ 1,369.90 | $ 1,288.38 | | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 |
| 804 | Firefighters' Local 1014 | Med-Member or Surviving Sp with Medicare | | | | | $ 453.00 | | $ 453.00 | $ 453.00 | | $ 453.00 |
| 805 | Firefighters' Local 1014 | Med-Member +1; 1 MDC | | $ 1,369.90 | $ 1,288.38 | | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 |
| 806 | Firefighters' Local 1014 | Med-Member +1; 2 MDC | | | | | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 |
| 807 | Firefighters' Local 1014 | Med-Member +2; 1 MDC | | $ 1,369.90 | $ 1,288.38 | | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 |
| 808 | Firefighters' Local 1014 | Med-Member +2; 2 MDC | | | | | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 | $ 453.00 |
| 809 | Firefighters' Local 1014 | Med-Surv. Sp. Under 65 | | | | $ 1,369.90 | | $ 453.00 | $ 453.00 | | $ 453.00 | $ 453.00 |
| 810 | Firefighters' Local 1014 | Med-Surv. Sp. +1 Under 65 | | $ 1,369.90 | $ 1,288.38 | $ 1,369.90 | | $ 453.00 | $ 453.00 | | $ 453.00 | $ 453.00 |
| 811 | Firefighters' Local 1014 | Med-Surv. Sp. +2 Under 65 | | $ 1,369.90 | $ 1,288.38 | $ 1,369.90 | | $ 453.00 | $ 453.00 | | $ 453.00 | $ 453.00 |
| 812 | Firefighters' Local 1014 | Med-Surv. Sp. With MDC | | | | | | $ 453.00 | $ 453.00 | | $ 453.00 | $ 453.00 |
| 813 | Firefighters' Local 1014 | Med-Surv. Sp. +1; 1 MDC | | $ 1,369.90 | $ 1,288.38 | $ 1,369.90 | | $ 453.00 | $ 453.00 | | $ 453.00 | $ 453.00 |
| 814 | Firefighters' Local 1014 | Med-Surv. Sp. +2; 1 MDC | | $ 1,369.90 | $ 1,288.38 | $ 1,369.90 | | $ 453.00 | $ 453.00 | | $ 453.00 | $ 453.00 |
| 815 | Firefighters' Local 1014 | Med-Surv. Sp. +1; 2 MDC | | | | | | $ 453.00 | $ 453.00 | | $ 453.00 | $ 453.00 |

## Dental/Vision Female Retirees

| Deduction Code | Plan | Tier | Age 65 Adjusted Claim Costs | | |
|---|---|---|---|---|---|
| | | | Retiree | Sp/Dep | Surv |
| 501 | Cigna Indemnity Dental/Vision | Retiree Only | $ 47.49 | | |
| 502 | Cigna Indemnity Dental/Vision | Family | $ 47.49 | $ 51.54 | |
| 503 | Cigna Indemnity Dental/Vision | Minor Survivor | | | $ 47.49 |
| 901 | Cigna Dental HMO/Vision | Retiree Only | $ 41.38 | | |
| 902 | Cigna Dental HMO/Vision | Family | $ 41.38 | $ 47.41 | |
| 903 | Cigna Dental HMO/Vision | Minor Survivor | | | $ 41.38 |

## Table A-22: Health Cost Trend Assumptions *

The following table presents the trend assumptions without the impact of the Excise Tax.

| Fiscal Year Ending | | LACERA Medical | | Part B | Dental Under | Weighted |
|---|---|---|---|---|---|---|
| From | To | Under 65 | Over 65 | Premiums | and Over 65 | Average |
| 6/30/2015 | 6/30/2016 | 7.05% | 9.60% | 2.20% | 0.50% | 7.41% |
| 6/30/2016 | 6/30/2017 | 6.40% | 8.85% | 4.60% | 3.00% | 7.31% |
| 6/30/2017 | 6/30/2018 | 6.00% | 7.90% | 4.60% | 3.00% | 6.71% |
| 6/30/2018 | 6/30/2019 | 5.60% | 6.90% | 4.60% | 3.00% | 6.06% |
| 6/30/2019 | 6/30/2020 | 5.70% | 6.05% | 4.60% | 2.95% | 5.63% |
| 6/30/2020 | 6/30/2021 | 5.70% | 5.65% | 5.95% | 2.95% | 5.53% |
| 6/30/2021 | 6/30/2022 | 5.70% | 5.70% | 5.95% | 2.95% | 5.57% |
| 6/30/2022 | 6/30/2023 | 5.70% | 5.70% | 5.95% | 2.90% | 5.57% |
| 6/30/2023 | 6/30/2024 | 5.70% | 5.70% | 5.95% | 2.90% | 5.57% |
| 6/30/2024 | 6/30/2025 | 5.70% | 5.70% | 5.95% | 2.85% | 5.57% |
| 6/30/2025 | 6/30/2026 | 5.70% | 5.70% | 5.95% | 2.85% | 5.58% |
| 6/30/2026 | 6/30/2027 | 5.70% | 5.70% | 5.95% | 2.85% | 5.58% |
| 6/30/2027 | 6/30/2028 | 5.70% | 5.70% | 5.95% | 2.80% | 5.58% |
| 6/30/2037 | 6/30/2038 | 5.80% | 5.80% | 5.65% | 2.65% | 5.66% |
| 6/30/2047 | 6/30/2048 | 5.50% | 5.50% | 5.30% | 2.45% | 5.38% |
| 6/30/2057 | 6/30/2058 | 5.40% | 5.40% | 5.05% | 2.45% | 5.28% |
| 6/30/2067 | 6/30/2068 | 5.00% | 5.00% | 5.00% | 2.70% | 4.96% |
| 6/30/2077 | 6/30/2078 | 4.70% | 4.70% | 4.85% | 2.90% | 4.70% |
| 6/30/2087 | 6/30/2088 | 4.70% | 4.70% | 4.85% | 3.15% | 4.70% |
| 6/30/2097 | 6/30/2098 | 4.70% | 4.70% | 4.85% | 3.35% | 4.71% |
| 6/30/2100 | | 4.70% | 4.70% | 4.85% | 3.35% | 4.71% |

Note that after fiscal year ending June 30, 2028, selected years are shown in the table. The trend for the years not shown grade ratably into the next value shown in the table. After fiscal year ending June 30, 2078, the medical trend rates remain at 4.70%.

* *The first year trend rates for LACERA medical and dental/vision plans reflect premium increases effective July 1, 2015. Projected changes in Health Care Reform Fees including Transitional Reinsurance Fee and Insurer Fee are also included in the medical and dental/vision trends.*

## Table A-23: Retirement of Vested Terminated Members

| | Annual Rates | | |
|---|---|---|---|
| Age | General Plans A, B, C & D | General Plan E | Safety Plans A&B |
| <40 | 0.0% | 0.0% | 0.0% |
| 40 | 0.0% | 0.0% | 6.0% |
| 41 | 0.0% | 0.0% | 6.0% |
| 42 | 0.0% | 0.0% | 23.0% |
| 43 | 0.0% | 0.0% | 23.0% |
| 44 | 0.0% | 0.0% | 23.0% |
| 45 | 0.0% | 0.0% | 24.0% |
| 46 | 0.0% | 0.0% | 24.0% |
| 47 | 0.0% | 0.0% | 24.0% |
| 48 | 0.0% | 0.0% | 24.0% |
| 49 | 0.0% | 0.0% | 24.0% |
| 50 | 27.0% | 0.0% | 23.0% |
| 51 | 9.0% | 0.0% | 16.0% |
| 52 | 9.0% | 0.0% | 17.0% |
| 53 | 9.0% | 0.0% | 18.0% |
| 54 | 9.0% | 0.0% | 22.0% |
| 55 | 10.0% | 25.0% | 22.0% |
| 56 | 10.0% | 7.0% | 22.0% |
| 57 | 10.0% | 7.0% | 26.0% |
| 58 | 10.0% | 7.0% | 29.0% |
| 59 | 12.0% | 7.0% | 29.0% |
| 60 | 14.0% | 8.0% | 35.0% |
| 61 | 16.0% | 10.0% | 35.0% |
| 62 | 19.0% | 12.5% | 35.0% |
| 63 | 20.0% | 15.0% | 35.0% |
| 64 | 27.0% | 24.0% | 35.0% |
| 65 | 33.0% | 35.0% | 100.0% |
| 66 | 29.0% | 21.0% | 100.0% |
| 67 | 30.0% | 18.0% | 100.0% |
| 68 | 28.0% | 15.0% | 100.0% |
| 69 | 28.0% | 16.0% | 100.0% |
| 70 | 28.0% | 20.0% | 100.0% |
| 71 | 29.0% | 25.0% | 100.0% |
| 72 | 30.0% | 28.0% | 100.0% |
| 73 | 31.0% | 30.0% | 100.0% |
| 74 | 31.0% | 33.0% | 100.0% |
| 75 or older | 100.0% | 100.0% | 100.0% |

## Appendix B: Summary of Program Provisions

The following description of retiree health and death benefits is intended to be only a brief summary. For details, reference should be made to the County and LACERA agreements, and employee booklets.

All actuarial calculations are based on our understanding of the statutes governing LACERA as contained in the County Employees Retirement Law (CERL) of 1937 and the California Public Employees' Pension Reform Act of 2013 (PEPRA), with provisions adopted by the LACERA Board of Retirement, effective through July 1, 2013. The benefit and contribution provisions of this law are summarized briefly below. This summary does not attempt to cover all the detailed provisions of the law.

### ELIGIBILITY FOR RETIREE HEALTH AND DEATH BENEFITS

Employees are eligible for the LACERA administered Healthcare Benefits Program if they are a member of LACERA and retire from the County of Los Angeles or Participating agencies of the County of Los Angeles. Health care benefits are also offered to qualifying survivors of deceased active employees who are eligible to retire at the time of death and to qualifying survivors of retired members. Since eligibility for retiree qualifying health and death benefits is dependent on receipt of a retirement benefit, the eligibility and other aspects of the retirement benefits are applicable for retirement health and death benefits. Participation in the Healthcare Benefits Program is for life in most instances.

New retirees have 60 days from the date of retirement, to sign up for medical and dental/vision coverage. If a retiree applies for coverage after the 60 day window, there is a waiting period of 6 months for medical enrollment and 1 year for dental/vision enrollment.

If a retiree's spouse or domestic partner is also a LACERA retiree there cannot be dual coverage. If the spouse or domestic partner is covering the retiree under medical or dental/vision, the retiree may not also enroll as a retiree in medical or dental/vision.

#### LACERA MEMBERSHIP

Permanent employees of Los Angeles County (County) and participating districts who work ¾ time or more are eligible for membership in LACERA.

Employees eligible for safety membership (law enforcement, fire fighters and specific lifeguards) become safety members on the first day of the month after date of hire. Employees who become members on or after January 1, 2013, will enter into Safety Plan C.

All other employees become general members on the first day of the month after date of hire, or the first day of the month after they make an election of either Plan D or Plan E, depending on the law in effect at that time. Employees who become members on or after January 1, 2013 will enter into General Plan G.

Elective officers become members on the first day of the month after filing a declaration with the Board of Retirement.

## RETIREMENT PLANS

The County has established nine defined benefit plans. The following outlines the dates these plans were available, based on a member's date of entry into LACERA:

Safety Member Plans:

Plan A: Inception to August 1977
Plan B: September 1977 through December 2012
Plan C: January 2013 to present

General Member Plans:

Plan A: Inception through August 1977
Plan B: September 1977 through September 1978
Plan C: October 1978 through May 1979
Plan D: June 1979 through December 2012
Plan E: January 1982 through December 2012
Plan G: January 2013 to present

NOTE: After review of a new member's account, a member with prior membership or reciprocity may be enrolled into one of the pre-PEPRA plans, if they meet eligibility requirements.

## SERVICE RETIREMENT ELIGIBILITY

**Plans A-D:** **General Members:**

Age 50 with 10 years of County service;

Any age with 30 years of service; or

Age 70 regardless of service.

**Non-Contributory Plan E:** Age 55 with 10 years of service.

**Plan G:** Age 52 with 5 years of service, or age 70 regardless of service.

**Plans A-B:** **Safety Members:**

Age 50 with 10 years of County service;

Any age with 20 years of service.

**Plan C:** **Safety Members:**

Age 50 with 5 years of service.

## VESTING REQUIREMENT

**Plans A-D, G:**

5 years of County and reciprocal service. Member contributions must be left on deposit.

**Plan E:** 10 years of County and reciprocal service.

## SERVICE-CONNECTED DISABILITY RETIREMENT ELIGIBILITY

**Plans A-D, G:** Any age or years of service; disability must result from occupational injury or disease, and member must be permanently incapacitated for the performance of duty.

**Plan E:** Not available under Plan E.

### NONSERVICE-CONNECTED DISABILITY RETIREMENT ELIGIBILITY

**Plans A-D, G:** Any age with 5 years of service and permanently incapacitated for the performance of duty.

**Plan E:** Not available under Plan E.

### SERVICE-CONNECTED PRE-RETIREMENT DEATH ELIGIBILITY

**Plans A-D, G:** Active members who die in service as a result of injury or disease arising out of and in the course of employment.

**Plan E:** Not available under Plan E.

### NONSERVICE-CONNECTED PRE-RETIREMENT DEATH ELIGIBILITY

**Plans A-D, G:** Active members who die while in service or while physically or mentally incapacitated for the performance of duty.

**Plan E:** Not available under Plan E.

### ELIGIBLE SURVIVING DEPENDENTS

In order for a survivor of a LACERA active member to receive health benefits, the LACERA active member has to be eligible for retirement at date of death. In order for a survivor of a retired LACERA member to be eligible to receive health benefits, the retired member needed to have had a retirement plan option which qualified as eligible for continuing retirement benefits to the survivor. If one of these requirements is met, the following survivors are eligible for health benefits:

- A surviving spouse or domestic partner
- Surviving children who are unmarried and natural or legally adopted or stepchildren. Must be under age 19 or up to age 22, if enrolled as full-time students
- A new spouse or domestic partner
- A newborn child, or legally adopted children

## COUNTY CONTRIBUTIONS TOWARDS RETIREE HEALTH BENEFITS

### Medical

If a retiree has 10 years of retirement service credit, the County contributes 40% of the health care plan premium or 40% of the benchmark plan rate (Anthem Blue Cross Plans I and II), whichever is less. For each year of retirement service credit beyond 10 years, the County contributes an additional 4% per year, up to a maximum of 100% for a member with 25 years of service credit.

The County contribution can never exceed the premium of the benchmark plan; this means that if the premium for the chosen plan and coverage option exceeds the benchmark premium, the retiree is required to pay the difference, even if the retiree has 25 years of service. Likewise, if the retiree has 25 years of service and the plan premium is less than the benchmark rate, the County contributes 100% of the plan premium only, not the benchmark plan rate.

### Dental / Vision

The contribution percentages follow the same contribution proportions based on years of service as the medical plans where the benchmark plan is the indemnity plan.

### Disability

Any retiree with a service connected disability retirement with less than 13 years of service will receive a different County contribution for both medical and dental / vision plans. The County contributes 50% of the lesser of the benchmark plan rate or the premium of the plan the retiree is enrolled in. If a retiree with service connected disability retirement has 13 or more years of service, the County subsidy is the same as a non-disabled retiree.

### Firefighters Local 1014 Contributions Towards Retiree Health Benefits

### Medical, Dental / Vision, and Disability

Contributions are the same as for the County employees.

## DEATH/BURIAL BENEFIT

There is a one-time lump sum $5,000 death benefit payable to the designated beneficiary upon the death of retirees. Actives and Vested Terminated Inactives are eligible for this benefit once they retire. Spouses and Dependents are not eligible for this death benefit upon their death. This benefit does not go through the 401(h) or any other funding vehicle; rather, is paid by LACERA and billed directly to the County on a monthly basis.

**HEALTH BENEFIT PLAN DESCRIPTIONS ARE IN APPENDIX E, F, G and H**

Appendix E

Medical Plan Descriptions:

http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison.pdf
http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison_ooa.pdf
http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison_medicare.pdf

Appendix F

Fire Fighters Local 1014 Medical Description: Selected pages from:

http://www.local1014medical.org/docs/2012spd_v5%20%283%29.pdf

Appendix G

Dental and Vision Plan Description:

http://www.lacera.com/healthcare/pdf/healthcare_rates/dental_vision_charts.pdf

Appendix H

Medicare Part B Reimbursement Plan Description:

http://www.lacera.com/healthcare/Medicare/medicare_a_b.html

## DISCUSSION OF SUBSEQUENT EVENTS

### Coverage of Children to age 26

An extension of the dependent children age limit to 26, as a result of CA SB 1088, has been approved by the Plan Sponsor, the County of Los Angeles, retroactive to July 1, 2014. A one-time open enrollment period from April 15, 2015 to June 15, 2015 was conducted. Since this one-time open enrollment period is subsequent to this valuation cycle, this report does not include the change. We believe the addition of this provision will not have a material impact on the valuation results. For more details regarding member coverage, refer to www.lacera.com.

### New Benchmark Tier

In June 2014, the Los Angeles County Board of Supervisors (County) authorized a new retiree health insurance program for new County employees who are hired after June 30, 2014 and are eligible for LACERA membership. The program, titled Tier 2, offers benefits covering hospital services, medical services, and dental/vision services to County retirees and their eligible dependents. We will include the new Tier 2 benefit structure as part of the July 1, 2016 valuation. For more details regarding plan benefits, refer to www.lacera.com.

## Appendix C: Valuation Data and Schedules

Data on LACERA's retirement benefit program membership as of June 30, 2014 was supplied to us by LACERA's Systems Division staff. Active and vested terminated data is used from the 2014 retirement benefit program valuation. Data for retired members, survivors, and dependents was provided separately for this OPEB valuation. On the following tables, we present a summary of LACERA membership at June 30, 2014 for active, vested terminated, and retired members.

Exhibit C-1: Summary of Active Members

Exhibit C-2: Summary of Vested Terminated Members

Exhibit C-3: Summary of Retired Members, Spouses, and Dependents

Exhibit C-4: Age and Service Distribution of Active Members

Exhibit C-5: Age and Service Distribution of Vested Terminated Members

Exhibit C-6: Age and Service Distributions of Retired Members in Medical Plans

Exhibit C-7: Age and Service Distributions of Spouses and Dependents of Retired Members in Medical Plans

Exhibit C-8: Age and Service Distributions of Retired Members in Dental/Vision Plans

Exhibit C-9: Age and Service Distributions of Spouses and Dependents of Retired Members in Dental/Vision Plans

Exhibit C-10: Medical and Dental/Vision Plan Distributions of Retired Members, Survivors, Spouses, and Dependents Pre and Post Age 65

Exhibit C-11: Treatment of Incomplete Data

Note that Exhibits C-1 through C-9 were prepared using an "age nearest birthday" basis for calculating ages as used by our valuation system. Exhibit C-10 was prepared using an "attained age" basis to reflect when someone becomes 65.

