DEPARTMENT OF FIRE AND POLICE PENSIONS

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CITY OF LOS ANGELES
CALIFORNIA

KAREN BASS
MAYOR

JOSEPH SALAZAR
GENERAL MANAGER

MYO THEDAR
EXECUTIVE OFFICER

GREGORY MACK
ASSISTANT GENERAL MANAGER

BRYAN A. FUJITA
CHIEF INVESTMENT OFFICER

February 24, 2026

The Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
200 North Spring Street
Los Angeles, CA 90012

Honorable Members:

Subject: **LAFPP Annual Report for FY 2024-25**

I am pleased to share with you the Department of Fire and Police Pensions (LAFPP) Annual Report for fiscal year 2024-25. This report, along with historical annual reports, actuarial valuations, and financial statements, is available on our website, lafpp.lacity.gov, on the *Financial Reports* page.

The Annual Report provides LAFPP's Financial Statements for the Pension Fund, 401(h) account, and 115 Trust as of June 30, 2025, and includes other pertinent information such as the department's budget summary, investment portfolio performance, asset allocation data, plan actuarial data, statistical information, and a summary of plan provisions. In addition, the report highlights department achievements while serving nearly 27,000 members and their beneficiaries during the fiscal year.

As of June 30, 2025, the Plan achieved a historic milestone by becoming fully funded for pension benefits at 100.5%, the first time since 2004. Health benefits funding remains strong at 78.1%. The combined funding status is 97.6%. These funding ratios represent the percentage of System assets available to pay expected benefit obligations of LAFPP Members.

LAFPP is dedicated to administering the defined benefit retirement plan for sworn employees of the City of Los Angeles (Fire, Police, and certain Port Police, Airport Police, and Park Rangers) and has served eligible members and their beneficiaries since June 7, 1899. In addition to our core role of managing the pension plan benefits, our services include pre-retirement and retirement counseling, and retiree health and dental subsidy program administration.

I welcome the opportunity to discuss LAFPP's 2025 Annual Report and update the City Council on the status of the Fund. Please contact me at (213) 279-3015 if you have any questions.

Sincerely,

Joseph Salazar, CEBS
General Manager

JS:GM:ET

Attachment

Photo by Ismael Miranda

Los Angeles Fire and Police Pensions

2025 ANNUAL REPORT

LAFPP
To Serve Those Who Protect
LOS ANGELES FIRE AND POLICE PENSIONS

TABLE OF CONTENTS

Introduction 4

Financials 13

Department Budget 89

Investments 95

Actuarial 107

Statistical 117

Legal 143

Summary of Plan Provisions 147

Milestones 165

SECTION 1

1 INTRODUCTION

Letter of Transmittal 05

Board of Fire and
Police Pension Commissioners 09

Organizational Chart 11

LETTER OF TRANSMITTAL

TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

June 30, 2025

Fiscal Year 2024–25 was another year of significant achievement and strategic advancement for Los Angeles Fire and Police Pensions (LAFPP). Amid an evolving economic environment, we remained focused on our core mission: safeguarding the long-term financial security of our members while managing assets with prudence, transparency, and integrity. This year's results reflect the strength of our investment strategy, the dedication of our staff, and the sound governance provided by the Board.

FINANCIAL PERFORMANCE AND FUNDING STATUS

The Plan achieved a historic milestone by becoming fully funded for pension benefits at **100.5%**, the first time since 2004. Health benefits funding also remains strong at **78.1%**, underscoring our commitment to comprehensive member security.

Total Plan assets grew to **$34 billion**, an increase of nearly $3 billion over the prior fiscal year. This growth was driven by disciplined investment management and favorable market conditions. Our investment program delivered an exceptional **11.26% return**, surpassing the actuarial assumed rate of 7.00%. Over the past five years, the System has achieved an annualized return of **10.15%**, outperforming both our actuarial assumption and the RVK Public Funds median of 8.99%. These results validate the effectiveness of our long-term strategy and reinforce confidence in our ability to meet future obligations.

STRATEGIC INITIATIVES AND ACCOMPLISHMENTS

Each year, staff develops an Annual Plan aligned with the Three-Year Strategic Plan (2025–2027) to ensure resources remain focused on priority objectives. Key initiatives for FY 2024–25 included:

Member Engagement and Service Improvement

To better understand member needs, we conducted comprehensive surveys targeting active members, DROP participants, retirees, and beneficiaries. Feedback focused on MyLAFPP functionality, retirement and DROP processing, communication effectiveness, and overall service quality. Analysis of these responses is guiding process improvements that will enhance the member experience in the years ahead.

Emerging Manager Outreach

We advanced our commitment to diversity, equity, and inclusion by expanding engagement with emerging investment managers. Efforts included participation in **15 industry events, 129 meetings**, and the launch of a redesigned webpage offering resources across multiple asset classes. A dedicated email channel received **70 inquiries**, reflecting strong interest and positioning LAFPP as a leader in inclusive investment practices.

Employee Development and Leadership

Recognizing that organizational strength depends on talent development, we implemented a voluntary job rotation program, hosted two well-attended brownbag seminars, and delivered four specialized training courses within the Pensions Division. Research on mentorship programs culminated in Board approval of a formal Mentorship Program for FY 2025–26, reinforcing our commitment to succession planning and retention of institutional knowledge.

OPERATIONAL HIGHLIGHTS

Operational excellence remained a priority throughout the year. Key achievements include:

- **Asset Allocation Implementation:** Successfully completed the multi-year project to implement the revised asset allocation plan. This included hiring J.P. Morgan Investment Management for the active core fixed income mandate, adopting the Infrastructure Investment Policy, and initiating infrastructure investments to diversify and strengthen the portfolio.
- **Cybersecurity Assurance:** Comprehensive penetration testing conducted by our insurance carrier confirmed the robustness of our technology infrastructure. Only low-severity vulnerabilities were identified, all of which were promptly remediated, ensuring continued protection of member data and system integrity.

LOOKING AHEAD

While challenges and uncertainties persist in global markets, LAFPP's strong financial foundation, disciplined risk management, and focus on continuous improvement position us for sustained success. Our strategic priorities for the coming year will build on this momentum, emphasizing member service enhancements, investment diversification, and workforce development.

ACKNOWLEDGMENT

These accomplishments reflect the collaborative efforts of the Board, staff, investment managers, actuaries, and consultants. I extend my sincere appreciation to our dedicated team, whose expertise and commitment ensure that the needs of our members are met with excellence. I also thank our Board members and stakeholders for their unwavering support and guidance in advancing the Plan's mission.

Joseph Salazar
General Manager

MISSION

To advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles

VISION

A secure and prosperous future for our members

VALUES

COLLABORATION – We value teamwork to achieve success and encourage staff at all levels to share ideas and offer suggestions for improving operations. We are enriched by our engagement with the Board, our members, and our stakeholders.

RESPECT – We treat each other and our members with kindness and dignity. We promote a fair environment and support each other by sharing information and knowledge to ensure we deliver quality services.

EFFICIENCY – We continually search for ways to deliver quality services and reduce administrative expenses. We promote innovation throughout the organization and use performance measurement to drive decisions.

ACCOUNTABILITY – We recognize our responsibility to our members to deliver promised pension benefits. We ensure appropriate oversight to achieve excellence in service, operational, and investment decision making.

TRANSPARENCY – We strive to always provide clear, accurate, and complete information, and transact business decisions in an open manner so that our members, the City, and the public can trust that our decisions are fair, honest, and ethical.

ETHICS – We preserve the public trust by adhering to the ethical standards established by the State, the City, and our Board.

DIVERSITY – We embrace diversity, equity, and inclusion (DEI), and we believe in the power of DEI to enrich our organization.

GUIDING PRINCIPLES

- Ensure a Financially Sound Retirement System
- Manage Risk Throughout the Organization
- Enhance Customer Care and Stakeholder Relations
- Pursue Operational Efficiencies
- Build and Support a Talented Workforce
- Promote Diversity, Equity, and Inclusion (DEI) Throughout the Organization, Including Our Investment Portfolio and Business Partners

2025 HIGHLIGHTS

8,630
NUMBER OF POLICE MEMBERS

3,414
NUMBER OF FIRE MEMBERS

140
NUMBER OF HARBOR MEMBERS

125
NUMBER OF AIRPORT MEMBERS

12,309
NUMBER OF ACTIVE MEMBERS (INCLUDING DROP)

12,013
TOTAL NUMBER OF RETIRED MEMBERS

- Since 2015 the Plan's assets have grown from $19 billion to $34 billion

- Combined funded ratio increased from 97.0% to 97.6%
- Pension benefits funded ratio increased from 99.8% to 100.5%
- Health benefits funded ratio decreased from 78.2% to 78.1%

7.98%
10-YEAR ANNUALIZED RATE OF RETURN

$34.08 Billion
LAFPP PLAN ASSETS IN DOLLARS

11.26%
1-YEAR INVESTMENT RETURN

7.00%
ACTUARIAL ASSUMED RATE OF RETURN

8.93%
5-YEAR ANNUALIZED RATE OF RETURN

- 1-Year Total Assets increase in billions – $2.73
- 5-Year Total Assets increase in billions – $10.56

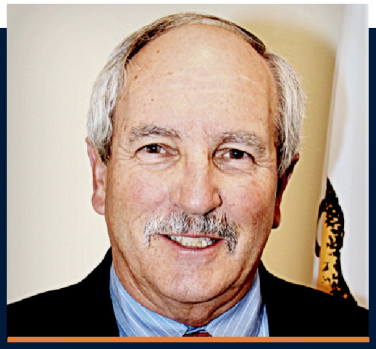
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

AS OF JUNE 30, 2025

GARRETT W. ZIMMON, PRESIDENT
Elected by Retired Police Members

ANDREA AMBRIZ, VICE PRESIDENT
Appointed by the Mayor

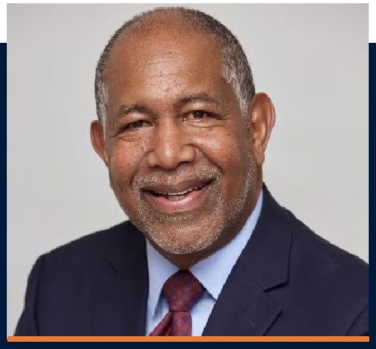
RIGO ARELLANO
Elected by Active Fire Members



KENNETH E. BUZZELL
Elected by Retired Fire Members

WILLIAM "BILLY" CHUN
Appointed by the Mayor

BRIAN J. CHURCHILL
Elected by Active Police Members



CARLTON J. JENKINS
Appointed by the Mayor

NANXI LIU
Appointed by the Mayor

RAUL PEREZ
Appointed by the Mayor

SYSTEM ADMINISTRATION

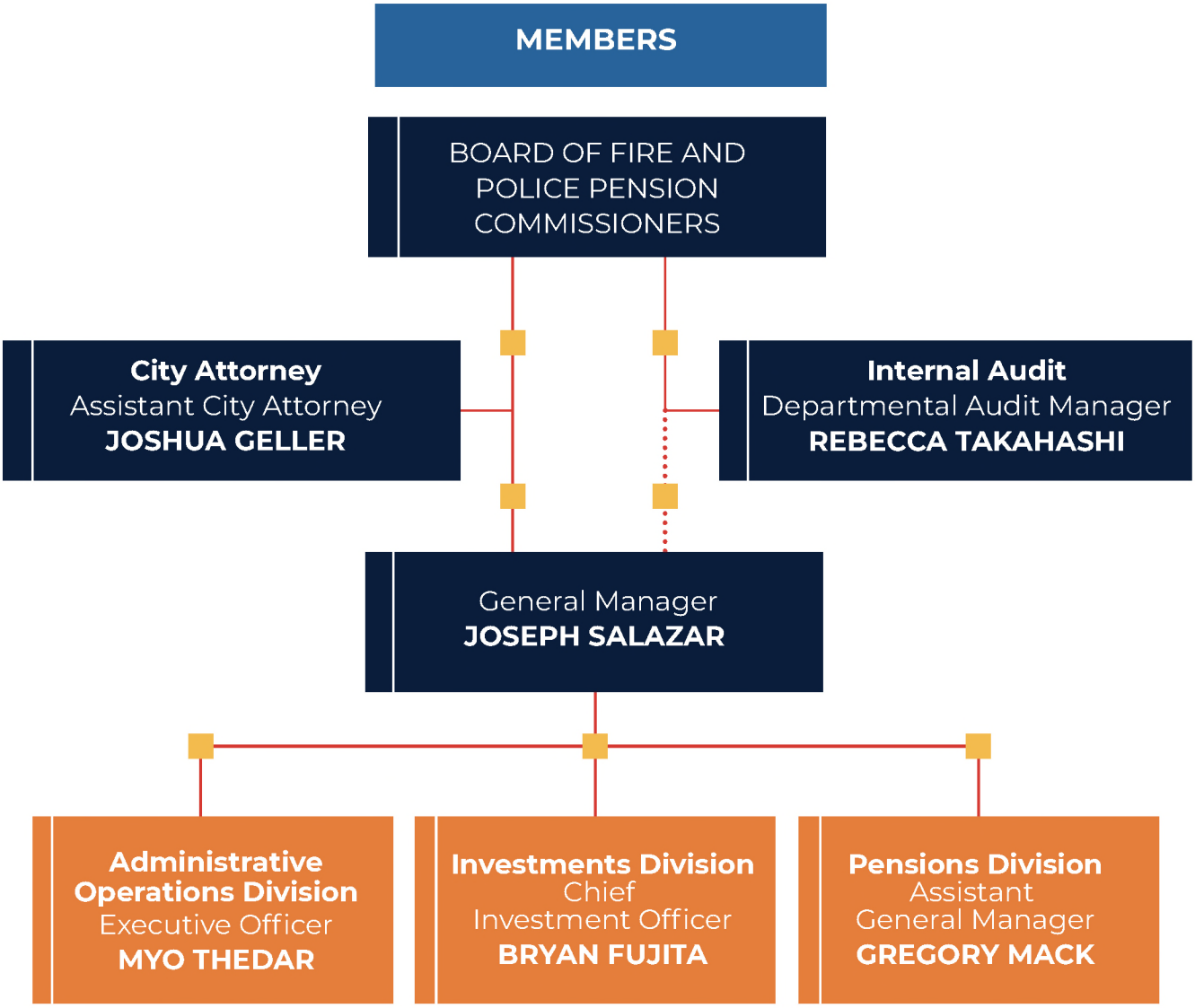
The Fire and Police Pension System is administered by a Board of nine commissioners: five appointed by the Mayor and four elected by members. Fire and Police sworn employees each elect one active member, and Fire and Police retirees each elect one retired member. The Board administers the System in accordance with the City Charter and the State Constitution. Article XVI, Section 17 (a) of the State Constitution provides the Board "sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries." Section 17 (b) further provides that "members of the Retirement Board of a public retirement system shall discharge their duties ... solely in the interest of, and for the exclusive purpose of, providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A Retirement Board's duty to its participants and their beneficiaries shall take precedence over any other duty."

BOARD MEETINGS

The Board meets on the first and third Thursdays of the month at 8:30 a.m. Most meetings, including special meetings, are from two to four hours in duration. The Board's current directory and meeting information are available on the Department website at: lafpp.lacity.gov/meetings/.

ORGANIZATIONAL CHART

* as of June 30, 2025



Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2025

Presented to

Los Angeles Fire and Police Pensions

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Robert A. Wylie
Program Administrator

SECTION 2

Mark Lassman Photo

2

FINANCIALS

Independent Auditor's Report 16

Management's Discussion and Analysis 19

Financial Statements 32

Required Supplementary Information 73

Compliance Section 86

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS:	
Statements of Fiduciary Net Position	15
Statements of Changes in Fiduciary Net Position	16
Notes to Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	
Pension Plan	
Schedule of Changes in Net Pension Liability and Related Ratio	59
Schedule of Employer Contributions – Pension Plan	61
Notes to Schedule of Employer Contributions – Pension Plan	62
Schedule of Investment Returns – Pension Plan	63
Schedule of Employer's Net Pension Liability	64
Health Subsidy Plan	
Schedule of Changes in Net Other Post-Employment Benefits Liability and Related Ratio	65
Schedule of Employer Contributions	67
Notes to Schedule of Employer Contributions	68
Schedule of Investment Returns	69
Schedule of Employer's Net Other Post-Employment Benefits Liability	70
COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	71

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS
FOUNDING PARTNERS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire and Police Pension Commissioners
Los Angeles Fire and Police Pension System

Opinions

We have audited the accompanying financial statements of the Pension Plan and Health Subsidy Plan, administered by the Los Angeles Fire and Police Pension System (the System), which comprise the statements of fiduciary net position as of June 30, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the basic financial statements for each plan as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the Pension Plan and Health Subsidy Plan, as of June 30, 2025 and 2024, and the respective changes in fiduciary net position for the years then ended in accordance with accounting standards generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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The CPA. Never Underestimate The Value.℠

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 the System's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 basic financial statements, and other knowledge we obtained during our audits of the basic 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 any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025, on our consideration of the System's internal controls 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal controls over financial reporting and compliance.

Simpson & Simpson

Los Angeles, California
November 21, 2025

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

This Management's Discussion and Analysis (MD&A) of the financial activities of the Los Angeles Fire and Police Pension System (the System or LAFPP) is an overview of its fiscal operations for the year ended June 30, 2025. Readers are encouraged to consider the information presented here in conjunction with the Financial Statements and the Notes to the Financial Statements. Amounts contained in this discussion have been rounded to facilitate readability.

FINANCIAL HIGHLIGHTS

- Net position at the close of the fiscal year ended June 30, 2025, was $30.50 billion and $3.62 billion for the Pension Plan and Health Subsidy Plan, respectively. All of the net position was available to meet the System's obligations to members and their beneficiaries.

- Net position increased by $2.35 billion, or 8.3%, and increased by $363.55 million, or 11.2%, for the Pension Plan and Health Subsidy Plan, respectively.

- As of June 30, 2025, the date of the most recent funding actuarial valuations, the funded ratios of the Pension Plan and Health Subsidy Plan were 100.5% and 78.1%, respectively.

- Additions to the Pension Plan's net position increased by $575.97 million or 18.0% from $3.20 billion to $3.78 billion, due primarily to the net appreciation in the fair value of investments in fiscal year 2025 relative to fiscal year 2024.

- Deductions from the Pension Plan's net position decreased by $64.58 million, or 4.3%, over fiscal year 2024 from $1.49 billion to $1.42 billion in fiscal year 2025.

- Additions to the Health Subsidy Plan's net position increased by $90.11 million, or 19.93%, from $452.07 million to $542.17 million, due to the net appreciation in the fair value of investments in fiscal year 2025 relative to fiscal year 2024. Effective July 1, 2022, employer contributions and other funding of the Health Subsidy Plan are accepted into the newly established 115 Trust fund.

- Deductions from the Health Subsidy Plan's net position increased by $11.58 million, or 6.9%, over fiscal year 2024 from $167.04 million to $178.62 million in fiscal year 2025.

- The total pension liability for the Pension Plan at June 30, 2025, was $29.12 billion, and the fiduciary net position was $ 30.50 billion. Thus, the net surplus for the Pension Plan was $1.38 billion, and the fiduciary net position as a percentage of the total pension liability was 104.74%.

- The total Other Post-Employment Benefits (OPEB) liability for the Health Subsidy Plan at June 30, 2025, was $4.40 billion, and the fiduciary net position was $3.62 billion. Thus, the net OPEB liability for the Health Subsidy Plan was $782.98 million, and the fiduciary net position as a percentage of the total OPEB liability was 82.20%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the financial statements of the System, which are:

1. Statements of Fiduciary Net Position
2. Statements of Changes in Fiduciary Net Position
3. Notes to the Financial Statements

The *Statements of Fiduciary Net Position* is a snapshot of account balances at year-end. It indicates the amount of assets available for payment to retirees, beneficiaries, and any current liabilities owed at year-end.

The *Statements of Changes in Fiduciary Net Position* reports additions to and deductions from the fiduciary net position during the year.

The above statements are being prepared on an accrual basis of accounting. Investment gains and losses are shown at trade date, and account balances are based on fair values recognizing both realized and unrealized gains and losses on investments.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements. These notes are presented on pages 17 to 57 of this report.

The *Required Supplementary Information* (RSI) section includes the following five schedules with respect to the Pension Plan and Health Subsidy Plan:

Pension Plan:

- Schedule of Changes in Net Pension Liability and Related Ratio
- Schedule of Employer Contributions
- Notes to Schedule of Employer Contributions
- Schedule of Investment Returns
- Schedule of Employer's Net Pension Liability

Health Subsidy Plan:

- Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
- Schedule of Employer Contributions
- Notes to Schedule of Employer Contributions
- Schedule of Investment Returns
- Schedule of Employer's Net Other Postemployment Benefits Liability

FINANCIAL ANALYSIS

Pension Plan

Fiduciary Net Position

A summary of the Pension Plan's net position and changes in net position is presented below:

Condensed Statement of Fiduciary Net Position
($ in Thousands)

	2025	2024[1] As restated	Change	% Change
Cash	$ 723	$ 6,212	$ (5,489)	-88.4%
Receivables/Prepayments	692,208	741,606	(49,398)	-6.7%
Investments	31,909,210	29,397,429	2,511,781	8.5%
Capital Assets	16,946	18,410	(1,464)	-8.0%
Total Assets	32,619,087	30,163,657	2,455,430	8.1%
Liabilities	2,123,876	2,019,515	104,361	5.2%
Deferred Inflows of Resources	-	226	(226)	N/A
Net Position	$ 30,495,211	$ 28,143,916	$ 2,351,295	8.4%

(1) Liabilities were restated in the fiscal year 2024 as a result of implementation of GASB Statement No. 101-*Compensated Absences*.

Net position increased by $2.35 billion, or 8.4%, to $30.50 billion from fiscal year 2024. Total assets increased in value by $2.46 billion, or 8.1%, when compared with the prior fiscal year 2024, attributable to appreciation of investments due to favorable market conditions.

Condensed Statement of Fiduciary Net Position
($ in Thousands)

	2024	2023	Change	% Change
Cash	$ 6,212	$ 7,166	$ (954)	-13.3%
Receivables/Prepayments [1]	741,606	650,503	91,103	14.0%
Investments	29,397,429	27,793,237	1,604,192	5.8%
Capital Assets	18,410	19,727	(1,317)	-6.7%
Total Assets	30,163,657	28,470,633	1,693,024	5.9%
Liabilities	2,015,385	2,032,867	(17,482)	-0.9%
Deferred Inflows of Resources [1]	226	466	(240)	-51.5%
Net Position	$ 28,148,046	$ 26,437,300	$ 1,710,746	6.5%

Pension Plan (Continued)

Net position increased by $1.71 billion, or 6.5%, to $28.15 billion from fiscal year 2023. Total assets increased in value by $1.69 billion, or 5.9%, when compared with the prior fiscal year 2023, attributable to appreciation of investments due to favorable market conditions.

Changes in Fiduciary Net Position

Condensed Statement of Changes in Fiduciary Net Position
($ in Thousands)

	2025	2024 As restated	Change	% Change
Additions				
Employer Contributions	$ 486,958	$ 480,810	$ 6,148	1.3%
Member Contributions	164,291	157,191	7,100	4.5%
Net Investment Income	3,124,370	2,561,355	563,015	22.0%
Other Income	338	627	(289)	-46.1%
Total Additions	3,775,957	3,199,983	575,974	18.0%
Deductions				
Pension Benefits	1,394,213	1,456,409	(62,196)	-4.3%
Refund of Contributions	4,777	8,760	(3,983)	-45.5%
Administrative Expenses	25,672	24,068	1,604	6.7%
Total Deductions	1,424,662	1,489,237	(64,575)	-4.3%
Net Increase	2,351,295	1,710,746	640,549	37.4%
Net Position, Beginning of Year, As Restated	28,143,916	26,433,170	1,710,746	6.5%
Net Position, End of Year	$ 30,495,211	$ 28,143,916	$ 2,351,295	8.4%

Additions to Fiduciary Net Position

Additions needed to fund benefit payments are accumulated through employer and member contributions, and from income generated from the Plan's investing activities.

Contributions for fiscal year 2025 totaled $651.25 million, an increase of $13.25 million, or 2.08%, over fiscal year 2024. The employer contribution for fiscal year 2025 was $486.96 million compared to $480.81 million for fiscal year 2024. The increase in employer contributions was due to an increase in the budgeted active member salaries. The increase in member contributions was due to an overall increase in active member salaries.

Pension Plan (Continued)

Changes in Fiduciary Net Position (Continued)

Net investment income amounted to $3.12 billion, an increase in net investment income of $563.02 million, or 22.0%, when compared with $2.56 billion from fiscal year 2024. Investment income increased in fiscal year 2025 due to the net appreciation in the fair value of investments in fiscal year 2025 relative to fiscal year 2024.

Deductions from Fiduciary Net Position

Costs associated with the Pension Plan include benefit payments to members, refunds of contributions due to termination and member death, and administrative expenses.

Deductions for the fiscal year ended June 30, 2025, totaled $1.42 billion, a decrease of $64.58 million, or 4.3%, over fiscal year 2024. The decrease was due primarily to a substantial decrease in DROP distributions paid to members.

Restatement of Beginning of Net Position

Effective July 1, 2024, the System adopted GASB Statement No. 101, *Compensated Absences*. This new accounting standard requires the recognition of compensated absences liabilities, such as vacation and sick leave, when the leave is earned and expected to be used. Implementation of the new standard resulted in a restatement of $4.13 million of the beginning net position of the Pension Plan. The System applied the standard prospectively, as historical payroll and personal data were not readily available due to the City's transition from the legacy PAYSR system to the Workday platform. (See Note 14 for further disclosure.)

Pension Plan (Continued)

Changes in Fiduciary Net Position (Continued)

	Condensed Statement of Changes in Fiduciary Net Position ($ in Thousands)			
	2024	2023	Change	% Change
Additions				
Employer Contributions	$ 480,810	$ 481,824	$ (1,014)	-0.2%
Member Contributions	157,191	151,935	5,256	3.5%
Net Investment Income	2,561,355	1,920,048	641,307	33.4%
Other Income	627	414	213	51.4%
Total Additions	3,199,983	2,554,221	645,762	25.3%
Deductions				
Pension Benefits	1,456,409	1,342,885	113,524	8.5%
Refund of Contributions	8,760	9,580	(820)	-8.6%
Administrative Expenses	24,068	22,994	1,074	4.7%
Total Deductions	1,489,237	1,375,459	113,778	8.3%
Net Increase	1,710,746	1,178,762	531,984	45.1%
Net Position, Beginning of Year, As Restated	26,437,300	25,258,538	1,178,762	4.7%
Net Position, End of Year	$ 28,148,046	$ 26,437,300	$ 1,710,746	6.5%

Additions to Fiduciary Net Position

Additions needed to fund benefit payments are accumulated through employer and member contributions, and from income generated from the Plan's investing activities.

Contributions for fiscal year 2024 totaled $638 million, an increase of $4.24 million, or 0.67%, over fiscal year 2023. The employer's contribution for fiscal year 2024 was $480.81 million compared to $481.82 million for fiscal year 2023. The decrease in employer's contributions was due to the decrease in the actuarially required contribution. The increase in member contributions was due to an overall increase in active member salaries.

Net investment income amounted to $2.56 billion, an increase in net investment income of $641.3 million, or 33.4%, when compared with $1.92 billion from fiscal year 2023. Investment income increased in fiscal year 2024 due to the net appreciation in the fair value of investments in fiscal year 2024 relative to fiscal year 2023.

Pension Plan (Continued)

Changes in Fiduciary Net Position (Continued)

Deductions from Fiduciary Net Position

Costs associated with the Pension Plan include benefit payments to members, refunds of contributions due to termination and member death, and administrative expenses.

Deductions for the fiscal year ended June 30, 2024, totaled $1.49 billion, an increase of $113.78 million, or 8.3%, over fiscal year 2023. The increase was due primarily to the up to 5.1% cost of living adjustments made to eligible pensions and an increase in the total number of retirees compared to fiscal year 2023.

Health Subsidy Plan

A summary of the Health Subsidy Plan's net position and changes in net position is presented below:

Fiduciary Net Position

Condensed Statement of Fiduciary Net Position
($ in Thousands)

	2025	2024[1] As restated	Change	% Change
Cash	$ 85	$ 715	$ (630)	-88.1%
Receivables/Prepayments	94,443	98,852	(4,409)	-4.5%
Investments	3,769,476	3,382,072	387,404	11.5%
Capital Assets	2,002	2,118	(116)	-5.5%
Total Assets	3,866,006	3,483,757	382,249	11.0%
Liabilities	250,616	232,353	18,263	7.9%
Deferred Inflows of Resources	-	26	(26)	N/A
Net Position	$ 3,615,390	$ 3,251,378	$ 364,012	11.2%

(1) Liabilities were restated in the fiscal year 2024 as a result of implementation of GASB Statement No.101-*Compensated Absences*.

Net position increased by $364.01 million, or 11.2%, to $ 3.62 billion from fiscal year 2024. Total assets increased in value by $ 382.25 million, or 11.0%, when compared with the prior fiscal year 2024, primarily attributable to appreciation of investments due to favorable market conditions.

Health Subsidy Plan (Continued)

Fiduciary Net Position (Continued)

	Condensed Statement of Fiduciary Net Position ($ in Thousands)			
	2024	2023	Change	% Change
Cash	$ 715	$ 800	$ (85)	-10.6%
Receivables/Prepayments [1]	98,852	85,111	13,741	16.1%
Investments	3,382,072	3,103,806	278,266	9.0%
Capital Assets	2,118	2,203	(85)	-3.9%
Total Assets	3,483,757	3,191,920	291,837	9.1%
Liabilities	231,890	225,053	6,837	3.0%
Deferred Inflows of Resources [1]	26	52	(26)	-50.0%
Net Position	$ 3,251,841	$ 2,966,815	$ 285,026	9.6%

Net position increased by $285.03 million, or 9.6%, to $ 3.25 billion from fiscal year 2023. Total assets increased in value by $ 291.84 million, or 9.1%, when compared with the prior fiscal year 2023, primarily attributable to appreciation of investments due to favorable market conditions.

Health Subsidy Plan (Continued)

Changes in Fiduciary Net Position (Continued)

	Condensed Statement of Changes in Fiduciary Net Position ($ in Thousands)			
	2025	2024 As restated	Change	% Change
Additions				
Contributions	$ 181,650	$ 164,560	$ 17,090	10.4%
Net Investment Income	360,949	287,438	73,511	25.6%
Other	38	70	(32)	-45.7%
Total Additions	542,637	452,068	90,569	20.0%
Deductions				
Benefits Payment	175,659	164,341	11,318	6.9%
Administrative Expenses	2,966	2,701	265	9.8%
Total Deductions	178,625	167,042	11,583	6.9%
Net Increase	364,012	285,026	78,986	27.7%
Net Position, Beginning of Year, As Restated	3,251,378	2,966,352	285,026	9.6%
Net Position, End of Year	$ 3,615,390	$ 3,251,378	$ 364,012	11.2%

Additions to Fiduciary Net Position

Total additions to net position increased by $90.57 million compared to fiscal year 2024. This is due primarily to the net appreciation in the fair value of investments which increased by $73.51 million or 25.6% over fiscal year 2024. For fiscal year 2025, net investment income was $360.95 million compared to $287.44 million in fiscal year 2024.

Deductions from Fiduciary Net Position

Deductions represent medical and dental insurance subsidies paid for pensioners and their beneficiaries and administrative expenses. Current year deductions were $178.63 million, $11.58 million or 6.9% more than the total deductions of fiscal year 2024. This is due primarily to the increase in the maximum retiree health subsidy and Medicare reimbursements in fiscal year 2025.

Health Subsidy Plan (Continued)

Changes in Fiduciary Net Position (Continued)

Restatement of Beginning of Net Position

Effective July 1, 2024, the System adopted GASB Statement No. 101, *Compensated Absences*. This new accounting standard requires the recognition of compensated absences liabilities, such as vacation and sick leave, when the leave is earned and expected to be used. Implementation of the new standard resulted in a restatement of $0.46 million of the beginning net position of the Health Subsidy Plan. The System applied the standard prospectively, as historical payroll and personal data were not readily available due to the City's transition from the legacy PAYSR system to the Workday platform. (See Note 14 for further disclosure.)

Condensed Statement of Changes in Fiduciary Net Position
($ in Thousands)

	2024	2023	Change	% Change
Additions				
Contributions	$ 164,560	$ 186,418	$ (21,858)	-11.7%
Net Investment Income	287,438	214,718	72,720	33.9%
Other	70	46	24	52.2%
Total Additions	452,068	401,182	50,886	12.7%
Deductions				
Benefits Payment	164,341	153,918	10,423	6.8%
Administrative Expenses	2,701	2,572	129	5.0%
Total Deductions	167,042	156,490	10,552	6.7%
Net Increase	285,026	244,692	40,334	16.5%
Net Position, Beginning of Year	2,966,815	2,722,123	244,692	9.0%
Net Position, End of Year	$ 3,251,841	$ 2,966,815	$ 285,026	9.6%

Additions to Fiduciary Net Position

Total additions to net position increased by $50.89 million compared to fiscal year 2023. This is due primarily to the net appreciation in the fair value of investments which increased by $72.72 million or 33.9% over fiscal year 2023. For fiscal year 2024, net investment income was $287.44 million compared to $214.72 million in fiscal year 2023.

Health Subsidy Plan (Continued)

Changes in Fiduciary Net Position (Continued)

Deductions from Fiduciary Net Position

Deductions represent medical and dental insurance subsidies paid for pensioners and their beneficiaries and administrative expenses. Current year deductions were $167.04 million, $10.56 million or 6.7% more than the total deductions of fiscal year 2023. This is due primarily to an increase in the number of pensioners receiving subsidy benefits and the increase in the maximum retiree health subsidy in fiscal year 2024.

REQUEST FOR INFORMATION

This financial report is designed to provide the Board of Fire and Police Pension Commissioners, members, investment managers, and creditors with a general overview of LAFPP's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Joseph Salazar, General Manager
Los Angeles Fire and Police Pension System
701 E. Third Street, Suite 200
Los Angeles, CA 90013

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2025 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2024)

	Pension	Health Subsidy			2025	2024
	Total	401(h)	115 Trust	Total	Combined	Combined
						As Restated
ASSETS						
Cash	$ 723,411	$ 71,031	$ 14,426	$ 85,457	$ 808,868	$ 6,926,807
Receivables						
Accrued Interest and Dividends	131,098,852	12,872,448	2,614,429	15,486,877	146,585,729	121,696,442
Contributions	6,904,140	-	-	-	6,904,140	6,045,754
Due from Brokers	554,204,500	54,416,713	11,052,183	65,468,896	619,673,396	698,216,333
Others	-	-	-	-	-	271,465
Total Receivables	692,207,492	67,289,161	13,666,612	80,955,773	773,163,265	826,229,994
Prepaid benefits	-	13,487,382	-	13,487,382	13,487,382	14,228,041
Investments at Fair Value						
Temporary	929,908,136	91,306,628	18,544,625	109,851,253	1,039,759,389	1,226,527,294
U.S. Government Obligations	3,143,612,659	308,667,772	62,691,264	371,359,036	3,514,971,695	3,084,162,284
Domestic Corporate Bonds	3,397,310,670	333,578,093	67,750,618	401,328,711	3,798,639,381	3,562,374,304
Foreign Bonds	227,091,938	22,297,901	4,528,764	26,826,665	253,918,603	189,608,356
Domestic Stocks	10,565,481,795	1,037,412,710	210,701,343	1,248,114,053	11,813,595,848	11,001,708,931
Foreign Stocks	5,251,896,517	515,677,780	104,735,560	620,413,340	5,872,309,857	5,157,313,225
Real Estate	1,744,825,526	171,322,446	34,796,055	206,118,501	1,950,944,027	1,739,878,203
Alternative Investments	5,751,201,124	564,703,935	114,692,905	679,396,840	6,430,597,964	5,959,526,484
Total Investments	31,011,328,365	3,044,967,265	618,441,134	3,663,408,399	34,674,736,764	31,921,099,081
Capital Assets	16,946,132	1,663,922	337,947	2,001,869	18,948,001	20,527,540
Securities Lending Collateral	897,881,307	88,161,950	17,905,932	106,067,882	1,003,949,189	858,403,074
TOTAL ASSETS	32,619,086,707	3,215,640,711	650,366,051	3,866,006,762	36,485,093,469	33,647,414,537
LIABILITIES						
Accounts Payable and Accrued Expenses	12,641,681	1,241,272	252,106	1,493,378	14,135,059	13,357,832
Compensated absences Liability	4,413,512	433,358	88,016	521,374	4,934,886	4,593,304
Benefits in Process of Payment	14,026,198	1,376,926	-	1,376,926	15,403,124	11,715,043
Due to Brokers	1,012,962,010	99,461,594	20,200,920	119,662,514	1,132,624,524	1,190,099,334
Mortgage Payable	181,927,395	17,863,245	3,628,074	21,491,319	203,418,714	173,673,622
Security Deposit	23,877	2,344	476	2,820	26,697	26,697
Securities Lending Collateral	897,881,307	88,161,950	17,905,932	106,067,882	1,003,949,189	858,403,074
TOTAL LIABILITIES	2,123,875,980	208,540,689	42,075,524	250,616,213	2,374,492,193	2,251,868,906
DEFERRED INFLOWS OF RESOURCE	-	-	-	-	-	251,705
NET POSITION IN TRUST FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS	$ 30,495,210,727	$ 3,007,100,022	$ 608,290,527	$ 3,615,390,549	$ 34,110,601,276	$ 31,395,293,926

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

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	Pension	Health Subsidy			2025	2024
	Total	401(h)	115 Trust	Total	Combined	Combined
ADDITIONS						
Contributions						
Employer Contributions	$ 486,958,233	$ -	$ 181,649,704	$ 181,649,704	$ 668,607,937	$ 645,370,110
Member Contributions	164,291,253	-	-	-	164,291,253	157,191,117
Total Contributions	651,249,486	-	181,649,704	181,649,704	832,899,190	802,561,227
Investment Income (Loss)						
Net (Depreciation) Appreciation in Fair Value of Investments, Including Gain and Loss on Sales	2,531,592,529	257,924,905	34,541,998	292,466,903	2,824,059,432	2,241,275,671
Interest	318,989,188	32,499,407	4,352,408	36,851,815	355,841,003	319,269,968
Dividends	319,104,042	32,511,109	4,353,975	36,865,084	355,969,126	326,760,743
Net Real Estate Income	54,446,609	5,547,155	742,890	6,290,045	60,736,654	43,183,853
Income from Alternative Investments	68,563,869	6,985,456	935,511	7,920,967	76,484,836	77,631,414
Securities Lending Income	5,027,071	512,170	68,592	580,762	5,607,833	6,437,447
Less: Securities Lending Expense	(702,913)	(71,614)	(9,591)	(81,205)	(784,118)	(900,298
Other Income	753,230	76,741	10,277	87,018	840,248	(9,004,492
Subtotal	3,297,773,625	335,985,329	44,996,060	380,981,389	3,678,755,014	3,004,654,306
Less: Investment Manager Expense	(173,403,293)	(17,666,756)	(2,365,980)	(20,032,736)	(193,436,029)	(155,861,569
Net Investment Income	3,124,370,332	318,318,573	42,630,080	360,948,653	3,485,318,985	2,848,792,737
Other Income						
Miscellaneous	336,731	34,307	4,595	38,902	375,633	697,339
Total Other Income	336,731	34,307	4,595	38,902	375,633	697,339
TOTAL ADDITIONS	3,775,956,549	318,352,880	224,284,379	542,637,259	4,318,593,808	3,652,051,303
DEDUCTIONS						
Pension Benefits	1,394,212,980	-	-	-	1,394,212,980	1,456,408,833
Payment of Health Subsidy	-	157,826,846	-	157,826,846	157,826,846	149,084,488
Payment of Medicare Reimbursement	-	17,832,003	-	17,832,003	17,832,003	15,256,405
Refund of Contributions	4,777,388	-	-	-	4,777,388	8,760,384
Administrative Expenses	25,671,494	2,965,747	-	2,965,747	28,637,241	26,768,636
TOTAL DEDUCTIONS	1,424,661,862	178,624,596	-	178,624,596	1,603,286,458	1,656,278,746
NET INCREASE	2,351,294,687	139,728,284	224,284,379	364,012,663	2,715,307,350	1,995,772,557
NET POSITION HELD IN TRUST FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS						
Beginning of Year, as restated	28,143,916,040	2,867,371,738	384,006,148	3,251,377,886	31,395,293,926	29,399,521,369
End of Year	$ 30,495,210,727	$ 3,007,100,022	$ 608,290,527	$ 3,615,390,549	$ 34,110,601,276	$ 31,395,293,926

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

NOTE 1 – DESCRIPTION OF THE PLANS

The Los Angeles Fire and Police Pension System (the System or LAFPP) was established by the City of Los Angeles (the City) in 1899 and operates under the provisions of the City Charter and Administrative Code. The System is a single employer public employee retirement system whose main function is to provide retirement benefits to the safety members employed by the City.

The System is administered by a Board of Fire and Police Pension Commissioners (Board) composed of five commissioners who are appointed by the Mayor, two commissioners elected by Police members of the System, and two commissioners elected by Fire members of the System. Under the provisions of the City Charter and Administrative Code and the State Constitution, the Board has the responsibility to administer the Pension Plan and Health Subsidy Plan.

Pension Plan

The System's Pension Plan is a defined benefit single-employer pension plan covering all full-time active sworn firefighters, police officers, and certain Harbor Port Police and Airport police officers of the City of Los Angeles. The System also covers those certified paramedics and civilian ambulance employees who transferred from the Los Angeles City Employees' Retirement System (LACERS) during the year ended June 30, 1983 or have since been hired. The System is composed of six tiers. Benefits are based on the member's pension tier, pension salary base, and years of service. In addition, the System provides for disability benefits under certain conditions and benefits to eligible survivors.

Tier 1 includes members hired on or before January 28, 1967. Tier 2 includes members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968. Tier 3 includes members hired from December 8, 1980 through June 30, 1997, and those Tier 4 members hired during the period of July 1, 1997 through December 31, 1997 who elected to transfer to Tier 3 by the enrollment deadline of August 6, 1999. Tier 4 includes members hired from July 1, 1997 through December 31, 2001, and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998. Tier 5 includes members hired from January 1, 2002 through June 30, 2011, and those Active members of Tiers 2, 3, and 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002. Tier 5 was the tier for all Harbor Port Police officers hired on or after January 8, 2006 through June 30, 2011. Harbor Port Police officers hired before January 8, 2006, who were members of LACERS, were allowed to transfer to Tier 5 during the enrollment period of January 8, 2006 to January 5, 2007.

Tier 6 was established for all firefighters, police and Harbor Port Police officers hired on or after July 1, 2011. Tier 6 includes sworn officers from the Department of General Services who transferred to Los Angeles Police Department (LAPD) classifications and elected to opt out of LACERS by the December 12, 2014 deadline. Effective January 7, 2018, Tier 6 also includes all new Airport police officers, as well as any Airport police officers hired prior to January 7, 2018, who elected to transfer to Tier 6 from LACERS at their own expense.

