

Date: 5/3/18  
Submitted in Budget Finance Committee  
Council File No: 18-0600  
Item No.: 1

~~Topic:~~ Communication from Los Angeles City Employees' Retirement System

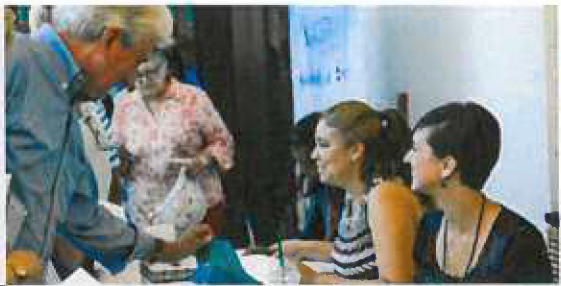


# LACERS FY 2018-19



### Mission

To establish a trustworthy lifelong relationship serving our Members through reliable and efficient delivery of benefits funded by prudent investment of plan assets.



### Vision

LACERS aspires to be valued by our Members for excellence in all we do.

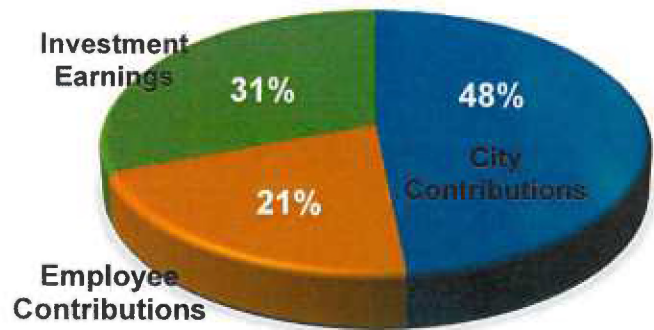


### PRESENTATION TO BUDGET AND FINANCE COMMITTEE

NEIL GUGLIELMO, GENERAL MANAGER

May 3, 2018

# BUDGET RECEIPTS



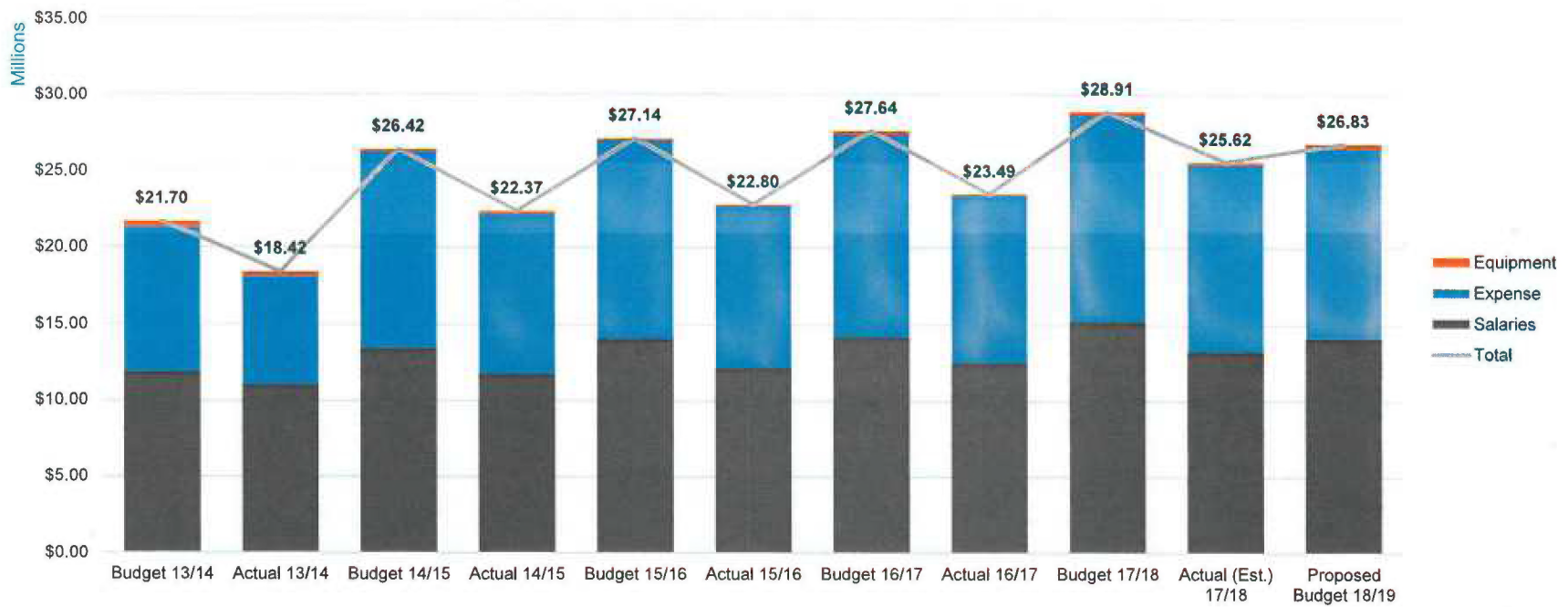
**PROPOSED BUDGET RECEIPTS  
FY 2018-19**

