



TO SERVE THOSE WHO PROTECT

# 2021-22 Preliminary Budget

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RAYMOND CIRANNA  
General Manager





# 1

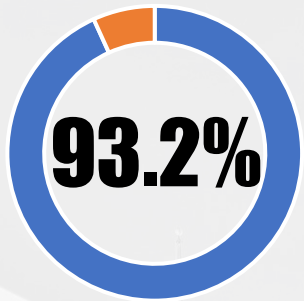
## ANNUAL REPORT JUNE 30, 2020 HIGHLIGHTS

# \$23.5 B

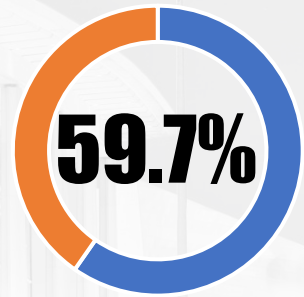
**FUND ASSETS**  
AS OF JUNE 30, 2020

# \$3.1 B

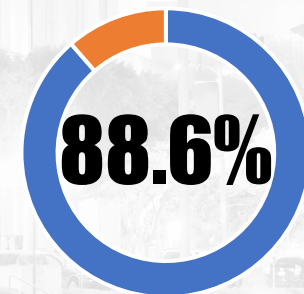
**UNFUNDED LIABILITY FOR  
PENSION & HEALTH BENEFITS**



**PENSION  
FUNDING**



**HEALTH  
FUNDING**



**COMBINED  
FUNDING**

**TOTAL MEMBERS<sup>1</sup>**

# 26,777

**RETIRED MEMBERS AND  
BENEFICIARIES<sup>2</sup>**

# 13,291

**ACTIVE MEMBERS**

# 13,486

**Average Monthly Pension Payments** 

**Service  
Pension**

# \$7,028

**Disability  
Pension**

# \$5,316

**Survivor  
Pension**

# \$4,801

**MONTHLY HEALTH SUBSIDIES** 

**MAXIMUM NON-  
MEDICARE SUBSIDY**

# \$1,820.29

**MAXIMUM  
MEDICARE SUBSIDY**

# \$550.57

<sup>1</sup> Does not include Vested Terminated members

<sup>2</sup> Includes Service Retirement, Disability, and Survivor Benefits

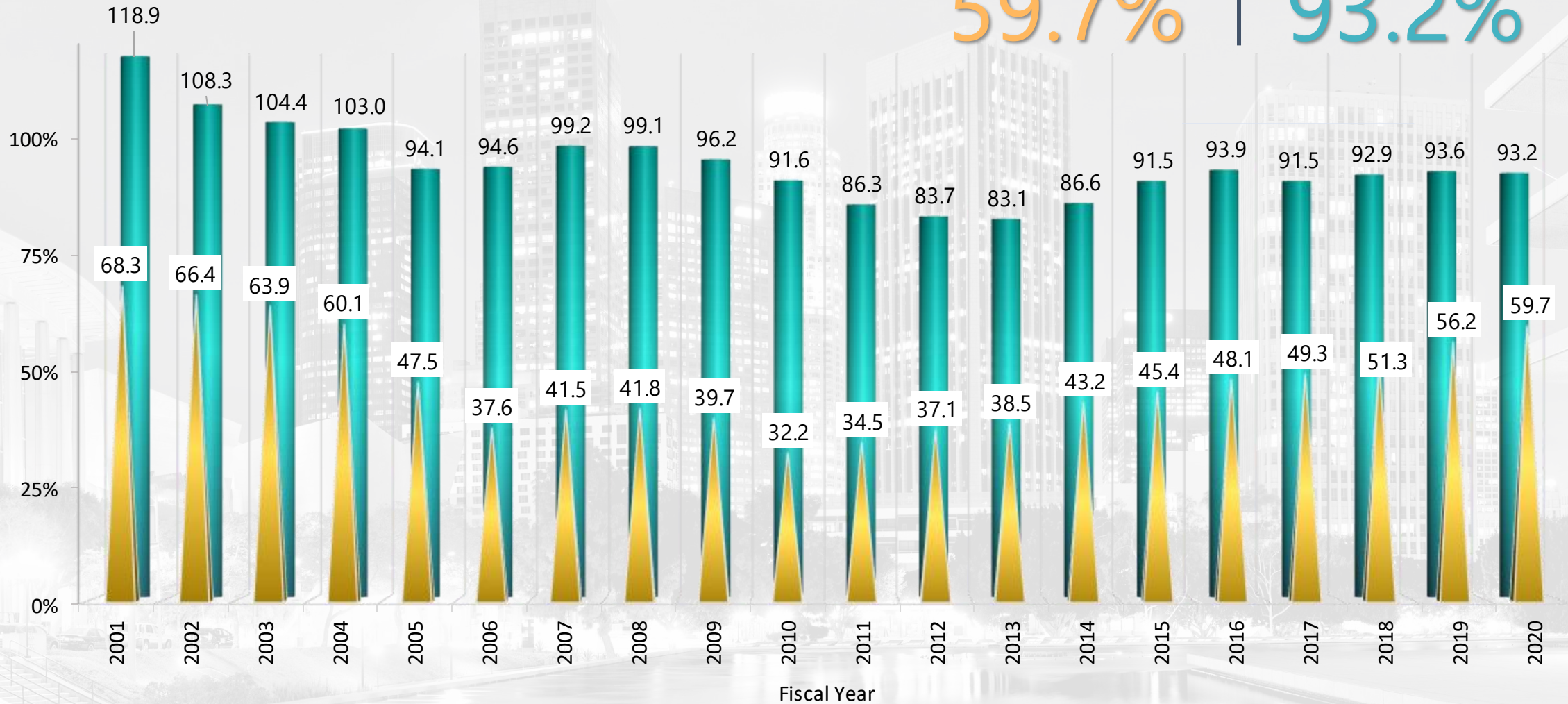
# 2

## FUNDING STATUS

JUNE 30, 2020

HEALTH  
59.7%

PENSION  
93.2%





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## LAFPP 2020-21 INITIATIVES