## Exhibit C-1: Summary of Active Members

| | Sex | Members | | Annual Salary | Average Age | Average Credited Service |
|---|---|---|---|---|---|---|
| ***General Members- LA County**** | | | | | | |
| Plan A | M | 125 | $ | 12,901,788 | 65.9 | 36.8 |
| | F | 280 | | 21,888,396 | 64.0 | 35.8 |
| Plan B | M | 34 | | 3,136,368 | 63.6 | 36.4 |
| | F | 90 | | 7,491,936 | 60.4 | 33.9 |
| Plan C | M | 37 | | 3,374,964 | 61.8 | 36.0 |
| | F | 85 | | 6,883,284 | 60.6 | 34.5 |
| Plan D | M | 16,025 | | 1,213,013,748 | 47.3 | 14.0 |
| | F | 31,422 | | 2,152,383,048 | 46.6 | 14.1 |
| Plan E | M | 7,226 | | 527,148,000 | 51.9 | 18.2 |
| | F | 14,684 | | 893,346,060 | 51.5 | 19.3 |
| Plan G | M | 1,985 | | 98,725,740 | 35.8 | 0.7 |
| | F | 3,770 | | 172,568,832 | 35.0 | 0.7 |
| Total | | 75,763 | $ | 5,112,862,164 | 47.5 | 14.7 |
| ***Safety Members- LA County**** | | | | | | |
| Plan A | M | 9 | $ | 1,668,036 | 62.0 | 39.9 |
| | F | 1 | | 103,464 | 64.0 | 43.7 |
| Plan B | M | 7,551 | | 755,506,944 | 42.8 | 16.6 |
| | F | 1,647 | | 158,563,632 | 40.3 | 13.8 |
| Plan C | M | 212 | | 13,979,400 | 30.0 | 0.5 |
| | F | 63 | | 4,113,252 | 28.8 | 0.3 |
| Total | | 9,483 | $ | 933,934,728 | 42.0 | 15.7 |
| ***Safety Members- Local 1014*** | | | | | | |
| Plan A | M | 13 | $ | 1,567,044 | 59.5 | 33.3 |
| | F | - | | - | - | - |
| Plan B | M | 2,847 | | 304,662,996 | 44.9 | 17.1 |
| | F | 51 | | 5,145,192 | 41.8 | 14.2 |
| Plan C | M | 117 | | 6,092,904 | 29.9 | 0.6 |
| | F | 4 | | 179,880 | 29.0 | 0.3 |
| Total | | 3,032 | $ | 317,648,016 | 44.3 | 16.4 |

* LA County does not include Safety Local 1014, Superior Court, and SCAQMD members. LA County includes General Local 1014 members because on retirement they enroll in LA County coverage.

# Exhibit C-1 (continued): Summary of Active Members

| | Sex | Members | | Annual Salary | Average Age | Average Credited Service |
|---|---|---|---|---|---|---|
| ***General Members- Superior Court*** | | | | | | |
| Plan A | M | 11 | $ | 1,525,980 | 70.6 | 32.1 |
| | F | 14 | | 1,665,384 | 62.1 | 32.6 |
| Plan B | M | 2 | | 238,416 | 63.0 | 13.3 |
| | F | 11 | | 1,334,532 | 58.9 | 37.4 |
| Plan C | M | - | | - | - | - |
| | F | 8 | | 800,580 | 58.3 | 34.2 |
| Plan D | M | 577 | | 53,672,268 | 49.3 | 17.7 |
| | F | 2,084 | | 190,820,964 | 49.5 | 18.3 |
| Plan E | M | 372 | | 34,504,992 | 50.6 | 19.2 |
| | F | 976 | | 81,680,100 | 51.5 | 21.4 |
| Plan G | M | 18 | | 1,149,996 | 41.5 | 0.3 |
| | F | 41 | | 2,478,540 | 39.5 | 0.3 |
| Total | | 4,114 | $ | 369,871,752 | 50.0 | 18.9 |
| ***General Members- SCAQMD*** | | | | | | |
| Plan A | M | - | $ | - | - | - |
| | F | - | | - | - | - |
| Plan B | M | - | | - | - | - |
| | F | 1 | | 58,836 | 57.0 | 36.7 |
| Plan C | M | - | | - | - | - |
| | F | - | | - | - | - |
| Plan D | M | - | | - | - | - |
| | F | - | | - | - | - |
| Plan E | M | - | | - | - | - |
| | F | - | | - | - | - |
| Plan G | M | - | | - | - | - |
| | F | - | | - | - | - |
| Total | | 1 | $ | 58,836 | 57.0 | 36.7 |
| ***All General Members*** | | | | | | |
| Plan A | M | 136 | $ | 14,427,768 | 66.3 | 36.4 |
| | F | 294 | | 23,553,780 | 63.9 | 35.6 |
| Plan B | M | 36 | | 3,374,784 | 63.5 | 35.1 |
| | F | 102 | | 8,885,304 | 60.2 | 34.3 |
| Plan C | M | 37 | | 3,374,964 | 61.8 | 36.0 |
| | F | 93 | | 7,683,864 | 60.4 | 34.5 |
| Plan D | M | 16,602 | | 1,266,686,016 | 47.4 | 14.2 |
| | F | 33,506 | | 2,343,204,012 | 46.8 | 14.4 |
| Plan E | M | 7,598 | | 561,652,992 | 51.8 | 18.3 |
| | F | 15,660 | | 975,026,160 | 51.5 | 19.4 |
| Plan G | M | 2,003 | | 99,875,736 | 35.9 | 0.7 |
| | F | 3,811 | | 175,047,372 | 35.0 | 0.7 |
| Total | | 79,878 | $ | 5,482,792,752 | 47.6 | 14.9 |
| ***All Safety Members*** | | | | | | |
| Plan A | M | 22 | $ | 3,235,080 | 60.5 | 36.0 |
| | F | 1 | | 103,464 | 64.0 | 43.7 |
| Plan B | M | 10,398 | | 1,060,169,940 | 43.4 | 16.7 |
| | F | 1,698 | | 163,708,824 | 40.4 | 13.8 |
| Plan C | M | 329 | | 20,072,304 | 30.0 | 0.5 |
| | F | 67 | | 4,293,132 | 28.9 | 0.3 |
| Total | | 12,515 | $ | 1,251,582,744 | 42.6 | 15.8 |
| ***Grand Total*** | | 92,393 | $ | 6,734,375,496 | 47.0 | 15.0 |

This excludes 73 active pension members who are receiving retiree healthcare benefits.

## Exhibit C-2: Summary of Vested Terminated Members

| | Sex | Members | Average Age |
|---|---|---|---|
| ***General Members- LA County**** | | | |
| Plan A | M | 27 | 67.5 |
| | F | 61 | 64.0 |
| Plan B | M | 5 | 62.6 |
| | F | 16 | 63.6 |
| Plan C | M | 4 | 62.3 |
| | F | 12 | 60.4 |
| Plan D | M | 1,141 | 48.2 |
| | F | 2,167 | 46.6 |
| Plan E | M | 1,055 | 55.5 |
| | F | 2,370 | 55.1 |
| Plan G | M | 1 | 28.0 |
| | F | 5 | 40.6 |
| Total | | 6,864 | 51.5 |
| ***Safety Members- LA County**** | | | |
| Plan A | M | 4 | 63.3 |
| | F | - | - |
| Plan B | M | 372 | 42.7 |
| | F | 113 | 42.0 |
| Plan C | M | - | - |
| | F | - | - |
| Total | | 489 | 42.7 |
| ***Safety Members- Local 1014*** | | | |
| Plan A | M | - | - |
| | F | - | - |
| Plan B | M | 36 | 40.3 |
| | F | 10 | 35.3 |
| Plan C | M | - | - |
| | F | - | - |
| Total | | 46 | 39.2 |

* LA County Group does not include Safety Local 1014, Superior Court, and SCAQMD Members.
LA County Group does include General Local 1014 members because on retirement they enroll in LA County coverage.

## Exhibit C-2 (continued): Summary of Vested Terminated Members

***General Members- Superior Court***

| | | | |
|---|---|---|---|
| Plan A | M | 2 | 62.0 |
| | F | 9 | 61.9 |
| Plan B | M | - | - |
| | F | 2 | 59.5 |
| Plan C | M | - | - |
| | F | 1 | 60.0 |
| Plan D | M | 72 | 47.6 |
| | F | 243 | 48.6 |
| Plan E | M | 101 | 52.2 |
| | F | 240 | 52.8 |
| Plan G | M | - | - |
| | F | - | - |
| Total | | 670 | 50.8 |

***General Members- SCAQMD***

| | | | |
|---|---|---|---|
| Plan A | M | - | - |
| | F | - | - |
| Plan B | M | - | - |
| | F | - | - |
| Plan C | M | - | - |
| | F | - | - |
| Plan D | M | - | - |
| | F | - | - |
| Plan E | M | - | - |
| | F | - | - |
| Plan G | M | - | - |
| | F | - | - |
| Total | | - | - |

***All General Members***

| | | | |
|---|---|---|---|
| Plan A | M | 29 | 67.1 |
| | F | 70 | 63.8 |
| Plan B | M | 5 | 62.6 |
| | F | 18 | 63.1 |
| Plan C | M | 4 | 62.3 |
| | F | 13 | 60.4 |
| Plan D | M | 1,213 | 48.2 |
| | F | 2,410 | 46.8 |
| Plan E | M | 1,156 | 55.2 |
| | F | 2,610 | 54.9 |
| Plan G | M | 1 | 28.0 |
| | F | 5 | 40.6 |
| Total | | 7,534 | 51.4 |

***All Safety Members***

| | | | |
|---|---|---|---|
| Plan A | M | 4 | 63.3 |
| | F | - | - |
| Plan B | M | 408 | 42.5 |
| | F | 123 | 41.5 |
| Plan C | M | - | - |
| | F | - | - |
| Total | | 535 | 42.4 |
| ***Grand Total*** | | 8,069 | 50.8 |

Retirement data includes 4,576 non-vested terminated members.
This excludes 22 vested terminated retirement members who are receiving retiree healthcare benefits.
This excludes 4 vested terminated retirement members who died before 7/1/2014.

# Exhibit C-3: Summary of Retired Members, Spouses, and Dependents

**Medical**

| | Gender | Count: Retirees and Survivors | Count: Spouses and Dependents | Count: Total | Average Age: Retirees and Survivors | Average Age: Spouses and Dependents | Average Age: Total |
|---|---|---|---|---|---|---|---|
| *LA County* | M | 18,899 | 6,580 | 25,479 | 72.1 | 63.2 | 69.8 |
| | F | 23,221 | 13,536 | 36,757 | 73.4 | 63.5 | 69.8 |
| | Total | 42,120 | 20,116 | 62,236 | 72.8 | 63.4 | 69.8 |
| *Local 1014* | M | 1,401 | 102 | 1,503 | 69.5 | 22.8 | 66.3 |
| | F | 234 | 1,284 | 1,518 | 76.7 | 61.5 | 63.8 |
| | Total | 1,635 | 1,386 | 3,021 | 70.5 | 58.7 | 65.1 |
| *Superior Court* | M | 540 | 439 | 979 | 73.9 | 66.1 | 70.4 |
| | F | 1,470 | 329 | 1,799 | 72.4 | 62.9 | 70.7 |
| | Total | 2,010 | 768 | 2,778 | 72.8 | 64.7 | 70.6 |
| *SCAQMD* | M | 36 | 5 | 41 | 81.4 | 62.4 | 79.1 |
| | F | 24 | 23 | 47 | 81.2 | 74.5 | 77.9 |
| | Total | 60 | 28 | 88 | 81.3 | 72.3 | 78.5 |
| Total Medical | M | 20,876 | 7,126 | 28,002 | 72.0 | 62.8 | 69.6 |
| | F | 24,949 | 15,172 | 40,121 | 73.4 | 63.3 | 69.6 |
| | Total | 45,825 | 22,298 | 68,123 | 72.7 | 63.2 | 69.6 |

**Dental/Vision**

| | Gender | Count: Retirees and Survivors | Count: Spouses and Dependents | Count: Total | Average Age: Retirees and Survivors | Average Age: Spouses and Dependents | Average Age: Total |
|---|---|---|---|---|---|---|---|
| *LA County* | M | 19,271 | 8,042 | 27,313 | 72.0 | 60.2 | 68.5 |
| | F | 23,671 | 14,960 | 38,631 | 73.3 | 61.2 | 68.6 |
| | Total | 42,942 | 23,002 | 65,944 | 72.7 | 60.9 | 68.6 |
| *Local 1014* | M | 1,372 | 117 | 1,489 | 69.4 | 22.5 | 65.7 |
| | F | 215 | 1,332 | 1,547 | 76.6 | 60.9 | 63.1 |
| | Total | 1,587 | 1,449 | 3,036 | 70.4 | 57.8 | 64.4 |
| *Superior Court* | M | 531 | 543 | 1,074 | 74.0 | 63.3 | 68.6 |
| | F | 1,496 | 378 | 1,874 | 72.3 | 58.5 | 69.5 |
| | Total | 2,027 | 921 | 2,948 | 72.7 | 61.3 | 69.2 |
| *SCAQMD* | M | 34 | 8 | 42 | 82.0 | 46.8 | 75.3 |
| | F | 22 | 24 | 46 | 81.1 | 74.6 | 77.7 |
| | Total | 56 | 32 | 88 | 81.6 | 67.7 | 76.6 |
| Total Dental/Vision | M | 21,208 | 8,710 | 29,918 | 71.9 | 59.9 | 68.4 |
| | F | 25,404 | 16,694 | 42,098 | 73.3 | 61.1 | 68.5 |
| | Total | 46,612 | 25,404 | 72,016 | 72.6 | 60.7 | 68.4 |

**Death Benefit ***

| | Gender | Count: Retirees | Count: Spouses and Dependents | Count: Total | Average Age: Retirees | Average Age: Spouses and Dependents | Average Age: Total |
|---|---|---|---|---|---|---|---|
| *LA County* | M | 22,526 | NA | 22,526 | 71.3 | NA | 71.3 |
| | F | 24,033 | NA | 24,033 | 71.9 | NA | 71.9 |
| | Total | 46,559 | | 46,559 | 71.6 | | 71.6 |
| *Local 1014* | M | 1,399 | NA | 1,399 | 69.5 | NA | 69.5 |
| | F | 5 | NA | 5 | 70.4 | NA | 70.4 |
| | Total | 1,404 | | 1,404 | 69.5 | | 69.5 |
| *Superior Court* | M | 703 | NA | 703 | 72.6 | NA | 72.6 |
| | F | 1,725 | NA | 1,725 | 70.8 | NA | 70.8 |
| | Total | 2,428 | | 2,428 | 71.3 | | 71.3 |
| *SCAQMD* | M | 37 | NA | 37 | 81.7 | NA | 81.7 |
| | F | 6 | NA | 6 | 78.2 | NA | 78.2 |
| | Total | 43 | | 43 | 81.2 | | 81.2 |
| Total Death Benefit | M | 24,665 | NA | 24,665 | 71.3 | NA | 71.3 |
| | F | 25,769 | NA | 25,769 | 71.8 | NA | 71.8 |
| | Total | 50,434 | | 50,434 | 71.5 | | 71.5 |

* Totals do not include 353 people that are both a Retiree and a Survivor, but have elected their Retiree Medical benefits as a Survivor.

## Exhibit C-4: Age and Service Distribution of Active Members

| | Members' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| Age | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35 & Above | Count |
| Under 18 | - | - | - | - | - | - | - | - | - |
| 18-19 | 1 | - | - | - | - | - | - | - | 1 |
| 20-24 | 640 | 7 | - | - | - | - | - | - | 647 |
| 25-29 | 3,377 | 1,332 | 11 | - | - | - | - | - | 4,720 |
| 30-34 | 3,238 | 5,232 | 757 | 42 | - | - | - | - | 9,269 |
| 35-39 | 2,041 | 4,885 | 3,340 | 963 | 64 | - | - | - | 11,293 |
| 40-44 | 1,375 | 3,442 | 3,611 | 3,123 | 1,091 | 82 | - | - | 12,724 |
| 45-49 | 982 | 2,494 | 2,689 | 2,847 | 3,390 | 1,756 | 152 | - | 14,310 |
| 50-54 | 842 | 1,951 | 2,072 | 1,991 | 2,725 | 3,159 | 1,306 | 122 | 14,168 |
| 55-59 | 566 | 1,548 | 1,693 | 1,543 | 1,900 | 2,156 | 1,667 | 1,000 | 12,073 |
| 60-64 | 290 | 968 | 1,114 | 1,087 | 1,362 | 1,286 | 946 | 1,471 | 8,524 |
| 65-69 | 77 | 444 | 566 | 506 | 591 | 468 | 263 | 451 | 3,366 |
| 70-74 | 18 | 85 | 157 | 163 | 209 | 125 | 53 | 104 | 914 |
| 75-79 | 1 | 18 | 39 | 59 | 58 | 42 | 20 | 49 | 286 |
| 80-84 | 1 | 10 | 8 | 13 | 19 | 10 | 10 | 27 | 98 |
| 85 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | 13,449 | 22,416 | 16,057 | 12,337 | 11,409 | 9,084 | 4,417 | 3,224 | 92,393 |

This excludes 73 active retirement program members who are receiving retiree healthcare benefits.