FY 2018-19 BUDGET - RECEIPTS		
City Contributions	\$595,808,254	48.43%
Employee Contributions	\$255,110,000	20.73%
Investment Earnings	\$379,440,000	30.84%
	\$1,230,358,254	

# Proposed Budget Expenditures

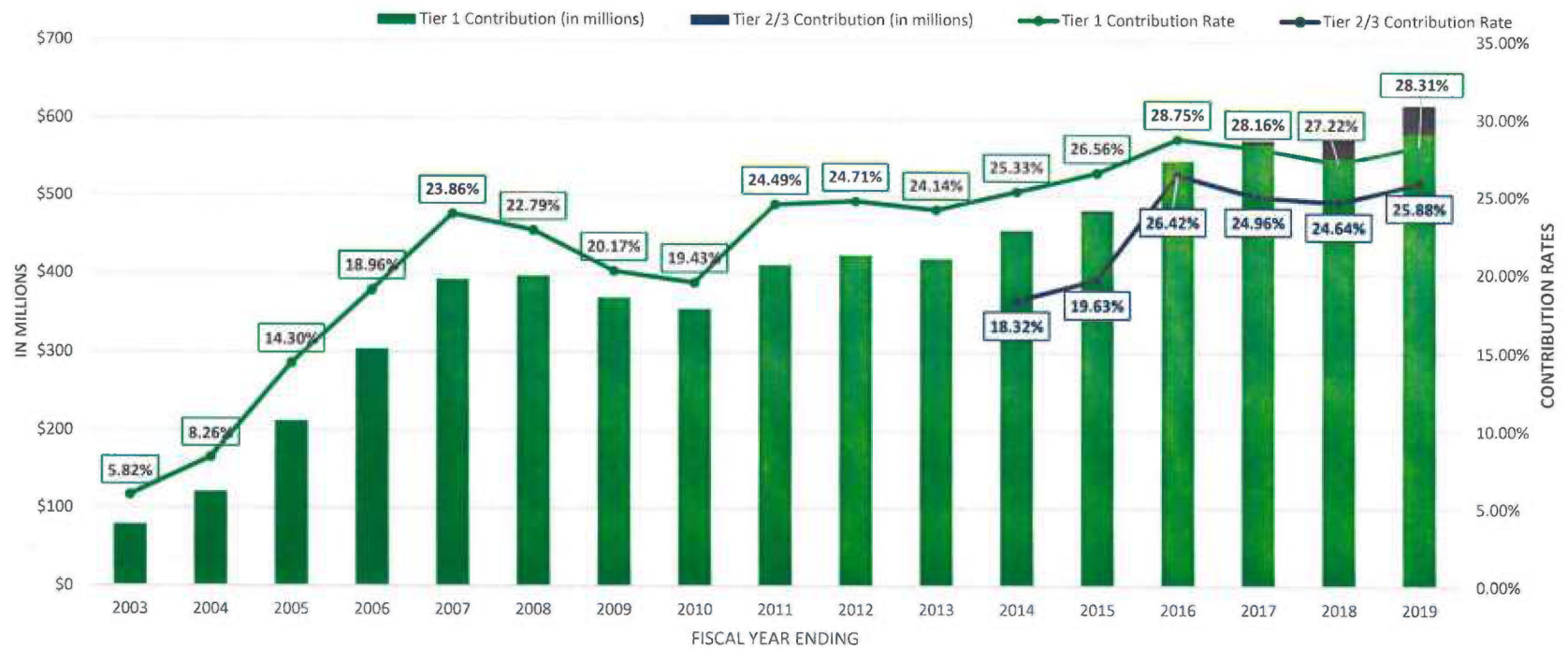


