

M. Shuler

THE COMPREHENSIVE
FINANCIAL
**Annual
Report**

AND INFORMATION ABOUT
RETIREMENT, DISABILITY AND
DEATH BENEFITS
FOR LACERA MEMBERS



For the Year Ended
June 30, 1989

Issued by
Charles F. Conrad
Retirement Administrator

Los Angeles, California

BOARD OF RETIREMENT



CHAIRMAN

ROBERT HERMANN, Sheriff's Department. Elected by safety members. Present term expires December 31, 1989. Elected Chairman of the Board, January 4, 1989.



VICE CHARIMAN

HOWARD L. CHAMBERS, appointed by the Board of Supervisors. Present term expires December 31, 1990. Elected Vice Chairman of the Board, January 4, 1989.



SECRETARY

ROBERT STOTELMEYER, elected by retired members. Present term expires December 31, 1990. Elected Secretary of the Board, January 4, 1989.



SANDRA M. DAVIS, County Treasurer and Tax Collector, appointed by the Board of Supervisors. Ex-officio member.



MICHAEL L. FALABRINO, appointed by the Board of Supervisors. Present term expires December 31, 1991.



CODY FERGUSON, Forester and Fire Warden's Department. Elected by safety members. Present term expires December 31, 1989. (Alternate)



ROBERT S. KENNARD, Department of the Assessor. Elected by general members. Present term expires December 31, 1990.



WARREN S. POPE, appointed by the Board of Supervisors. Present term expires December 31, 1990.



SIMON S. RUSSIN, Health Services Department. Elected by general members. Present term expires December 31, 1991.



JACK THOMAS, appointed by the Board of Supervisors. Present term expires December 31, 1989.

BOARD OF INVESTMENTS



CHAIRMAN

NORMAN S. JOHNSON, elected by retired members. Present term expires December 31, 1990. Elected Chairman of the Board, January 11, 1989.



VICE CHAIRMAN

J. LAWRENCE STONE, appointed by the Board of Supervisors. Present term expires December 31, 1990. Elected Vice Chairman of the Board, January 11, 1989.



SECRETARY

SANDRA M. DAVIS, County Treasurer and Tax Collector, appointed by the Board of Supervisors. Ex-officio member. Elected Secretary of the Board, January 11, 1989.



SANDRA J. ANDERSON, Department of Health Services. Elected by general members. Present term expires December 31, 1991.



LEO B. BABICH, appointed by the Board of Supervisors. Present term expired December 31, 1988; continued in office through June 30, 1989 since no appointment was made to replace him.



BONDIE O. GAMBRELL, appointed by the Board of Supervisors. Present term expires December 31, 1990.



ROBERT HERMANN, Sheriff's Department. Elected by safety members. Present term expires December 31, 1989.



JACK M. NAGEL, appointed by the Board of Supervisors. Present term expires December 31, 1989.



SIMON R. RUSSIN, Health Services Department. Elected by general members. Present term expires December 31, 1990.

**THE COMPREHENSIVE
FINANCIAL ANNUAL REPORT
AND INFORMATION ABOUT RETIREMENT,
DISABILITY AND DEATH BENEFITS
FOR LACERA MEMBERS**

**For the Year Ended
June 30, 1989**

**Issued by
Charles F. Conrad
Retirement Administrator
Los Angeles County Employees Retirement Association**

Los Angeles, California



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Charles F. Conrad
Retirement Administrator

October 20, 1989

Los Angeles County Employees
Retirement Association
Board of Retirement
Board of Investments
140 Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Board Members:

In accordance with the County Employees Retirement Law of 1937, I am pleased to submit the Comprehensive Annual Financial Report of the Los Angeles County Employees Retirement Association (LACERA) for the year ended June 30, 1989. The report contains financial statements that have been prepared in accordance with generally accepted accounting standards and reporting guidelines prescribed for governmental entities and provides for a comprehensive overview of LACERA's financial position and operating result. These statements have been audited by Ernst & Young and Quezada Godsey and Company, independent certified public accountants.

Under the leadership of the Boards of Retirement and Investments, fund assets continue to grow, reflecting superior investment performances, while member service levels continue to improve.

I would like to thank our Boards, LACERA staff and contract auditors, Ernst & Young and Quezada Godsey and Company for their professionalism and assistance.

LACERA AND ITS SERVICES

The County Employees Retirement Law of 1937, California Government Code Sections 31450 through 31898, authorized the establishment of the Los Angeles County Employees Retirement Association. System operations began on January 1, 1938.

LACERA is governed by the California Constitution, the County Employees Retirement Law of 1937, and the by-laws, procedures and policies adopted by the Boards of Retirement and Investments. The County Board of Supervisors may also adopt resolutions which may affect the benefits of LACERA members.

The general management of LACERA is the responsibility of the Board of Retirement. The Board of Investments is responsible for setting forth investment strategies,

policies and objectives for the employees retirement fund. Each Board is composed of four elected members, four appointed members and one ex-officio member. The Board of Retirement retains a fifth elected Board member as an alternate.

LACERA provides retirement, disability and death benefits to its active general and safety members. Safety membership includes law enforcement (Sheriff, Marshal and District Attorney Investigators), firefighting, forester and lifeguard classifications. General membership is applicable to all other occupational classifications.

LACERA collects, deposits, invests and manages retirement trust funds solely in the interest of, and for the exclusive purposes of providing benefits to participants and their beneficiaries and minimizing employer contributions; acts as a fiduciary agent for the control and accounting of member and employer contribution and investment income; acts on the direction of the Boards of Retirement and Investments; and identifies, develops and advances legislation, rules and policies which promote the interests of the system.

FUNDS AND ENTITIES INCLUDED

The report includes financial data for all LACERA funds and the following additional entities which are considered part of the retirement system for purposes of meeting the accounting requirements prescribed by the Government Accounting Standards Board (GASB):

- Little Lake Cemetery District
- Local Agency Formation Commission
- South Coast Air Quality Management District
- County Superintendent of Schools

RETIREMENT FUND FINANCIAL ACTIVITY

The Balance Sheet and Statement of Revenues, Expenses and Changes in Reserves are presented in accordance with Statement 1, "Governmental Accounting and Financial Reporting Principles" issued by the National Council on Governmental Accounting. The California Constitution and the County Employees Retirement Law of 1937 require that LACERA be accounted for as a trust fund.

The Retirement Fund total reserves balance as of June 30, 1989 was \$8.47 billion representing a net increase from the previous year of \$890 million.

The following is a comparison (in thousands) of the 1989 revenues and expenditures with corresponding 1988 revenues and expenditures:

REVENUES	Year-Ended June 30th		
	1988	1989	Increase (Decrease)
Member Contributions	\$ 103,879	\$ 93,862	\$ 10,017
Employer Contributions	383,820	352,076	31,744
Total Contributions	\$ 487,699	\$ 445,938	\$ 41,761
Other Additions	75	40	35
Investment Income	837,117	664,011	173,106
Less Investment Expenses	16,484	11,280	5,204
Total Investment Income	\$ 820,633	\$ 652,731	\$ 167,902
Other Revenue	9	42	(33)
TOTAL REVENUES	1,308,416	\$ 1,098,751	\$ 209,665
EXPENSES			
Benefits	389,949	345,924	44,025
Other Expenses	28,768	16,230	12,538
TOTAL EXPENSES	\$ 418,717	\$ 362,154	\$ 56,563
EXCESS OF REVENUES OVER EXPENSES	\$ 889,699	\$ 736,597	\$ 153,102

INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

LACERA utilizes a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use and disposition and to provide reliable records for preparing financial statements and maintaining accountability for assets. All internal accounting control evaluations occur within the above framework.

Application of generally accepted governmental budgetary controls assure effective budgetary control and accountability.

ACTUARIAL REQUIREMENTS

For purposes of determining contribution rates for members and employers and determining the trust's funding status, LACERA engages an independent actuarial firm to conduct a triennial actuarial valuation and investigation in accordance with the County Employees Retirement Law of 1937. The last such valuation was performed as of June 30, 1986.

For purposes of disclosure as required by Statement 5 of the Governmental Accounting Standards Board (GASB), LACERA engages an independent actuary to perform a biennial actuarial valuation in conformance with GASB methodology, with actuarial updates performed in off-years. The latest such valuation was reported as of June 30, 1988.

INTEGRATED RETIREMENT INFORMATION SYSTEM (IRIS)

The Integrated Retirement Information System (IRIS), currently under development, is designed to replace the current active member, retired member, actuarial benefit calculation, and benefit disbursement systems with a single on-line data base. IRIS will track all pertinent member data for both active and retired members, record contributions and interest, calculate retirement benefits, and issue benefits payments to retired members. Scheduled for operation in 1990, IRIS will provide a level of services far superior to the current system.

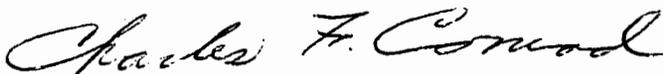
PERSONAL COMPUTER NETWORK (LAN)

LACERA has begun implementation of a Personal Computer Network, technically known as a Local Area Network (LAN), to provide a high degree of office automation and an environment which promotes increased personal productivity.

AUTOMATED INVESTMENT MANAGEMENT SYSTEM (AIMS)

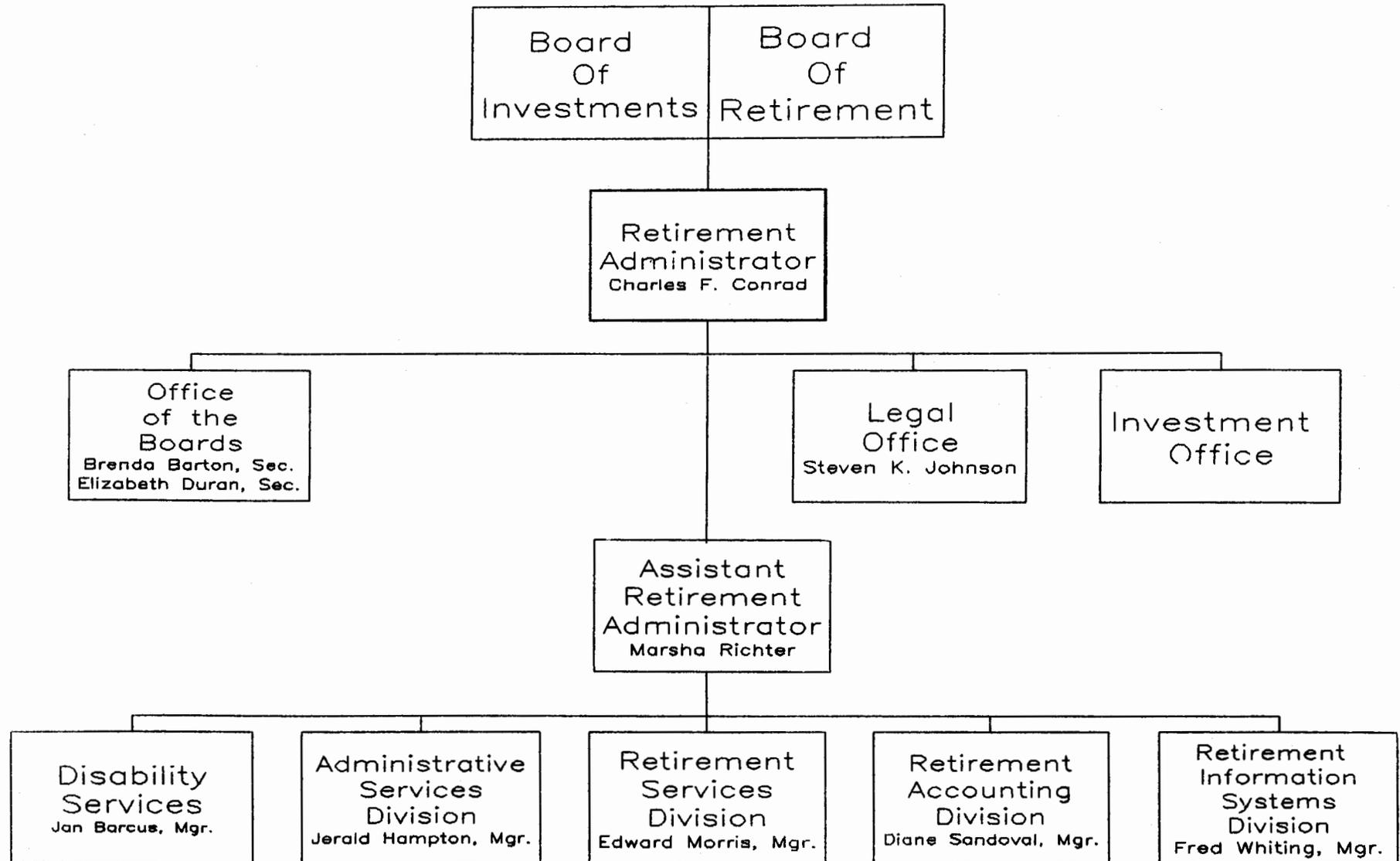
A request for proposal (RFP) has been released by LACERA to solicit proposals from qualified vendors for a fully operational on-line Automated Investment Management System (AIMS) and related services. AIMS will provide for an automated in-house investment accounting system, support internal accounting capabilities to monitor and account for domestic and international investments, facilitate the preparation of standard accounting and investment reports, and provide a database which maintains data capabilities for asset allocations, performance measurement, securities lending and account valuations.

Respectfully submitted,



Charles F. Conrad
Retirement Administrator

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION





LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Charles F. Conrad
Retirement Administrator

TO ALL ACTIVE, DEFERRED AND RETIRED MEMBERS OF LACERA:

Dear Member:

GENERAL MEMBERSHIP IN THE RETIREMENT ASSOCIATION

The Los Angeles County Employees Retirement Association (LACERA) was established in 1938 in recognition of a public obligation to provide County and District employees retirement benefits for their service in public employment. All permanent employees, working in general or safety membership classifications of three-quarter time permanent or more, are eligible for membership in LACERA. Court employees other than Judges are also eligible for membership in LACERA.

The retirement system has changed in many ways since 1938, but it continues to provide excellent retirement benefits and services to its members and beneficiaries. In addition to providing the comprehensive financial annual report of LACERA, this booklet is designed to provide a "summary plan description" of the retirement, disability and death benefits available to members of the Association for the year ended June 30, 1989.

The County Employees Retirement Law makes all individual records of members confidential. Such records may not be disclosed to anyone other than the member, except in the administration of the law or upon order of a court of competent jurisdiction.

Information in this booklet is intended to be accurate, but whenever a statement herein conflicts with the law, the law shall prevail. Official decisions will be made only after reference to the official publication of the statutes and of any regulations which govern the administration of the Retirement Association.

Each member should carefully read the information contained in this booklet to understand the many benefits provided by law. Because the information cannot cover every individual situation, however, members are encouraged to contact retirement staff either by telephone or in person if they have any questions pertaining to their individual benefits or if any of the information in this booklet requires further clarification.

BOARD OF RETIREMENT
BOARD OF INVESTMENTS



**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
COMPREHENSIVE ANNUAL REPORT
FISCAL YEAR ENDED JUNE 30, 1989**

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For more information contact LACERA by writing or telephoning as follows:

Hall of Administration, Room 130
500 West Temple Street
Los Angeles, CA 90012
(213) 687-8040
(800) 366-3875 All 50 states

GENERAL INFORMATION FOR ACTIVE MEMBERS

Introduction

The Los Angeles County Employees Retirement Association, hereinafter referred to as LACERA, is an independent entity established pursuant to the County Employees Retirement Law of 1937 (California Government Code Section 31450 et seq.) which administers a trust fund account designated as the employees retirement fund now totaling over \$8 billion. LACERA provides retirement, disability and death benefits to its active general members in Plan A, B, C & D and to its active safety members in Plan A and B. Retirement benefits only are provided to general members in Plan E. Disability and death benefits for active Plan E members are not provided through LACERA but are available through the Long-Term Disability and Survivor Benefit Plan provided by the County of Los Angeles and administered by the Long-Term Disability and Survivor Benefit Plan Section in the Chief Administrative Office. Continuances for eligible survivors of retired members are provided through LACERA for members of **all** retirement plans. The LACERA plans are known as **defined benefit plans** because the retirement allowances provided are based on the member's salary, length of service and age at retirement. While LACERA was established for the benefit of County employees, there are employees of other agencies that are also LACERA members. These agencies include the Little Lake Cemetery District, Local Agency Formation Commission, South Coast Air Quality Management District and the County Superintendent of Schools, although new employees of the latter two agencies now become members of retirement systems other than LACERA.

Management of LACERA

Except as otherwise delegated to the Board of Investments and except for the statutory duties of the County Treasurer, the management of LACERA is vested in the Board of Retirement. The Board of Retirement is composed of nine members and an alternate member as shown on the inside of the front cover of this booklet. The Board of Investments is also composed of nine members, as shown on the same page, and has exclusive control of the investment of the employees retirement fund. LACERA employs technical and clerical staff to handle the day-to-day operations involving the administration of benefits and accounting functions. LACERA is governed by the California Constitution, the County Employees Retirement Law of 1937, various other statutes, By-laws of the Boards of Retirement and Investments, and procedures and policies adopted by the Boards of Retirement and Investments. Moreover, the County Board of Supervisors may, as authorized by the Government Code, adopt resolutions which affect the benefits of LACERA members.

The expense of administering the retirement system is charged against the earnings of the retirement fund. LACERA collects, deposits, invests and manages retirement trust funds solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system; acts as fiduciary agent for the control and accounting of member and employer contributions and investment income; acts on the direction of the Boards of Retirement and Investments; and identifies, develops and advances legislation, rules and policies which promote the fiscal integrity of the system.

Types of Membership

There are two types of membership in LACERA: safety and general. Safety membership is applicable to appointees in law enforcement (includes Sheriff, Marshal and District Attorney Investigators), firefighting, forester and ocean and lake lifeguard classifications. General membership is applicable to all other appointees. Note: Safety membership has been available to all members in safety classifications who were not over the age of 35 (under 35½) at the time of entry into LACERA membership or as of the date when they became employed in a position, the principal duties of which consisted of active law enforcement, fire suppression, or ocean and lake lifeguard activities. In addition, those members who were over the age of 35 at the time of entry into LACERA membership, but who were safety members in a reciprocal retirement system and retained membership in that system, are also eligible for safety membership. As of January 1, 1987, the legal age limitation for safety membership was removed and, regardless of age, all persons appointed to three-quarter time or more permanent safety classifications are eligible for safety membership.