## Exhibit C-5: Age and Service Distribution of Vested Terminated Members

| | Members' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Age** | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35 & Above | Count |
| Under 18 | - | - | - | - | - | - | - | - | - |
| 18-19 | - | - | - | - | - | - | - | - | - |
| 20-24 | 2 | - | - | - | - | - | - | - | 2 |
| 25-29 | 31 | 47 | 1 | - | - | - | - | - | 79 |
| 30-34 | 96 | 205 | 36 | - | - | - | - | - | 337 |
| 35-39 | 213 | 383 | 125 | 19 | - | - | - | - | 740 |
| 40-44 | 197 | 518 | 303 | 75 | 19 | - | - | - | 1,112 |
| 45-49 | 159 | 448 | 594 | 223 | 91 | 19 | 1 | - | 1,535 |
| 50-54 | 131 | 297 | 579 | 259 | 145 | 65 | 17 | 1 | 1,494 |
| 55-59 | 79 | 233 | 478 | 180 | 101 | 65 | 17 | 6 | 1,159 |
| 60-64 | 76 | 183 | 471 | 182 | 84 | 61 | 53 | 60 | 1,170 |
| 65-69 | 21 | 77 | 153 | 66 | 23 | 5 | 2 | 3 | 350 |
| 70-74 | 8 | 8 | 31 | 17 | 4 | 2 | - | - | 70 |
| 75-79 | 5 | 4 | 4 | 2 | - | 2 | 1 | - | 18 |
| 80-84 | 1 | - | - | - | - | - | - | - | 1 |
| 85 & Over | - | 2 | - | - | - | - | - | - | 2 |
| Total Count | 1,019 | 2,405 | 2,775 | 1,023 | 467 | 219 | 91 | 70 | 8,069 |

Retirement program data includes 4,576 non vested terminated members.
This table excludes 22 vested terminated retirement members who are receiving retiree healthcare benefits.
This table excludes 4 vested terminated retirement members who died before 7/1/2014.

# Exhibit C-6: Age and Service Distributions of Retired Members in Medical Plans

**LA County**
**Retirees and Survivors with Medical Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | - | - | 3 | 2 | 1 | 2 | 8 | 16 |
| 35-39 | - | - | - | - | - | - | - | 15 | 15 |
| 40-44 | - | - | 2 | - | 1 | - | 1 | 51 | 55 |
| 45-49 | - | - | 2 | 5 | 13 | 4 | 3 | 174 | 201 |
| 50-54 | - | - | 17 | 16 | 40 | 83 | 50 | 336 | 542 |
| 55-59 | - | - | 55 | 73 | 153 | 487 | 596 | 561 | 1,925 |
| 60-64 | 2 | 4 | 145 | 174 | 340 | 898 | 2,314 | 856 | 4,733 |
| 65-69 | 3 | 14 | 332 | 495 | 697 | 1,599 | 4,504 | 1,449 | 9,093 |
| 70-74 | 2 | 23 | 457 | 601 | 795 | 1,801 | 3,647 | 1,383 | 8,709 |
| 75-79 | 6 | 15 | 354 | 522 | 696 | 1,615 | 2,310 | 1,031 | 6,549 |
| 80-84 | 6 | 23 | 309 | 489 | 705 | 1,215 | 1,425 | 740 | 4,912 |
| 85-89 | 2 | 24 | 264 | 412 | 501 | 735 | 912 | 450 | 3,300 |
| 90-94 | 1 | 6 | 203 | 242 | 207 | 301 | 493 | 163 | 1,616 |
| 95-99 | 2 | 1 | 62 | 63 | 72 | 74 | 95 | 37 | 406 |
| 100 & Over | - | - | 6 | 8 | 13 | 7 | 10 | 4 | 48 |
| **Total Count** | 24 | 110 | 2,208 | 3,103 | 4,235 | 8,820 | 16,362 | 7,258 | 42,120 |

**Local 1014**
**Retirees and Survivors with Medical Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | - | - | - | - | - | - | 1 | 1 |
| 35-39 | - | - | - | - | - | - | - | 1 | 1 |
| 40-44 | - | - | - | - | - | - | - | 1 | 1 |
| 45-49 | - | - | - | - | - | 1 | - | 5 | 6 |
| 50-54 | - | - | - | 1 | 1 | 4 | 2 | 9 | 17 |
| 55-59 | - | - | 1 | 1 | 2 | 32 | 70 | 120 | 226 |
| 60-64 | - | - | - | - | 2 | 29 | 52 | 176 | 259 |
| 65-69 | - | - | 1 | - | 2 | 13 | 44 | 225 | 285 |
| 70-74 | - | - | - | - | - | 8 | 34 | 246 | 288 |
| 75-79 | - | - | - | - | 3 | 10 | 16 | 152 | 181 |
| 80-84 | - | - | - | - | 2 | 18 | 30 | 159 | 209 |
| 85-89 | - | - | - | 1 | 3 | 19 | 27 | 70 | 120 |
| 90-94 | - | - | 1 | - | - | 4 | 14 | 16 | 35 |
| 95-99 | - | - | - | - | - | 3 | 1 | 2 | 6 |
| 100 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | - | - | 3 | 3 | 15 | 141 | 290 | 1,183 | 1,635 |

# Exhibit C-6 (continued): Age and Service Distributions of Retired Members in Medical Plans

**Superior Court**
**Retirees and Survivors with Medical Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | - | - | - | 2 | - | - | - | 2 |
| 35-39 | - | - | - | - | - | - | - | 1 | 1 |
| 40-44 | - | - | - | - | - | - | - | 1 | 1 |
| 45-49 | - | - | - | - | - | - | - | 2 | 2 |
| 50-54 | - | - | 3 | 3 | 7 | 5 | 2 | 7 | 27 |
| 55-59 | - | 3 | 6 | 8 | 13 | 25 | 31 | 22 | 108 |
| 60-64 | - | 1 | 10 | 12 | 25 | 45 | 123 | 33 | 249 |
| 65-69 | 1 | 1 | 18 | 35 | 53 | 90 | 206 | 41 | 445 |
| 70-74 | 3 | 3 | 28 | 33 | 46 | 89 | 150 | 35 | 387 |
| 75-79 | - | 4 | 15 | 28 | 43 | 68 | 93 | 28 | 279 |
| 80-84 | - | 2 | 22 | 27 | 39 | 52 | 59 | 18 | 219 |
| 85-89 | - | - | 11 | 23 | 20 | 33 | 62 | 12 | 161 |
| 90-94 | - | 2 | 12 | 14 | 14 | 20 | 31 | 6 | 99 |
| 95-99 | - | 1 | 3 | 4 | 3 | 5 | 9 | 1 | 26 |
| 100 & Over | - | - | - | 2 | 1 | - | 1 | - | 4 |
| **Total Count** | 4 | 17 | 128 | 189 | 266 | 432 | 767 | 207 | 2,010 |

**SCAQMD**
**Retirees and Survivors with Medical Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | - | - | - | - | - | - | - | - |
| 35-39 | - | - | - | - | - | - | - | - | - |
| 40-44 | - | - | - | - | - | - | - | - | - |
| 45-49 | - | - | - | - | - | - | - | - | - |
| 50-54 | - | - | - | - | - | - | - | - | - |
| 55-59 | - | - | - | - | - | - | - | - | - |
| 60-64 | - | - | - | - | - | - | 1 | - | 1 |
| 65-69 | 2 | 1 | - | - | - | 1 | 1 | 1 | 6 |
| 70-74 | - | - | - | - | - | - | 3 | 1 | 4 |
| 75-79 | - | - | - | - | 1 | 2 | 7 | 1 | 11 |
| 80-84 | - | - | 2 | 2 | 3 | 1 | 6 | 1 | 15 |
| 85-89 | - | - | 3 | 2 | 3 | 4 | 2 | - | 14 |
| 90-94 | - | - | 3 | 2 | 2 | 1 | - | - | 8 |
| 95-99 | - | - | - | - | - | - | 1 | - | 1 |
| 100 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | 2 | 1 | 8 | 6 | 9 | 9 | 21 | 4 | 60 |

## Exhibit C-6 (continued): Age and Service Distributions of Retired Members in Medical Plans

**All Members**
**Retirees and Survivors with Medical Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | - | - | 3 | 4 | 1 | 2 | 9 | 19 |
| 35-39 | - | - | - | - | - | - | - | 17 | 17 |
| 40-44 | - | - | 2 | - | 1 | - | 1 | 53 | 57 |
| 45-49 | - | - | 2 | 5 | 13 | 5 | 3 | 181 | 209 |
| 50-54 | - | - | 20 | 20 | 48 | 92 | 54 | 352 | 586 |
| 55-59 | - | 3 | 62 | 82 | 168 | 544 | 697 | 703 | 2,259 |
| 60-64 | 2 | 5 | 155 | 186 | 367 | 972 | 2,490 | 1,065 | 5,242 |
| 65-69 | 6 | 16 | 351 | 530 | 752 | 1,703 | 4,755 | 1,716 | 9,829 |
| 70-74 | 5 | 26 | 485 | 634 | 841 | 1,898 | 3,834 | 1,665 | 9,388 |
| 75-79 | 6 | 19 | 369 | 550 | 743 | 1,695 | 2,426 | 1,212 | 7,020 |
| 80-84 | 6 | 25 | 333 | 518 | 749 | 1,286 | 1,520 | 918 | 5,355 |
| 85-89 | 2 | 24 | 278 | 438 | 527 | 791 | 1,003 | 532 | 3,595 |
| 90-94 | 1 | 8 | 219 | 258 | 223 | 326 | 538 | 185 | 1,758 |
| 95-99 | 2 | 2 | 65 | 67 | 75 | 82 | 106 | 40 | 439 |
| 100 & Over | - | - | 6 | 10 | 14 | 7 | 11 | 4 | 52 |
| **Total Count** | 30 | 128 | 2,347 | 3,301 | 4,525 | 9,402 | 17,440 | 8,652 | 45,825 |

# Exhibit C-7: Age and Service Distributions of Spouses and Dependents of Retired Members in Medical Plans

**LA County**
**Spouses and Dependents with Medical Coverage**

| | Retirees' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Age** | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Count |
| Under 35 | 1 | 1 | 39 | 58 | 114 | 353 | 667 | 585 | 1,818 |
| 35-39 | - | - | - | 1 | 5 | 15 | 22 | 27 | 70 |
| 40-44 | - | - | 7 | 3 | 12 | 22 | 47 | 66 | 157 |
| 45-49 | - | - | 9 | 13 | 26 | 73 | 112 | 142 | 375 |
| 50-54 | - | - | 14 | 18 | 42 | 198 | 332 | 280 | 884 |
| 55-59 | 1 | 3 | 27 | 45 | 109 | 441 | 729 | 427 | 1,782 |
| 60-64 | - | 5 | 69 | 86 | 190 | 619 | 1,529 | 588 | 3,086 |
| 65-69 | 2 | 6 | 132 | 207 | 328 | 718 | 1,962 | 745 | 4,100 |
| 70-74 | 2 | 9 | 139 | 231 | 322 | 710 | 1,472 | 556 | 3,441 |
| 75-79 | 1 | 8 | 116 | 174 | 258 | 579 | 800 | 319 | 2,255 |
| 80-84 | 1 | 7 | 57 | 108 | 158 | 348 | 449 | 162 | 1,290 |
| 85-89 | - | 2 | 36 | 78 | 89 | 155 | 208 | 59 | 627 |
| 90-94 | 1 | 1 | 20 | 32 | 27 | 39 | 63 | 13 | 196 |
| 95-99 | - | - | 6 | 7 | 3 | 8 | 3 | 2 | 29 |
| 100 & Over | - | - | - | - | 2 | 2 | 2 | - | 6 |
| **Total Count** | 9 | 42 | 671 | 1,061 | 1,685 | 4,280 | 8,397 | 3,971 | 20,116 |

**Local 1014**
**Spouses and Dependents with Medical Coverage**

| | Retirees' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Age** | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Count |
| Under 35 | - | - | - | - | 1 | 23 | 46 | 108 | 178 |
| 35-39 | - | - | - | - | - | - | - | - | - |
| 40-44 | - | - | - | - | - | 1 | - | 4 | 5 |
| 45-49 | - | - | - | - | - | 1 | 1 | 7 | 9 |
| 50-54 | - | - | - | 1 | 3 | 27 | 62 | 78 | 171 |
| 55-59 | - | - | 1 | - | - | 23 | 41 | 158 | 223 |
| 60-64 | - | - | 1 | - | 2 | 8 | 33 | 166 | 210 |
| 65-69 | - | - | - | - | - | 9 | 34 | 200 | 243 |
| 70-74 | - | - | - | - | 3 | 11 | 9 | 117 | 140 |
| 75-79 | - | - | - | - | 1 | 8 | 13 | 104 | 126 |
| 80-84 | - | - | - | 1 | 2 | 15 | 9 | 39 | 66 |
| 85-89 | - | - | - | - | - | 2 | 8 | 3 | 13 |
| 90-94 | - | - | - | - | - | - | 1 | 1 | 2 |
| 95-99 | - | - | - | - | - | - | - | - | - |
| 100 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | - | - | 2 | 2 | 12 | 128 | 257 | 985 | 1,386 |

# Exhibit C-7 (continued): Age and Service Distributions of Spouses and Dependents of Retired Members in Medical Plans

**Superior Court**
**Spouses and Dependents with Medical Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | 2 | 3 | 5 | 8 | 12 | 25 | 16 | 71 |
| 35-39 | - | - | 1 | - | - | - | 2 | 1 | 4 |
| 40-44 | - | - | - | 1 | - | 2 | - | 1 | 4 |
| 45-49 | - | - | - | 1 | 1 | 1 | 2 | 1 | 6 |
| 50-54 | - | - | 2 | 2 | 2 | 4 | 8 | 1 | 19 |
| 55-59 | - | 1 | 2 | 2 | 9 | 13 | 17 | 7 | 51 |
| 60-64 | - | - | 3 | 6 | 11 | 42 | 52 | 11 | 125 |
| 65-69 | 1 | 2 | 8 | 9 | 19 | 42 | 73 | 16 | 170 |
| 70-74 | - | 3 | 9 | 7 | 22 | 32 | 47 | 9 | 129 |
| 75-79 | - | - | 6 | 4 | 12 | 21 | 33 | 4 | 80 |
| 80-84 | - | - | 6 | 8 | 6 | 14 | 20 | 5 | 59 |
| 85-89 | - | - | 5 | 4 | 8 | 5 | 13 | - | 35 |
| 90-94 | - | - | 2 | 3 | 4 | 2 | 2 | - | 13 |
| 95-99 | - | - | - | 1 | 1 | - | - | - | 2 |
| 100 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | 1 | 8 | 47 | 53 | 103 | 190 | 294 | 72 | 768 |

**SCAQMD**
**Spouses and Dependents with Medical Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | - | - | - | - | - | - | 1 | 1 |
| 35-39 | - | - | - | - | - | - | - | - | - |
| 40-44 | - | - | - | - | - | - | - | - | - |
| 45-49 | - | - | - | - | - | - | - | 1 | 1 |
| 50-54 | - | - | - | - | - | - | - | - | - |
| 55-59 | - | - | - | - | - | - | 1 | - | 1 |
| 60-64 | - | 1 | - | - | - | - | - | - | 1 |
| 65-69 | 1 | - | - | 1 | - | - | 2 | 1 | 5 |
| 70-74 | - | - | 1 | - | - | - | 3 | 1 | 5 |
| 75-79 | - | - | - | - | 1 | 3 | - | 1 | 5 |
| 80-84 | - | - | 2 | 1 | - | 1 | 2 | - | 6 |
| 85-89 | - | - | 1 | - | - | - | 1 | - | 2 |
| 90-94 | - | - | - | - | - | - | 1 | - | 1 |
| 95-99 | - | - | - | - | - | - | - | - | - |
| 100 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | 1 | 1 | 4 | 2 | 1 | 4 | 10 | 5 | 28 |

## Exhibit C-7 (continued): Age and Service Distributions of Spouses and Dependents of Retired Members in Medical Plans

**All Members**
**Spouses and Dependents with Medical Coverage**

| | Retirees' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Age** | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Count |
| Under 35 | 1 | 3 | 42 | 63 | 123 | 388 | 738 | 710 | 2,068 |
| 35-39 | - | - | 1 | 1 | 5 | 15 | 24 | 28 | 74 |
| 40-44 | - | - | 7 | 4 | 12 | 25 | 47 | 71 | 166 |
| 45-49 | - | - | 9 | 14 | 27 | 75 | 115 | 151 | 391 |
| 50-54 | - | - | 16 | 21 | 47 | 229 | 402 | 359 | 1,074 |
| 55-59 | 1 | 4 | 30 | 47 | 118 | 477 | 788 | 592 | 2,057 |
| 60-64 | - | 6 | 73 | 92 | 203 | 669 | 1,614 | 765 | 3,422 |
| 65-69 | 4 | 8 | 140 | 217 | 347 | 769 | 2,071 | 962 | 4,518 |
| 70-74 | 2 | 12 | 149 | 238 | 347 | 753 | 1,531 | 683 | 3,715 |
| 75-79 | 1 | 8 | 122 | 178 | 272 | 611 | 846 | 428 | 2,466 |
| 80-84 | 1 | 7 | 65 | 118 | 166 | 378 | 480 | 206 | 1,421 |
| 85-89 | - | 2 | 42 | 82 | 97 | 162 | 230 | 62 | 677 |
| 90-94 | 1 | 1 | 22 | 35 | 31 | 41 | 67 | 14 | 212 |
| 95-99 | - | - | 6 | 8 | 4 | 8 | 3 | 2 | 31 |
| 100 & Over | - | - | - | - | 2 | 2 | 2 | - | 6 |
| **Total Count** | 11 | 51 | 724 | 1,118 | 1,801 | 4,602 | 8,958 | 5,033 | 22,298 |

# Exhibit C-8: Age and Service Distributions of Retired Members in Dental/Vision Plans

**LA County**
**Retirees and Survivors with Dental/Vision Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | - | - | 3 | 2 | 1 | 2 | 10 | 18 |
| 35-39 | - | - | - | - | - | - | - | 22 | 22 |
| 40-44 | - | - | 2 | - | 1 | - | 1 | 66 | 70 |
| 45-49 | - | - | 2 | 5 | 15 | 4 | 2 | 205 | 233 |
| 50-54 | - | 1 | 26 | 23 | 42 | 81 | 50 | 379 | 602 |
| 55-59 | - | 1 | 71 | 89 | 165 | 487 | 594 | 620 | 2,027 |
| 60-64 | 4 | 14 | 168 | 203 | 348 | 899 | 2,301 | 901 | 4,838 |
| 65-69 | 5 | 23 | 374 | 526 | 735 | 1,606 | 4,512 | 1,533 | 9,314 |
| 70-74 | 6 | 31 | 469 | 624 | 823 | 1,805 | 3,661 | 1,431 | 8,850 |
| 75-79 | 6 | 26 | 337 | 542 | 714 | 1,619 | 2,319 | 1,047 | 6,610 |
| 80-84 | 7 | 25 | 325 | 500 | 707 | 1,224 | 1,434 | 748 | 4,970 |
| 85-89 | 5 | 21 | 277 | 413 | 518 | 741 | 921 | 437 | 3,333 |
| 90-94 | 2 | 10 | 212 | 236 | 212 | 303 | 492 | 162 | 1,629 |
| 95-99 | - | - | 58 | 52 | 74 | 71 | 96 | 36 | 387 |
| 100 & Over | - | - | 3 | 7 | 10 | 6 | 10 | 3 | 39 |
| **Total Count** | 35 | 152 | 2,324 | 3,223 | 4,366 | 8,847 | 16,395 | 7,600 | 42,942 |