# Proposed Budget

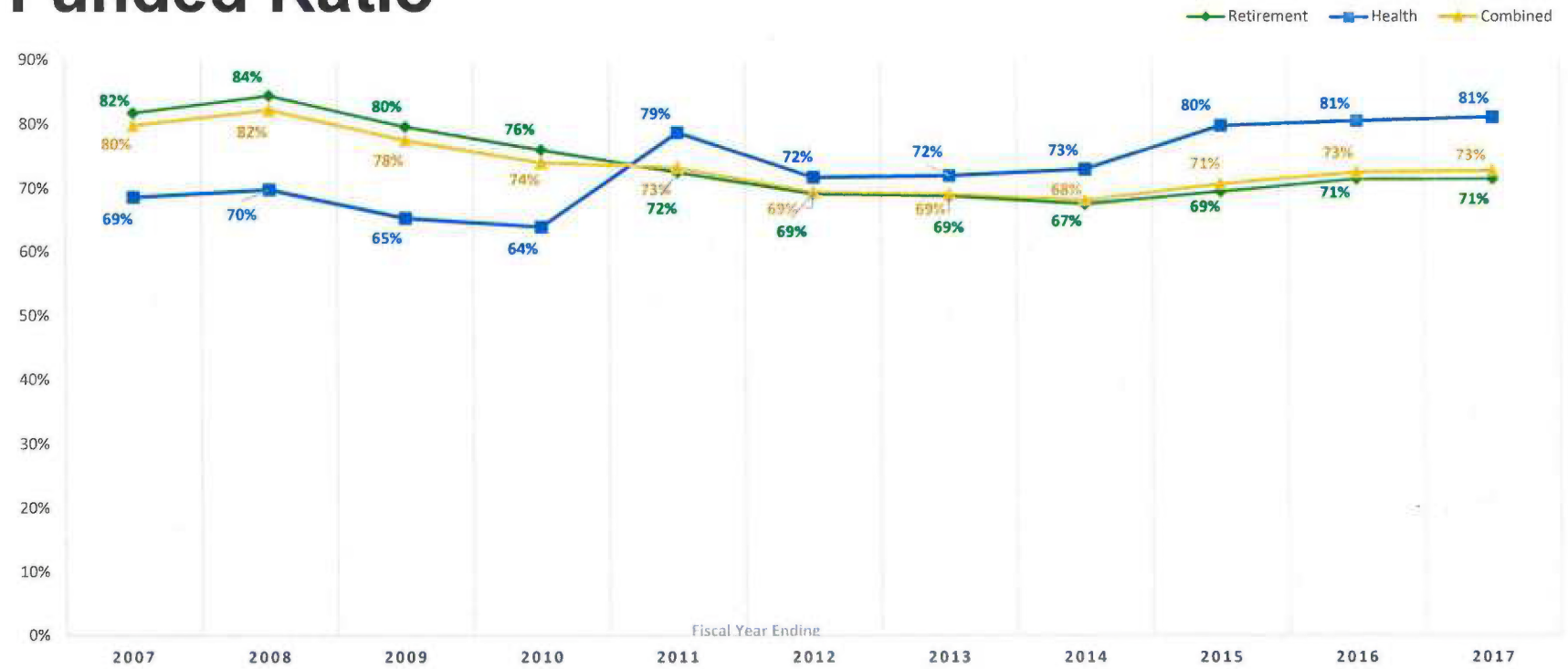




# City Contributions



# Funded Ratio





## Actuarial Assumptions

### ECONOMIC ASSUMPTIONS

<b>Real Rate of Return</b>	<b>4.25%</b>
+ Inflation	3.00%
= Investment Return	7.25%