Membership Plans and Dates

There are two **safety** member plans. These are:

- **Plan A** for employees who became safety members prior to September 1, 1977.
- **Plan B** for employees who became safety members on or after September 1, 1977.

There are five **general** member plans. These are:

- **Plan A** for employees who became general members prior to September 1, 1977.
- **Plan B** for employees who became general members on or after September 1, 1977 through September 30, 1978.

- **Plan C** for employees who became general members on or after October 1, 1978 through May 31, 1979.
- **Plan D** for employees who became general members on or after June 1, 1979 through December 31, 1981 or were hired on January 1, 2 or 3, 1982; for employees who were hired on or after January 4, 1982 and who elected Plan D as their retirement plan; and for members who elected to transfer to Plan D during a transfer period approved by the Board of Supervisors and have completed the deposit of all required contributions.
- **Plan E** for employees who were hired on or after January 4, 1982 and who elected Plan E as their retirement plan; and for members who transferred to Plan E during a transfer period approved by the Board of Supervisors.

Membership Eligibility

Persons entering the employ of the County, districts or courts on a permanent basis of three-quarter time or more are eligible for membership in LACERA. Item designations which determine membership eligibility are A (monthly permanent, full-time), L (Department Head), N (monthly permanent, full-time; grant funded), Y (monthly permanent, $\frac{3}{4}$ time), and Z (monthly permanent, $\frac{4}{5}$ time). Employees are excluded from membership in a retirement plan if they are classified as temporary, seasonal, intermittent, part-time or less than three-quarter time permanent.

Effective Date of Membership/Plan Election

Persons entering the employ of the County, districts or courts on a permanent basis of three-quarter time or more become members of LACERA on the following effective dates based on type of membership:

Safety employees:

- On the first day of the calendar month following appointment regardless of the date hired.

General employees:

- On the first day of the calendar month following appointment if hired on or before January 3, 1982.
- On the first day of the calendar month following the election of a retirement plan if hired on or after January 4, 1982.

Note: As a condition of employment, general employees must make an election of a retirement plan within 60 days after becoming eligible for membership. An employee may elect Plan D (a contributory plan) or Plan E (a non-contributory plan). Such election is made by circling 'D' or 'E' and signing your name on a Sworn Statement card made available by your employer.

Elective Officers become members of LACERA on the first day of the calendar month following the filing of a declaration with the Board of Retirement to become a member.

Highlights of Contributory and Non-Contributory Plans

LACERA offers two types of plans: contributory and non-contributory. Further information on the various benefits of the plans is provided throughout this booklet; plan highlights of the two types, however, are as follows:

Contributory Plans:

- There are six contributory plans: four are general member plans (Plans A, B, C & D) and two are safety member plans (Plans A & B).
 - Vesting occurs after a member has accumulated five years of retirement service credit.
 - Members may retire at age 50, provided they have at least ten years of retirement service credit, other than public service, or provided they are vested and ten years has passed since their membership entry date.
 - Contributions are made by the member and credited to the member's account. Interest is credited to the accounts twice each year. For tax treatment, member contributions are made by the employer, thereby reducing the taxable income of members. Contributions may be withdrawn by the member only upon termination of service or if the member transfers to a position in which membership is not compulsory.
 - Members are eligible to purchase and receive credit for County service prior to membership.
 - Members are eligible to purchase and receive credit for public service prior to membership only if they meet the criteria as described under the section on PLAN A CREDIT FOR PREVIOUS PUBLIC OR PRIOR SERVICE, Page 16.
 - Members are eligible for disability retirement through LACERA and for benefits under the Long-Term Disability and Survivor Benefit Plan through the County of Los Angeles.
 - Cost-of-living increases after retirement are granted effective each April 1 to a maximum of 3% (Plan A) or 2% (Plans B, C or D) based on the Consumer Price Index as of the preceding January 1.
 - There are survivor benefits for eligible surviving spouses/children of members who die either before retirement or after retirement.
 - Medical and dental/vision insurance benefits are available to retired members/surviving spouses.
 - The County provides \$2,000 of life insurance.
- #### Non-Contributory Plan:
- There is only one non-contributory plan, Plan E, which is for general members only.
 - Vesting occurs after a member has accumulated ten years of retirement service credit.
 - Members may retire at age 55 provided they have at least ten years of retirement service credit, other than public service.
 - No contributions are made by the member.

- New Plan E members are not eligible to receive credit for County service prior to membership, but members who transferred to Plan E from a contributory plan are eligible to receive credit for County service prior to membership.
- New Plan E members are not eligible to receive credit for public or prior service, prior to membership, but members who transferred to Plan E from a contributory plan are eligible to receive credit for such service which they would have been eligible to purchase had they not elected to transfer to Plan E with the exception of prior service as defined in the amended by-laws adopted in January 1988 (see Page 17).
- Members are not eligible for disability retirement through LACERA but only for benefits under the Long-Term Disability and Survivor Benefit Plan through the County of Los Angeles.
- There are no cost-of-living increases after retirement.
- There are survivor benefits for surviving spouses/children of members who die after retirement only.
- Medical and dental/vision insurance benefits are available to retired members/surviving spouses.
- The County provides \$10,000 of life insurance.

Consequences of Plan Election and Transfer /Redeposit of Contributions

There are important consequences involved in the election of a retirement plan, the transfer between plans and the redeposit of contributions. These consequences are detailed below:

Eligible employees in general membership classifications do not become members until the first of the month following the election of a retirement plan. An employee receives no retirement service credit until becoming a member so it is important to make an election of a plan as soon as possible after becoming eligible for membership.

Employees holding positions in County or district service prior to membership which excluded them from membership, as described under the section on MEMBERSHIP ELIGIBILITY, Page 2 and who subsequently become members, may purchase credit for all such service prior to the date of becoming eligible for membership if they elect Plan D (the contributory plan), or if they become safety members. If the excluded but now eligible employees elect Plan E (the non-contributory plan), however, no County or district service credit will be given prior to the effective date of membership.

Members who terminate service and later return to service in general membership classifications may elect either Plan D or Plan E, regardless of the plan they were in prior to the date of termination; for example, members who were previously in Plan D may elect Plan E and vice versa. Members who were previously vested under Plan E and elect Plan E again will continue to accrue credit under Plan E.

General members who elected to transfer from a contributory plan to Plan E, who terminate service and later return to service, may elect either Plan D or Plan E, but they cannot redeposit contributions which were refunded when they transferred to Plan E and be reinstated to their previous contributory plan nor may they receive credit for that prior service regardless of the plan they elect, unless as noted above, they were previously vested under Plan E and elect Plan E.

General members who elected to transfer from Plan E to Plan D are eligible to receive credit under Plan D only for that service which they were eligible to receive under Plan E. They may not be reinstated to a contributory plan other than Plan D even though they may have previously been in such a contributory plan, for example, Plan A, B or C, prior to their transfer to Plan E.

Current members of LACERA in contributory plans, who terminated a prior period of membership service other than Plan E and elected to withdraw their accumulated contributions/interest, may now redeposit those contributions, plus accrued interest, and be reinstated to their previous retirement plan. For example, a former Plan A member who terminated service and withdrew his contributions, who returned to service and is now a Plan B, C or D member, may redeposit those withdrawn contributions, plus accrued interest, and be reinstated to Plan A. The reinstated member is also eligible to a refund of any excess contributions made during the time the member was in Plan B, C or D. In addition, if that prior period of membership overlapped a period in which a member would have been eligible to receive credit for public or prior service, the member who redeposits previously withdrawn contributions may now elect to receive credit for such public or prior service as described under the section on PLAN A CREDIT FOR PREVIOUS PUBLIC OR PRIOR SERVICE, Page 16.

There are additional consequences of plan election relating to a member's eligibility for disability retirement and for survivor benefits which are covered in detail in later sections of this booklet.

Member Retirement Contributions

All retirement plans, except Plan E, are contributory plans. Members in all plans, except Plan E, are required to make monthly retirement contributions through payroll deductions which are credited to their individual accounts. Several employers, however, have negotiated with their employees to pay a portion of the employees' contributions. The rate of contribution for members is based on age at the nearest birthday at the time of entrance into LACERA (see Tables 1-6 on Pages 6-11). A retirement contribution is calculated by multiplying the applicable percentage rate times gross salary, excluding shift differentials, overtime and flat rate bonuses. For example, the contribution for a 25-year-old person entering membership in Plan D who is earning a monthly salary of \$1,200.00 would be 6.73% (from Table 6,

Page 11) times \$1,200.00 equals \$80.76. (LACERA members who were, or are, covered by Social Security made, or make, reduced retirement contributions. To compute the contribution for periods covered by Social Security for Plan A, B or C members, subtract \$116.67 from gross salary before multiplying by the contribution rate; for Plan D members, subtract \$350 from gross salary before multiplying by the contribution rate. This formula for Plan D members applies only if monthly salary equals or exceeds \$1,050. If less than \$1,050, contact LACERA for the appropriate formula.)

While contribution rates may increase or decrease based on actuarial studies, a member's current rate is always based on age at entry. For example, if you are now a 50-year-old who entered LACERA at age 25 in Plan A, your current rate would be 4.14%, based on your entry age of 25 (from Table 3, Page 8). Contributions are discontinued for a person who was a member on March 7, 1973 and remained in membership continuously until credited with 30 years of service. Service credit for eligible County or public service prior to membership and purchased by the member counts towards the 30 years. Persons entering membership in a contributory plan after the above date will make contributions for as long as they are in active service.

Member contributions earn interest which is posted to a member's account on June 30 and December 31. The current annual rate of interest is 8%. A financial statement showing contributions and interest is issued to each LACERA member in a contributory plan approximately three months after the close of the fiscal year ending June 30. These statements show the member's taxable and non-taxable contributions plus the interest which has been credited to the member's account. "Taxable" contributions refers to those contributions on which the member was not taxed at the time the contributions were made and which, therefore, would be taxable upon withdrawal or retirement. "Non-taxable" contributions refers to those contributions on which the member paid taxes at the time the contributions were made and which, therefore, would not be taxable upon withdrawal or retirement. The Auditor-Controller reports the "taxable" contributions made by a member as "deferred retirement contributions" on the annual W-2 issued at year end.

Contributions may not be withdrawn by a member before termination of employment and loans may not be made against the contributions in a member's account.

Employer Retirement Contributions

Employers of LACERA members make contributions for members in all retirement plans as shown on Table 7, Page 12. The employer contribution rate is applied to the member's full base salary. Employer contributions are credited to the County Advance Reserves and are not refundable to either the employee or the employer upon termination of a member.

Taxation of Retirement Contributions

Contributions made before August 1, 1983 were included in a member's gross wages and were, therefore, subject to being taxed. Effective August 1, 1983, the County Board of Supervisors adopted an ordinance implementing the provisions of Section 414 (h) (2) of the Internal Revenue Code concerning the tax treatment of employee contributions paid by the County on behalf of affected employees. Pursuant to this section, contributions to a pension plan, although designated under the plan as employee contributions, when paid by the employer in lieu of contributions by the employee, under circumstances in which the employee does not have the option of choosing to receive the contributed amounts directly instead of having them paid by the employer, may be excluded from the gross income of the employee until these amounts are distributed or made available to the employee.

The effect of the ordinance is to reduce a member's taxable income. The County makes employee contributions on behalf of its employees and reduces their wages by the amount of the employee contributions made by the employer. Such contributions are treated as employer contributions in determining tax treatment under the Internal Revenue Code; for all purposes other than taxation, contributions are treated exactly like they were prior to August 1, 1983. Contributions made through the payroll process on or after August 1, 1983 which may be treated this way include the member's "normal contributions" which are computed as a percentage of gross salary, "other contributions" which are made to receive credit for eligible previous County or public service and "back retirement contributions" which are made to receive credit for a period of service for which contributions were not taken.

All of these contributions are shown as deferred retirement contributions on the employee's W-2 issued by the Auditor-Controller at year end and on the employee's warrant/direct deposit stub. Auditor-Controller codes designating whether retirement contributions are taxed or tax deferred, are shown on Table 8, Page 12. LACERA reports contributions made after August 1, 1983 as "taxable contributions" on the annual financial statement since they would be taxable upon withdrawal or retirement while contributions made before August 1, 1983 are shown as "non-taxable contributions" since they would not be taxable upon withdrawal or retirement. Employee contributions which are deducted from any type of pay which was not taxable are posted to the member's non-taxable contributions and would be shown on the warrant/direct deposit stub under a tax-deferred rather than a tax-deferred code.

Social Security Coverage/Medicare Coverage

Employees who became general members in LACERA or became eligible for membership in LACERA on or after June 1, 1964, and all employees who elected Social Security coverage in May 1964 were covered under Social Security. Old age, survivor, and disability insurance benefits provided through the Social Security system are payable to those members when they meet the eligibility requirements for those benefits. Questions concerning eligibility for these benefits should be directed to your nearest Social Security office. The County of Los Angeles withdrew its employees from the Social Security system effective January 1, 1983, but employees of the Little Lake Cemetery District and the South Coast Air Quality Management District are still covered by Social Security.

On April 7, 1986 Congress signed into law an act which mandates that all State and local government employees hired after March 31, 1986 participate in Medicare.

Beneficiary Designation

The name and relationship of a beneficiary is given by each member upon entry into LACERA. A married member normally names the spouse as beneficiary because of the community property laws of California and the survivorship benefits available to a spouse in the event of the member's death. The person named as beneficiary may be changed at any time. However, the rights of a spouse — or minor unmarried child, if the member had no spouse — will supersede the rights of any beneficiary named by the member should the member die before retirement.

Beneficiary statements are sent annually to all active and deferred members in a contributory plan along with the annual financial statement. Beneficiary changes for members in a contributory plan may be made on these beneficiary statements which are sent to the members or on forms which are available at departmental and payroll offices or from LACERA. **Beneficiary designations should be kept current!** Changes in beneficiary designations should also be made with the County Employee Insurance Section and with the appropriate payroll office. A change in one of these does not automatically change the other two. Beneficiary statements are not sent to Plan E members since survivor benefits for them are handled by the Long-Term Disability Office and not LACERA.

At the time of retirement all members will again be asked to designate their beneficiary to insure that it is current.

Reciprocity

Reciprocity is the special relationship that exists between "reciprocal" retirement systems. It is intended to encourage career public service by granting retirement benefits to members which have been derived from service credit earned in two or more reciprocal public retirement systems. Reciprocity provisions also define the financial obligations of each system. Reciprocity applies to persons entering LACERA from a reciprocal retirement system or leaving LACERA to enter a reciprocal retirement system if such entry is made within 180 days after leaving the reciprocal system. Members who withdraw their retirement contributions give up the right to reciprocity but, under some circumstances, are eligible to re-establish reciprocity. Please refer to the section on DEFERRED/VESTED RECIPROCAL RETIREMENT BENEFITS, Page 14 for additional information on reciprocity.

Combined General and Safety Service

Members who have earned service credit as both general and safety members in LACERA will receive one retirement allowance payment after retirement. Service credit in each type of membership will be used in computing the benefits and the benefits will be added together to determine the total retirement allowance payable.

Transfers Between Retirement Plans

Effective upon the adoption of a resolution by the Board of Supervisors, general members in Plan A, B, C or D may elect to transfer to Plan E and Plan E members may elect to transfer to Plan D. Transfer is made by election upon proper application executed by the member and filed with the Board of Retirement on or before the last day of the period specified in the resolution. Such resolutions may be adopted only after there has been agreement between employer and employee representatives and they have ratified the necessary Memorandum of Understanding.

Table 1

SAFETY MEMBERS—PLAN A
MEMBER RATES OF CONTRIBUTION BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY

(Based on Nearest Year of Age at Membership)

<u>Age</u>	<u>Negotiated County Rate*</u>	<u>Actuarial Recommended Rate*</u>
18	— %	7.91%
19	—	7.99
20	—	8.07
21	6.25	8.15
22	6.37	8.24
23	6.46	8.32
24	6.56	8.40
25	6.68	8.49
26	6.79	8.58
27	6.90	8.66
28	7.03	8.75
29	7.16	8.84
30	7.29	8.93
31	7.41	9.01
32	7.56	9.10
33	7.69	9.19
34	7.84	9.28
35	7.99	9.38
36	9.47	9.47
37	9.56	9.56
38	9.65	9.65
39	9.75	9.75
40	9.84	9.84
41	9.94	9.94
42	10.03	10.03
43	10.13	10.13
44	10.23	10.23
45	10.32	10.32
46	10.42	10.42
47	10.52	10.52
48	10.62	10.62
49 & over	10.72	10.72

*Actuarial recommended rates for ages 18, 19 and 20 were adopted to become effective September 1, 1988; negotiated rates for these ages had not been established as of June 30, 1989.

Table 2

SAFETY MEMBERS—PLAN B
MEMBER RATES OF CONTRIBUTION BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY

(Based on Nearest Year of Age at Membership)

<u>Age</u>	<u>Negotiated County Rate*</u>	<u>Actuarial Recommended Rate*</u>
18	— %	9.90%
19	—	10.00
20	—	10.11
21	10.02	10.21
22	10.17	10.31
23	10.35	10.42
24	10.52	10.52
25	10.63	10.63
26	10.74	10.74
27	10.85	10.85
28	10.96	10.96
29	11.07	11.07
30	11.18	11.18
31	11.29	11.29
32	11.40	11.40
33	11.51	11.51
34	11.63	11.63
35	11.74	11.74
36	11.86	11.86
37	11.97	11.97
38	12.09	12.09
39	12.21	12.21
40	12.33	12.33
41	12.44	12.44
42	12.56	12.56
43	12.69	12.69
44	12.81	12.81
45	12.93	12.93
46	13.05	13.05
47	13.18	13.18
48	13.30	13.30
49 & over	13.43	13.43

*Actuarial recommended rates for ages 18, 19 and 20 were adopted to become effective September 1, 1988; negotiated rates for these ages had not been established as of June 30, 1989.