**Local 1014**
**Retirees and Survivors with Dental/Vision Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | - | - | - | - | - | - | - | - |
| 35-39 | - | - | - | - | - | - | - | 1 | 1 |
| 40-44 | - | - | - | - | - | - | - | 1 | 1 |
| 45-49 | - | - | - | - | - | 1 | - | 4 | 5 |
| 50-54 | - | - | - | 1 | 1 | 4 | 2 | 8 | 16 |
| 55-59 | - | - | 1 | 1 | 2 | 31 | 68 | 119 | 222 |
| 60-64 | - | - | - | - | 2 | 29 | 50 | 172 | 253 |
| 65-69 | - | - | 1 | - | 3 | 12 | 44 | 224 | 284 |
| 70-74 | - | - | - | - | - | 8 | 33 | 243 | 284 |
| 75-79 | - | - | - | - | 3 | 9 | 16 | 147 | 175 |
| 80-84 | - | - | - | - | 2 | 18 | 29 | 152 | 201 |
| 85-89 | - | - | - | - | 1 | 19 | 25 | 64 | 109 |
| 90-94 | - | - | - | - | - | 3 | 14 | 13 | 30 |
| 95-99 | - | - | - | - | - | 3 | 1 | 2 | 6 |
| 100 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | - | - | 2 | 2 | 14 | 137 | 282 | 1,150 | 1,587 |

# Exhibit C-8 (continued): Age and Service Distributions of Retired Members in Dental/Vision Plans

**Superior Court**
**Retirees and Survivors with Dental/Vision Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | - | - | - | 2 | - | - | - | 2 |
| 35-39 | - | - | - | - | - | - | - | 1 | 1 |
| 40-44 | - | - | - | - | - | - | - | 1 | 1 |
| 45-49 | - | - | - | - | - | - | - | 2 | 2 |
| 50-54 | - | - | 3 | 2 | 7 | 5 | 2 | 11 | 30 |
| 55-59 | - | 4 | 7 | 8 | 12 | 26 | 28 | 22 | 107 |
| 60-64 | - | - | 12 | 12 | 25 | 47 | 120 | 36 | 252 |
| 65-69 | 1 | - | 27 | 40 | 52 | 91 | 204 | 43 | 458 |
| 70-74 | 2 | 2 | 26 | 34 | 47 | 90 | 151 | 34 | 386 |
| 75-79 | - | 4 | 18 | 26 | 38 | 70 | 93 | 29 | 278 |
| 80-84 | - | 4 | 24 | 24 | 36 | 52 | 58 | 19 | 217 |
| 85-89 | - | 2 | 15 | 25 | 20 | 33 | 63 | 10 | 168 |
| 90-94 | - | 1 | 13 | 14 | 13 | 20 | 31 | 6 | 98 |
| 95-99 | - | - | 2 | 4 | 3 | 5 | 9 | 1 | 24 |
| 100 & Over | - | - | - | 1 | 1 | - | 1 | - | 3 |
| **Total Count** | 3 | 17 | 147 | 190 | 256 | 439 | 760 | 215 | 2,027 |

**SCAQMD**
**Retirees and Survivors with Dental/Vision Coverage**

| Age | Retirees' Years of Service 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Total Count |
|---|---|---|---|---|---|---|---|---|---|
| Under 35 | - | - | - | - | - | - | - | - | - |
| 35-39 | - | - | - | - | - | - | - | - | - |
| 40-44 | - | - | - | - | - | - | - | - | - |
| 45-49 | - | - | - | - | - | - | - | - | - |
| 50-54 | - | - | - | - | - | - | - | - | - |
| 55-59 | - | - | - | - | - | - | - | - | - |
| 60-64 | - | - | - | - | - | - | 1 | - | 1 |
| 65-69 | 1 | 1 | - | - | - | 1 | 1 | 1 | 5 |
| 70-74 | - | - | - | - | - | - | 3 | 1 | 4 |
| 75-79 | - | - | - | - | 1 | 2 | 7 | 1 | 11 |
| 80-84 | - | - | 1 | 1 | 2 | 1 | 6 | 1 | 12 |
| 85-89 | - | - | 2 | 2 | 3 | 4 | 2 | - | 13 |
| 90-94 | - | - | 3 | 3 | 2 | 1 | - | - | 9 |
| 95-99 | - | - | - | - | - | - | 1 | - | 1 |
| 100 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | 1 | 1 | 6 | 6 | 8 | 9 | 21 | 4 | 56 |

## Exhibit C-8 (continued): Age and Service Distributions of Retired Members in Dental/Vision Plans

**All Members**
**Retirees and Survivors with Dental/Vision Coverage**

| | Retirees' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| Age | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Count |
| Under 35 | - | - | - | 3 | 4 | 1 | 2 | 10 | 20 |
| 35-39 | - | - | - | - | - | - | - | 24 | 24 |
| 40-44 | - | - | 2 | - | 1 | - | 1 | 68 | 72 |
| 45-49 | - | - | 2 | 5 | 15 | 5 | 2 | 211 | 240 |
| 50-54 | - | 1 | 29 | 26 | 50 | 90 | 54 | 398 | 648 |
| 55-59 | - | 5 | 79 | 98 | 179 | 544 | 690 | 761 | 2,356 |
| 60-64 | 4 | 14 | 180 | 215 | 375 | 975 | 2,472 | 1,109 | 5,344 |
| 65-69 | 7 | 24 | 402 | 566 | 790 | 1,710 | 4,761 | 1,801 | 10,061 |
| 70-74 | 8 | 33 | 495 | 658 | 870 | 1,903 | 3,848 | 1,709 | 9,524 |
| 75-79 | 6 | 30 | 355 | 568 | 756 | 1,700 | 2,435 | 1,224 | 7,074 |
| 80-84 | 7 | 29 | 350 | 525 | 747 | 1,295 | 1,527 | 920 | 5,400 |
| 85-89 | 5 | 23 | 294 | 440 | 542 | 797 | 1,011 | 511 | 3,623 |
| 90-94 | 2 | 11 | 228 | 253 | 227 | 327 | 537 | 181 | 1,766 |
| 95-99 | - | - | 60 | 56 | 77 | 79 | 107 | 39 | 418 |
| 100 & Over | - | - | 3 | 8 | 11 | 6 | 11 | 3 | 42 |
| **Total Count** | 39 | 170 | 2,479 | 3,421 | 4,644 | 9,432 | 17,458 | 8,969 | 46,612 |

# Exhibit C-9: Age and Service Distributions of Spouses and Dependents of Retired Members in Dental/Vision Plans

**LA County**
**Spouses and Dependents with Dental/Vision Coverage**

| | Retirees' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| Age | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Count |
| Under 35 | 4 | 6 | 126 | 148 | 244 | 619 | 1,208 | 949 | 3,304 |
| 35-39 | - | 2 | 2 | 4 | 6 | 25 | 33 | 44 | 116 |
| 40-44 | - | - | 8 | 5 | 16 | 26 | 57 | 83 | 195 |
| 45-49 | - | - | 11 | 13 | 31 | 80 | 119 | 175 | 429 |
| 50-54 | - | 1 | 18 | 28 | 47 | 200 | 335 | 319 | 948 |
| 55-59 | 2 | 4 | 31 | 54 | 123 | 442 | 738 | 452 | 1,846 |
| 60-64 | 1 | 4 | 79 | 108 | 210 | 633 | 1,536 | 657 | 3,228 |
| 65-69 | 3 | 11 | 164 | 232 | 352 | 767 | 2,047 | 807 | 4,383 |
| 70-74 | - | 4 | 151 | 249 | 361 | 756 | 1,573 | 583 | 3,677 |
| 75-79 | 1 | 7 | 123 | 199 | 294 | 635 | 850 | 347 | 2,456 |
| 80-84 | 3 | 7 | 70 | 135 | 180 | 376 | 491 | 184 | 1,446 |
| 85-89 | 1 | 3 | 41 | 88 | 106 | 170 | 230 | 64 | 703 |
| 90-94 | - | 2 | 23 | 36 | 36 | 42 | 75 | 14 | 228 |
| 95-99 | - | 1 | 6 | 7 | 6 | 11 | 5 | 1 | 37 |
| 100 & Over | - | - | - | - | 2 | 2 | 2 | - | 6 |
| **Total Count** | 15 | 52 | 853 | 1,306 | 2,014 | 4,784 | 9,299 | 4,679 | 23,002 |

**Local 1014**
**Spouses and Dependents with Dental/Vision Coverage**

| | Retirees' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| Age | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Count |
| Under 35 | - | - | - | - | 2 | 31 | 50 | 155 | 238 |
| 35-39 | - | - | - | - | - | - | 2 | 3 | 5 |
| 40-44 | - | - | - | 1 | - | 1 | - | 11 | 13 |
| 45-49 | - | - | - | - | - | 3 | 3 | 12 | 18 |
| 50-54 | - | - | 1 | - | 1 | 14 | 37 | 53 | 106 |
| 55-59 | - | - | 1 | - | 1 | 25 | 46 | 131 | 204 |
| 60-64 | - | - | - | - | 2 | 14 | 38 | 184 | 238 |
| 65-69 | - | - | - | - | - | 7 | 29 | 192 | 228 |
| 70-74 | - | - | - | - | 3 | 14 | 13 | 135 | 165 |
| 75-79 | - | - | - | - | 1 | 6 | 18 | 106 | 131 |
| 80-84 | - | - | - | - | 1 | 16 | 13 | 48 | 78 |
| 85-89 | - | - | - | - | - | 3 | 7 | 10 | 20 |
| 90-94 | - | - | - | - | - | 1 | 2 | 1 | 4 |
| 95-99 | - | - | - | - | - | - | 1 | - | 1 |
| 100 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | - | - | 2 | 1 | 11 | 135 | 259 | 1,041 | 1,449 |

# Exhibit C-9 (continued): Age and Service Distributions of Spouses and Dependents of Retired Members in Dental/Vision Plans

**Superior Court**
**Spouses and Dependents with Dental/Vision Coverage**

| | Retirees' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Age** | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Count |
| Under 35 | 1 | 2 | 6 | 8 | 16 | 28 | 55 | 32 | 148 |
| 35-39 | - | - | 1 | - | 1 | - | 2 | 2 | 6 |
| 40-44 | - | - | - | 1 | 1 | 4 | 1 | 1 | 8 |
| 45-49 | - | - | - | 1 | 1 | 2 | 2 | 2 | 8 |
| 50-54 | 1 | - | 2 | - | 2 | 4 | 8 | 3 | 20 |
| 55-59 | - | 1 | 2 | 2 | 13 | 14 | 17 | 8 | 57 |
| 60-64 | - | - | 4 | 7 | 12 | 43 | 51 | 11 | 128 |
| 65-69 | - | 2 | 14 | 13 | 21 | 45 | 76 | 19 | 190 |
| 70-74 | - | - | 9 | 10 | 23 | 33 | 54 | 12 | 141 |
| 75-79 | - | 1 | 10 | 7 | 12 | 22 | 34 | 6 | 92 |
| 80-84 | - | - | 8 | 9 | 7 | 14 | 23 | 7 | 68 |
| 85-89 | - | - | 5 | 4 | 8 | 4 | 12 | - | 33 |
| 90-94 | - | - | 3 | 5 | 5 | 4 | 2 | - | 19 |
| 95-99 | - | - | - | 1 | 2 | - | - | - | 3 |
| 100 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | 2 | 6 | 64 | 68 | 124 | 217 | 337 | 103 | 921 |

**SCAQMD**
**Spouses and Dependents with Dental/Vision Coverage**

| | Retirees' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Age** | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Count |
| Under 35 | - | - | 1 | - | - | - | 1 | 1 | 3 |
| 35-39 | - | 1 | - | - | - | - | - | - | 1 |
| 40-44 | - | - | - | - | - | - | - | - | - |
| 45-49 | - | - | - | - | - | - | - | 1 | 1 |
| 50-54 | - | - | - | - | - | - | - | - | - |
| 55-59 | - | - | - | - | - | - | 1 | - | 1 |
| 60-64 | - | 1 | - | - | - | - | - | - | 1 |
| 65-69 | 1 | - | - | 1 | - | - | 2 | 1 | 5 |
| 70-74 | - | - | - | - | - | - | 4 | 1 | 5 |
| 75-79 | - | - | - | - | 2 | 3 | - | 1 | 6 |
| 80-84 | - | - | 2 | 1 | - | 1 | 2 | - | 6 |
| 85-89 | - | - | 1 | - | - | - | 1 | - | 2 |
| 90-94 | - | - | - | - | - | - | 1 | - | 1 |
| 95-99 | - | - | - | - | - | - | - | - | - |
| 100 & Over | - | - | - | - | - | - | - | - | - |
| **Total Count** | 1 | 2 | 4 | 2 | 2 | 4 | 12 | 5 | 32 |

## Exhibit C-9 (continued): Age and Service Distributions of Spouses and Dependents of Retired Members in Dental/Vision Plans

**All Members**
**Spouses and Dependents with Dental/Vision Coverage**

| | Retirees' Years of Service | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Age** | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 & Above | Disableds | Count |
| Under 35 | 5 | 8 | 133 | 156 | 262 | 678 | 1,314 | 1,137 | 3,693 |
| 35-39 | - | 3 | 3 | 4 | 7 | 25 | 37 | 49 | 128 |
| 40-44 | - | - | 8 | 7 | 17 | 31 | 58 | 95 | 216 |
| 45-49 | - | - | 11 | 14 | 32 | 85 | 124 | 190 | 456 |
| 50-54 | 1 | 1 | 21 | 28 | 50 | 218 | 380 | 375 | 1,074 |
| 55-59 | 2 | 5 | 34 | 56 | 137 | 481 | 802 | 591 | 2,108 |
| 60-64 | 1 | 5 | 83 | 115 | 224 | 690 | 1,625 | 852 | 3,595 |
| 65-69 | 4 | 13 | 178 | 246 | 373 | 819 | 2,154 | 1,019 | 4,806 |
| 70-74 | - | 4 | 160 | 259 | 387 | 803 | 1,644 | 731 | 3,988 |
| 75-79 | 1 | 8 | 133 | 206 | 309 | 666 | 902 | 460 | 2,685 |
| 80-84 | 3 | 7 | 80 | 145 | 188 | 407 | 529 | 239 | 1,598 |
| 85-89 | 1 | 3 | 47 | 92 | 114 | 177 | 250 | 74 | 758 |
| 90-94 | - | 2 | 26 | 41 | 41 | 47 | 80 | 15 | 252 |
| 95-99 | - | 1 | 6 | 8 | 8 | 11 | 6 | 1 | 41 |
| 100 & Over | - | - | - | - | 2 | 2 | 2 | - | 6 |
| **Total Count** | 18 | 60 | 923 | 1,377 | 2,151 | 5,140 | 9,907 | 5,828 | 25,404 |

## Exhibit C-10: Medical and Dental/Vision Plan Distributions of Retired Members, Survivors, Spouses, and Dependents Pre and Post Age 65