### DEMOGRAPHIC ASSUMPTIONS

**Mortality Rates (Pre- and Post Retirement)**

Retirement Rates

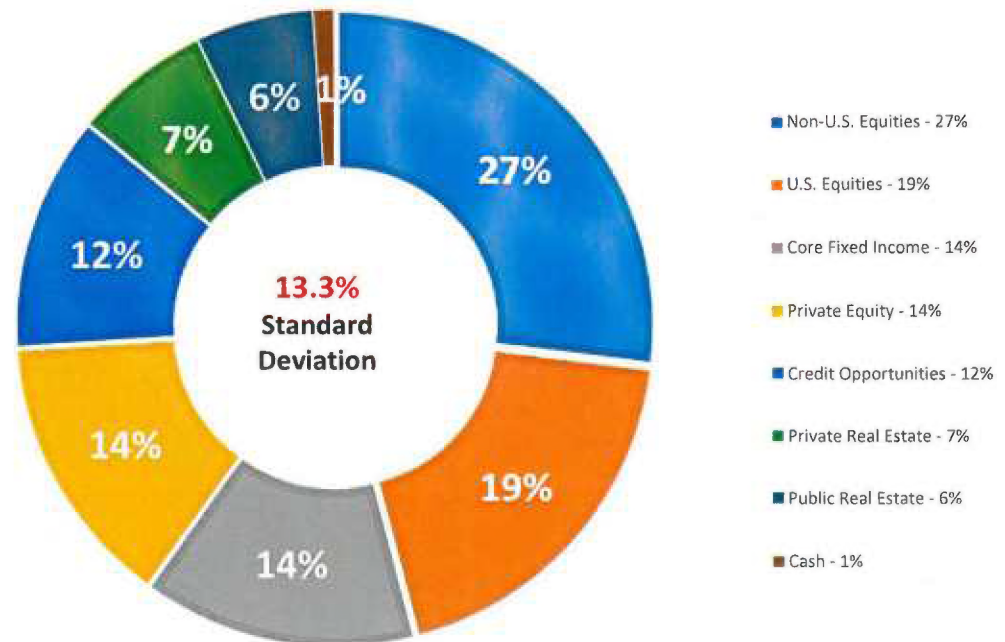
# Asset Allocation

The Board's most important investment decision is to determine the asset allocation, which drives a preponderance of a total plan's investment performance.

This decision takes into account the following:

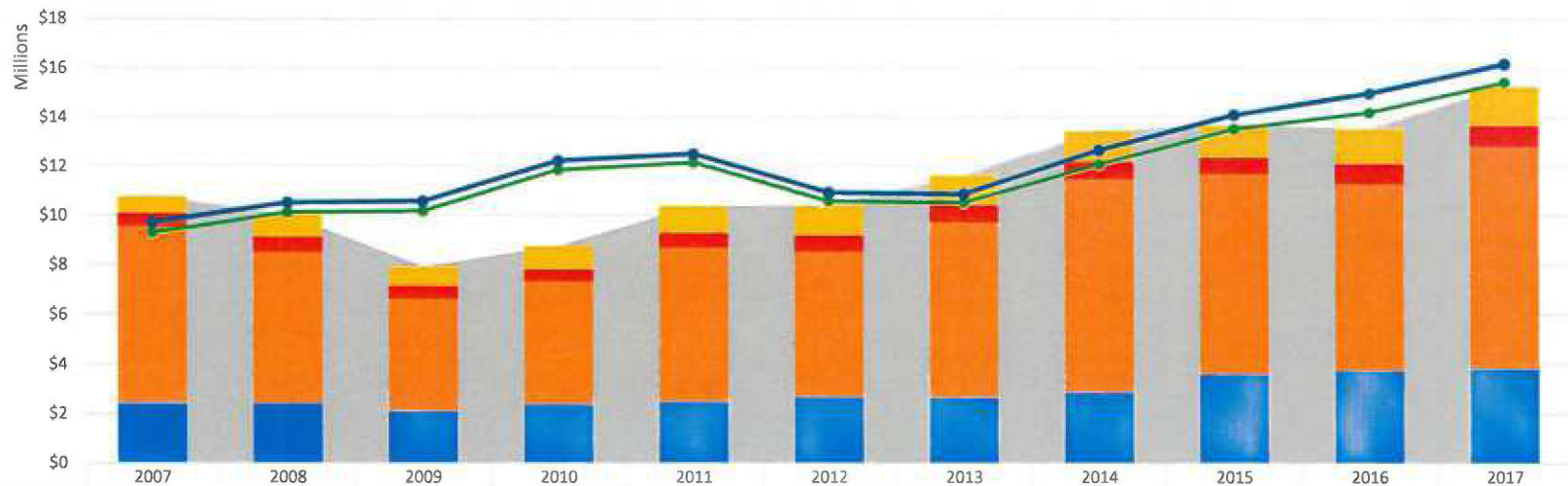
- Expected return
- Risk tolerance
- Plan's cash flow needs
- Investment time horizon