Table 3

GENERAL MEMBERS — PLAN A
MEMBER RATES OF CONTRIBUTION BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY

(Based on Nearest Year of Age at Membership)

<u>Age</u>	<u>Negotiated County Rate (1)</u>	<u>Actuarial Recommended Rate</u>	<u>Negotiated SCAQMD Rate (2)</u>
16	3.67%	4.95%	%
17	3.73	5.00	0
18	3.78	5.05	0
19	3.83	5.10	0
20	3.87	5.16	0
21	3.92	5.21	0
22	3.97	5.27	0
23	4.02	5.32	0
24	4.10	5.37	0
25	4.14	5.43	0
26	4.22	5.49	0
27	4.28	5.54	0
28	4.38	5.60	0
29	4.43	5.65	0
30	4.53	5.71	0
31	4.63	5.77	0
32	4.71	5.83	0
33	4.80	5.89	0
34	4.90	5.95	0
35	5.01	6.00	0
36	5.12	6.06	.01
37	5.23	6.12	.07
38	5.35	6.19	.13
39	5.47	6.25	.19
40	5.59	6.31	.25
41	5.72	6.37	.31
42	5.85	6.43	.38
43	5.99	6.50	.44
44	6.12	6.56	.50
45	6.27	6.62	.56
46	6.42	6.69	.63
47	6.56	6.75	.69
48	6.72	6.82	.75
49	6.82	6.88	.82
50	6.88	6.95	.88
51	6.95	7.01	.95
52	7.02	7.08	1.02
53	7.08	7.15	1.08
54 & over	7.15	7.21	1.15

(1)

(2) Minimum \$1.00 per month.

Table 4

GENERAL MEMBERS—PLAN B
MEMBER RATES OF CONTRIBUTION BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY

(Based on Nearest Year of Age at Membership)

<u>Age</u>	<u>Negotiated County Rate</u>	<u>Actuarial Recommended Rate</u>	<u>Negotiated SCAQMD Rate*</u>
16	6.30%	6.93%	.87%
17	6.41	7.00	.95
18	6.47	7.07	1.02
19	6.57	7.15	1.09
20	6.65	7.22	1.17
21	6.73	7.30	1.24
22	6.82	7.37	1.32
23	6.92	7.45	1.39
24	7.02	7.53	1.47
25	7.13	7.60	1.54
26	7.25	7.68	1.62
27	7.37	7.76	1.70
28	7.50	7.84	1.78
29	7.64	7.92	1.86
30	7.79	8.00	1.94
31	7.94	8.08	2.02
32	8.10	8.16	2.10
33	8.18	8.24	2.18
34	8.26	8.33	2.26
35	8.34	8.41	2.34
36	8.43	8.49	2.43
37	8.51	8.58	2.51
38	8.60	8.66	2.60
39	8.68	8.75	2.68
40	8.77	8.83	2.77
41	8.85	8.92	2.85
42	8.94	9.01	2.94
43	9.03	9.10	3.03
44	9.11	9.18	3.11
45	9.20	9.27	3.20
46	9.29	9.36	3.29
47	9.38	9.45	3.38
48	9.47	9.54	3.47
49	9.56	9.64	3.56
50	9.65	9.73	3.65
51	9.74	9.82	3.74
52	9.84	9.91	3.84
53	9.93	10.01	3.93
54 & over	10.02	10.10	4.02

*Minimum \$1.00 per month.

Table 5

GENERAL MEMBERS—PLAN C
MEMBER RATES OF CONTRIBUTION BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY

(Based on Nearest Year of Age at Membership)

<u>Age</u>	<u>Actuarial Recommended Rate</u>	<u>Negotiated SCAQMD Rate*</u>
16	6.18%	.14%
17	6.25	.20
18	6.31	.27
19	6.38	.34
20	6.45	.40
21	6.52	.47
22	6.58	.54
23	6.65	.61
24	6.72	.68
25	6.79	.75
26	6.86	.82
27	6.93	.89
28	7.01	.96
29	7.08	1.03
30	7.15	1.10
31	7.22	1.17
32	7.30	1.25
33	7.37	1.32
34	7.45	1.40
35	7.52	1.47
36	7.60	1.55
37	7.68	1.62
38	7.75	1.70
39	7.83	1.78
40	7.91	1.85
41	7.99	1.93
42	8.07	2.01
43	8.15	2.09
44	8.23	2.17
45	8.31	2.25
46	8.39	2.33
47	8.47	2.41
48	8.56	2.50
49	8.64	2.58
50	8.72	2.66
51	8.81	2.75
52	8.89	2.83
53	8.98	2.91
54	9.06	3.00
55	9.15	3.09
56	9.24	3.17
57	9.32	3.26
58	9.41	3.35
59 & over	9.50	3.44

*Minimum \$1.00 per month.

Table 6

GENERAL MEMBERS—PLAN D
MEMBER RATES OF CONTRIBUTION BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY

(Based on Nearest Year of Age at Membership)

<u>Age</u>	<u>Actuarial Recommended Rate</u>	<u>Negotiated SCAQMD Rate*</u>
16	6.18%	.12%
17	6.24	.19
18	6.31	.25
19	6.37	.32
20	6.44	.38
21	6.51	.45
22	6.58	.52
23	6.65	.59
24	6.72	.66
25	6.79	.73
26	6.86	.80
27	6.93	.87
28	7.00	.94
29	7.07	1.01
30	7.14	1.08
31	7.22	1.15
32	7.29	1.23
33	7.37	1.30
34	7.44	1.37
35	7.52	1.45
36	7.59	1.52
37	7.67	1.60
38	7.75	1.68
39	7.82	1.75
40	7.90	1.83
41	7.98	1.91
42	8.06	1.99
43	8.14	2.07
44	8.22	2.15
45	8.30	2.23
46	8.38	2.31
47	8.46	2.39
48	8.55	2.47
49	8.63	2.55
50	8.71	2.64
51	8.80	2.72
52	8.88	2.80
53	8.97	2.89
54	9.05	2.97
55	9.14	3.06
56	9.23	3.14
57	9.32	3.23
58	9.40	3.32
59 & over	9.49	3.41

*Minimum \$1.00 per month.

Table 7

EMPLOYER CONTRIBUTION RATES*(As of September 1, 1987)*

MEMBERSHIP TYPE	PLAN A	PLAN B	PLAN C	PLAN D	PLAN E
<i>General Members</i>					
Normal Cost	17.91%	14.89%	14.75%	14.63%	13.28%
Surcharge*	<u>.73</u>	<u>.16</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	18.64%	15.05%	14.75%	14.63%	13.28%
<i>Safety Members</i>					
Normal Cost	25.52%	19.27%			
Surcharge*	<u>1.52</u>	<u>.04</u>			
Total	27.04%	19.31%			

*Note: L.A. County and employers have negotiated with their employees to pick up a portion of the members' contributions which is called a surcharge. The employer contributes 76.16% for general members and 92.66% for safety members of the amount normally paid by the members. This percentage has been determined by LACERA's actuary. This discount results because the contributions will not be refundable on the death or termination of the member if contributed by the employer.

Table 8

AUDITOR-CONTROLLER CODES DESIGNATING WHETHER RETIREMENT CONTRIBUTIONS ARE TAXED OR TAX DEFERRED AS SHOWN ON WARRANT/DIRECT DEPOSIT STUBS

MEMBERSHIP TYPE/PLAN	AUDITOR-CONTROLLER CODES FOR TAXED CONTRIBUTIONS*			AUDITOR-CONTROLLER CODES FOR TAX-DEFERRED CONTRIBUTIONS*		
	Normal Contrib.	Other Contrib.	Back Ret. Contrib.	Normal Contrib.	Other Contrib.	Back Ret. Contrib.
<i>General Members</i>						
Plan A	102	154	150	170	178	176
Plan B	106	160	158	172	182	180
Plan C	128	162	164	174	184	186
Plan D	129	163	165	175	185	187
<i>Safety Members</i>						
Plan A	103	155	151	171	179	177
Plan B	107	161	159	173	183	181

*Note: While Auditor-Controller codes were not changed until November 1, 1983, contributions made on or after August 1983 through the payroll process were not subject to tax (that is, were tax deferred) and were so treated by both the County and LACERA.

TERMINATION OR CHANGE OF EMPLOYMENT STATUS

Introduction

Members who terminate employment or transfer from positions in which membership is compulsory to positions in which membership is not compulsory may be eligible for a refund of contributions, to file for service or disability retirement, or to file for deferred/vested retirement benefits or deferred/vested reciprocal retirement benefits. These options are discussed in the following sections:

Termination of Employment

Time in service will determine the available options members have upon termination of employment. Critical periods of service are as follows:

Less than five years (ten years if Plan E):

- When a member's employment terminates with the County or a special district under LACERA and the member has less than five years (less than ten years if member of Plan E) of County/district service, any rights to service retirement benefits are also terminated. Members must elect one of the following:
 - Withdraw all member contributions and interest credited thereon (Plan A, B, C or D only).
 - Apply for deferred/vested reciprocal retirement benefits if the member is going to a reciprocal retirement system (All Plans).
 - Apply for service-connected disability retirement if the member is permanently disabled due to job-related injury or disease (Plan A, B, C or D only).
- Members who do not withdraw their contributions within five years after termination may lose all rights to withdraw their accumulated contributions/interest.

Five or more years (ten years if Plan E):

- When a member's employment terminates with the County or a special district under LACERA and the member has five or more years (ten or more years if member of Plan E) of County/district service, the member must elect one of the following:
 - Withdraw all member contributions and interest credited thereon (Plan A, B, C or D only).
 - Apply for deferred/vested retirement benefits, or deferred/vested reciprocal retirement benefits if the member is going to a reciprocal retirement system (All Plans).
 - Apply for service retirement, if eligible (All Plans).

- Apply for service-connected or nonservice-connected disability retirement if the member is permanently disabled due to job-related or non-job-related injury or disease (Plan A, B, C or D only) or for benefits under the Long-Term Disability and Survivor Benefit Plan if in service for five years (All Plans).
- Members who do not withdraw their contributions within five years after termination, or, if eligible, do not retire or file a deferred retirement/statement of vesting application within 180 days after termination may lose all rights to withdraw their accumulated contributions/interest.

Withdrawal of Retirement Contributions

Members who terminate employment may withdraw their retirement contributions plus any interest accrued thereon. No interest is credited to a member's retirement account after termination unless the member has been granted a deferred retirement. Deferred retirement applications may be obtained from LACERA. Members may not withdraw retirement contributions made by the employer except those contributions which, for tax treatment, were made by the employer and credited to the member's account.

Members who terminate membership in LACERA by withdrawing their contributions and interest on deposit waive any and all previously vested or accrued rights to retirement, survivor, disability and death benefits. Withdrawing members should carefully read the waiver relating to deferred retirement that is printed on the withdrawal certificate. Withdrawal certificates are initiated by the employing department during the termination process and sent to LACERA for preparation of a refund warrant. It is the terminating member's responsibility to assure timely delivery of the completed certificate to LACERA. Refunds are normally made within two weeks after the withdrawal certificate is received by LACERA.

Members who resign and withdraw contributions and are rehired at a later date, will be covered under the current benefit levels for new employees. Employees eligible for general membership must make an election of either Plan D (contributory plan) or Plan E (non-contributory plan). Members who elect Plan D may redeposit withdrawn contributions plus regular interest. Upon the full redeposit of withdrawn contributions and interest those members will be reinstated to their previous retirement plan and will receive

credit for past service covered by those contributions. Members who elect Plan E, however, will receive credit only for service after the first of the calendar month following the date of election and may not, if they previously withdrew their contributions, redeposit those contributions or receive credit for their prior service. For additional information, please refer to the section on CONSEQUENCES OF PLAN ELECTION AND TRANSFER/REDEPOSIT OF CONTRIBUTIONS, Page 3, and RETIREMENT SERVICE CREDIT, Page 16.

The stub attached to the refund warrant contains important tax information and serves as the withdrawing member's IRS form 1099 and State Franchise Tax form 599. LACERA is required to report all taxable income (retirement contributions made after August 1, 1983 and all interest credited to a member's account) to the IRS and the State Franchise Tax Board when withdrawn. Withdrawing members should keep this tax information for future reference as no other information will be provided.

Contributions withdrawn before age 59½, on which the member has not paid taxes, may be subject to a 10% excise tax, as well as to regular income tax, pursuant to the Tax Reform Act of 1986. Under certain circumstances the refund of contributions may be treated as an "eligible distribution" under the Internal Revenue Code. You should contact your personal tax advisor to determine whether your refund may be rolled over into another qualified employer retirement plan or into an individual retirement arrangement (IRA).

Members who do not withdraw their contributions within five years after termination or, if eligible, do not file a deferred retirement/statement of vesting application within 180 days after termination may lose all rights to withdraw their accumulated contributions/interest.

Deferred/Vested Retirement Benefits

Deferred retirement benefits are available to members in Plan A, B, C, & D who terminate employment with five or more years of retirement service credit, not including any public service which they may have purchased, provided they leave their contributions on deposit, and apply in writing for deferred retirement within 180 days after termination. A member on deferred retirement who is rehired into a permanent position of three-quarter time or more, will be reinstated to the same retirement plan the member was in prior to termination and will continue to earn the same retirement benefits and retain the original entry age for determining the contribution rate. Upon the death of any member before the effective date of the member's deferred retirement allowance, the member's accumulated contributions and interest credited thereon shall be paid to such person as the member has designated as beneficiary with LACERA or to the member's estate.

Vested retirement benefits are available for Plan E members who terminate employment with ten or more years of retirement service credit, not including any public service which they may have received upon transferring to Plan E, provided they apply in writing for vested benefits within 180 days after termination.

Members who meet the above eligibility requirements should contact LACERA to obtain deferred retirement/statement of vesting application forms.

Members who subsequently meet the eligibility requirements described in the section on ELIGIBILITY FOR SERVICE RETIREMENT, Page 18 may retire and receive a retirement allowance.

Deferred/Vested Reciprocal Retirement Benefits

Please refer to the section on RECIPROCITY, Page 5 for more information about reciprocity. Deferred/vested reciprocal retirement benefits are available to **all** LACERA members who terminate County or district employment to accept a position with a public agency in California covered under a reciprocal retirement system within 180 days after termination provided that members in a contributory plan leave their contributions on deposit. Benefits of reciprocity are as follows:

- A reciprocal member's rate of contribution in the new retirement system will be based on the member's entry age in LACERA, with the exception of the Public Employees' Retirement System which has a flat rate percentage, unless the new system has a non-contributory plan which the member elects.
- Service credit under each system will be added together to determine eligibility for certain benefits under each system. The cost of medical and dental/vision insurance premiums is based solely on credited service in LACERA. Service does not include reciprocal service in another retirement system. There is no transfer of funds or service credit between systems.
- Upon concurrent retirement for service or disability from both systems, or upon death, the highest earnings under either one of these systems will be used to calculate benefits, except that neither disability retirement nor death benefits will be provided to Plan E members.

After a member has elected deferred retirement, contributions may not be withdrawn unless employment is terminated with the other public agency and contributions are withdrawn from the reciprocal retirement system.

LACERA is reciprocal with the Public Employees' Retirement System which covers State employees, most municipal and special district employees in California, and counties other than the following counties, which like Los Angeles County, are covered under the County Employees Retirement Law:

Alameda	Marin	San Bernardino	Sonoma
Contra Costa	Mendocino	San Diego	Stanislaus
Fresno	Merced	San Joaquin	Tulare
Imperial	Orange	San Mateo	Ventura
Kern	Sacramento	Santa Barbara	

There are several other smaller public retirement systems that are reciprocal with LACERA and members should check with any system they enter to determine whether reciprocity is available.

Members entering employment with another public agency covered by a reciprocal retirement system should contact LACERA to obtain deferred retirement/statement of vesting application forms.

Members who subsequently meet the eligibility requirements described in the section on ELIGIBILITY FOR SERVICE RETIREMENT, Page 18 may retire and receive a retirement allowance.

Withdrawal from Membership

Members of LACERA who, by resignation or transfer, change from a position in which membership is compulsory to a position in which membership is not compulsory, may file within sixty (60) days from their resignation or transfer date a written election to discontinue membership. Such written election shall include an application either to:

- Withdraw the member's accumulated contributions and interest credited thereon, if in Plans A, B, C, or D, or
- If eligible, apply for deferred/vested retirement benefits.

If within such sixty-day period members do not file such an election, they shall continue as active members of LACERA, except that if they were safety members they shall become general members. Such membership shall continue until County or district service is discontinued.

Return to Membership

Any member, who has elected to take deferred retirement and who by reinstatement, rehire or transfer is appointed to a permanent position of three-quarter time (or more), shall immediately return to active membership in LACERA, with a contribution rate based on the member's entry age in effect at the time of the member's most recent election to take a deferred retirement.

Any member, who has elected to take deferred retirement and who by reinstatement, rehire or transfer is appointed to a permanent position of less than three-quarter time or to any temporary position, may file, at any time, a written election to terminate such deferred retirement and return to active membership in LACERA, with a contribution rate based on the member's entry age in effect at the time of the member's most recent election to take a deferred retirement. Such written election shall specify whether the member also elects to receive credit for any County service not previously credited up to the date of the election. Contributions for such creditable service may be made at any time prior to the effective date of retirement.

RETIREMENT SERVICE CREDIT

Introduction

Members' allowances in all retirement plans are based on the number of months and years of retirement service credit accumulated prior to retirement. Members in contributory Plan A, B, C or D receive credit based on the number of months for which they have made appropriate retirement contributions through payroll deductions or, if eligible, through lump sum payment or payroll deductions for additional months of County, district, public or prior service prior to membership. Payment for retirement service credit for public service, prior service or previous County service must be completed **prior** to retirement date — so please allow sufficient time to process your request and complete payment. Members in the non-contributory Plan E receive credit based only on the number of months of uninterrupted employment or, **if eligible**, for additional months of County, district or public service prior to membership if they **transferred** to Plan E from a contributory plan during a period authorized in a resolution adopted by the Board of Supervisors.