Measure FF, approved by City voters on November 5, 2024, amended the City Charter to allow sworn peace officers employed by the Harbor, Airports, Police, and Recreation and Parks Departments, including eligible Park Rangers, to voluntarily transfer from the Los Angeles City Employees' Retirement System (LACERS) to the Los Angeles Fire and Police Pensions (LAFPP) Tier 6. Eligible employees who elect to transfer from LACERS will do so effective January 11, 2026. Measure FF is expected to be cost-neutral to LAFPP, as the City is responsible for paying the full actuarial cost of all transfers and any related future costs. (See Note 17 – Subsequent Events for additional information.)

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Pension Plan (Continued)

Tier 1 members hired prior to January 17, 1927, with 20 years of service are entitled to annual pension benefits equal to 50%, increasing for each year of service over 20 years, to a maximum of 66-2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of retirement. Tier 1 members hired on or after January 17, 1927, with 20 or more years of service are entitled to annual pension benefits equal to 40%, increasing for each year of service over 20 years, to a maximum of 66-2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of retirement. Tier 1 has no minimum age requirement and provides for unlimited post-employment cost-of-living adjustments (COLA) based on the Consumer Price Index (CPI). Tier 1 members who were active as of July 1, 1982, and who terminated their employment after July 1, 1982, were entitled to a refund of contributions plus Board-approved interest if they did not qualify for a pension or if they waived their pension entitlements.

Tier 2 members with 20 or more years of service are entitled to annual pension benefits equal to 40% of their final compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 2 has no minimum age requirement and provides for unlimited post-employment COLAs based on the CPI. Tier 2 members who were active as of July 1, 1982, and who terminate their employment after July 1, 1982, are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 3 members must be at least age 50 with 10 or more years of service to be entitled to a service pension. Annual pension benefits are equal to 20% of the monthly average of a member's salary during any 12 consecutive months of service as a Plan member (one-year average compensation), increasing for each year of service over 10 years, to a maximum of 70% for 30 years. Tier 3 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. The Los Angeles City Council (City Council) may grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 4 members must have at least 20 years of service to be entitled to a service pension. There is no minimum age requirement. Annual pension benefits are equal to 40% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 4 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. The City Council may grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment before they are eligible for pension benefits do not receive a refund of contributions.

Tier 5 members must be at least age 50 with 20 or more years of service to be entitled to a service pension. Annual pension benefits are equal to 50% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 5 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Pension Plan (Continued)

Tier 6 members must be at least age 50 with 20 or more years of service to be entitled to a service pension. Annual pension benefits are equal to 40% of their two-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 6 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Health Subsidy Plan

Members of the System are entitled to post-employment health subsidy benefits under Sections 1330, 1428, 1518, 1618, and 1718 of the City Charter; Section 4.2018 of the Administrative Code; and related ordinances. Health subsidy benefits are available to members and their covered dependents (e.g., spouses/domestic partners and/or children) on disability and service retirement. Effective January 1, 2000, qualified surviving spouses/domestic partners are eligible for health subsidy benefits. Members who retire from the System with at least 10 years of service are eligible for health subsidy benefits. For retirement effective dates prior to July 1, 1998, regular benefits begin at age 60. For retirement effective dates on or after July 1, 1998, regular benefits begin at age 55. Tier 6 members who retire on a service-connected disability pension are eligible for a minimum health subsidy at age 55 if they have fewer than 10 years of service.

Administrative Code Section 4.1154 (e) provides that, on an annual basis beginning in 2006, the Board is authorized to make discretionary changes to the maximum monthly subsidy, so long as no increase exceeds the lesser of a 7% increase or the actuarial assumed rate for medical inflation for pre-65 health benefits established by the Board for the applicable fiscal year. The maximum monthly subsidy for fiscal years 2025 and 2024 was $2,241.39 and $2,169.79, respectively. The System also reimburses the basic Medicare Part B premium for any pensioner enrolled in Medicare Parts A and B, and eligible to receive a subsidy.

The System began pre-funding the health subsidy benefits effective with the 1989-1990 plan year. Full funding was phased in over four years.

Effective July 1, 2008, actual employer contributions and benefit payments relating to health subsidy benefits are separately accounted for to comply with Internal Revenue Code Section 401(h).

On January 11, 2022, the City Council passed Ordinance No. 187351 to amend Chapter 11.5 of Division 4 of the Los Angeles Administrative Code to establish the Los Angeles Fire and Police Pensions Retiree Health Care Fund (LAFPP Health Care Fund) for the sole purpose of funding retiree health care benefits for eligible retirees and beneficiaries of the System.

The City and the Board of Los Angeles Fire and Police Pensions entered into a trust agreement, providing the LAFPP Health Care Fund as an alternative funding mechanism to the pre-existing LAFPP Health Care Coverage Account (401(h) account). This measure was aimed to ensure the long-term viability and sustainability of retiree health care benefits for the Fire and Police Pension Plan.

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Health Subsidy Plan (Continued)

The LAFPP Health Care Fund is intended to qualify for federal tax exemption under Section 115 of the Internal Revenue Code. Effective July 1, 2022, the LAFPP Health Care Fund began receiving contributions from the City designated for retiree health benefits. The existing 401(h) account continues to operate, disbursing funds for health insurance and other benefits provided under Chapter 11.5 of Division 4 of the Los Angeles Administrative Code, until it is fully depleted.

On May 2, 2024, the Board adopted a new policy to determine future increases to the maximum non-Medicare Health Subsidy as the lesser of: 1) The average of the annual increase in the Los Angeles Medical Care Index published by the U.S. Bureau of Labor Statistics as of the previous December and 7%; or 2) The maximum allowable increase to the non-Medicare Health Subsidy pursuant to Los Angeles Administrative Code Section 4.1154 (e).

Health Insurance Premium Reimbursement (HIPR) Program

Effective January 1, 2001, members of the System are entitled to post-employment health insurance premium reimbursements under Section 4.1163 of the Administrative Code.

Eligibility requirements for pensioners and qualified surviving spouses/domestic partners are as follows: The pensioner (whether living or deceased) must meet minimum age and service requirements for a health subsidy and may not be enrolled in a Board-approved health plan. Prior to April 6, 2017, the pensioner or qualified surviving spouse/domestic partner were required to reside either outside California or in the State of California but not within a Board-approved health plan zip code service area to participate in the HIPR program. Effective April 6, 2017, this residency restriction was removed allowing eligible pensioners and qualified surviving spouses/domestic partners to reside anywhere and still be eligible to participate in this program.

The reimbursement paid is a percentage of the maximum health subsidy. The System also reimburses the basic Medicare Part B premium for any pensioner or qualified surviving spouse/domestic partner eligible to receive a subsidy and enrolled in Medicare Parts A and B.

Dental Subsidy Plan

Members who retire from the System with at least 10 years of service, are age 55 years or older, and are enrolled in a Board-approved dental plan, are eligible for dental subsidy benefits. Surviving spouses/domestic partners and dependents are not covered by this subsidy.

The benefit paid is a percentage of a maximum subsidy for dental insurance based on the lower of the dental subsidy in effect for LACERS or active Safety Members. The maximum monthly subsidy was $42.93 for both calendar years 2025 and 2024. In determining the dental subsidy, members receive 4% for each whole year of service, up to 100% of the maximum.

Deferred Retirement Option Plan

Effective May 1, 2002, members of the System have the option to enroll in the Deferred Retirement Option Plan (DROP) under Section 4.2100 of the Administrative Code. Members of Tiers 2 and 4 who have at least 25 years of service, and members of Tiers 3, 5, and 6 who have at least 25 years of service and who are at least age 50 are eligible for DROP.

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Deferred Retirement Option Plan (Continued)

Members who enroll continue to work and receive their active salary for up to five years. Enrolled members continue to contribute to the System until they have completed the maximum number of years required for their tier but cease to earn additional retirement service and salary credits. Monthly pension benefits that would have been paid to enrolled members are credited to their DROP accounts. DROP account balances earn interest at an annual rate of 5%.

Effective February 1, 2019, for members who enroll on or after this date, participation in DROP is suspended for any calendar month in which a participant does not spend at least 112 hours on "active duty" status. However, if a participant sustains a serious injury on duty and is admitted to the hospital for at least three consecutive days as a result of the injury, their participation will not be suspended during the first 12 calendar months following the date of injury. If a member's DROP participation is suspended, he/she is eligible to participate in DROP for a maximum of 30 additional months beyond his/her original five-year participation period. The participation period can only be extended for as many months as the member's participation was suspended, and no interest is credited to the member's DROP account following the initial five-year participation period.

Once the DROP participation period ends, enrolled members must terminate active employment. They then receive the proceeds from their DROP account and a monthly benefit based on their service and salary at the beginning date of their DROP participation, plus applicable COLAs.

At June 30, 2025 and 2024, 1,342 and 1,300 pensioners, respectively, were enrolled in the DROP program, with total estimated values of the DROP accounts of approximately $362,264,805 and $283,070,509, respectively.

Two Percent Opt-In

On July 15, 2011, the City Council adopted an ordinance to permanently freeze the retiree health subsidies and reimbursements for members of the System who retired or entered DROP on or after July 15, 2011. This ordinance added language to the Los Angeles Administrative Code to freeze the maximum monthly non-Medicare subsidy at the July 1, 2011 rate of $1,097.41 per month and freeze the maximum monthly Medicare subsidy at the January 1, 2011 rate of $480.41 per month. However, the ordinance also provided that active members of Tiers 2 - 5 may make an irrevocable election to contribute towards vesting increases in the maximum health subsidy, as allowed by an applicable Memorandum of Understanding.

Members who opted-in to make the additional two-percent pension contributions are entitled to the current maximum health subsidy benefit and all future subsidy increases once they retire and become eligible to receive a subsidy. The opt-in period for the majority of the members began August 15, 2011, and closed September 29, 2011.

SINCE THE PENSION AND HEALTH SUBSIDY PLANS INCLUDE DETAILED PROVISIONS, MEMBERS SHOULD REFER TO THE LEGAL TEXT OF THE CITY CHARTER AND LOS ANGELES CITY ADMINISTRATIVE CODE FOR MORE COMPLETE INFORMATION.

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Pension Plan Membership

The components of the System's Pension Plan membership at June 30, 2025 and 2024, are as follows:

	2025	2024
Active Nonvested:		
Tier 1	-	-
Tier 2	-	-
Tier 3	-	-
Tier 4	-	1
Tier 5	2,818	3,113
Tier 6	5,599	5,279
	8,417	8,393
Active Vested:		
Tier 1	-	-
Tier 2	3	3
Tier 3	269	315
Tier 4	141	148
Tier 5	3,468	3,499
Tier 6	11	11
	3,892	3,976
Pensioners and Beneficiaries:		
Tier 1	129	151
Tier 2	5,570	5,794
Tier 3	1,119	1,074
Tier 4	417	411
Tier 5	7,290	6,983
Tier 6	15	10
	14,540	14,423
Inactive[1]:		
Tier 3	15	18
Tier 5	246	256
Tier 6	574	554
	835	828
	27,684	27,620

[1] Includes 21 and 20 vested members as of June 30, 2025 and June 30, 2024 respectively. Remaining inactive members are due a refund of member contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

Financial Reporting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as outlined by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include information from the prior year summarized for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the System's financial statements for the fiscal year ended June 30, 2024, from which such information was derived.

Investments and Method Used to Value Investments

Temporary investments, consisting primarily of bankers' acceptances, commercial paper, certificates of deposit, pooled temporary investments, U.S. Treasury bills, and repurchase agreements along with bonds, stocks, and alternative investments, are reported at fair value. Pooled temporary investments represent funds invested in a custodian-managed discretionary short-term investment fund. This fund invests in a variety of U.S. and foreign securities rated A-1 or P-1 by S&P Global and Moody's Ratings, respectively, or equivalent quality as determined by the custodian.

Investments denominated in foreign currencies are translated to the U.S. dollar at the rate of exchange in effect at the System's year-end. Resulting gains or losses are included in the System's Statements of Changes in Fiduciary Net Position.

The category of alternative investments includes private equity and private credit. Private equity and private credit investments are composed predominantly of limited partnerships that invest mainly in privately-owned companies.

Investment transactions are accounted for on the date the securities are purchased or sold (trade date). Unsettled investment trades as of the fiscal year-end are reported in the financial statements on the accrual basis of accounting. The corresponding proceeds due from sales are reported on the Statements of Fiduciary Net Position as receivables and labeled due from brokers and amounts payable for purchases are reported as liabilities and labeled due to brokers. Dividend income is recorded on ex-dividend date and interest income is accrued as earned.

Investments are carried at fair value. The fair value of securities investments is generally based on published market prices or quotations from major investment dealers. Investments for which market quotations are not readily available are valued at their estimated fair value. The fair values of private equity and private credit investments are estimated by the investment managers based on consideration of various factors, including current net position valuations of underlying investments in limited partnerships, the financial statements of investee limited partnerships prepared in accordance with accounting principles generally accepted in the United States of America, and other financial information provided by the investment managers of investee limited partnership.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real estate investments are recorded in the financial statements under the equity method and are carried at fair value as determined by a periodic external appraisal. The fair values of real estate investment funds are provided by the individual real estate fund managers with periodic external valuations.

Cash

Cash consists primarily of an undivided interest in the cash held by the City Treasurer. These monies are pooled with the monies of other City agencies and invested by the City Treasurer's office.

Capital Assets

Capital assets include land, building, improvements, computer/software, furniture and fixtures that are used in operation. Assets with an individual cost of at least $5,000 and an estimated useful life of more than one year are capitalized. Capital assets are valued at acquisition cost plus the cost of improvements. Depreciation is computed using the straight-line method over the estimated useful lives of the building and improvements (20-year), computer/software (10-year) and furniture and fixtures (5-year). The System acquired the Neptune Building in fiscal year 2013 and occupied it as the headquarters in fiscal year 2016. Recorded values of land and building were assigned based on a ratio obtained from the November 2016 independent appraisal report.

The System implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, as of July 1, 2022. Under this guidance, the SBITAs are accounted for as intangible right-to-use subscription assets, and the associated subscription expenses are recognized over the subscription term.

Mortgage Payable

Mortgage payable is stated at fair value. The fair value of mortgage loans payable is presented at the amount at which the liability could be transferred to a market participant, exclusive of direct transaction costs such as prepayment penalties. The fair value of mortgage loans payable have been determined by giving consideration to one or more of the following criteria as appropriate: (i) interest rates and/or interest rate spreads for loans of comparable quality and maturity, (ii) the value of the underlying collateral, (iii) the credit risk of the borrower based on key elements of the real estate investment's valuation, (iv) market based loan-to-value and debt-service-coverage ratios relative to each mortgage loan payable valuation, and (v) key terms such as assumability, recourse provisions and guaranties. These inputs are considered within a discounted cash flow model used to determine the estimated fair value of mortgage loans payable.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

NOTE 3 – NEW ACCOUNTING STANDARDS

Implementation of the following GASB statements effective beginning fiscal year 2025.

Effective for the fiscal year ended June 30, 2025, the System adopted GASB Statement No. 101, *Compensated Absences*, which requires the recognition of compensated absences liabilities (e.g., vacation, sick leave) when earned and expected to be used. Due to limitations in historical payroll and personnel data in the legacy payroll system, the System applied the standard prospectively. As a result, a restatement of beginning net position totaling approximately $4.59 million was recorded as of July 1, 2024, and is reflected in the financial statements for the year ended June 30, 2025. The restatement was allocated between the Pension and Health Subsidy Plans. For additional details, refer to Note 14 – Restatement of Prior Period Financial Statements.

Effective for the fiscal year ended June 30, 2025, the System also adopted GASB Statement No. 102, *Certain Risk Disclosures*. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The statement also establishes the criteria for disclosure for a concentration or a constraint. There are no known concentrations or contingencies that meet the criteria for disclosure under this standard.

Recent GASB Pronouncements for Future Adoption

The following GASB pronouncements have been issued and are scheduled for adoption in upcoming fiscal years. LAFPP will evaluate their potential impact as they become effective:

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement improves the key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34. This statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

NOTE 4 – FUNDING POLICY AND CONTRIBUTION INFORMATION

As a condition of participation, members are required to contribute a percentage of their salaries to the System. Tier 1 members were required by the City Charter to contribute 6% of salary. The System's actuary recommended that Tier 2 members contribute 1% in addition to the 6% rate provided in the City Charter, for a total of 7% of salary. Tiers 3 and 4 members are required to contribute 8% of salary. Tier 5 members are required to contribute 9% of salary. However, the City shall pay 1% of the Tier 5 required contribution rate contingent on the System remaining at least 100% actuarially funded for pension benefits. Since July 1, 2006, Tier 5 members have been required to contribute 9% of salary because the System has remained less than 100% actuarially funded for pension benefits as determined by the System's actuary. As of the June 30, 2025 valuation, the System was again more than 100% actuarially funded for pension benefits. Accordingly, the City will be required to pay 1% of the Tier 5 member required contribution rate beginning on July 1, 2026. Tier 6 members are required to contribute 9% of salary for regular pension contributions. Tier 6 members are also required to make an additional pension contribution of 2% of salary to support the City's ability to fund retiree health benefits. Airport police officers and municipal police officers who transferred to Tier 6 from LACERS, as well as eligible sworn officers and Park Rangers electing to transfer under Measure FF, continue contributing at their applicable LACERS contribution rates until retirement.

The City Charter specifies that the City will make the following contributions each year:

A. An amount equal to the City's share of defined entry age normal costs.

B. For members of Tiers 1 and 2, a dollar amount or percentage necessary to amortize the "unfunded liability" of the System over a 70-year period, beginning with the fiscal year commencing July 1, 1967. Under Tiers 3, 4, and 5, any "unfunded liability" resulting from plan amendments shall be amortized over a 25-year period, and actuarial experience gains and losses shall be amortized over a 20-year period. For Tier 6, the unfunded liabilities shall be funded in accordance with the actuarial funding method adopted by the Board upon the advice of the consulting actuary. Charter Amendment G, effective April 8, 2011, now provides that with the advice of the consulting actuary, the Board shall establish amortization policies for unfunded actuarial accrued liabilities and surpluses for all Tiers.

C. An amount to provide for the Health Subsidy Plan.

Accordingly, the City's contributions as determined by the System's actuary for items A, B, and C above, net of early payment discount, for the fiscal years ended June 30, 2025 and 2024, were as follows ($ in thousands):

NOTE 4 – FUNDING POLICY AND CONTRIBUTION INFORMATION (Continued)

Fiscal Year Ended June 30, 2025

	Fire and Police						Harbor Port Police		LAWA
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6	Tier 6
Pension Entry Age Normal Cost	$ -	$ 115	$ 10,694	$ 4,435	$ 218,919	$ 92,012	$ 3,516	$ 816	$ 3,313
Pension Unfunded Supplemental Present Value Amount	-	37	4,656	1,842	83,384	41,535	(205)	(61)	(396)
Pension Administrative Expense	-	6	773	306	13,843	6,895	215	64	244
Health subsidy entry age Normal cost	-	13	2,609	1,037	43,693	35,824	947	308	1,519
Health subsidy unfunded actuarial accrued liability annual amount	-	26	3,315	1,312	59,375	29,575	(37)	(11)	(124)
Health Administrative Expenses	-	1	78	31	1,406	700	22	6	25
Total	$ -	$ 198	$ 22,125	$ 8,963	$ 420,620	$ 206,541	$ 4,458	$ 1,122	$ 4,581

During fiscal year 2025, total contributions of $668.61 million from the employer and $164.29 million from the members were made, with respect to the Pension Plan and Health Subsidy Plan, in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at June 30, 2023. For the Pension Plan, fiscal year 2025 employer contributions included $333.82 million for entry age normal cost, $130.79 million for the unfunded actuarial accrued liability annual amount, and $22.35 million for pension administrative expense. For the Health Subsidy Plan, fiscal year 2025 employer contributions consisted of $85.95 million for entry age normal cost, $93.43 million for the unfunded actuarial accrued liability annual amount, and $2.27 million for health administrative expense.

Fiscal Year Ended June 30, 2024

	Fire and Police						Harbor Port Police		LAWA
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6	Tier 6
Pension Entry Age Normal Cost	$ -	$ 143	$ 12,327	$ 4,750	$ 223,531	$ 76,060	$ 3,080	$ 651	$ 2,447
Pension Unfunded Supplemental Present Value Amount	-	50	5,789	2,103	92,075	37,836	(11)	(3)	(19)
Pension Administrative Expense	-	7	823	299	13,094	5,381	178	48	171
Health subsidy entry age Normal cost	-	16	2,819	1,046	41,900	27,118	759	213	983
Health subsidy unfunded actuarial accrued liability annual amount	-	32	3,694	1,342	58,765	24,148	(30)	(8)	4
Health Administrative Expenses	-	1	72	26	1,152	473	15	4	15
Total	$ -	$ 249	$ 25,524	$ 9,566	$ 430,517	$ 171,016	$ 3,991	$ 905	$ 3,601

NOTE 4 – FUNDING POLICY AND CONTRIBUTION INFORMATION (Continued)

During fiscal year 2024, total contributions of $645.37 million from the employer and $157.19 million from the members were made, with respect to the Pension Plan and Health Subsidy Plan, in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at June 30, 2022. For the Pension Plan, fiscal year 2024 employer contributions included $322.99 million for entry age normal cost, $137.82 million for the unfunded actuarial accrued liability annual amount, and $20.00 million for pension administrative expense. For the Health Subsidy Plan, fiscal year 2024 employer contributions consisted of $74.85 million for entry age normal cost, $87.95 million for the unfunded actuarial accrued liability annual amount, and $1.76 million for health administrative expense.

Surplus Management Policy

On August 1, 2024, the Board approved a surplus management policy that takes effect upon the Retirement or OPEB Plan becoming fully funded. Once fully funded, the Unfunded Actuarial Accrued Liability (UAAL) contribution rate that was determined in the previous valuation may be phased out linearly to 0.00% over a glide path of a certain number of years, as recommended by the actuary and adopted by the Board.

The glide path is designed to maintain stable contribution rates unless the Plan's funded status falls below 100%. In such cases, adjustments would be made to ensure adequate funding. The policy also details specific criteria for contribution adjustments and credits based on actuarial projections, including provisions for maintaining smooth contribution levels during the glide path phase-out period.

NOTE 5 – NET PENSION LIABILITY

The components of the System's net pension liability (NPL) at June 30, 2025 and 2024, were as follows:

	2025	2024
Total Pension Liability	$ 29,116,456,371	$ 27,892,689,724
Less: Fiduciary Net Position	30,495,210,727	28,148,045,890
Net Pension Liability (Surplus)	$ (1,378,754,356)	$ (255,356,166)
Fiduciary Net Position as a Percentage of the Total Pension Liability	104.74%	100.92%

The NPL was measured as of June 30, 2025 and June 30, 2024 and determined based upon plan assets as of each measurement date and upon rolling forward to each measurement date the total pension liability (TPL) from the actuarial valuation as of June 30, 2024 and 2023, respectively.

NOTE 5 – NET PENSION LIABILITY (Continued)

Actuarial Assumptions

The TPL as of June 30, 2025 and June 30, 2024 that were measured by the actuarial valuations as of June 30, 2024 and June 30, 2023, respectively, used the following actuarial assumptions, which were based on the July 1, 2019 through June 30, 2022 Experience Study Report dated May 10, 2023, and were applied to all periods included in the measurement as of June 30, 2025 and 2024:

Inflation Rate	2.50%
Projected Salary Increase	Ranges from 3.90% to 12.00% based on years of service, including inflation.
Investment Return Rate	7.00%, including inflation but net of pension plan investment expenses.
Real Across-the-Board Salary Increase	0.50%
Cost of Living Adjustments (COLAs)	2.75% of Tiers 1 - 6 retirement income.
Mortality	Healthy: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021. Disabled: Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2021. Beneficiary: Not in Pay Status as of Valuation: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021. In Pay Status as of Valuation: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Investment Return Rate

The long-term expected rate of return on Pension Plan investments was determined using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected

NOTE 5 – NET PENSION LIABILITY (Continued)

Investment Return Rate (Continued)

inflation, subtracting expected investment management expenses (investment consulting fees, custodian fees and other miscellaneous investment expenses) and further adjusted by a risk margin. Beginning with June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation and applicable investment management expenses, are shown in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption for June 30, 2025 and 2024. This information may change every three years based on the results of an actuarial experience study.

	Target Allocation Percentage		Long Term Expected Real Rate of Return	
Asset Class	2025	2024	2025	2024
Large Cap U.S. Equity	23.00%	23.00%	6.00%	6.00%
Small Cap U.S. Equity	6.00%	6.00%	6.65%	6.65%
Developed International Equity	16.00%	16.00%	7.01%	7.01%
Emerging Markets Equity	5.00%	5.00%	8.80%	8.80%
U.S. Core Fixed Income	9.90%	9.90%	1.97%	1.97%
High Yield Bonds	2.75%	2.75%	4.63%	4.63%
Global Credit	2.75%	2.75%	0.89%	0.89%
Real Estate	7.00%	7.00%	3.86%	3.86%
Treasury Inflation Protected Securities (TIPS)	4.40%	4.40%	1.77%	1.77%
Commodities	1.00%	1.00%	4.21%	4.21%
Cash	1.00%	1.00%	0.63%	0.63%
Private Credit	2.00%	2.00%	6.48%	6.48%
Unconstrained Fixed Income	2.20%	2.20%	2.50%	2.50%
Private Equity	14.00%	14.00%	9.84%	9.84%
Real Estate Investment Trusts (REITS)	3.00%	3.00%	5.25%	5.25%
Total Portfolio	100.00%	100.00%	5.80%	5.80%

Discount Rate

The discount rate used to measure the TPL was 7.00% as of June 30, 2025 and June 30, 2024. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2025 and 2024.

NOTE 5 – NET PENSION LIABILITY (Continued)

Sensitivity Analysis

The following presents the NPL of the System as of June 30, 2025 and 2024, calculated using the discount rate of 7.00% for 2025 and 2024, as well as what the System's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
NPL as of June 30, 2025	$ 2,581,779,662	$ (1,378,754,356)	$ (4,605,238,369)
NPL as of June 30, 2024	$ 3,546,617,592	$ (255,356,166)	$ (3,352,623,297)

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY

The components of the System's net Other Post-Employment Benefits (OPEB) liability at June 30, 2025 and 2024, were as follows:

	2025	2024
Total OPEB Liability	$ 4,398,368,516	$ 4,066,715,913
Less: Fiduciary Net Position	3,615,390,549	3,251,841,341
Net OPEB Liability	$ 782,977,967	$ 814,874,572
Fiduciary Net Position as a Percentage of the Total OPEB Liability	82.20%	79.96%

The Net OPEB Liability (NOL) was measured as of June 30, 2025and June 30, 2024. The Health Subsidy's Net Position was valued as of the measurement date, while the Total OPEB Liability (TOL) was determined based upon the results of the funding actuarial valuations as of June 30, 2025 and 2024.

Actuarial Assumptions

The TOL as of June 30, 2025 and 2024 were determined by the actuarial valuations as of June 30, 2025 and 2024, respectively. The actuarial assumptions used for these valuations were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022 and the health assumptions letters dated August 27, 2025 and August 28, 2024.

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Actuarial Assumptions (Continued)

The following actuarial assumptions were applied to all periods included in the measurements as of Jun 30, 2025 and 2024:

Inflation Rate	2.50%
Projected Salary Increase	Ranges from 3.90% to 12.00% based on years of service, including inflation
Investment Return Rate	7.00%, including inflation but net of investment expenses.
Real Across-the-Board Salary Increase	0.50%
Cost of Living Adjustments (COLAs)	2.75% of Tiers 1-6 retirement income.
Mortality	Healthy: Pub-2010 Safety Healthy Retiree Headcount-Weighted Above-Median Mortality Table increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021. Disabled: Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2021. Beneficiary: Not in Pay Status as of Valuation: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021. In Pay Status as of Valuation: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table increased by 5% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Investment Return Rate

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting the expected investment expenses (beginning with June 30, 2023, only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023, this portfolio return is fully adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, are shown in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of June 30, 2025 and 2024. This information may change every three years based on the results of an actuarial experience study.

	Target Allocation Percentage		Long Term Expected Real Rate of Return	
Asset Class	2025	2024	2025	2024
Large Cap U.S. Equity	23.00%	23.00%	6.00%	6.00%
Small Cap U.S. Equity	6.00%	6.00%	6.65%	6.65%
Developed International Equity	16.00%	16.00%	7.01%	7.01%
Emerging Markets Equity	5.00%	5.00%	8.80%	8.80%
U.S. Core Fixed Income	9.90%	9.90%	1.97%	1.97%
High Yield Bonds	2.75%	2.75%	4.63%	4.63%
Global Credit	2.75%	2.75%	0.89%	0.89%
Real Estate	7.00%	7.00%	3.86%	3.86%
Treasury Inflation Protected Securities (TIPS)	4.40%	4.40%	1.77%	1.77%
Commodities	1.00%	1.00%	4.21%	4.21%
Cash	1.00%	1.00%	0.63%	0.63%
Private Credit	2.00%	2.00%	6.48%	6.48%
Unconstrained Fixed Income	2.20%	2.20%	2.50%	2.50%
Private Equity	14.00%	14.00%	9.84%	9.84%
Real Estate Investment Trusts (REITS)	3.00%	3.00%	5.25%	5.25%
Total Portfolio	100.00%	100.00%	5.80%	5.80%

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Discount Rate

The discount rate used to measure the TOL was 7.00% as of June 30, 2025 and June 30, 2024. The projection of cash flows used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future members and their beneficiaries are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefits payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both June 30, 2025 and June 30, 2024.

Sensitivity Analysis

The following presents the NOL of the System as of June 30, 2025 and 2024, calculated using the discount rate of 7.00%, as well as what the System's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
NOL as of June 30, 2025	$ 1,448,434,861	$ 782,977,967	$ 246,606,786
NOL as of June 30, 2024	$ 1,422,652,887	$ 814,874,572	$ 324,035,596

Sensitivity Analysis to Changes in Trend Rate

The following presents the NOL of the Health Subsidy Plan of the System as of June 30, 2025 and 2024, as well as what the System's NOL would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Trend	1% Increase
NOL as of June 30, 2025	$ 227,496,535	$ 782,977,967	$ 1,485,162,289
NOL as of June 30, 2024	$ 305,891,045	$ 814,874,572	$ 1,456,287,982

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Actuarial Assumptions for Other Post-Employment Benefits

Additional information from the actuarial valuations as of June 30, 2025 and 2024 are as follows:

	June 30, 2025	June 30, 2024
Non-Medicare Medical Plan	7.00%, then graded down to an ultimate of 4.50% over 10 years	7.00%, then graded down to an ultimate of 4.50% over 10 years
Medicare Medical Plan	6.75%, then graded down to 4.50% ultimate over 9 years	10.00%, then 6.50% graded to 4.50% ultimate over 8 years
Dental	3.00%	3.00%
Medicare Part B	11.60%, then 6.75% for 8 years, then 6.25% graded to 4.50% ultimate over 4 years	6.20% for 9 years, then 5.75% graded to 4.50% ultimate over 5 years
Medical Subsidy Trend		
Type of Member:		
(For employees not subject to subsidy freeze		
Non-Medicare retirees	Increase by the lesser of 7.00%, or non-Medicare trend	
Member retirees with single party premium	Increase with medical trend.	
Member retirees with 2-party premium less than or equal to the maximum subsidy (e.g., Fire Kaiser)	Increase with medical trend.	
Medicare retirees with 2-party premium greater than the maximum subsidy (e.g., Police Blue Cross PPO)	Increase based on a combination of Medicare maximum subsidy trend and the Medicare plan trend for that particular health plan.	

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Actuarial Assumptions for Other Post-Employment Benefits (Continued)

The following assumptions were adopted by the Board based on the actuarial experience study from July 1, 2019 through June 30, 2022 for the June 30, 2025 and June 30, 2024 actuarial valuations:

Actuarial Cost Method	Entry age normal, level percent of pay.
Adminstrative Expenses	Out of the total 1.45% of payroll in administrative expense, 0.13% of payroll payable biweekly is allocated to the Retiree Health Plan. This is equal to 0.13% of payroll payable at beginning of the year.
Spouse Age Difference	Males are assumed to be 3 years older than a female spouse.

Participation

Service Range (Years)	Participation for Future Retirees Under 65 (Percentage)	Participation for Future Retirees Over 65 (Percentage)	Participation for Current Retiree Age 55-64 Without Subsidy Upon Attaining Age 65 (Percentage)
10-14	35%	55%	30.77%
15-19	60%	80%	50.00%
20-24	80%	85%	25.00%
25 and over	95%	97%	40.00%

Medicare Coverage	100% of future retirees are assumed to elect Medicare Parts A and B.
Dental Coverage	90% of future retirees are assumed to elect dental coverage.
Spousal Coverage	Of future retirees receiving a medical subsidy, 80% are assumed to elect coverage for married and surviving spouse or domestic partners. For those retired on valuation date with a subsidy, spousal/domestic partner coverage is based on census data
Implicit Subsidy	Based on information provided by the health consultant retained by Los Angeles Firemen's Relief Association (LAFRA), we understand that retirees under age 65 enrolled in the Fire Kaiser Medical Plan are presently underwritten with the actives enrolled in that plan. LAFPP has made a decision to include the implicit subsidy in the employer's contribution rate starting with the June 30, 2019 funding valuation. No implicit subsidy needs to be valued for the other medical plans.

Other actuarial assumptions on mortality rates, termination rates, retirement rates, net investment return, and future benefit accruals are the same as for Pension Plan benefits.

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Actuarial Assumptions for Other Post-Employment Benefits (Continued)

The per capita cost assumptions were based on premium, subsidy, and census data provided by the System and are summarized as follows:

For fiscal year 2025:

	Maximum Subsidies							
	For Participants under 65				For Participants 65 and Over			
Plan	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse
Fire Medical	90%	$ 2,398.29	$ 2,398.29	$1,117.28	87%	$ 581.56	$ 934.29	$ 581.56
Fire Kaiser	4%	2,398.29	2,398.29	1,117.28	10.0%	581.56	422.96	581.56
UFLAC Select HMO	2%	2,398.29	2,398.29	1,117.28	1%	581.56	770.97	581.56
UFLAC HDHP	4%	2,398.29	2,398.29	1,117.28	2%	581.56	1,059.18	581.56
Police Blue Cross PPO	68%	2,398.29	2,398.29	1,117.28	77%	581.56	1,226.45	581.56
Police Blue Cross HMO	12%	2,398.29	2,398.29	1,117.28	7%	581.56	1,320.45	581.56
Police Kaiser	20%	2,398.29	2,398.29	1,117.28	16%	581.56	413.24	581.56
Dental	90%	42.93	42.93	-	90%	42.93	42.93	-
Medicare	N/A	-	-	-	100%	185.00	185.00	-

For fiscal year 2024:

	Maximum Subsidies							
	For Participants under 65				For Participants 65 and Over			
Plan	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse
Fire Medical	88%	$ 2,241.39	$ 2,241.39	$ 1,051.78	86%	$ 549.16	$ 875.41	$ 549.16
Fire Kaiser	6%	2,241.39	2,241.39	1,051.78	10.0%	549.16	390.00	549.16
UFLAC Select HMO	2%	2,241.39	2,241.39	1,051.78	1%	549.16	734.97	549.16
UFLAC HDHP	4%	2,241.39	2,241.39	1,051.78	3%	549.16	1,009.68	549.16
Police Blue Cross PPO	66%	2,241.39	2,241.39	1,051.78	76%	549.16	1,206.05	549.16
Police Blue Cross HMO	12%	2,241.39	2,241.39	1,051.78	7%	549.16	1,256.05	549.16
Police Kaiser	22%	2,241.39	2,241.39	1,051.78	17%	549.16	379.88	549.16
Dental	90%	42.93	42.93	-	90%	42.93	42.93	-
Medicare	N/A	-	-	-	100%	174.70	174.70	-

Note: The System pays the lower of the member's subsidy or member's medical/dental plan premium.

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Health Subsidy Plan Membership

The components of the Health Subsidy Plan membership at June 30, 2025 and 2024, are as follows:

	2025	2024
Retired Members	10,668	10,599
Beneficiaries	1,699	1,692
Vested Terminated Members	1,005	984
Active Members	12,309	12,369
	25,681	25,644

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS

Cash and Temporary Investments

The System considers investments purchased with a maturity of 12 months or less to be temporary investments. At June 30, 2025, cash and temporary investments consisted of $808,868 cash held by the City Treasurer's office and $1,039,759,389 in collective short-term investment funds (STIF). At June 30, 2024, cash and temporary investments consisted of $6,926,807 cash held by the City Treasurer's office and $1,226,527,294 in collective short-term investment funds (STIF). Cash held by the City Treasurer's office is pooled with funds of other City agencies and is not individually identifiable. The temporary investments are not leveled and not included in the following fair value measurements hierarchy table.

Fair Value of Investments

The System measures and categorizes its investments using fair value measurements guidelines established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The levels of valuation inputs are as follows:

Level 1 – Quoted prices for identical assets or liabilities in an active market
Level 2 – Observable inputs other than quoted market prices; and,
Level 3 – Unobservable inputs.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

At June 30, 2025, the System has the following recurring fair value measurements ($ in thousands):

	June 30, 2025	Level 1	Level 2	Level 3
Investments by fair value level				
Debt Securities				
U.S. Treasuries	$ 2,407,907	$ -	$ 2,407,907	$ -
U.S. Agencies	1,096,005	-	1,090,143	5,862
Municipal/Provincial Bonds	11,060	-	11,060	-
Collateralized Debt Obligations	768,861	-	766,478	2,383
Commercial Paper	256,017	-	255,697	320
Corporate Bonds	2,995,483	-	2,985,160	10,323
Total Debt Securities	7,535,333	-	7,516,445	18,888
Equity Securities				
Common Stock	17,514,800	17,496,915	90	17,795
Preferred Stock	171,106	140,523	-	30,583
Other	-	-	-	-
Total Equity Securities	17,685,906	17,637,438	90	48,378
Real Estate	679,216	120,036	-	559,180
Derivatives	19,775	-	19,775	-
Total Investments by Fair Value	$ 25,920,230	$ 17,757,474	$ 7,536,310	$ 626,446

Investment measured at the net asset value (NAV)	
Private Equity Partnerships	$ 6,195,146
Private Credit	215,677
Real Estate	1,271,728
Corporate Debt Securities	32,196
Total Investments Measured at NAV	$ 7,714,747

Note: Temporary investments of $1.04 billion are not included in the fair value hierarchy above.

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities such as U.S. Treasuries, U.S. Agencies, municipal bonds, collateralized debt obligations, commercial paper, corporate bonds and other equity securities are classified in Level 2. They are valued using quoted prices for identical securities in markets that are not active. The value prices observed used market-based inputs.

Debt securities, namely collateralized debt obligations and corporate bonds, classified in Level 3 are valued using unobservable inputs which can be extrapolated data, proprietary models or indicative quotes. Other equity securities classified in Level 3 are valued using uncorroborated indicative quotes.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Fair Value of Investments (continued)

Real estate separate account investments are valued based on an independent appraisal or other methods using various techniques including models. Real estate separate accounts are scheduled for independent appraisal on a rolling 3-year period.

The System's investments such as private equity and private credit partnerships, commingled real estate funds, asset/mortgage-backed security funds and commercial mortgages are valued using the net asset value (NAV). Real estate pooled investments are valued based on an independent appraisal or other methods using various techniques including models.

Investments measured at the NAV ($ in thousands):

Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private Equity funds and Partnerships	$ 6,195,146	$ 2,652,493	N/A	-
Private Credit funds and Partnerships	215,677	369,614	Quarterly	-
Real Estate[(1)]	1,271,728	599,290	Quarterly	90 -179 days
Corporate Debt Securities	32,196	-	Anytime	-
Total Investments measured at NAV	$ 7,714,747			

[(1)]*This type investment includes $719.1 million of commingled real estate committed and funded that can be redeemed quarterly with 90 to 179 days redemption notice period.*

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Investment Policy

The Board is responsible for adopting an investment policy using the "prudent person standard" per Article XI, Section 1106 (c) of the City Charter. Investments are made with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims.

The Board's adopted allocation policy effective during fiscal years 2025 and 2024 were as follows:

Asset Class	2025	2024
Large Cap U.S. Equity	23.00%	23.00%
Small Cap U.S. Equity	6.00%	6.00%
International Developed Equity	18.00%	18.00%
Private Equity	15.00%	15.00%
U.S. Core Fixed Income	10.80%	10.78%
Treasury Inflation Protected Securities (TIPS)	3.50%	3.52%
High Yield Bonds	2.20%	2.20%
Unconstrained Fixed Income	2.20%	2.20%
Global Credit	3.30%	3.30%
Private Credit	3.00%	3.00%
Real Estate	8.50%	7.00%
Real Estate Investment Trusts (REITS)	1.50%	3.00%
Private Infrastructure	2.00%	0.00%
Commodities	0.00%	2.00%
Cash	1.00%	1.00%
Total Portfolio	100.00%	100.00%

Credit Risk

Credit risk is the risk that an issuer or a counterparty to an investment will not fulfill its obligations. The System seeks to maintain a diversified portfolio of fixed income securities in order to obtain the highest total return at an acceptable level of risk within this asset class.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Credit Risk (Continued)

As of June 30, 2025, the quality ratings of the System's fixed income investments in U.S. Government obligations and domestic corporate and foreign bonds are as follows:

Quality Rating	Fair Value	Percentage
AAA	$ 355,848,472	5.59%
AA	2,395,025,441	37.63%
A	696,259,887	10.94%
BBB	862,456,586	13.55%
BB	491,306,634	7.71%
B	656,634,264	10.32%
CCC	103,259,637	1.62%
CC	1,089,193	0.02%
C	113,988	0.00%
Not Rated	803,106,496	12.62%
Subtotal	6,365,100,598	100.00%
U.S. Government Issued or Guaranteed Securities	1,202,429,081	
Total Fixed Income Investments	$ 7,567,529,679	

As of June 30, 2024, the quality ratings of the System's fixed income investments in U.S. Government obligations and domestic corporate and foreign bonds are as follows:

Quality Rating	Fair Value	Percentage
AAA	$ 2,514,682,015	42.95%
AA	111,169,612	1.90%
A	646,708,580	11.05%
BBB	778,198,184	13.29%
BB	537,706,600	9.17%
B	600,701,479	10.26%
CCC	95,630,693	1.63%
CC	5,077,356	0.09%
C	76,440	0.00%
Not Rated	565,119,337	9.65%
Subtotal	5,855,070,296	100.00%
U.S. Government Issued or Guaranteed Securities	981,074,648	
Total Fixed Income Investments	$ 6,836,144,944	

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the System's deposits and collateral securities in the possession of an outside party would not be recoverable. Deposits are exposed if they are not insured or are not collateralized. As of June 30, 2025 and 2024, the System's exposure to custodial credit risk comprised of foreign currencies held outside the custodial bank amounted to $41,353,375 and $28,129,623, respectively.

For investment securities, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are not insured, or are not registered in the System's name, and held by the counterparty. As of June 30, 2025 and 2024, the System's investments in publicly traded stocks and bonds were not exposed to custodial risk since they are all held by the custodian and are registered in the System's name. As of June 30, 2025 and 2024, private equity investments amounting to $6,214,920,689 and $5,931,814,894, private credit investments amounting to $215,677,275 and $27,711,590, and commingled real estate funds amounting to $1,271,728,357 and $1,164,716,266, were exposed to custodial credit risk, respectively.