ADOPTED APRIL 10, 2018





# Investments Assets and Expenses



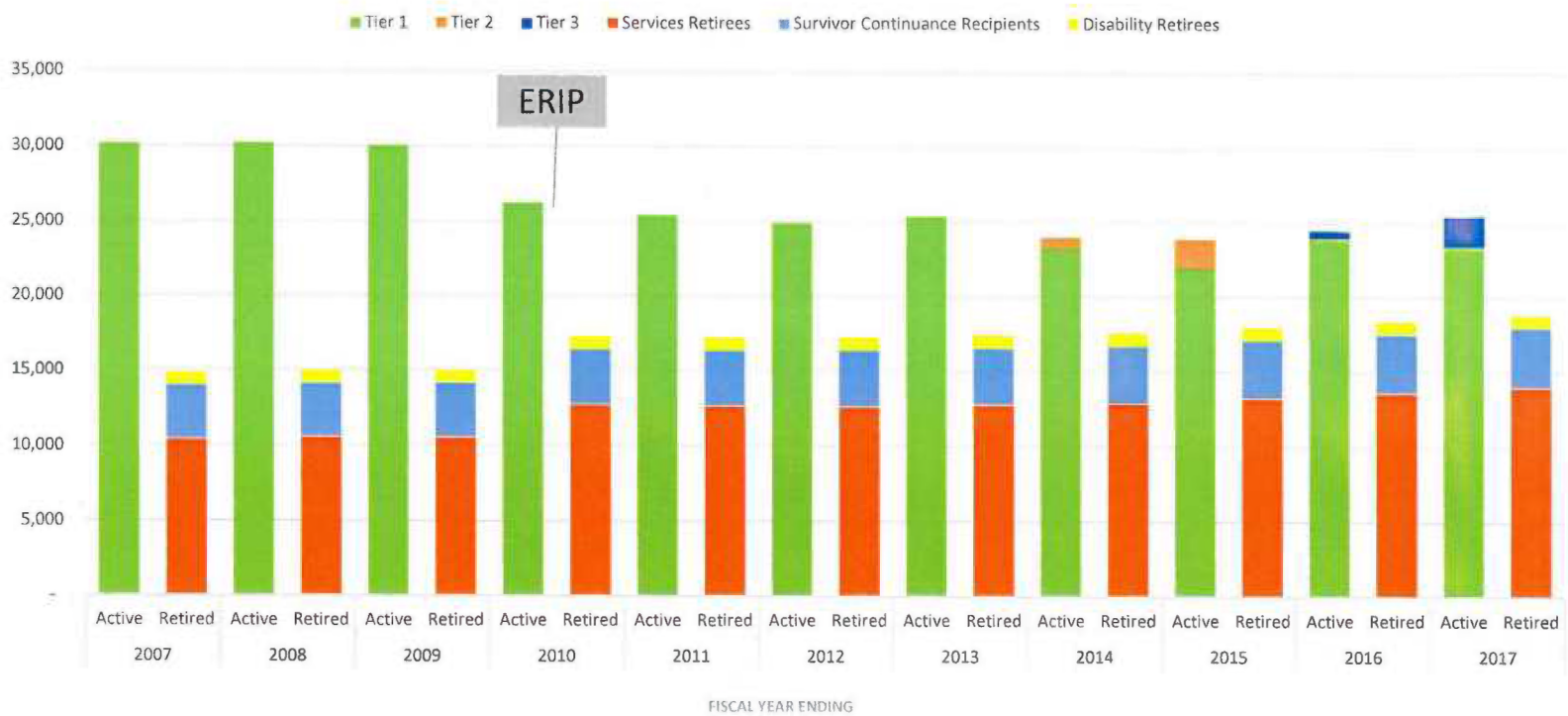
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
PORTFOLIO ASSETS	\$10,788,639	\$10,011,587	\$7,907,104	\$8,752,461	\$10,363,973	\$10,381,479	\$11,625,133	\$13,460,359	\$13,698,927	\$13,544,578	\$15,258,749
Private Equity Managers	695,862	871,722	758,473	951,433	1,080,334	1,192,565	1,206,895	1,262,319	1,335,988	1,418,649	1,578,649
Real Estate Managers	511,244	634,985	521,086	459,720	579,200	642,442	682,344	705,573	655,936	823,132	834,848
Equity Managers	7,163,211	6,083,367	4,518,509	4,958,268	6,225,939	5,860,136	7,078,720	8,617,415	8,102,421	7,542,083	9,022,033
Fixed Income Managers	\$2,418,322	\$2,421,513	\$2,109,036	\$2,383,040	\$2,478,500	\$2,686,336	\$2,657,174	\$2,875,052	\$3,604,582	\$3,760,714	\$3,823,219
MANAGEMENT FEES	\$41,169	\$44,859	\$45,093	\$52,544	\$53,849	\$46,861	\$46,627	\$53,570	\$60,009	\$63,043	\$68,523
TOTAL FEES	\$43,044	\$46,644	\$46,898	\$54,206	\$55,478	\$48,431	\$48,176	\$56,189	\$62,596	\$66,540	\$71,844