Plan A, B, C or D Credit for Current or Previous County/District Service

Members in Plan A, B, C & D make monthly retirement contributions computed as a percentage of their gross salary based on their age at entry into LACERA to receive retirement credit for current service. These members may also **purchase** credit for the following previous County or district service:

- Service in a non-permanent position, or permanent position of less than three-quarter time before entering current or previous membership, up to the date of eligibility for membership.
- Service in a permanent position covered by LACERA membership before entering current membership and for which the member withdrew retirement contributions. Members who redeposit withdrawn contributions will be reinstated to their former retirement plan, if other than their current plan. Please refer to the section on CONSEQUENCES OF PLAN ELECTION AND TRANSFER/REDEPOSIT OF CONTRIBUTIONS, Page 3 and WITHDRAWAL OF RETIREMENT CONTRIBUTIONS, Page 13.
- A period up to 12 months for which the member made no contributions because of an uncompensated leave of absence due to illness, including medically approved maternity leave, if the member has returned to active service.

No service credit is given for other periods of absence, whether approved or not, or if a member works less than 16 days in a month. Members who transferred from Plan E to Plan D may not, however, purchase credit for any of the above service if the member would not have been eligible to receive such credit under Plan E, nor would such members be entitled to be reinstated to any plan other than Plan D even if they purchased credit for previous LACERA membership service covered under Plan A, B or C.

Plan A Credit for Previous Public or Prior Service

Certain members in Plan A, or other members in Plan B, C or D who were previously in Plan A and are reinstated to Plan A upon the redeposit of withdrawn contributions, **may** be eligible to purchase and receive credit for public or prior service with another public agency which was worked prior to the member's first entry into LACERA provided they are not entitled to retirement benefits now or in the future, or eligible to establish reciprocity, with the public agency for that service. To be eligible for such credit, these Plan A members **must** have been LACERA members **during the periods** that were authorized in resolutions adopted by the Board of Supervisors. **Prior to the member's first entry** into LACERA means prior to the member's current entrance into LACERA, or prior to any previous entrance into LACERA if the member withdrew contributions and has now redeposited contributions for that previous service. Public and prior service definitions and key dates are shown in the following sections:

Public Service:

- **Public service** means service rendered as an officer or employee of a public agency for which the officer or employee received compensation from the public agency and with respect to which the member is not entitled to receive credit in any retirement system supported wholly or in part by public funds after becoming a member of LACERA. Such public agency service is limited to the following agencies pursuant to resolutions adopted by the Board of Supervisors:
 - (a) State of California or in any department thereof (includes all agencies covered under the Public Employees' Retirement System (PERS) if the member cannot establish reciprocity with PERS upon the reposit of contributions withdrawn from PERS)
 - (b) any county in California
 - (c) the City and County of San Francisco
 - (d) any city or special district in Los Angeles County
 - (e) United States government and every department and agency thereof (including military service).

- To be eligible for public service credit under (a), (b), (c) or (d) above, employees must have been **in service and members** of LACERA **anytime** between **on or after** January 1, 1968 and **on or before** November 1, 1974. Employees **hired on or after** November 1, 1974 are not eligible unless, as stated above, they were previously members of LACERA during the period noted in this paragraph and have now redeposited contributions which they withdrew for that period. (See Prior Service below for additional eligibility.)
- To be eligible for public service credit under (e) above, employees must have been **in service and members** of LACERA **anytime** between **on or after** December 1, 1972 and **on or before** July 1, 1974. Employees **hired on or after** July 1, 1974 are not eligible unless, as stated above, they were previously members of LACERA during the period noted in this paragraph and have now redeposited contributions which they withdrew for that period. (See Prior Service below for additional eligibility.)

Prior Service:

- **Prior service**, pursuant to Board of Retirement By-laws, means employment of a person by a County, district or court prior to January 1, 1938. It also includes service performed for any public agency located wholly in the County of Los Angeles prior to a member's first entry into LACERA membership for which the member is not eligible to receive a pension or retirement allowance. To be eligible for this prior service credit, persons must have been in service and members of LACERA **on or before** December 31, 1975. Persons who **entered LACERA on or after** January 1, 1976 are not eligible unless they were previously members of LACERA **on or before** December 31, 1975 and have now redeposited contributions which they withdrew for that period.
- In January 1988, the By-laws were amended to also include, as prior service, service performed for the United States of America, the State of California or any department or agency of either, or any public entity located within the State of California prior to a member's first entry into membership. All active members of LACERA in Plan A, B, C or D, regardless of their date of hire, are eligible, provided that the member must not be eligible now or in the future to receive a pension or retirement allowance for such service in any other retirement system. **Plan A, B, C or D members who purchase or are eligible to purchase prior service credit under the amended by-laws, and who subsequently transfer to Plan E, will not be entitled to retain or receive credit for such service and any contributions made will be refunded.**

Plan E Credit for Current or Previous County/District Service

Employees who elected Plan E as their retirement plan upon **entry** into County service receive retirement credit for current service based on the number of months of uninterrupted employment after becoming members of LACERA. No service credit is given for any period of time, in excess of 22 consecutive workdays, in which the member is absent

from work without pay. These Plan E members are **not** eligible to receive credit for previous County or district service. Members who **transferred** from Plan A, B, C or D to Plan E, however, are eligible to receive service credit, **at no cost to the members**, for all of the following previous County/district service which they would have been eligible to purchase had they not elected to transfer to Plan E:

- Service in a non-permanent position, or position of less than three-quarter time before entering current or previous membership, up to the date of eligibility for membership.
- Service in a permanent position covered by LACERA membership before entering current membership and for which the member withdrew retirement contributions.
- A period up to 12 months for which the member made no contributions because of an uncompensated leave of absence due to illness, if the member has returned to active service.

Again, no service credit will be given for any of the above service, if the member who transferred to Plan E would not have been eligible to purchase such credit as a contributory plan member. In addition, no service credit is given for any period of time, in excess of 22 consecutive workdays, in which the member is absent from work without pay during a period of Plan E membership.

Members may, however, receive service credit for the time in which they are totally disabled and are receiving disability benefits or are eligible to receive disability benefits either during or after any elimination or qualifying period under the Long-Term Disability and Survivor Benefit Plan.

Plan E Credit for Previous Public or Prior Service

Employees who elected Plan E as their retirement plan upon **entry** into County service are **not** eligible to receive credit for previous public or prior service. Members who **transferred** from Plan A, B, C or D to Plan E, however, are eligible to receive service credit, **at no cost to the members**, for all of the previous public or prior service which they would have been eligible to purchase had they not elected to transfer to Plan E with the exception of prior service as defined in the amended by-laws adopted in January 1988. This means that certain members who were previously in Plan A, or other members in Plan B, C or D who were previously in Plan A and would have been eligible to redeposit contributions and be reinstated to Plan A, who now transfer to Plan E, may be eligible to receive credit for public or prior service with another public agency which was worked prior to the member's first entry into LACERA provided they are not entitled to retirement benefits now or in the future, or eligible to establish reciprocity, with the public agency for that service. To be eligible for such credit, these former Plan A members must have been LACERA members **during the periods** that were authorized in resolutions adopted by the Board of Supervisors. Please refer to the section on PLAN A CREDIT FOR PREVIOUS PUBLIC OR PRIOR SERVICE, Page 16 for definitions and key dates related to the service which is creditable if you transferred to Plan E.

YOUR SERVICE RETIREMENT ALLOWANCE AND HOW TO COMPUTE AN ESTIMATE

Introduction

Members who meet the eligibility requirements based on age and years of service may retire for service and receive a service retirement allowance for life. In addition, there are benefits payable to eligible surviving spouses or other beneficiaries of members who have retired depending on the particular retirement settlement chosen at the time of retirement.

Planning for Retirement

Members will usually want to make plans for their retirement well in advance of the date they intend to retire. One consideration for retirement will be the amount of retirement allowance you will receive. You may make an estimate of your allowance by following the instructions on Pages 20–24 depending on your type of membership and plan. If you are within several months of retiring, LACERA staff will provide you with a formal estimate of your retirement allowance options. To obtain a formal estimate, you should contact LACERA to obtain a Request for Estimate form. After returning your estimate request form to LACERA, a Retirement Benefit Estimate and Election form will be prepared and sent to you showing the various retirement allowance options if you are in a contributory plan. Plan E members will receive a Plan E Retirement Benefit Estimate form showing their Plan E allowance estimate. Pre-retirement planning sessions are offered by LACERA.

Application/Approval for Service Retirement

The Retirement Benefit Estimate and Election form or Plan E Retirement Application form which will be prepared and sent to you after you request an estimate is the document which you must sign when you want to retire. Signing and returning your election/application form constitutes your application to retire. Applications to retire must be received **prior** to the effective date of retirement and must be approved by the Board of Retirement which meets the first business Wednesday of every month. The retirement date chosen by you will be the first day of your retirement. In the event you change your mind about retiring after an application has been signed and returned to LACERA, you must rescind your application to retire **in writing** and such rescission must be received by LACERA **prior** to the effective date of retirement. You will receive a confirming letter from the Board following the Board's approval of your application to retire.

Eligibility for Service Retirement

Members meeting the following eligibility requirements may file an application for a service retirement allowance:

General Members:

Plan A, B, C, or D

- Has retirement credit for 30 years of service under LACERA or combined LACERA and reciprocal agency service, other than public service, regardless of age. (If in deferred retirement status, 30 or more years after membership entry date), or
- Is at least 50 years of age and has retirement credit for 10 or more years of service under LACERA or combined LACERA and reciprocal agency service, other than public service. (If in deferred retirement status, age 50 and 10 or more years after membership entry date), or
- Has attained the age of 70, regardless of years of service credit.

Plan E

- Is at least 55 years of age and has retirement credit for 10 or more years of service under LACERA or combined LACERA and reciprocal agency service, other than public service.
- Has attained the age of 70, regardless of years of service credit.

Safety Members:

Plan A or B

- Has retirement credit for 20 years of service under LACERA or combined LACERA and reciprocal agency service, other than public service, regardless of age. (If in deferred retirement status, 20 or more years after membership entry date), or
- Is at least 50 years of age and has retirement credit for 10 or more years of service under LACERA or combined LACERA and reciprocal agency service, other than public service. (If in deferred retirement status, age 50 and 10 or more years after membership entry date.)

Note: Prior to January 1, 1987, safety members were required, by law, to retire no later than the first day of the calendar month following the month in which the members attained age 60. The law was amended effective January 1, 1987 to provide that the maximum retirement age provisions for safety members contained within the County Employees Retirement Law of 1937 would remain in effect only if approved by a resolution of the Board of Supervisors. As of the same date, local law enforcement officers and firefighters became exempt from the provi-

visions of the Federal Age Discrimination and Employment Act, and thus, were subject to local age provisions. On December 30, 1987 the Board of Supervisors adopted a resolution making the mandatory retirement age provisions contained within the County Employees Retirement Law operative and applicable effective January 1, 1987. In Los Angeles County, however, District Attorney investigators and lifeguards may not be mandatorily retired at age 60 pursuant to order of the Federal Court. Members in these categories will earn general rather than safety service credit if they remain in employment after age 60.

Service Retirement Allowances for All Plans

The service retirement allowance which will be received by a retired member and eligible surviving spouse or other beneficiary is dependent on the member's retirement plan, final compensation, age, years of service and the retirement settlement selected by the member upon filing an application to retire. A member may choose either the unmodified settlement, which provides the largest monthly allowance and a 60% continuance to an eligible surviving spouse (50% if member in Plan E), or one of the four optional settlements which provide a smaller retirement allowance for the member. The optional settlements enable a member to provide benefits to any beneficiary that has an **insurable interest** in the life and health of the member.

California Insurance Code Section 10110 defines insurable interest as follows: Insurable Interest: Every person has an insurable interest in the life and health of:

- (a) Himself
- (b) Any person on whom he depends wholly or in part for an education or support
- (c) Any person under a legal obligation to him for the payment of money or respecting property or services, of which death or illness might delay or prevent the performance
- (d) Any person upon whose life any estate or interest vested in him depends.

LACERA requires the member to certify that the beneficiary, named at the time of retirement, has an insurable interest in the life of the member.

A description of the unmodified settlement and options #1, #2, #3 and #4 is as follows:

Unmodified Service Retirement Allowance:

This option results in the largest monthly allowance possible under the law. It is paid during the lifetime of the retired member. Sixty percent of the member's monthly basic allowance (50% if member in Plan E) at the time of death is payable each month to the surviving spouse for life if the spouse was married to the member at least one year prior to the

date of retirement and is the named, sole primary beneficiary. When the member does not have a surviving spouse, the 60% (50% if member in Plan E) allowance may be paid collectively to the member's unmarried children under age 18 (or through the age of 21 if such children remain unmarried and are regularly enrolled as full-time students in an accredited school). The unmodified retirement allowance is normally most advantageous for members who are married and in reasonably good health when they retire. If, at the time of the member's death, there is no surviving spouse or minor children, and the total retirement allowance income received by the member during the member's lifetime did not exceed the member's accumulated contributions, the designated beneficiary shall be paid the balance of unpaid contributions in a lump sum.

Option #1:

Under this option the member receives a slight reduction in the unmodified service retirement allowance. During retirement, the member's normal contributions and interest are reduced by only the annuity portion of his allowance. If the member dies before receiving the total amount of the accumulated normal contributions at retirement, the member's estate or beneficiary who has an insurable interest in the member's life will receive the balance. The accumulated contributions are, therefore, reduced at a much slower rate than in the unmodified settlement.

This option is attractive to some retirees who do not have a spouse or minor children eligible for the 60% continuance of the unmodified retirement allowance. (Not applicable to Plan E members since Plan E members do not make retirement contributions.)

Option #2:

This optional retirement settlement results in the largest reduction of the member's monthly unmodified service retirement allowance. It provides a 100% continuance allowance to a co-annuitant who has an insurable interest in the member's life after the member's death. The amount of the member's retirement allowance under this option is directly affected by the age of the co-annuitant, the reduction being greater if the co-annuitant is younger. All payments cease upon the death of both annuitants. This optional settlement may be of benefit to a prospective retiree who has a dependent who does not qualify for a continuance under the unmodified retirement allowance, or to a member with a short life expectancy.

Option #3:

This optional retirement settlement is similar in principle to option #2, but the co-annuitant receives only 50% of the member's allowance after the member's death. The co-annuitant must have an insurable interest in the member's life. The member's retirement allowance which this option provides is less than the unmodified or option #1, but is more than that calculated under option #2. As with option #2, the allowance is directly affected by the age of the co-annuitant and all payments cease upon the deaths of both annuitants.

Option #4:

This option provides for a fixed monthly income in the amount or percentage the member selects to be paid to a co-annuitant after the member's death. As in the other options, the co-annuitant must have an insurable interest in the member's life.

Note: If a member has elected option #2, option #3 or option #4, no continuance allowance may be paid after the death of the retiree if the member changes beneficiaries after retirement.

Plan A, B, C or D Retirement Allowances

An unmodified service retirement allowance for Plan A, B, C or D members is computed as a percentage of the member's final compensation. The percentage is based on the member's age and years of service and varies according to the retirement plan of the member. Two other factors may, however, enter into the final allowance computation: (1) whether the member was covered by Social Security under LACERA and (2) whether the member is fully insured under Social Security. If the member was covered by Social Security under LACERA, the member's allowance will be reduced by a fixed dollar amount for each year of LACERA service covered by Social Security. If the member is fully insured under Social Security, the member may be eligible for and may elect the level income option whereby the member's allowance will be increased to age 62 and reduced after age 62. These factors are calculated as follows:

- **Final compensation** is calculated using the member's average monthly salary for the latest or highest paid:
 - one (1) year of service, if the member is in Plan A, or
 - three (3) years of service, if the member is in Plan B, C, or D.
- **Age** is calculated to the nearest completed quarter year of age. Factors for each completed quarter year of age increase for general members to age 62 (Plan A) and age 65 (Plans B, C & D) and for safety members to age 55 (Plans A & B).
- **Service** is calculated to the nearest completed month. The nearest completed month means that if a member retires on or after the 17th of a month (16th if February), the month will be included in both the service total and the final compensation period.
- **Social Security Coverage** refers only to that period of time during which a member paid into Social Security while a member of LACERA.
- **Fully insured** under Social Security means the member will be eligible to receive Social Security retirement benefits at age 62.

Examples of calculating final compensation when salary changed during the final compensation period are as follows:

PLAN A MEMBER	PLAN B, C & D MEMBERS
\$1,392 x 3 months = \$ 4,176.00	\$1,250 x 3 months = \$ 3,750.00
<u>\$1,469 x 9 months = \$13,221.00</u>	\$1,319 x 12 months = \$15,828.00
12 months = \$17,397.00	\$1,392 x 12 months = \$16,704.00
	<u>\$1,469 x 9 months = \$13,221.00</u>
	36 months = \$49,503.00
Final Compensation	Final Compensation
\$17,397.00 ÷ 12 = \$1,449.75	\$49,503 ÷ 36 = \$1,375.08

How to Compute an Unmodified Service Retirement Allowance Estimate if You Are in Plan A, B, C or D and Were Not Covered by Social Security Under LACERA

LACERA has calculated the percentages applicable to various ages and years of service for each of the retirement plans as shown on Tables 9–12, Pages 25–28. (While the percentages shown are for completed years of age and service at retirement, your actual benefits will be based on completed quarter-year age factors and completed years and months of service at the time of retirement.) For example, if a Plan A general member retires at age 60 with 25 years of service, the percentage of final compensation would be 60.99% (from Table 10, Page 26). An estimate of your unmodified service retirement allowance from LACERA may be computed as follows:

1. Calculate your final compensation following the example above based on your plan.
2. Determine the percentage that applies to your age and years of service at retirement from the appropriate Table.
3. Multiply your percentage times your final compensation to compute your unmodified service retirement allowance (No. 2 times No. 3).