| | Retirees and Survivors | | | Spouses and Dependents | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | Pre 65 | Post 65 | Total | Pre 65 | Post 65 | Total | Pre 65 | Post 65 | Total |
| Medical Plans | | | | | | | | | |
| Anthem Blue Cross I | 231 | 1,390 | 1,621 | 220 | 325 | 545 | 451 | 1,715 | 2,166 |
| Anthem Blue Cross II | 1,995 | 2,674 | 4,669 | 1,944 | 965 | 2,909 | 3,939 | 3,639 | 7,578 |
| Anthem Blue Cross III | 256 | 10,250 | 10,506 | 937 | 3,796 | 4,733 | 1,193 | 14,046 | 15,239 |
| Anthem Blue Cross Prudent Buyer Plan | 490 | 1,054 | 1,544 | 477 | 300 | 777 | 967 | 1,354 | 2,321 |
| Cigna Medicare Select Plus Rx (AZ) | 2 | 42 | 44 | 11 | 16 | 27 | 13 | 58 | 71 |
| Cigna Network Model Plan | 181 | 566 | 747 | 176 | 154 | 330 | 357 | 720 | 1,077 |
| Kaiser (Other) | 62 | 302 | 364 | 51 | 94 | 145 | 113 | 396 | 509 |
| Kaiser (CA) | 4,361 | 16,725 | 21,086 | 4,125 | 5,514 | 9,639 | 8,486 | 22,239 | 30,725 |
| United Healthcare | 1,046 | 2,186 | 3,232 | 943 | 771 | 1,714 | 1,989 | 2,957 | 4,946 |
| SCAN Health Plan | 1 | 376 | 377 | 2 | 91 | 93 | 3 | 467 | 470 |
| Firefighters' Local 1014 | 528 | 1,107 | 1,635 | 822 | 564 | 1,386 | 1,350 | 1,671 | 3,021 |
| Total Medical | 9,153 | 36,672 | 45,825 | 9,708 | 12,590 | 22,298 | 18,861 | 49,262 | 68,123 |
| Medicare Part B Coverage | | | | | | | | | |
| LA County | | | | | | | | | |
| Receiving Reimbursement | 294 | 26,374 | 26,668 | 114 | 8,502 | 8,616 | 408 | 34,876 | 35,284 |
| Not Receiving Reimbursement | 7,894 | 7,558 | 15,452 | 8,471 | 3,029 | 11,500 | 16,365 | 10,587 | 26,952 |
| Total | 8,188 | 33,932 | 42,120 | 8,585 | 11,531 | 20,116 | 16,773 | 45,463 | 62,236 |
| Firefighters' Local 1014 | | | | | | | | | |
| Receiving Reimbursement | 24 | 1,082 | 1,106 | 83 | 479 | 562 | 107 | 1,561 | 1,668 |
| Not Receiving Reimbursement | 504 | 25 | 529 | 739 | 85 | 824 | 1,243 | 110 | 1,353 |
| Total | 528 | 1,107 | 1,635 | 822 | 564 | 1,386 | 1,350 | 1,671 | 3,021 |
| Superior Court | | | | | | | | | |
| Receiving Reimbursement | 17 | 1,216 | 1,233 | 3 | 354 | 357 | 20 | 1,570 | 1,590 |
| Not Receiving Reimbursement | 419 | 358 | 777 | 292 | 119 | 411 | 711 | 477 | 1,188 |
| Total | 436 | 1,574 | 2,010 | 295 | 473 | 768 | 731 | 2,047 | 2,778 |
| SCAQMD | | | | | | | | | |
| Receiving Reimbursement | - | 44 | 44 | 1 | 15 | 16 | 1 | 59 | 60 |
| Not Receiving Reimbursement | 1 | 15 | 16 | 5 | 7 | 12 | 6 | 22 | 28 |
| Total | 1 | 59 | 60 | 6 | 22 | 28 | 7 | 81 | 88 |
| All Members | | | | | | | | | |
| Receiving Reimbursement | 335 | 28,716 | 29,051 | 201 | 9,350 | 9,551 | 536 | 38,066 | 38,602 |
| Not Receiving Reimbursement | 8,818 | 7,956 | 16,774 | 9,507 | 3,240 | 12,747 | 18,325 | 11,196 | 29,521 |
| Grand Total Medicare Part B | 9,153 | 36,672 | 45,825 | 9,708 | 12,590 | 22,298 | 18,861 | 49,262 | 68,123 |
| Dental/Vision Plans | | | | | | | | | |
| LA County | | | | | | | | | |
| Cigna Indemnity Dental/Vision | 6,493 | 31,506 | 37,999 | 8,671 | 11,862 | 20,533 | 15,164 | 43,368 | 58,532 |
| Cigna Dental HMO/Vision | 1,317 | 3,626 | 4,943 | 1,395 | 1,074 | 2,469 | 2,712 | 4,700 | 7,412 |
| Total | 7,810 | 35,132 | 42,942 | 10,066 | 12,936 | 23,002 | 17,876 | 48,068 | 65,944 |
| Firefighters' Local 1014 | | | | | | | | | |
| Cigna Indemnity Dental/Vision | 482 | 1,063 | 1,545 | 793 | 611 | 1,404 | 1,275 | 1,674 | 2,949 |
| Cigna Dental HMO/Vision | 16 | 26 | 42 | 29 | 16 | 45 | 45 | 42 | 87 |
| Total | 498 | 1,089 | 1,587 | 822 | 627 | 1,449 | 1,320 | 1,716 | 3,036 |
| Superior Court | | | | | | | | | |
| Cigna Indemnity Dental/Vision | 325 | 1,478 | 1,803 | 332 | 492 | 824 | 657 | 1,970 | 2,627 |
| Cigna Dental HMO/Vision | 70 | 154 | 224 | 43 | 54 | 97 | 113 | 208 | 321 |
| Total | 395 | 1,632 | 2,027 | 375 | 546 | 921 | 770 | 2,178 | 2,948 |
| SCAQMD | | | | | | | | | |
| Cigna Indemnity Dental/Vision | 1 | 53 | 54 | 6 | 25 | 31 | 7 | 78 | 85 |
| Cigna Dental HMO/Vision | - | 2 | 2 | 1 | - | 1 | 1 | 2 | 3 |
| Total | 1 | 55 | 56 | 7 | 25 | 32 | 8 | 80 | 88 |
| All Members | | | | | | | | | |
| Cigna Indemnity Dental/Vision | 7,301 | 34,100 | 41,401 | 9,802 | 12,990 | 22,792 | 17,103 | 47,090 | 64,193 |
| Cigna Dental HMO/Vision | 1,403 | 3,808 | 5,211 | 1,468 | 1,144 | 2,612 | 2,871 | 4,952 | 7,823 |
| Grand Total Dental/Vision | 8,704 | 37,908 | 46,612 | 11,270 | 14,134 | 25,404 | 19,974 | 52,042 | 72,016 |

## Exhibit C-10 (continued): Medical and Dental/Vision Plan Distributions of Retired Members, Survivors, Spouses, and Dependents Pre and Post Age 65

| | Retirees | | | Spouses | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | Pre 65 | Post 65 | Total | Pre 65 | Post 65 | Total | Pre 65 | Post 65 | Total |
| Death Benefit * | | | | | | | | | |
| LA County | 10,647 | 35,912 | 46,559 | NA | NA | NA | 10,647 | 35,912 | 46,559 |
| Firefighters' Local 1014 | 497 | 907 | 1,404 | NA | NA | NA | 497 | 907 | 1,404 |
| Superior Court | 636 | 1,792 | 2,428 | NA | NA | NA | 636 | 1,792 | 2,428 |
| SCAQMD | 1 | 42 | 43 | NA | NA | NA | 1 | 42 | 43 |
| Grand Total Death Benefit | 11,781 | 38,653 | 50,434 | NA | NA | NA | 11,781 | 38,653 | 50,434 |

* Totals do not include 353 people that are both a Retiree and a Survivor, but have elected their Retiree Medical benefits as a Survivor.

## Exhibit C-11: Treatment of Incomplete Data

| ID | Size | Situation | Assumption and Resolution |
|---|---|---|---|
| 1 | 6 medical<br>0 dental | Retirees had a spouse or child on the record with a Date of Birth (DOB), but dependent type was not “S” (spouse) or “C” (child). | If dependent DOB was more than 20 years after the retiree’s Date of Birth, assigned the dependent as a child. Otherwise, the dependent was designated as a spouse. |
| 2 | 0 medical<br>2 dental | Dependent with Dependent Type “S” had DOB as blank or later than 7/1/1992. | These spouses were given a DOB according to the marriage age difference assumption used in this valuation. |
| 3 | 0 medical<br>14 dental | Dependents did not have a valid Gender. | All spouses were assigned gender opposite that of the original member. Half of the children were designated as males and half as females. |
| 4 | 75 medical<br>74 dental<br>21 life-only | Retirees have Group IND of “O” (Outside District). | Changed indicator to “N” (General). These are members from outside districts who will have postemployment benefits from LA County. |
| 5 | 261 medical<br>N/A dental | There were no children listed in Retiree and Family or Retiree and Children deduction codes. | To be consistent with the tier, children were added. Children were designated as 18 years old since the average age of LACERA children under 24 is 18; half were listed as male and half as female. Children were not added for Kaiser plans, based on previous discussions with LACERA. |
| 6 | 1,522 medical<br>887 dental | There was no spouse listed in Retiree and Spouse, Retiree & Family, or Retiree +1 deduction codes. | To be consistent with the tier, spouses were added. Even in the Retiree+1 case, a spouse was added rather than a child as this is a more conservative addition. Spouses were given a gender opposite of the retiree and DOB was determined according to the marriage age difference assumption used in this valuation. |
| 7 | 256 medical<br>175 dental | Tier is Retiree Only, but a dependent was listed. | Dependents were deleted from the data. |
| 8 | 162 medical<br>161 dental | Members were deceased before 7/1/2014. | Removed records from the data. |

## Appendix D: Glossary

The following definitions are excerpts from other actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to LACERA. Defined terms are capitalized throughout this Appendix.

**Actuarial Accrued Liability**
That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of postemployment plan benefits and expenses which is not provided for by future Normal Costs.

**Actuarial Assumptions**
Assumptions as to the occurrence of future events affecting OPEB costs, such as: mortality, withdrawal, disablement, retirement; changes in medical costs; and other relevant items.

**Actuarial Cost Method**
A procedure for determining the Actuarial Present Value of OPEB program benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

**Actuarial Gain (Loss)**
A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

**Actuarial Present Value**
The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.

**Actuarial Valuation**
The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for an OPEB plan.

**Actuarial Value of Assets**
The value of cash, investments and other property belonging to an OPEB plan, as used by the actuary for the purpose of an Actuarial Valuation.

**Amortization Payment**
That portion of the ARC that is designed to recognize interest on and to amortize the Unfunded Actuarial Accrued Liability.

| | |
|---|---|
| **Annual Required Contributions ("ARC")** | This is the employer's periodic required contribution to a defined benefit OPEB plan, calculated in accordance with the set of requirements for calculating actuarially determined OPEB information included in financial reports. |
| **Attribution Period** | The period of an employee's service to which the expected postretirement benefit obligation for that employee is assigned. The beginning of the attribution period is the employee's date of hire. The end of the attribution period is the time of assumed exit from OPEB active member status. |
| **Benefit Payments** | The monetary or in-kind benefits or benefit coverage to which participants may be entitled under a post employment benefit plan, including health care benefits and life insurance not provided through a retirement program. |
| **GASB 43** | The statement that establishes financial reporting standards for postemployment benefit plans other than retirement programs. |
| **GASB 45** | The statement that establishes financial reporting standards for employers that sponsor postemployment benefits other than retirement programs. |
| **Net OPEB Obligation** | This is the cumulative difference since the effective date of this statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB related debt. |
| **Normal Cost** | That portion of the Actuarial Present Value of OPEB plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. |
| **Other Postemployment Benefits ("OPEB")** | This refers to postemployment benefits other than retirement program benefits, including healthcare benefits regardless of the type of plan that provides them, and all other postemployment benefits provided separately from a retirement program, excluding benefits defined as termination benefits or offers. |

**Present Value of Future Benefits**

This is the value, as of the applicable date, of future payments for benefits and expenses under the Plan, where each payment is:

(a) Multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and

(b) Discounted at the assumed discount rate.

**Projected Benefits**

Those OPEB plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.

**Substantive Plan**

The terms of the OPEB plan as understood by an employer that provides postretirement benefits and the employees who render services in exchange for those benefits. The substantive plan is the basis for the accounting for the plan.

**Trend Rate**

The rate of increase in per person health costs paid by a plan as a result of factors such as price increases, utilization of healthcare services, plan design, and technological developments.

**Unfunded Actuarial Accrued Liability**

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

## Appendix E: Medical Plan Comparisons

Comparisons are from the following areas of the LACERA website:

http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison.pdf

http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison_ooa.pdf

http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison_medicare.pdf

LACERA

ATTACHMENT I

# COMPARISON OF MEDICAL PLANS

2014

Effective July 1, 2014

## Indemnity Medical Plans

- Anthem Blue Cross I
- Anthem Blue Cross II
- Anthem Blue Cross Prudent Buyer Plan

## Health Maintenance Organizations (HMOs)

- Cigna Network Model Plan (Arizona and California only)
- Kaiser Permanente (California only)
- UnitedHealthcare

**This chart represents a summary of benefits only. Additional benefit information is provided by each insurance carrier. This chart does not replace or modify the official documents that legally govern each plan's operation.**

**The benefits offered by all LACERA-administered health plans change when an enrolled member permanently moves outside the provider network area. Moving to a location outside the coverage area can impact your plan's rates and coverage levels.**

## Indemnity Insurance Plans

| | Anthem Blue Cross I | Anthem Blue Cross II |
|---|---|---|
| **Calendar Year Deductibles/Copayments** | $100 – individual; $100 – family | $500 – individual; $1,500 – family |
| **Annual Maximum Out-of-Pocket Expenses (for most services)** | N/A | $2,500, including deductible (Does not include amounts over allowable charges) |
| **Lifetime Maximum Benefits** | $1,000,000 | $1,000,000 |
| **Hospital Benefits** | | |
| **Room and Board** | $75 per day maximum[1]; $150 per day maximum special care unit[1] | 90% for PPO hospital[2]; 80% non-PPO for semi-private room; special care unit up to 2.5 times semi-private room rate |
| **Surgical Services** | 80%[1] | 80% |
| **Hospital Services and Supplies** | 100%[1] | 90% PPO hospital[2]; 80% non-PPO hospital |
| **Hospital Admission Authorization Requirements** | Preadmission authorization required in advance (on first business day following emergency admission) unless covered by Medicare Part A. $200 deductible for unauthorized hospital admission or late notice | Preadmission authorization required in advance (on first business day following emergency admission) unless covered by Medicare Part A. $200 deductible for unauthorized hospital admission or late notice |
| **Nursing Benefits** | | |
| **Skilled Nursing Facility Care** | 70% (in-network) or 50% (out-of-network) up to $150 per day for up to 100 days per calendar year[1] | 70% (in-network) or 50% (out-of-network) up to 100 days per calendar year[1] |
| **Private Duty Nurses** | 80% in accordance with requirements | 80% in accordance with requirements |
| **Home Healthcare** | 100% in accordance with requirements[1] | 100% in accordance with requirements[1] |
| **Hospice Care** | 100% up to plan limitations, in accordance with requirements[1] | 100% in accordance with requirements[1] |
| **Emergency Benefits** | | |
| **Inpatient** | $75 per day[1] maximum; $150 per day maximum special care unit[1] | 90% PPO hospital[2]; 80% non-PPO hospital |
| **Outpatient** | 100% at a hospital only[1] | 80% |
| **Ambulance** | 80% for transportation to first hospital where care is given | 80% for transportation to first hospital where care is given |
| **Outpatient Benefits** | | |
| **Doctor's Office Visits** | 80% | 80% |
| **Preadmission X-Ray and Lab Tests** | 100%[1] | 100%[1] |
| **Routine Checkups, CA only** | | |
| **—Adult** | $25 copay; covered in-network only; maximum of $250 | $25 copay; covered in-network only; maximum of $250 |
| **—Children Under 17** | $25 copay in-network; 80% out-of-network | $25 copay in-network; 80% out-of-network |
| **Immunizations** | Not covered except for children under age 17 | Not covered except for children under age 17 |
| **Outpatient Surgical Services** | 100%[1] | 100%[1] (80% hospital facility fees) |
| **Physical Therapy** | 80% in accordance with requirements | 80% in accordance with requirements |
| **Speech Therapy** | 80% in accordance with requirements | 80% in accordance with requirements |
| **Maternity** | 80% in accordance with requirements | 80% in accordance with requirements |
| **Prescription Drug Benefits** | | |
| **Prescription Drugs** | **Retail:** 80% in-network; 60% out-of-network<br>**Mail order:** $10 generic/$30 brand/$50 non-preferred brand/ $150 specialty copay for 90-day supply (Copay prorated for less than 90-day supply) | **Retail:** 80% in-network; 60% out-of-network<br>**Mail order:** $10 generic/$30 brand/$50 non-preferred brand/ $150 specialty copay for 90-day supply (Copay prorated for less than 90-day supply) |
| **Mental Health and Substance Abuse Benefits** | | |
| **Inpatient** | $75 per day[1] maximum; $150 per day maximum intensive care[1] | 90% PPO; 80% non-PPO |
| **Outpatient** | 80% of covered expenses | 80% of covered expenses |
| **Vision Benefits** | | |
| **Eye Exams** | Covered after accident only[3] | Covered after accident only[3] |
| **Lenses** | Covered after accident[3] and after eye surgery | Covered after accident[3] and after eye surgery |
| **Frames** | Covered after accident[3] or eye surgery only | Covered after accident[3] or eye surgery only |
| **Hearing Care Benefits** | | |
| **Hearing Exams** | Covered after accident only[3] | Covered after accident only[3] |
| **Hearing Aids** | Covered after accident only[3] | Covered after accident only[3] |

# Comparison of Medical Plans

ATTACHMENT I

## HMOs

| Anthem Blue Cross Prudent Buyer Plan | Cigna Network Model Plan |
|---|---|
| $100 – individual; $200 – family | None |
| N/A | $1,500 – individual; $3,000 – family |
| $1,000,000 | Unlimited |
| | |
| 80% Prudent Buyer; 70% non–Prudent Buyer with $75 per day maximum; $150 per day intensive care (for non–Prudent Buyer) | No charge |
| 80% Prudent Buyer; 70% non–Prudent Buyer | No charge for inpatient or outpatient |
| 80% Prudent Buyer; 70% non–Prudent Buyer (up to $250 per day for non–Prudent Buyer) | No charge |
| Authorization by a Prudent Buyer physician required. Non–Prudent Buyer physicians must contact Anthem Blue Cross | Authorization by a Cigna HealthCare physician required within 48 hours in case of emergency outside service area |
| | |
| 80% of semi-private room rate for up to 100 days per confinement period | No charge; limit 60 days per contract year (limit 100 days per contract year for CA only) |
| 80% in accordance with requirements | No charge if authorized by a Cigna HealthCare physician (100 visits per contract year together with Home Healthcare) |
| 100% in accordance with requirements | No charge; limited 60 visits per contract year (100 visits per contract year for CA only) together with Private Duty Nursing |
| 100% up to plan limitations, in accordance with requirements[1] | No charge |
| | |
| 80% Prudent Buyer; 70% non–Prudent Buyer | No charge |
| 80% Prudent Buyer; 70% non–Prudent Buyer | $50 copay; waived if admitted; $25 copay for urgent care center |
| 80% | No charge when true emergency authorized by a Cigna HealthCare physician |
| | |
| 80% Prudent Buyer; 70% non–Prudent Buyer | $5 copay |
| 100% Prudent Buyer; 70% non–Prudent Buyer | No charge |
| $25 copay; covered in-network only; maximum of $250<br>$25 copay in-network; out-of-network covered up to $20 | $5 copay |
| Not covered except for children under age 17 | No charge (after $5 office visit copay, if applicable) |
| 100%[1] Prudent Buyer (Hospital facility fees: 80% Prudent Buyer; 70% non–Prudent Buyer) | No charge |
| 80% Prudent Buyer; 70% non–Prudent Buyer | $20 copay; limited 20 days for all therapies combined (unlimited days based on medical necessity for CA only) |
| 80% in accordance with requirements | $20 copay; limited 20 days for all therapies combined (unlimited days based on medical necessity for CA only) |
| 80% Prudent Buyer; 70% Non-Prudent Buyer; in accordance with requirements | $5 copay for initial visit to confirm pregnancy; no charge for subsequent maternity visits |
| | |
| **Retail:** 80% in-network; out-of network coverage may vary. Contact Anthem Blue Cross for more information.<br>**Mail order:** $10 generic/$30 brand/$50 non-preferred brand/ $150 specialty for a 90-day supply /specialty copay prorated for less than 90-day supply | **Retail:** $7 copay for 30-day supply;<br>**Mail order:** $14 copay for 90-day supply |
| | |
| 80% Prudent Buyer; 70% non–Prudent Buyer | No charge for an unlimited number of days |
| 80% Prudent Buyer; 70% non–Prudent Buyer | No charge for an unlimited number of visits |
| | |
| Not covered | $10 copay; limit one exam every 12 months through Cigna Vision |
| One pair, after eye surgery | Covered after cataract surgery |
| Not covered | Not covered |
| | |
| Not covered | Not covered |
| Not covered | Not covered |

| Kaiser Permanente | UnitedHealthcare[4] |
|---|---|
| None | None |
| Maximum copays of $1,500 per individual, $3,000 per family | Maximum copays of $2,000 per individual, $6,000 per family |
| Unlimited | Unlimited |
| | |
| No charge | No charge |
| No charge for inpatient; $5 copay for outpatient | No charge for inpatient or outpatient |
| No charge | No charge |
| Authorization by a Kaiser physician required within 24 hours or as soon as reasonably possible in case of emergency outside service area | Authorization by a participating UnitedHealthcare medical group or physician required. Within 24 hours in case of emergency |
| | |
| No charge; limit 100 days per benefit period | No charge; up to 100 days per benefit period |
| No charge if authorized by Kaiser physician | No charge (if medically necessary) |
| No charge if authorized by Kaiser physician | No charge; 100 visits maximum per calendar year |
| No charge if authorized by Kaiser physician (up to 100 2-hour visits per calendar year) | No charge when authorized by a UnitedHealthcare participating physician or medical group. Prognosis of life expectancy of one year or less. |
| | |
| No charge | No charge |
| $5 at Kaiser facility; waived if admitted directly to the hospital | $50; waived on admission |
| No charge if emergency | No charge when medically necessary |
| | |
| $5 copay | $5 copay |
| No charge | No charge with an office visit |
| $5 copay | $5 copay; no charge for age 2 and under |
| No charge if generally available | $5 copay; no charge for age 2 and under |
| $5 copay | No charge |
| $5 copay | Inpatient: no charge; outpatient: $5 copay |
| $5 copay | Inpatient: no charge; outpatient: $5 copay |
| $5 copay | No charge; office visit copays are waived after initial office visit copay |
| | |
| $7 copay for up to 100-day supply; can be in person, through mail order, by telephone, or online at www.kp.org/myhealthmanager | **Retail:** $7 copay for 30-day supply;<br>**Mail order:** $7 copay for 90-day supply |
| | |
| No charge; for an unlimited number of days | No charge; for an unlimited number of days (both Mental Health and Substance Abuse) |
| $5 copay per visit; for an unlimited number of visits | Mental Health: $5 copay; for an unlimited number of visits, must be authorized through UnitedHealthcare Behavioral Health[5]<br><br>Substance Abuse: No charge; for an unlimited number of visits |
| | |
| $5 copay | $5 copay through PCP[5] |
| Not covered | Not covered |
| Not covered | Not covered |
| | |
| $5 copay | $5 copay |
| Not covered | $5,000 maximum benefit every 3 years. Limited to a single hearing aid (including repair/replacement every 3 years). |