### Projects in Progress

- ❑ Enterprise-wide Cyber Security Program
- ❑ Electronic Payments for Disbursement of Funds
- ❑ Creation of Member Benefits Information Sessions
- ❑ Improvements to the Disability Claims Database
- ❑ Implementation of Asset Allocation Plan

### Multi-Year Projects

- ✓ Pensions Division Business Process Reengineering
- ✓ PARIS (Pension and Retirement Information System) Implementation
- ✓ Department-wide Cross Training Program
- ✓ Department-wide Business Process Improvements

# 4

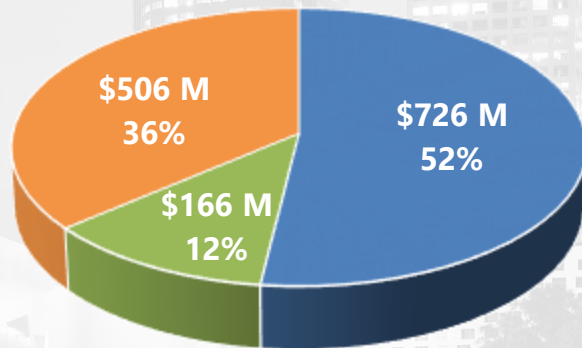
## RECEIPTS 2021-22 PRELIMINARY BUDGET AND 5-YEAR HISTORY

# \$1.40 B

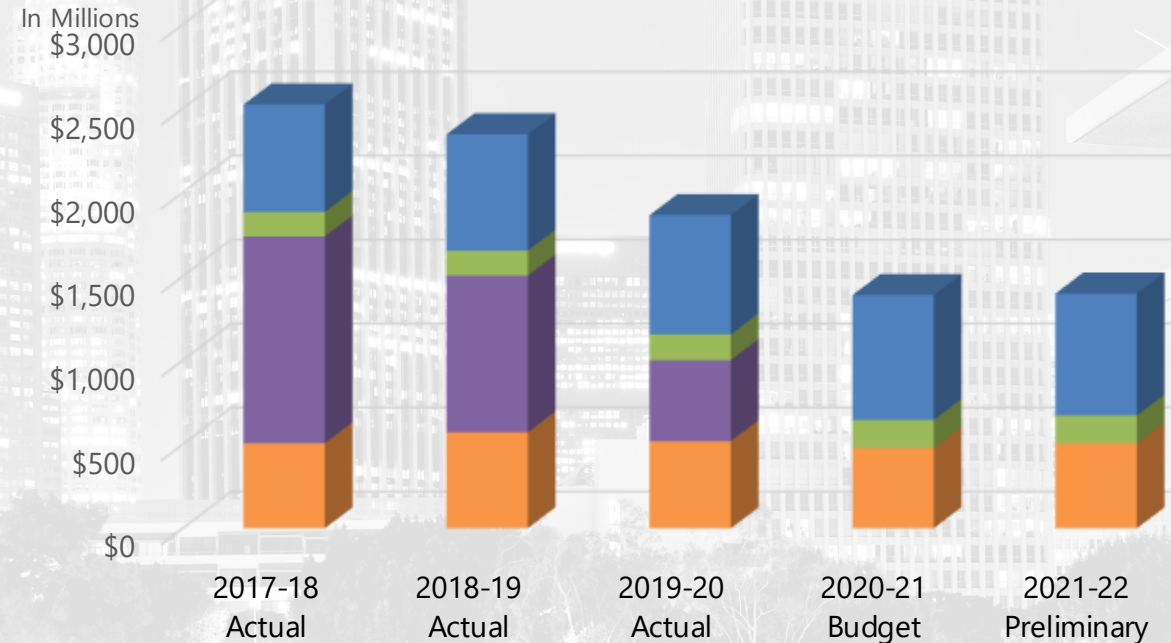
## TOTAL PRELIMINARY RECEIPTS

### 2021-22 Preliminary Receipts

- City (Employer) Contribution
- Member Contributions
- Investment Earnings\*\*



### Five-Year History of Receipts



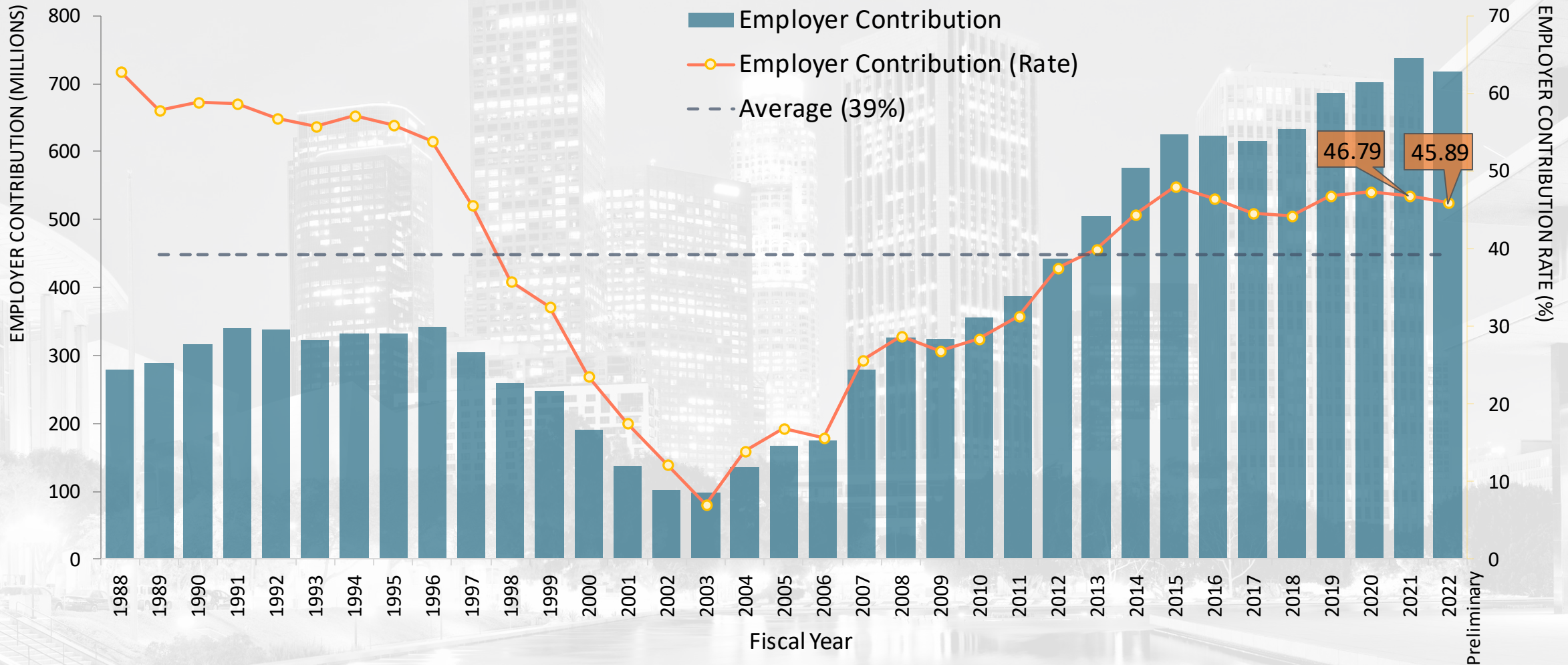
- City (Employer) Contribution
- Member Contributions
- Gain/Loss on Sale of Investments
- Earnings on Investments

Receipts also include Miscellaneous revenue, which is not shown here. Gain (Loss) on Sale of Investments is recorded in LAFPP financial statements after the amount is audited and therefore not included in budget amounts. Graphs exclude Excess Benefit Plan (EBP) amount. Total amounts and percentages may be rounded.