Example: A general or safety member retires at age 60 with 25 years of retirement service credit. The member's unmodified service retirement allowance would be computed as follows:

	PLAN A GENERAL MEMBER	PLAN B GENERAL MEMBER	PLAN A SAFETY MEMBER
% of final compensation (from appropriate Table)	60.99%	54.55%	65.50%
Times final compensation (from examples above)	<u>\$1,449.75</u>	<u>\$1,375.08</u>	<u>\$1,449.75</u>
Equals unmodified service retirement allowance	\$ 884.20	\$ 750.11	\$ 949.59

How to Compute an Unmodified Service Retirement Allowance Estimate if You Are in Plan A, B, C or D and Were Covered by Social Security Under LACERA

Please refer to the preceding section before reading this section if you have not already done so. Members who were covered by Social Security under LACERA will receive a reduced unmodified service retirement allowance from LACERA. The amount of reduction is dependent on age at retirement, the number of years of Social Security coverage under LACERA, and the retirement plan. (See Table 14, Page 30 for Retirement Allowance Reduction Amounts). These members are eligible to receive Social Security benefits beginning at age 62, in addition to a retirement allowance from LACERA. An estimate of your reduced unmodified service retirement allowance from LACERA may be computed as follows:

1. Compute your unmodified service retirement allowance (See Page 20).
2. Determine the reduction amount based on your plan and age at retirement from Table 14, Page 30.
3. Determine your number of years of service covered by Social Security under LACERA.
4. Multiply the reduction amount times the number of years of service covered by Social Security under LACERA (No. 2 times No. 3) to obtain the total amount of reduction.
5. Subtract the total amount of reduction from the unmodified service retirement allowance to compute your reduced unmodified service retirement allowance (No. 1 minus No. 4).

Example: A general member in Plan A retires at age 60 with 25 years of retirement service credit, 15 of which were covered by Social Security under LACERA. The member's reduced unmodified service retirement allowance would be computed as follows:

Unmodified service retirement allowance (from example on Page 20)	\$884.20
Less reduction amount (15 years x \$2.85; from Table 14, Page 30)	<u>-42.75</u>
Equals reduced unmodified service retirement allowance	\$841.45

Level Income Option

General or safety members who retire from service prior to age 62, and who are fully insured under Social Security at the time of retirement, may elect to have their unmodified service or option #1 retirement allowances increased until age 62. Members may satisfy the requirement of being fully insured under Social Security if they paid into Social Security for the required number of quarters, through either County or non-County employment or a combination of both. Members retiring for disability or under Plan E or under option #2, #3 or #4 are **not** eligible to elect this option. Based on the member's attained age in the year of retirement and earnings at retirement, LACERA determines the member's **estimated** Social Security benefit at age 62 from information obtained from LACERA's actuary. (See Page 32 for Social Security Benefits for the Level Income Option showing estimated Social Security benefits for members who will attain various ages during the year based on the member's annual earnings.) The member's retirement allowance will be increased until age 62 by a **percentage** of that estimated Social Security benefit. The percentage of the estimated Social Security benefit is a figure also determined by LACERA's actuary and is called the Social Security Adjustment Factor (See Table 15, Page 31). The factors shown are for completed years of age at retirement. (There are additional factors for completed quarter years of age which will be used in computing actual benefits at the time of retirement.)

The member's retirement allowance will be reduced **after** the member reaches age 62 by the **full** amount of the **estimated** Social Security benefit. These figures are determined at the time of retirement and will not be affected by subsequent changes in Social Security. If the member applies for Social Security at age 62, the member's total income from both the retirement allowance and Social Security should be about "level" with the amount received before the reduction, hence, the name "Level Income Option." Because LACERA uses estimates of Social Security benefits, the reduction in the member's allowance at age 62 may be **greater or lesser** than the actual Social Security benefit to which the member may be entitled. Members, therefore, who have information that their Social Security benefits will be greater or lesser than the estimated amount should contact LACERA immediately. Note: Any applicable cost-of-living increases to a member's retirement allowance will also be applied to the increased allowance if a member elects this option.

If a member dies, whether before or after age 62, and leaves a spouse or minor child who is eligible to a continuance allowance, the amount of the survivor's allowance will be based on the basic allowance the member would have received had the member not made the election to receive this option.

Example: Member retires at age 60 and the basic monthly allowance was computed to be \$841.45. Based on the Social Security Adjustment Factor of 81.51% for a 60-year-old from Table 15 and an estimated Social Security benefit of \$352.00 for a person who attained age 60 in 1988 from Table 17 (based on an annual earnings rate of \$17,628), the member's basic allowance would be **increased** by \$286.92 (81.51% of \$352.00), bringing the member's total allowance to \$1,128.37. At age 62 the allowance would be **decreased** by the full estimated Social Security benefit of \$352.00 leaving a retirement allowance of \$776.37. If the member was eligible to receive a Social Security benefit of \$352.00, the combined total allowance and Social Security benefit after age 62 would again equal \$1,128.37 as shown below:

Basic monthly allowance:	\$ 841.45
Plus percentage of estimated Social Security benefit (81.51% x 352.00):	<u>286.92</u>
Equals total allowance to age 62 from LACERA:	\$1,128.37
Less full estimated Social Security benefit:	<u>- 352.00</u>
Equals total allowance after age 62 from LACERA:	\$ 776.37
Plus actual Social Security benefit at age 62:	<u>352.00</u>
Equals total allowance after age 62 from LACERA and the Social Security Administration:	\$1,128.37

Plan E Retirement Allowances

An unmodified service retirement allowance for Plan E members is computed as a percentage of the member's final compensation. The percentage is based only on the member's years of service. Two other factors may, however, enter into the final allowance computation: (1) whether the member was covered by Social Security under LACERA and (2) the age of the member at the time of retirement. If the member was covered by Social Security, a percentage of the estimated Social Security benefit will be subtracted from the Plan E allowance as an offset. In addition, the age of the member will determine whether the retirement allowance will be calculated as a **normal retirement allowance** (age 65 or over) or an **early retirement allowance** (under age 65) which could further reduce the allowance. Plan E members may also elect one of the optional retirement settlements, with the exception of Option #1, as described on Page 19. The factors used in calculating allowances and definitions of terms are as follows:

- **Final compensation** is calculated using the member's average monthly salary for the latest or highest paid three (3) years of service, whether or not consecutive.
- **Age** is calculated to the nearest birthday immediately preceding the date of retirement.

- **Service** is calculated to the nearest completed month. The nearest completed month means that if a member retires on or after the 17th of a month (16th if February), the month will be included in both the service total and the final compensation period.
- **Social Security coverage** refers only to that period of time during which a member paid into Social Security while a member of LACERA.
- **Social Security benefit** means the monthly retirement benefit payable under the federal Social Security system at the age at which **full** retirement benefits are payable under the system. LACERA's actuary has provided a table of **estimated** Social Security benefits for members who will attain various ages during the year based on the member's annual earnings as shown in Table 18, Page 33. Annual earnings are computed by multiplying the last month's earnings by 12 and rounding to the nearest \$500.
- **A normal retirement allowance** is an allowance which equals 2% of the member's final compensation for each year of service for the first 35 years, plus 1% of the member's final compensation for each year of service for the next ten years, to a maximum of 80%, reduced by a fraction of the estimated Social Security benefit, if any. The fraction is equal to the number of years of service under LACERA covered by Social Security divided by 35.
- **An early retirement allowance** is an allowance which is the actuarial equivalent of the normal retirement allowance and is computed by multiplying the normal retirement allowance by the **early retirement adjustment (ERA) factor** based on the member's age as of the birthday immediately preceding the date of retirement. The early retirement adjustment factors are shown in Table 16, Page 35.

An example of calculating final compensation when salary changed during the final compensation period is as follows:

\$1,250 x 3 months =	\$ 3,750.00
\$1,319 x 12 months =	\$15,828.00
\$1,392 x 12 months =	\$16,704.00
<u>\$1,469 x 9 months =</u>	<u>\$13,221.00</u>
36 months =	\$49,503.00
Final Compensation	
\$49,503 ÷ 36 =	\$1,375.08

How to Compute a Normal Retirement Allowance Estimate (65 or Over) if You Are in Plan E and Were Not Covered by Social Security Under LACERA

An estimate of your Plan E normal retirement allowance from LACERA may be computed as follows:

1. Calculate your final compensation following the example above.
2. Calculate the percentage that applies to your completed years (and months) of service at 2% per year. (Or see Table 13, Page 29)
3. Multiply your percentage times your final compensation to compute your normal retirement allowance (No. 2 times No. 1).

Example: A general member in Plan E retires at age 65 with 25 years of retirement service credit. The member's normal retirement allowance would be computed as follows:

$$2\% \times 25 \text{ years} = 50\% \quad (\text{See also Table 13, Page 29})$$

$$50\% \times \$1,375.08 \text{ (final compensation from above)}$$

equals \$687.54 (normal retirement allowance)

How to Compute a Normal Retirement Allowance Estimate (65 or Over) if You Are in Plan E and Were Covered by Social Security Under LACERA

An estimate of your Plan E normal retirement allowance from LACERA if you were covered by Social Security under LACERA may be computed as follows:

1. Compute your normal retirement allowance (See example in above section).
2. Calculate your annual earnings rate by multiplying your last month's earnings rate times 12.
3. Determine your estimated Social Security benefit for Plan E offset based on your annual earnings rate and your attained age in 1988 from Table 18, Page 33.
4. Determine the number of years of service under LACERA subject to Social Security coverage.
5. Calculate the Social Security offset by multiplying your estimated Social Security benefit times the number of years of service under LACERA subject to Social Security coverage divided by 35 (No. 3 times No. 4 ÷ 35).
6. Subtract the Social Security offset from your normal retirement allowance to compute your reduced normal retirement allowance (No. 1 minus No. 5).

Example: A general member in Plan E retires at age 65 with 25 years of retirement service credit, 15 of which were covered by Social Security under LACERA. Before computing your normal retirement allowance, reduced by the Social Security offset, you must calculate your Social Security offset as follows:

First, calculate annual earnings rate:

Last month's salary from final compensation calculations above:	\$ 1,469
Times 12:	<u> x 12</u>
Equals annual earnings rate:	\$17,628

Second, determine estimated Social Security benefit for Plan E offset:

Equals \$630 (from Table 18, Page 33, based on nearest annual earnings rate at age 65)

Third, calculate Social Security offset:

Years of Social Security coverage under LACERA: 15 Years divided by 35 times estimated Social Security benefit for Plan E offset: $15 \div 35 \times \$630.00$
 Equals Social Security offset \$270.00

Your normal retirement allowance reduced by the Social Security offset would be computed as follows:

Normal retirement allowance: (from example on this page)	\$687.54
Less Social Security offset (from above calculation)	<u> -270.00</u>
Equals reduced normal retirement allowance:	\$417.43

How to Compute an Early Retirement Allowance Estimate (Under 65) if You Are in Plan E and Were Not Covered by Social Security Under LACERA

An estimate of your Plan E early retirement allowance from LACERA if you were not covered by Social Security under LACERA may be computed as follows:

1. Compute your normal retirement allowance (See example on Page 23).
2. Determine the early retirement adjustment factor that applies to your age at retirement from Table 16, Page 31.
3. Multiply the early retirement adjustment factor times your normal retirement allowance to compute your early retirement allowance (No. 2 times No. 1).

Example: A general member in Plan E retires at age 60 with 25 years of retirement service credit. The member's early retirement allowance would be computed as follows:

Early retirement adjustment factor:	
(from Table 16, Page 31)	59.16%
Times normal retirement allowance:	
(from example on Page 23)	<u>\$687.54</u>
Equals early retirement allowance:	\$406.75
(Also, from Table 13, Page 29, percentage at age 60 with 25 years' service equals 29.58. 29.58% x final compensation of \$1,375.08 equals \$406.75)	

How to Compute an Early Retirement Allowance Estimate (Under 65) if You Are in Plan E and Were Covered by Social Security Under LACERA

An estimate of your Plan E early retirement allowance from LACERA if you were covered by Social Security under LACERA may be computed as follows:

1. Compute your normal retirement allowance (See example on Page 23).
2. Calculate the Social Security offset (See example on Page 23).
3. Determine the early retirement adjustment factor that applies to your age at retirement from Table 16, Page 31.
4. Compute your reduced normal retirement allowance by subtracting the Social Security offset from your normal retirement allowance (No. 1 minus No. 2).
5. Multiply the early retirement adjustment factor times your reduced normal retirement allowance to compute your reduced early retirement allowance (No. 3 times No. 4).

Example: A general member in Plan E retires at age 60 with 25 years of retirement service credit, 15 of which were covered by Social Security under LACERA. The member's early retirement allowance reduced by the Social Security offset would be computed as follows:

Normal retirement allowance:	
(from example on Page 23)	\$687.54
Less Social Security offset:	<u>-279.00*</u>
Equals reduced normal retirement allowance:	\$408.54
Times early retirement adjustment factor:	
(from Table 16, Page 31)	<u>59.16%</u>
Equals reduced early retirement allowance:	\$241.69

*The Social Security offset was calculated as follows:

15 ÷ 35 times \$651 (from Table 18, Page 33 based on annual earnings of \$17,628 and attained age of 60) equals \$279.00.

Table 9

SAFETY MEMBERS—PLAN A & B
PERCENTAGE OF FINAL COMPENSATION USED TO
COMPUTE RETIREMENT ALLOWANCE ESTIMATE

Years of service	AGES															Years of service
	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55 & over	
10										20.00%	21.03%	22.16%	23.38%	24.67%	26.20%	10
11										22.00	23.14	24.37	25.72	27.14	28.82	11
12										24.00	25.24	26.59	28.06	29.61	31.44	12
13										26.00	27.34	28.80	30.40	32.07	34.06	13
14										28.00	29.44	31.02	32.74	34.54	36.68	14
15										30.00	31.55	33.23	35.08	37.01	39.30	15
16										32.00	33.65	35.45	37.41	39.48	41.92	16
17										34.00	35.75	37.67	39.75	41.94	44.54	17
18										36.00	37.86	39.88	42.09	44.41	47.16	18
19										38.00	39.96	42.10	44.43	46.88	49.78	19
20	25.03%	26.50%	28.02%	29.59%	31.22%	32.90%	34.71%	36.34%	38.09%	40.00	42.06	44.31	46.77	49.34	52.40	20
21	26.28	27.83	29.42	31.07	32.78	34.55	36.45	38.16	39.99	42.00	44.17	46.53	49.11	51.81	55.02	21
22	27.54	29.15	30.82	32.55	34.34	36.19	38.18	39.97	41.90	44.00	46.27	48.74	51.44	54.28	57.64	22
23		30.48	32.22	34.03	35.90	37.84	39.92	41.79	43.80	46.00	48.37	50.96	53.78	56.75	60.26	23
24			33.62	35.51	37.46	39.48	41.65	43.61	45.71	48.00	50.48	53.17	56.12	59.21	62.88	24
25				37.00	39.03	41.13	43.39	45.43	47.61	50.00	52.58	55.39	58.46	61.68	65.50	25
26					40.59	42.78	45.13	47.24	49.51	52.00	54.68	57.61	60.80	64.15	68.11	26
27						44.42	46.86	49.06	51.42	54.00	56.79	59.82	63.14	66.61	70.73	27
28							48.60	50.88	53.32	56.00	58.89	62.04	65.48	69.08	73.35	28
29								52.69	55.23	58.00	60.99	64.25	67.81	71.55	75.97	29
30									57.13	60.00	63.10	66.47	70.15	74.02	78.59	30
31										62.00	65.20	68.68	72.49	76.48	81.21	31
32										64.00	67.30	70.90	74.83	78.95	83.83	32
33										66.00	69.41	73.11	77.17	81.42	86.45	33
34										68.00	71.51	75.33	79.51	83.68	89.07	34
35											73.61	77.55	81.84	86.35	91.69	35
36												79.76	84.18	88.82	94.31	36
37													86.52	91.29	96.93	37
38														93.75	99.55	38
39															100.00	39

Table 10
GENERAL MEMBERS—PLAN A
PERCENTAGE OF FINAL COMPENSATION USED TO
COMPUTE RETIREMENT ALLOWANCE ESTIMATE

(If Member Not Covered Under Social Security as a County Employee)