## Carrier Notes:

### Anthem Blue Cross Plans I, II, and Prudent Buyer

Coinsurance payment is the percentage of eligible charges after you meet the plan deductible, unless otherwise noted. **All plan reimbursements are based on negotiated rates or usual and customary charges.** Usual and Customary charges are the maximum amounts the plan will pay for a service based on what providers in that geographic area charge for similar services or supplies.

[1] Indicates deductible waived.

### Anthem Blue Cross II

[2] For non–Medicare members only.

### Anthem Blue Cross I and II

[3] Treatment must be due to an accidental injury while insured and treatment must be received within two years of accident.

### HMOs

Medical care must be received from HMO or contracted provider, physician or facility.

Mental Health Benefits for California Base Contracts: refer to evidence of coverage.

### UnitedHealthcare

[4] Solutions for Caregivers – no charge for advice, information and referrals. See the Caregiver flyer in the packet sent to retirees from the carrier for additional services.

[5] Your PCP is your Preferred Care Provider in the UnitedHealthcare HMO.

LACERA

ATTACHMENT I

# COMPARISON OF MEDICAL PLANS

2014

Effective July 1, 2014

## Health Maintenance Organizations (HMOs) and Medicare Advantage Prescription Drug (MA-PD) HMOs

- Kaiser – Colorado
- Kaiser – Georgia
- Kaiser – Hawaii
- Kaiser – Oregon

**This chart represents a summary of benefits only. Additional benefit information is provided by each insurance carrier. This chart does not replace or modify the official documents, which legally govern each plan's operation.**

**The health plans and benefit designs available from the LACERA-administered options change when an enrolled member permanently moves outside the provider network area. Moving to a location outside the coverage area will impact your eligibility to be enrolled in the health plan, the benefit designs available and the rates you pay.**

**Note:** The benefit levels contained in this booklet are subject to approval by the Centers for Medicare and Medicaid Services (CMS) and may be adjusted during the plan year.

# BASIC (UNDER 65 OR OVER 65 WITHOUT MEDICARE COVERAGE) HMOs

| | Kaiser – Colorado | Kaiser – Georgia |
|---|---|---|
| **Calendar Year Deductible/Copayment** | None | None |
| **Annual Maximum Out-of-Pocket Expenses (for most services)** | Individual – $2,000<br>Family – $4,500 | Individual – $2,000<br>Family – $4,000 |
| **Lifetime Maximum Benefits** | None | None |
| **Hospital Benefits** | | |
| Room and Board | $250 copay per admission | $250 copay per admission |
| Surgical Services | Inpatient – no charge<br>Outpatient – $50 copay | Inpatient – no charge<br>Outpatient – $100 copay |
| Hospital Services and Supplies | Durable medical equipment covered at 80% | Durable medical equipment covered at 80% |
| **Hospital Admission Authorization Requirements** | No authorization needed when referred by a Kaiser Permanente physician | Authorization required for hospital admissions |
| **Nursing Benefits** | | |
| Skilled Nursing Facility Care | No charge; 100 days per period | $250 copay per admission; 100 days per year |
| Private Duty Nurses | No charge if in service area only and referred by a network provider | No charge if authorized |
| Home Health Care | No charge if authorized | No charge if authorized |
| Hospice Care | No charge | No charge if authorized |
| **Emergency Benefits** | | |
| Inpatient | $100 copay (waived if admitted) | $100 (waived if admitted) |
| Outpatient | $100 copay | $100 (waived if admitted) |
| Ambulance | 20% copay; max. of $500 per trip | $100 copay |
| **Outpatient Benefits** | | |
| Doctor's Office Visits | $5 copay ($25 copay for after-hours care; $15 copay for specialist visit) | $15 copay |
| Preadmission Diagnostic X-ray and Lab Tests | Included in office visit copay | No charge |
| Routine Checkups | | |
| – Adults | No charge | No charge |
| – Children Under 17 | No charge | No charge |
| Immunizations | $5 copay; no charge if preventive | $15 copay; no charge if preventive |
| Outpatient Surgical Services | $50 copay | $100 copay |
| Physical Therapy | $250 copay inpatient; $5 copay outpatient; limited to 20 visits per year | $15 copay |
| Speech Therapy | $250 copay inpatient; $5 copay outpatient; limited to 20 visits per year | $15 copay |
| Maternity | $5 copay | $15 copay for 1st visit; no charge thereafter |
| **Prescription Drug Benefits** | | |
| Prescription Drugs | $10 copay for up to 60-day supply | $15 generic/$30 brand copay for up to 30-day supply at Kaiser; $25 generic/$40 brand copay for up to 30-day supply at Rite Aid or Walgreens |
| **Mental Health Benefits** | | |
| Inpatient | $250 per admission | $250 copay |
| Outpatient | $5 copay | $15 copay |
| **Substance Abuse Benefits** | | |
| Inpatient | $250 per admission | $250 copay per admission (detox only) |
| Outpatient | $5 copay | $15 copay |
| Residential Day | $250/admission | Not covered |
| **Vision/Hearing Care Benefits** | | |
| Eye Exams | $5 copay | $15 copay |
| Lenses<br>Frames | $150 credit toward lenses, contact lenses or frames combined every 2 years | $100 credit toward lenses, contact lenses or frames combined every 2 years |
| Hearing Exam | $5 copay | $15 copay (if exam copay applies) |
| Hearing Aids | Not covered | Not covered |

U & C = Usual and customary: The maximum amount the plan will pay for a service based on what providers in that geographic area charge for similar services or supplies.

ATTACHMENT I

| Kaiser – Hawaii | Kaiser – Oregon |
|---|---|
| None | None |
| Individual – $2,500<br>Family (3 or more) – $7,500 | Individual – $600<br>Family – $1,200 |
| Unlimited | None |
| | |
| $50/day | No charge |
| No charge | Inpatient – no charge<br>Outpatient – $5 copay |
| No charge | No charge |
| Authorization required by a<br>Kaiser Permanente Medical Group physician | Authorization required by a Kaiser Permanente physician |
| | |
| No charge; 100 days per year | No charge; 100 days per year |
| Not covered | Not covered |
| No charge if authorized | No charge if authorized; limited to 130 days |
| No charge if authorized | No charge |
| | |
| $50/visit within service area; 20% copay outside of service area | $75 copay (waived if admitted) |
| $50/visit within service area; 20% copay outside of service area | $75 copay (waived if admitted) |
| No charge | $75 copay |
| | |
| $15 copay | $5 copay |
| No charge | No charge |
| | |
| No charge | No charge |
| No charge | No charge |
| No charge | No charge for routine |
| $15 copay | $5 copay |
| $15 copay | $5 copay; up to 20 visits per therapy, per calendar year |
| $15 copay | $5 copay; up to 20 visits per therapy, per calendar year |
| No charge (after confirmation of pregnancy) | Hospitalization – no charge; doctor's office visit – no charge |
| | |
| $10 copay for up to 30-day supply | $5 copay for up to 30-day supply |
| | |
| $50/day* | No charge |
| $15 copay* | $5 copay |
| | |
| $50/day | No charge |
| $15 copay | $5 copay |
| 20% of applicable charges up to 60 days per calendar year | No charge |
| | |
| $15 copay | $5 copay |
| Not covered | Not covered |
| Not covered | Not covered |
| $15 copay | $5 copay |
| $500 allowance | Covered for children only |

*When prescribed by a physician, services for serious mental illness will be provided in accordance with state law.

# RETIREE WITH MEDICARE MA-PD HMOs

ATTACHMENT I

| | Kaiser – Colorado | Kaiser – Georgia |
|---|---|---|
| **Calendar Year Deductible/Copayment** | None | None |
| **Annual Maximum Out-of-Pocket Expenses (for most services)** | Individual – $2,500 | Individual – $2,000 |
| **Lifetime Maximum Benefits** | None | None |
| **Hospital Benefits** | | |
| Room and Board | $250 copay per admission | $250 copay per admission |
| Surgical Services | Inpatient – no charge; outpatient – $50 copay | Inpatient – no charge; outpatient – $100 copay |
| Hospital Services and Supplies | Durable medical equipment covered at 80% | No charge |
| **Hospital Admission Authorization Requirements** | No authorization needed when referred by a Kaiser Permanente physician | Authorization required for hospital admissions |
| **Nursing Benefits** | | |
| Skilled Nursing Facility Care | No charge; 100 days per period | $250 copay per admission; 100 days per period |
| Private Duty Nurses | No charge in service area | No charge if authorized |
| Home Health Care | No charge in service area | No charge if authorized |
| Hospice Care | No charge (only home-based hospice care) | No charge |
| **Emergency Benefits** | | |
| Inpatient | $50 copay (waived if admitted) | $50 copay (waived if admitted) |
| Outpatient | $50 copay | $50 copay (waived if admitted) |
| Ambulance | 20% copay; max. of $500 per trip | $100 copay |
| **Outpatient Benefits** | | |
| Doctor's Office Visits | $5 copay ($15 copay for specialist visit)* | $15 copay |
| Preadmission Diagnostic X-ray and Lab Tests | Included in office visit copay | Copay varies |
| Routine Checkups | | |
| – Adults | No charge | No charge |
| – Children Under 17 | No charge | No charge |
| Immunizations | $5 copay; no charge if preventive | $15 copay; no charge if preventive |
| Outpatient Surgical Services | $50 copay | $100 copay |
| Physical Therapy | $250 copay inpatient; $5 copay outpatient | $15 copay outpatient |
| Speech Therapy | $250 copay inpatient; $5 copay outpatient | $15 copay outpatient |
| Maternity | No charge | No charge |
| **Prescription Drug Benefits** | | |
| Prescription Drugs | $10 copay for up to 60-day supply | $15 generic/$30 brand copay for up to 30-day supply at Kaiser; $25 generic/$40 brand copay for 30-day supply at Rite Aid or Walgreens |
| **Mental Health Benefits** | | |
| Inpatient | $250 per admission | $250 per admission |
| Outpatient | $5 copay | $15 copay |
| **Substance Abuse Benefits** | | |
| Inpatient | $250 per admission | $250 per admission; detox and rehab |
| Outpatient | $5 copay | $15 copay |
| **Vision/Hearing Care Benefits** | | |
| Eye Exams | $5 copay | $15 copay |
| Lenses<br>Frames | $150 credit toward lenses, contact lenses or frames combined every 2 years | $100 credit toward lenses and/or frames combined every 2 years |
| Hearing Exam | $5 copay | $15 copay |
| Hearing Aids | Not covered | Not covered |

U & C = Usual and customary: The maximum amount the plan will pay for a service based on what providers in that geographic area charge for similar services or supplies.

*All office-administered prescription drugs covered by Medicare Part B (except preventive immunizations and diagnostic drugs) will be subject to 20% coinsurance. This coinsurance will apply to the annual maximum out-of-pocket expenses.

| Kaiser – Hawaii | Kaiser – Oregon |
|---|---|
| None | None |
| Individual – $2,500<br>Family – $7,500 | Individual – $600 |
| Unlimited | None |
| | |
| $50/day | No charge |
| No charge | No charge |
| No charge | No charge |
| Authorization required by a Kaiser Permanente Medical Group physician | Authorization required by a Kaiser Permanente physician |
| | |
| No charge; 100 days per year | No charge; 100 days for Medicare benefits period |
| Not covered | Not covered |
| No charge if authorized | No charge |
| No charge if authorized | No charge |
| | |
| $50 per visit | $50 copay (waived if admitted) |
| $50 per visit | $50 copay (waived if admitted) |
| No charge | $50 copay |
| | |
| $15 copay | $5 copay |
| No charge | No charge |
| | |
| No charge | No charge |
| No charge | Not covered |
| No charge | No charge |
| $15 copay | $5 copay |
| $15 copay | $5 copay; no limit on number of visits or treatment period. Significant improvement required within a reasonable and generally predictable period |
| $15 copay | $5 copay; no limit on number of visits or treatment period. Significant improvement required within a reasonable and generally predictable period |
| No charge (after confirmation of pregnancy) | No charge |
| | |
| $10 copay for up to 30-day supply | $5 copay for a 30-day supply |
| | |
| $50/day** | No charge |
| $15 copay** | $5 copay |
| | |
| $50/day | No charge |
| $15 copay | $5 copay |
| | |
| $15 copay | $5 copay |
| Not covered | $150 credit toward the purchase of lenses, frames, and/or contact lenses every 24 months |
| Not covered | |
| $15 copay | $5 copay |
| $500 allowance to purchase hearing aids; provided every 3 years | Not covered |

**When prescribed by a physician, services for serious mental illness will be provided in accordance with state law.

LACERA

ATTACHMENT I

# COMPARISON OF MEDICAL PLANS

2014

## For those enrolled in Medicare Parts A and B

Effective July 1, 2014

## Medicare Supplement Plan

- Anthem Blue Cross III

## Medicare Advantage Prescription Drug (MA-PD) HMOs

- Kaiser Permanente Senior Advantage
- UnitedHealthcare Group Medicare Advantage HMO
- SCAN Health Plan

**This chart represents a summary of benefits only. Additional benefit information is provided by each insurance carrier. This chart does not replace or modify the official documents that legally govern each plan's operation.**

**The benefits offered by all LACERA-administered health plans change when an enrolled member permanently moves outside the provider network area. Moving to a location outside the coverage area can impact your plan's rates and coverage levels.**

# Comparison of Medical Plans

ATTACHMENT I

## (For Medicare-Eligible Members Enrolled in Medicare Parts A and B)

| | Medicare Supplement | Medicare Advantage Prescription Drug (MA-PD) HMOs | | |
|---|---|---|---|---|
| | **Anthem Blue Cross III** | **Kaiser Permanente Senior Advantage** | **SCAN**[1] | **UnitedHealthcare Group Medicare Advantage HMO** |
| **Outpatient Benefits** | | | | |
| **Doctor's Office Visit** | 20% of Medicare-approved charges | $5 copay | $5 copay | $5 copay |
| **Preadmission X-ray and Lab Tests** | 20% of Medicare-approved charges | No charge | No charge | No charge with an office visit copay |
| **Routine Checkups** | Not covered | No charge | $5 copay | No charge |
| **Immunizations** | Not covered | No charge | No charge | No charge with an office visit copay |
| **Outpatient Surgical Services** | 20% of Medicare-approved charges | $5 copay per procedure | No charge | No charge |
| **Physical Therapy** | 20% of Medicare-approved charges | $5 copay | $5 copay | No charge with an office visit copay |
| **Speech Therapy** | 20% of Medicare-approved charges | $5 copay | $5 copay | No charge with an office visit copay |
| **Maternity** | Covered the same as an illness for services covered by Medicare | $5 copay | Covered as any illness | $5 copay |
| **Chiropractic Care** | 20% of Medicare-approved charges | $5 copay for Medicare-covered services[3] | $5 copay for Medicare-covered services[3] | $5 copay for Medicare-covered services[3] |
| **Transportation** | Not covered | Not covered | No charge for unlimited number of rides to medical or dental appointments | Not covered |
| **Prescription Drug Benefits** | | | | |
| **Prescription Drugs** | **Retail:** 80% in-network, 60% out-of-network<br>**Mail order:** $10 generic/ $30 brand/$50 non-preferred brand/$150 specialty copay for mail order for 90-day supply[4] | $7 copay for up to 100-day supply; covers dental prescriptions | **Retail:** $7 generic/$15 brand<br>**Mail order:** $7 generic/ $15 brand for 90-day supply | $7 copay for 31-day supply (or for 90-day mail order supply for maintenance medications only) |
| **Mental Health and Substance Abuse Benefits** | | | | |
| **Inpatient** | Plan pays all Medicare inpatient deductibles for approved Medicare days; 190-day lifetime maximum | No charge; for unlimited number of days | No charge; 190-day lifetime maximum in Medicare facility[2] | No charge; 190-day lifetime maximum if admitted to Medicare-approved psychiatric hospital |
| **Outpatient** | 20% of Medicare-approved charges; up to 50 professional visits per year | $5 copay for each visit per calendar year for an unlimited number of visits | $5 copay for each visit per calendar year. No charge for severe mental illness | $5 copay; unlimited visits |
| **Substance Abuse** | 20% of Medicare-approved charges | Inpatient: No charge as per plan limitations;<br>Outpatient: $5 per individual visit; $2 per group visit | $5 copay; unlimited visits | Same as Mental Health Inpatient and Outpatient |
| **Vision Benefits** | | | | |
| **Eye Exams** | Not covered | $5 copay | $5 copay for Medicare-covered, medically-necessary eye exam | $5 copay |
| **Lenses** | Not covered unless 1st lens after eye surgery | Eyewear (frames/lenses/ contacts) purchased from plan optical sales every 24 months; $150 allowance | Not covered | Not covered |
| **Frames** | Not covered unless after eye surgery | | Not covered | Not covered |
| **Hearing Care Benefits** | | | | |
| **Hearing Exams** | One per calendar year; 80% | $5 copay | $5 copay | $5 copay[6] |
| **Hearing Aids** | 50% up to $300 lifetime maximum | Not covered | $300 allowance per aid, every 24 months ($600 total) | Not covered |