Concentration of Credit Risk

Concentration of credit risk exists when the System has investments in a single issuer totaling 5% or more of the total investment portfolio. As of June 30, 2025 and 2024, the System's investment portfolio contained no such concentrations. Securities issued or guaranteed by the U.S. Government are exempt from this limitation.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The System manages its exposure to interest rate risk by requiring a fixed income investment manager to maintain the effective duration of their portfolio within a specified range of (1) the Bloomberg US Aggregate Bond Index for core fixed income investments, (2) the Bloomberg US Mortgage Backed Securities Index for mortgage backed investments, (3) the Bloomberg US Government/Credit Long-Term Bond Index for long duration investments, (4) the B of A ML High Yield Master II Index for high yield investments (5) the Bloomberg US Treasury TIPS 1-5 Years Index for inflation-linked investments, and (6) a blend of the Bloomberg Global Aggregate Credit Index USD, ICE B of A ML Developed Markets High Yield Index USD, JP Morgan Emerging Markets Bond Index Global Diversified USD and Credit Suisse Leveraged Loan Index for global credit investments. The longer the duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the System's investments to interest rate fluctuations is provided in the following table that shows the weighted average maturity of the System's fixed income investments by investment type.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Interest Rate Risk (Continued)

Fiscal Year 2025

Investment Type	Fair Value	Weighted Average Maturity (in Years)
Asset Backed Securities	$ 357,772,210	7.55
Bank Loans	256,017,721	5.16
Commercial Mortgage-Backed	176,726,113	17.4
Corporate Bonds	2,594,901,129	8.97
Corporate Convertible Bonds	37,100,187	17.11
Government Agencies Bonds	104,133,713	8.11
Government Bonds	1,467,232,821	12.6
Government Mortgage Backed Securities	1,068,622,310	25.37
Government Issued Commercial Mortgage-Backed	4,581,042	36.87
Index Linked Government Bonds	1,205,065,158	3.01
Municipal/Provincial Bonds	24,294,916	17.66
Non-Government Backed Collateralized Mortgage Obligations	234,362,337	29.52
Sukuk	4,524,073	3.55
Asset/Mortgage Backed Securities/Other Fixed Income Funds	32,195,949	N/A
Total Fixed Income Investments	$ 7,567,529,679	

Fiscal Year 2024

Investment Type	Fair Value	Weighted Average Maturity (in Years)
Asset Backed Securities	$ 391,479,918	7.08
Bank Loans	245,452,602	4.92
Commercial Mortgage-Backed	158,064,104	16.96
Corporate Bonds	2,433,123,854	8.66
Corporate Convertible Bonds	31,732,812	9.28
Government Agencies Bonds	112,415,308	6.6
Government Bonds	1,180,435,579	12.46
Government Mortgage Backed Securities	898,532,255	25.66
Government Issued Commercial Mortgage-Backed	3,960,135	38.98
Index Linked Government Bonds	1,123,817,579	3.53
Municipal/Provincial Bonds	13,879,559	31.06
Non-Government Backed Collateralized Mortgage Obligations	188,666,700	27.77
Sukuk	4,575,477	4.55
Asset/Mortgage Backed Securities/Other Fixed Income Funds	50,009,062	N/A
Total Fixed Income Investments	$ 6,836,144,944	

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Interest Rate Risk (Continued)

Highly sensitive investments are certain debt investments whose terms may cause their fair value to be highly sensitive to market interest rate changes. The following are asset-backed investments by investment type:

Investment Type	2025 Fair Value	2024 Fair Value
Asset Backed Securities	$ 357,772,210	$ 391,479,918
Commercial Mortgage-Backed	176,726,113	158,064,104
Government Agencies Bonds	104,133,713	112,415,308
Government Mortgage Backed Securities	1,068,622,310	898,532,255
Non-Government Backed Collateralized Mortgage Obligations	234,362,337	188,666,700
	$ 1,941,616,683	$ 1,749,158,285

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of deposits or investments. The System's asset allocation policy sets a target of 18% of the total portfolio for non-U.S. investments in equities for fiscal years 2025 and 2024. The majority of the System's currency exposure comes from its holdings of foreign stocks. In addition, fixed income, real estate, private equity, and private credit managers may hold non-U.S. investments depending on their individual investment strategies. The System's foreign investment holdings, including foreign currencies in temporary investments as of June 30, 2025 and 2024 are as follows:

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (C

Foreign Currency Risk (Continued)

Foreign Currency Type	2025	2024
Australian Dollar	$ 219,577,854	$ 199,122,183
Brazilian Real	164,893,020	93,308,582
British Pound Sterling	791,128,513	809,016,665
Canadian Dollar	155,059,491	122,718,416
Chilean Peso	600,853	-
Chinese Yuan Renminbi	15,066	13,397
Colombian Peso	3,948,977	5,954,519
Czech Koruna	173,401	-
Danish Krone	145,658,270	155,105,536
Euro	2,207,961,634	1,879,593,441
HK offshore Chinese Yuan Renminbi	28,163,925	22,244,363
Hong Kong Dollar	238,337,752	171,426,619
Hungarian Forint	2,346,910	-
Indian Rupee	57,552,810	60,568,389
Indonesian Rupiah	2,728,339	6,926,909
Japanese Yen	1,092,392,842	942,564,875
Mexican Peso	118,455,604	47,391,332
New Israeli Shekel	13,269,412	7,118,867
New Romanian Leu	2,322,559	-
New Taiwan Dollar	106,598,675	102,591,711
New Zealand Dollar	4,477,054	3,964,350
Norwegian Krone	13,940,243	17,165,221
Peruvian nuevo sol	12,371,572	-
Philippine Peso	427	410
Polish Zloty	3,136,825	-
Saudi Riyal	-	2,172,236
Singapore Dollar	80,656,221	38,869,725
South African Rand	25,335,696	19,516,588
South Korean Won	145,048,604	130,681,557
Swedish Krona	113,765,168	134,931,119
Swiss Franc	412,511,871	358,383,108
Thai Baht	157	119,394
Turkish Lira	2,679,152	7,040,052
Uruguayan peso uruguayo	3,232,697	4,360,910
	$ 6,168,341,594	$ 5,342,870,474

Note: The foreign currency total comprises foreign stocks, foreign bonds, and currency holdings.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Money-Weighted Rate of Return

The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on the investment of the Pension Plan and Health Subsidy Plan, gross of investment expense, for the years ended June 30, 2025 and 2024, was 11.26% and 9.94%, respectively. The source for the rate of return was the June 30, 2025 and 2024 Monthly Returns Analysis provided by the custodian bank, Northern Trust.

NOTE 8 – SECURITIES LENDING

The System has entered into various short-term arrangements with its custodian, whereby investments are loaned to various brokers, as selected by the custodian. The lending arrangements are collateralized by cash, letters of credit, and marketable securities held on the System's behalf by the custodian. These agreements provide for the return of the investments and for a payment of a) a fee when the collateral is marketable securities or letters of credit, or b) interest earned when the collateral is cash on deposit.

Upon direction of the Board, the custodian may loan securities to brokers or dealers or other borrowers upon such terms and conditions, as it deems advisable. Collateral for the securities on loan will be maintained at a level of at least 102 percent of their fair value plus any accrued interest for U.S. securities lending and 105 percent of the fair value plus any accrued interest for non-U.S. securities lending. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

The borrower has all incidents of ownership with respect to the borrowed securities and collateral including the right to vote and transfer or loan borrowed securities to others. The System is entitled to receive all distributions, which are made by the issuer of the borrowed securities, directly from the borrower. Under the agreement, the custodian will indemnify the System as a result of the custodian's failure to: (1) make a reasonable determination of the creditworthiness of a potential borrower before lending and, during the term of the loan or loans, the borrower files a petition of bankruptcy or similar action, (2) demand adequate collateral, or (3) otherwise maintain the securities lending program in compliance with the Federal Financial Institutions Examinations Council Supervisory Policy on Securities Lending.

These agreements provide the return of the securities and revenue determined by the type of collateral received (from which the custodian's fee is deducted). The securities on loan to brokers are shown at their fair value on the System's Statements of Fiduciary Net Position.

As required by GASB, cash received as collateral on securities lending transactions is reported as an asset, and the liabilities from these transactions are reported in the Statements of Fiduciary Net Position. The System cannot pledge or sell non-cash collateral unless the borrower defaults.

As of June 30, 2025 and 2024, the fair value of securities on loan was $1,581,198,006 and $1,599,754,817, respectively, and the fair value of collateral received was $1,631,361,278 and $1,645,877,399, respectively. Of the $1,631,361,278 collateral received as of June 30, 2025, $1,003,949,189 was cash collateral and $627,412,089 represented the fair value of non-cash collateral; and of the $1,645,877,399 collateral received as of June 30, 2024, $858,403,074 was cash collateral and $787,474,325 represented the fair value of non-cash collateral. Non-cash collateral, which the System does not have the ability to pledge or sell unless the borrower defaults, is not reported in the Statements of Fiduciary Net Position.

NOTE 8 – SECURITIES LENDING (Continued)

The following represents the balances relating to the securities lending transactions as of June 30, 2025 and 2024:

Fair value of collateral received for loaned securities as of June 30, 2025:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	$ 205,477,612	$ 42,851,035	$ 248,328,647
Domestic Corporate Fixed Income Securities	213,627,134	68,689,002	282,316,136
Domestic Equities	379,578,765	422,257,800	801,836,565
International Fixed Income Securities	4,027,370	26,110	4,053,480
International Equities	201,238,308	93,588,142	294,826,450
	$ 1,003,949,189	$ 627,412,089	$ 1,631,361,278

Fair value of loaned securities as of June 30, 2025:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency	$ 202,228,476	$ 42,015,657	$ 244,244,133
Domestic Corporate Fixed Income Securities	209,189,411	67,067,521	276,256,932
Domestic Equities	371,602,241	413,275,067	784,877,308
International Fixed Income Securities	3,797,334	23,496	3,820,830
International Equities	184,492,991	87,505,812	271,998,803
	$ 971,310,453	$ 609,887,553	$ 1,581,198,006

NOTE 8 – SECURITIES LENDING (Continued)

Fair value of collateral received for loaned securities as of June 30, 2024:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	$ 296,313,903	$ 65,063,120	$ 361,377,023
Domestic Corporate Fixed Income Securities	254,592,722	80,976,334	335,569,056
Domestic Equities	211,027,508	578,790,392	789,817,900
International Fixed Income Securities	4,808,101	456,952	5,265,053
International Equities	91,660,840	62,187,527	153,848,367
	$ 858,403,074	$ 787,474,325	$ 1,645,877,399

Fair value of loaned securities as of June 30, 2024:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency	$ 288,211,490	$ 63,171,912	$ 351,383,402
Domestic Corporate Fixed Income Securities	248,120,086	78,726,759	326,846,845
Domestic Equities	205,321,798	566,997,977	772,319,775
International Fixed Income Securities	4,506,397	418,482.00	4,924,879
International Equities	86,438,985	57,840,931	144,279,916
	$ 832,598,756	$ 767,156,061	$ 1,599,754,817

For the fiscal years ended June 30, 2025 and 2024, securities lending income amounted to $5,607,832 and $6,437,447, respectively, while securities lending expenses amounted to $784,118 and $900,298, respectively.

NOTE 9 – DERIVATIVE INSTRUMENTS

The System, through its outside investment managers, holds investments in swaps, options, rights, and warrants and enters into futures and forward foreign currency contracts to manage portfolio risk or use them as substitutes for owning securities. Forward contracts are subject to credit risk if the counterparties to the contracts are unable to meet the terms of the contract. Futures contracts have little credit risk, as organized exchanges are the guarantors. Due to the level of risk associated with derivative investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amount reported in the financial statements.

The fair values of the futures that are traded on various exchanges are determined by the price on that exchange. Fair values for the currency forward contracts are determined by the exchange rate of the reference currency on the last day of the reporting period.

NOTE 9 – DERIVATIVE INSTRUMENTS (Continued)

For options, swaps, rights, and warrants pricing would come from the exchange they are traded on if they are exchange traded securities.

They can also trade as over-the-counter securities and the market values would then be determined by the value of a reference security or value that would typically be publicly priced. For assets traded over the counter and held at the custodian bank an independent pricing service is involved in calculating the price of the derivative security using the value of the reference security or reference value.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2025, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2025 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2025		Notional
Type	Classification	Amount	Classification	Amount	Amount
Investment Derivatives:					
Futures - Shorts	N/A	$ -	Investment	$ -	$ (74,259,693)
Futures - Longs	Investment Revenue	3,695,512	Investment	-	728,128,088
Forwards	Investment Loss	(11,080,706)	Investment	(3,851,262)	-
Options	Investment Loss	(1,336,941)	Investment	25,892	-
Others	Investment Revenue	1			
Rights/Warrants	Investment Revenue	614,681	Investment	-	-
Swaps	Investment Revenue	11,797,895	Investment	19,749,021	-

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2024, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2024 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2024		Notional
Type	Classification	Amount	Classification	Amount	Amount
Investment Derivatives:					
Futures - Shorts	N/A	$ -	Investment	$ -	$ (179,474,293)
Futures - Longs	Investment Loss	(575,920)	Investment	-	813,876,265
Forwards	Investment Revenue	5,837,642	Investment	3,455,256	-
Options	Investment Loss	(275,008)	Investment	27,110	-
Others	Investment Revenue	40,021			
Rights/Warrants	Investment Loss	(320,757)	Investment	9,677	-
Swaps	Investment Revenue	12,170,927	Investment	3,706,028	-

NOTE 10 – CAPITAL ASSETS

The System's capital assets include land, building, computer/software, intangible asset, and furniture and fixtures.

The following is a summary of the System's capital assets at June 30, 2025 and 2024:

	2025	2024
Capital Assets Not Depreciated/Amortized		
Land	$ 6,465,660	$ 6,465,660
Total Capital Assets Not Depreciated/Amortized	6,465,660	6,465,660
Capital Assets Depreciated/Amortized		
Building	18,777,794	18,777,794
Computer/Software under Development	5,346,201	5,344,701
Furniture and Fixtures	1,297,014	1,297,014
Vehicle	75,443	-
Intangible Asset - SBITA	475,328	475,328
Total Capital Assets Depreciated/Amortized	25,971,780	25,894,837
Less: Accumulated Depreciation/Amortization		
Building	(8,686,659)	(7,747,769)
Computer/Software under Development	(3,206,541)	(2,661,730)
Furniture and Fixtures	(1,297,014)	(1,297,014)
Vehicle	(14,345)	-
Intangible Asset - SBITA	(284,880)	(126,444)
Total Accumulated Depreciation/Amortization	(13,489,439)	(11,832,957)
Total Capital Assets Depreciated/Amortized, Net	12,482,341	14,061,880
Total Capital Assets, Net	$ 18,948,001	$ 20,527,540

NOTE 11 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA)

The System entered into two subscription-based information technology arrangements (SBITAs). The first agreement is a three-year subscription for the right to use a document storage management system, which expires in June 2026. The second agreement is a three-year subscription for the right to use software and related licenses, which expires in December 2026. Variable payments based on the usage of the underlying assets are excluded from the subscription liability calculations but are recognized as outflows of resources in the period in which the obligation is incurred.

As of June 30, 2025, the System recognized intangible assets related to SBITA, valued at $475,328 and related accumulated amortization of $284,880.

The System's principal and interest requirements to maturity for SBITA liability, as of June 30, 2025, are as follows:

Year Ending	Principal	Interest	Total
2026	$ 161,703	$ 3,599	$ 165,302

NOTE 12 – LEASES

LAFPP as a Lessee

The System has evaluated its existing lease agreements as a lessee and determined that the amounts associated do not have a material effect on the System's financial statements under GASB Statement No. 87, *Leases*.

LAFPP as a Lessor

The System entered into three lease agreements to provide office and retail space in the headquarters building to external parties. These leases meet the criteria for recognition as a lessor under GASB Statement No. 87. These leases have a term of three years, with no option for renewal. Per lease agreements, there are predetermined fixed-rate annual increases in lease payments.

As a lessor, the System measures the lease receivable at the lease commencement date as the present value of payments expected to be received from tenants during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Interest is also recognized on the lease receivable earned during the current fiscal year as interest revenue.

During the fiscal year ended June 30, 2025, the following changes occurred in these agreements. The first lease expired in March 2025, after which the lessee continued occupancy on a month-to-month basis until vacating the space in June 2025. The second lease expired in April 2025 and was not renewed. Lease revenue for both leases was recognized through June 2025 and April 2025, respectively, and the related

NOTE 12 – LEASES (Continued)

LAFPP as a Lessor (Continued)

lease receivables and deferred inflows of resources were fully recognized upon termination. The third lease, originally scheduled to expire in November 2025, was terminated early when the lessee vacated the space in June 2025. Accordingly, the related deferred inflow of resources was derecognized as of June 30, 2025. As of June 30, 2025, the System had no remaining lease receivables or deferred inflows of resources related to these lease agreements.

The System recognized $206,115 in lease revenue for the current fiscal year. As of June 30, 2025, there are no future lease payments to be received under these lease agreements, as all leases expired or were terminated prior to year-end.

NOTE 13 – MORTGAGES PAYABLE

Mortgages are secured by real estate. For the fiscal years 2024 and 2025, interest rates range from 1.81% to 5.71% per annum. The average monthly principal and interest payments range from $37,708 to $140,371.

The mortgages mature from October 2026 to November 2032. Principal and interest payments due under such mortgages are as follows for the years ending June 30:

Year Ending	Principal	Interest	Total
2026	$ -	$ 7,545,646	$ 7,545,646
2027	25,000,000	7,206,271	32,206,271
2028	-	7,095,959	7,095,959
2029	66,260,000	4,669,127	70,929,127
2030	62,375,000	2,219,554	64,594,554
2031-2033	57,960,000	1,401,177	59,361,177
	$ 211,595,000	$ 30,137,734	$ 241,732,734

The mortgages are secured by real estate that was purchased with the funds.

The following is a summary of mortgage payable activities for the years ended June 30, 2025 and 2024:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Fair Value June 30, 2025
Mortgage Payable	$ 183,020,000	$ 57,625,000	$ 29,050,000	$ 211,595,000	$ 203,418,714

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Fair Value June 30, 2024
Mortgage Payable	$ 196,613,299	$ -	$ 13,593,299	$ 183,020,000	$ 173,673,622

NOTE 14 – RESTATEMENT OF PRIOR PERIOD FIDUCIARY NET POSITION

Effective July 1, 2024, the System adopted GASB Statement No. 101, *Compensated Absences*, which requires the recognition of compensated absences liabilities, such as vacation and sick leave, when earned and expected to be used. As a result, the beginning net position as of June 30, 2024, was restated as follows:

Plan	June 30, 2024 As Previously Reported	Change in Accounting Principal	June 30. 2024 As Restated
Pension	$ 28,148,045,889	$ (4,129,849)	$ 28,143,916,040
Health Subsidy	3,251,841,341	(463,455)	3,251,377,886
Total	$ 31,399,887,230	$ (4,593,304)	$ 31,395,293,926

These amounts were recorded as "Compensated Absences Liability" in the Statement of Fiduciary Net Position as of June 30, 2024. The System applied the standard prospectively, as historical payroll and leave records prior to the transition from the legacy PAYSR employee payroll system to the Workday platform were not readily available.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Termination Rights

All members who were active on or after July 1, 1982, have a vested right to their past contributions and accrued interest in the event of their termination prior to retirement, except Tier 4 members. The dollar amount of contributions and interest subject to this right were $2,193,601,255 and $2,095,693,051 as of June 30, 2025 and 2024, respectively.

The City Charter and the Administrative Code provide that member contributions as of June 30 and December 31 of each year earn interest at a rate based on investment earnings, exclusive of gains and losses on principal resulting from sales of securities.

Investment Commitment

The System has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately $3,621,397,000 and $3,599,794,000 at June 30, 2025 and 2024, respectively.

Retiree Health Subsidy Litigation

In fiscal year 2024-2025, there were two cases before the courts that involved the retiree health insurance premium subsidy program that LAFPP administers ("retiree medical subsidy"). Both pending actions were brought by the Los Angeles Police Protective League against the Board and the City.

The two cases (the "LAPPL I Action" and the "LAPPL II Action") both seek to determine what retiree medical subsidy benefit the additional 2% salary contribution provides members who make the contribution under the unions' and City's 2011 Letter of Agreement ("LOA"). The union argues that the 2% contribution grants members the ceiling amount under Los Angeles Administrative Code ("LAAC") § 4.1167, meaning either 7% or the medical trend rate for that year, whichever of the two is lower, with no discretion reserved to the LAFPP Board. The City argues that the 2% contribution gives members only the right to get out from under the 2011 Freeze Ordinance and participate in the process that existed under LAAC § 4.1154(e)

NOTE 15 – COMMITMENTS AND CONTINGENCIES (Continued)

prior to the 2011 Freeze Ordinance. Under the pre-Freeze Ordinance process, the LAFPP Board may exercise its discretion in setting the annual subsidy rate and can set it up to the maximum amount of 7% or the medical trend rate, whichever is lower.

In the LAPPL I Action, on April 15, 2016, the plaintiffs agreed to dismiss LAFPP from the action in exchange for LAFPP's agreement to be bound by the final judgment rendered in the case. Until a court of competent jurisdiction renders a final judgement on the interpretation of the LOA, LAFPP has a fiduciary duty to follow LAAC § 4.1154(e) as written and its Board must continue to exercise its discretion in setting the retiree medical subsidy as it did before the 2011 Freeze Ordinance.

The LAPPL Action I proceeded to trial, and on November 1, 2016, the trial court ruled in favor of the plaintiffs, finding that the language of the LOA was unambiguous without weighing the conflicting evidence regarding the interpretation of the LOA and the parties' intent. The City appealed, and on October 30, 2018, the Second District Court of Appeal reversed and remanded the case for further proceedings consistent with the Court of Appeal's decision. In its decision, the Court of Appeal found that the provisions at issue in the LOA were ambiguous, which required the trial court to consider and weigh the evidence of the parties' intent in its interpretation of the provisions, which the trial court did not do.

Retiree Health Subsidy Litigation (Continued)

While the LAPPL Action I was pending on appeal, on August 10, 2017, the union filed LAPPL Action II. The LAPPL Action II raises the same issues as the LAPPL Action I regarding the 2% contribution and the interpretation of the LOA, but also asserts new breach of fiduciary duty claims against LAFPP, which preserves the union's rights to challenge LAFPP's 2017 discretionary action to set the subsidy should the union lose the issues in the pending LAPPL Action I. On July 3, 2018, the LAPPL filed a First Amended Complaint, asserting the same claims based on LAFPP's 2018 discretionary action in setting the subsidy. The union filed a Second Amended Complaint to add LAFPP's 2019 and 2020 discretionary actions in setting the subsidy. The union later sought to file a Third Amended Complaint to add LAFPP's 2021 discretionary actions in setting the subsidy, and on or around August 11, 2021, the parties stipulated to permit the union to file its Third Amended Complaint. The union has not filed any further amended pleadings for LAFPP's 2022, 2023, 2024 and 2025 discretionary actions.

On February 15, 2019, the LAPPL I Action was remanded back to the Superior Court and reassigned to Judge Holly Fujie for further trial proceedings The City filed a motion to consolidate the two actions (LAPPL I and LAPPL II) before Judge Fujie, which the Court granted. On September 30, 2019, Judge Fujie ordered that the case be heard in phases. In Phase One, the LOA interpretation issues common to LAPPL I and LAPPL II are to be heard in a bench trial. Upon resolution of Phase One, the Court will then address the residual fiduciary duty claims against LAFPP unique to LAPPL II in Phase Two, which is currently stayed.

On September 20 and 21, and October 28, 2021, Judge Fujie held a bench trial in Phase One of the consolidated action. On May 2, 2022, Judge Fujie issued the trial court's Final Statement of Decision for Phase One in favor of the City on the LOA interpretation issues. On June 23, 2022, the union plaintiff appealed the trial court's Final Statement of Decision for Phase One. As of October 3, 2025, Phase One of the consolidated action is pending on appeal and briefing has commenced with the Appellants' Opening Brief (i.e., the unions) due on December 8, 2025. Phase Two of the consolidated action will continue to be stayed pending the final resolution of Phase One.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (Continued)

Current Status of the Retiree Medical Subsidy

LAFPP provides a subsidy frozen at the 2011 levels to current and future retired members who chose not to "opt-in" and contribute an additional 2% of their salaries to avoid the Freeze Ordinance.

For members who opted-in to pay the 2% contribution, LAFPP will continue to abide by its fiduciary duty to follow LAAC § 4.1154(e) as written. Specifically, LAFPP continues to set and implement the retiree health insurance premium subsidy increases in the same manner as it did prior to the 2011 Freeze Ordinance, and will do so until a final judgment is rendered in Phase One of the consolidated LAPPL Action I and LAPPL Action II. This means that the LAFPP Board continues to exercise its discretion provided under the Los Angeles Administrative Code to set the subsidy up to and including the medical trend rate or 7%, whichever is lower, until the courts render final judgment.

NOTE 16 – RISKS AND UNCERTAINTIES

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

As of the date of this report, investment markets continue to experience increased volatility due to continued investor optimism about artificial intelligence and potential productivity gains versus concerns about global inflation rates, geopolitical tensions, slowing economic growth, and the path of interest rates. As a result, the Plan's investment portfolio has experienced volatility in fair market value. However, because the values of the Plan's investments have and will fluctuate in response to changing market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. The value of the Plan's investments has a direct impact on its funded status. As a result of any declines in market value the Plan Sponsor may need to make greater cash contributions to fund the Plan in the future. However, the actual impact, if any, on future required contributions or Plan liquidity cannot be determined at this time.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 21, 2025, which is the date the financial statements were available to be issued. Besides those mentioned below, there were no further subsequent events to disclose.

Measure FF – Sworn Officer Transfer from the Los Angeles City Employees' Retirement System (LACERS) to LAFPP

Measure FF, which was approved by voters on November 5, 2024 ballot, amended the City Charter to allow for the voluntary transfer of all sworn peace officers who were actively employed on and as of January 12, 2025, by the Harbor, Airports, Police, and Recreation and Parks Departments from LACERS to LAFPP Tier 6. Measure FF allowed for the inclusion of Park Rangers who were actively employed by the Department of Recreation and Parks on and as of January 12, 2025, and make an election to transfer to LAFPP Tier 6. Any Park Rangers hired after January 12, 2025, remain LACERS members and are not eligible to transfer to LAFPP.

The implementing ordinance was approved by the City Council on October 31, 2025. The deadline for an eligible employee to make an irrevocable decision to transfer is January 9, 2026. Under the ordinance, employees who elect to transfer will be required to transfer all prior City service from LACERS to LAFPP Tier 6. The ordinance also allows certain Tier 6 members who transferred to Tier 6 under a prior Charter amendment to transfer any remaining City service from LACERS to LAFPP Tier 6. The effective transfer date for members will be January 11, 2026. The implementing ordinance also authorizes interest-free refunds to eligible Tier 6 members who transferred pursuant to the Office of Public Safely (OPS) Service Purchase Program and Airport Peace Officer Service Purchase Program and purchased Tier 6 service credit with personal funds.

Measure FF will be cost-neutral for LAFPP because the City is required to pay the full actuarial cost to transfer personnel and prior service to Tier 6, pay any increased future costs, and to reimburse LAFPP for any refunds provided to eligible Tier 6 members.

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIO
($ in Thousands)
(Unaudited)

	06/30/25	06/30/24	06/30/23	06/30/22	06/30/21
Total Pension Liability:					
Service Cost	$ 469,190	$ 442,649	$ 452,190	$ 456,446	$ 455,362
Interest	1,936,367	1,855,769	1,797,828	1,749,640	1,668,212
Benefit Payments	(1,398,990)	(1,465,169)	(1,352,465)	(1,244,736)	(1,186,963)
Experience Losses (Gains)	217,199	258,521	258,373	(214,833)	254,452
Assumption Changes	-	-	(262,300)	-	-
Other [1]	-	-	-	-	-
Net Change	1,223,766	1,091,770	893,626	746,517	1,191,063
Total Pension Liability at Beginning of Year	27,892,690	26,800,920	25,907,294	25,160,777	23,969,714
Total Pension Liability at End of Year (a)	$ 29,116,456	$ 27,892,690	$ 26,800,920	$ 25,907,294	$ 25,160,777
Fiduciary Net Position:					
Employer Contributions	$ 486,958	$ 480,810	$ 481,824	$ 535,450	$ 543,819
Member Contributions	164,291	157,191	151,935	149,243	157,786
Net Investment Income	3,124,707	2,561,982	1,920,464	(2,021,582)	6,972,104
Benefit Payments	(1,398,990)	(1,465,169)	(1,352,465)	(1,244,736)	(1,186,963)
Administrative Expenses	(25,671)	(24,068)	(22,994)	(22,146)	(21,372)
Other [1]	-	-	-	-	-
Net Change (Gain)	2,351,295	1,710,746	1,178,764	(2,603,771)	6,465,374
Fiduciary Net Position at Beginning of Year	28,143,916 [3]	26,437,300	25,258,536	27,862,307	21,396,933
Fiduciary Net Position at End of Year (b) [2]	$ 30,495,211	$ 28,148,046	$ 26,437,300	$ 25,258,536	$ 27,862,307
Net Pension Liability/(Asset) (a)-(b)	$ (1,378,755)	$ (255,356)	$ 363,620	$ 648,758	$ (2,701,530)
Plan fiduciary net position as a percentage of the total pension liability	104.74%	100.92%	98.64%	97.50%	110.74%
Covered employee payroll	$ 1,745,822	$ 1,600,181	$ 1,608,133	$ 1,598,685	$ 1,603,349
Plan net position liability as a percentage of covered employee payroll	-78.97%	-15.96%	22.61%	40.58%	-168.49%

Notes to Schedule:

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

(1) Includes employer and employee contributions transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police Officers who elected to join the System in Tier 6.

(2) Excludes the transfer of employer and employee contributions referenced in footnote (1).

(3) FY2025 Beginning Fiduciary Net Position includes a restatement of $4.13 million related to the implementation of GASB Statement No. 101, *Compensated Absences,* adopted prospectively effective July 1, 2024. See Note 14 for further details.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIO
($ in Thousands)
(Unaudited)

	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16
Total Pension Liability:					
Service Cost	$ 410,559	$ 402,708	$ 390,743	$ 367,600	$ 365,956
Interest	1,654,964	1,572,220	1,502,656	1,436,068	1,399,576
Benefit Payments	(1,121,252)	(1,070,456)	(994,800)	(930,078)	(990,363)
Experience Losses (Gains)	(23,348)	81,465	21,700	(320,404)	(595,188)
Assumption Changes	48,286	357,369	-	695,450	-
Benefit Changes		(79,650)	-	-	-
Other [1]	-	-	2,505	-	-
Net Change	969,209	1,263,656	922,804	1,248,636	179,981
Total Pension Liability at Beginning of Year	23,000,505	21,736,849	20,814,045	19,565,409	19,385,428
Total Pension Liability at End of Year (a)	$ 23,969,714	$ 23,000,505	$ 21,736,849	$ 20,814,045	$ 19,565,409
Fiduciary Net Position:					
Employer Contributions	$ 516,638	$ 504,877	$ 459,632	$ 454,309	$ 478,385
Member Contributions	153,787	147,753	145,112	128,900	129,734
Net Investment Income	606,244	1,218,138	1,892,870	2,260,130	159,313
Benefit Payments	(1,121,252)	(1,070,456)	(994,800)	(930,078)	(990,363)
Administrative Expenses	(20,685)	(20,244)	(19,908)	(20,816)	(19,346)
Other [1]	-	-	2,505	-	-
Net Change (Gain)	134,732	780,068	1,485,411	1,892,445	(242,277)
Fiduciary Net Position at Beginning of Year	21,262,201	20,482,133	18,996,722	17,104,277	17,346,554
Fiduciary Net Position at End of Year (b) [2]	$ 21,396,933	$ 21,262,201	$ 20,482,133	$ 18,996,722	$ 17,104,277
Net Pension Liability/(Asset) (a)-(b)	$ 2,572,781	$ 1,738,304	$ 1,254,716	$ 1,817,323	$ 2,461,132
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.27%	92.44%	94.23%	91.27%	87.42%
Covered Employee Payroll	$ 1,509,613	$ 1,487,978	$ 1,451,996	$ 1,397,245	$ 1,351,788
Plan Net Position Liability as a Percentage of Covered Employee Payroll	170.43%	116.82%	86.41%	130.06%	182.06%

Notes to Schedule:
Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

[1] In the fiscal year 2018, includes employer and employee contributions transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police Officers who elected to join the System in Tier 6.

[2] Excludes the transfer of employer and employee contributions referenced in footnote [1].

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
($ in Thousands)
(Unaudited)

Fiscal Year Ending	Actuarially Determined Contribution	Actual Fiscal Year Contribution	Deficiency (Excess)	Covered Payroll [3]	Contribution as % of Payroll [1]
6/30/2025	$ 486,958	$ 486,958	-	$ 1,745,822	28%
6/30/2024	480,810	480,810	-	1,600,181	30%
6/30/2023	481,824	481,824	-	1,608,133	30%
6/30/2022	535,450	535,450	-	1,598,685	33%
6/30/2021	543,819	543,819	-	1,603,349	34%
6/30/2020	516,638	516,638	-	1,509,613	34%
6/30/2019	504,877	504,877	-	1,487,978	34%
6/30/2018	459,632 [2]	459,632 [2]	-	1,451,996	32%
6/30/2017	454,309	454,309	-	1,397,245	33%
6/30/2016	478,385	478,385	-	1,351,788	35%

Notes to Schedule:

[1] Contribution rate as a percentage of covered payroll reflects discount applied when the employer prepays its contributions. This rate has been "backed" into by dividing the actual contributions by the budgeted covered payroll.

[2] Amount excluded $1.3 million transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police members who elected to join the Pension Plan in Tier 6.

[3] Covered payroll represents payroll on which contributions to the Pension Plan are based.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)

Methods and assumptions used to establish "actuarially determined contribution" (ADC) rates:

The assumptions used in establishing the ADC for the year ended June 30, 2025 were based on the June 30, 2023 funding valuation.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Actuarial Cost Method.
Amortization Method	For Tier 1, level dollar amortization is used with last period ending on June 30, 2037. For Tiers 2, 3 and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City, Harbor Department, or Airport Department).
Remaining Amortization Period	Any Surplus is amortized over an open (non-decreasing) 30-year period. Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 20 years. Plan changes are amortized over 15 years.
Asset Valuation Method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis and is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial Assumptions:	
June 30, 2023 Valuation	
Investment Rate of Return	7.00%, net of investment expenses
Inflation Rate	2.50%
Administrative Expenses:	Out of the total 1.45% of payroll in administrative expense, 1.32% of payroll payable biweekly is allocated to the Pension Plan. This is equal to 1.28% of payroll payable at beginning of the year.
Real Across-the-Board Salary	0.50%
Projected Salary Increases	Ranges from 3.90% to 12.00% based on years of service
Cost of Living Adjustments	2.75% of retirement income for all Tiers. For Tier 5 and Tier 6 members who have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
(Unaudited)

	2025	2024	2023	2022	2021
Annual money-weighted rate of return, gross of investment expense	11.26%	9.94%	7.78%	-7.23%	32.56%

	2020	2019	2018	2017	2016
Annual money-weighted rate of return, gross of investment expense	3.04%	6.21%	9.21%	13.27%	1.04%

Notes to Schedule:

The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The source for the rate of return was the June 30 Investment Hierarchy and Monthly Returns Analysis provided by the custodian bank, Northern Trust. For the fiscal years 2016 through 2025, the custodian bank did not have all information related to investment expense to calculate the money-weighted rate of return net of investment expense. In fiscal year 2022, rates for the fiscal years 2016 and 2018 were updated from preliminary rates to final rates.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY
(Unaudited)

Date	Discount Rate	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension Liability (NPL)	Funded Status (FNP/TPL)	Covered Payroll	NPL %Pay
6/30/2025	7.00%	29,116,456	30,495,211	(1,378,754)	104.7%	1,745,822	-79%
6/30/2024	7.00%	27,892,690	28,148,046	(255,356)	100.9%	1,600,181	-16%
6/30/2023	7.00%	26,800,920	26,437,300	363,620	98.6%	1,608,133	23%
6/30/2022	7.00%	25,907,294	25,258,536	648,758	97.5%	1,598,685	41%
6/30/2021	7.00%	25,160,777	27,862,307	(2,701,530)	110.7%	1,603,349	-168%
6/30/2020	7.00%	23,969,714	21,396,933	2,572,781	89.3%	1,509,613	170%
6/30/2019	7.25%	23,000,505	21,262,200	1,738,304	92.4%	1,487,978	117%
6/30/2018	7.25%	21,736,849	20,482,133	1,254,716	94.2%	1,451,996	86%
6/30/2017	7.25%	20,814,045	18,996,721	1,817,323	91.3%	1,397,245	130%
6/30/2016	7.50%	19,565,409	17,104,276	2,461,132	87.4%	1,351,788	182%

Notes to Schedule:

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
HEALTH SUBSIDY PLAN
SCHEDULE
OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIO
($ in Thousands)
(Unaudited)

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Total OPEB Liability:					
Service Cost	$ 86,954	$ 83,191	$ 77,653	$ 79,825	$ 80,618
Interest	284,713	267,221	255,593	266,036	260,018
Benefit Payments	(175,659)	(164,341)	(153,918)	(147,467)	(151,855)
Experience Losses (Gains)	(1,405)	619	18,082	(8,923)	8,191
Assumption Changes	137,049	64,999	(31,715)	(333,313)	(113,656)
Other [1]	-	-	-	-	-
Net Change	331,652	251,689	165,695	(143,842)	83,316
Total OPEB Liability at Beginning of Year	4,066,716	3,815,027	3,649,332	3,793,174	3,709,858
Total OPEB Liability at End of Year (a)	$ 4,398,368	$ 4,066,716	$ 3,815,027	$ 3,649,332	$ 3,793,174
Fiduciary Net Position:					
Employer Contributions	$ 181,650	$ 164,560	$ 186,418	$ 193,140	$ 200,425
Net Investment Income	360,987	287,508	214,764	(209,565)	698,434
Benefit Payments	(175,659)	(164,341)	(153,918)	(147,467)	(151,856)
Administrative Expenses	(2,966)	(2,701)	(2,571)	(2,296)	(2,141)
Other [1]	-	-	-	-	-
Net Change (Gain)	364,012	285,026	244,693	(166,188)	744,862
Fiduciary Net Position at Beginning of Year	3,251,378 [3]	2,966,815	2,722,122	2,888,310	2,143,448
Fiduciary Net Position at End of Year (b) [2]	$ 3,615,390	$ 3,251,841	$ 2,966,815	$ 2,722,122	$ 2,888,310
Net OPEB Liability/(Asset) (a)-(b)	$ 782,978	$ 814,875	$ 848,212	$ 927,210	$ 904,864
Plan fiduciary net position as a percentage of the total OPEB liability	82.20%	79.96%	77.77%	74.59%	76.14%
Covered employee payroll	$ 1,745,822	$ 1,600,181	$ 1,608,133	$ 1,598,685	$ 1,603,349
Plan net position liability as a percentage of covered employee payroll	44.85%	50.92%	52.75%	58.00%	56.44%

Notes to Schedule:

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

(1) Includes employer contributions transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police members who elected to join the System in Tier 6.

(2) Excludes the transfer of employer and employee contributions referenced in footnote (1)

(3) FY2025 Beginning Fiduciary Net Position includes a restatement of $0.46 million related to the implementation of GASB Statement No. 101, *Compensated Absences,* adopted prospectively effective July 1, 2024. See Note 14 for further details.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
HEALTH SUBSIDY PLAN
SCHEDULE
OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIO
($ in Thousands)
(Unaudited)

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total OPEB Liability:					
Service Cost	$ 79,394	$ 74,090	$ 69,940	$ 65,407	$ 61,292
Interest	263,088	260,513	243,769	231,285	222,424
Benefit Payments	(143,600)	(137,874)	(130,722)	(122,561)	(116,678)
Experience Losses (Gains)	(190,525)	(249,568)	(16,532)	(144,022)	(50,071)
Assumption Changes	80,297	85,911	63,332	248,049	-
Other[1]	-	-	517	-	-
Net Change	88,654	33,072	230,304	278,158	116,967
Total OPEB Liability at Beginning of Year	3,621,204	3,588,132	3,357,828	3,079,670	2,962,703
Total OPEB Liability at End of Year (a)	$ 3,709,858	$ 3,621,204	$ 3,588,132	$ 3,357,828	$ 3,079,670
Fiduciary Net Position:					
Employer Contributions	$ 193,213	$ 188,020	$ 178,462	$ 165,170	$ 150,315
Net Investment Income	58,101	111,188	166,040	189,420	12,771
Benefit Payments	(143,600)	(137,874)	(130,722)	(122,561)	(116,678)
Administrative Expenses	(1,982)	(1,856)	(1,745)	(1,747)	(1,551)
Other[1]	-	-	517	-	-
Net Change (Gain)	105,732	159,478	212,552	230,282	44,857
Fiduciary Net Position at Beginning of Year	2,037,716	1,878,238	1,665,686	1,435,404	1,390,547
Fiduciary Net Position at End of Year (b)[2]	$ 2,143,448	$ 2,037,716	$ 1,878,238	$ 1,665,686	$ 1,435,404
Net OPEB Liability/(Asset) (a)-(b)	$ 1,566,410	$ 1,583,488	$ 1,709,894	$ 1,692,142	$ 1,644,266
Plan fiduciary net position as a percentage of the total OPEB liability	57.78%	56.27%	52.35%	49.61%	46.61%
Covered employee payroll	$ 1,509,613	$ 1,487,978	$ 1,451,996	$ 1,397,245	$ 1,351,788
Plan net position liability as a percentage of covered employee payroll	103.76%	106.42%	117.76%	121.11%	121.64%

Notes to Schedule:

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

(1) Includes employer contributions transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police members who elected to join the System in Tier 6.

(2) Excludes the transfer of employer contributions referenced in footnote (1).

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
HEALTH SUBSIDY PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
($ in Thousands)
(Unaudited)

Fiscal Year Ending	Actuarially Determined Contribution	Actual Fiscal Year Contribution	Deficiency (Excess)	Covered Payroll [2]	Contribution as % of Payroll
2025	$ 181,650	$ 181,650	-	$ 1,745,822	10%
2024	164,560	164,560	-	1,600,181	10%
2023	186,418	186,418	-	1,608,133	12%
2022	193,140	193,140	-	1,598,685	12%
2021	200,425	200,425	-	1,603,349	13%
2020	193,213	193,213	-	1,509,613	13%
2019	188,020	188,020	-	1,487,978	13%
2018	178,462 [1]	178,462 [1]	-	1,451,996	12%
2017	165,170	165,170	-	1,397,245	12%
2016	150,315	150,315	-	1,351,788	11%

Notes to Schedule:

[1] Exclude the transfer of employer contributions for all new Airport Police members from the Los Angeles City Employees' Retirement System (LACERS) who elected to join the Pension Plan in Tier 6.

