

**CITY OF LOS ANGELES**  
CALIFORNIA



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CHIEF INVESTMENT OFFICER

**DEPARTMENT OF  
FIRE AND POLICE  
PENSIONS**

701 E. 3RD STREET  
SUITE 200  
LOS ANGELES, CA 90013

(213) 279-3000 (Main Line)  
(844) 88-LAFPP (52377) - TOLL FREE  
FAX (213) 628-7716  
TDD (213) 628-7713

EMAIL: PENSIONS@LAFPP.COM

April 21, 2026

The Honorable Budget and Finance Committee  
City Council, City of Los Angeles  
c/o City Clerk, City Hall, Room 340  
Los Angeles, CA 90012  
Attn: Armando Bencomo, Legislative Assistant

**Re: 2026-27 Los Angeles Fire and Police Pensions (LAFPP) Preliminary Budget**

Honorable Members:

Enclosed is information provided to the Budget and Finance Committee regarding the Los Angeles Fire and Police Pension System (LAFPP) and its Preliminary Budget for Fiscal Year 2026-27.

LAFPP is one of the City's three retirement systems and is solely responsible for administering the defined benefit retirement plan for public safety employees of the City, including Fire, Police, and certain Port Police, Airport Police, and Park Rangers. The System has served eligible members and their beneficiaries since June 7, 1899.

**2026-27 PRELIMINARY CITY CONTRIBUTION TO LAFPP**

On December 4, 2025, the Board of Fire and Police Pension Commissioners (Board) adopted the Actuarial Valuation Report for the period ending June 30, 2025. The report reflects that the System's combined pension and health funding ratio remains strong at **97.6%**, an increase from 97.0% in the prior year. The valuation further indicates that the combined employer contribution rate for the City, Harbor, and Airport Departments will increase slightly from 35.64% to **35.71%** of sworn payroll for Fiscal Year 2026-27, with the City's contribution rate increasing from 35.80% to **35.89%**. This change reflects a combination of actuarial factors, including future anticipated increases in Medicare Part B premium reimbursements, and higher than expected salary increases for active members, partially offset by a greater than expected investment return and lower than expected starting health premium and maximum subsidy amounts.

Based on preliminary sworn payroll projections included in the Mayor's Proposed Budget, the City's combined employer contribution, including the Excess Benefit Plan, is estimated to increase from \$646.89 million to approximately **\$688.10 million**. Final contribution amounts will be adjusted following adoption of final payroll figures by the City

[lafpp.lacity.gov](http://lafpp.lacity.gov)



Council and the Harbor and Airport Commissions. A final LAFPP Budget incorporating these updates will be presented to the Board for approval on June 18, 2026.

### **2026-27 LAFPP PRELIMINARY BUDGET**

The Board approved the LAFPP Preliminary Budget for Fiscal Year 2026-27 on March 19, 2026. The budget was developed to support multi-year Annual Plan projects aligned with the Strategic Plan. It maintains the Department's current staffing level of 134 positions and includes resources to address findings and recommendations from the Workplace Culture Assessment Study conducted in October 2025 at the Board's direction.

Measure FF, approved by voters on November 5, 2024, amended the City Charter to allow eligible sworn peace officers from the Harbor, Airports, Police, and Recreation and Parks departments to voluntarily transfer from the Los Angeles City Employees' Retirement System (LACERS) to LAFPP Tier 6. Effective January 11, 2026, 314 eligible employees elected to transfer to LAFPP. Measure FF also authorized the City Council to provide refunds to certain Tier 6 members who previously transferred from LACERS and purchased service with personal funds.

On March 19, 2026, the Board approved updates to the actuarially determined contribution rates associated with Measure FF transfer costs for the City, including Park Rangers, and the Department of Airports. The City's and Department of Airports' contribution rates will be further adjusted based on their approved amortization schedules to fund the transfer costs, as well as City Council approval to amend the ordinance to permit amortization in lieu of a single lump sum payment of the full cost. These adjustments will be incorporated into the Final Budget, which is scheduled for Board consideration on June 18, 2026.

### **Anticipated Receipts**

Total anticipated receipts for Fiscal Year 2026-27 are estimated at approximately \$1.47 billion. These receipts include approximately \$688.10 million in employer contributions, inclusive of the Excess Benefit Plan amount of \$2.66 million that is not transferred to LAFPP, \$192.16 million in member contributions, \$585.00 million in projected investment earnings, and \$0.50 million in miscellaneous receipts.

Overall receipts are expected to increase by approximately \$45.10 million, or 3.2%, from the prior year. This increase is primarily driven by changes in employer contribution rates based on the most recent actuarial valuations, as well as salary increases and increased membership and related costs resulting from the Measure FF transfers. The Combined Total City Contribution is also expected to increase by approximately \$41.21 million, or 6.4%.

### **Projected Expenditures**

Total projected expenditures for Fiscal Year 2026-27 are estimated at approximately \$2.16 billion. This includes \$1.91 billion in Benefits Expense, \$219.08 million in

Investment Management Expense, and \$34.14 million in Administrative Expense. Overall expenditures are projected to increase by approximately \$38.70 million, or 1.8%, compared to the prior year.

Benefit expenses are projected to increase by approximately \$6.83 million, or 0.4%. These expenses represent non-discretionary costs associated with Pension Benefits and Other Post-Employment Benefits (OPEB). The increase reflects higher costs in several categories, including Deferred Retirement Option Plan distributions and health insurance premium subsidies, partially offset by decreases in Service Pension and Refund of Contribution payments.

Investment Management Expense is projected to increase by approximately \$30.45 million, or 16.1%. This increase is primarily due to growth in plan assets and changes in the investment portfolio in accordance with the Board's asset allocation policy. As of March 31, 2026, LAFPP assets under management are estimated at approximately \$35.88 billion, compared to \$34.08 billion at the end of the prior fiscal year.

Administrative expenses are projected to increase by approximately \$1.43 million, or 4.4%, to a total of \$34.14 million. These costs include salaries, employee benefits, training, contractual services, and general administrative support. The increase is primarily driven by salary adjustments associated with successor labor agreements and higher employer contributions for employee retirement benefits that are paid directly to LACERS. The 2026-27 Preliminary Budget does not add any new positions but reallocates five existing positions to better align with the operational needs of LAFPP.

### **2026-27 PRELIMINARY ANNUAL PLAN**

LAFPP establishes an Annual Plan each year to achieve the goals outlined in its Strategic Plan. The current [2025-27 Strategic Plan](#), approved by the Board in January 2024, includes guiding principles and strategic goals that direct the Department's priorities.

Annual Plan projects are organized into two categories:

1. **Strategic Goal** projects focus on achieving the three Strategic Plan Goals and Objectives.
2. **Operational Initiatives** projects support one or more of the Department's guiding principles.

The 2026-27 Preliminary Annual Plan includes eight projects and was developed alongside the Budget to ensure that resources are aligned with planned work. Fiscal Year 2026-27 represents the third and final year of the current Strategic Plan cycle. Development of the next three-year Strategic Plan will occur during the upcoming fiscal year.

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Thank you for the opportunity to provide this information. I am available to answer any questions the Committee may have.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Salazar', written in a cursive style.

Joseph Salazar, CEBS  
General Manager

JS:MTS:WKP:EJH:JRP:ADMN260022

cc: Board of Fire and Police Pension Commissioners  
Matt Hale, Deputy Mayor of Finance, Operations and Innovation  
Matthew W. Szabo, City Administrative Officer