Years of service	AGES													62 & over	Years of service
	50	51	52	53	54	55	56	57	58	59	60	61			
10	14.75%	15.67%	16.67%	17.41%	18.41%	19.48%	20.61%	21.82%	22.68%	23.54%	24.40%	25.26%	26.11%	10	
11	16.23	17.23	18.33	19.15	20.25	21.42	22.67	24.00	24.95	25.89	26.84	27.78	28.72	11	
12	17.70	18.80	20.00	20.89	22.10	23.37	24.73	26.19	27.22	28.25	29.28	30.31	31.34	12	
13	19.18	20.36	21.67	22.64	23.94	25.32	26.79	28.37	29.48	30.60	31.72	32.83	33.95	13	
14	20.65	21.93	23.33	24.38	25.78	27.27	28.85	30.55	31.75	32.95	34.16	35.36	36.56	14	
15	22.13	23.50	25.00	26.12	27.62	29.22	30.91	32.73	34.02	35.31	36.60	37.88	39.17	15	
16	23.60	25.06	26.67	27.86	29.46	31.16	32.97	34.91	36.29	37.66	39.03	40.41	41.78	16	
17	25.08	26.63	28.33	29.60	31.30	33.11	35.03	37.10	38.56	40.01	41.47	42.93	44.39	17	
18	26.55	28.20	30.00	31.34	33.14	35.06	37.09	39.28	40.82	42.37	43.91	45.46	47.00	18	
19	28.03	29.76	31.67	33.08	34.99	37.01	39.16	41.46	43.09	44.72	46.35	47.98	49.62	19	
20	29.50	31.33	33.33	34.82	36.83	38.95	41.22	43.64	45.36	47.08	48.79	50.51	52.23	20	
21	30.98	32.90	35.00	36.56	38.67	40.90	43.28	45.83	47.63	49.43	51.23	53.04	54.84	21	
22	32.45	34.46	36.67	38.31	40.51	42.85	45.34	48.01	49.90	51.78	53.67	55.56	57.45	22	
23	33.93	36.03	38.33	40.05	42.35	44.80	47.40	50.19	52.16	54.14	56.11	58.09	60.06	23	
24	35.40	37.60	40.00	41.79	44.19	46.74	49.46	52.37	54.43	56.49	58.55	60.61	62.67	24	
25	36.88	39.16	41.67	43.53	46.03	48.69	51.52	54.55	56.70	58.85	60.99	63.14	65.28	25	
26	38.35	40.73	43.33	45.27	47.87	50.64	53.58	56.74	58.97	61.20	63.43	65.66	67.89	26	
27	39.83	42.30	45.00	47.01	49.72	52.59	55.64	58.92	61.24	63.55	65.87	68.19	70.51	27	
28	41.30	43.86	46.67	48.75	51.56	54.53	57.70	61.10	63.50	65.91	68.31	70.71	73.12	28	
29	42.78	45.43	48.33	50.49	53.40	56.48	59.76	63.28	65.77	68.26	70.75	73.24	75.73	29	
30	44.25	47.00	50.00	52.23	55.24	58.43	61.82	65.47	68.04	70.61	73.19	75.77	78.34	30	
31	45.73	48.56	51.67	53.98	57.08	60.38	63.89	67.65	70.31	72.97	75.63	78.29	80.95	31	
32	47.20	50.13	53.33	55.72	58.92	62.33	65.95	69.83	72.58	75.32	78.07	80.82	83.56	32	
33	48.68	51.69	55.00	57.46	60.76	64.27	68.01	72.01	74.84	77.68	80.51	83.34	86.17	33	
34	50.15	53.26	56.67	59.20	62.61	66.22	70.07	74.19	77.11	80.03	82.95	85.87	88.79	34	
35	.....	54.83	58.33	60.94	64.45	68.17	72.13	76.38	79.38	82.38	85.39	88.39	91.40	35
36	.....	.....	60.00	62.68	66.29	70.12	74.19	78.56	81.65	84.74	87.83	90.92	94.01	36
37	.....	.....	.....	64.42	68.13	72.06	76.25	80.74	83.92	87.09	90.27	93.44	96.62	37
38	.....	.....	.....	.....	69.97	74.01	78.31	82.92	86.18	89.45	92.71	95.97	99.23	38
39	.....	.....	.....	.....	.....	75.96	80.37	85.10	88.45	91.80	95.15	98.49	100.00	39
40	.....	.....	.....	.....	.....	.....	82.43	87.29	90.72	94.15	97.59	100.00		40
41	.....	.....	.....	.....	.....	.....	.....	.....	92.99	96.51	100.00			41

Table 11

GENERAL MEMBERS — PLAN B

PERCENTAGE OF FINAL COMPENSATION USED TO COMPUTE RETIREMENT ALLOWANCE ESTIMATE

(If Member Not Covered Under Social Security as a County Employee)

Years of service	AGES																Years of service
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65 & over	
10	12.42%	13.14%	13.91%	14.75%	15.66%	16.67%	17.41%	18.41%	19.48%	20.61%	21.82%	22.68%	23.54%	24.40%	25.26%	26.11%	10
11	13.67	14.45	15.30	16.23	17.23	18.33	19.15	20.25	21.42	22.67	24.00	24.95	25.89	26.84	27.78	28.72	11
12	14.91	15.76	16.69	17.70	18.80	20.00	20.89	22.10	23.37	24.73	26.19	27.22	28.25	29.28	30.31	31.34	12
13	16.15	17.08	18.08	19.18	20.36	21.67	22.64	23.94	25.32	26.79	28.37	29.48	30.60	31.72	32.83	33.95	13
14	17.39	18.39	19.47	20.65	21.93	23.33	24.38	25.78	27.27	28.85	30.55	31.75	32.95	34.16	35.36	36.56	14
15	18.63	19.70	20.87	22.13	23.50	25.00	26.12	27.62	29.22	30.91	32.73	34.02	35.31	36.60	37.88	39.17	15
16	19.88	21.02	22.26	23.60	25.06	26.67	27.86	29.46	31.16	32.97	34.91	36.29	37.66	39.03	40.41	41.78	16
17	21.12	22.33	23.65	25.08	26.63	28.33	29.60	31.30	33.11	35.03	37.10	38.56	40.02	41.47	42.93	44.39	17
18	22.36	23.65	25.04	26.55	28.20	30.00	31.34	33.14	35.06	37.10	39.28	40.82	42.37	43.91	45.46	47.00	18
19	23.60	24.96	26.43	28.03	29.76	31.67	33.08	34.99	37.01	39.16	41.46	43.09	44.72	46.35	47.98	49.62	19
20	24.85	26.27	27.82	29.50	31.33	33.33	34.82	36.83	38.95	41.22	43.64	45.36	47.08	48.79	50.51	52.23	20
21	26.09	27.59	29.21	30.98	32.90	35.00	36.56	38.67	40.90	43.28	45.83	47.63	49.43	51.23	53.04	54.84	21
22	27.33	28.90	30.60	32.45	34.46	36.67	38.31	40.51	42.85	45.34	48.01	49.90	51.78	53.67	55.56	57.45	22
23	28.57	30.21	31.99	33.92	36.03	38.33	40.05	42.35	44.80	47.40	50.19	52.16	54.14	56.11	58.09	60.06	23
24	29.82	31.53	33.38	35.40	37.60	40.00	41.79	44.19	46.74	49.46	52.37	54.43	56.49	58.55	60.61	62.67	24
25	31.06	32.84	34.78	36.88	39.16	41.67	43.53	46.03	48.69	51.52	54.55	56.70	58.85	60.99	63.14	65.28	25
26	32.30	34.16	36.17	38.35	40.73	43.33	45.27	47.87	50.64	53.58	56.74	58.97	61.20	63.43	65.66	67.89	26
27	33.54	35.47	37.56	39.83	42.30	45.00	47.01	49.72	52.59	55.64	58.92	61.24	63.55	65.87	68.19	70.51	27
28	34.79	36.78	38.95	41.30	43.86	46.67	48.75	51.56	54.53	57.70	61.10	63.50	65.91	68.31	70.71	73.12	28
29	36.03	38.10	40.34	42.78	45.43	48.33	50.49	53.40	56.48	59.76	63.28	65.77	68.26	70.75	73.24	75.73	29
30	37.27	39.41	41.73	44.25	47.00	50.00	52.24	55.24	58.43	61.83	65.46	68.04	70.62	73.19	75.77	78.34	30
31	38.51	40.72	43.12	45.73	48.56	51.67	53.98	57.08	60.38	63.89	67.65	70.31	72.97	75.63	78.29	80.95	31
32	39.75	42.04	44.51	47.20	50.13	53.33	55.72	58.92	62.33	65.95	69.83	72.58	75.32	78.07	80.82	83.56	32
33	41.00	43.35	45.90	48.68	51.69	55.00	57.46	60.76	64.27	68.01	72.01	74.84	77.68	80.51	83.34	86.17	33
34	42.24	44.66	47.29	50.15	53.26	56.67	59.20	62.61	66.22	70.07	74.19	77.11	80.03	82.95	85.87	88.79	34
35	.....	45.98	48.69	51.63	54.83	58.33	60.94	64.45	68.17	72.13	76.38	79.38	82.38	85.39	88.39	91.40	35
36	.....	.....	50.08	53.10	56.39	60.00	62.68	66.29	70.12	74.19	78.56	81.65	84.74	87.83	90.92	94.01	36
37	.....	.....	.....	54.58	57.96	61.67	64.42	68.13	72.06	76.25	80.74	83.92	87.09	90.27	93.44	96.62	37
38	.....	.....	.....	.....	59.53	63.33	66.16	69.97	74.01	78.31	82.92	86.18	89.45	92.71	95.97	99.23	38
39	.....	.....	.....	.....	.....	65.00	67.91	71.81	75.96	80.37	85.10	88.45	91.80	95.15	98.49	100.00	39
40	.....	.....	.....	.....	.....	.....	69.65	73.65	77.91	82.43	87.29	90.72	94.15	97.59	100.00		40
41	.....	.....	.....	.....	.....	.....	.....	75.49	79.85	84.49	89.47	92.99	96.51	100.00			41

Table 12

GENERAL MEMBERS—PLAN C & D

PERCENTAGE OF FINAL COMPENSATION USED TO COMPUTE RETIREMENT ALLOWANCE ESTIMATE

(If Member Not Covered Under Social Security as a County Employee)

Years of service	AGES																Years of service
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65 & over	
10	11.82%	12.43%	13.03%	13.64%	14.26%	14.92%	15.64%	16.41%	17.25%	18.17%	19.17%	19.91%	20.91%	21.98%	23.11%	24.32%	10
11	13.00	13.67	14.33	15.00	15.69	16.42	17.20	18.05	18.98	19.98	21.08	21.90	23.00	24.17	25.42	26.75	11
12	14.18	14.91	15.63	16.36	17.11	17.91	18.76	19.69	20.70	21.80	23.00	23.89	25.10	26.37	27.73	29.19	12
13	15.36	16.16	16.93	17.73	18.54	19.40	20.33	21.33	22.42	23.61	24.92	25.89	27.19	28.57	30.04	31.62	13
14	16.55	17.40	18.24	19.09	19.96	20.89	21.89	22.97	24.15	25.43	26.83	27.88	29.28	30.77	32.35	34.05	14
15	17.73	18.64	19.54	20.45	21.39	22.39	23.46	24.62	25.87	27.25	28.75	29.87	31.37	32.97	34.66	36.48	15
16	18.91	19.89	20.84	21.82	22.82	23.88	25.02	26.26	27.60	29.06	30.67	31.86	33.46	35.16	36.97	38.91	16
17	20.09	21.13	22.15	23.18	24.24	25.37	26.58	27.90	29.33	30.88	32.58	33.85	35.55	37.36	39.28	41.35	17
18	21.27	22.37	23.45	24.54	25.67	26.86	28.15	29.54	31.05	32.70	34.50	35.84	37.64	39.56	41.60	43.78	18
19	22.45	23.61	24.75	25.91	27.09	28.35	29.71	31.18	32.78	34.51	36.42	37.83	39.74	41.76	43.91	46.21	19
20	23.64	24.86	26.05	27.27	28.52	29.85	31.27	32.82	34.50	36.33	38.33	39.82	41.83	43.95	46.22	48.64	20
21	24.82	26.10	27.36	28.63	29.95	31.34	32.84	34.46	36.23	38.15	40.25	41.81	43.92	46.15	48.53	51.08	21
22	26.00	27.34	28.66	30.00	31.37	32.83	34.40	36.10	37.95	39.96	42.17	43.81	46.01	48.35	50.84	53.51	22
23	27.18	28.59	29.96	31.36	32.80	34.32	35.96	37.74	39.67	41.78	44.08	45.80	48.10	50.55	53.15	55.94	23
24	28.36	29.83	31.26	32.72	34.22	35.82	37.53	39.38	41.40	43.60	46.00	47.79	50.19	52.74	55.46	58.37	24
25	29.55	31.07	32.57	34.09	35.65	37.31	39.09	41.03	43.12	45.41	47.92	49.78	52.28	54.94	57.77	60.80	25
26	30.73	32.31	33.87	35.45	37.08	38.80	40.66	42.67	44.85	47.23	49.83	51.77	54.37	57.14	60.08	63.24	26
27	31.91	33.56	35.17	36.81	38.50	40.29	42.22	44.31	46.58	49.05	51.75	53.76	56.47	59.34	62.39	65.67	27
28	33.09	34.80	36.47	38.18	39.93	41.79	43.78	45.95	48.30	50.86	53.67	55.75	58.56	61.53	64.70	68.10	28
29	34.27	36.04	37.78	39.54	41.35	43.28	45.35	47.59	50.02	52.68	55.58	57.74	60.65	63.73	67.01	70.53	29
30	35.46	37.29	39.08	40.91	42.78	44.77	46.91	49.23	51.75	54.50	57.50	59.74	62.74	65.93	69.33	72.97	30
31	36.64	38.53	40.38	42.27	44.21	46.26	48.47	50.87	53.48	56.31	59.42	61.73	64.83	68.13	71.64	75.40	31
32	37.82	39.77	41.69	43.63	45.63	47.75	50.04	52.51	55.20	58.13	61.33	63.72	66.92	70.33	73.95	77.83	32
33	39.00	41.01	42.99	45.00	47.06	49.25	51.60	54.15	56.92	59.94	63.25	65.71	69.01	72.52	76.26	80.26	33
34	40.18	42.26	44.29	46.36	48.48	50.74	53.16	55.79	58.65	61.76	65.17	67.70	71.11	74.72	78.57	82.69	34
35	.....	43.50	45.59	47.72	49.91	52.23	54.73	57.43	60.37	63.58	67.08	69.69	73.20	76.92	80.88	85.13	35
36	.....	.....	46.90	49.09	51.34	53.72	56.29	59.08	62.10	65.39	69.00	71.68	75.29	79.12	83.19	87.56	36
37	.....	.....	.....	50.45	52.76	55.22	57.86	60.72	63.83	67.21	70.92	73.67	77.38	81.31	85.50	89.99	37
38	.....	.....	.....	.....	54.19	56.71	59.42	62.36	65.55	69.03	72.83	75.66	79.47	83.51	87.81	92.42	38
39	.....	.....	.....	.....	.....	58.20	60.98	64.00	67.27	70.84	74.75	77.66	81.56	85.71	90.12	94.85	39
40	.....	.....	.....	.....	.....	.....	62.55	65.64	69.00	72.66	76.67	79.65	83.65	87.91	92.43	97.29	40
41	.....	.....	.....	.....	.....	.....	.....	67.28	70.72	74.48	78.58	81.64	85.74	90.10	94.74	99.72	41

Table 13

GENERAL MEMBERS—PLAN E

PERCENTAGE OF FINAL COMPENSATION USED TO COMPUTE RETIREMENT ALLOWANCE ESTIMATE

(If Member Not Covered Under Social Security as a County Employee)

Years of service	AGES											Years of service
	55	56	57	58	59	60	61	62	63	64	65 & over	
10	7.28%	8.00%	8.81%	9.70%	10.71%	11.83%	13.09%	14.52%	16.12%	17.94%	20.00%	10
11	8.01	8.80	9.69	10.67	11.78	13.02	14.40	15.97	17.73	19.73	22.00	11
12	8.74	9.60	10.57	11.64	12.85	14.20	15.71	17.42	19.34	21.52	24.00	12
13	9.47	10.41	11.45	12.62	13.92	15.38	17.02	18.87	20.96	23.32	26.00	13
14	10.19	11.21	12.33	13.59	14.99	16.56	18.33	20.32	22.57	25.11	28.00	14
15	10.92	12.01	13.21	14.56	16.06	17.75	19.64	21.77	24.18	26.90	30.00	15
16	11.65	12.81	14.09	15.53	17.13	18.93	20.95	23.23	25.79	28.70	32.00	16
17	12.38	13.61	14.97	16.50	18.20	20.11	22.26	24.68	27.40	30.49	34.00	17
18	13.11	14.41	15.85	17.47	19.27	21.30	23.57	26.13	29.02	32.28	36.00	18
19	13.84	15.21	16.74	18.44	20.35	22.48	24.88	27.58	30.63	34.08	38.00	19
20	14.56	16.01	17.62	19.41	21.42	23.66	26.19	29.03	32.24	35.87	40.00	20
21	15.29	16.81	18.50	20.38	22.49	24.85	27.50	30.48	33.85	37.67	42.00	21
22	16.02	17.61	19.38	21.35	23.56	26.03	28.81	31.94	35.46	39.46	44.00	22
23	16.75	18.41	20.26	22.32	24.63	27.21	30.12	33.39	37.08	41.25	46.00	23
24	17.48	19.21	21.14	23.29	25.70	28.40	31.43	34.84	38.69	43.05	48.00	24
25	18.21	20.01	22.02	24.26	26.77	29.58	32.74	36.29	40.30	44.84	50.00	25
26	18.93	20.81	22.90	25.23	27.84	30.76	34.04	37.74	41.91	46.63	52.00	26
27	19.66	21.61	23.78	26.20	28.91	31.95	35.35	39.19	43.52	48.43	54.00	27
28	20.39	22.41	24.66	27.17	29.98	33.13	36.66	40.64	45.14	50.22	56.00	28
29	21.12	23.21	25.54	28.14	31.05	34.31	37.97	42.10	46.75	52.01	58.00	29
30	21.85	24.01	26.42	29.11	32.12	35.50	39.28	43.55	48.36	53.81	60.00	30
31	22.57	24.81	27.30	30.08	33.19	36.68	40.59	45.00	49.97	55.60	62.00	31
32	23.30	25.61	28.19	31.05	34.27	37.86	41.90	46.45	51.58	57.40	64.00	32
33	24.03	26.41	29.07	32.02	35.34	39.05	43.21	47.90	53.20	59.19	66.00	33
34	24.76	27.21	29.95	32.99	36.41	40.23	44.52	49.35	54.81	60.98	68.00	34
35	25.49	28.01	30.83	33.96	37.48	41.41	45.83	50.81	56.42	62.78	70.00	35
36	25.85	28.41	31.27	34.45	38.01	42.00	46.48	51.53	57.23	63.67	71.00	36
37	26.22	28.81	31.71	34.93	38.55	42.60	47.14	52.26	58.03	64.57	72.00	37
38	26.58	29.21	32.15	35.42	39.08	43.19	47.79	52.98	58.84	65.47	73.00	38
39	26.94	29.61	32.59	35.90	39.62	43.78	48.45	53.71	59.64	66.36	74.00	39
40	.....	30.02	33.03	36.39	40.16	44.37	49.10	54.44	60.45	67.26	75.00	40
41	.....	.....	33.47	36.88	40.69	44.96	49.76	55.16	61.26	68.16	76.00	41

Table 14

**RETIREMENT ALLOWANCE REDUCTION AMOUNTS FOR
MEMBERS IN PLANS A, B, C & D
COVERED BY SOCIAL SECURITY**

<u>Age at Retirement</u>	<u>PLAN A Reduction per YOS*</u>	<u>PLAN B Reduction per YOS*</u>	<u>PLAN C Reduction per YOS*</u>	<u>PLAN D Reduction per YOS*</u>
50	\$1.72	\$1.45	\$1.38	\$4.14
51	1.83	1.53	1.45	4.35
52	1.94	1.62	1.52	4.56
53	2.03	1.72	1.59	4.77
54	2.15	1.83	1.66	4.99
55	2.27	1.94	1.74	5.22
56	2.40	2.03	1.82	5.47
57	2.55	2.15	1.91	5.74
58	2.65	2.27	2.01	6.04
59	2.75	2.40	2.12	6.36
60	2.85	2.55	2.24	6.71
61	2.95	2.65	2.32	6.97
62	3.05	2.75	2.44	7.32
63	3.05	2.85	2.56	7.69
64	3.05	2.95	2.70	8.09
65	3.05	3.05	2.84	8.51
and over				

*Note: "YOS" means years of service covered by Social Security under LACERA.