[2] Covered payroll represents payroll on which contributions to the Health Subsidy Plan are based.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
HEALTH SUBSIDY PLAN
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)

Methods and assumptions used to establish "actuarially determined contribution" (ADC) rates:

The assumptions used in establishing the ADC for the year ended June 30, 2025 were based on the June 30, 2023 funding valuation.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry Age Actuarial Cost Method.
Amortization method	For Tier 1, level dollar amortization is used with last period ending on June 30, 2037. For Tiers 2, 3 and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City, Harbor Department or Airport Department).
Remaining amortization period	Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 20 years. Plan changes are amortized over 15 years.
Asset valuation method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial assumptions:	
June 30, 2022 valuation	
Investment rate of return	7.00%, net of investment expenses
Inflation rate	2.50%
Administrative Expenses:	Out of the total 1.45% of payroll in administrative expense, 0.13% of payroll payable biweekly is allocated to the Retiree Health Plan. This is equal to 0.13% of payroll payable at beginning of the year.
Real across-the-board salary	0.50%
Projected salary increases	Ranges from 3.90% to 12.00% based on years of service
Other assumptions	Same as those used in the June 30, 2023 funding actuarial valuations.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
HEALTH SUBSIDY PLAN
SCHEDULE OF INVESTMENT RETURNS
(Unaudited)

	2025	2024	2023	2022	2021
Annual money-weighted rate of return, gross of investment expense	11.26%	9.94%	7.78%	-7.23%	32.56%

	2020	2019	2018	2017	2016
Annual money-weighted rate of return, gross of investment expense	3.04%	6.21%	9.21%	13.27%	1.04%

Notes to Schedule:

The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The source for the rate of return was the June 30 Investment Hierarchy and Monthly Returns Analysis provided by the custodian bank, Northern Trust. For the fiscal years 2016 through 2025, the custodian bank did not have all information related to investment expense to calculate the money-weighted rate of return net of investment expense. In fiscal year 2022, rates for the fiscal years 2016 and 2018 were updated from preliminary rates to final rates.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
HEALTH SUBSIDY PLAN
SCHEDULE OF EMPLOYER'S NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY
($ in Thousands)
(Unaudited)

Date	Discount Rate	Total OPEB Liability (TOL)	Fiduciary Net Position (FNP)	Net OPEB Liability (NOL)	Funded Status (FNP/TOL)	Covered Payroll	NOL %Pay
6/30/2025	7.00%	$ 4,398,369	$ 3,615,390	$ 782,978	82.2%	$ 1,745,822	45%
6/30/2024	7.00%	4,066,716	3,251,841	814,875	80.0%	1,600,181	51%
6/30/2023	7.00%	3,815,027	2,966,815	848,212	77.8%	1,608,133	53%
6/30/2022	7.00%	3,649,332	2,722,122	927,210	74.6%	1,598,685	58%
6/30/2021	7.00%	3,793,174	2,888,310	904,864	76.1%	1,603,349	56%
6/30/2020	7.00%	3,709,858	2,143,448	1,566,410	57.8%	1,509,613	104%
6/30/2019	7.25%	3,621,204	2,037,716	1,583,488	56.3%	1,487,978	106%
6/30/2018	7.25%	3,588,132	1,878,237	1,709,895	52.3%	1,451,996	118%
6/30/2017	7.25%	3,357,828	1,665,686	1,692,142	49.6%	1,397,245	121%
6/30/2016	7.50%	3,079,670	1,435,404	1,644,266	46.6%	1,351,788	122%

Notes to Schedule:

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

See accompanying notes to required schedule and accompanying independent auditor's report.

SIMPSON & SIMPSON
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Fire and Police Pension Commissioners
Los Angeles Fire and Police Pension System

We have audited, in accordance with the 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, financial statements of the Pension Plan and Health Subsidy Plan, administered by the Los Angeles Fire and Police Pension System (the System), which comprise the statements of fiduciary net position as of June 30, 2025, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements for each plan, and have issued our report thereon dated November 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

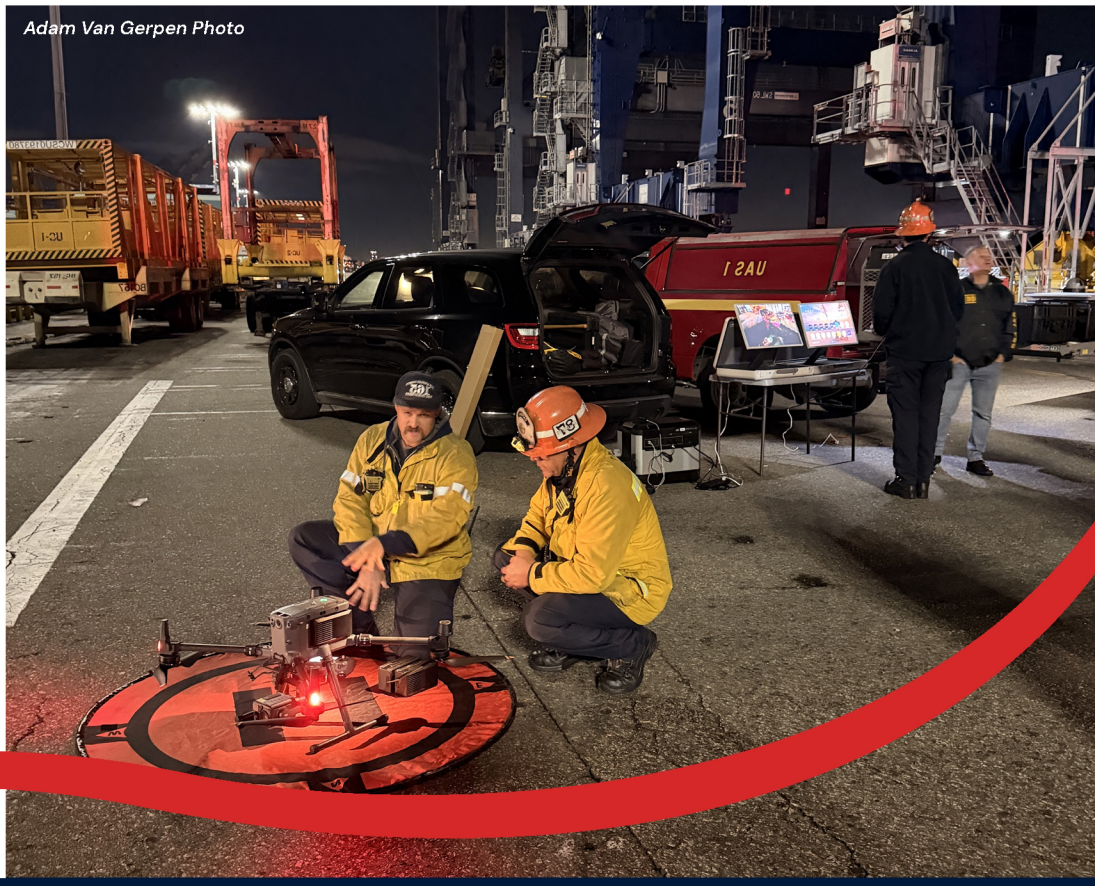
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Simpson & Simpson

Los Angeles, California
November 21, 2025

SECTION 3


Adam Van Gerpen Photo

3

DEPARTMENT BUDGET

Department Budget 90

Summary of Receipts 91

Summary of Expenditures 93

Detail of
Administrative Expense 94

Jim Donaway Photo

DEPARTMENT BUDGET

Receipts	Budgeted 2024-25	Actual 2024-25 [5]
City Contribution	658,447,021	658,447,021
Special Fund (Harbor)	5,580,026	5,580,026
Special Fund (Airports)	4,580,890	4,580,890
Member Contributions[1]	180,608,580	164,291,253
Earnings on Investments	585,000,000	854,695,583
Gain (Loss) on Sale of Investments[2]	--------	1,592,570,876
Miscellaneous[3]	500,000	375,632
Total Receipts	1,434,716,517	3,280,541,281
Excess Benefit Plan[4]	1,601,119	1,601,119

[1] *Includes receipts from members for purchases of prior years' pension buybacks or overpayments.*

[2] *This amount does not include a $1,231,488,556 unrealized increase in the value of investments as a result of the positive performance of the stock markets. If included, it would match the amount shown in the System's audited financial report of $2,824,059,432 as Net Appreciation in Fair Value of Investments including Gain and Loss on Sale of Investments.*

[3] *Reflects miscellaneous receipts from various sources.*

[4] *Represents the City of Los Angeles General Fund contribution earmarked to pay excess benefits, including administrative costs, in compliance with IRC Section 415(b). As Excess Benefit Plan funds are not transferred to LAFPP, they are not included in the Total Receipts.*

[5] *Based on Audited Financial Statements, which are reported on an accrual basis. Totals may differ from General Manager's Monthly Reports, which are reported on a cash basis.*

Expenditures	Budgeted 2024-25	Actual 2024-25
Service Pensions	1,062,000,000	1,024,493,510
Service Pensions – DROP Distributions	115,400,000	87,001,299
Disability Pensions	113,000,000	112,064,003
Surviving Spouse/Domestic Partner Pensions	173,000,000	167,251,603
Minor/Dependent Child Pensions	3,400,000	3,402,564
Refund of Member Contributions	10,100,000	4,777,388
Health Insurance Premium Subsidy	162,000,000	150,970,472
Dental Insurance Premium Subsidy	5,400,000	4,927,075
Medicare Reimbursement	17,000,000	17,832,003
Health Insurance Premium Reimbursement	2,000,000	1,929,299
Investment Management Expense	165,350,675	193,436,030
Administrative Expense	31,114,550	28,637,241
Total Expenditures	1,859,765,225	1,796,722,487
Increase (Decrease) in Fund Balance	(425,048,708)	1,483,818,794

SUMMARY OF RECEIPTS

The Department receives revenue primarily from three sources: Employer Contributions (City, Harbor, and Airports), Member Contributions, and Investment Earnings. In 2024-25, the Department received total revenue of $3.28 billion[1] , an increase of $0.56 billion, or +20.39%, from 2023-24. The change was primarily due to an increase in Investment Earnings, as well as moderate increases in employer and member contributions.

EMPLOYER CONTRIBUTIONS

Employer Contributions are based on the application of the actuary's computed rates for each tier to the budgeted sworn payroll. It is comprised of the City's General Fund contribution and Special Fund (Harbor and Airports Departments) contributions. In 2024-25, Employer Contributions, excluding funds for the Excess Benefit Plan, totaled $668.61 million, an increase of $23.24 million, or +3.60%, from 2023-24.

MEMBER CONTRIBUTIONS

Member Contributions are calculated based on the contribution rate for a member's tier. These rates range from 8% to 9% of salaries for members in Tiers 3 through 5, while members in Tier 6 contribute 11% of salary. All remaining active Tier 2 members have completed at least 30 years of service and therefore no longer make pension contributions. In 2024-25, revenue received from Member Contributions was $164.29 million, an increase of $7.10 million, or +4.52%, from 2023-24.

[1] *This does not include Excess Benefit Plan funds.*

INVESTMENT EARNINGS

Investment Earnings consist of 'Earnings on Investments' and 'Gain (Loss) on Sale of Investments'. In 2024-25, the Department had investment earnings of $2.45 billion, an increase of $0.53 billion, or +27.36%, from 2023-24.

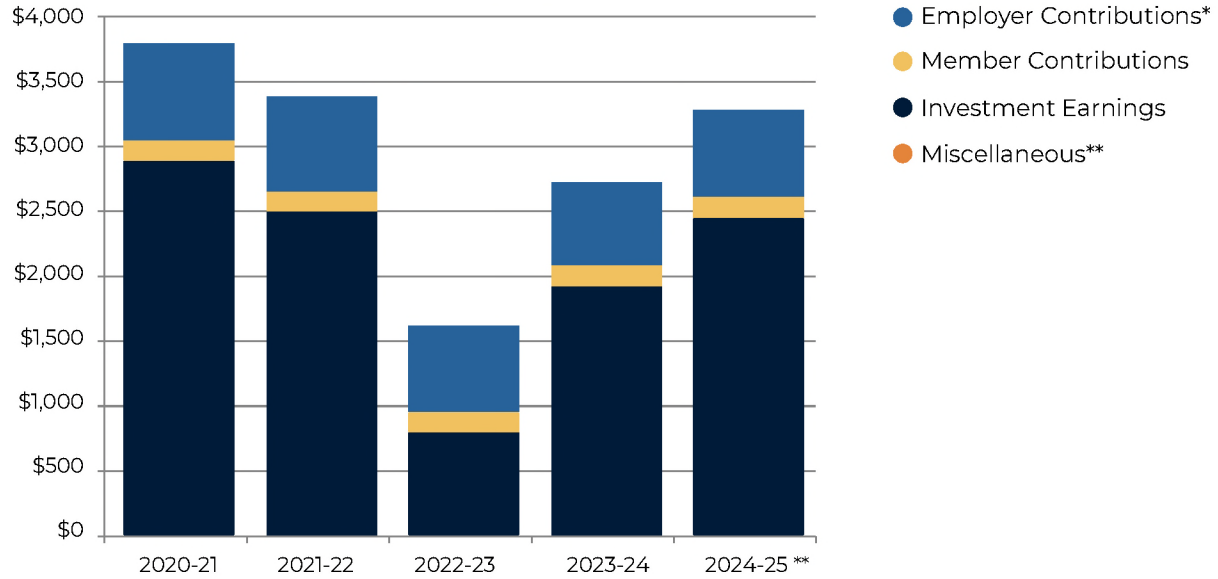
- **Earnings on Investments** – includes real estate and private equity net cash, interest and dividends, and miscellaneous income. Earnings on Investments in 2024-25 were $854.70 million, an increase of $91.32 million, or +11.96%, from 2023-24.
- **Gain (Loss) on Sale of Investments** – includes actual cash receipts to the Pension System on the sale of investments. Gains or losses on the sale of investments are a function of how many transactions are performed by our investment advisors. In 2024-25, the Department received $1.59 billion in cash through these transactions, an increase of $0.43 billion, or +37.51%, from 2023-24.

2024-25 Budget **Actual Receipts**

** Excludes Excess Benefit Plan (EBP).*

Receipts In Millions

Five-Year Receipts History



** Excludes Excess Benefit Plan (EBP).*

*** Miscellaneous receipts in 2024-25 was $0.38 million or 0.01% of Total Receipts.*

SUMMARY OF EXPENDITURES

The Department's expenses are divided into three categories: Pensions and Benefits, Investment Management, and Administrative Expenses. For 2024-25, expenses totaled $1.80 billion, a decrease of $15.42 million, or -0.85%, from 2023-24.

PENSIONS AND BENEFITS EXPENSE

The Department's Pensions and Benefits Expense includes Service Pensions, Deferred Retirement Option Plan (DROP) Distributions, Disability Pensions, Surviving Spouse/Domestic Partner Pensions, Minor/Dependent Child Pensions, Refund of Member Contributions, and health benefit-related expenses. In 2024-25, Pensions and Benefits Expenses were $1.57 billion, which represented 87.64% of total expenses and a decrease of $54.86 million, or -3.37%, from 2023-24. The decrease in Pensions and Benefits Expense can be largely attributed to lower DROP Distributions and Refunds of Contributions, which offset modest increases in other Pensions and Benefits Expense categories.

INVESTMENT MANAGEMENT EXPENSE

In 2024-25, the Investment Management Expense was $193.44 million, which represented 10.77% of total expenses and an increase of $37.57 million, or +24.11%, from 2023-24. Actual payments to investment managers depend on the amount of assets under management, portfolio performance, the period in which the fee is calculated, and the terms and conditions of the individual contracts as approved by the Board.

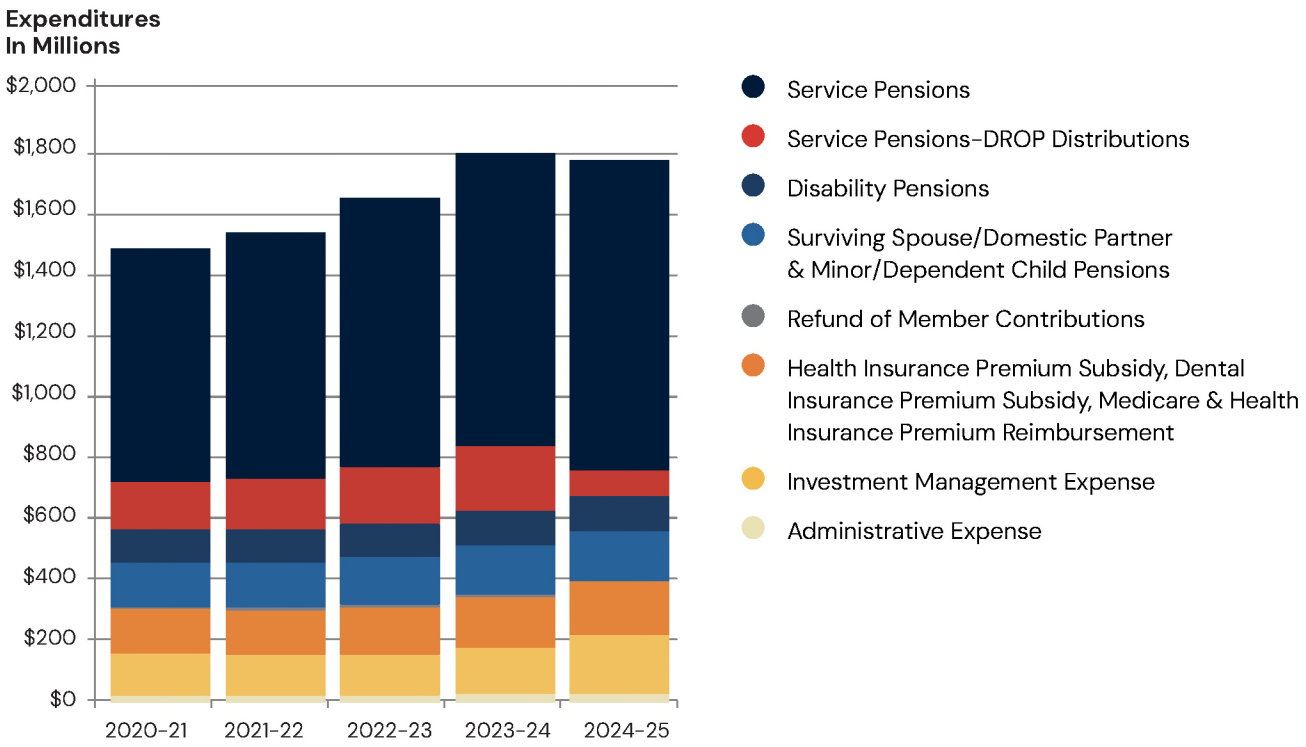
ADMINISTRATIVE EXPENSE

Administrative Expense includes staff salaries and benefits, and operating costs. In 2024-25, the Department's Administrative Expense was $28.64 million, which represented 1.59% of total expenses and an increase of $1.87 million, or 6.98%, from 2023-24. The Detail of Administrative Expense is provided on page 94.

2024-25 Budget **Actual Expenditures**

- Service Pensions, 57.02%
- Investment Management Expense, 10.77%
- Health Insurance Premium Subsidy, Dental Insurance Premium Subsidy, Medicare & Health Insurance Premium Reimbursement, 9.78%
- Surviving Spouse/Domestic Partner & Minor/Dependent Child Pensions, 9.49%
- Disability Pensions, 6.24%
- Service Pensions-DROP Distributions, 4.84%
- Administrative Expense, 1.59%
- Refund of Member Contributions, 0.27%

Five-Year Expenditures History



DETAIL OF ADMINISTRATIVE EXPENSE

Administrative Expense includes staff salaries and benefits, and operating costs (including office and technical equipment).

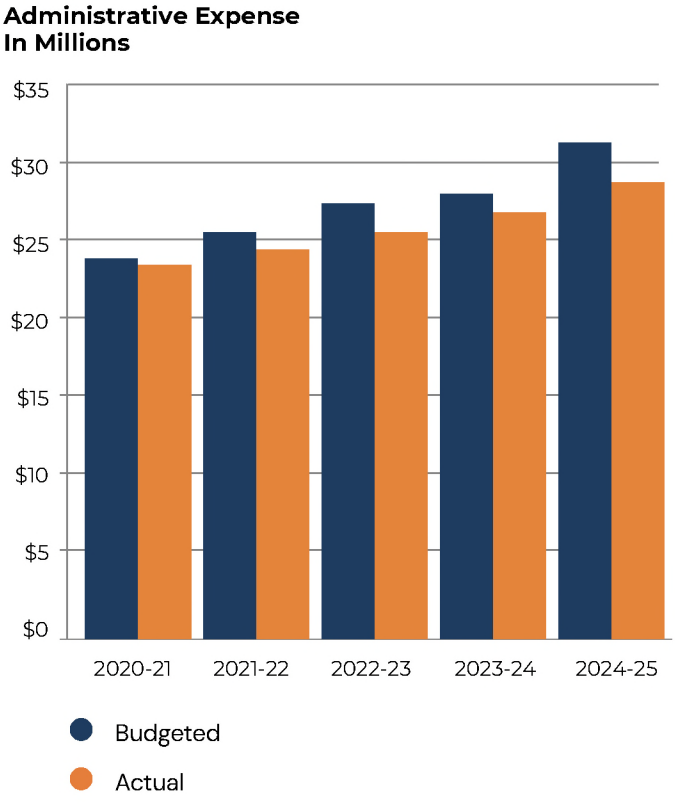
SALARIES AND RELATED COSTS

Salaries and related costs comprised 79.45% of the total Administrative Expense in 2024-25, with a total of $22.75 million expended (an increase of $2.49 million or +12.30%, from 2023-24). The increase is largely attributed to City-negotiated salary increases, employee health benefits, and one-time payouts.

OPERATING COSTS

Operating costs comprised 20.55% of the total Administrative Expense in 2024-25, with a total of $5.88 million expended (a decrease of $0.62 million or -9.57%, from 2023-24). The decrease in operating costs is a result of reductions in contractual expenses and office and administrative expenses. These were offset by minor increases to medical and election expenses.

Five-Year Administrative Expense History



SECTION 4

Mark Lassman Photo

4 INVESTMENTS

Investment Statement 96

Investment Environment 97

Investment Performance 99

Asset Allocation Decisions 100

Investment Activities 101

Emerging Manager Program 102

Proxy Voting 103

Total Fund Returns 103

Assumed vs. Actual Rate of Return 103

Annual Rates of Return 104

Changes in Asset Mix 104

Investment Advisors 105

INVESTMENT STATEMENT

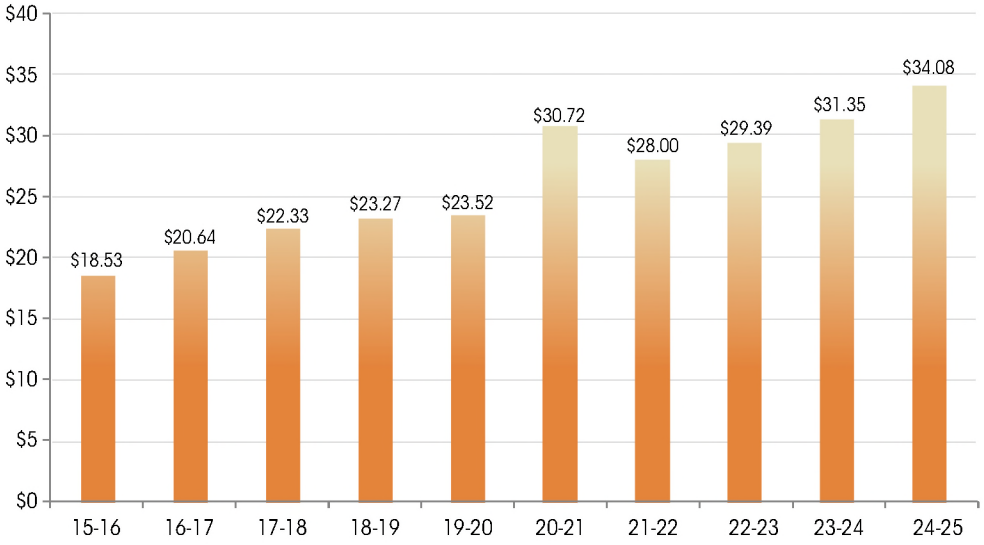
The main goal of the Los Angeles Fire and Police Pension Plan's (System, Fund, or Plan) investment program is to manage the System's assets to be able to provide the retirement benefits promised to the System's members and their beneficiaries. The Charter of the City of Los Angeles created the System, and it delegates control and management of the System to the Board of Fire and Police Pension Commissioners (Board). Article XI, Section 1106 of the City Charter grants the Board sole and exclusive fiduciary responsibility for administering the System and specifies the Board's powers and duties, which includes the power to adopt any rules, regulations or forms necessary to carry out its administration of the System and the assets under its control.

The Board has adopted Investment Policies to assist and guide it in managing the System's assets. The Investment Policies assist the Board in effectively supervising and monitoring the System's investments by providing the goals of the investment program, the policies and procedures for the management of the investments, specific asset allocations and minimum diversification requirements, performance objectives and criteria for investment performance evaluation, and oversight standards for the parties responsible for carrying out the Investment Policies. The Investment Policies are reviewed by the Board at least annually and are revised as needed. The Policies are available at lafpp.lacity.gov/investment-policies.

The single most important decision the Board can make in the management of the investment program is the determination of the System's asset allocation. The allocation of the System's assets among various asset classes influences both the expected investment return and the amount of investment risk undertaken. The asset allocation employed in 2024-25 was approved by the Board on October 6, 2022, and updated on August 3, 2023. Later, on March 7 and August 15, 2024, new Fixed Income and Real Assets portfolio structures were adopted based on thorough studies of the asset classes. The approved asset allocation is available in Appendix 1 of Section 1.0 of the Investment Policies; it is also illustrated and discussed later in this Section under *Asset Allocation Decisions*.

For the five-year period that ended June 30, 2025, the System's total assets increased by $10.56 billion to approximately $34.08 billion. For the one-year period that ended June 30, 2025, the System's total assets increased by $2.73 billion.

Market Value Growth of System Assets[1]
(in billions)



[1] *Based on the most recent final valuations of each fiscal year and supersedes earlier annual report exhibits.*

INVESTMENT ENVIRONMENT

Over the one-year period ending June 30, 2025, global financial markets experienced significant volatility, shaped by shifting monetary policy, geopolitical tensions, and evolving trade dynamics. Despite these headwinds, risk assets delivered strong returns, particularly in the first half of 2025 as investor sentiment improved following a series of policy adjustments and economic resilience across key regions.

The Federal Open Market Committee (FOMC) shifted to a more accommodative stance in late 2024, cutting the Federal Funds Rate by 100 basis points over three meetings. The rate stood between 4.25% and 4.50% by year-end. Inflation moderated throughout the year, with the headline Consumer Price Index (CPI) falling from 3.4% in December 2023 to 2.7% by June 2025. However, inflation expectations for 2025 remain elevated, with the Organization for Economic Co-operation and Development (OECD) projecting 4.2% headline inflation across member countries.

In the United States, equity markets posted robust gains for the fiscal year, with the Russell 3000 Index returning 15.30% (in Q2 2025 alone, it returned 10.99%). Market performance was driven by a rebound in mega-cap growth stocks, particularly in the technology sector, which benefited from renewed optimism around artificial intelligence (AI) and easing monetary policy. However, while overall performance for the year was strong, Q1 2025 saw a sharp pullback due to trade policy uncertainty and concerns about foreign competition in AI, with the Russell 3000 declining -4.72% for the quarter.

INVESTMENT ENVIRONMENT, CONT.

International developed markets outperformed U.S. equities for the fiscal year, with the MSCI EAFE Index returning 18.33%, supported by a weakening U.S. dollar and fiscal stimulus in Europe and Japan. Emerging markets also delivered strong results, with the MSCI Emerging Markets Index gaining 15.97%, led by South Korea, Taiwan, and India.

Core fixed income markets experienced positive results for the fiscal year. The Bloomberg U.S. Aggregate Bond Index returned 6.08% overall, but experienced a sharp decline of -3.06% in Q4 2024 due to rising long-term yields. It rebounded in subsequent quarters as the yield curve steepened and credit spreads tightened. The 10-year Treasury yield ended the year at 4.24%, reflecting investor concerns over fiscal deficits and geopolitical risks.

Other credit markets also performed well, with high yield bonds returning 10.29% for the year. Emerging market debt rallied, particularly local currency bonds, which returned 13.81%, aided by a weaker U.S. dollar.

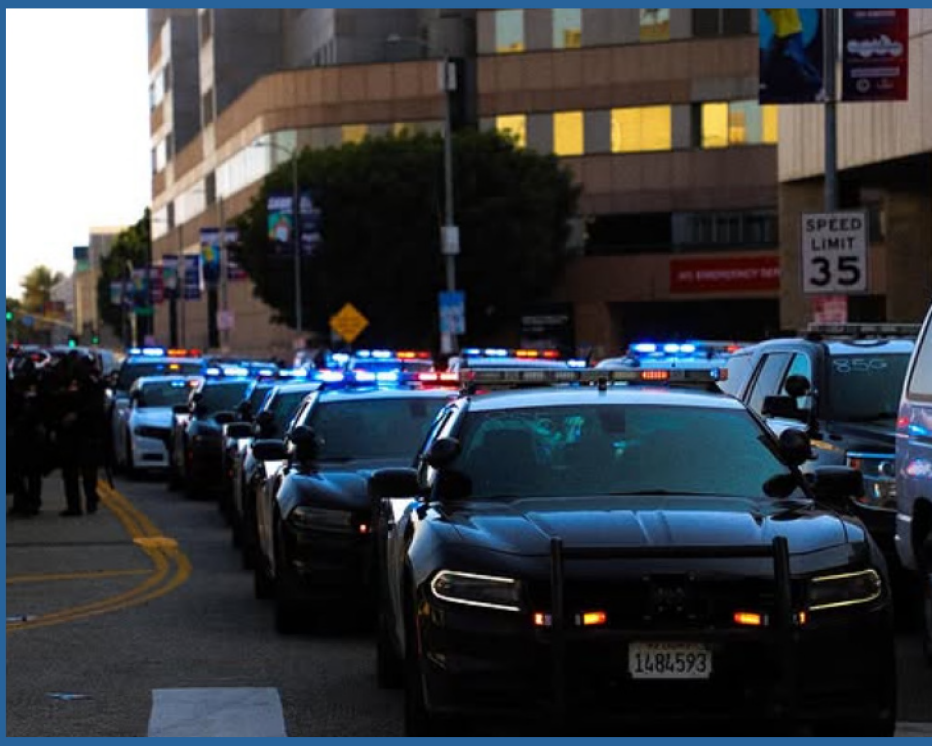
Core private real estate delivered a positive return of 3.54% for the fiscal year ending June 30, 2025, as measured by the NFI-ODCE Index (gross of fees). This marks a notable shift after a prolonged period of price declines, with gains driven primarily by stable income returns and early signs of valuation recovery. Publicly traded real estate was up 8.60% as measured by the FTSE NAREIT All REITs Index.

During fiscal year 2025, private equity markets showed improvement following a period of subdued activity. The environment became more favorable as inflation pressures eased, interest rate expectations shifted, and credit conditions became more supportive. These developments contributed to a pickup in transaction volume and a more constructive backdrop for exits, particularly in the latter part of the year.

Although macroeconomic uncertainty—including trade policy shifts and market volatility—posed challenges early in the year, investor sentiment improved as the outlook became clearer. Activity in the venture and growth segments was especially notable, with several high-profile public listings and strategic sales helping to restore momentum.

In this context, the LAFPP Private Equity Portfolio delivered a net internal rate of return of 8.30% for the fiscal year ending June 30, 2025, reflecting solid performance amid a gradually recovering market landscape.

INVESTMENT PERFORMANCE



The investment objective of the total Fund over a full market cycle (usually five to seven years) is to earn a return on investments matching or exceeding the actuarial assumed rate of return of 7.00% and investment performance above the median of a sampling of public funds.

Over the past five years, the System experienced annualized returns of 10.15%, exceeding the actuarial assumed rate of return and the RVK Public Funds median return of 8.99%. For the one- and three-year periods, the System's overall investment returns were 11.26% and 9.65%, respectively.

According to the RVK Public Fund universe, which analyzes more than 400 funds to compare asset allocation performance and actuarial comparative data, the System's Fund was ranked in the 44th percentile among peers for the one-year period, the 61st percentile for the three-year period, the 16th percentile for the five-year period, and the 19th percentile for the seven-year period ending June 30, 2025.

The System's top performers during this past year were its International Equity and Domestic Large Cap Equity portfolios, which generated returns of 21.14% and 15.09%, respectively. The Cash portfolio was the Fund's worst performer at 4.82%.

ASSET ALLOCATION DECISIONS

The System's asset allocation plan establishes the blueprint for investing the System's assets in stocks, bonds, real estate, and cash equivalents over a three- to five-year period. This plan is the single most important factor in managing risk and achieving the investment returns necessary to fund benefits.

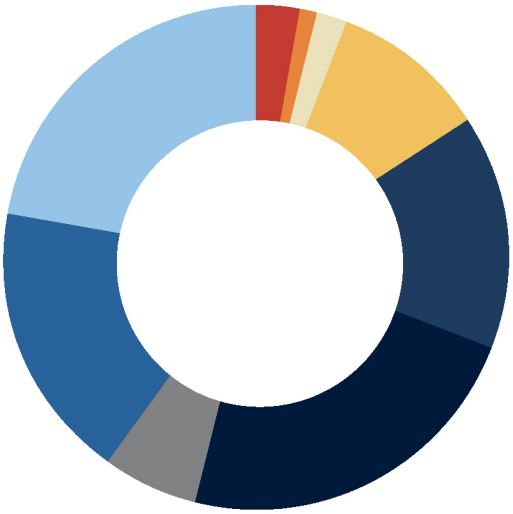
The actual asset class percentages of the System will vary from target allocations due to inflows (such as employer and member contributions), outflows (such as pension payments), and the movements of the securities markets. Assets are periodically rebalanced to adjust for these movements.

Net Asset Values
as of June 30, 2025

Asset Class	Market Value (in millions)	Percent
Domestic Large Cap Equity	$ 8,594	25.22%
Domestic Small Cap Equity	2,001	5.87%
International Developed Equity	6,349	18.63%
Fixed Income	7,423	21.78%
Private Equity	5,754	16.89%
Real Estate	3,255	9.55%
Infrastructure	-	-
Commodities	130	0.38%
Private Credit	216	0.63%
Cash	350	1.03%
Total	**$ 34,077**	**100.00%**

** Allocation Percent and Market Value totals shown may not sum up exactly due to rounding. Infrastructure was not funded as of June 30, 2025.*

Mark Lassman Photo



Asset Allocation Targets
as of June 30, 2025

- Domestic Large Cap Equity, 23%
- Fixed Income, 22%
- International Developed Markets, 18%
- Private Equity, 15%
- Real Estate, 10%
- Domestic Small Cap Equity, 6%
- Private Credit, 3%
- Infrastructure, 2%
- Cash, 1%

INVESTMENT ACTIVITIES

Over the course of this year, the Fund implemented the asset allocation consistent with Board decisions. Several of the Fund's existing manager contracts were renewed. Managers that were rehired include:

- Frontier Capital Management Company, LLC, an active domestic small cap growth equity manager
- LM Capital Group, LLC, an active opportunistic fixed income manager
- Medalist Partners, LP, an active MBS fixed income manager
- Loomis, Sayles & Co. LP, an active long duration fixed income manager
- GIA Partners, LLC, an active opportunistic domestic fixed income manager
- Scout Investment, Inc. Reams Asset Management Division, an active core-plus fixed income manager
- Eastern Shore Capital Management, an active domestic small cap core equity manager
- Lisanti Capital Growth, LLC, an active domestic small cap growth equity manager
- Principal Global Investors, LLC, an active international small cap equity manager

The Fund also terminated the following contract:

- Boston Common Asset Management, LLC, an active international equity manager

The System's assets are managed by both active and passive investment managers. The active managers are hired to outperform a market index. The passive managers are hired to match the performance of certain investment indices. These indices include the domestic public equity S&P 500 and 600 indices, the Russell 1000 Growth index, the international public equity MSCI EAFE index, the fixed income Bloomberg U.S. Aggregate index (liquidated as of the end of the fiscal year), the Bloomberg U.S. Treasury TIPS 1-5 Years index, and the real estate public equity FTSE EPRA/NAREIT Developed index. A list of the System's managers is provided at the end of this section.

EMERGING MANAGER PROGRAM

LAFPP's Emerging Manager Program was established to expand access for investment managers who have traditionally been overlooked by institutional investors due to their smaller size or shorter history in institutional investing. The Board's commitment to the Emerging Manager Program is founded on the thesis that newer and/or smaller firms have the potential to produce competitive investment returns for the Plan. Over the years, LAFPP has extended its outreach criteria to include firms owned by minorities, women, persons with disabilities, U.S. military veterans, and/or Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) individuals. The Emerging Manager Program seeks to remove barriers to the hiring of successful smaller and less established firms.

The System has had an Emerging Manager Program since 1987. LM Capital Group, LLC (an opportunistic fixed income manager first hired in 1997) is an example of a former emerging manager that is now one of our core managers. LM "graduated" long ago from emerging manager status and continues to manage money for the System.

The current program includes two direct fixed income and five direct domestic equity emerging managers. The System also has a Specialized Manager Program as part of the private equity allocation. This program was established in 2007 and is focused on attracting private equity funds that are first, second, or third-time funds and have a fund size of approximately $500 million or less for a first-time commitment and up to $1 billion for future commitments. Additionally, the program includes minority, woman, LGBTQ, persons with disabilities, or U.S. military veteran ownership, investments in underserved areas, or investments in California or Los Angeles. Since 2007, several managers have graduated from the Specialized Manager Program to the Core Private Equity portfolio. Future Standard, the Board's private equity consultant, is tasked with managing this program.

PROXY VOTING

The System votes all domestic proxy ballots using a proxy ballot voting firm, while the international equities managers vote the proxy ballots for their portfolios in accordance with the Board's proxy guidelines. Recent changes to the proxy voting policies include voting for companies to report on environmental risks facing the organization, voting against executive pay packages for companies exhibiting poor performance, and voting to remove company board directors who exhibit a history of absenteeism.

The Board has a comprehensive proxy voting policy, which can be found in the Board's Investment Policies.

Total Fund Returns
as of June 30, 2025

1 Year	11.26%
3 Years	5.16%
5 Years	8.93%
10 Years	7.98%
15 Years	9.68%
20 Years	7.87%
25 Years	7.02%
30 Years	8.45%

Assumed vs. Actual Rate of Return:
Last Ten Years

Fiscal Year	Assumed Rate	Actual Rate[1]
15-16	7.50%	1.18%
16-17	7.50%	13.27%
17-18	7.25%	9.91%
18-19	7.25%	6.21%
19-20	7.25%	3.04%
20-21	7.00%	32.56%
21-22	7.00%	-7.23%
22-23	7.00%	7.78%
23-24	7.00%	9.94%
24-25	7.00%	11.26%

[1] *Based on the most recent final valuations of each fiscal year and supersedes earlier annual report exhibits.*

Annual Rates of Return[1]
Last Ten Years

Fiscal Year	Domestic Equity	International Equity	Fixed Income	Real Estate	Private Equity	Commodities	Private Credit	Total Fund[2]	CPI[3]
15-16	-0.32%	-8.54%	6.40%	13.80%	5.31%	-6.19%	-	1.18%	1.01%
16-17	19.30%	22.90%	2.09%	5.19%	16.52%	7.99%	-	13.27%	1.60%
17-18	16.38%	8.11%	1.18%	5.50%	18.65%	13.02%	-	9.91%	2.87%
18-19	6.88%	0.32%	7.84%	9.83%	14.85%	-1.85%	-	6.21%	1.60%
19-20	4.79%	-3.84%	10.26%	-2.98%	7.39%	-11.82%	-	3.04%	0.60%
20-21	46.54%	40.00%	4.60%	18.46%	55.71%	48.17%	-	32.56%	5.40%
21-22	-12.64%	-22.30%	-9.07%	6.56%	14.49%	5.07%	-	-7.23%	9.10%
22-23	17.29%	16.58%	2.19%	-6.93%	1.56%	10.44%	-	7.78%	3.00%
23-24	19.59%	13.62%	4.39%	-1.46%	5.48%	7.26%	-	9.94%	3.00%
24-25	12.92%	21.14%	6.98%	7.02%	7.21%	10.31%	8.68%	11.26%	2.70%

[1] *Time-weighted returns based on the most recent final valuations of each fiscal year and supersedes earlier annual report exhibits.*

[2] *Total Fund includes Short-Term Investments and excludes Infrastructure which was not funded as of June 30, 2025.*

[3] *CPI is for the U.S. for the year ending June 30, 2025.*

Changes in Asset Mix [1]
Last Ten Years

Fiscal Year	Domestic Equity	International Equity	Fixed Income	Real Estate	Private Equity	Private Credit	Commodities	Short-Term Investments
15-16	31.96%	19.29%	22.90%	10.80%	9.30%	-	3.90%	1.80%
16-17	32.70%	20.77%	20.40%	9.70%	9.40%	-	4.20%	2.80%
17-18	32.64%	20.36%	19.53%	8.37%	9.90%	-	4.65%	4.55%
18-19	31.54%	20.03%	20.95%	8.54%	10.52%	-	4.35%	4.08%
19-20	32.63%	18.13%	22.54%	8.02%	11.68%	-	3.99%	3.01%
20-21	34.20%	19.10%	17.64%	7.62%	13.53%	-	3.67%	4.24%
21-22	27.69%	17.67%	19.97%	13.25%	17.36%	-	1.80%	2.27%
22-23	30.35%	19.45%	20.29%	10.53%	17.75%	-	0.92%	0.71%
23-24	31.33%	17.26%	21.42%	9.72%	17.54%	0.09%	0.84%	1.80%
24-25	31.09%	18.65%	21.78%	9.55%	16.89%	0.63%	0.38%	1.03%

[1] *Infrastructure was not funded as of June 30, 2025 and has been excluded from this table.*

INVESTMENT ADVISORS

DOMESTIC EQUITY MANAGERS
AllianceBernstein
Boston Partners
Channing Capital Management
Denali Advisors
Eastern Shore Capital
Frontier Capital Management
Lisanti Capital
Northern Trust Asset Management
Palisade Capital Management
PHOCAS Financial
PIMCO
RhumbLine Advisers
Westwood Management

INTERNATIONAL EQUITY MANAGERS
Baillie Gifford
BlackRock
Brandes Investment Partners
Principal Global Investors
Victory Capital Management

FIXED INCOME MANAGERS
GIA Partners
JP Morgan Investment Management
LM Capital Group
Loomis Sayles & Company
MacKay Shields
Medalist Partners
Northern Trust Asset Management
Payden & Rygel
Scout Investments - Reams Asset Management

REIT MANAGERS
AllianceBernstein
Cohen & Steers
Principal Global Investors

SEPARATE ACCOUNT REAL ESTATE MANAGER
AEW Capital Management

REAL ASSETS CONSULTANT
The Townsend Group

PRIVATE EQUITY CONSULTANT
Future Standard

PRIVATE CREDIT CONSULTANT
StepStone Group

GENERAL CONSULTANT
RVK, Inc.

Mike Meadows Photo

SECTION 5

Mike Meadows Photo

5 ACTUARIAL

Funding Status 108

How a Valuation is Conducted 109

Pension Benefit Balance Sheet 110

Unfunded Actuarial Accrued Liability 110

Employer Contribution Requirements Calculation 111

Health Insurance Premium Subsidy Valuation 113

Administrative Expenses 114

Employer Contribution History 114

Actuarial Balance Sheet 116

ACTUARIAL

The purpose of an actuarial valuation is to determine the funding progress and the contribution requirements of a retirement plan at a specific point in time. The System conducts two studies annually for the fiscal year ending June 30: one study evaluates the ratio of assets to liabilities for pension benefits for members and their beneficiaries; the other study evaluates the same ratio for health insurance premium subsidy benefits. The studies establish the funding status of the System and determine the annual contribution requirements to fund the benefits.