# 5

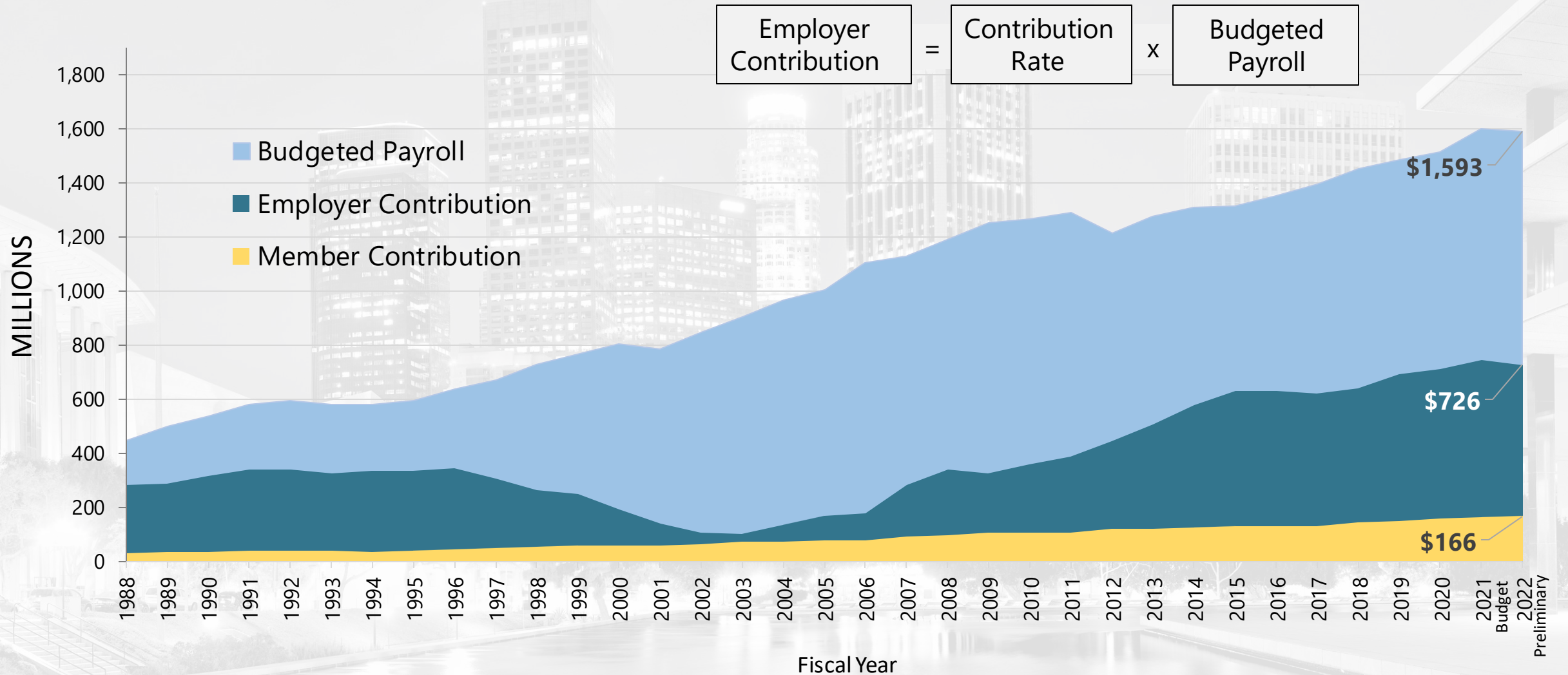
## GENERAL FUND EMPLOYER CONTRIBUTIONS\* 35-YEAR HISTORY



\* General Fund Employer Contribution excludes Excess Benefit Plan (EBP) amount.

# 6

## PAYROLL & CONTRIBUTIONS\* 35-YEAR HISTORY



\* Employer Contribution excludes Excess Benefit Plan (EBP) amount.