Table 15

PLAN A, B, C OR D**SOCIAL SECURITY ADJUSTMENT FACTORS FOR THE LEVEL INCOME OPTION BY AGE AT RETIREMENT***

<u>Age at Retirement</u>	<u>Social Security Adjustment Factor (expressed in percentages)</u>	<u>Age at Retirement</u>	<u>Social Security Adjustment Factor (expressed in percentages)</u>
50	31.76%	56	55.14
51	34.73	57	60.68
52	38.02	58	66.86
53	41.66	59	73.77
54	45.69	60	81.51
55	50.16	61	90.21

*Note: These factors are subject to change based on recommendations by LACERA's actuary.

Table 16

PLAN E**EARLY RETIREMENT ADJUSTMENT (ERA) FACTORS BY AGE AT RETIREMENT***

<u>Age at Retirement</u>	<u>ERA Factors (expressed in percentages)</u>	<u>Age at Retirement</u>	<u>ERA Factors (expressed in percentages)</u>
55	36.41%	60	59.16
56	40.02	61	65.47
57	44.04	62	72.58
58	48.52	63	80.60
59	53.54	64	89.68

*Note: These factors are subject to change based on recommendations by LACERA's actuary.

Table 17

SOCIAL SECURITY BENEFITS FOR LEVEL INCOME OPTION
ESTIMATED MONTHLY SOCIAL SECURITY BENEFITS PAYABLE AT AGE 62—AS OF JANUARY 1989

1989 ANNUAL EARNINGS RATE	ATTAINED AGE IN 1989													
	50	51	52	53	54	55	56	57	58	59	60	61	62	
6500	94	99	105	109	112	116	120	123	127	130	134	137	140	
7000	101	107	112	116	120	123	127	131	135	138	142	146	150	
7500	108	113	118	122	127	131	135	139	143	147	151	155	159	
8000	114	119	125	129	134	138	142	147	151	155	160	164	168	
8500	119	125	131	136	141	145	150	154	159	164	168	173	177	
9000	125	131	138	143	148	152	157	162	167	172	177	181	186	
9500	131	138	144	149	155	160	165	170	175	180	185	190	195	
10000	137	144	151	156	162	167	172	178	183	189	194	199	205	
10500	143	150	157	163	169	174	180	186	191	197	203	208	214	
11000	148	156	164	170	176	182	188	194	199	205	211	217	223	
11500	154	162	170	176	183	189	195	201	208	214	220	226	232	
12000	160	168	177	183	190	196	203	209	216	222	229	235	241	
12500	166	174	183	190	197	204	210	217	224	231	237	244	250	
13000	172	180	190	197	204	211	218	225	232	239	246	253	260	
13500	178	187	196	204	211	218	225	233	240	247	255	261	269	
14000	183	193	203	210	218	225	233	241	248	256	263	270	278	
14500	189	199	209	217	225	233	241	248	256	264	272	279	287	
15000	195	205	216	224	232	240	248	256	264	272	281	288	296	
15500	201	211	222	231	239	247	256	264	272	281	289	297	305	
16000	207	217	229	237	246	255	263	272	281	289	298	306	315	
16500	212	223	235	244	253	262	271	280	289	298	306	315	324	
17000	218	230	242	251	260	269	278	288	297	306	315	324	333	
17500	224	236	248	258	267	276	286	295	305	314	324	333	342	
18000	230	242	255	264	274	284	293	303	313	323	332	342	351	
18500	236	248	261	271	281	291	301	311	321	331	341	350	360	
19000	241	254	267	278	288	298	309	319	329	339	350	359	370	
19500	247	260	274	285	295	306	316	327	337	348	358	368	379	
20000	253	266	280	291	302	313	324	335	345	356	367	377	388	
20500	259	273	287	298	309	320	331	342	353	365	376	386	397	
21000	265	279	293	305	316	327	339	350	362	373	384	395	406	
21500	270	285	300	312	323	335	346	358	370	381	393	404	415	
22000	276	291	306	318	330	342	354	366	377	389	401	412	424	
22500	281	296	312	324	336	349	361	373	385	397	409	421	433	
23000	286	302	318	330	343	355	368	380	393	405	417	429	441	
23500	291	307	324	336	349	362	374	387	400	412	425	437	450	
24000	296	312	329	342	355	368	381	394	407	420	433	445	458	
24500	301	317	334	347	360	374	387	400	413	426	439	451	464	
25000	305	322	340	352	365	379	392	405	418	432	445	458	471	
25500	310	326	344	357	370	384	397	410	423	437	451	463	477	
26000	314	331	349	362	375	388	402	415	428	442	456	469	482	
26500	318	335	353	366	379	392	407	420	433	446	461	474	487	
27000	322	338	357	369	383	396	410	423	436	450	464	478	491	
27500	325	342	360	373	386	399	414	427	440	453	468	481	495	
28000	328	345	363	376	389	403	417	430	443	457	471	485	499	
28500	331	348	366	379	392	406	420	433	446	460	474	488	502	
29000	334	351	369	382	395	409	423	436	449	463	477	491	505	
29500	337	354	372	385	398	412	426	439	452	466	480	494	508	
30000	339	356	375	388	401	414	429	441	454	468	483	496	511	
30500	342	359	377	390	403	417	431	444	457	471	485	499	513	
31000	344	361	380	393	406	419	433	446	459	473	488	501	516	
31500	346	364	382	395	408	422	436	449	462	475	490	504	518	
32000	349	366	385	397	410	424	438	451	464	478	492	506	521	
32500	351	368	387	400	413	426	441	454	467	480	495	509	524	
33000	354	371	389	402	415	429	443	456	469	483	497	511	526	
33500	356	373	392	405	418	431	446	459	471	485	500	514	529	
34000	358	376	394	407	420	434	448	461	474	488	502	516	531	
34500	361	378	396	409	422	436	450	463	476	490	504	519	534	
35000	362	379	398	411	424	438	452	465	478	492	506	520	535	
35500	364	381	399	412	425	439	453	466	479	493	507	522	537	
36000	365	382	401	413	427	440	454	467	480	494	508	523	538	
36500	366	383	402	415	428	441	455	468	481	495	510	524	539	
37000	367	384	403	416	429	442	457	469	482	496	511	525	540	
37500	368	385	404	417	430	443	458	471	483	497	512	526	541	
38000	369	386	405	418	431	444	459	472	485	498	513	527	543	
38500	370	387	406	419	432	445	460	473	486	499	514	528	544	
39000	371	388	407	420	433	446	461	474	487	500	515	529	545	
39500	372	389	408	421	434	448	462	475	488	501	516	531	546	
40000	373	390	409	422	435	449	463	476	489	503	517	532	547	
40500	374	391	410	423	436	450	464	477	490	504	518	533	548	
41000	375	392	411	424	437	451	465	478	491	505	519	534	549	
41500	376	394	412	425	438	452	466	479	492	506	520	535	549	
42000	377	394	413	426	439	453	467	480	493	507	521	536	550	
42500	378	395	414	427	440	454	468	481	494	508	522	537	550	
43000	379	396	415	428	441	454	469	482	495	509	523	538	551	
43500	379	397	416	429	442	455	470	482	495	509	524	538	551	
44000	380	397	416	429	442	456	470	483	496	510	524	539	551	
44500	380	398	417	430	443	456	471	484	496	510	525	540	551	
45000	381	398	417	430	443	457	471	484	496	511	525	540	552	
45500	381	399	418	431	444	457	471	484	496	511	526	540	552	
46000	382	399	418	431	444	457	472	485	496	511	526	541	552	
46500	382	399	418	431	444	458	472	485	496	511	526	541	552	
47000	382	399	418	431	444	458	472	485	496	511	526	541	552	
47500	382	399	418	431	444	458	472	485	496	511	526	541	552	
48000	382	399	418	431	444	458	472	485	496	511	526	541	552	

AND
GREATER

EARNINGS PRIOR TO 1982 BASED ON S.S. AVERAGE WAGE LEVELS FROM LATER OF 1951 OR YEAR AGE 22.

EARNINGS AFTER 1982 ARE ASSUMED ZERO.

CPI INCLUDES 4.0% EFFECTIVE DEC. 1988 AND ZERO THEREAFTER.

WAGE BASE: \$48,000 IN 1989 AND THEREAFTER.

(1983 ACT—N5589A)

Table 18

SOCIAL SECURITY BENEFITS FOR PLAN E OFFSET

ESTIMATED MONTHLY SOCIAL SECURITY BENEFITS PAYABLE AT AGE 65—AS OF JANUARY 1989

1989 ANNUAL EARNINGS RATE	— ATTAINED AGE IN 1989 —													
	52	53	54	55	56	57	58	59	60	61	62	63	64	65
6500	370	370	370	370	370	370	370	370	370	370	370	363	367	357
7000	383	383	383	383	383	383	383	383	383	383	383	376	381	370
7500	396	396	396	396	396	396	396	396	396	396	396	389	394	383
8000	410	410	410	410	410	410	410	410	410	410	410	402	407	396
8500	423	423	423	423	423	423	423	423	423	423	423	415	421	409
9000	436	436	436	436	436	436	436	436	436	436	436	428	434	422
9500	450	450	450	450	450	450	450	450	450	450	450	441	447	435
10000	463	463	463	463	463	463	463	463	463	463	463	455	461	448
10500	476	476	476	476	476	476	476	476	476	476	476	468	474	461
11000	490	490	490	490	490	490	490	490	490	490	490	481	487	474
11500	503	503	503	503	503	503	503	503	503	503	503	494	501	487
12000	516	516	516	516	516	516	516	516	516	516	516	507	514	500
12500	530	530	530	530	530	530	530	530	530	530	530	520	527	513
13000	543	543	543	543	543	543	543	543	543	543	543	533	541	526
13500	556	556	556	556	556	556	556	556	556	556	556	547	554	539
14000	570	570	570	570	570	570	570	570	570	570	570	560	567	552
14500	583	583	583	583	583	583	583	583	583	583	583	573	581	565
15000	596	596	596	596	596	596	596	596	596	596	596	586	594	578
15500	610	610	610	610	610	610	610	610	610	610	610	599	607	591
16000	623	623	623	623	623	623	623	623	623	623	623	612	621	604
16500	636	636	636	636	636	636	636	636	636	636	636	625	634	617
17000	650	650	650	650	650	650	650	650	650	650	650	639	647	630
17500	663	663	663	663	663	663	663	663	663	663	663	652	661	645
18000	676	676	676	676	676	676	676	676	676	676	676	665	674	658
18500	690	690	690	690	690	690	690	690	690	690	690	678	687	669
19000	703	703	703	703	703	703	703	703	703	703	703	691	700	682
19500	716	716	716	716	716	716	716	716	716	716	716	704	714	695
20000	730	730	730	730	730	730	730	730	730	730	730	717	727	708
20500	743	743	743	743	743	743	743	743	743	743	743	731	740	721
21000	756	756	756	756	756	756	756	756	756	756	756	744	754	734
21500	770	770	770	770	770	770	770	770	770	770	770	757	767	747
22000	783	783	783	783	783	783	783	783	783	783	783	770	780	760
22500	796	796	796	796	796	796	796	796	796	796	796	783	792	771
23000	810	809	809	808	808	808	807	806	806	806	805	792	803	782
23500	822	822	821	820	820	819	817	816	816	816	816	802	813	792
24000	835	834	832	831	830	829	827	826	825	825	825	811	822	800
24500	847	845	844	842	841	839	837	835	834	834	834	820	830	808
25000	854	853	852	851	851	849	846	844	843	842	842	828	838	816
25500	859	858	857	856	855	854	853	852	851	851	850	835	844	820
26000	865	864	862	861	860	858	857	856	855	854	854	837	847	824
26500	870	869	867	865	864	863	861	859	858	858	857	840	850	827
27000	875	873	872	870	869	867	865	863	862	861	861	844	854	830
27500	880	878	876	874	873	871	869	867	866	866	864	847	857	833
28000	885	883	881	879	877	875	873	871	869	868	868	850	860	836
28500	890	888	886	883	881	879	877	874	873	872	871	853	863	839
29000	895	893	890	888	886	883	881	878	876	875	874	857	867	842
29500	900	897	895	892	890	887	884	882	880	879	878	860	870	845
30000	905	902	899	897	894	891	888	886	883	882	881	863	873	848
30500	910	907	904	901	898	895	892	889	887	886	884	866	876	851
31000	914	911	908	905	902	899	895	892	889	889	887	869	879	854
31500	918	915	912	908	905	902	899	895	892	891	890	871	881	856
32000	922	919	915	912	909	905	902	898	895	894	892	874	883	858
32500	926	923	919	916	912	908	905	901	898	896	895	876	886	860
33000	930	927	923	919	916	912	908	904	901	899	897	878	888	862
33500	935	931	927	923	919	915	911	907	903	901	900	881	890	864
34000	939	935	930	926	922	918	914	910	906	904	902	883	892	866
34500	943	939	934	930	926	921	917	912	909	907	905	886	895	868
35000	947	943	938	933	929	925	920	915	911	909	907	888	897	870
35500	951	947	942	937	933	928	923	918	914	912	909	890	899	872
36000	955	950	945	941	936	931	926	921	917	914	912	893	902	874
36500	959	954	949	944	939	934	929	924	919	917	914	895	904	877
37000	963	958	953	948	943	937	932	927	922	919	917	897	906	879
37500	967	962	956	951	946	940	935	929	924	922	919	899	908	880
38000	971	966	960	954	949	943	938	932	927	924	921	901	910	882
38500	975	969	963	958	952	946	940	935	929	926	923	903	912	884
39000	979	973	967	961	955	949	943	937	932	929	926	905	914	886
39500	982	976	970	964	958	952	946	940	934	931	928	907	916	887
40000	986	980	974	967	961	955	948	942	936	933	930	909	917	889
40500	990	983	977	970	964	957	951	944	938	935	931	911	919	890
41000	993	987	980	973	967	960	953	947	940	937	933	913	921	892
41500	997	990	983	976	970	963	956	949	942	939	935	914	922	893
42000	1000	993	986	979	972	965	958	951	944	941	937	916	924	895
42500	1003	996	989	982	975	968	960	953	946	943	939	917	925	896
43000	1007	1000	992	985	978	970	963	955	948	944	940	919	927	897
43500	1010	1003	995	987	980	972	965	957	950	946	942	920	928	898
44000	1013	1005	997	990	982	974	966	959	951	947	943	921	929	899
44500	1015	1008	1000	992	984	976	968	960	953	948	944	922	929	899
45000	1018	1010	1002	994	986	978	969	961	954	949	944	923	930	899
45500	1020	1012	1004	995	988	979	971	962	955	950	945	923	930	899
46000	1023	1014	1006	997	989	981	972	963	955	951	946	924	930	899
46500	1025	1016	1008	999	991	982	973	965	956	951	946	924	930	899
47000	1027	1019	1010	1001	992	983	974	966	957	952	947	924	931	899
47500	1030	1021	1012	1003	994	985	976	967	958	953	947	925	931	899
48000	1032	1023	1014	1004	996	986	977	968	959	954	948	925	931	899

AND
GREATER

EARNINGS PRIOR TO 1989 BASED ON S.S. AVERAGE WAGE LEVELS FROM LATER OF 1951 OR YEAR AGE 22.
EARNINGS AFTER 1989 ARE ASSUMED LEVEL UP TO AND INCLUDING CALENDAR YEAR OF AGE 64.

1989 INCLUDES 4.0% EFFECTIVE DEC. 1988 AND ZERO THEREAFTER.

WAGE BASE: \$48,000 IN 1989 AND THEREAFTER.

(983 A-1 - NSS89A)

DISABILITY RETIREMENT

Introduction

General and safety members who become permanently disabled and unable to perform the duties of their specific job may, regardless of age, apply for disability retirement. If found disabled by the Board of Retirement, members receive a disability retirement allowance for life. In addition, there are benefits payable to eligible surviving spouses or minor children of members who have been granted a disability retirement allowance. Members must present proof of disability including a physician's statement showing they are permanently disabled. Moreover, the Board of Retirement may require that they be examined by a Board-appointed physician.

Application/Approval for Disability

An application for disability retirement shall be made while the member is in service, within four months after discontinuance of service, or while from the date of discontinuance of service to the time of the application the member is continuously physically or mentally incapacitated to perform his duties; an application may not be filed, however, if the member's retirement contributions have been withdrawn. Assistance of an attorney is not required to file an application for disability retirement. Retirement staff is available to assist any member, who does not have an attorney, in completing the application form. The decision on whether to hire an attorney is a matter left to the discretion of the member at any stage of the application/appeal process. The processing time for disability retirement takes from three to six months. Staff must obtain Worker's Compensation and other records, schedule a medical examination and obtain the examination results, conduct the necessary investigation and prepare an evaluation report for consideration by the Board of Retirement. The Board of Retirement meets the first business Wednesday of each month to approve or deny applications for disability retirement.

A member may be retired for disability upon the application of the member, the head of the office or department in which the member was last employed, the Board of Retirement or its agents, or any other person on behalf of the member.

Eligibility for Disability Retirement

Only members in a contributory plan (Plans A, B, C or D) are eligible for disability retirement under LACERA. Plan E members are **not** eligible for disability retirement. Members in **all** retirement plans, including Plan E, are eligible, however, for disability benefits under the Long-Term Disability and Survivor Benefit Plan (LTD Plan) provided by the County of Los Angeles and administered by the Long-Term

Disability and Survivor Benefit Plan Section in the Chief Administrative Office.