FUNDING STATUS

The funded status of the System is examined over a span of several years to determine if progress is made. When the assets equal or exceed the liabilities, the Plan is funded at 100% or more and is considered fully funded; otherwise, it is underfunded.

PENSION BENEFITS

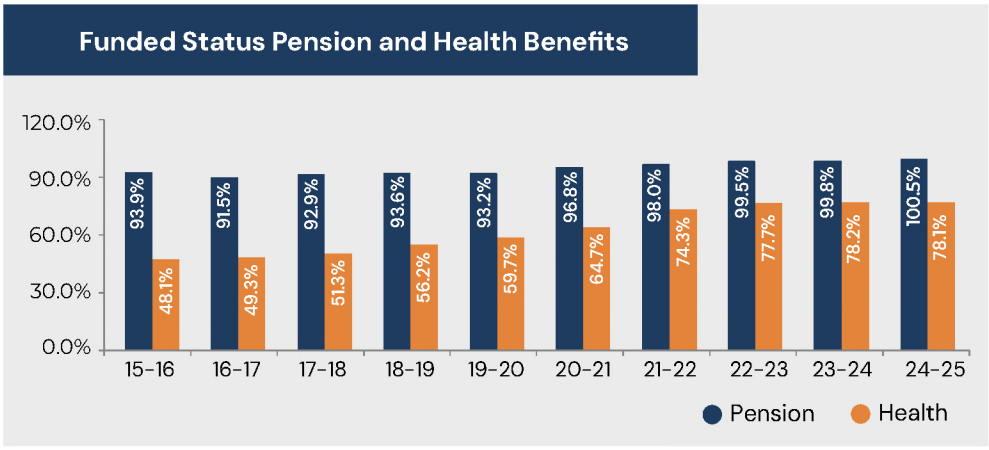
A 10-year history of the System's funded status for pension benefits is provided below. Although the funding ratios decreased for several years following the investment losses sustained in the 2008-2009 Great Recession, the results of the actuarial studies since that period reflect improved, stable funding progress.

As of June 30, 2025, the funded status for pension benefits is 100.5%, an increase of 0.7% from the prior year. The increase in the funded ratio was primarily due to an investment return on the valuation value (i.e., after asset smoothing) greater than the assumed rate of 7.00% used in the June 30, 2024 valuation and scheduled contributions to pay down the unfunded actuarial accrued liability (UAAL), partially offset by individual salary increases for active members that were greater than expected.

Details on the determination of the actuarial value of assets for the year are available in Section 2 of the June 30, 2025 Actuarial Valuation and Review of Retirement Benefits.

HEALTH INSURANCE PREMIUM SUBSIDY BENEFITS

The System began pre-funding health insurance premium subsidy benefits in 1989. A 10-year history of the System's funded status for health benefits is included in the chart below. As of June 30, 2025, the funding status of health subsidy benefits decreased from 78.2% to 78.1%, a decrease of 0.1%, primarily due to an update to medical trend assumptions, slightly offset by a higher than expected return on the valuation value of assets (after smoothing). Details on the factors which contributed to the decreased funding status are available in Section 2 of the June 30, 2025 Actuarial Valuation and Review of Other Postemployment Benefits.



Jim Donaway Photo

HOW A VALUATION IS CONDUCTED

In accordance with the Board's actuarial funding policy, the Entry Age Normal Cost is the actuarial funding method used to determine the contribution requirements to fund the benefits. To determine the cost of benefits, an actuarial valuation takes into consideration the Plan's provisions, participant data, and various actuarial assumptions.

ACTUARIAL ASSUMPTIONS

The System's actuary recommends assumptions – both demographic and economic – based on the Plan's actual experience, economic forecasts, and other factors. The Board adopts these assumptions in consultation with the actuary. Demographic assumptions explore the probabilities of when and how long members will receive the various types of benefits, e.g., the likelihood of retirement, disability, and death. Economic assumptions are based on factors that affect the value of benefits or the value of a plan's assets, e.g., inflation, rate of salary increases, and investment return.

Every three years, the assumptions are examined to determine if any adjustments are necessary for future valuations. Examples of assumptions used for the valuation period ending June 30, 2025 are provided in the subsequent tables.

Average Life Expectancy for Pensioners (Age = 65)	
Service Retiree	21.6 years*
Disabled Retiree	20.1 years*
Surviving Spouse/ Domestic Partner	22.9 years**

**The average is calculated based on a proportion of 90% male and 10% female in the current retiree population.*

***The average is calculated based on a proportion of 5% male and 95% female in the current beneficiary population.*

Rate of Inflation	
Annual increase in the Consumer Price Index	2.50%

Rate of Salary Increases

Inflation at 2.50% per year; plus 0.50% "across the board" increases; plus the following merit and promotion increases based on years of service.

Years of Service	Additional Salary Increase
Less than 1	9.00%
1 - 2	7.00%
2 - 3	6.50%
3 - 4	5.50%
4 - 5	4.00%
5 - 6	2.75%
6 - 9	2.00%
9 - 10	2.50%
10 - 11	1.90%
11 - 12	1.80%
12 - 13	1.70%
13 - 14	1.60%
14 - 15	2.00%
15 - 16	1.40%
16 - 17	1.30%
17 - 19	1.20%
19 - 20	1.60%
20 - 25	1.00%
25 & Over	0.90%

Investment Rate of Return

Inflation	2.50%
Plus Portfolio Expected Real Rate of Return	5.80%
Less Expense Adjustment	(0.10%)
Less Adjustment to Expected Geometric Real Rate of Return	(0.75%)
Less Risk Adjustment	(0.45%)
Net Investment Return*	**7.00%**

**Net of investment expenses only*

The investment return assumption is comprised of two primary components: inflation and real rate of investment return, adjusted for expenses and risk.

PENSION BENEFIT BALANCE SHEET

Cost of living adjustments and individual salary assumptions are used to project the dollar amount of benefits to be paid. The total liability is then reduced to today's dollar terms using the investment rate of return assumption. Once the liabilities of the System are computed, the valuation study projects the member and employer contributions expected to be received using the individual salary increase assumptions. The contributions are then reduced to today's dollar terms using the investment rate of return assumption.

The projected future contributions are considered assets of the System, along with assets currently invested by the System. For purposes of determining the contributions to the System, any investment gains and losses established after July 1, 2008, are recognized over a seven-year period and the actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.

The Actuarial Balance Sheet comparing the System's assets and liabilities as of June 30, 2025 is available on page 116.

UNFUNDED ACTUARIAL ACCRUED LIABILITY

An Unfunded Actuarial Accrued Liability (UAAL) of a retirement system occurs when a system's actuarial liability is greater than the actuarial value of its assets, yielding a funded ratio less than 100%. As of June 30, 2025, the Actuarial Balance Sheet on page 116 shows the UAAL for pension benefits for all tiers to be a surplus of $(158) million. The UAAL for health insurance premium subsidy benefits for all tiers is approximately $961 million.

Numerous variables, including pension benefit increases and actuarial losses, generate or increase the UAAL. Actuarial gains or losses arise from differences between the actual experience of a pension system and the actuarial assumptions used to project the system's funding requirements. An example would be if combined members' salaries increased more than what was assumed.

The gains and losses reflected in the UAAL must be amortized over a period of time in accordance with the Board's Actuarial Funding Policy and are a key component in determining the City's required contribution to the System each year.

EMPLOYER CONTRIBUTION REQUIREMENTS CALCULATION

The City's General Fund, Harbor Department, and Department of Airports' contributions to the System are composed of two parts: (1) the Entry Age Normal Cost; and (2) the contribution to amortize the unfunded liability.

ENTRY AGE NORMAL COST

The Entry Age Normal Cost contribution is the amount the employer would contribute for a hypothetical new entrant into the System. This amount would theoretically be sufficient to fully fund a member's retirement benefit on the date of retirement if all assumptions were realized and no benefit changes were made.

AMORTIZATION OF THE UAAL

In March 2011, voters approved a City Charter amendment that allows the Board to determine its funding policy, consistent with its plenary authority to administer the System. Prior to this, the amortization policy was prescribed in the City Charter. Since then, the funding policy has been revised periodically by the Board. The current actuarial funding policy may be found at lafpp.lacity.gov/policies.

Under the current policy, the entire amount of the annual UAAL contributions required to be made by the City, Harbor Department, and Department of Airports for each tier, is determined in proportion to the covered payroll for that tier. The UAAL amortization payment rate for each employer (i.e., the City, Harbor Department, or Department of Airports) is equal to the total of all annual amounts required to amortize the UAAL for all tiers and divided by the total covered payroll for the respective employer. As Tier 1 does not have any active members, there are no UAAL contributions collected. For all other tiers, it is amortized as a level percent of payroll. Actuarial gains or losses are amortized over 20 years; changes in actuarial assumptions and cost methods are amortized over 20 years; and Plan amendments are amortized over 15 years. In the event of an actuarial surplus, 30-year amortization is used.

With this information, the actuary computes the employer contribution requirements for pension benefits.

LOW-DEFAULT-RISK OBLIGATION MEASURE (LDROM)

Beginning with the June 30, 2023 valuation, the Plan is required to report on the LDROM under Actuarial Standard of Practice No. 4. The LDROM is calculated using a discount rate based entirely on high quality bond yields instead of the expected return on the Plan's diversified investment portfolio. As of June 30, 2025, the LDROM for the Plan is $36.4 billion. The difference between the Plan's Actuarial Accrued Liability for pension benefits of $28.8 billion and the LDROM of $36.4 billion can be thought of as representing the expected savings from investing in the Plan's diversified portfolio compared to investing only in low-default-risk securities.

Employer Normal Cost Pension Contribution Requirements 2026-27*
(as a percentage of Plan member salaries)

Tier 1	N/A
Tier 2	24.17%
Tier 3	19.51%
Tier 4	18.53%
Tier 5	21.42%
Tier 6	17.34%
Harbor Port Police – Tier 5	21.88%
Harbor Port Police – Tier 6	16.61%
Airport Police – Tier 6	17.40%

**Contributions to be made on July 15, 2026.*

Unfunded Liability Pension Contribution Requirements 2026-27*

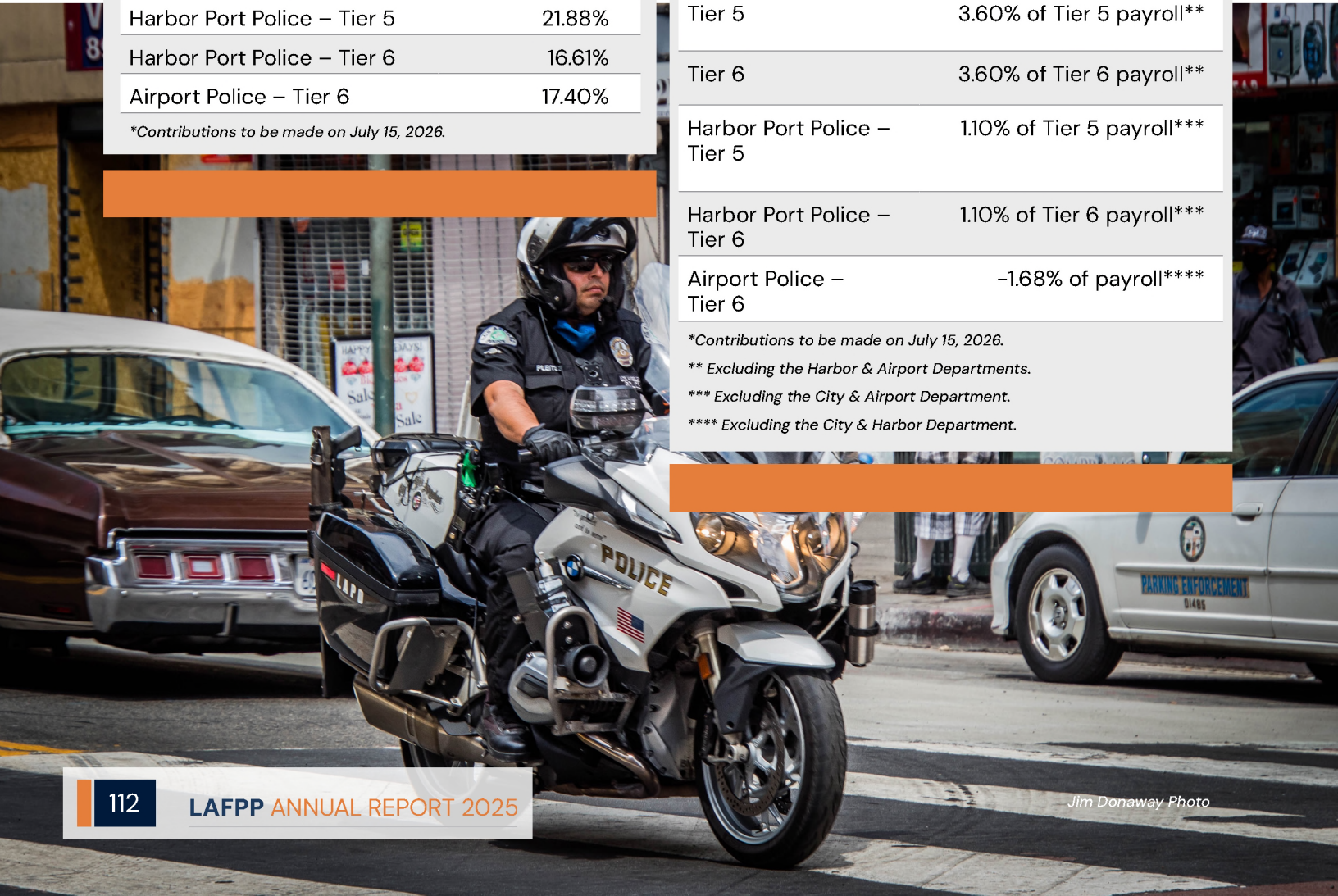
Tier 1	N/A
Tier 2	3.60% of total payroll of Tiers 2 – 6**
Tier 3	3.60% of total payroll of Tiers 2 – 6**
Tier 4	3.60% of total payroll of Tiers 2 – 6**
Tier 5	3.60% of Tier 5 payroll**
Tier 6	3.60% of Tier 6 payroll**
Harbor Port Police – Tier 5	1.10% of Tier 5 payroll***
Harbor Port Police – Tier 6	1.10% of Tier 6 payroll***
Airport Police – Tier 6	-1.68% of payroll****

**Contributions to be made on July 15, 2026.*

*** Excluding the Harbor & Airport Departments.*

**** Excluding the City & Airport Department.*

***** Excluding the City & Harbor Department.*



Jim Donaway Photo

HEALTH INSURANCE PREMIUM SUBSIDY VALUATION

The health insurance premium subsidy valuation utilizes the same actuarial assumptions as the pension benefits valuation, with the addition of expected medical inflation and other health benefit-specific assumptions. Medical costs continue to increase at a faster pace than general inflation. Assumptions in the June 30, 2025 actuarial valuation included medical trend rate increases of 7.00% for non-Medicare premiums and 6.75% for Medicare premiums in Fiscal Year 2025-26.

Using the same actuarial methods for pension benefits, the Actuarial Balance Sheet for health insurance premium subsidy benefits is shown on page 116. The contributions to fund the health insurance premium subsidy benefits are below.

Health Insurance Premium Subsidy Contribution Requirements 2026-27*
(as a percentage of Plan member salaries)

Tier 1	N/A
Tier 2	8.72%
Tier 3	10.41%
Tier 4	10.47%
Tier 5	10.15%
Tier 6	12.66%
Harbor Port Police – Tier 5	5.25%
Harbor Port Police – Tier 6	6.25%
Airport Police – Tier 6	6.79%

** Contributions to be made on July 15, 2026. Rates do not include amounts allocated for administrative expenses.*

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Health Insurance Premium Cost Trend Rates
(applied to calculate following year's premiums)

Fiscal Year	Non-Medicare	Medicare
2025-2026	7.00%	6.75%
2026-2027	6.75%	6.50%
2027-2028	6.50%	6.25%
2028-2029	6.25%	6.00%
2029-2030	6.00%	5.75%
2030-2031	5.75%	5.50%
2031-2032	5.50%	5.25%
2032-2033	5.25%	5.00%
2033-2034	5.00%	4.75%
2034-2035	4.75%	4.50%
2035-2036	4.50%	4.50%
2036-2037	4.50%	4.50%
2037-2038	4.50%	4.50%
2038-2039	4.50%	4.50%
2039 and later	4.50%	4.50%

ADMINISTRATIVE EXPENSES

Beginning with the June 30, 2014 valuation, the assumed investment rate of return excludes the Plan's administrative expenses. This change was made to implement new Governmental Accounting Standards Board (GASB) financial reporting requirements (GASB Statements 67 and 68) so that the same investment return assumption can be used for both funding and financial reporting purposes. The actuary now recommends an explicit assumption to account for the Plan's administrative expenses.

Contribution Amount Allocated for Administrative Expenses*	
Pension	1.28%
Health	0.13%

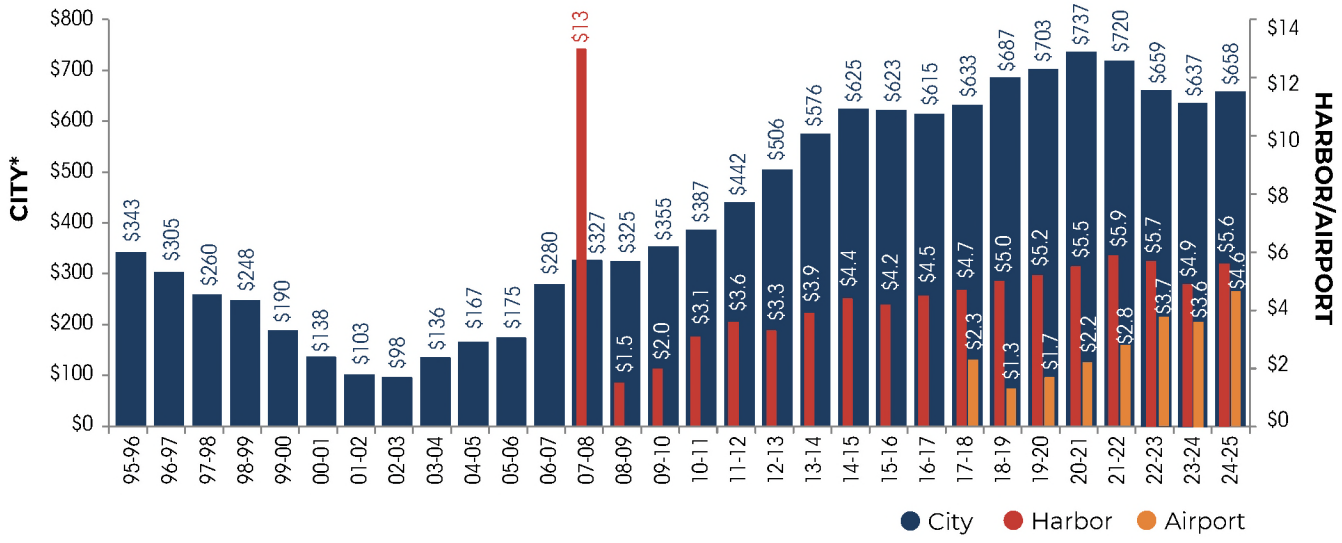
** Percent of total payroll. Contributions to be made on July 15, 2026.*

EMPLOYER CONTRIBUTION HISTORY

A history of employer contributions is illustrated in the following charts. Over the last two decades, the City's contribution to the System for pension and health benefits has grown, although there were periods when the contribution amount was decreased due to the System's actuarial surplus status.

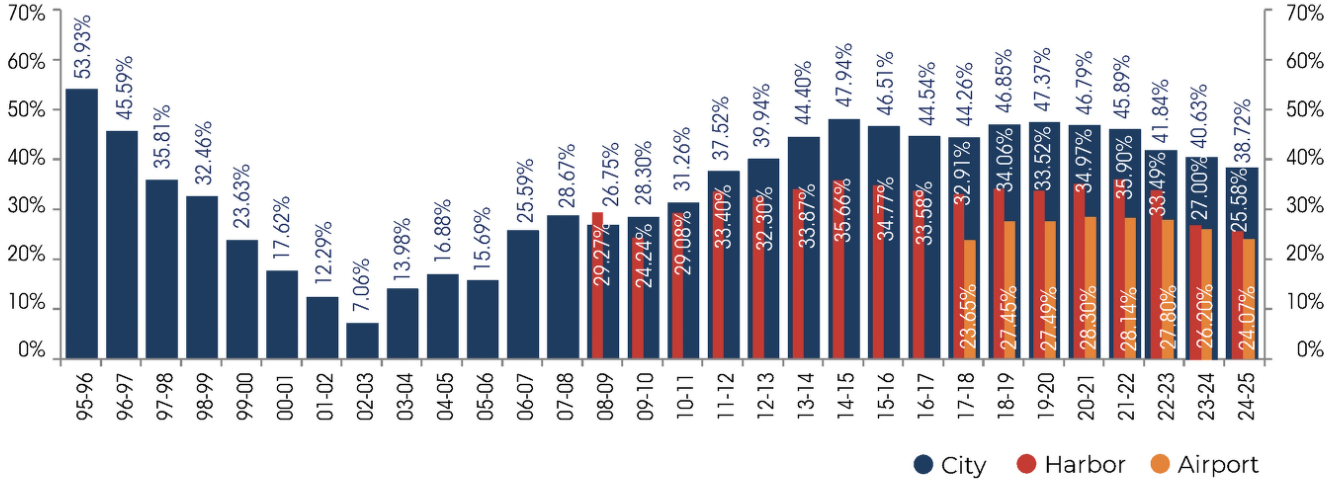
After the inclusion of Harbor Port Police in January 2006, the Harbor Department began making contributions to the System in Fiscal Year 2007-08. Since its first-year contribution, subsequent contributions have been stable. Airport Police became members of the Plan beginning in January 2018, and the Department of Airports began making contributions to the System in Fiscal Year 2017-18.

Employer Contribution Amounts
(in millions)



**The City's contribution amount excludes Excess Benefit Plan funding from FY 2010-11 to the present.*

Employer Contribution Rates



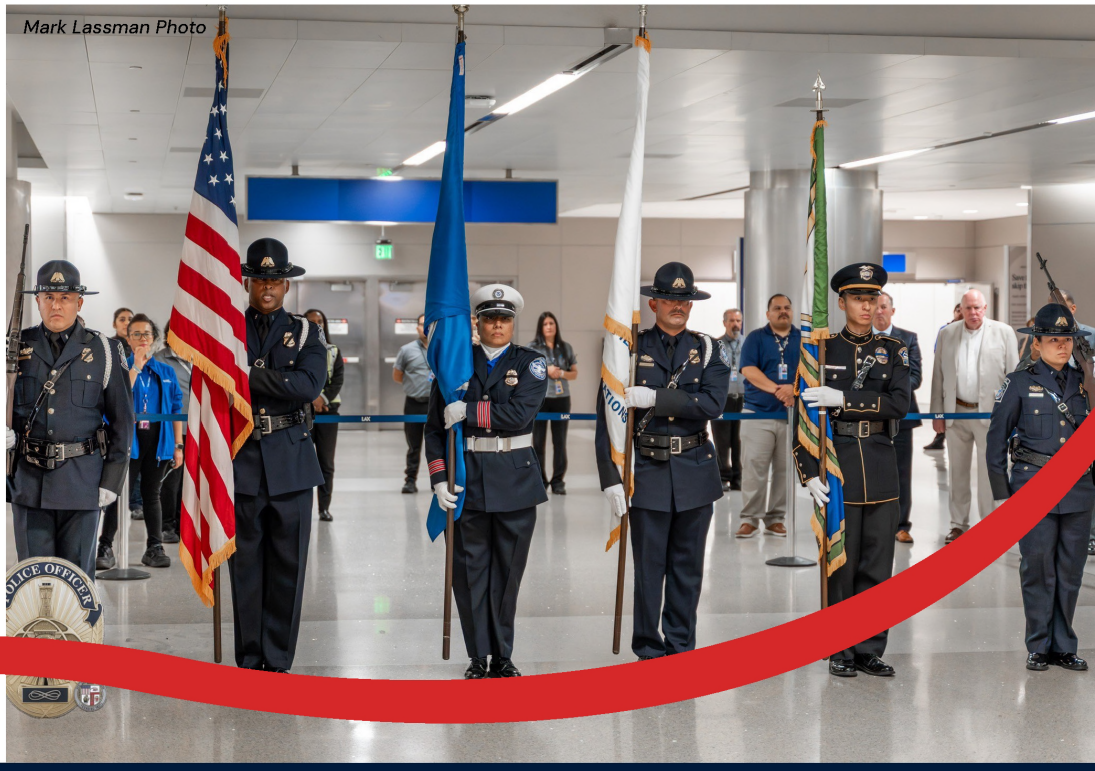
ACTUARIAL BALANCE SHEET

June 30, 2025

Present Resources and Expected Future Resources			
Assets	**Pension**	**Health**	**Total**
1. Valuation value of assets	$28,992,292,784	$3,437,210,593	$32,429,503,377
2. Present value of future normal costs:			
Member	$1,716,123,859		$1,716,123,859
Employer	$3,893,050,425	$1,087,588,744	$4,980,639,169
Total	$5,609,174,284	$1,087,588,744	$6,696,763,028
3. Unfunded actuarial accrued liability	$(158,492,138)	$961,157,923	$802,665,785
4. Present value of current and future assets	$34,442,974,930	$5,485,957,260	$39,928,932,190

Present Value of Expected Future Benefit Payments and Reserve			
Liabilities	**Pension**	**Health**	**Total**
5. Present value of future benefits:			
Retired members and beneficiaries	$17,533,243,743	$2,487,711,425	$20,020,955,168
Inactive members with vested rights	$39,778,068	$196,966,207	$236,744,275
Active members	$16,869,953,119	$2,801,279,628	$19,671,232,747
6. Total present value of expected future benefit payments	$34,442,974,930	$5,485,957,260	$39,928,932,190

SECTION 6


Mark Lassman Photo

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STATISTICAL

Membership Statistics 118

Active Membership 120

DROP Membership 123

Retired Membership 124

Member Outreach 135

Financial 136

Financial Trends Information 136

Operating Information 141

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MEMBERSHIP STATISTICS

FIRE AND POLICE PENSION PLANS

As of June 30, 2025, Los Angeles Fire and Police Pensions ("System") is composed of six tiers. Benefits are based on the member's pension tier, pension salary base, and years of service. In addition, the System provides disability pension benefits and benefits to eligible survivors.

Members hired pursuant to the provisions of Article XI 1/2 of the 1925 City of Los Angeles Charter are known as "fluctuators." Fluctuator pensioners receive 50% of the current salary received by the classification from which they retired. Such beneficiaries are included in Tier 1 for purposes of the System's actuarial valuations.

Members hired from July 1, 1925 through January 28, 1967 participate in Tier 1 (formerly Article XVII). Tier 2 (formerly Article XVIII) includes members hired from January 29, 1967 through December 7, 1980, and Tier 1 members who elected to transfer during an enrollment period.

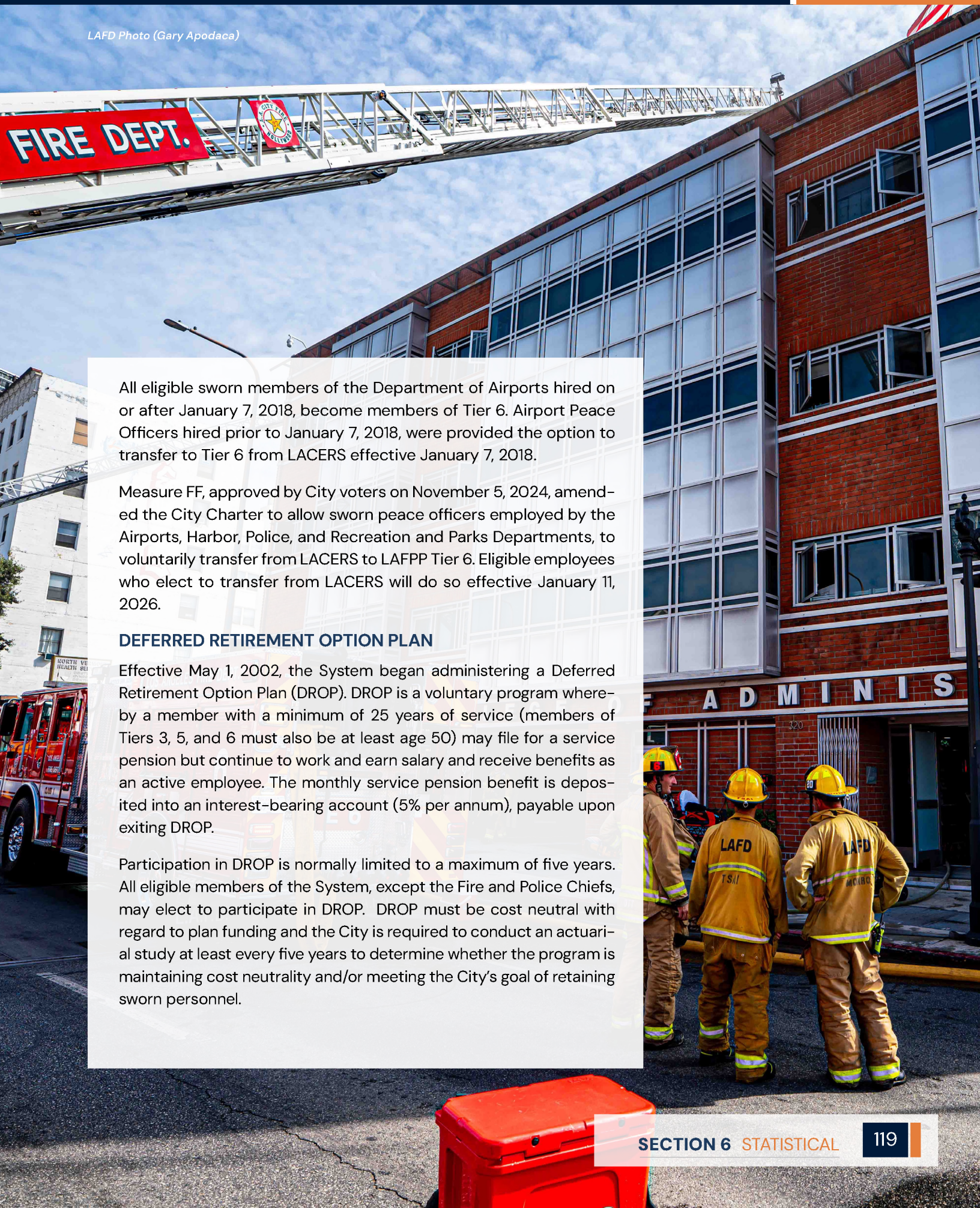
Tier 3 (formerly Article XXXV, Plan 1) consists of members hired from December 8, 1980 through June 30, 1997. Members hired from July 1, 1997 through December 31, 2001 are in Tier 4 (formerly Article XXXV, Plan 2). Tier 4 also includes members who elected to transfer from Tier 3 during an enrollment period. Additionally, Tier 4 members hired from July 1, 1997 through December 31, 1997 were given the opportunity to transfer to Tier 3 during an enrollment period.

Tier 5 includes members hired from January 1, 2002 through June 30, 2011. Active members in Tiers 2 – 4 were allowed to transfer to Tier 5 during an enrollment period.

Additionally, all eligible sworn members of the Harbor Department hired on or after January 8, 2006 become members of the System. Members hired from January 8, 2006 through June 30, 2011 are in Tier 5. Those hired prior to January 8, 2006, were provided the option to transfer to Tier 5 from the Los Angeles City Employees' Retirement System (LACERS) from January 8, 2006 to January 5, 2007.

Tier 6 consists of all new members hired on or after July 1, 2011.

On July 1, 2012, the Department of General Services, Office of Public Safety (OPS) was consolidated into the Los Angeles Police Department (LAPD). As a result, OPS employees who transitioned to regular LAPD sworn classifications could make an election to opt out of LACERS and become Tier 6 members of the System. The opt-out election period expired on December 12, 2014.



LAFD Photo (Gary Apodaca)

All eligible sworn members of the Department of Airports hired on or after January 7, 2018, become members of Tier 6. Airport Peace Officers hired prior to January 7, 2018, were provided the option to transfer to Tier 6 from LACERS effective January 7, 2018.

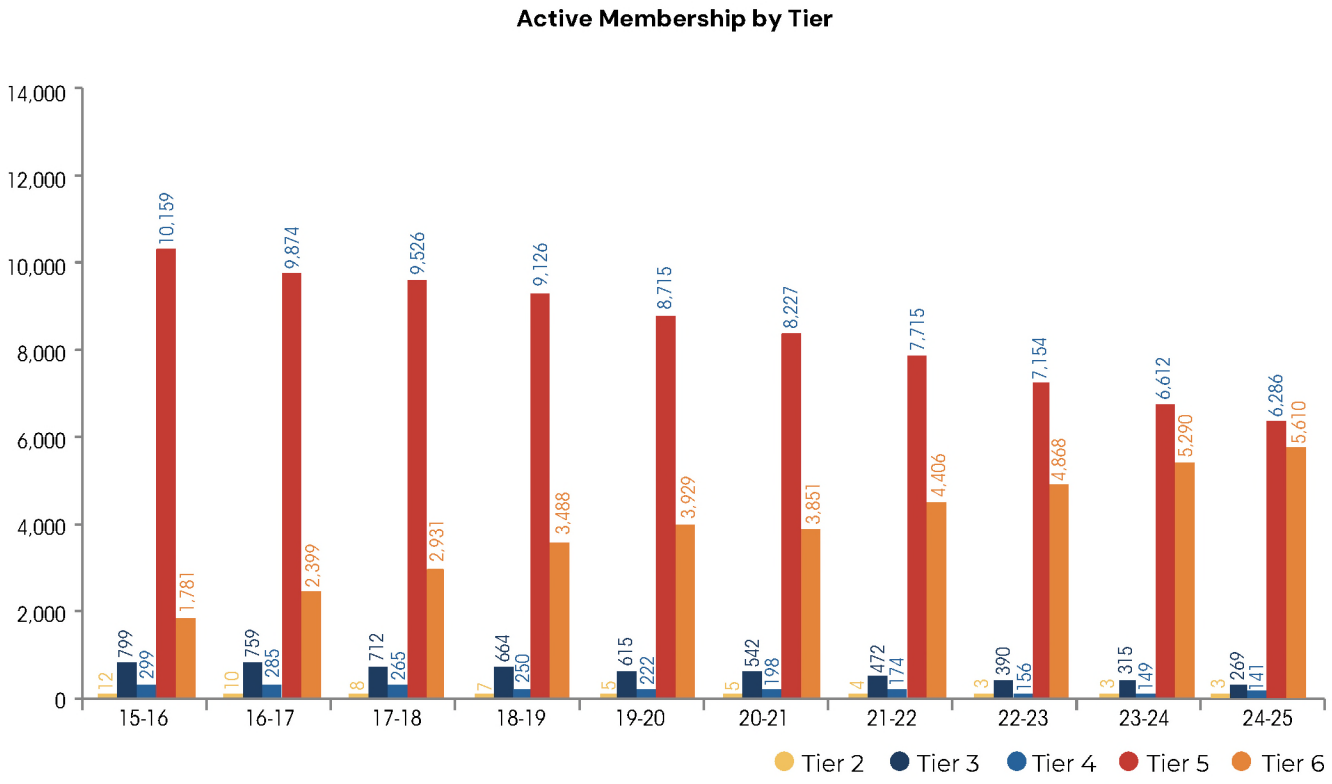
Measure FF, approved by City voters on November 5, 2024, amended the City Charter to allow sworn peace officers employed by the Airports, Harbor, Police, and Recreation and Parks Departments, to voluntarily transfer from LACERS to LAFPP Tier 6. Eligible employees who elect to transfer from LACERS will do so effective January 11, 2026.

DEFERRED RETIREMENT OPTION PLAN

Effective May 1, 2002, the System began administering a Deferred Retirement Option Plan (DROP). DROP is a voluntary program whereby a member with a minimum of 25 years of service (members of Tiers 3, 5, and 6 must also be at least age 50) may file for a service pension but continue to work and earn salary and receive benefits as an active employee. The monthly service pension benefit is deposited into an interest-bearing account (5% per annum), payable upon exiting DROP.

Participation in DROP is normally limited to a maximum of five years. All eligible members of the System, except the Fire and Police Chiefs, may elect to participate in DROP. DROP must be cost neutral with regard to plan funding and the City is required to conduct an actuarial study at least every five years to determine whether the program is maintaining cost neutrality and/or meeting the City's goal of retaining sworn personnel.

ACTIVE MEMBERSHIP [1]



[1]*Total Active Membership includes new recruit trainees.*

Active Membership
as of June 30, 2025

Tier	Fire	Police	Harbor	Airport	TOTAL
Tier 2	2	1	---	---	3
Tier 3	6	263	---	---	269
Tier 4	35	106	---	---	141
Tier 5	1,754	4,446	86	---	6,286
Tier 6	1,617	3,814	54	125	5,610
TOTAL	**3,414***	**8,630****	**140*****	**125**	**12,309**

** Includes 193 DROP participants.*

*** Includes 1,148 DROP participants.*

**** Includes 1 DROP participant.*

Refunds of Member Contributions

	20-21	21-22	22-23	23-24	24-25
Fire:					
Tier 2	0	0	0	0	0
Tier 3	0	0	0	0	0
Tier 4	0	0	0	0	0
Tier 5	1	3	4	5	4
Tier 6	4	8	16	23	19
Police:					
Tier 2	0	0	0	0	0
Tier 3	3	1	0	0	0
Tier 4	1	0	0	0	0
Tier 5	27	25	32	17	13
Tier 6	51	79	91	92	57
Harbor:					
Tier 5	0	0	0	0	0
Tier 6	0	0	1	2	1
Airport:					
Tier 6	2	2	1	7	3
TOTAL	**89**	**118**	**145**	**146**	**97**

Jim Donaway Photo

Active Fire Membership
Age and Years of Service

	Years of Service									
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & Over**	**Total**
<25	89	0	0	0	0	0	0	0	0	89
25-29	326	51	0	0	0	0	0	0	0	377
30-34	236	316	23	0	0	0	0	0	0	575
35-39	93	270	47	84	0	0	0	0	0	494
40-44	15	100	17	347	45	0	0	0	0	524
45-49	6	19	4	190	283	18	0	0	0	520
50-54	0	5	2	54	248	77	30	0	0	416
55-59	0	1	0	14	111	64	73	23	0	286
60-64	0	1	0	2	18	19	51	17	4	112
65-69	0	0	0	0	5	3	1	7	2	18
70 & over	0	0	0	0	0	0	0	0	3	3
TOTAL	**765**	**763**	**93**	**691**	**710**	**181**	**155**	**47**	**9**	**3,414**

Active Police Membership
Age and Years of Service

	Years of Service									
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & Over**	**Total**
<25	238	0	0	0	0	0	0	0	0	238
25-29	737	212	0	0	0	0	0	0	0	949
30-34	379	805	136	0	0	0	0	0	0	1,320
35-39	146	362	416	246	0	0	0	0	0	1,170
40-44	61	107	202	858	126	0	0	0	0	1,354
45-49	15	34	42	521	513	189	0	0	0	1,314
50-54	4	12	22	197	281	755	132	0	0	1,403
55-59	0	2	10	71	88	373	161	16	0	721
60-64	1	0	2	17	12	66	25	13	0	136
65-69	0	0	0	2	2	9	5	3	2	23
70 & over	0	0	0	0	0	2	0	0	0	2
TOTAL	**1,581**	**1,534**	**830**	**1,912**	**1,022**	**1,394**	**323**	**32**	**2**	**8,630**

Active Harbor Membership
Age and Years of Service

	Years of Service									
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & Over**	**Total**
<25	9	0	0	0	0	0	0	0	0	9
25-29	10	1	0	0	0	0	0	0	0	11
30-34	9	8	1	0	0	0	0	0	0	18
35-39	3	2	4	5	0	0	0	0	0	14
40-44	0	4	0	27	1	0	0	0	0	32
45-49	0	0	3	25	4	0	0	0	0	32
50-54	0	0	0	11	1	1	0	0	0	13
55-59	0	1	0	4	1	1	1	0	0	8
60-64	0	0	0	0	2	0	0	0	0	2
65-69	0	0	1	0	0	0	0	0	0	1
70 & over	0	0	0	0	0	0	0	0	0	0
TOTAL	**31**	**16**	**9**	**72**	**9**	**2**	**1**	**0**	**0**	**140**

Active Airport Membership
Age and Years of Service

Age	Years of Service*									
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	Total
<25	5	0	0	0	0	0	0	0	0	5
25-29	18	4	0	0	0	0	0	0	0	22
30-34	19	17	3	0	0	0	0	0	0	39
35-39	12	18	5	0	0	0	0	0	0	35
40-44	2	7	4	0	0	0	0	0	0	13
45-49	1	3	0	1	0	0	0	0	0	5
50-54	1	0	0	0	1	0	0	1	0	3
55-59	0	1	0	0	0	2	0	0	0	3
60-64	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0
70 & over	0	0	0	0	0	0	0	0	0	0
TOTAL	**58**	**50**	**12**	**1**	**1**	**2**	**0**	**1**	**0**	**125**

** Includes all prior service transferred from LACERS.*

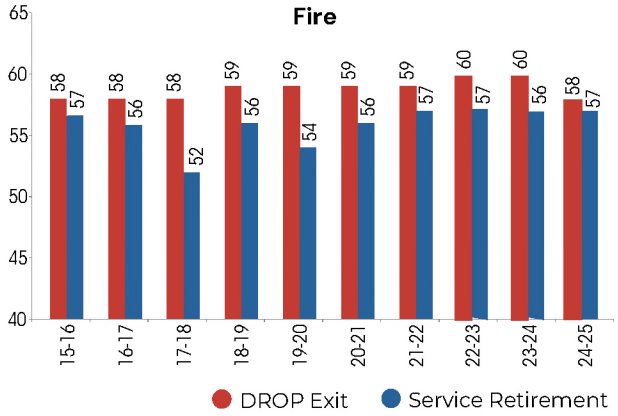
DROP MEMBERSHIP

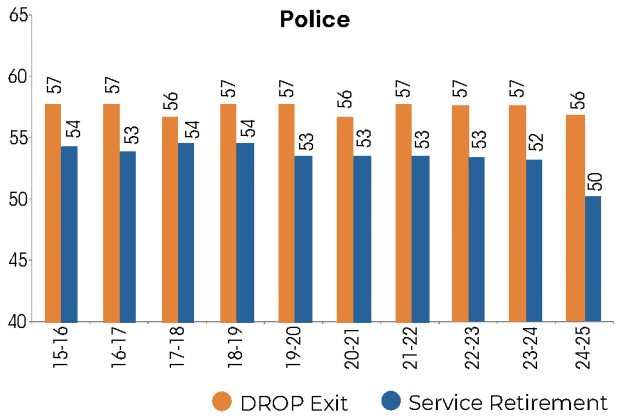
DROP Program Summary of Participation

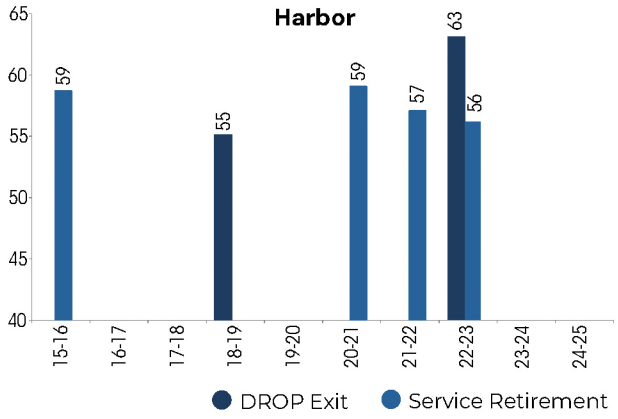
Fiscal Year	Average Participation per Month			Total Entries			Average Age at Entry			Average Years of Service at Entry			Total Exits		
	FD	PD	HD	FD	PD	HD	FD	PD	HD	FD	PD	HD	FD	PD	HD
15-16	492	890	1	86	235	0	54	52	-	28	27	-	194	193	0
16-17	402	886	1	70	204	0	54	53	-	29	28	-	76	187	0
17-18	450	979	1	137	278	1	55	52	58	26	28	25	76	205	0
18-19	545	1,071	1	208	333	0	55	53	-	30	28	-	97	222	1
19-20	522	1,131	1	15	166	0	55	53	-	28	26	-	58	225	0
20-21	463	1,070	1	24	361	1	56	53	55	29	26	27	84	301	0
21-22	426	1,093	2	51	312	0	55	53	-	30	26	-	85	311	0
22-23	375	1,118	1	76	389	0	56	52	-	30	26	-	132	299	1
23-24	261	1,152	1	37	232	0	57	53	-	28	27	-	181	293	0
24-25	196	1,149	1	17	258	0	56	53	-	28	28	-	23	209	0