# Rate of Return – Actual Versus Assumed

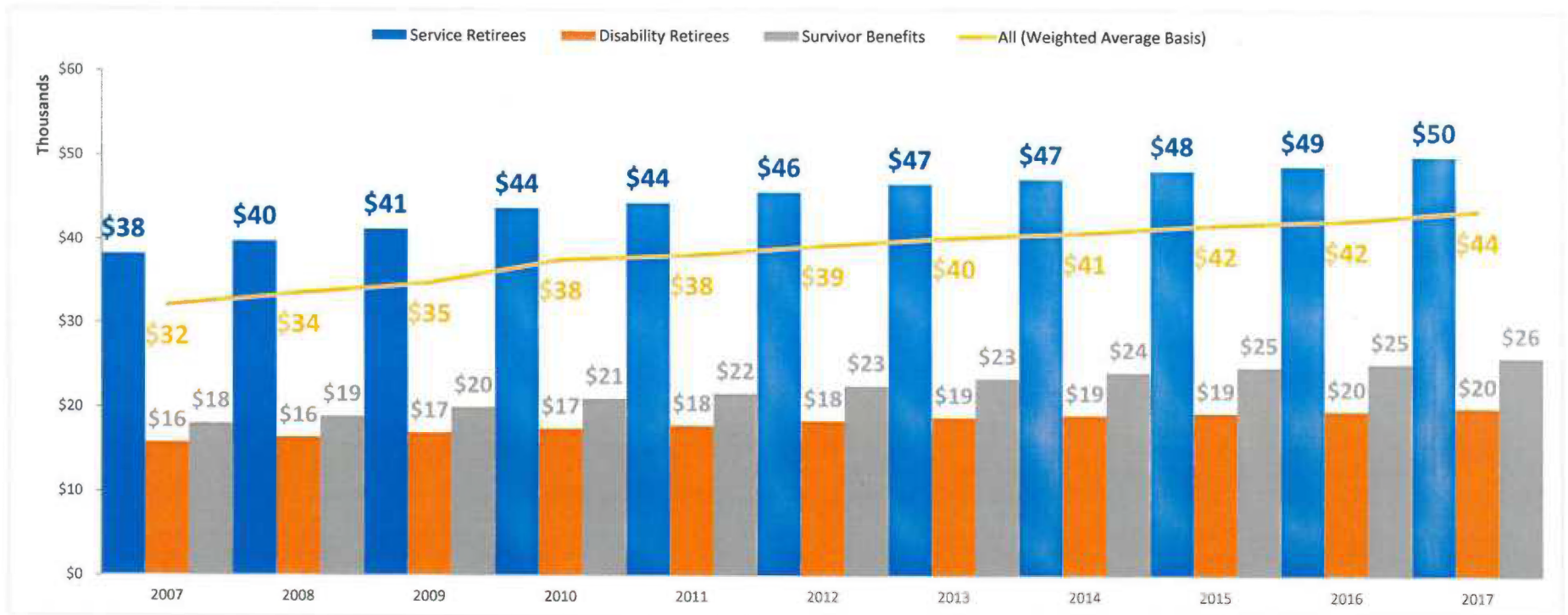


As of June 30

# Membership – Actives and Retired

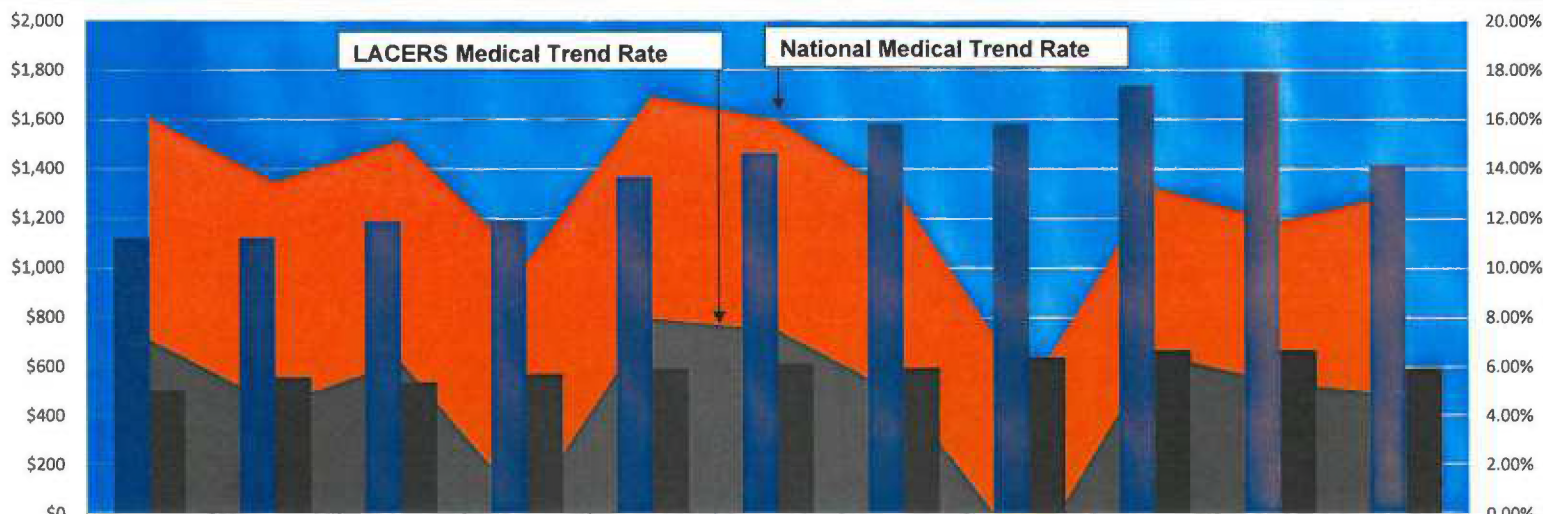


# Retirement – Average Annual Benefits





# Health Plan – Benefits and Costs



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*	10-Year Average
■ Medical Premium Trend Rate - Actuarial	9.00%	9.00%	9.00%	10.00%	9.00%	8.50%	8.00%	7.00%	6.75%	6.50%	8.28%
■ Medical Premium Trend Rate - LACERS	7.08%	4.47%	6.16%	0.23%	7.92%	7.44%	4.77%	-1.89%	6.49%	5.37%	4.80%
■ Max. Medical Subsidy/mo.	\$1,120	\$1,123	\$1,190	\$1,190	\$1,367	\$1,464	\$1,580	\$1,580	\$1,737	\$1,791	\$1,414
■ Avg. Medical Subsidy/mo.	\$503	\$555	\$534	\$567	\$589	\$611	\$594	\$636	\$665	\$667	\$592