# 7

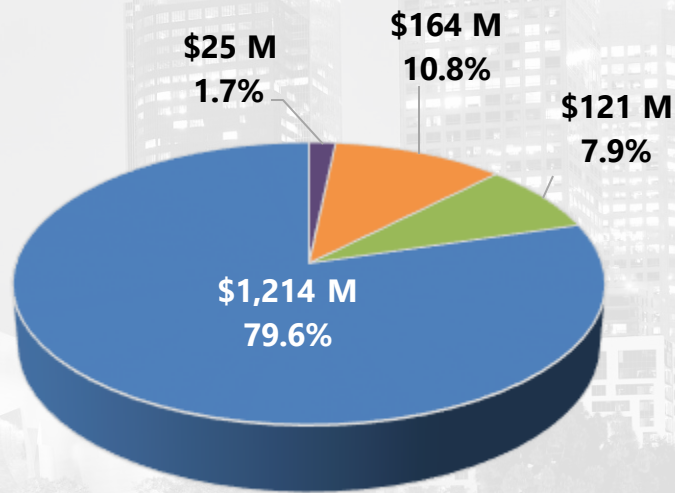
## EXPENDITURES 2021-22 PRELIMINARY BUDGET AND 5-YEAR HISTORY

# \$1.52 B

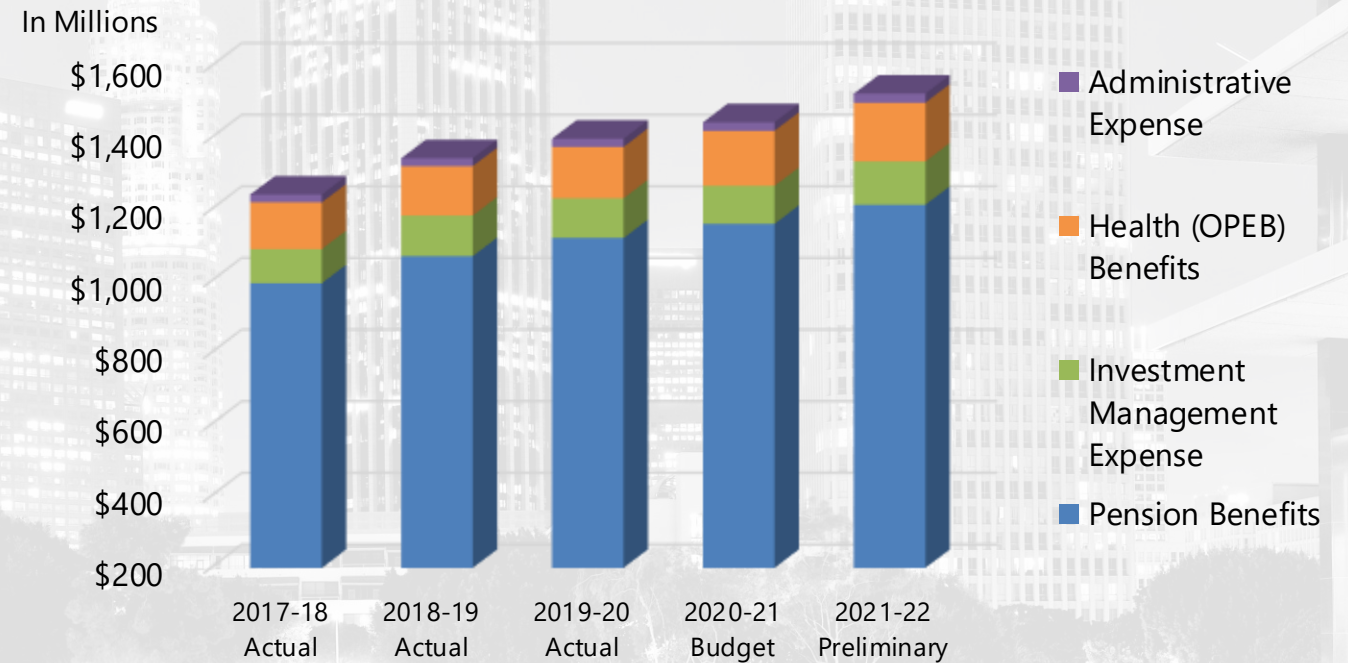
## TOTAL PRELIMINARY EXPENDITURES

### 2021-22 Preliminary Expenditures

- Administrative Expense
- Health (OPEB) Benefits
- Investment Management Expense
- Pension Benefits