RETIRED MEMBERSHIP

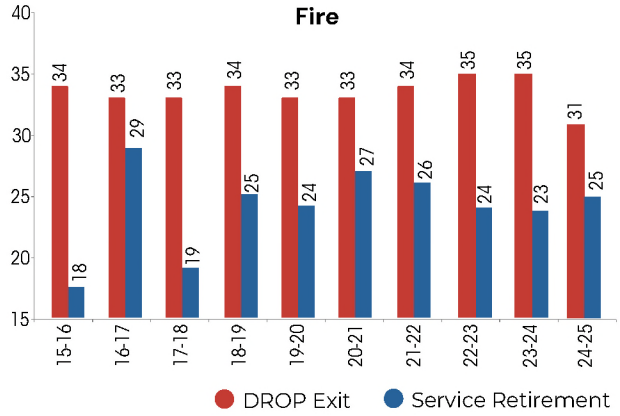
DROP vs. SERVICE RETIREMENT
AVERAGE AGE

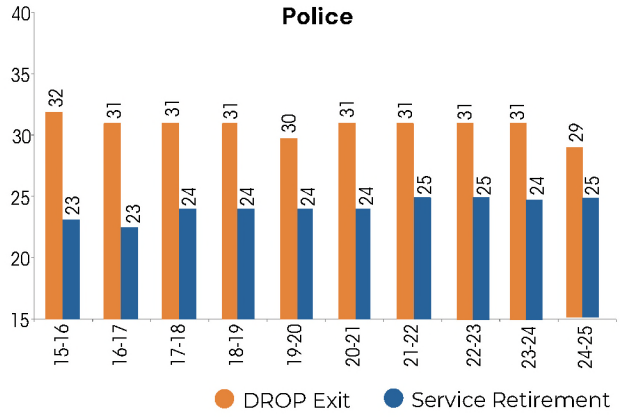


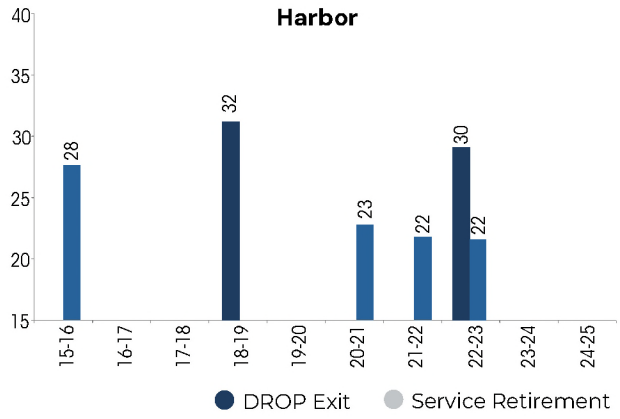


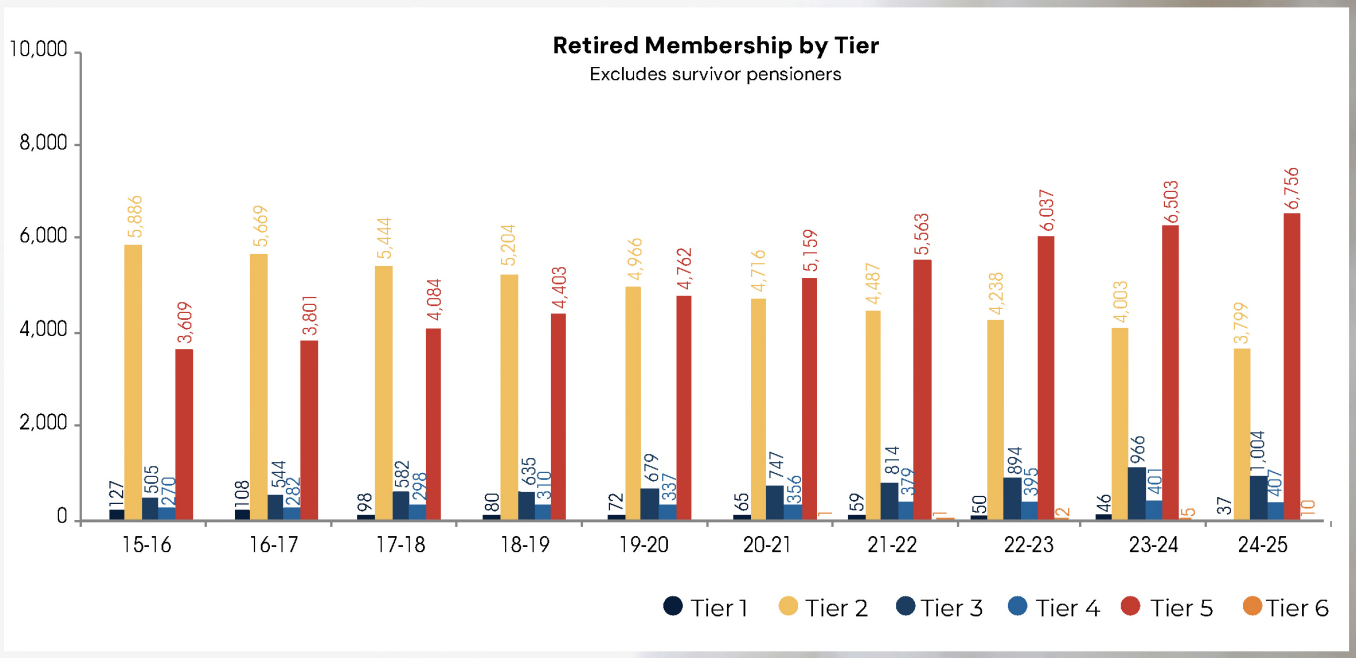


DROP vs. SERVICE RETIREMENT
AVERAGE YEARS OF SERVICE









Retired Membership as of June 30, 2025

Excludes survivor pensioners

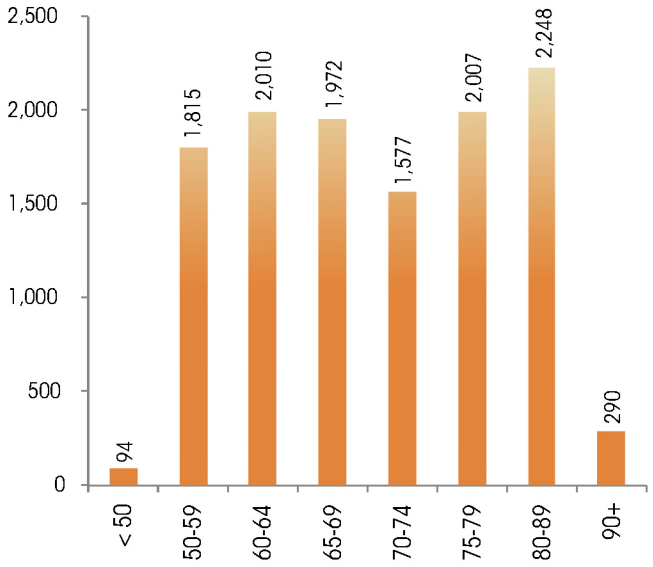
Tier	Fire	Police	Harbor	Airport	Total
Tier 1	2	35	0	0	37
Tier 2	668	3,130	1	0	3,799
Tier 3	82	922	0	0	1,004
Tier 4	33	374	0	0	407
Tier 5	2,081	4,650	25	0	6,756
Tier 6	2	8	0	0	10
Total	**2,868**	**9,119**	**26**	**0**	**12,013**

Jim Donaway Photo

Retired Membership

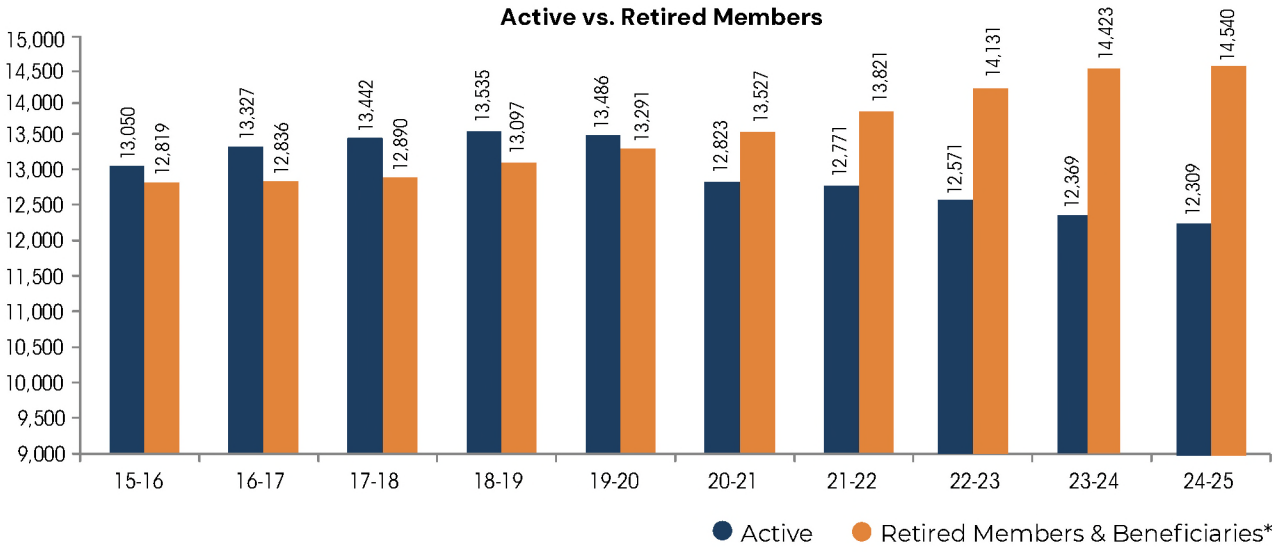
Service Pensioners	
Number in pay status:	10,511
Average age at retirement:	52.5
Average age:	69.9
Average monthly benefit:	$8,460
Disability Pensioners	
Number in pay status:	1,502
Average age at retirement:	43.2
Average age:	73.3
Average monthly benefit:	$6,322
Survivor Pensioners	
Number in pay status:	2,527
Average age:	76.3
Average monthly benefit:	$5,836

Retired Membership by Age
Excludes survivor pensioners

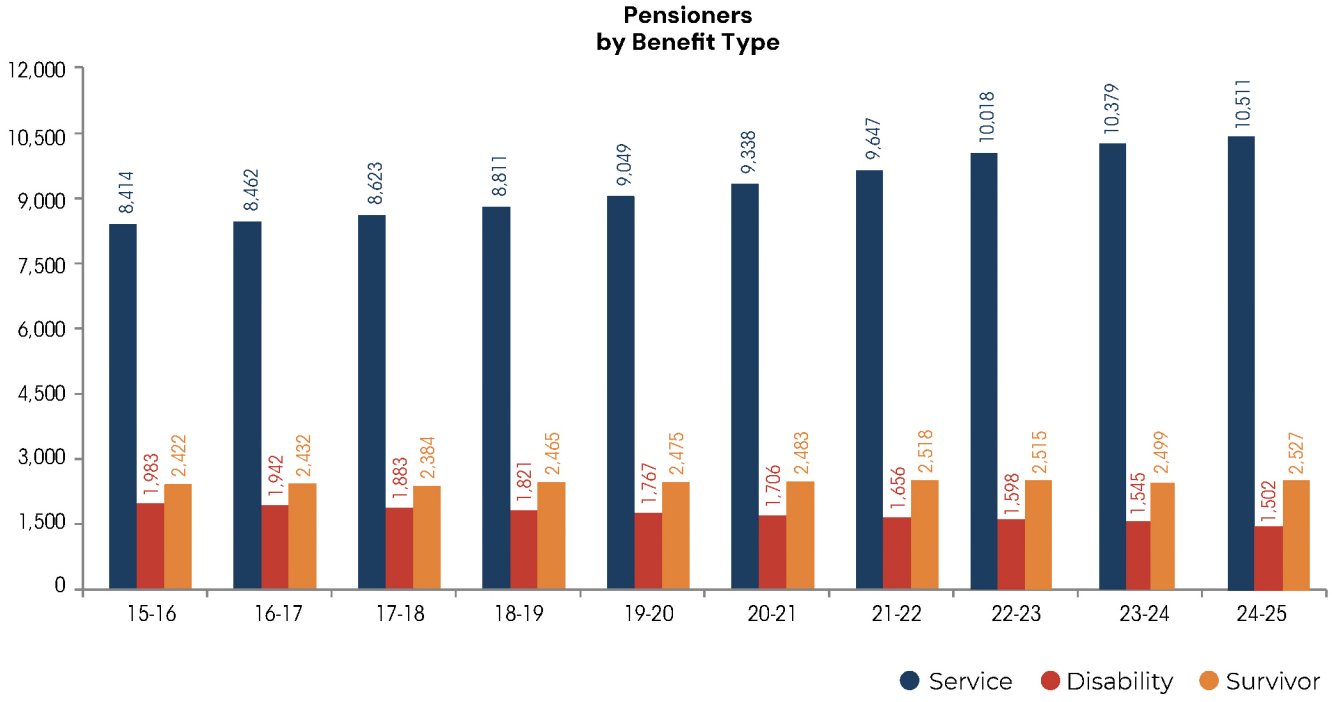


Residency of Pensioners

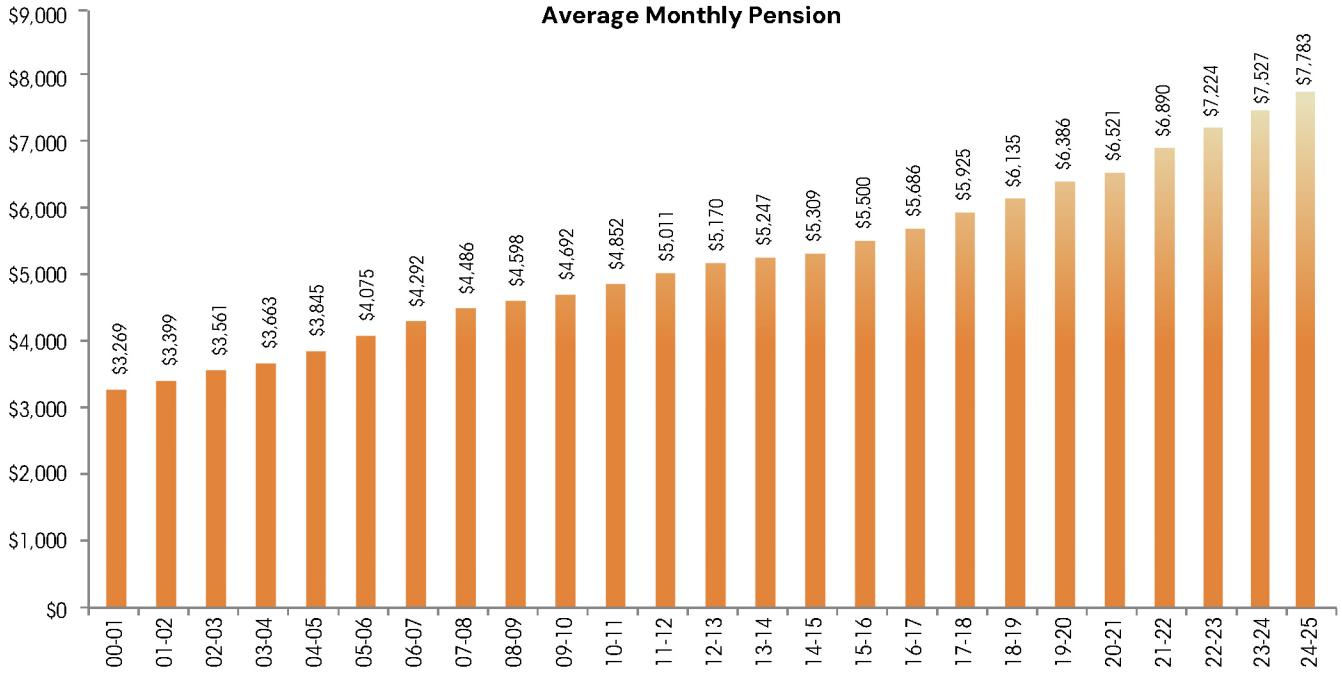
- California, 69.1%
- Other State, 30.7%
- Outside the U.S., 0.2%



** Retired membership excludes Inactive Vested Members*



San Diego Fwy
NORTH
LEFT LANE
405
SOUTH
RIGHT LANE
POLICE
EMERGENCY
CALL 911


Average Monthly Pension
$9,000
$8,000
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
$3,269
$3,399
$3,561
$3,663
$3,845
$4,075
$4,292
$4,486
$4,598
$4,692
$4,852
$5,011
$5,170
$5,247
$5,309
$5,500
$5,686
$5,925
$6,135
$6,386
$6,521
$6,890
$7,224
$7,527
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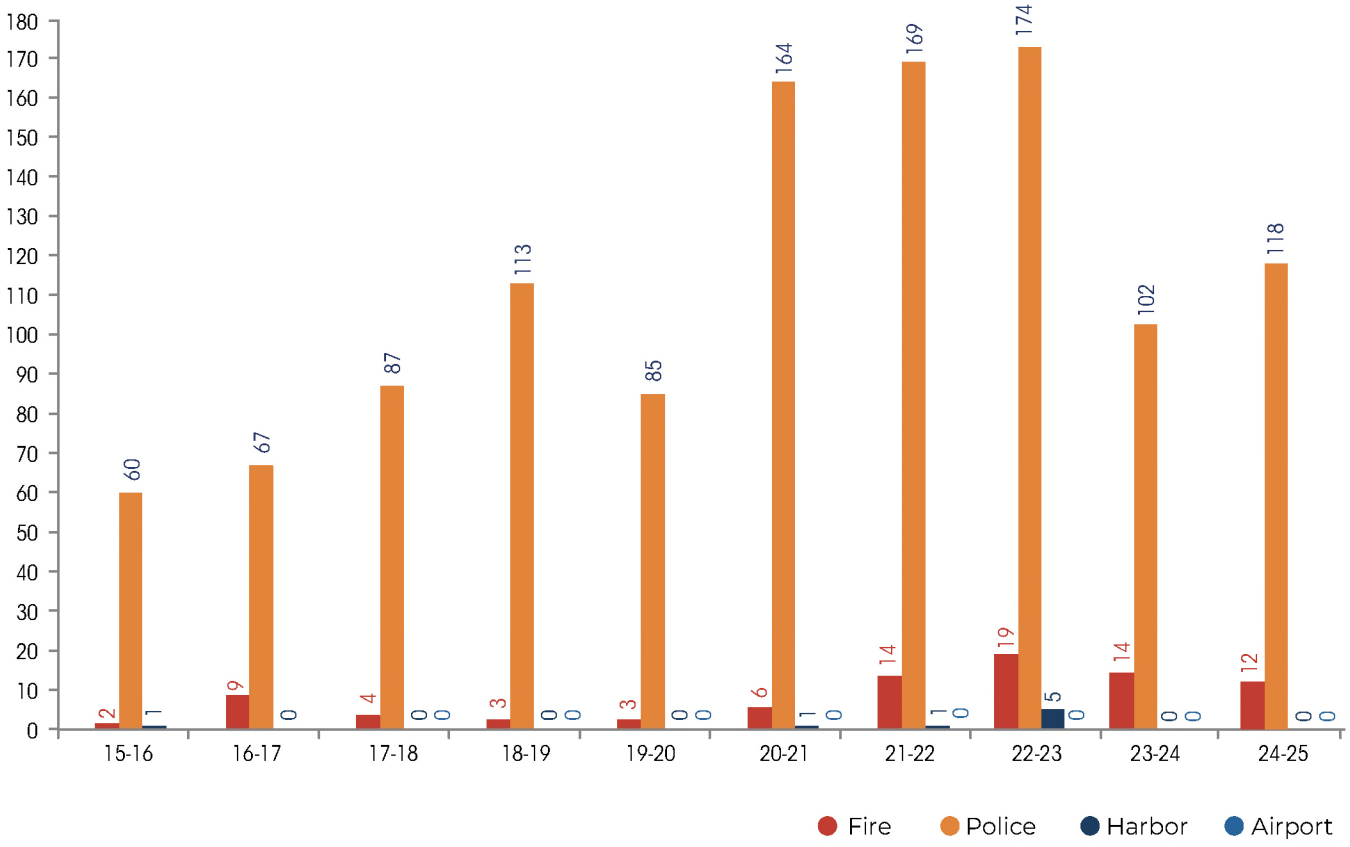
23-24
24-25

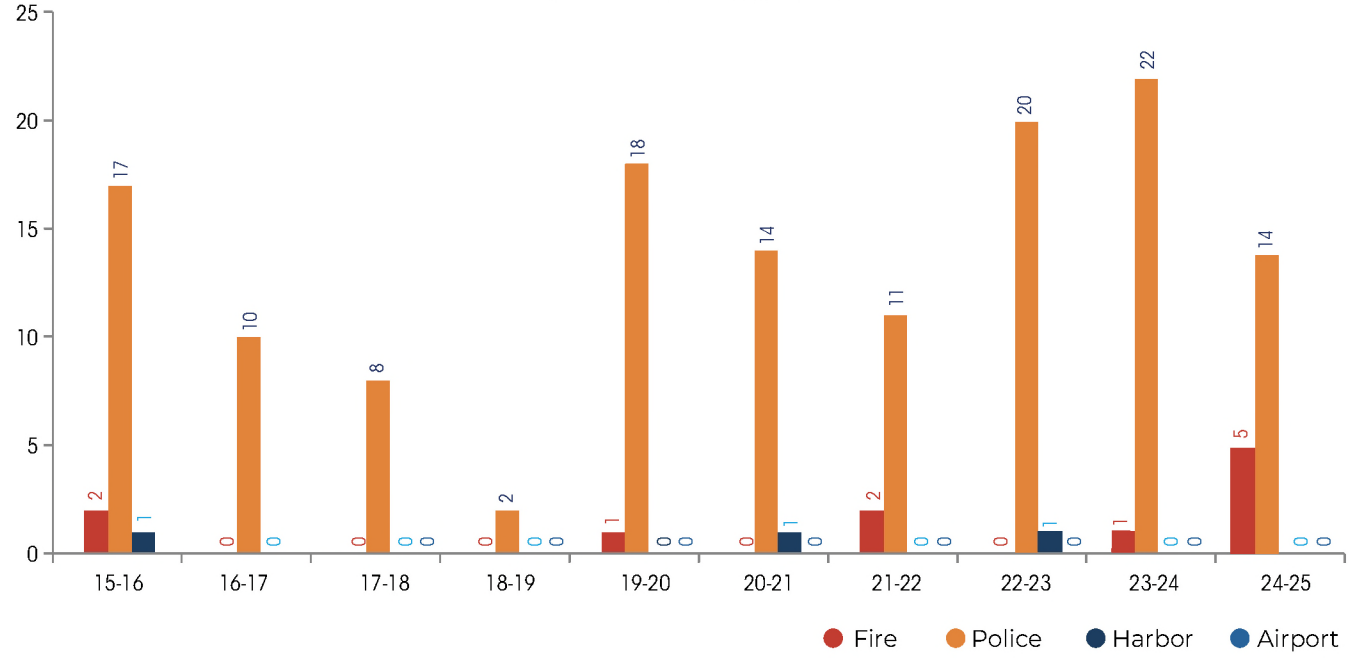
Service Pensions Granted

Excludes members who exited DROP

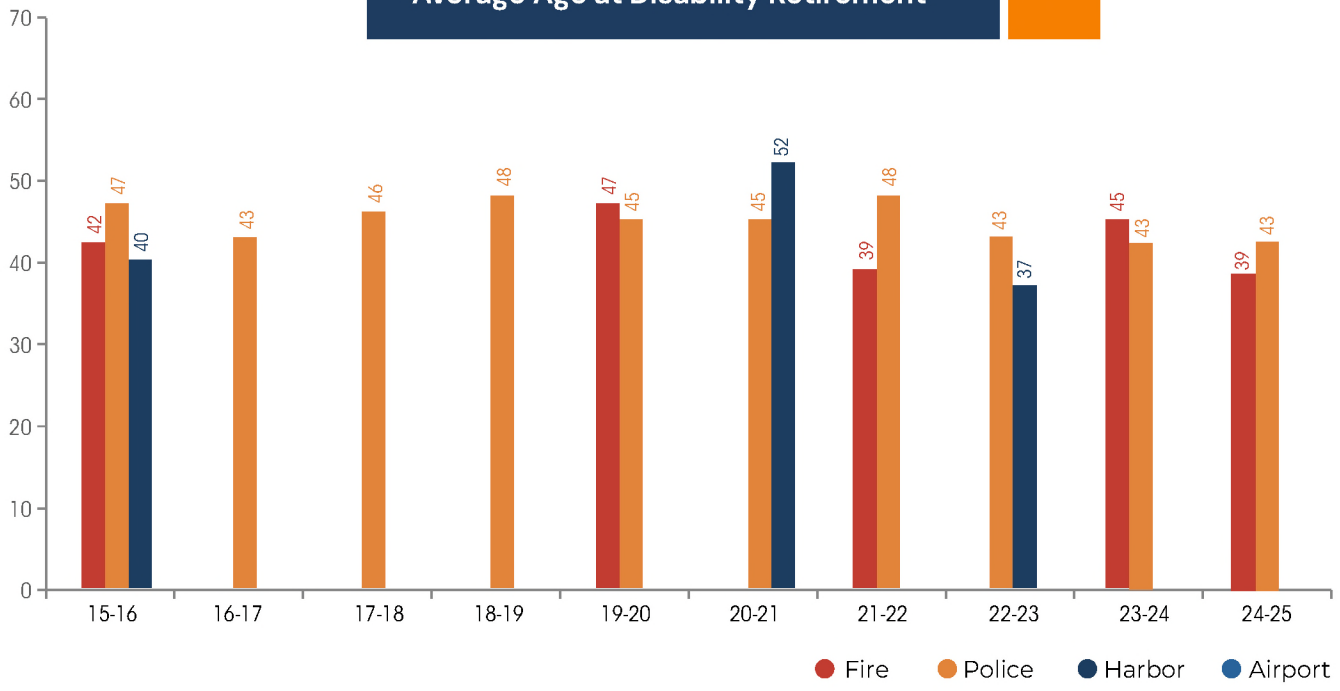


Disability Pensions Granted

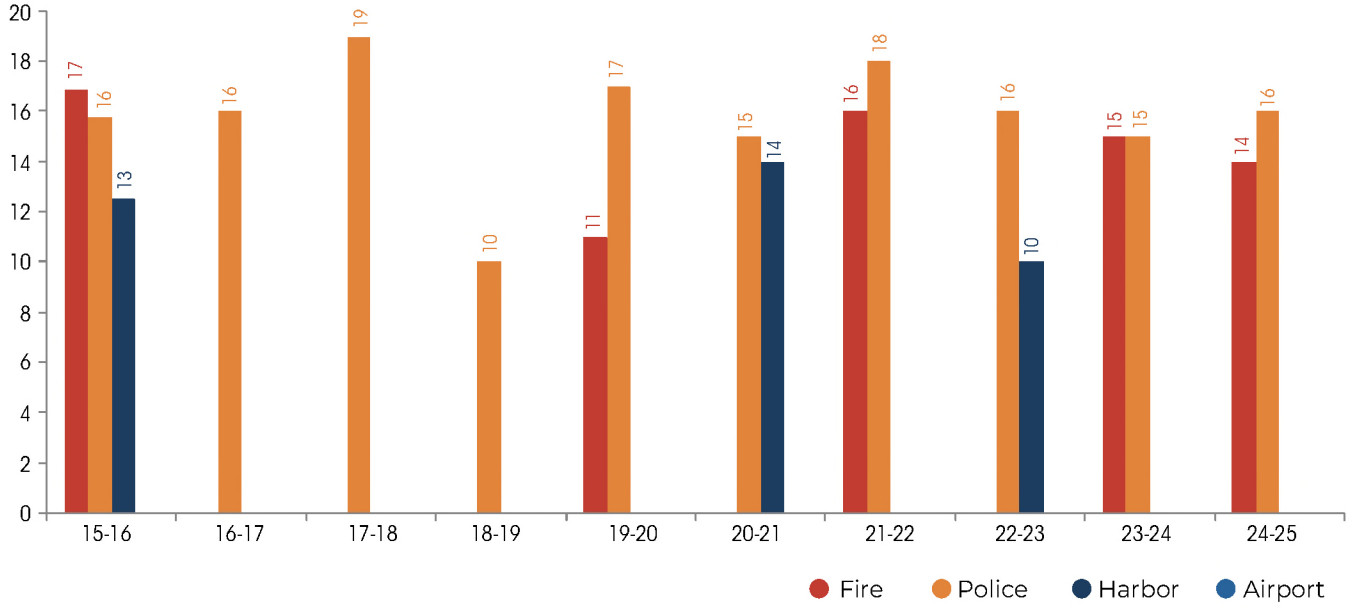
Data is based on the Board approval date



Average Age at Disability Retirement



Average Years of Service at Disability Retirement



SERVICE-CONNECTED DISABILITY PENSIONS BY TYPE AND DEPARTMENT*

Disability Pensions Granted	Fiscal Year 20-21					Fiscal Year 21-22					Fiscal Year 22-23					Fiscal Year 23-24					Fiscal Year 24-25				
	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total
Physical Only	0	12	1	0	13	2	9	0	0	11	0	17	1	0	18	1	14	0	0	15	3	12	0	0	15
Physical/ Psychiatric	0	1	0	0	1	0	2	0	0	2	0	3	0	0	3	0	5	0	0	5	1	2	0	0	3
Psychiatric Only	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	3	0	0	3	1	0	0	0	1
Total	**0**	**14**	**1**	**0**	**15**	**2**	**11**	**0**	**0**	**13**	**0**	**20**	**1**	**0**	**21**	**1**	**22**	**0**	**0**	**23**	**5**	**14**	**0**	**0**	**19**

Types of Claims**	Fiscal Year 20-21					Fiscal Year 21-22					Fiscal Year 22-23					Fiscal Year 23-24					Fiscal Year 24-25				
	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total
Back	0	9	1	0	10	1	6	0	0	7	0	15	1	0	16	0	14	0	0	14	3	6	0	0	9
Neck	0	7	1	0	8	0	2	0	0	2	0	10	1	0	11	0	7	0	0	7	1	5	0	0	6
Knees	0	4	1	0	5	0	3	0	0	3	0	5	0	0	5	1	6	0	0	7	1	4	0	0	5
Other Orthopedic	0	15	1	0	16	1	6	0	0	7	0	21	0	0	21	0	24	0	0	24	3	11	0	0	14
Cardiovascular	0	0	0	0	0	0	1	0	0	1	0	1	0	0	1	0	0	0	0	0	1	0	0	0	1
Ulcer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1
Hypertension	0	0	0	0	0	0	2	0	0	2	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0
Pulmonary	0	0	0	0	0	0	2	0	0	2	0	2	0	0	2	0	0	0	0	0	0	0	0	0	0
Cancer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gun Shot Wound	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	4	0	0	4	1	7	0	0	8	0	6	0	0	6	0	14	0	0	14	5	3	0	0	8

Data is based on disability pensions approved by the Board during each fiscal year.

**Total claims will not equal the total number of disability pensions granted due to multiple claimed injuries/illnesses.*

Adam Van Gerpen Photo

DISABILITY PENSIONS BY DEPARTMENT AND RANK*

FIRE	Fiscal Year 20-21	Fiscal Year 21-22	Fiscal Year 22-23	Fiscal Year 23-24	Fiscal Year 24-25
Firefighter	0	2	0	1	3
Apparatus Operator	0	0	0	0	0
Engineer	0	0	0	0	1
Inspector	0	0	0	0	0
Captain	0	0	0	0	0
Battalion Chief	0	0	0	0	1
Assistant Chief	0	0	0	0	0
Deputy Chief	0	0	0	0	0
TOTAL	**0**	**2**	**0**	**1**	**5**

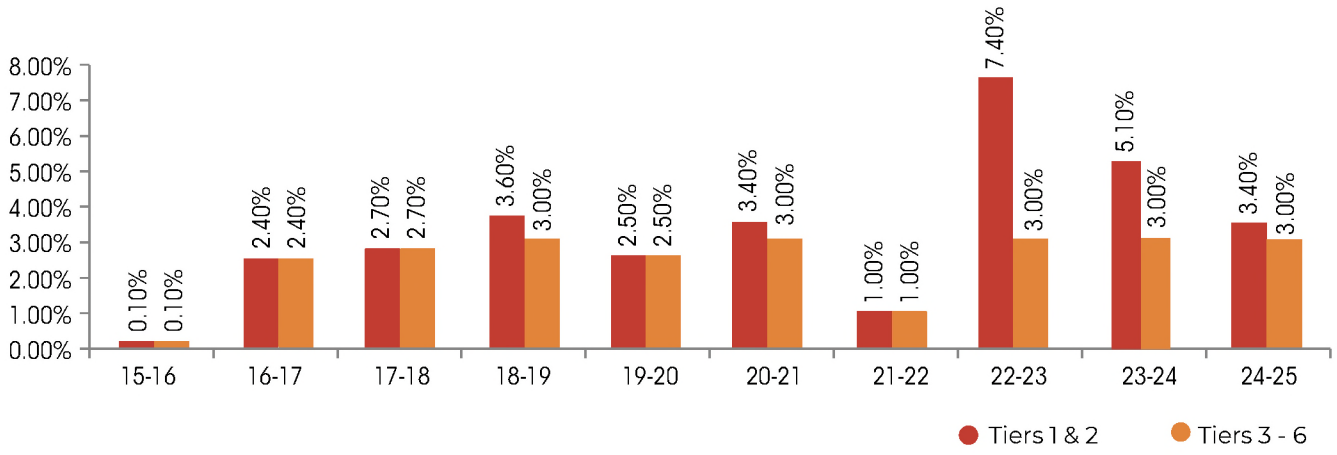
POLICE	Fiscal Year 20-21	Fiscal Year 21-22	Fiscal Year 22-23	Fiscal Year 23-24	Fiscal Year 24-25
Police Officer	14	9	16	18	12
Sergeant	0	2	0	1	1
Detective	0	0	4	3	1
Lieutenant	0	0	0	0	0
Captain	0	0	0	0	0
Commander	0	0	0	0	0
Deputy Chief	0	0	0	0	0
Assistant Chief	0	0	0	0	0
TOTAL	**14**	**11**	**20**	**22**	**14**

HARBOR	Fiscal Year 20-21	Fiscal Year 21-22	Fiscal Year 22-23	Fiscal Year 23-24	Fiscal Year 24-25
Police Officer	1	0	1	0	0
TOTAL	**1**	**0**	**1**	**0**	**0**

** Data is based on disability pensions approved by the Board during each fiscal year.*

COST OF LIVING ADJUSTMENTS – EFFECTIVE JULY 1

The size of any year's Cost of Living Adjustment (COLA) is based on the Los Angeles Area Consumer Price Index (CPI) for All Urban Consumers, as published by the U.S. Bureau of Labor Statistics for the previous one-year period ending March 1. Tiers 1 and 2 members have an uncapped COLA, while members in Tiers 3 – 6 have a 3% maximum COLA. However, Tiers 5 and 6 members have a COLA bank to "store" amounts above the 3% maximum.



NOTE: For years in which the COLA as shown in the chart is below 3%, members in Tiers 5 and 6 may receive up to 3% depending on their available COLA bank balance.

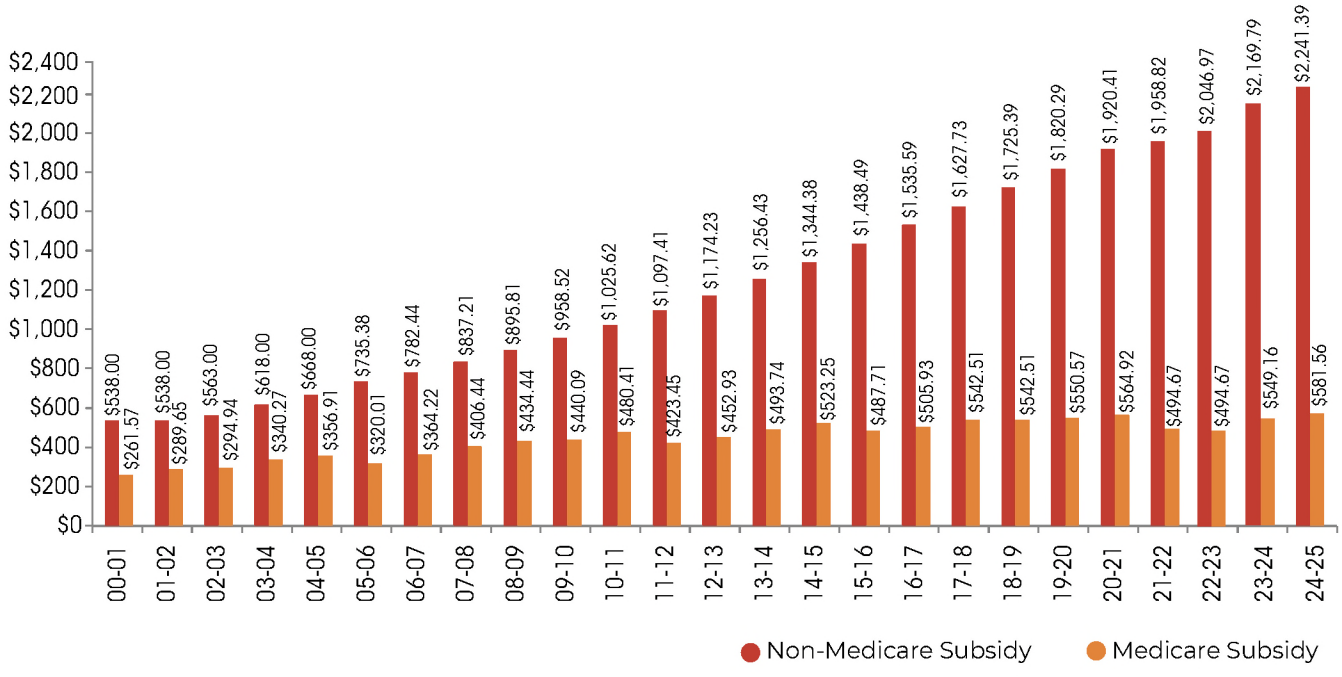
Eric Fox Photo

MAXIMUM HEALTH INSURANCE PREMIUM SUBSIDY FOR RETIRED MEMBERS

In 1974, voters approved a Charter amendment to provide a health insurance premium subsidy benefit for pensioners. Effective July 1, 2006, the Los Angeles Administrative Code § 4.1154(e) grants the Board of Fire and Police Pension Commissioners the authority to raise the maximum non-Medicare health insurance premium subsidy for retired members on an annual basis. The Board may raise the subsidy up to the lesser of 7% or the approved actuarial assumed rate for medical inflation for pre-65 health benefits for the fiscal year. Per the City Charter, the subsidy was previously linked to the subsidy for active members and retired civilians.

The maximum Medicare health insurance premium subsidy for retired members is equivalent to the highest single-party Medicare plan premium offered by the Los Angeles City Employees' Retirement System.

KaitLynn Markley Photo



MEMBER OUTREACH

One of the Plan's fundamental duties is to communicate benefits information to members and other stakeholders. Information is disseminated through written communications such as Summary Plan Descriptions (SPDs), benefits handbooks, newsletters, targeted email notifications, annual reports, and the Department's online resources (e.g., website, social media).

Staff also provides benefits education by phone, in-person, video conference, and by attending various outreach events with members and their beneficiaries. Staff interacted with 3,487 members in 148 virtual and in-person sessions. Our participation at various events provides an opportunity to speak directly with members to help them understand their retirement benefits. As part of our strategic goals, we are committed to enhancing our customer service, communications efforts, and outreach to members. A summary of the events conducted over the last two fiscal years is provided below.

	Fiscal Year 23-24		Fiscal Year 24-25	
Outreach Events	**Number of Events**	**Members Reached**	**Number of Events**	**Members Reached**
New Recruit Talks Staff develops and conducts presentations specifically for new hires of the Fire, Police, Harbor, and Airport Departments.	16	560	15	408
Benefits Presentations Staff conducts benefit presentations virtually and on location at fire stations, rollcalls, and training days for members in various tiers and/or stages of their careers, and in-house focus groups.	69	1,108	103	1,474
Financial Planning Education Seminars/Webinars Together with the Financial Planning Education Consultant, staff holds seminars and webinars to assist members at specific stages of retirement planning.	10	396	10	567
Other Outreach Events Staff participates at various outreach events sponsored by the sworn departments and associations for active and retired members.	18	903	20	1,038
Total	**113**	**2,967**	**148**	**3,487**

FINANCIAL

This section provides historical perspective, context, and detail to assist in utilizing the Financial Statements, Notes to the Financial Statements, and Required Supplementary Information, to understand and assess the System's economic condition.

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 the System's financial position has changed over time. The "Changes in Fiduciary Net Position – Pension Plan" and "Changes in Fiduciary Net Position – Health Subsidy Plan" present additions by source, deductions by type, and the total change in fiduciary net position for the last ten fiscal years. The "Pension Benefit Expenses by Type" presents a ten-year history of the total benefit amounts for service, disability, and survivor pensioners.

Operating Information is intended to provide contextual information about the System's operations and membership, and to assist readers in using financial statement information to understand and evaluate the System's fiscal condition. "Retired Members by Type of Pension Benefit" and the "Retired Members by Type of Health Subsidy Benefit" present the dollar levels for each benefit as of June 30, 2025.