# Comparison of Medical Plans

ATTACHMENT I

# (For Medicare-Eligible Members Enrolled in Medicare Parts A and B)

| | Medicare Supplement | Medicare Advantage Prescription Drug (MA-PD) HMOs | | |
|---|---|---|---|---|
| | **Anthem Blue Cross III** | **Kaiser Permanente Senior Advantage** | **SCAN[1]** | **UnitedHealthcare Group Medicare Advantage HMO** |
| **Calendar Year Deductibles** | None | None | None | None |
| **Annual Maximum Out-Of-Pocket Expenses** (for most services) | None | Maximum copayments of $1,500 – individual $3,000 – family | $3,400 | $6,700 |
| **Lifetime Maximum Benefits** | Unlimited | Unlimited | Unlimited | Unlimited |
| **Hospital Benefits** | | | | |
| **Room and Board** | Plan pays all Medicare inpatient deductibles for approved Medicare days | No charge | No charge | No charge |
| **Surgical Services** | Plan pays all Medicare inpatient deductibles for approved Medicare days | No charge | No charge | No charge |
| **Hospital Services and Supplies** | Plan pays all Medicare inpatient deductibles for approved Medicare days | No charge | No charge | No charge |
| **Nursing Benefits** | | | | |
| **Skilled Nursing Facility Care** | Plan pays Medicare daily deductible for days 21–100; no coverage beyond 100 days | No charge; 100 days per benefit period in a Medicare-certified facility | No charge; 100 days per benefit period in a Medicare-certified facility | No charge; 100 days per benefit period in a Medicare-certified facility |
| **Private Duty Nurses** | Not covered | No charge if authorized by a Kaiser physician | No charge when medically necessary only, per Medicare guidelines | No charge when medically necessary only, per Medicare guidelines |
| **Home Healthcare** | 100% of all remaining costs not covered by Medicare | No charge for Medicare-covered Home Health and no charge for part-time intermittent care if authorized by a Kaiser physician | No charge for Medicare-covered Home Health. See ([1]) below for expanded coverage info | No charge when medically necessary only, per Medicare guidelines |
| **Hospice Care** | 100% of all remaining costs not covered by Medicare | No charge if authorized by a Kaiser physician | No charge | No charge, provided care is in accordance with Medicare guidelines |
| **Emergency Benefits** | | | | |
| **Inpatient** | Plan pays all Medicare inpatient deductibles for approved Medicare days | $5 copay; waived if admitted | No charge | No charge |
| **Outpatient** | 20% of Medicare-approved charges | $5 copay; waived if admitted | $25 copay; waived if admitted | $50 copay; waived if admitted |
| **Ambulance** | 20% of Medicare-approved charges | No charge for emergency | No charge | No charge (if medically necessary) |

[1] SCAN includes expanded coverage for Independent Living Power™ services. Qualifying members are eligible for up to $500 per month of these additional services.
- — No charge for personal care coordination via phone
- — $15 copay per month for emergency response system
- — $15 copay per visit for alternative caregiver visit to a member's home when his or her regular caregiver is not available
- — $15 copay per visit for adult day care to provide relief for regular caregiver
- — No copay for up to five days in a facility when regular caregiver is unavailable
- — $15 copay per visit for transportation escort to medical, dental, optometric or other necessary appointments
- — $15 copay per visit for personal care such as assistance with bathing, dressing, eating, getting in and out of bed, moving about/walking and grooming
- — $15 copay per visit for homemaker services such as light cleaning, grocery shopping, laundry and meal preparation
- — No copay for home-delivered meals
- — No copay for inpatient custodial care up to 5 days in a facility. Medicare will not pay for a stay in a facility if the services received are primarily for those purposes.
- — Healthways SilverSneakers® Fitness Program available at no extra cost.

[2] Note: Visit or day limits do not apply to certain mental healthcare described in the evidence of coverage.

[3] Manual manipulation of the spine to correct subluxation that can be demonstrated by X-ray, when the manipulation is prescribed by plan physician and performed by plan provider.

[4] Copayment for specialty drugs will be prorated if you receive less than a 90-day supply

[5] UnitedHealthcare Group Medicare Advantage HMO includes coverage for Solutions for Caregiver's services — No charge for advice, information and referrals. See the Caregiver flyer included in the materials received after enrollment in the plan for additional services.

[6] UnitedHealthcare Group Medicare Advantage HMO Audiology screenings are offered through contracted audiologists in the Epic network. The Epic network includes all locations in the Newport Audiology network.

## Appendix F: Firefighters Local 1014 Medical Plan

The description of the Firefighters Local 1014 Medical Plan is from selected pages of the following website:

http://www.local1014medical.org/docs/2012spd_v5%20%283%29.pdf

## Benefits-at-a-Glance

(For Details, Please Turn to **What the Plan Covers** and **What the Plan Does Not Cover**)

| | | |
|---|---|---|
| **Annual Deductible** | First $200 of allowable expenses per person; $600 Maximum per family | |
| | **In-Network** | **Out-of-Network** |
| **Annual Out-of-Pocket Limit (Amounts for In-Network and Out-of-Network are combined for the Annual Out-of-Pocket Limit)** | 10% of allowable expenses after satisfaction of the deductible, maximum $1,000 per person or family per year (after you pay the deductible) | 30% of allowable expenses after satisfaction of the deductible, maximum $1,500 per person or family per year[1] (after you pay the deductible) |
| **Preventive Care** | **In-Network** | **Out-of-Network** |
| **Well- baby care** | 100%, no deductible, for the baby's first 2 years | 100%, no deductible, for the baby's first 2 years[1] |
| **Immunizations** | 100%, no deductible, paid through the wellness benefit for ages 2 and over. | 100%, no deductible, paid through the wellness benefit for ages 2 and over.[1] |
| **Wellness Benefit** | 100%, no deductible; annual preventive exam and screenings, including "fit for life" exam, and immunizations. | 100%, no deductible; annual preventive exam and screenings, including "fit for life" exam, and immunizations.[1] |
| **Cancer Screenings** | 100%, no deductible for PAP, mammogram, PSA and colonoscopy covered according to American Cancer Society guidelines | 100%, no deductible for PAP, mammogram, PSA and colonoscopy covered according to American Cancer Society guidelines[1] |
| **Medically Necessary Care** | **In-Network** | **Out-of-Network** |
| **Ambulance** | 90% after deductible, up to annual out-of-pocket limit, 100% thereafter[1] | |
| **Doctor's office visits** | 90% after deductible, up to annual out-of-pocket limit, 100% thereafter | 70% after deductible, up to annual out-of-pocket limit, 100% thereafter[1] |
| **Emergency room** | 90% after deductible, up to annual out-of-pocket limit, 100% thereafter; $50 additional copay per visit (waived if referred by a physician or admitted as an inpatient) | 70% after deductible, up to annual out-of-pocket limit, 100% thereafter; $50 additional copay per visit (waived if referred by a physician or admitted as an inpatient)[1] |
| **Hospital care** *(Providers must request Pre-authorization from Anthem Blue Cross)* | 90% after deductible, up to annual out-of-pocket limit, 100% thereafter | 70% after deductible, up to annual out-of-pocket limit, 100% thereafter[1] |
| **Maternity** *(No preauthorization required for uncomplicated obstetrical care)* | 90% after deductible, up to annual out-of-pocket limit, 100% thereafter | 70% after deductible, up to annual out-of-pocket limit, 100% thereafter[1] |
| **Surgery** *(Providers must request Preauthorization from Anthem Blue Cross for all inpatient surgery and any outpatient procedure that might be considered experimental, investigational or cosmetic. Organ and tissue transplants and any weight loss surgery is covered under Anthem Blue Cross Center of Expertise (COE) only.)* | 90% after deductible, up to annual out-of-pocket limit, 100% thereafter | 70% after deductible, up to annual out-of-pocket limit, 100% thereafter[1] |

## Benefits-at-a-Glance

(For Details, Please Turn to **What the Plan Covers** and **What the Plan Does Not Cover**)

| Medically Necessary Care | In-Network | Out-of-Network |
|---|---|---|
| **X-Rays and lab tests** | 90% after deductible, up to annual out-of-pocket limit, 100% thereafter; (excludes periodic health exams) | 70% after deductible, up to annual out-of-pocket limit, 100% thereafter; (excludes periodic health exams)[1] |
| **Prescription Drugs (outpatient)[2]** | **Short-Term (30-Day Supply) From a Retail Pharmacy or Mail order** | |
| | **In-Network** | **Out-of-Network[1]** |
| **Generic**<br><br>**Brand name**<br>(when generic is unavailable)<br><br>**Brand name**<br>(when generic is available) | $10 copay<br><br>$20 copay<br><br>$30 copay PLUS the cost difference between the brand name drug and the generic drug | You pay the entire cost of your prescription up front and submit a claim for reimbursement. You may be reimbursed for 100% of the cost minus the copay. Out-of-network copays are the same as the in-network copays.[1] |
| | **Maintenance (Up to a 90-Day Supply)** | |
| | **From a Retail Pharmacy** | **From Medco Home Delivery** |
| **Generic** | $25 copay | |
| **Brand name**<br>(when generic is unavailable) | $50 copay | |
| **Brand name**<br>(when generic is available) | $75 copay PLUS the cost difference between the brand name drug and the generic drug. | |
| **VSP Vision Care** | **In-Network** | **Out-of-Network** |
| **Copayment** | $25 when services are rendered | |
| **Exams** | Once every 12 months | Up to $45 once every 12 months |
| **Prescription lenses** | Covered once every 12 months. Includes lined bifocal, trifocal,or progressive lenses; polycarbonate lenses, anti-reflective coating and tints, including photochromic. | Covered once every 12 months. Up to $45 single vision lenses, $65 lined bifocal, $85 lined trifocal lenses, or $85 progressive lenses. $5 for tints. |
| **Frames** | Covered once every 12 months, up to $175, plus 20% off additional costs. | Up to $47 once every 12 months |
| **Contacts** | When you choose contacts instead of glasses, a $200 allowance applies once every 12 months to the cost of contacts. In addition there is a separate benefit to cover the contact lens fitting and evaluation exam. | Up to $105 once every 12 months |

## Benefits-at-a-Glance

(For Details, Please Turn to **What the Plan Covers** and **What the Plan Does Not Cover**)

| Mental Health/Substance Abuse Care | In-Network | Out-of-Network |
|---|---|---|
| **Outpatient care** | 90% after deductible, up to annual out-of-pocket limit, 100% thereafter. | 70% after deductible, up to annual out-of-pocket maximum, 100% thereafter.[1] |
| **Inpatient care** *(Both in-network and out-of-network requires preauthorization from Anthem Blue Cross)* | 90% after deductible, up to annual out-of-pocket limit, 100% thereafter. | 70% after deductible, up to annual out-of-pocket limit, 100% thereafter.[1] |
| **Additional Benefits** | **In-Network** | **Out-of-Network** |
| **Acupuncture** | 90% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits combined total of chiropractic and acupuncture visits per calendar year. | 70% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits combined total of chiropractic and acupuncture visits per calendar year.[1] |
| **Chiropractic care** | 90% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits combined total of chiropractic and acupuncture visits per calendar year. | 70% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits combined total of chiropractic and acupuncture visits per calendar year.[1] |
| **Physical therapy** | 90% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits per calendar year. | 70% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits per calendar year.[1] |
| **Occupational therapy** | 90% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 6 visits per calendar year. | 70% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 6 visits per calendar year.[1] |
| **Home health care** *(Requires preauthorization by Local 1014's Patient Care Coordinator)* | 90% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 100 visits per calendar year[1] | |
| **Hospice care** *(Requires preauthorization by Local 1014's Patient Care Coordinator)* **(per diem rates)** | 90% after deductible, up to annual out of pocket limit; 100% thereafter. Hospice care limited to 180 days and a $20,000 lifetime maximum[1] | |
| **Skilled Nursing Facility** *(Providers must request Preauthorization from Anthem Blue Cross)* | 90% after deductible, up to annual out-of-pocket limit; 100% thereafter; 70 day limit per occurrence | |
| **Transitional Nursing Benefit** *(Requires preauthorization by Local 1014's Patient Care Coordinator)* | 90% after deductible, up to annual out-of-pocket limit; 100% thereafter; 400 hour lifetime limit. | 70% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum $100 per hour and 400 hour lifetime limit.[1] |

## Benefits-at-a-Glance

(For Details, Please Turn to **What the Plan Covers** and **What the Plan Does Not Cover**)

| **Dental Benefits** | |
|---|---|
| **Adult and Child Orthodontia** | 100% no deductible, limited to $2,000 lifetime per individual. |
| **Excess Dental Coverage** | 100% no deductible, limited to $1,000 per individual per year for allowable dental expenses after the annual maximum benefit of the underlying indemnity or PPO dental coverage is exceeded. HMO dental plans have no stated annual maximum. |
| **Dental Accident Coverage** | 100% no deductible, limited to $10,000 as the result of any one accident for allowable dental expenses within 180 days of the accident. |

[1] *Allowable expenses for Out-of-Network services are limited to Reasonable and Customary charges, which are defined as the fees and charges customarily accepted as payment for medically necessary health care services and supplies in a specific geographical area.*

[2] *The Plan covers prescription drugs only for the treatment of a condition as approved by the Food and Drug Administration. Many infused and injectable drugs as well as some oral medications require preauthorization by Local 1014's Patient Care Coordinator. Your pharmacist will know which drugs need preauthorization.*

[3] ***See glossary for definition***

## Appendix G: Dental and Vision Plan Description

The dental and vision plan description is from the following area of the LACERA website:

http://www.lacera.com/healthcare/pdf/healthcare_rates/dental_vision_charts.pdf

LACERA

ATTACHMENT I

**Effective July 1, 2014**

## DENTAL PLAN

| | Cigna Indemnity Dental | Cigna Dental HMO |
|---|---|---|
| Individual annual deductible | $25 | None |
| Family annual deductible | $50 | None |
| Individual annual maximum benefit | $1,500 | Unlimited |
| Exams & cleanings | 20%* | $0** |
| Amalgam – 1 surface, permanent | 20%* | $0** |
| Amalgam – 2 surface, permanent | 20%* | $0** |
| Amalgam – 3 surface, permanent | 20%* | $0** |
| Amalgam – 4 surface, permanent | 20%* | $0** |
| Resin or composite – anterior | 20%* | $0** |
| Anterior root canal – permanent | 20%* | $10** |
| Scaling/root planing – per quad | 20%* | $35** |
| Simple extraction | 20%* | $10** |
| Surgical extraction | 20%* | $15 – $50** |
| Crown – porcelain to high noble metal | 20%* | $220** |
| Crown – stainless steel | 20%* | $10** |
| Post – prefab or crown buildup | 20%* | $40/$55/$65** |
| Orthodontic therapy – child | Not covered | $2,240** |
| Orthodontic therapy – adult | Not covered | $2,840** |

* Member pays 20% of usual and customary charges (the maximum amount the plan will pay for a service, based on what providers in that geographic area charge for similar services or supplies). The plan pays 80% after deductible. Procedures with **high** noble gold are covered at 50%, after deductible.

** Member pays this amount, plus additional charges specified in the plan brochure. For post/crown buildup work, the copay amounts apply to different steps in the procedure.

## VISION PLAN

| Benefit | In-Network Benefits | Out-of-Network Benefits |
|---|---|---|
| Spectacle exam*** (Once every 12 months) | $20 copay; then covered in full. For contact lens fitting and professional services, member pays additional charges | $25 reimbursement maximum |
| Lenses (Once every 12 months) | | |
| ■ Single vision | $40 copay; then covered in full | $35 reimbursement maximum |
| ■ Bifocal | $40 copay; then covered in full | $45 reimbursement maximum |
| ■ Trifocal | $40 copay; then covered in full | $70 reimbursement maximum |
| ■ Lenticular | $40 copay; then covered in full | $130 reimbursement maximum |
| ■ Progressive | $40 copay; then up to $70 allowance | $70 reimbursement maximum |
| Frames (Once every 24 months) | $50 allowance | $35 reimbursement maximum |
| Contact lenses (lifetime maximum benefit) | | |
| ■ Hard lenses | $180 allowance | $150 reimbursement maximum |
| ■ Soft lenses | $230 allowance | $225 reimbursement maximum |

*** Spectacle exam includes routine exam, including dilation and refraction.

## Appendix H: Medicare Part B Reimbursement Plan Description

The Medicare Part B reimbursement plan description is from the following area of the LACERA website:

http://www.lacera.com/healthcare/Medicare/medicare_a_b.html

ATTACHMENT I



Los Angeles County Employees Retirement Association



# MEDICARE PARTS A & B ELIGIBILITY

## ELIGIBILITY REQUIREMENTS FOR MEDICARE PART A

(Hospital Insurance Coverage)
Medicare Part A is **free** to any person **age 65 or older** who is either:

- Eligible to receive a monthly Social Security benefit, or
- Eligible based on wages on which sufficient Medicare payroll taxes were paid.

You **automatically apply** for Medicare Part A when you apply for Social Security benefits. Your spouse may also qualify for Part A coverage at age 65, based on your eligibility for Social Security. To be eligible for Part A, you **do not** have to enroll in Part B. If you are not eligible for free Part A coverage, you may purchase this coverage.

Medicare Part A is **free** to any person **under age 65** who is **disabled** and has either:

- Received Social Security disability benefits for 24 months as a worker, surviving spouse, or adult child of a retired, disabled, or deceased worker; or
- Accumulated a sufficient number of Social Security credits to be insured for Medicare and meets the requirements of the Social Security disability program.