### Five-Year History of Expenditures

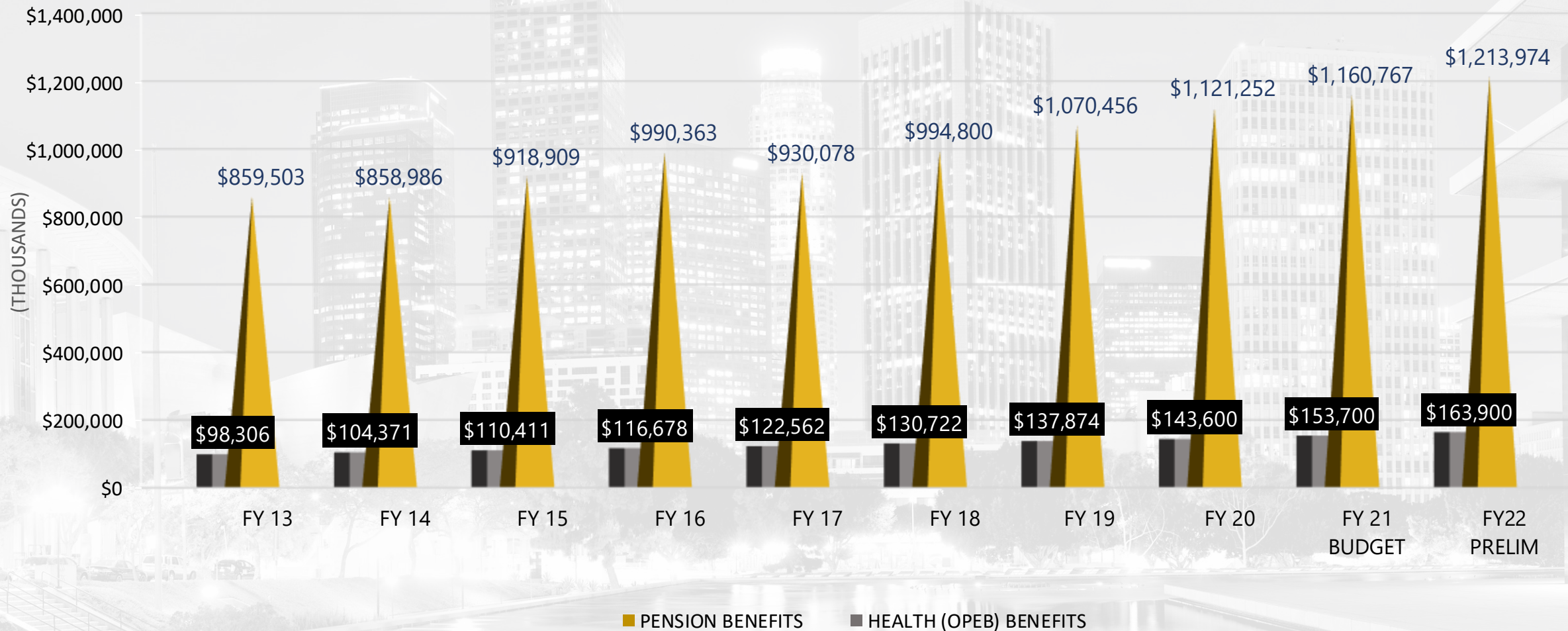


Pension and Health (OPEB) Benefits are non-discretionary expenses. Salaries and employee benefits as part of Administrative Expense are also non-discretionary expenses. Total amounts and percentages may be rounded.