FINANCIAL TRENDS INFORMATION

Schedule of Additions by Source – Pension Plan
(in thousands)

Fiscal Year	Employer Contributions		Member Contributions	Net Investment Income (Loss)*	Other Income (Loss)	Total Income (Loss)
	Dollars	% of Annual Covered Payroll				
15-16	478,385	35%	129,734	156,205	3,108	767,432
16-17	454,309	33%	128,900	2,256,694	3,436	2,843,339
17-18	459,632**	32%	145,112	1,886,956	7,184	2,498,884
18-19	504,877	34%	147,753	1,217,329	362	1,870,322
19-20	516,638	34%	153,787	605,869	375	1,276,669
20-21	543,819	34%	157,786	6,971,432	673	7,673,710
21-22	535,450	33%	149,243	(2,021,951)	369	(1,336,889)
22-23	481,824	30%	151,935	1,920,050***	414	2,554,223
23-24	480,810	30%	157,191	2,561,355	627	3,199,983
24-25	486,958	28%	164,291	3,120,240***	338	3,771,827

** Includes change in unrealized gain and loss of investment.*

*** This amount will not reconcile with the Financial Statements, as it excludes L.A. World Airports contributions transferred from LACERS, which were reported as Other Income.*

**** For 2023 and 2025, Net Investment Income includes prior year adjustment.*

Schedule of Deductions by Type – Pension Plan
(in thousands)

Fiscal Year	Benefit Payments	Refunds of Contributions	Administrative Expenses	Total
15-16	987,296	3,067	19,347	1,009,710
16-17	925,903	4,175	19,134	949,212
17-18	991,014	3,786	19,908	1,014,708
18-19	1,065,978	4,478	20,244	1,090,701
19-20	1,116,722	4,530	20,685	1,141,937
20-21	1,182,407	4,556	21,372	1,208,335
21-22	1,237,262	7,474	22,146	1,266,882
22-23	1,342,885	9,580	22,994	1,375,459
23-24	1,456,409	8,760	24,068	1,489,237
24-25	1,394,213	4,777	25,672	1,424,662

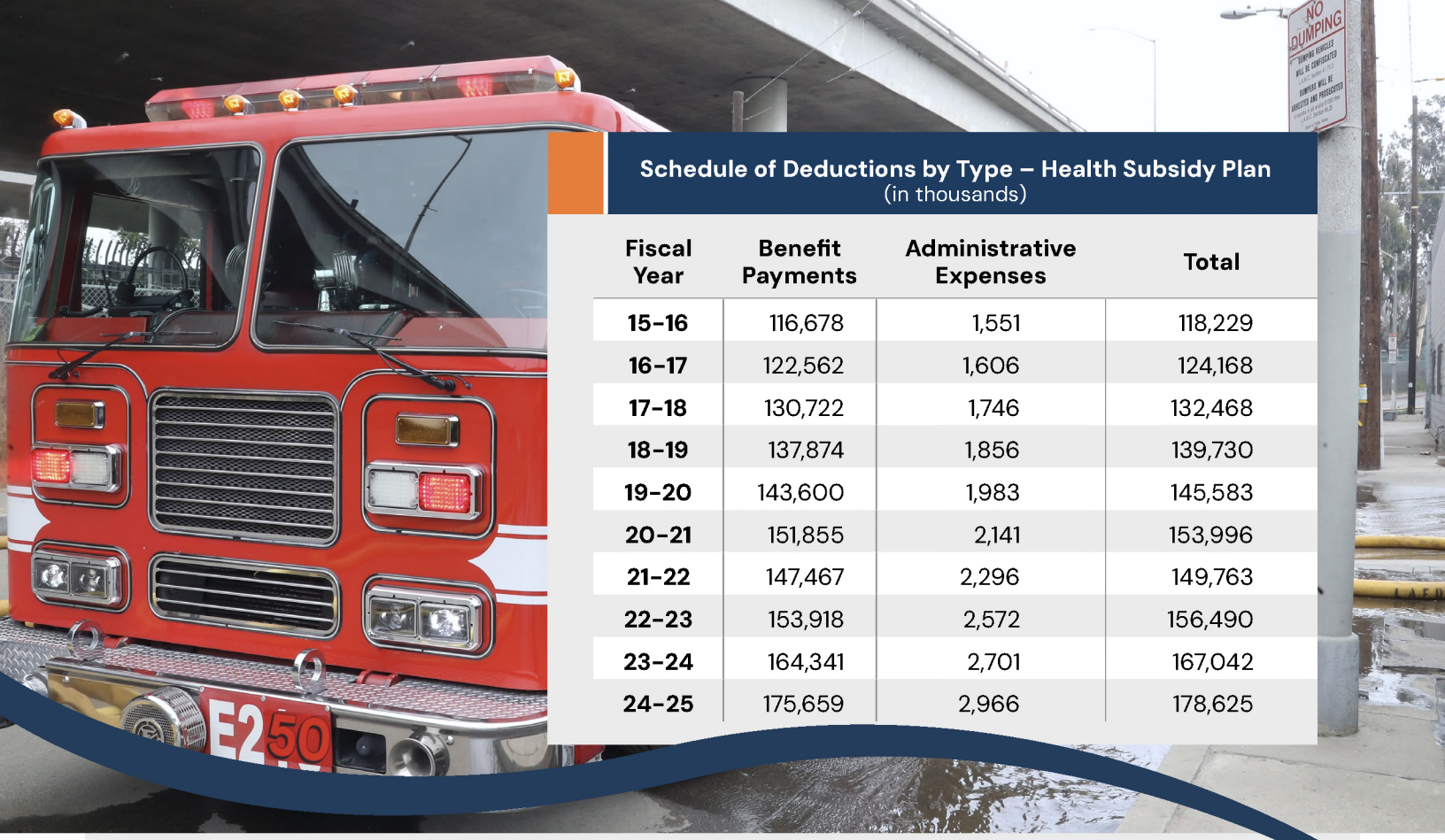
Schedule of Additions by Source – Health Subsidy Plan
(in thousands)

Fiscal Year	Employer Contributions		Net Investment Income (Loss)*	Other Income (Loss)	Total Income (Loss)
	Dollars	% of Annual Covered Payroll			
15-16	150,315	11%	12,522	249	163,086
16-17	165,170	12%	189,381	39	354,590
17-18	178,462**	12%	165,453	517	344,432
18-19	188,020	13%	111,602	33	299,655
19-20	193,214	13%	58,065	36	251,315
20-21	200,424	13%	698,367	67	898,858
21-22	193,140	12%	(209,603)	38	(16,425)
22-23	186,418	12%	214,718	46	401,182
23-24	164,560	10%	287,438	70	452,068
24-25	181,650	10%	360,486***	38	542,174

** Includes change in unrealized gain and loss of investment.*

*** This amount will not reconcile with the Financial Statements, as it excludes L.A. World Airports contributions transferred from LACERS, which were reported as Other Income.*

**** For 2025, Net Investment Income includes prior year adjustment.*



Schedule of Deductions by Type – Health Subsidy Plan
(in thousands)

Fiscal Year	Benefit Payments	Administrative Expenses	Total
15-16	116,678	1,551	118,229
16-17	122,562	1,606	124,168
17-18	130,722	1,746	132,468
18-19	137,874	1,856	139,730
19-20	143,600	1,983	145,583
20-21	151,855	2,141	153,996
21-22	147,467	2,296	149,763
22-23	153,918	2,572	156,490
23-24	164,341	2,701	167,042
24-25	175,659	2,966	178,625

Changes in Plan Net Position – Pension Plan
(in thousands)

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
ADDITIONS:										
Employer Contributions	$478,385	$454,309	$459,632	$504,877	$516,638	$543,819	$535,450	$481,824	$480,810	$486,958
Member Contributions	129,734	128,900	145,112	147,753	153,787	157,786	149,243	151,935	157,191	164,291
Net Investment Income (Loss)	156,205	2,256,694	1,886,956	1,217,329	605,869	6,971,432	(2,021,951)	1,920,050*	2,561,355	3,120,240**
Other Income	3,108	3,436	7,184	362	375	673	369	414	627	338
Total Additions	$767,432	$2,843,339	$2,498,884	$1,870,322	$1,276,669	$7,673,710	$(1,336,889)	$2,554,233	$3,199,983	$3,771,827
DEDUCTIONS:										
Benefit Payments	$987,296	$925,903	$991,014	$1,065,979	$1,116,722	$1,182,407	$1,237,262	$1,342,885	$1,456,409	$1,394,213
Refunds of Contributions	3,067	4,175	3,786	4,478	4,530	4,556	7,474	9,580	8,760	4,777
Administrative Expenses	19,347	19,134	19,908	20,244	20,685	21,372	22,146	22,994	24,068	25,672
Total Deductions	1,009,710	949,212	1,014,708	1,090,701	1,141,937	1,208,335	1,266,882	1,375,459	1,489,237	1,424,662
Changes in Plan Net Position	$(242,278)	$1,894,127	$1,484,176	$779,621	$134,732	$6,465,375	$(2,603,771)	$1,178,764	$1,710,746	$2,347,165

** Includes prior year adjustment resulting from implementing GASB Statement No. 87, Leases.*

***Includes prior year adjustment resulting from implementing GASB Statement No. 101, Compensated Absences*

Changes in Plan Net Position – Health Subsidy Plan
(in thousands)

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
ADDITIONS:										
Employer Contributions	$150,315	$165,170	$178,462	$188,020	$193,214	$200,424	$193,140	$186,418	$164,560	$181,650
Net Investment Income (Loss)	12,522	189,381	165,453	111,602	58,065	698,367	(209,603)	214,717	287,438	360,486
Other Income (Loss)	249	39	517	33	36	67	38	47	70	38
Total Additions (Loss)	$163,086	$354,590	$344,432	$299,655	$251,315	$898,858	$(16,425)	$401,182	$452,068	$542,174
DEDUCTIONS:										
Benefit Payments	116,678	122,562	130,722	137,874	143,600	151,855	147,467	153,918	164,341	175,659
Administrative Expenses	1,551	1,606	1,746	1,856	1,983	2,141	2,296	2,571	2,701	2,966
Total Deductions	118,229	124,168	132,468	139,730	145,583	153,996	149,763	156,489	167,042	178,625
Changes in Plan Net Position	$44,857	$230,422	$211,964	$159,925	$105,732	$744,862	$(166,188)	$244,693	$285,026	$363,549

Schedule of Benefit Expenses by Type – Pension Plan
(in thousands)

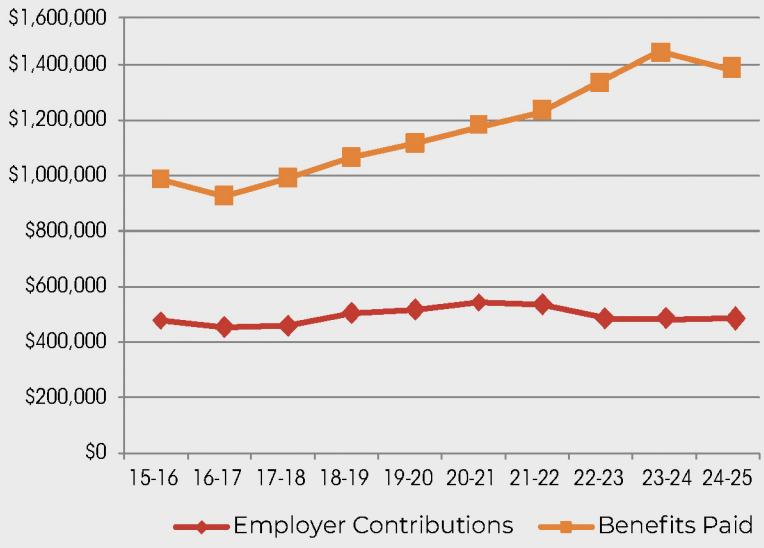
	15-16	16-17	17-18	18-19	19-20	20-21	21-22	21-22	23-24	24-25
TYPE OF BENEFIT										
Service/DROP	$755,237	$690,500	$751,333	$820,342	$867,192	$927,177	$981,942	$1,073,199	$1,178,135	$1,111,495
Disability	112,097	111,471	111,744	111,575	110,938	111,657	108,039	111,553	112,886	112,064
Surviving Spouse	117,554	121,499	125,174	129,826	134,861	140,370	143,492	154,659	161,733	167,252
Minors	2,408	2,433	2,763	4,236	3,731	3,203	3,789	3,474	3,655	3,402
Total Benefits Paid	$987,296	$925,903	$991,014	$1,065,979	$1,116,722	$1,182,407	$1,237,262	$1,342,855	$1,450,409	$1,394,213

Schedule of Benefit Expenses by Type – Health Subsidy Plan
(in thousands)

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	21-22	23-24	24-25
TYPE OF BENEFIT										
Medicare Reimbursement	$9,614	$9,817	$10,872	$11,294	$10,844	$12,811	$13,200	$15,133	$15,256	$17,832
Health Subsidy	102,172	107,640	114,559	121,406	126,586	133,192	128,040	132,347	142,497	150,971
Dental Subsidy	3,861	4,062	4,143	4,289	4,407	4,533	4,666	4,786	4,874	4,927
Health Insurance Reimbursement	1,031	1,043	1,148	885	1,763	1,319	1,561	1,652	1,714	1,929
Total Benefits Paid	$116,678	$122,562	$130,722	$137,874	$143,600	$151,855	$147,467	$153,918	$164,341	$175,659

Employer Contributions vs. Benefits Paid – Pension Plan
(in thousands)

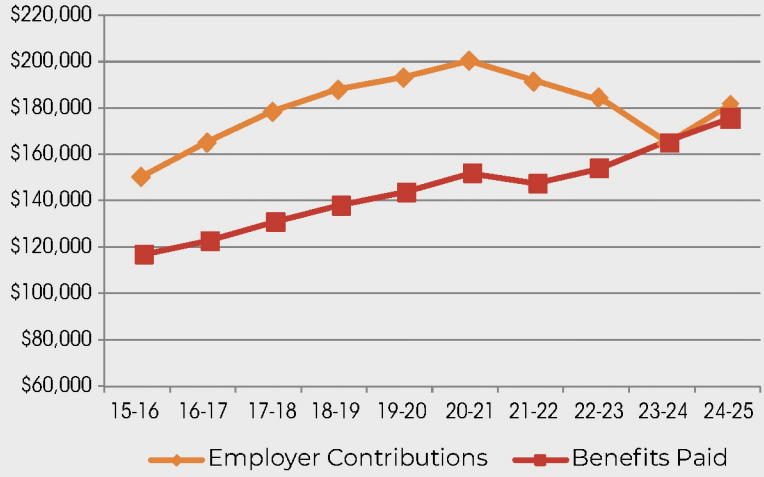
Fiscal Year	Employer Contributions	Benefits Paid*
15-16	478,385	987,296
16-17	454,309	925,903
17-18	459,632	991,014
18-19	504,877	1,065,979
19-20	516,638	1,116,722
20-21	543,819	1,182,407
21-22	535,450	1,237,262
22-23	481,824	1,342,885
23-24	480,810	1,456,409
24-25	486,958	1,394,213



** Amount does not include Refunds of Contributions.*

Employer Contributions vs. Benefits Paid – Health Subsidy Plan
(in thousands)

Fiscal Year	Employer Contributions	Benefits Paid
15-16	150,315	116,678
16-17	165,170	122,562
17-18	178,462	130,722
18-19	188,020	137,874
19-20	193,214	143,600
20-21	200,424	151,855
21-22	193,140	147,467
22-23	186,418	153,918
23-24	164,560	164,341
24-25	181,650	175,659



Harry Garvin Photo

OPERATING INFORMATION

Schedule of Retired Membership by Type of Benefits – Pension Plan				
		Type of Benefits		
Monthly Benefit	Number of Pensioners	Service	Disability	Survivor
$ 1 to $2,000	172	64	2	106
2,001 to 3,000	278	68	66	144
3,001 to 4,000	719	326	97	296
4,001 to 5,000	1,035	546	221	268
5,001 to 6,000	1,306	530	355	421
6,001 to 7,000	1,974	1,047	299	628
7,001 to 8,000	2,502	1,915	191	396
8,001 to 9,000	2,275	2,038	113	124
9,001 to 10,000	1,837	1,713	72	52
10,001 to 15,000	2,208	2,047	77	84
Over $15,000	234	217	9	8
TOTAL	**14,540**	**10,511**	**1,502**	**2,527**

Schedule of Retired Membership by Type of Benefits – Health Subsidy Plan

Monthly Benefit	Type of Benefits			
	Number of Pensioners	Service	Disability*	Survivor*
HEALTH:				
Not receiving subsidy	1,984	1,017	278	689
$ 1 to $ 200	101	74	8	19
201 to 400	349	160	31	158
401 to 600	790	553	93	144
601 to 800	3,165	1,638	261	1,266
801 to 1,000	603	480	72	51
1,001 to 1,200	2,012	1,755	196	61
1,201 to 1,400	364	284	80	0
1,401 to 1,600	2,058	1,911	147	0
1,601 to 1,800	530	515	15	0
1,801 to 2,000	768	751	17	0
2,001 to 2,200	681	672	9	0
2,201 to 2,398.29**	705	701	4	0
TOTAL	**14,110**	**10,511**	**1,211**	**2,388**

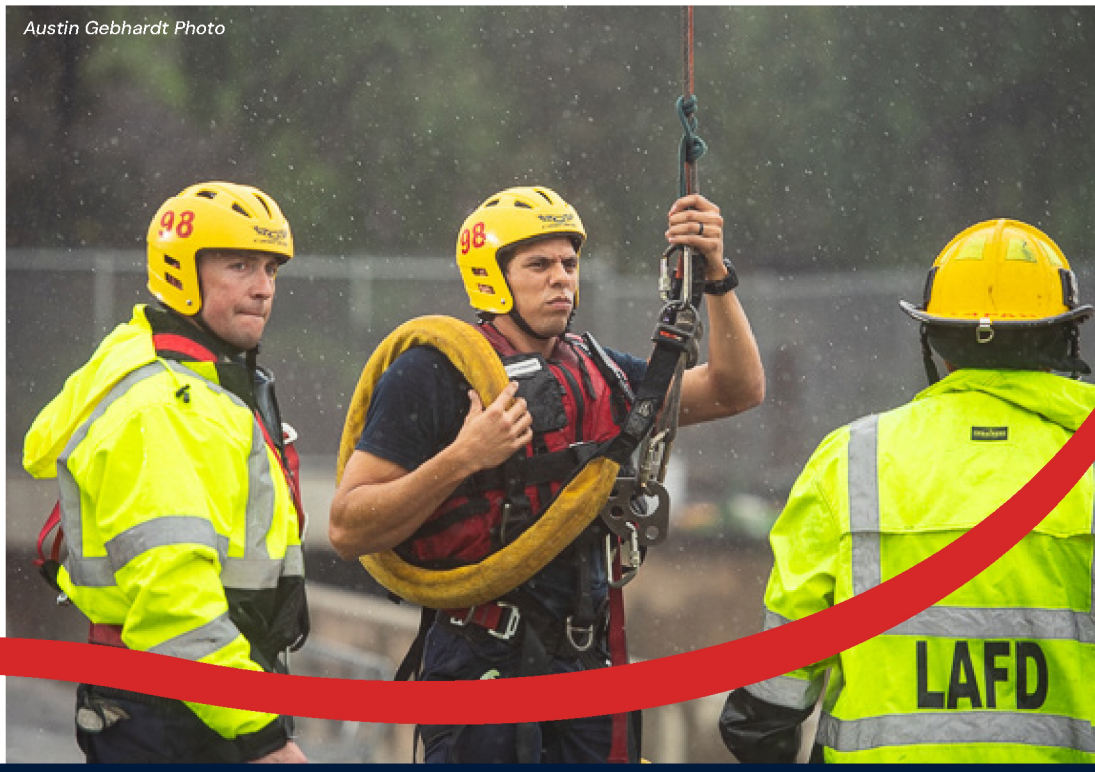
Monthly Benefit	Type of Benefits		
	Number of Pensioners	Service	Disability*
DENTAL:			
Not receiving subsidy	1,693	1,330	363
$ 1 to $10	0	0	0
11 to 20	113	16	97
21 to 30	274	40	234
31 to 42.93***	9,642	9,125	517
TOTAL	**11,722**	**10,511**	**1,211**

**Excludes 291 disability pensioners and 139 beneficiaries with less than 10 years of service and ineligible for a health or dental subsidy.*

***Maximum health subsidy effective July 1, 2025.*

****Maximum dental subsidy for Plan year 2025-2026.*

SECTION 7



Austin Gebhardt Photo

7

LEGAL

Legal 144

Recently Concluded Litigation 145

LEGAL

Under Los Angeles City Attorney Hydee Feldstein Soto, the Public Pensions General Counsel Division of the City Attorney's Office ("General Counsel") serves as legal counsel to the Department and the Board of Fire and Police Pension Commissioners ("Board"). General Counsel also provides legal counsel to the Board of Administration of the Los Angeles City Employees' Retirement System and the Retirement Board of the Water and Power Employees' Retirement Plan. Assistant City Attorney Joshua Geller supervises the Division, supported by Deputy City Attorneys Miguel Bahamon, Sheri Cheung, Gina Di Domenico, and Ali de Rivera, and by Administrative Coordinator Nicole Paul.

This past year, General Counsel provided advice and assistance to the Board and the Department on a variety of subjects, including fiduciary obligations, the Ralph M. Brown Act, the California Public Records Act, pension benefit issues, Deferred Retirement Option Plan ("DROP") issues, tax law compliance, ethics laws and regulations, investment agreements, general service contracts, data privacy, the implementation of Measure FF, and disability pension applications.

Additionally, General Counsel represents the Board and Department in defensive litigation, and supervises outside law firms that are engaged by the Board to provide the Department with regular advice in certain specialized areas, such as federal and state tax laws, real estate and alternative investment transactions, cybersecurity and data privacy, and with occasional representation in complex or specialized litigation matters, such as bankruptcy cases and securities fraud class actions.

RECENTLY CONCLUDED LITIGATION

General Counsel, working with outside counsel, successfully defended LAFPP in a federal lawsuit, *Downtown Crenshaw Rising and Members Against Anti-Black Racism at Public Pension Funds v. Deutsche Bank et al.* (U.S.D.C. C.D. Cal. Case No. 24-CV-07266). This lawsuit was filed by two local community groups, Downtown Crenshaw Rising and Members Against Anti-Black Racism at Public Pension Funds, who alleged that the sale of the Downtown Crenshaw Mall violated federal civil rights statutes and certain state laws, as well as caused the public pensions limited partner investors to violate their fiduciary duties. The court granted a joint request to dismiss LAFPP from the case.

Eric Fox Photo

SECTION 8

Mark Lassman Photo

8

SUMMARY OF PLAN PROVISIONS

Fire and Police Pension Plans 148

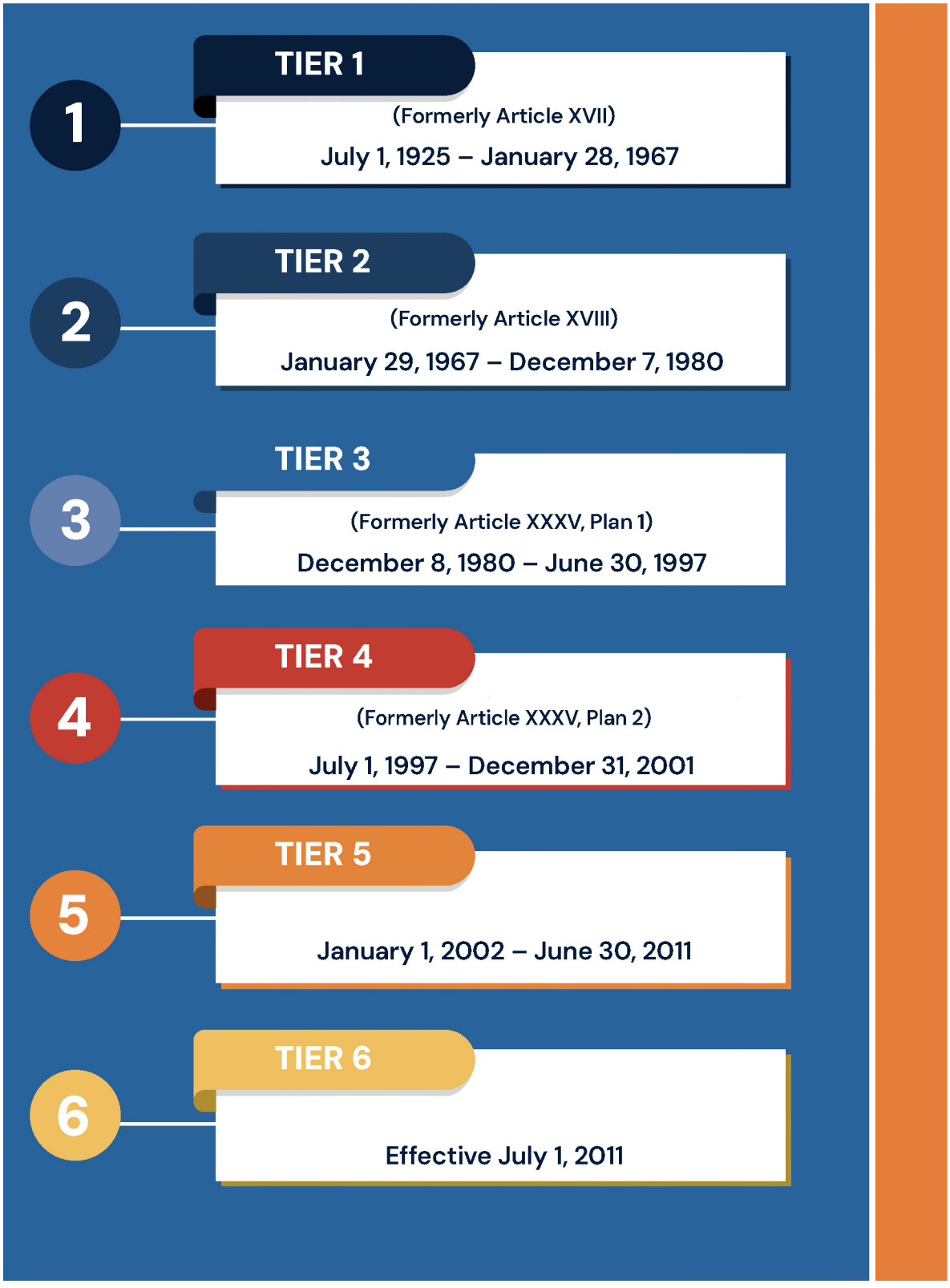
Pension Benefit Provisions 149

Miscellaneous Benefit Provisions 159

Health and Dental Insurance Premium Subsidies 161

Excess Benefit Plan 163

FIRE AND POLICE PENSION PLANS



PENSION BENEFIT PROVISIONS

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
1. Service Retirement					
a. Eligibility	20 years of service		***Tier 3:*** Age 50 with 10 years of service ***Tier 4:*** 20 years of service	Age 50 with 20 years of service	
b. Salary Base	Normal Pension Base (Final monthly salary rate)		Final Average Salary (One-year average monthly salary)		Final Average Salary (Two-year average monthly salary)
c. Pension as a Percentage of Salary Base	40% at 20 years of service, plus 2% for each additional year up to 25 years of service, plus 1-2/3% for each additional year between 25 and 35 years of service Maximum of 66-2/3% for 35 or more years of service	40% at 20 years of service, plus 2% for each additional year up to 25 years of service. 55% at 25 years of service, plus 3% for each additional year between 25 and 30 years of service Maximum of 70% for 30 or more years of service	2% per year of service up to 20 years of service, plus 3% for each additional year of service up to 30 years of service Maximum of 70% for 30 or more years of service	50% at 20 years of service, plus 3% for each additional year (except 4% at 30 years of service) Maximum of 90% for 33 or more years of service	40% at 20 years of service, plus 3% per year for years 21 through 25, 4% per year for years 26 through 30, and 5% per year for years 31 through 33 Maximum of 90% for 33 or more years of service
2. Service-Connected Disability					
a. Eligibility	Work related No age or service requirements				
b. Salary Base	Normal Pension Base (Final monthly salary rate)		Final Average Salary (One-year average monthly salary)		Final Average Salary (Two-year average monthly salary)
c. Pension as a Percentage of Salary Base	50% to 90% depending on severity of disability, with a minimum of member's Service Pension percentage rate		30% to 90% depending on severity of disability, with a minimum pension equal to the greater of 2% per year of service or 30%		
3. Nonservice-Connected Disability					
a. Eligibility	Not work related Five years of service				
b. Salary Base	Nonservice-Connected Pension Base (Highest monthly salary as of member's retirement for basic rank of Firefighter III or Police Officer III, and the highest length of service pay)		Final Average Salary (One-year average monthly salary)		Final Average Salary (Two-year average monthly salary)
c. Pension as a Percentage of Salary Base	40%		30% to 50% depending on severity of disability		

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
4. Service-Connected Death or Death After Service-Connected Disability					
a. Eligibility	Work related No age or service requirements				
b. Salary Base	Normal Pension Base (Final monthly salary rate)		Final Average Salary (One-year average monthly salary)	Final Average Salary (One-year average monthly salary) *Except as noted for former Tier 2 members*	Final Average Salary (Two-year average monthly salary)
c. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit as a Percentage of Member's Salary Base	50% of Normal Pension Base	50% of Normal Pension Base OR 55% of Normal Pension Base with 25 years of service	**SERVICE-CONNECTED DEATH** 75% of Final Average Salary **DEATH AFTER SERVICE-CONNECTED DISABILITY** 75% of Final Average Salary if the death is due to service-connected cause(s) and occurs within 3 years after the effective date of the Service-Connected Disability Pension Otherwise, 60% of the member's Service-Connected Disability Pension	**SERVICE-CONNECTED DEATH** ***Former Tier 2:*** 75% of Normal Pension Base ***All Other Tier 5:*** 75% of Final Average Salary **DEATH AFTER SERVICE-CONNECTED DISABILITY** ***Former Tier 2:*** Same benefit as Tier 2 ***All Other Tier 5:*** 75% of Final Average Salary if the death is due to service-connected cause(s) and occurs within 3 years after the effective date of the Service Connected Disability Pension Otherwise, 60% of the member's Service-Connected Disability Pension	**SERVICE-CONNECTED DEATH** 80% of Final Average Salary **DEATH AFTER SERVICE-CONNECTED DISABILITY** 80% of Final Average Salary if the death is due to service-connected cause(s) and occurs within 3 years after the effective date of the Service-Connected Disability Pension Otherwise, 80% of the member's Service-Connected Disability Pension

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
4. Service-Connected Death or Death After Service-Connected Disability (continued)					
d. Eligible Children's Benefit as a Percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit	If no QSS, the eligible children will receive a monthly pension equal to the pension the QSS would have been eligible to receive Otherwise, the QSS/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21		
e. Eligible Dependent Parent Benefit	If no QSS or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS would have been eligible to receive	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive			
5. Death While Eligible to Receive a Service Pension on Account of Years of Service					
a. Eligibility	20 years of service		***Tier 3:*** 10 years of service ***Tier 4:*** 20 years of service	20 years of service	
b. Salary Base	Normal Pension Base (Final monthly salary rate)		Final Average Salary (One-year average monthly salary)	Final Average Salary (One-year average monthly salary) *Except as noted for Former Tier 2 members*	Final Average Salary (Two-year average monthly salary)

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
5. Death While Eligible to Receive a Service Pension on Account of Years of Service (continued)					
c. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit as a Percentage of Member's Salary Base	100% of accrued service retirement the member would have received, not to exceed 50% of Normal Pension Base	100% of accrued service retirement the member would have received, not to exceed 55% of Normal Pension Base	80% of service retirement the member would have received, not to exceed 40% of Final Average Salary	***Former Tier 2:*** Same benefit as Tier 2 ***All Other Tier 5:*** 40% of Final Average Salary	50% of Final Average Salary
d. Eligible Children's Benefit as a Percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit	If no QSS, the eligible children will receive a monthly pension equal to the pension the QSS would have been eligible to receive Otherwise, the QSS/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21		
e. Eligible Dependent Parent Benefit	If no QSS or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS would have been eligible to receive	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive			

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
6. Death After Service Retirement					
a. Eligibility	Member was receiving a Service Pension				
b. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit	Same as the member's pension percentage, not to exceed 50% of the member's Normal Pension Base	Same as the member's pension percentage, not to exceed 55% of the member's Normal Pension Base	60% of the member's pension benefit	***Former Tier 2:*** Same benefit as Tier 2 ***All Other Tier 5:*** 60% of the member's pension benefit	70% of the member's pension benefit
c. Eligible Children's Benefit as a Percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit	If no QSS, the eligible children will receive a monthly pension equal to the pension the QSS would have been eligible to receive Otherwise, the QSS/ guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/ QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21		
d. Eligible Dependent Parent Benefit	If no QSS or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS would have been eligible to receive	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive			

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
7. Nonservice-Connected Death or Death After Nonservice-Connected Disability					
a. Eligibility	Five years of service				
b. Salary Base	Nonservice-Connected Pension Base (Highest monthly salary as of member's death or retirement for basic rank of Firefighter III or Police Officer III, and the highest length of service pay)		Final Average Salary (One-year average monthly salary)	Final Average Salary (One-year average monthly salary) *Except as noted for former Tier 2 members*	Final Average Salary (Two-year average monthly salary)
c. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit as a Percentage of Member's Salary Base	40% of the member's Nonservice-Connected Pension Base		**NONSERVICE-CONNECTED DEATH** 30% of Final Average Salary or, if eligible to retire based on years of service, 80% of the pension the member would have received, not to exceed 40% of Final Average Salary **DEATH AFTER NONSERVICE-CONNECTED DISABILITY** 60% of the member's pension benefit	**NONSERVICE-CONNECTED DEATH** ***Former Tier 2:*** Same benefit as Tier 2 ***All Other Tier 5:*** 30% of Final Average Salary or, if eligible to retire based on years of service, 40% of Final Average Salary **DEATH AFTER NONSERVICE-CONNECTED DISABILITY** ***Former Tier 2:*** Same benefit as Tier 2 ***All Other Tier 5:*** 60% of the member's pension benefit	**NONSERVICE-CONNECTED DEATH** 50% of Final Average Salary ***Note:*** If the member's death occurs while on military leave and is a result of his/her military duties, 50% of Final Average Salary ***DEATH AFTER NONSERVICE-CONNECTED DISABILITY*** 70% of the member's pension benefit

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
7. Nonservice-Connected Death or Death After Nonservice-Connected Disability (continued)					
d. Eligible Children's Benefit as a Percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit	If no QSS, the eligible children will receive a monthly pension equal to the pension the QSS would have been eligible to receive Otherwise, the QSS/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21		
e. Eligible Dependent Parent Benefit	If no QSS or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS would have been eligible to receive	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive			

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
8. Cost of Living Adjustments (COLA)					
a. Generally Applicable Provisions	Full annual COLA increase or decrease COLAs compound and are based upon the Consumer Price Index for local urban Consumers Survivors' pension includes the percentage of COLAs applied to the member's pension prior to death		Annual COLA increase or decrease up to 3% COLAs compound and are based upon the Consumer Price Index for local urban consumers Pro rata adjustment in the first year of retirement City Council may grant discretionary COLA increases once every three years Survivor's pension includes the percentage of COLAs applied to the member's pension prior to death	Annual COLA increase or decrease not to exceed 3% Amounts above 3% are banked to be credited during years when the Consumer Price Index is below 3% COLAs compound and are based upon the Consumer Price Index for local urban consumers Pro rata adjustment in the first year of retirement City Council may grant discretionary COLA increases once every three years – member's COLA Bank is reduced Survivor's pension includes the percentage of COLAs applied to the member's pension prior to death	
b. Effective Date of COLA: **i. Service Retirement**	Annual adjustments commence on the July 1 following the later of the effective date or the date the member would have been age 55	Annual adjustments commence on the July 1 following the later of the effective date or the date the member would have completed 25 years of service	Annual adjustments commence on the July 1 following the effective date		
ii. Service-Connected Disability, Service-Connected Death	Annual adjustments commence on the July 1 following the effective date				
iii. Nonservice-Connected Disability, Death After Nonservice-Connected Disability	Annual adjustments commence on the July 1 following the date the member would have been age 55 or 5 years after the effective date of the pension, if earlier	Annual adjustments commence on the July 1 following the date the member would have completed 25 years of service or 5 years after the effective date of the member's pension, if earlier	Annual adjustments commence on the July 1 following the effective date		

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
8. Cost of Living Adjustments (COLA) (continued)					
iv.Nonservice-Connected Death	Annual adjustments commence on the July 1 following the date the member would have been age 55 or 5 years after the effective date of the pension, if earlier	While Eligible for Service Retirement – Annual adjustments commence on the July 1 following the later of the effective date or the date the member would have completed 25 years of service While Not Eligible for Service Retirement – Annual adjustments commence on the July 1 following the date the member would have completed 26 years of service or 5 years after the effective date of the survivor's pension, if earlier	Annual adjustments commence on the July 1 following the effective date		
v. Death After Service-Connected Disability	Annual adjustments commence on the July 1 following the date the member would have been age 55 or 5 years after the effective date of the pension, if earlier	Annual adjustments commence on the July 1 following the effective date			
9. Member Contributions as a Percentage of Pay					
	6% No member contributions required after 30 years of service	6% plus 1/2 cost of cost-of-living benefit up to 1% No member contributions required after 30 years of service	8% No member contributions required after 30 years of service	9% City pays 1% of the 9% if the Plan is at least 100% actuarially funded for pension benefits No member contributions required after 33 years of service	11% 2% of the 11% pension contribution supports the funding of retiree health subsidy benefits. This portion will cease once the member has served 25 years as a Plan Member No member contributions required after 33 years of service

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
10. Qualified Survivors					
a. Qualified Surviving Spouse (QSS) or Qualified Surviving Domestic Partner (QSDP) Eligibility Requirements:	Married to spouse at least one year prior to the date of the nonservice-connected death and as of the date of death	Married to spouse or declared/registered domestic partner at least one year prior to the date of the nonservice-connected death and as of the date of death			
i. Nonservice-Connected Death					
ii. Service-Connected Death	Married to spouse as of the date of the service-connected death	Married to spouse or declared/registered domestic partner as of the date of the service-connected death			
iii. Death After Service Retirement	Married to spouse at least one year prior to the effective date of the Service Pension and as of the date of death	Married to spouse or declared/registered domestic partner at least one year prior to the effective date of the Service Pension/DROP entry and as of the date of death			
iv. Death After Nonservice-Connected Disability	Married to spouse at least one year prior to the effective date of the Nonservice-Connected Disability Pension and as of the date of death	Married to spouse or declared/registered domestic partner at least one year prior to the effective date of the Nonservice-Connected Disability Pension and as of the date of death			
v. Death After Service-Connected Disability	Dependent upon the member's retirement status and cause of death	Married to spouse or declared/registered domestic partner as of the effective date of the Service-Connected Disability Pension and as of the date of death			
b. Minor Child Eligibility Requirements	Legitimate or adopted child of the deceased member, until age 18 or marries, whichever occurs first		Child or adopted child of the deceased member, until age 18 (22 if in school full time) or marries, whichever occurs first		
c. Dependent Child Eligibility Requirements	Legitimate or adopted child of the deceased member who, prior to turning age 21, became mentally or physically disabled and cannot earn a livelihood		Child of the deceased member who, prior to turning age 21, became mentally or physically disabled and cannot earn a livelihood		
d. Dependent Parent Eligibility Requirements	Natural parent of the deceased member who had at least one-half of his/her necessary living expenses provided by the member for at least one year prior to the member's death and is unable to pay his/her necessary living expenses without the pension		Parent of the deceased member who had at least one-half of his/her necessary living expenses provided by the member for at least one year prior to the member's death and is unable to pay his/her necessary living expenses without the pension		

MISCELLANEOUS BENEFIT PROVISIONS

11. Basic Death Benefit

Applicable to Tiers 3 - 6
Beneficiary receives a refund of contributions with interest. In addition, if the member had at least one year of service, the Qualified Survivor receives a limited pension payable in monthly installments as follows: for each year of service completed by the member, the Qualified Survivor receives two payments equal to one-half of the member's Final Average Salary, not to exceed 12 monthly payments for six or more years of service.

12. Deferred Pension Option

Applicable to Tiers 3, 5, and 6
Tier 3: Upon termination, the member can elect the Deferred Pension option if he/she has at least 10 years of service and leaves his/her contributions in the Fund. At age 50, the member is entitled to receive a Service Pension.

Tiers 5 and 6: Upon termination, the member can elect the Deferred Pension option if he/she has at least 20 years of service and leaves his/her contributions in the Fund. At age 50, the member is entitled to receive a Service Pension using the Tier 3 Service Pension percentages.

13. Deferred Retirement Option Plan (DROP)

Not applicable to Tier 1
Tiers 2 and 4: At least 25 years of service
Tiers 3, 5 and 6: At least 25 years of service and at least age 50

The member must be on an active duty/working status at the time of DROP entry.
While in DROP, the member's monthly pension, including any applicable cost of living adjustments (maximum of 3% each year for all Tiers), is posted to a nominal account that is credited with a guaranteed annual interest rate of 5%.

Members who entered DROP prior to February 1, 2019, could participate for a maximum of five years, after which they were required to terminate sworn employment and exit DROP.

Applicable to members who enter DROP on or after February 1, 2019
Participation in DROP will be suspended for any calendar month in which a participant does not spend at least 112 hours on "active duty" status.

> Exception: If a participant sustains a serious injury while on and in the course and scope of duty and is admitted to and remains in the hospital for a minimum of three consecutive days as a direct result of that injury and the hospital admission occurs during the work shift in which the participant's injury occurred, their participation will not be suspended during the first 12 calendar months following the date of injury.

If a member's DROP participation is suspended, he/she is eligible to participate in DROP for a maximum of 30 additional months beyond his/her original five year/60-month participation period. The participation period can only be extended for as many months as the member's participation was suspended and no interest is credited to the member's DROP account following the initial five year/60-month participation period.

Death of a DROP Member
For the purpose of survivor benefits, DROP members are considered retired. Qualified Survivors receive the benefits outlined in *Section 6 - Death After Service Retirement*, while the proceeds in the member's DROP account are paid to the named DROP beneficiary.

In the event of a service-connected death, the Qualified Surviving Spouse/Domestic Partner has the option to forfeit the member's DROP account and collect a monthly benefit as outlined in *Section 4 - Service-Connected Death*.

14. Optional Form of Benefit for Qualified Surviving Spouse (QSS) / Qualified Surviving Domestic Partner (QSDP)

Applicable to Tiers 3 - 6
At any time prior to the first payment of a Service or Disability Pension, or entering DROP, the member may elect a higher QSS/QSDP benefit with a corresponding actuarial reduction in his/her retirement benefit.

MISCELLANEOUS BENEFIT PROVISIONS, CONT.

15. Public Service Purchase (PSP) Program

Not applicable to Tier 1
Members may purchase service credit for time served in the military or with other public agencies, subject to requirements and limitations established by the City Council.
Purchased service must be for a minimum of six months, but no more than four years of full time, uninterrupted service.
Purchased service will only count toward increasing the member's monthly pension allowance and any survivorship benefits.
Purchases must be initiated and finalized prior to entering DROP or retiring, whichever occurs first.

16. Return of Contributions with Interest

Tiers 1 and 2: On termination or death if no other benefits are payable.
Tiers 3, 5, and 6: On termination or death if no other benefits are payable (except Basic Death Benefit).
Tier 4: Upon death if no other benefits payable (except Basic Death Benefit). No refund upon termination.

17. Survivor Benefit Purchase Program

A retired member may make a one-time, irrevocable election to purchase a survivor benefit for a spouse married in retirement or a domestic partner declared/registered in retirement by taking an actuarial reduction in his/her retirement benefit.