**Effective January 2015, the Medicare Part A premium amount decreased to $407.00 per month ($426.00 in 2014) for people who are not eligible for premium-free hospital insurance and have fewer than 40 quarters of Medicare-covered employment. Visit Medicare for more information.**

## ELIGIBILITY REQUIREMENTS FOR MEDICARE PART B

(Supplementary medical insurance coverage for physicians, labs, testing)

When you enroll in Medicare Part A, you are **automatically enrolled** in Medicare Part B unless you decline it. This rule applies to persons age 65 or older and also to those who are disabled under age 65.

If you pay a premium for Plan A, you must enroll in Part B if you also desire that coverage. The Part B coverage is ordinarily deducted from your Social Security benefit.

If you select a LACERA-administered Medicare plan, you **may be reimbursed** by LACERA for the Part B premium amount. This reimbursement program is subject to annual review by the Board of Supervisors.

If you or your spouse has fewer than 40 quarters of Medicare-covered employment, you must pay a monthly premium for Part A.

**On December 9, 2014, the Board of Supervisors approved the Medicare Part B Premium Reimbursement Program for 2015 for LACERA-administered Medicare Plan enrollees.**
**Read more about Part B.**

12/10/14

**STOP MEDICARE FRAUD**

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Member Service Center: (M-F 7 AM - 5 PM) • Appointment and Workshop Reservation System
Location: 300 N. Lake Ave. Pasadena, CA 91101 • Mailing Address: PO Box 7060 Pasadena, CA 91109-7060

**Los Angeles County Other Post Employment Benefits Program**

## Appendix I: Results for South Coast Air Quality Management District (SCAQMD)

We were asked by LACERA to provide subtotal results for the South Coast Air Quality Management District (SCAQMD). The plan provisions, assumptions, methods, and census are consistent with Appendix A through Appendix H. The census detail in Appendix C is subdivided for SCAQMD. The tables in this appendix are in the same sequence as the main report.

We utilized the SCAQMD percentage provided by LACERA which is determined based on County and SCAQMD years of service. We assume that the SCAQMD obligation is equal to this percentage multiplied by the employer portion of the obligation.

**Appendix I**
**(continued)**

## Los Angeles County Other Post Employment Benefits Program

### Table 1: July 1, 2014 Summary of SCAQMD Paid Liabilities and Cost

| SCAQMD | July 1, 2014 | July 1, 2012 | Percentage Change |
|---|---|---|---|
| A. Total Membership | | | |
| 1. Active Members | 1 | 1 | 0.0% |
| 2. Vested Terminated Members | - | - | |
| 3. Retirees and Survivors (Medical Coverage) | 60 | 63 | -4.8% |
| 4. Total | 61 | 64 | -4.7% |
| B. Total Payroll | $ 59,921 | $ 60,063 | -0.2% |
| C. Expected SCAQMD Paid First-Year Benefits | $ 267,685 | $ 248,393 | 7.8% |
| D. Present Value of Future Benefits (PVB) [1] | $ 4,681,086 | $ 4,450,747 | 5.2% |
| E. Actuarial Accrued Liability by Member Status [1] | | | |
| 1. Active Members | $ 341,896 | $ 346,560 | -1.3% |
| 2. Vested Terminated Members | - | - | |
| 3. Retired Members | 4,310,575 | 4,059,695 | 6.2% |
| 4. Total | $ 4,652,471 | $ 4,406,255 | 5.6% |
| F. Actuarial Accrued Liability by Benefit Type [1] | | | |
| 1. Retiree Medical | $ 3,717,799 | $ 3,572,782 | 4.1% |
| 2. Retiree Dental/Vision | 209,913 | 219,985 | -4.6% |
| 3. Medicare Part B | 622,394 | 529,408 | 17.6% |
| 4. Retiree Life Insurance | 102,365 | 84,080 | 21.7% |
| 5. Total | $ 4,652,471 | $ 4,406,255 | 5.6% |
| G. Assets | $ - | $ - | |
| H. Unfunded Actuarial Accrued Liability | $ 4,652,471 | $ 4,406,255 | 5.6% |
| I. Annual Required Contribution (ARC) [2] | $ 168,919 | $ 166,766 | 1.3% |
| J. ARC expressed as a percentage of payroll | | | |
| 1. Normal Cost | 13.94% | 15.71% | -11.3% |
| 2. UAAL Payment | 267.96% | 261.94% | 2.3% |
| 3. Total | 281.90% | 277.65% | 1.5% |

[1] Net of Retiree Paid Premiums. Decrease is a result of deaths, aging, and data changes.
[2] Normal cost and 30 year level percent of payroll amortization of the Unfunded Actuarial Accrued Liability (UAAL). Assumes an unfunded plan.

**Appendix I
(continued)**

## Los Angeles County Other Post Employment Benefits Program

### Table 2: July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75%
### Retiree Medical Benefits

| | | SCAQMD |
|---|---|---|
| 1. AAL - Total Medical Benefits | | |
| Retirees | $ | 8,194,749 |
| Vested Terminateds | | - |
| Actives | | 286,428 |
| Total | $ | 8,481,177 |
| | | |
| 2. AAL - County and Retiree Paid Medical Premiums | | |
| Retirees | $ | 4,763,378 |
| Vested Terminateds | | - |
| Actives | | - |
| Total | $ | 4,763,378 |
| | | |
| 3. AAL - SCAQMD Paid Medical Benefits (1) - (2) | | |
| Retirees | $ | 3,431,371 |
| Vested Terminateds | | - |
| Actives | | 286,428 |
| Total | $ | 3,717,799 |

## Los Angeles County Other Post Employment Benefits Program

### Table 2 (Cont): July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75%
### Retiree Dental and Vision Benefits

| | SCAQMD |
|---|---|
| 4. AAL - Total Dental & Vision Benefits | |
| Retirees | $ 480,203 |
| Vested Terminateds | - |
| Actives | 14,866 |
| Total | $ 495,069 |
| | |
| 5. AAL - County and Retiree Paid Dental & Vision Premiums | |
| Retirees | $ 285,156 |
| Vested Terminateds | - |
| Actives | - |
| Total | $ 285,156 |
| | |
| 6. AAL - SCAQMD Paid Dental & Vision Benefits (4) - (5) | |
| Retirees | $ 195,047 |
| Vested Terminateds | - |
| Actives | 14,866 |
| Total | $ 209,913 |

## Los Angeles County Other Post Employment Benefits Program

### Table 2 (Cont): July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75% Medicare Part B and Retiree Life Insurance

| | | SCAQMD |
|---|---|---|
| 7. AAL - SCAQMD Paid Medicare Part B Premiums | | |
| Retirees | $ | 583,433 |
| Vested Terminateds | | - |
| Actives | | 38,961 |
| Total | $ | 622,394 |
| | | |
| 8. AAL - SCAQMD Paid Retiree Death Benefit | | |
| Retirees | $ | 100,724 |
| Vested Terminateds | | - |
| Actives | | 1,641 |
| Total | $ | 102,365 |
| | | |
| 9. AAL - SCAQMD Paid Benefits (3) + (6) + (7) + (8) | | |
| Retirees | $ | 4,310,575 |
| Vested Terminateds | | - |
| Actives | | 341,896 |
| Total | $ | 4,652,471 |

## Los Angeles County Other Post Employment Benefits Program

### Table 3: July 1, 2014 Normal Cost at 3.75%

| | SCAQMD | |
|---|---|---|
| 1. Total Medical Benefits | $ | 6,987 |
| 2. County and Retiree Paid Medical Premiums | | - |
| 3. Net SCAQMD Paid Medical Benefits (1) - (2) | $ | 6,987 |
| 4. Total Dental/Vision Benefits | $ | 362 |
| 5. County and Retiree Paid Dental/Vision Premiums | | - |
| 6. Net SCAQMD Paid Dental/Vision Benefits (4) - (5) | $ | 362 |
| 7. SCAQMD Paid Medicare Part B Premiums | $ | 962 |
| 8. SCAQMD Paid Retiree Death Benefit | $ | 40 |
| 9. Total SCAQMD Normal Cost (3) + (6) + (7) + (8) | $ | 8,351 |
| 10. Valuation Payroll | $ | 59,921 |
| 11. SCAQMD Normal Cost as a Percentage of Payroll | | 13.94% |

**Appendix I**
**(continued)**

## Los Angeles County Other Post Employment Benefits Program

**Table 4: 2014-2015 Annual Required Contribution (ARC) at 3.75%**

| | | SCAQMD |
|---|---|---|
| 1. Unfunded Actuarial Accrued Liability (UAAL) | | |
| Present Value of Benefits (PVB) | $ | 4,681,086 |
| Present Value of Future Normal Cost (PVFNC) | | 28,615 |
| Actuarial Accrued Liability as of July 1, 2014 | $ | 4,652,471 |
| Fund Balance at July 1, 2010 [1] | | - |
| Unfunded Actuarial Accrued Liability | $ | 4,652,471 |
| 2. Amortization of UAAL (Level % of Pay) | | |
| Amortization Period (years) [2] | | 30 |
| Amortization Factor | | 28.975 |
| UAAL Amortization Payment | $ | 160,568 |
| 3. 2014 - 2015 Annual Required Contribution (ARC) on July 1, 2014 | | |
| Amortization of UAAL | $ | 160,568 |
| Normal Cost | | 8,351 |
| Annual Required Contribution (ARC) (As of July 1, 2014) | $ | 168,919 |
| 4. July 1, 2014 Valuation Payroll | $ | 59,921 |
| 5. Estimated ARC as a Percentage of Valuation Payroll | | 281.90% |

[1] This assumes an unfunded plan.

[2] As a cost sharing multiple employer OPEB plan, the ARC is calculated using the same methods and assumptions for all participating employer groups. Therefore, the amounts shown above represent a pro-rata allocation of the Program liabilities and costs attributable to SCAQMD member service and their demographic characteristics.

## Los Angeles County Other Post Employment Benefits Program

### Table 5: Projected SCAQMD Paid Benefits by Type

**SCAQMD**

| Fiscal Year Ending | Medical Total | Dental/Vision Total | Medicare Part B | Death Benefit | Medical County and Retiree Contribution | Dental/Vision County and Retiree Contribution | Total SCAQMD Paid Benefits |
|---|---|---|---|---|---|---|---|
| 6/30/2015 | $ 539,959 | $ 46,719 | $ 43,862 | $ 10,660 | $ (344,833) | $ (28,682) | $ 267,685 |
| 6/30/2016 | 580,740 | 45,247 | 43,256 | 10,375 | (365,845) | (27,590) | 286,183 |
| 6/30/2017 | 582,402 | 43,513 | 43,282 | 10,033 | (366,744) | (26,379) | 286,107 |
| 6/30/2018 | 596,841 | 41,777 | 41,954 | 9,537 | (371,428) | (25,168) | 293,513 |
| 6/30/2019 | 604,051 | 39,983 | 40,506 | 8,967 | (370,888) | (23,919) | 298,700 |
| 6/30/2020 | 603,375 | 38,127 | 38,955 | 8,363 | (364,978) | (22,637) | 301,205 |
| 6/30/2021 | 594,260 | 36,222 | 38,339 | 7,705 | (355,813) | (21,345) | 299,368 |
| 6/30/2022 | 585,440 | 34,281 | 37,172 | 7,069 | (344,602) | (20,051) | 299,309 |
| 6/30/2023 | 562,020 | 32,331 | 37,312 | 6,460 | (331,297) | (18,757) | 288,069 |
| 6/30/2024 | 534,614 | 30,413 | 38,019 | 5,875 | (316,650) | (17,495) | 274,776 |

Projection Basis:
All assumptions are met
No future members are reflected

## Los Angeles County Other Post Employment Benefits Program

### Table 6: Impact of Alternative Trend Rates on AAL and ARC

**SCAQMD**

| | Valuation Trend Rates | Valuation Trend Rates Plus 1% | Valuation Trend Rates Minus 1% |
|---|---|---|---|
| July 1, 2014 AAL | $ 4,652,471 | $ 5,168,801 | $ 4,213,873 |
| Percentage Increase/(Decrease) | | 11% | (9%) |
| 2014 – 2015 ARC | $ 168,919 | $ 188,401 | $ 152,461 |
| Percentage Increase/(Decrease) | | 12% | (10%) |

CalPERS

# OPEB ASSUMPTION MODEL

For Actuarial Valuations and Alternative Measurement Method Analyses
Based on Data Measured After August 15, 2012

In order to participate in the California Employers' Retiree Benefit Trust (CERBT) program, employers must provide periodic other post-employment benefit (OPEB) cost reports to the CalPERS Board of Administration.

The CalPERS Board requires that OPEB cost reports must be prepared using actuarial assumptions and methods that comply with Actuarial Standards of Practice and with Governmental Accounting Standards.

If an agency that participates in a defined benefit pension plan lacks reliable or specific information on which to base a choice of an assumption or method, the Board recommends that the agency rely on assumptions and methods used by its pension plan.

The assumptions and methods used by the CalPERS pension plan can be found on the CalPERS website in the OPEB Assumptions Model section of the CERBT program web pages.

Information and suggestions relevant to developing assumptions for an OPEB valuation (e.g., health care cost trend rate) unique to the CERBT program (e.g., expected return and volatility of CERBT investment strategies) as well as select pension plan assumptions are provided below.

# Information Relevant to the CalPERS CERBT Program

# as of 10/15/2014

| Method or Assumption | Comments |
|---|---|
| **Actuarial Cost Method** | In pension valuations, CalPERS staff uses Entry Age Normal Cost Method. |
| **Asset Valuation Method** | If additional plan assets exist outside of the CalPERS trust fund, then the actuary should devise a method of dividing the liabilities between those to be covered by the CalPERS trust and those covered by the outside assets. The actuary should report to CalPERS only the liabilities of the plan to be covered by the CalPERS trust assets. |
| **Amortization Period** | In pension valuations, CalPERS staff assumes payroll increases of 3.00% per annum when calculating the amortization of unfunded accrued liability. |
| **Health Cost Trend Assumptions** | CalPERS staff suggests the following Health Cost Trend Assumptions:<br>**Vision, Dental**, etc., other than medical benefits should use a flat trend rate between 2% and 5%.<br>**Medical benefits** should utilize a select and ultimate period, with the select period of no more than 10 years and the ultimate trend rate should be between 4% and 6%.<br>If there is the need for a separate pharmacy trend rate, CalPERS staff suggests that it be the same as the medical trend rate assumption or no more than 0.5% higher. |
| **Demographic Assumptions** | If the members are covered by a defined benefit pension plan, then CalPERS staff suggests the actuary use the same pre-retirement decrements, salary growth (due to Seniority, Merit and Promotion if OPEB benefits are based upon salary), percent married, etc. and post-retirement mortality as the assumptions used for the pension plan valuation. |

| Method or Assumption | Comments |
|---|---|
| **Economic Assumptions** | For employers whose contribution policy is to contribute less than the ARC, but more than pay-as-you-go, the long term expected rate of return should be a blended rate that interpolates as prescribed by GASB Statements 43 and 45.<br><br>The assumptions about expected real return, standard deviation, and correlation coefficient of each asset class were developed through a joint effort of the senior CalPERS investment and actuarial staff and outside consultants as part of the CalPERS Board Asset-Liability Workshop.<br><br>The expected long term investment return assumptions were developed for each of the three asset allocation strategies using a building block approach based as well as taking into account the expected inflation rate, short and long term real return expectations, and the expected cash flows of a hypothetical large plan.<br><br>CalPERS staff developed the following economic assumptions.<br><br>General Inflation: 2.75% compounded annually<br><br>Fees: Long term expected returns were reduced by 13 basis points (bps) which reflects CERBT fees in effect at the time this document was created. The proportion of administrative to investment fees is 70% administrative and 30% investment.<br><br>Long Term Expected Return:<br><br>Real return rate assumptions<br><br><u>Strategy 1</u><br><br>4.53% long term expected return – 60yr (net of fees)<br><br>11.74% std. dev. of expected returns<br><br><u>Strategy 2</u><br><br>3.98% long term expected return – 60yr (net of fees)<br><br>9.32% std. dev. of expected returns<br><br><u>Strategy 3</u><br><br>3.37% long term expected return – 60yr (net of fees)<br><br>7.14% std. dev. of expected returns |
| **Implicit Rate Subsidy** | Refer to ASOP No. 6 regarding valuing the Implicit Subsidy for health premiums for OPEB. Details regarding the age adjusted health premium rates for the CalPERS PEMHCA program can be found online on the CalPERS website in the CERBT OPEB assumptions model section. |

# Judicial Council of California

***Analysis of PARS expected investment returns***

| | PARS Portfolio | | | | | |
|---|---|---|---|---|---|---|
| **Asset Class** | **Conservative** | **Moderately Conservative** | **Moderate** | **Balanced** | **Capital Appreciation** | **CERBT Strategy 1** |
| Equity | 15% | 30% | 50% | 60% | 75% | 65% |
| Fixed Income | 80% | 65% | 45% | 35% | 20% | 27% |
| Cash | 5% | 5% | 5% | 5% | 5% | 8% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |
| | | | | | | |
| **PARS expected nominal return** | **4.95%** | **5.68%** | **6.48%** | **6.85%** | **7.39%** | **7.28%** |
| PARS inflation assumption | 2.10% | 2.10% | 2.10% | 2.10% | 2.10% | 2.75% |
| **PARS expected real return** | **2.85%** | **3.58%** | **4.38%** | **4.75%** | **5.29%** | **4.53%** |
| | | | | | | |
| **VIA expected nominal return** | **5.00%** | **5.50%** | **6.00%** | **6.50%** | **6.75%** | **6.50%** |
| VIA inflation assumption | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| **VIA expected real return** | **2.25%** | **2.75%** | **3.25%** | **3.75%** | **4.00%** | **3.75%** |
| | | | | | | |
| **Difference: PARS - VIA** | | | | | | |
| **Nominal return difference** | **-0.05%** | **0.18%** | **0.48%** | **0.35%** | **0.64%** | **0.78%** |
| **Real return difference** | **0.60%** | **0.83%** | **1.13%** | **1.00%** | **1.29%** | **0.78%** |

Note: VIA capital market assumptions and expected portfolio returns are based on an annual review of data from several capital market publications, including long-term historical market returns. Final results are based on an average of the published amounts for general asset classes applied to each portfolio's composition. Final results are rounded to the nearest 25 bps.