## 8

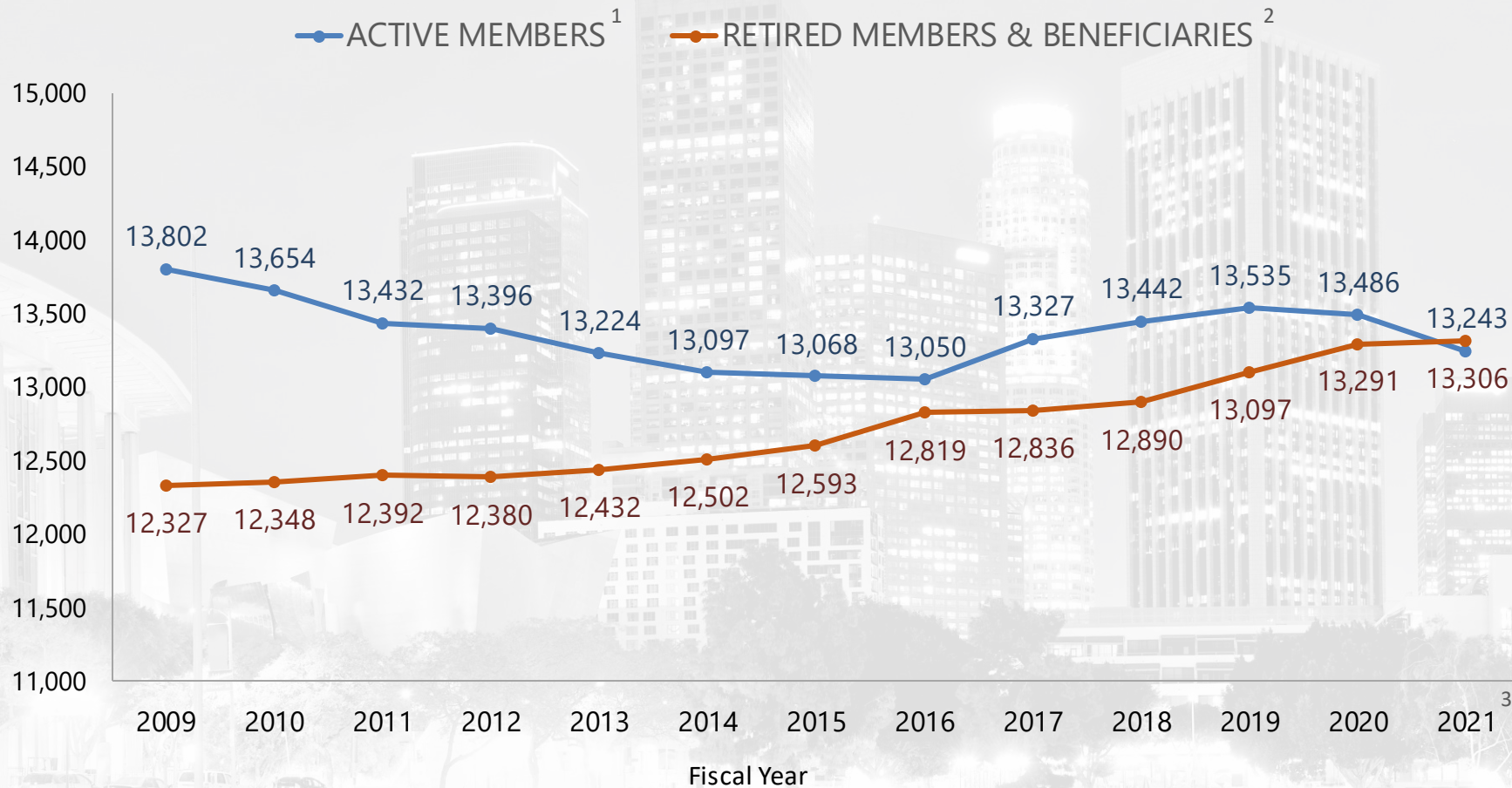
## PENSION AND HEALTH (OPEB) BENEFITS 10-YEAR HISTORY



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## LAFPP MEMBERSHIP

**LAFPP**  
TO SERVE THOSE WHO PROTECT



**TOTAL  
MEMBERS**  
**26,549**

December 31, 2020

**ACTIVE MEMBERS**  
**13,243**

**SERVICE PENSIONERS**  
**9,087**

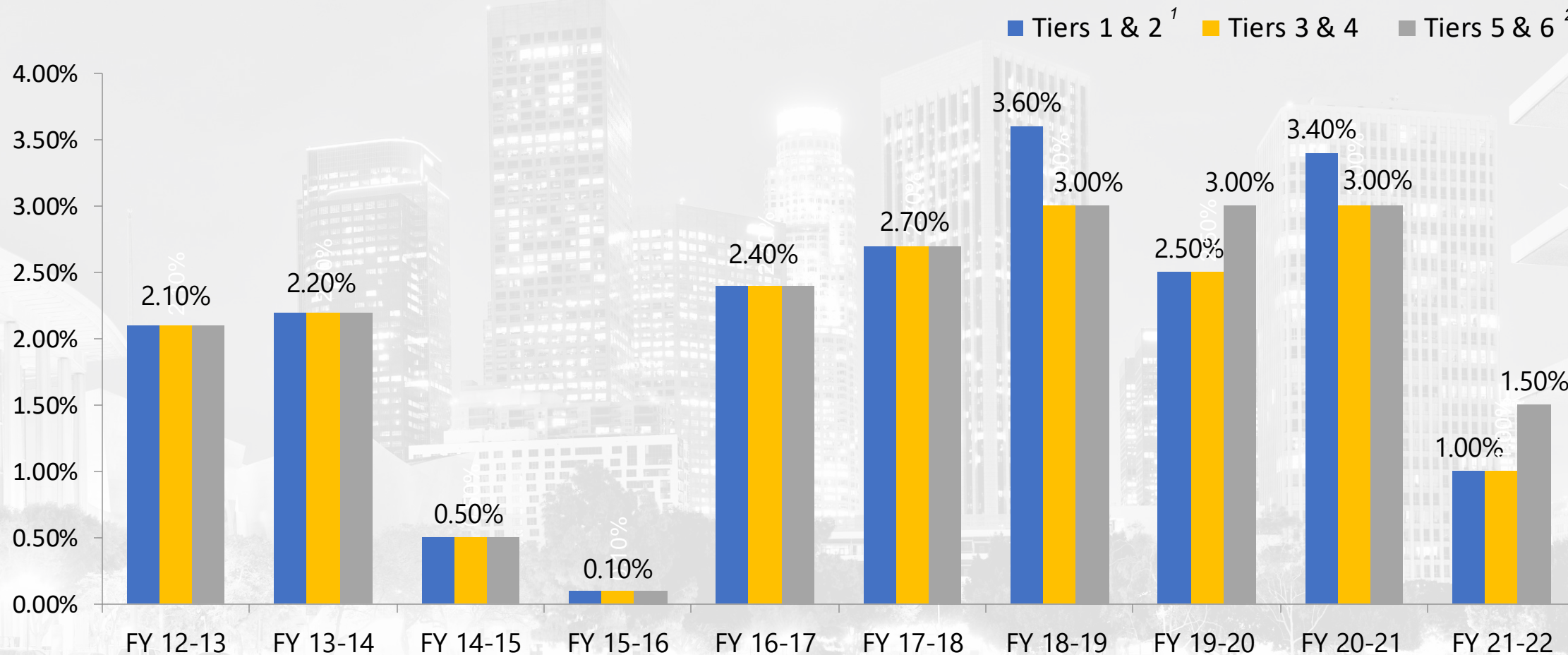
**DISABILITY PENSIONERS**  
**1,741**

**SURVIVOR PENSIONERS**  
**2,478**



# 10

## ANNUAL COST OF LIVING ADJUSTMENTS 10-YEAR HISTORY

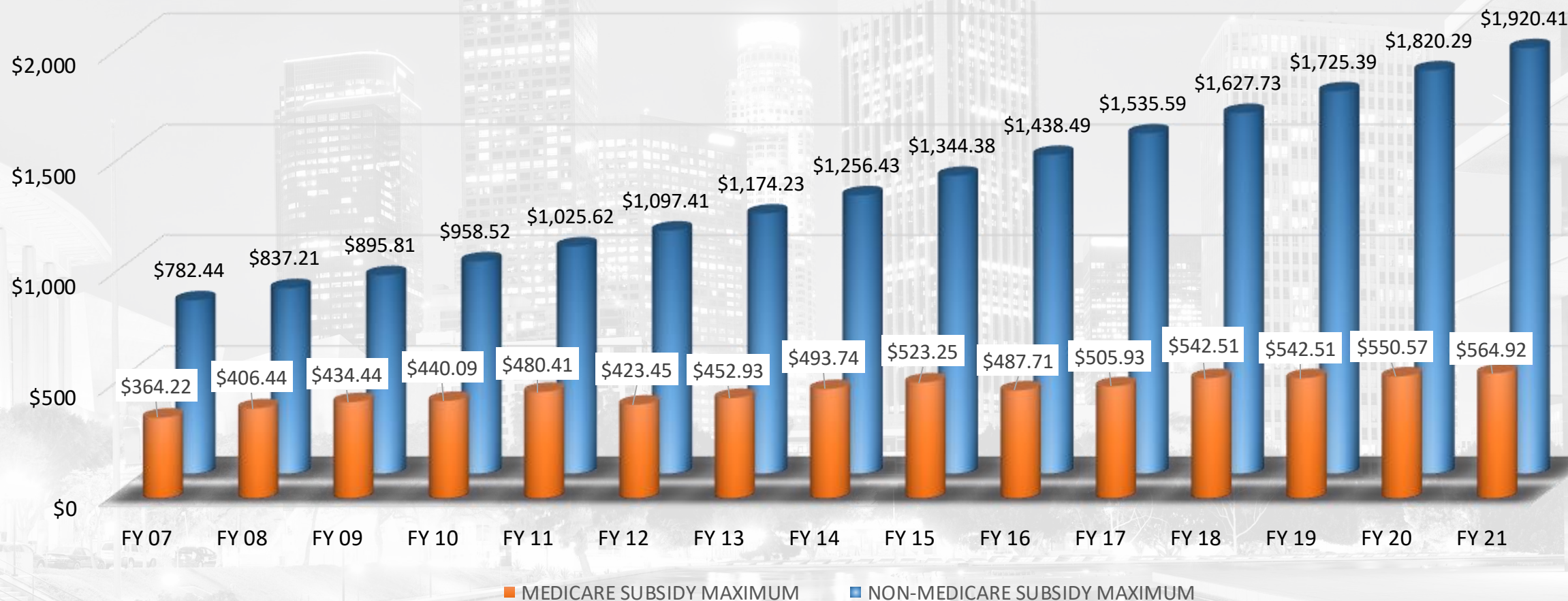


<sup>1</sup> Tiers 1 and 2 pensioners have an uncapped COLA.

<sup>2</sup> Qualified Tiers 5 and 6 pensioners, including Tier 5 DROP participants, are entitled to a COLA bank. These members will receive an increase of up to 3 percent, based on the accumulation in their COLA bank.

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## MAXIMUM HEALTH INSURANCE PREMIUM SUBSIDIES BENEFIT 15-YEAR HISTORY





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## ASSETS AND EXPENSES 20-YEAR HISTORY



\* Fund assets are as of March 31, 2021 (unaudited).

## ASSET CLASS AND MARKET VALUE

Asset Class	March 31, 2021 Market Value* (in millions)
Domestic Stocks	\$10,346
International Stocks	5,577
Bonds	5,282
Private Equity	3,324
Real Estate	2,076
Commodities	1,064
Cash Equivalents	1,073
<b>Total</b>	<b>\$28,742</b>

\* Figures may be rounded.