18. Opt-In Contribution

Applicable to Tiers 2 - 5
Members in Tiers 2 – 5 who: (1) enter DROP or retire on or after July 15, 2011 and (2) elected to make the additional 2% opt-in contribution will receive a non-frozen health subsidy benefit in retirement. The additional pension contribution supports the funding of the retiree health benefits and will cease once the member has contributed for 25 years or retires.

HEALTH AND DENTAL INSURANCE PREMIUM SUBSIDIES

19. Health Subsidy	Member	Qualified Surviving Spouse (QSS)/Qualified Surviving Domestic Partner (QSDP)
a. Age	If the retirement date is: 1. On or after 7/1/1998 – at least age 55 2. Prior to 7/1/1998 – at least age 60	Member (retired sworn officer) must be at least age 55, if he/she was still alive If the member died in the line of duty, medical benefits are provided by the Personnel Department
b. Years of Service	At least 10 years of service (YOS), except for a Tier 6 member who retires on a Service-Connected Disability Pension	Member (retired sworn officer) must have had at least 10 years of service (YOS)
c. Pension Type	Service or Disability Pension	QSS/QSDP Pension
d. Eligible Plans	Health subsidies may be applied to one of the following: 1. A Board-approved plan: – United Firefighters of Los Angeles City – Los Angeles Firemen's Relief Association – Los Angeles Police Relief Association – LACERS plans offered to a closed group of pensioners 2. Any state-regulated, comprehensive major medical insurance plan with proof of premium and payment approved through the Health Insurance Premium Reimbursement Program	Health subsidies may be applied to one of the following: 1. A Board-approved plan: – United Firefighters of Los Angeles City – Los Angeles Firemen's Relief Association – Los Angeles Police Relief Association – LACERS plans offered to a closed group of pensioners 2. Any state-regulated, comprehensive major medical insurance plan with proof of premium and payment approved through the Health Insurance Premium Reimbursement Program
e. Medicare Enrollment Requirements	Most retirees and their covered dependents qualify for Medicare at age 65 May qualify for Medicare prior to age 65 due to disability Enrollment in: - Medicare Part A: Required only if the retiree or covered dependent is eligible for Part A free of charge - Medicare Part B: Required	Most QSS/QSDPs qualify for Medicare at age 65 May qualify for Medicare prior to age 65 due to disability Enrollment in: - Medicare Part A: Required only if the QSS/ QSDP is eligible for Part A free of charge - Medicare Part B: Required
f. Non-Medicare, Medicare Part B Only Subsidy Formula	4% per YOS, up to a maximum of 25 YOS Subsidy payment may not exceed the health insurance plan premium ***Note:*** Members in Tiers 2-5 who (1) enter DROP or retire after July 14, 2011 and (2) chose not to opt-in during the designated period, are subject to the maximum subsidy in effect on July 1, 2011	4% per YOS, up to a maximum of 25 YOS Subsidy payment may not exceed the single-party health insurance plan premium ***Note:*** QSS/QSDPs of members in Tiers 2-5 who (1) enter DROP or retire after July 14, 2011 and (2) chose not to opt-in during the designated period, are subject to the maximum subsidy in effect on July 1, 2011

HEALTH AND DENTAL INSURANCE PREMIUM SUBSIDIES, CONT.

19. Health Subsidy	Member	Qualified Surviving Spouse (QSS)/Qualified Surviving Domestic Partner (QSDP)
g. Medicare Subsidy Formula	10–14 YOS – 75% of maximum subsidy 15–19 YOS – 90% of maximum subsidy 20+ YOS – 100% of maximum subsidy Subsidy payment may not exceed the health insurance plan premium Dependent subsidy may apply Must be enrolled in Medicare Parts A and B; and LAFPP will reimburse the standard Medicare Part B premium ***Note:*** Members in Tiers 2–5 who (1) enter DROP or retire after July 14, 2011 and (2) chose not to opt-in during the designated period, are subject to the maximum subsidy in effect on July 1, 2011	10–14 YOS – 75% of maximum subsidy 15–19 YOS – 90% of maximum subsidy 20+ YOS – 100% of maximum subsidy Subsidy payment may not exceed the single party health insurance plan premium Must be enrolled in Medicare Parts A and B; and LAFPP will reimburse the standard Medicare Part B premium ***Note:*** QSS/QSDPs of members in Tiers 2–5 who (1) enter DROP or retire after July 14, 2011 and (2) chose not to opt-in during the designated period, are subject to the maximum subsidy in effect on July 1, 2011
h. Dependent Coverage	The health subsidy may be used to cover spouses, domestic partners, and children Children may be covered until age 26. Disabled dependent children may be covered beyond age 26.	The QSS/QSDP may cover eligible dependents on his/her health plan. However, the subsidy payment may not exceed the single party health insurance plan premium
20. Dental Subsidy	**Member**	**Qualified Surviving Spouse (QSS)/Qualified Surviving Domestic Partner (QSDP)**
a. Age	At least age 55	QSS/QSDPs are not eligible to receive a dental subsidy
b. Years of Service	At least 10 years of service (YOS)	N/A
c. Pension Type	Service or Disability	N/A
d. Eligible Plans	Dental subsidies may only be applied to one of the following Board-approved plans: - United Firefighters of Los Angeles City - Los Angeles Police Protective League - Los Angeles Police Relief Association - LACERS plans offered to a closed group of pensioners	Not eligible for a subsidy. However, QSS/QSDP may enroll in plans provided by one of the following Board-approved dental plan sponsors: - United Firefighters of Los Angeles City - Los Angeles Police Protective League - Los Angeles Police Relief Association - LACERS plans offered to a closed group of pensioners
e. Dental Subsidy Formula	4% per YOS, up to a maximum of 25 YOS Subsidy payment may not exceed the single-party dental insurance plan premium	N/A

21. Reciprocity

There are no reciprocity agreements between outside agencies and the Fire and Police Pension Plan.

RECIPROCITY is:

-an agreement between public retirement systems to allow members to move from one public employer to another

-within a specific time limit

-without losing some valuable retirement and benefit rights

EXCESS BENEFIT PLAN

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
22. Excess Benefit Plan (paid by the City's General Fund)					
Plan to supplement the benefits of certain highly compensated pensioners to the extent such benefits are reduced by the limitations on benefits imposed by Section 415 of the Internal Revenue Code	Yes	Yes	Yes	Yes	No

The Internal Revenue Code (IRC) Section 415(b) contains the provisions of federal law which limit the amount of annual retirement benefits payable directly from a plan sponsor for qualified defined benefit pension plans, such as the Los Angeles Fire and Police Pension Plan (LAFPP). The excess benefit limit typically only impacts highly compensated employees who have accrued significant retirement benefits. Under certain circumstances, any benefits in excess of this limit may be paid through an Excess Benefit Plan.

The IRC Section 415(b) limits the distribution amount paid to an individual from all of the plan sponsor's qualified defined benefit plans. The City created an Excess Benefit Plan (EBP) to allow members of Tiers 1 through 5 to receive a full formula-based retirement allowance, despite the LAFPP benefit exceeding the maximum IRC limit. The pensioner's total monthly retirement benefit will not change. The affected pensioners will receive one payment from LAFPP and the EBP payment directly from the City Controller's Office.

Members of Tier 6 are not included in the City's Excess Benefit Plan, which is authorized for Tiers 1-5 of the LAFPP by Division 4, Chapter 23 of the Los Angeles Administrative Code. Los Angeles City Charter Section 1720 restricts benefits payable to Tier 6 members to the IRC Section 415 limitations.

Disclaimer

The "Summary of Plan Provisions" describes in informal language, the provisions of Tiers 1 – 6. The intent is to summarize legal texts in a clear and concise manner. If there is a difference between this guide and the legal text outlined in the Los Angeles City Charter, the Los Angeles Administrative Code, the Internal Revenue Code, or other laws, the legal text prevails.

Mike Meadows Photo

Jim Donaway Photo

SECTION 9

9

MILESTONES

1899–1901

The California State Legislature enacted legislation in 1899 that enabled cities and counties to establish pension systems for police officers and firefighters. The City of Los Angeles authorized a system for police officers effective June 7, 1899 and for firefighters effective June 10, 1901. It provided for a pension at age 60 after 20 years of service, at an amount of one-half of the salary of the rank held for one year preceding retirement. Disability and survivor benefits were also provided. Member contributions were set at $2 per month.

1911–1919

In 1911, a Los Angeles City Charter (Charter) amendment empowered the Los Angeles City Council (City Council) to make changes in the pension systems. Effective September 16, 1913, the City Council adopted an ordinance that lowered the minimum retirement age to 55 and eliminated member contributions. In 1919, ordinances were adopted allowing retirement after 20 years of service regardless of age.

1922

Fire and police pension plans were merged into one system.

1923–1925

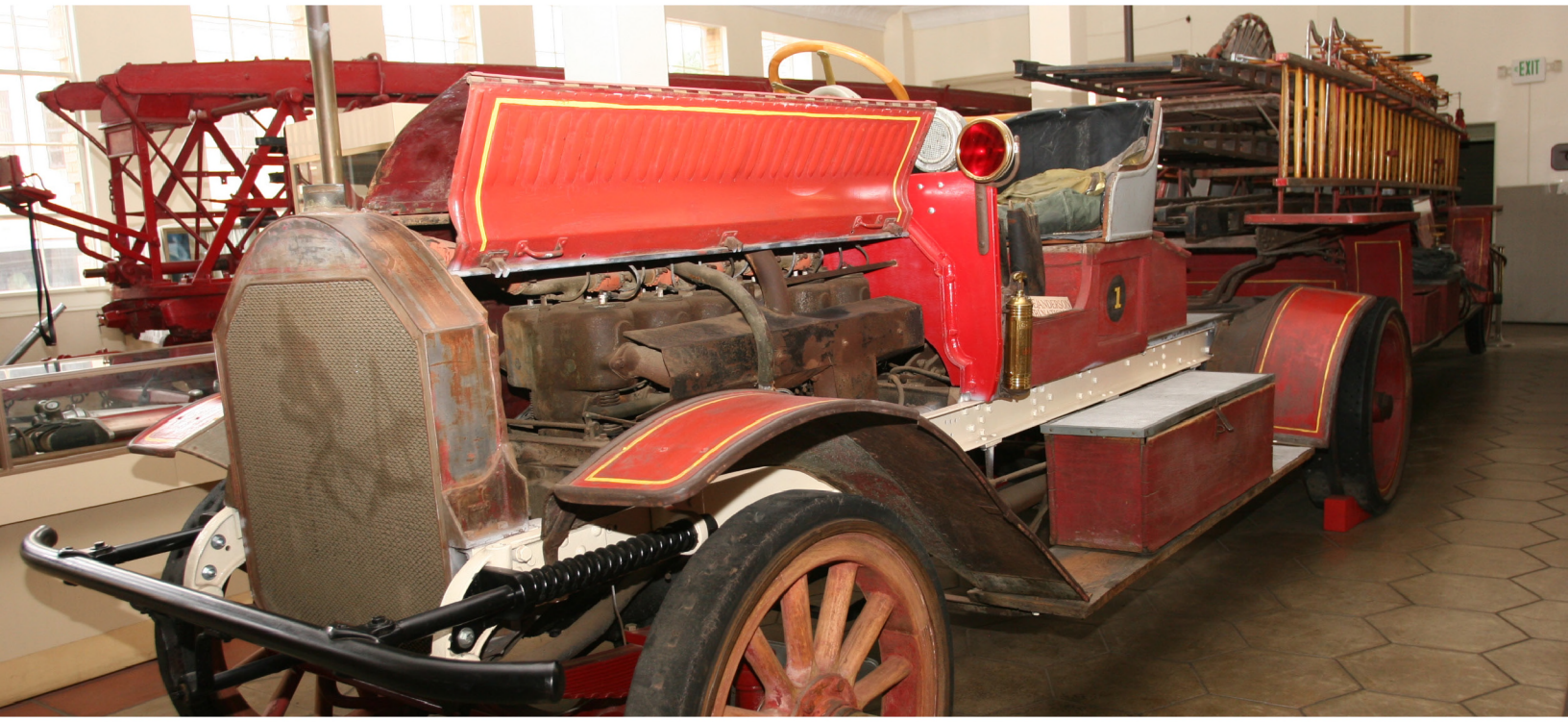
The System began funding pension benefits on an actuarial basis effective January 29, 1923 and a provision was added to increase pensions for members with more than 20 years of service based on a formula of 1-2/3% for each year of service over 20, up to two-thirds of the salary of the rank held at retirement. The new City Charter that became effective July 1, 1925 added a provision that Service and Disability Pensions would remain fixed amounts.

1927

Members entering service after January 17, 1927 would receive a pension after 25 years of service equal to 50% of the average salary during the three years preceding retirement, plus 1-2/3% for each of the next 10 years of service. A monthly limit of $1,800 for Service Pensions was established. Member contributions to the System were set at 4% of salary. Pensions for widows were made fixed amounts.

1933

The actuarial funding requirements were eliminated and the System was placed on a "pay-as-you-go" basis effective May 15, 1933.



1947

Members hired after January 17, 1947 could retire after 20 years of service with a pension equal to 40% of the average salary of the last three years of service, plus an additional 2% for each of the next five years of service, and 1-1/3% for each of the next 10 years of service. A maximum pension of two-thirds of the average salary was retained, with a cap based on the salary level of a Fire Battalion Chief or Police Captain. Member contributions were increased from 4% to 6% of salary.

Effective June 16, 1947, a Charter amendment created a Nonservice-Connected Disability Pension of 40 percent of the highest salary attached to the rank of firefighter or police officer; an equal amount was to be paid to any surviving spouse, with additional percentages allowed for unmarried minor children under the age of 18.

1957

The maximum limit attached to rank for Service Pensions was removed effective April 18, 1957.

1958

The California Supreme Court ruled that the 1925 Charter provisions for fixed pensions did not apply to members employed prior to July 1, 1925, nor to surviving spouses of members employed prior to January 17, 1927.

1959

Effective May 6, 1959, the System was again funded on an actuarial basis with a 50-year amortization period for the unfunded liabilities.

Investment provisions were changed to permit investment of up to 35% of fund assets in common stocks.

1961

A one-time cost of living increase was provided for all member and surviving spouse pensions based on service-connected disability or death.

1967

Tier 1 (formerly Article XVII) was extensively amended, and a new Tier 2 pension plan (formerly Article XVIII) was adopted effective January 29, 1967, providing:

1. A pension equal to 55% of the final monthly salary rate at retirement with 25 years of service, plus an additional 3% for each year of service over 25, up to a maximum pension of 70% of salary at retirement with 30 years of service;
2. A 2% cap on the annual cost of living adjustment to all member and surviving spouse pensions that were based on length of service; and
3. A minimum pension of $250 per month to be adjusted each year by the cost of living formula.

Other changes included the extension of the amortization period for the unfunded liabilities to 70 years and changes to the investment authority to provide for mortgage investments and public improvement financing.

1968

Overtime compensation was excluded from the computation of contributions and benefits under Tiers 1 and 2.

1969

Amendments to Tiers 1 and 2 effective May 2, 1969, applied cost of living adjustments to Disability and Survivor Pensions. Service Pensioners were allowed to apply for return-to-active duty under certain conditions and restrictions.

The authorized limit for common stock investments was raised to 50% of fund assets.

1971

Tiers 1 and 2 were amended effective July 1, 1971 to remove the 2% per year cost of living ceiling from all eligible pensions and pegged increases to the Consumer Price Index; to increase the minimum pension to $350 per month; to grant pension credit for partial years of service; and to add two elected employee members to the Board of Pension Commissioners.

1974

Tier 1 and 2 amendments enabled the City Council to adopt ordinances providing health insurance premium subsidy benefits and other programs for eligible pensioners.

1975

Amendments to Tiers 1 and 2 allowed cost of living adjustments for Service-Connected Disability Pensions on the July 1 following the date of retirement. Certain waiting periods for those eligible to receive this adjustment were eliminated.

The health insurance subsidy for retired members was paid for the first time this year beginning with the April 30, 1975 pension roll. Approximately $61,000 was expended for this purpose.

1976

LAFPP began providing health insurance premium subsidies to eligible retired members for their dependent's health insurance coverage.

1977

The mandatory retirement age provision of Tier 1 was eliminated effective April 15, 1977.

1980

A new Tier 3 Safety Members' pension plan, (formerly Article XXXV, Plan 1) was created effective December 8, 1980.

Adam VanGerpen Photo

1981

Extensive revisions to the investment provisions of the Charter provided for:

1. The investment of up to 70% of fund assets in common stock and up to 25% of the 70% without dividend record and registration on a national securities exchange;
2. The investment of 35% of fund assets in short-term securities;
3. The appointment of a securities custodian bank;
4. A requirement to retain investment advisors registered under the Investment Advisor Act;
5. The selling and repurchasing of covered call options; and
6. Authority to conduct transactions and exchanges of securities without specific prior approval from the Board of Pension Commissioners, within established guidelines.

1982

Significant revisions to Tiers 1 and 2 provided a 3% cap on the cost of living adjustment for all future service earned by active members and a refund of member contributions upon termination.

Cost of living adjustments were prorated for the first year of retirement.

Paramedics and civilian ambulance drivers were transferred from the Los Angeles City Employees' Retirement System to Tier 3.

1983

Tier 1 and 2 active members were no longer required to contribute to the Pension System upon completion of 30 years of service.

1984

The City Charter was amended to permit banks and insurance companies to act as investment advisors to the System.

1985

Authority was extended to include investment in real estate by all City of Los Angeles pension systems.

1989

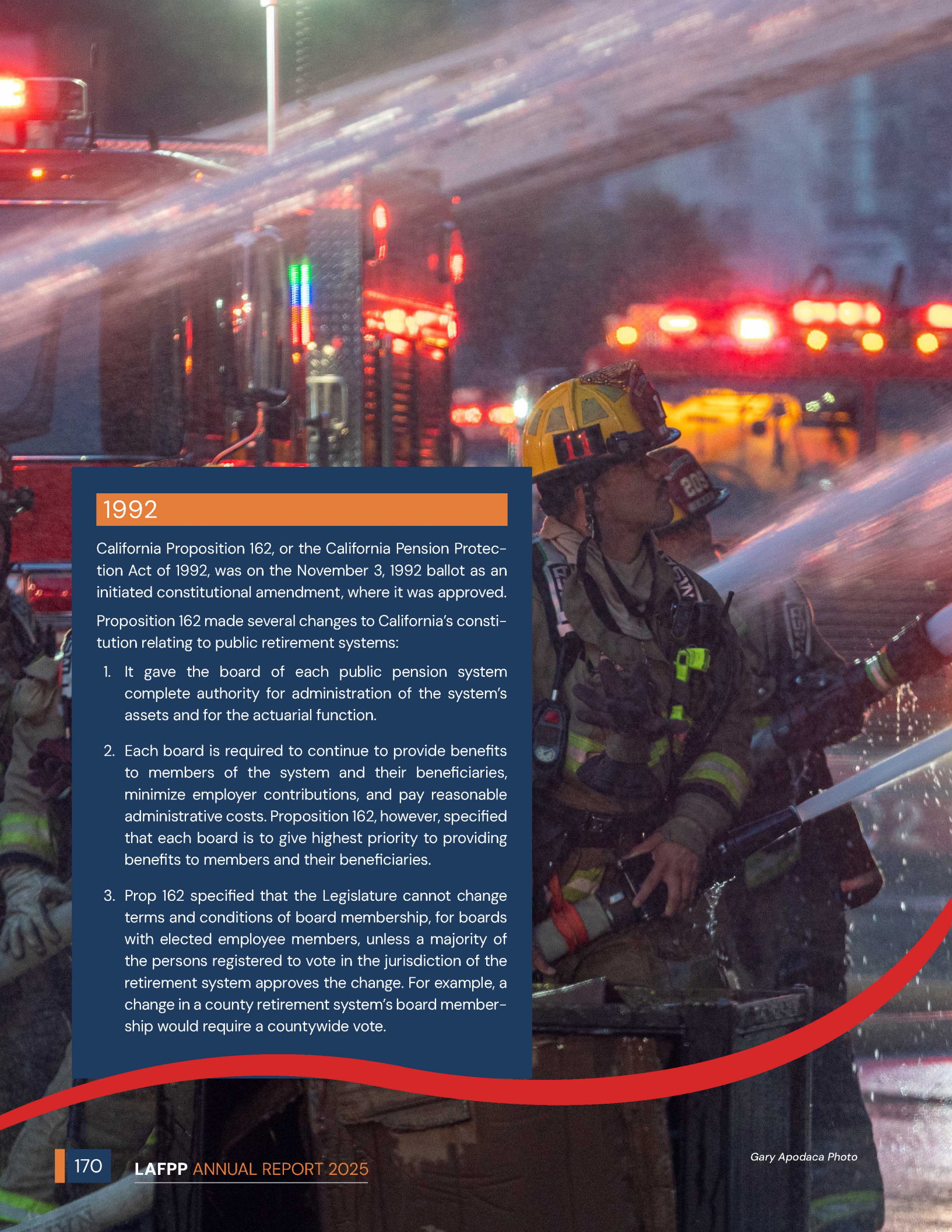
The System began pre-funding the health insurance premium subsidy benefits.

On April 26, 1989, in the case of the United Firefighters of Los Angeles City vs. the City of Los Angeles, the California Court of Appeals upheld the Los Angeles County Superior Court's judgment for the plaintiffs. As a result, the 3% cap on cost of living increases instituted in 1982 for Tier 1 and 2 members was lifted.

1990

A series of measures were enacted that allow the City to protect the integrity of the System in response to new tax code regulations. The waiting period was removed for cost of living adjustments for surviving spouses of members hired before December 8, 1980 who die in the line of duty.

Adam VanGerpen Photo



1992

California Proposition 162, or the California Pension Protection Act of 1992, was on the November 3, 1992 ballot as an initiated constitutional amendment, where it was approved.

Proposition 162 made several changes to California's constitution relating to public retirement systems:

1. It gave the board of each public pension system complete authority for administration of the system's assets and for the actuarial function.

2. Each board is required to continue to provide benefits to members of the system and their beneficiaries, minimize employer contributions, and pay reasonable administrative costs. Proposition 162, however, specified that each board is to give highest priority to providing benefits to members and their beneficiaries.

3. Prop 162 specified that the Legislature cannot change terms and conditions of board membership, for boards with elected employee members, unless a majority of the persons registered to vote in the jurisdiction of the retirement system approves the change. For example, a change in a county retirement system's board membership would require a countywide vote.

Gary Apodaca Photo

1993

The Board of Pension Commissioners was given authority to increase investments under the "prudent person" provisions of the Charter from 25% to 50% of the stock portfolio.

Retired Tier 2 members may be recalled for up to one year after retirement.

1995

The amount of salary to be used to calculate pension benefits was capped at $150,000 (adjusted annually) for members hired on or after July 1, 1996.

The City Council was authorized to enact ordinances required to maintain the tax-qualified status of Tier 3 under federal law.

1996

In January 1996, a new federal law prohibited states from taxing retirement income of nonresidents.

Effective December 5, 1996, pension benefits to the qualified surviving spouse of a deceased firefighter or police officer continue even if the spouse remarries.

The City implemented an Internal Revenue Code provision that required the System to collect member contributions on a pre-tax basis. Previously, member pension contributions were collected after-tax from July 1, 1982 to December 21, 1996; and pre-tax before July 1, 1982.

1997

A new Tier 4 pension plan (formerly Article XXXV, Plan 2) was established effective July 1, 1997. All Tier 3 members hired between December 8, 1980 and June 30, 1997 were given until June 30, 1998 to make an irrevocable transfer to Tier 4.

The Charter was also amended to allow, at the discretion of the City Council, administrative expenses, which shall include investment management expenses, to be paid from fund assets.

The City Council approved an ordinance lowering the eligibility age to 55 for the health insurance premium subsidy for members retiring on or after July 1, 1998 with at least 10 years of service.

Gary Apodaca Photo

1999

The City Council was given authority to establish, by ordinance, survivor benefits for domestic partners and pension benefits for sworn employees brought into City employment by merger or contract for fire or police services.

A provision was established so that members hired July 1, 1997 through December 31, 1997 could irrevocably elect to transfer from Tier 4 to Tier 3. The provision allowed the Metropolitan Transportation Authority officers who merged into the Police Department to join either Tier 3 or Tier 4. A delay in the merger made it necessary to add this provision so that negotiated benefits could be provided.

Leo Kaufman Photo

2000

Effective January 17, 2000, domestic partners became eligible to receive survivor benefits under the same eligibility requirements as surviving spouses after filing a Declaration of Domestic Partnership with the Board of Fire and Police Pension Commissioners. Surviving spouses and domestic partners became eligible to receive a health insurance premium subsidy upon the member's death, subject to eligibility requirements.

The new City Charter became effective July 1, 2000. The primary changes affecting the System provided:

1. The official department name became the "Department of Fire and Police Pensions."
2. The plans were reorganized under a new Charter Article number. Articles XVII, XVIII, XXXV Plan 1, and XXXV Plan 2 are referred to as Tiers 1, 2, 3, and 4, respectively.
3. The Board of Fire and Police Pension Commissioners (Board) was expanded from seven to nine members to include an elected retired fire member and an elected retired police member.
4. The Board selects the General Manager, subject to confirmation by the Mayor and City Council, and may remove the General Manager, subject to confirmation by the Mayor.
5. Assistant General Manager positions are appointed on an exempt basis.
6. The powers, duties, and responsibilities of the Board are more expressly recognized and include:
   A. Language consistent with the provisions of California Constitution Article XVI, Section 17;
   B. The prudent person investment standard;
   C. Sole and exclusive power to provide actuarial services;
   D. Control over litigation and settlement of litigation that involves policies and funds under Board control; and
   E. Deletion of the City Council's right to veto any Board decisions.
7. The definition of dependent parent was revised so that United States residency at the time of the member's death is no longer a requirement.

2001

Charter changes were approved to:

1. Enable the City Council to establish by ordinance a Deferred Retirement Option Plan (DROP).
2. Combine all tiers into a single plan for funding purposes.
3. Require the City Council to create, by ordinance, a new Tier 5 pension plan effective January 1, 2002.
4. Allow surviving spouses who remarried prior to December 5, 1996 to collect survivorship benefits.
5. Enable the City Council to provide by ordinance a dental subsidy for retirees.

Jim Donaway Photo

2002

By City Council ordinance, a new Tier 5 pension plan became effective January 1. Active members of existing tiers could elect to irrevocably transfer to Tier 5 during the period from January 2, 2002 to December 31, 2002.

The DROP Program became effective May 1, 2002.

A dental subsidy for retirees became effective January 1, 2002.

Effective January 1, 2001, retirees and surviving spouses/domestic partners not able to enroll in a Board-approved health plan because they live out of state or outside the service area of a Board-approved HMO became eligible to receive a health insurance premium reimbursement. Administration of the program began in 2002, retroactive to the effective date.

The first payment under the Excess Benefit Plan was made. This plan was first authorized in 1990 to supplement the benefits to certain employees to the extent such benefits are reduced by the limitations on benefits imposed by Section 415 of the Internal Revenue Code of 1986, as amended. This plan is nonqualified under the Internal Revenue Code.

2003

Annual active member statements of service credit and recorded contributions were issued to members for the first time since 1985.

Based on recent federal and state legislation, active members may use funds from deferred compensation to purchase service credit.

KaitLynn Markley Photo

2005

On January 20, 2005, an ordinance was enacted allowing former Tier 2 members who had prior service as paramedics or civilian ambulance personnel under the Los Angeles City Employees' Retirement System to purchase this period of service.

In the March 2005 election, the voters approved two Charter amendments. The first amendment authorized the City Council to adopt an ordinance to transfer the sworn Port Police Officers to Tier 5 of Fire and Police Pensions.

The second amendment provided the following:

1. Instituted return-to-duty provisions similar to those in Tier 2 to members in Tiers 3, 4, and 5.
2. Authorized the City Council to allow a City Defrayal of Employee Contributions by Ordinance. This means the City may pay a portion of the employee contributions to Tiers 3, 4, and 5, not to exceed 2% of the required contributions in lieu of a salary increase or a portion of an increase. This provision is to be used during Memorandum of Understanding negotiations as part of a total economic package and the cost will be evaluated at that time.
3. Authorized the City Council to set the maximum sworn retiree health insurance premium subsidy by ordinance. Prior to this change, the Charter limited the maximum sworn retiree health insurance premium subsidy to the lesser of the maximum active sworn member health subsidy or the maximum civilian retiree health subsidy. The City Council can delegate authority for setting sworn retiree subsidies to the Board of Fire and Police Pension Commissioners.

2006

An ordinance was effective January 4, 2006, which gave current Port Police Officers the choice of transferring to Tier 5 or remaining in the Los Angeles City Employees' Retirement System. Persons appointed on or after January 8, 2006, as specified in the ordinance, become members of Tier 5 upon graduation from academy training required by the Harbor Department.

The actuarial valuation of 2005 found the Plan less than 100% funded for pension benefits. As required by the Los Angeles Administrative Code, Tier 5 member contributions were increased to 9% effective July 1, 2006.

Jim Donaway Photo

2007

The election period for sworn Port Police Officers to transfer to Tier 5 closed on January 5, 2007, with 40 Port Police Officers electing membership in Tier 5.

On February 1, 2007, the Board of Fire and Police Pension Commissioners (Board) created an Audit Committee, followed by the creation of an Internal Audit function within the System.

On March 6, 2007, voters passed a Charter amendment giving the City Council authority to establish, by ordinance, a voluntary Public Service Purchase Program.

The City Council approved an extension of DROP, commencing May 1, 2007 and ending April 30, 2012, and excluded participation by the Chief Engineer of the Fire Department and the Chief of the Police Department.

In July 2007, the System began audits of the retiree medical and dental plans offered by the Los Angeles Firemen's Relief Association, the Los Angeles Police Protective League, the Los Angeles Police Relief Association, and the United Firefighters of Los Angeles City. The scope of the audits included eligibility, benefits, administration, and financial analysis.

On September 6, 2007, the Board voted to revise its proxy voting guidelines to vote "FOR" shareholder proposals that request management to report on climate change. This change was in light of survey results released by an advocacy group known as the

Carbon Disclosure Project (CDP). The study determined that 80% of U.S. companies believe that climate change poses commercial risks for their businesses. As a result, investors are encouraging more environmental disclosure from companies. The Supreme Court had ruled in April 2007 that greenhouse gases are a pollutant that may be regulated by the Environmental Protection Agency.

The first management audit of the System was conducted by Independent Fiduciary Services with the results released on December 3, 2007. Charter Section 1112 requires the City Controller, the Office of the Mayor, and the Los Angeles City Council to complete a management audit once every five years to be conducted by an independent, qualified management auditing firm. The purpose of the audit was to examine whether the System operates in the most efficient and economical manner. The audit found that the System was generally operating efficiently and in accordance with industry best practices, providing good investment returns overall, utilizing reasonable actuarial assumptions and methods, and pre-funding health insurance premium subsidy benefits.

Jim Donaway Photo

2008

The City Council adopted the following amendments to the DROP Program:

1. July 3, 2008 – A DROP member who is subsequently appointed Fire or Police Chief prior to exiting DROP shall be allowed to rescind his/her DROP election.
2. November 4, 2008 – A definitive ending date for DROP was removed, and a member must be on an active duty/working status at the time of entry into the program.

2009

On March 3, 2009, voters passed two Charter amendments:

1. The first measure established a Survivor Benefit Purchase Program that allows retired members of the Plan to purchase, at their own expense, a survivor benefit for a spouse or domestic partner.
2. The second measure modified the Dependent (Disabled) Children Survivor Benefits provided by the Plan. Dependent Children may now marry or be adopted without losing the right to Dependent Child benefits. Additional payment options, which do not increase the amount of benefits payable, were also authorized. The Board of Fire and Police Pension Commissioners (Board) was granted the authority to pay Dependent Child benefits to a Special Needs Trust for the benefit of the disabled child.

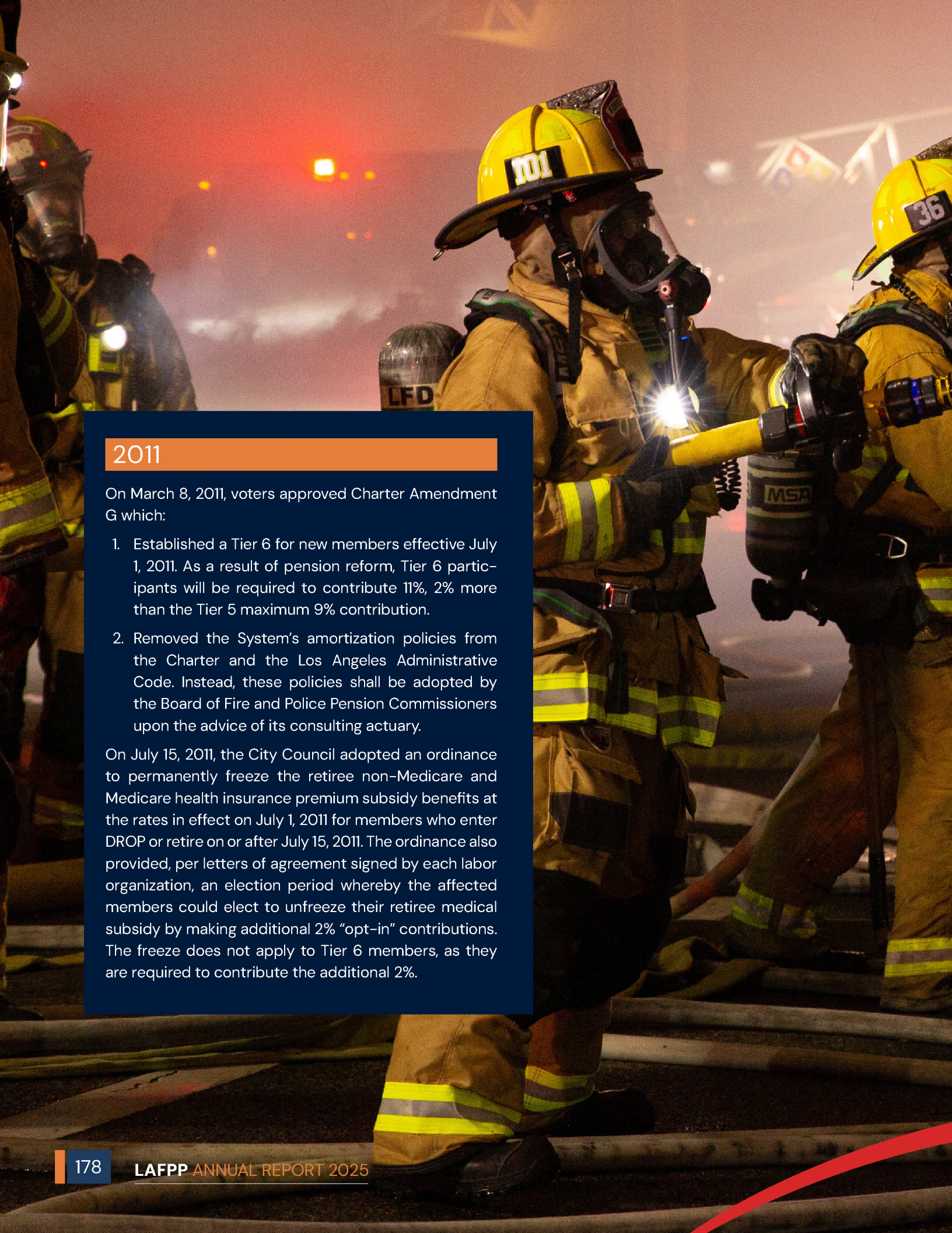
On May 7, 2009, the Board terminated its contract with private equity consultant, Aldus Equity Partners. The termination was based in part on "pay-to-play" complaints filed against Aldus by the State of New York and the Securities and Exchange Commission. One of the founders of Aldus later pleaded guilty to felony securities fraud in the New York attorney general's pension fund corruption probe. In addition, two appointed commissioners resigned from the Board on this day.

Gary Apodaca Photo

On July 23, 2009, the Board adopted a "Contractor Disclosure Policy" to regulate the System's contractors and fine or terminate those who violate the policy. The policy complies with the provisions of Assembly Bill 1584 (later enacted into law on October 11, 2009), requiring the disclosure of gifts, campaign contributions, and meetings with the System's investment managers, consultants, and other contractors, to provide transparency and help avoid conflicts and the appearance of conflicts.

2010

On April 1, 2010, the Board retained Northern Trust Benefit Payment Services as the issuer for monthly pension payments. The Northern Trust Benefit Payment Participant Web Passport System replaced the outdated mainframe-based Retirement and Pension Payment System operated and maintained by the City of Los Angeles Office of the Controller and Information Technology Agency. In October 2010, the Plan issued pension payments utilizing the new benefit payment system for the first time. As a result of this transition, pensioners received 13 pension payments for Tax Year 2010, instead of the usual 12.



2011

On March 8, 2011, voters approved Charter Amendment G which:

1. Established a Tier 6 for new members effective July 1, 2011. As a result of pension reform, Tier 6 participants will be required to contribute 11%, 2% more than the Tier 5 maximum 9% contribution.
2. Removed the System's amortization policies from the Charter and the Los Angeles Administrative Code. Instead, these policies shall be adopted by the Board of Fire and Police Pension Commissioners upon the advice of its consulting actuary.

On July 15, 2011, the City Council adopted an ordinance to permanently freeze the retiree non-Medicare and Medicare health insurance premium subsidy benefits at the rates in effect on July 1, 2011 for members who enter DROP or retire on or after July 15, 2011. The ordinance also provided, per letters of agreement signed by each labor organization, an election period whereby the affected members could elect to unfreeze their retiree medical subsidy by making additional 2% "opt-in" contributions. The freeze does not apply to Tier 6 members, as they are required to contribute the additional 2%.

Raphael Richardson Photo

2012

On May 15, 2012, the City Council approved a City Administrative Officer report that recommended consolidating the Department of General Services, Office of Public Safety (OPS), into the Police Department (LAPD). The consolidation was adopted with an effective date of July 1, 2012. OPS employees who successfully transition to a regular LAPD sworn classification had two years to make an irrevocable election to opt out of the Los Angeles City Employees' Retirement System and become a member of the Fire and Police Pension System. The opt-out election must have been made no later than December 12, 2014.

2013-2014

On June 27, 2013 and January 8, 2014, the City issued Management Audit Interim and Final Reports, constituting the second Charter-mandated audit of the System. The two audit reports determined that, overall, the System is generally operating in an effective manner.

On August 8, 2014, the City Council adopted an ordinance to add DROP provisions for Tier 6 members.

By December 12, 2014, a total of 22 former Office of Public Safety (OPS) employees who transitioned to regular sworn classifications with the Police Department opted out of the Los Angeles City Employees' Retirement System (LACERS) and became members of Tier 6 of the Fire and Police Pension System.

2015

The Board of Fire and Police Pension Commissioners engaged Segal Consulting to perform an Internal Revenue Code operational compliance audit of the System. The purpose of the audit was to perform an independent review of the administrative operations and practices of the System to determine whether it meets the standards set forth in the Plan documents and is compliant with applicable federal tax laws. The audit concluded that the Plan is substantially in compliance with the requirements under the Internal Revenue Code, related Treasury Regulations and other applicable federal laws.

2016

In March 2016, after nearly 30 years of leasing office space in Little Tokyo, LAFPP relocated to a new headquarters facility located in the Los Angeles Downtown Arts District.

On February 18, 2016, the Board's Specialized Private Equity Investment Manager Program was modified to include for the first time, Lesbian, Gay, Bisexual and Transgender (LGBT) owned or disabled veteran owned funds. By adding these ownership groups to the specialized program, LAFPP provides the LGBT and disabled veteran communities access to institutional investment capital. Additionally, LAFPP was recognized as one of the first pension systems in the country to provide this access to the LGBT community.

On May 19, 2016, the Board approved disbanding standing committees (Audit, Benefits, and Governance) due to active engagement and attendance by all Board Members.

On November 8, 2016, voters approved a Charter amendment which would: 1) Enroll new Airport peace officers hired on or after January 7, 2018, into Tier 6 of the Fire and Police Pension System; 2) Allow Airport peace officers hired prior to January 7, 2018, to transfer into Tier 6 from LACERS at their own expense; and 3) Permit new Airport Police Chiefs to transfer into LACERS rather than participate in Tier 6.

Adam Van Gerpen Photo

2017

After serving over 42 years on the Board, Sam Diannitto resigned from the Board with September 22, 2017, being his last meeting. Commissioner Diannitto served as the Fire Active Board member from 1972 until his retirement in 1997. He then served as the first Retired Fire Board member from 2000 to September 30, 2017.

2018

Effective January 7, 2018, 42 of approximately 550 eligible Airport Police Officers elected to transfer from LACERS to LAFPP. This action was pursuant to the Charter amendment dated November 8, 2016, which allowed Airport peace officers hired prior to January 7, 2018, to transfer into Tier 6 from LACERS at their own expense.

In late 2018, the Board entered into formal contracts with Los Angeles Police Relief Association (LAPRA), Los Angeles Firemen's Relief Association (LAFRA), United Firefighters of Los Angeles City (UFLAC), and Los Angeles Police Protective League (LAPPL) for health and dental plan administration services. Under the new contracts, each of the plan administrators agreed to present annual reports to the Board, including critical information on pricing, covered benefits, and premium and administrative fee changes.

2019

In January 2019, following negotiations between the City and labor unions over concerns that members were taking extended periods of time off after entering DROP, the City Council adopted the following amendments to the DROP program:

1. Any member who enters DROP on or after February 1, 2019, shall have his/her participation in DROP suspended for any month in which he/she does not spend at least 112 hours on active duty.

2. Members who sustain a serious injury on duty and are hospitalized for 3 or more consecutive days as a direct result of that injury, are exempt from the above provision for the first year following the date of injury.

2020

In response to the global COVID-19 pandemic, all in-person seminars and member counseling services were transitioned to virtual sessions. As a continued effort to protect the health and safety of staff and members, coupled with the positive response to these new formats, all virtual services have become a permanent service delivery option.

2022-2023

A permanent telecommuting and on-site hybrid work environment was implemented for staff.

2024

On November 5, 2024, voters approved a Charter amendment (Measure FF) which would: 1) allow for the voluntary transfer of all sworn peace officers who were employed on and as of January 12, 2005, by the Harbor, Airports, Police, and Recreation and Parks Departments from the Los Angeles City Employees' Retirement System (LACERS) to LAFPP Tier 6; 2) allow for certain Tier 6 members who transferred to Tier 6 under a prior Charter amendment, to transfer remaining City service from LACERS to Tier 6; and 3) authorize interest-free refunds to certain Tier 6 members who previously transferred from LACERS pursuant to the Office of Public Safety Service Purchase Program and Airport Peace Officer Service Purchase Program and purchased Tier 6 service credit with personal funds. The deadline to transfer is January 9, 2026 and the effective transfer date will be January 11, 2026.

Jim Donaway Photo

Austin Gebhardt Photo

2025

The June 30, 2025 actuarial valuation determined that the Plan was once again more than 100% funded for pension benefits. As required by the Los Angeles Administrative Code, Tier 5 member contributions were decreased from 9% to 8% and the City will pay the additional 1% contribution on behalf of Tier 5 members beginning July 1, 2026.

Henry Berkson Photo

Austin Gebhardt Photo

LAFPP
To Serve Those Who Protect
LOS ANGELES FIRE AND POLICE PENSIONS

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