**22.39%**

**YTD RETURN**  
**\* UNAUDITED AS OF MARCH 31, 2021**

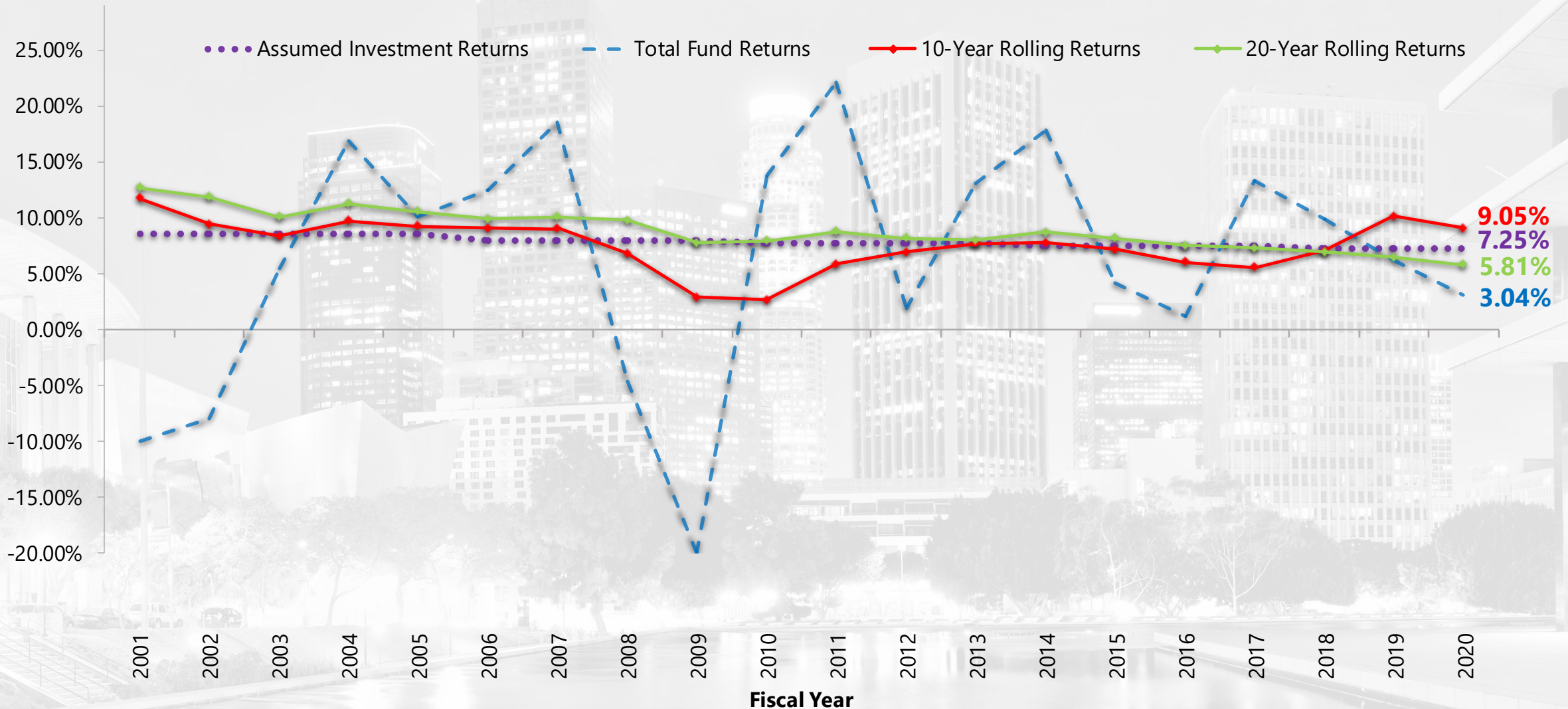
**7.00%**

ASSUMED RATE OF RETURN



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## RATE OF RETURN 20-YEAR HISTORY



## **LAFPP** **2021-22 INITIATIVES**

### **Ensure a Financially Sound Retirement System**

1. Institutional Limited Partners Association Diversity in Action Initiative
2. Sustainable Investment Review and Engagement of Portfolio

### **Manage Risk Throughout the Organization**

3. Association of Local Government Auditors (ALGA) Peer Review
4. Association Data Exchange Improvements
5. Alive and Well Verification
6. Enterprise-wide Cyber Security Program

### **Enhance Customer Care and Stakeholder Relations**

7. Member Video Guides for Completing Counseling Forms

### **Pursue Operational Efficiencies**

8. Emergency Preparedness Refresh
9. Implementation of Workflow in PARIS for Disability Case Management
10. Pension Administration Benchmarking

### **Build and Support a Talented Workforce**

11. Permanent Mobile/On-site Hybrid Workforce Plan Implementation



## ESG Policy

- Institutional Limited Partners Association Diversity in Action Initiative
- Sustainable Investment Review and Engagement of Portfolio

## Proxy Voting Policies

- Comprehensive proxy voting policy that includes provisions for reporting on race and gender pay equality, climate change issues, board inclusiveness, environmental and sustainability practices

## Specific Investments

- Over 90% of our Public Assets are managed by Investment Managers with ESG Policies incorporated into the investment process

## Real Estate

- LAFPP Headquarters - Gold LEED Certification
- LAFPP Real Estate Core Portfolio GRESB Score of 80, higher than the global average of 70 (GRESB IS the global environmental, social and governance benchmark for real assets)



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# Questions?