There are two types of disability retirement: service-connected and nonservice-connected. Plan A, B, C or D members **permanently** incapacitated for the performance of duty may be granted a disability retirement by the Board of Retirement if they meet the following eligibility requirements by type of disability:

Service-Connected Disability:

- Incapacity is the result of injury or disease arising out of and in the course of the member's employment, and there is substantial evidence of a real and measurable connection between such incapacity and the member's employment.
- There is no minimum age or retirement service credit requirement.

Nonservice-Connected Disability:

- Incapacity is not the result of injury or disease arising out of and in the course of the member's employment, and
- Member has completed a minimum of five (5) years of County/reciprocal retirement service credit.

Disability Retirement Allowance

Members who are found disabled will receive a disability retirement allowance for life by type of disability as follows:

Service-connected disability retirement allowance:

- A minimum of 50% of final compensation, or
- If eligible for a service retirement, the equivalent of a service retirement allowance if it exceeds 50% of final compensation but in no event greater than 100% of final compensation.

Nonservice-connected disability retirement allowance:

- Generally equal to one-third ($\frac{1}{3}$) of final compensation but could be more, or less, depending on age and years of service at the time of retirement, or
- If eligible for a service retirement, the equivalent of a service retirement allowance if it exceeds one-third ($\frac{1}{3}$) of final compensation but in no event greater than 100% of final compensation.

Under either type of disability, if a member would have been eligible for a service retirement, the member may elect an optional settlement. Please refer to the section on SERVICE RETIREMENT ALLOWANCES FOR ALL PLANS, pages 19-20, for a description of the unmodified service retirement allowance and optional settlements. Optional settlements may be substantially less, however, for persons retiring for disability rather than under a service retirement.

Members under the age of 55, who have been granted a disability retirement allowance, may be required to submit to a medical examination at a later date. Failure to do so will result in a discontinuance of the disability retirement allowance and if such refusal continues for one year, the allowance shall be cancelled.

Effective Date of Disability Retirement Allowance

The disability retirement allowance for a member found to be disabled by the Board of Retirement is effective as of the date the application for disability retirement is filed, but not earlier than the day following the last day for which the member received regular compensation. However, the retirement of a member who has been granted or is entitled to sick leave shall not become effective until the expiration of such sick leave with compensation unless the member consents to retirement at an earlier date. Payments under Section 4850 of the Labor Code to safety members will terminate immediately upon the granting of a disability retirement.

Retirement While Disability Application is Pending

If a member filed an application for disability retirement but a final determination is not made within 90 days after filing such application, the member may, if eligible to retire under a regular service retirement, apply for and be granted a service retirement allowance pending the determination of entitlement to disability retirement. Authorization for retirement pending the outcome of a disability application is contained in Section 31725.7 of the California Government Code; this type of retirement is commonly referred to as a "7" (point 7) retirement. If the member is found disabled, adjustments will be made in the member's allowance retroactive to the effective date of the disability retirement. If the member is not found disabled, the member may not return to his job, but will continue to receive a service retirement allowance.

Continuing to Work After Disability Finding

Members who are found to be disabled, whether for service-connected or nonservice-connected disability, may, if they are capable of performing other duties in a new position, continue in their employment with the County or district. Such members will receive, in lieu of a service-connected or nonservice-connected disability allowance, a supplemental disability allowance which is equal to the difference between the compensation rate of the position for which the member was incapacitated and the compensation of the new position. Such payments will continue until the member elects to retire and receive the service-connected or nonservice-connected disability allowance.

Appeal Rights

Members who were denied disability retirement or who were found to be disabled for nonservice-connected causes rather than service-connected causes may file an appeal after receiving official notification of the findings of the Board of Retirement. A referee will be assigned to hear the case and the member may be represented by an attorney. The County Counsel's office defends the actions of the Retirement Board. Referee findings are not binding on the Board of Retirement and the member may further appeal to the Superior Court.

DEATH AND SURVIVOR BENEFITS

Introduction

Death and survivor benefits are provided by LACERA for eligible spouses or beneficiaries of deceased **active** members of Plan A, B, C & D and for eligible spouses or beneficiaries of deceased **retired** members of Plan A, B, C, D or E. Benefits for survivors of deceased **active** Plan E members are available **only** through the Long-Term Disability and Survivor Benefit Plan (LTD Plan) provided by the County of Los Angeles and administered by the Long-Term Disability and Survivor Benefit Plan Section in the Chief Administrative Office. Survivors of deceased active members in Plan A, B, C or D are also eligible for LTD Plan benefits. Pre- and post-retirement death/survivor benefits vary to some degree. The benefits also depend on whether the cause of death or disability was nonservice-connected (not the result of injury or disease arising out of and in the course of the member's employment), or service-connected (the result of injury or disease arising out of and in the course of the member's employment).

Pre-Retirement Death/Survivor Benefits

The death benefit payable to the surviving spouse or other beneficiary of a Plan A, B, C or D member who dies in service before retirement depends on whether the death was the result of nonservice-connected or service-connected causes as follows:

Nonservice-connected death:

1. The basic **death benefit** (lump-sum payment) consists of (a) the member's contributions and interest credited to the member's account plus (b) an amount equal to an average month's salary (based on the last 12 months) for each completed year of retirement credit, but not exceeding six months' salary. In lieu of a lump-sum payment, the beneficiary may elect to receive this benefit in installments over a period of 120 months, or
2. If the deceased member had at least five years' County or combined County and reciprocal agency membership service, a surviving spouse (if none, member's minor children) may elect, in lieu of the basic death benefit, a **monthly allowance** equal to 60% of the monthly retirement allowance to which the deceased member would have been entitled had the member been retired for nonservice-connected disability as of the date of death. This benefit is payable only to a surviving spouse or to minor children under age 18 (or through the age of 21 if they remain unmarried and are regularly enrolled as full-time students in an accredited school).

Note: This benefit will generally equal approximately 20% of the member's final compensation (average salary over the highest 12 months of service if the member was in Plan A, or 36 months of service if the member was in Plan B, C or D) but could be more, or less, depending on the age and years of service of the member and whether the member was eligible to retire for service.

3. A surviving spouse may elect, in lieu of the basic death benefit, a **combined benefit** consisting of a lump sum payment as in 1(b) above, plus a monthly allowance as in 2 above, reduced by an amount which is the actuarial equivalent of the amount in 1(b) above based on the age of the surviving spouse.

Service-connected death:

1. The basic **death benefit** (lump-sum payment) consists of (a) the member's contributions and interest credited to the member's account plus (b) an amount equal to an average month's salary (based on the last 12 months) for each completed year of retirement credit, but not exceeding six months' salary. In lieu of a lump-sum payment, the beneficiary may elect to receive this benefit in installments over a period of 120 months, or
2. Regardless of the length of service, a surviving spouse (if none, member's minor children) may elect, in lieu of the basic death benefit, a **monthly allowance** equal to 100% of the monthly retirement allowance to which the deceased member would have been entitled had the member been retired for service-connected disability as of the date of death. This benefit is payable only to a surviving spouse or to minor children under age 18 (or through the age of 21 if they remain unmarried and are regularly enrolled as full-time students in an accredited school).

Note: This benefit equals a minimum of 50% of the member's final compensation (average salary over the highest 12 months of service if the member was in Plan A, or 36 months of service if the member was in Plan B, C or D) but could be more depending on the age and years of service of the member, if the member was eligible to retire for service.

3. A surviving spouse may elect, in lieu of the basic death benefit, a **combined benefit** consisting of a lump sum payment as in 1(b) above, plus a monthly allowance as in 2 above, reduced by an amount which is the actuarial equivalent of the amount in 1(b) above based on the age of the surviving spouse.

4. In addition to the above benefit, the surviving spouse of a member who is killed in the performance of duty or who dies as the result of an accident or injury caused by external violence or physical force, incurred in the performance of duty, or other person having legal custody of the deceased member's children under age 18 (or through the age of 21 if they remain unmarried and are regularly enrolled as full-time students in an accredited school), shall be paid an **additional allowance** based on the number of children as follows:
 - 1 child 25% of basic allowance (12.5% of final comp.)
 - 2 children 40% of basic allowance (20% of final comp.)
 - 3 or more children 50% of basic allowance (25% of final comp.)
5. In addition to all other benefits, the surviving spouse of a **safety** member who is killed in the performance of duty or who dies as the result of an accident or injury caused by external violence or physical force, incurred in the performance of duty, shall be paid a lump-sum payment equal to 12 months' pay based on the monthly rate of compensation at the time of death in addition to any other benefits described above.

Post-Retirement Death/Survivor Benefits

The death benefit payable to the surviving spouse or other beneficiary of a member who dies after retirement depends on the member's retirement plan, the retirement settlement elected by the member at the time of retirement and whether the member's retirement was for service, nonservice-connected disability or service-connected disability retirement as follows:

Service retirement or nonservice-connected disability retirement:

1. A surviving spouse, or if none, the member's minor children under age 18 (or through the age of 21 if they remain unmarried and are regularly enrolled as full-time students in an accredited school) may receive 60% of the unmodified service retirement allowance or 60% of the nonservice-connected disability retirement allowance the member was receiving prior to death (if the member was in Plan A, B, C or D) or 50% of the unmodified service retirement allowance the member was receiving prior to death (if the member was in Plan E). To be eligible for this monthly allowance, the surviving spouse must have been:
 - Named as the sole primary beneficiary, and
 - Married to the member at least one year prior to the effective date of retirement.

If an optional settlement was elected by the member at the time of retirement, the survivor's allowance is contingent on the option chosen (See Pages 19–20 for a general description of the optional settlements),

plus

2. A one-time benefit of \$750.00 payable to the named beneficiary or estate of the member (if the member was in Plan A, B, C or D).

Service-connected disability retirement:

1. A surviving spouse, or if none, the member's minor children under age 18 (or through the age of 21 if they remain unmarried and are regularly enrolled as full-time students in an accredited school) may receive 100% of the service-connected disability retirement allowance the member was receiving prior to death (if the member was in Plan A, B, C or D). To be eligible for this monthly allowance, the surviving spouse must have been:

- Named as the sole primary beneficiary, and
- Married to the member prior to the effective date of retirement.

If an optional settlement was elected by the member at the time of retirement, the survivor's allowance is contingent on the option chosen (See Pages 19–20 for a general description of the optional settlements),

plus

2. A one-time benefit of \$750.00 payable to the named beneficiary or estate of the member (if the member was in Plan A, B, C or D).

GENERAL INFORMATION FOR RETIRED MEMBERS

Introduction

Retired members and eligible survivors of active or retired members receive lifetime retirement or survivor allowances which, with the exception of Plan E members or survivors, are subject to annual cost-of-living increases each April 1. These allowances continue whether or not the member or survivor remarries after the divorce or the death of the member's or survivor's spouse. Employment after retirement with the County or districts is limited. Retirement income is subject to taxation and deductions for taxes, dues, insurance premiums, credit unions, etc., may be authorized from the monthly retirement warrant or direct deposit payment. Retirement warrants are mailed once a month, at the end of the month, or may be personally picked up at the LACERA office after making the necessary arrangements. Direct deposit of the retirement allowance is available and strongly recommended to avoid mail delays and occasional theft from mail boxes. Members are assigned new numbers to replace their employee numbers. Additional information is provided in the following sections.

For New Retirees

After your service or disability retirement has been approved by the Board of Retirement:

- A letter informing you of the official action taken by the Board of Retirement and your effective retirement date will be sent to you.
- You will receive, along with the above letter, important information about your retirement, a retirement identification card, a retiree member number which will replace your employee number and will be typed on the I.D. card, and a direct deposit form. Your member number, along with your Social Security number, should be used when you communicate with LACERA.
- The direct deposit form, authorizing the deposit of your retirement allowance into a checking or savings account, should be returned to LACERA if you elect to have direct deposit. Please allow 60–90 days for the direct deposit to become effective.
- You will begin receiving monthly retirement allowance payments approximately 60 days after Board of Retirement approval of your retirement. Payments are issued the last day of each month for the month just completed.
- You will be sent a medical and dental/vision insurance package regarding the plans offered to retirees after you sign and return an application to retire. An enrollment form is included in the package and it is your responsibility to fill out the form and return it to LACERA within 60 days of your retirement if you plan to enroll in a medical or dental/vision plan.

- A tax information letter will be sent to you providing you with information about your taxed/untaxed contributions and taxable status.
- To continue voluntary deductions, you must contact the appropriate agency (See Page 39).
- If eligible, and if you selected the Unmodified or Option 1 retirement settlement, you also elected to receive your allowance with or without the Level Income Option. The Level Income Option benefit increases your monthly retirement allowance until the earliest month in which you are entitled to receive Social Security Benefits. After reaching age 62, your retirement allowance is decreased. If your 62nd birthday falls on the 1st or 2nd of the month, your allowance will be decreased the month of your birth. If your 62nd birthday falls on the 3rd of the month or later, your allowance will be decreased the month following your birth. You should apply for Social Security approximately three months before your 62nd birthday.
- If you need to contact LACERA about any questions you may have or to make beneficiary or address changes, you may write to LACERA at 500 West Temple Street, Room 130, Los Angeles, CA 90012. You may also reach LACERA by telephoning 1-(213) 687-8040 or toll free 1-(800) 366-3875 (all 50 states).

County Service After Retirement

A retired member may not be paid for service to the County, except as follows:

- For service as a juror, election officer, field deputy for registration of voters or temporarily as a judge when assigned by the Chairman of the Judicial Council.
- For service as a member of the Board of Retirement or Board of Investments.
- For service as an independent contractor with the County.
- For service if the member is subsequently elected to County office after retirement.
- For suggestions made for the improvement of County or district activities.
- Retired court commissioners of L.A. County may be assigned by the presiding judge of a court to serve as a court commissioner and receive the amount equal to the difference between the retirement allowance and the full compensation of a court commissioner.
- Retired members may be employed in a position requiring special skills or knowledge for a period not to exceed 90 working days (720 hours) in any one fiscal year.

Beneficiary Designation

Be sure that your beneficiary designation is always up to date. Remember that changes such as birth, death, marriage or divorce may require a change in your beneficiary. If you die without having a named beneficiary, LACERA will pay any eligible benefits to the Executor or Administrator named in a probate proceeding or to the individual or individuals that qualify under Probate Code Section 13000.

Endorsement of Retirement Warrant/ Replacement Warrant/Direct Deposit

Personal endorsement of the retirement warrant is required of each retired member. A mark witnessed by two persons who sign their names and give their addresses is acceptable when the member is unable to personally endorse the retirement warrant.

If you do not receive your warrant within **three working days** after the first of the month, you may contact LACERA for a replacement warrant. You will be required to sign an affidavit stating that you have not received or cashed your retirement warrant when you receive your replacement warrant.

You may arrange to have Direct Deposit of your retirement allowance into a checking or savings account of a participating financial institution through the Automated Clearing House (ACH). A direct deposit authorization form will be sent to you after you retire.

Deductions from Retirement Allowances

Deductions from retirement allowances will be taken only if authorized by a retired member or survivor. Deductions may be made for the following:

- Group medical and/or dental/vision insurance premiums for plans administered by the Board of Retirement, for Local 1014 Firefighters Insurance premiums and for various insurance premiums offered through the Association of Los Angeles Deputy Sheriffs (ALADS); deductions are automatic if the member enrolls in a plan.
- Dues—Retired Employees of Los Angeles County (RELAC), Sheriff's Relief Association, Professional Peace Officer's Association (PPOA), Firefighters Local 1014, Los Angeles County Employees Association (SEIU-AFL-CIO Local 660), Association of Los Angeles Deputy Sheriffs (ALADS); contact the appropriate agency to begin, change or cancel deductions.
- Credit union loan repayments or checking/savings deposits; contact the appropriate credit union to begin, change or cancel deductions.
- Medicare premium payments (Part B only); contact the Social Security Administration to obtain the necessary forms to begin or cancel deductions.

- Savings Bonds; contact LACERA for the necessary forms.
- Federal and State income taxes; members may elect at the time of retirement not to have Federal and/or State taxes withheld or to have Federal and/or State taxes withheld based on marital status and number of exemptions or a fixed dollar amount; if no election is made, however, Federal and State taxes will be withheld as if the member was married with three exemptions pursuant to the Federal Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and State law which became effective on January 1, 1987.

Taxation of Retirement Benefits

Retirement allowance is taxable. Retirement allowance income of retired members is taxable under both Federal and State of California income tax laws. A statement showing your taxable income status will be mailed to you after you retire. A W-2P is sent annually to each retired member and survivor. Questions concerning the applicability of the income tax laws to your individual situation should be directed to your tax advisor.

Federal withholding is required. The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requires LACERA to withhold Federal income tax from your monthly retirement allowance. However, you may elect **not** to have withholding apply to your retirement allowance, or you may elect to have Federal tax withheld at whatever rate you choose, either a specific dollar amount or an amount based on the tax tables. Election forms are available at the time of retirement. If you do not return the election form with your application to retire, federal income tax will be withheld from your retirement allowance, beginning with your first retirement warrant, as if you were a married person claiming three withholding exemptions.

Your election to withhold or not withhold will remain in effect until you revoke it. You may revoke your election or change the amount withheld at any time by notifying LACERA, in writing. You may make and revoke such elections as often as you wish. Penalties may be incurred if withholding taxes are insufficient at the end of the year. Be sure to check with your tax advisor or the Internal Revenue Service if you have any questions.

State withholding is required. Effective January 1, 1987, the State of California also required LACERA to withhold State income tax from your monthly retirement allowance. You may elect the same withholding options for the State tax as you did for the Federal tax. Again, penalties may be incurred if withholding taxes are insufficient at the end of the year. LACERA has been informed that retirement allowance income is subject to taxation in California even when the person receiving the allowance is living in another state.

Tax Reform Act of 1986

The Tax Reform Act of 1986 repealed the three year basis recovery rule (known simply as the "three-year rule") for persons retiring after July 1, 1986. New rules apply as to when and how long retirement benefit payments will be taxable. These rules involve complex calculations based on life expectancy tables for computing the taxable portion of retirement payments from the onset of retirement. In November 1988, however, the Internal Revenue Service announced a simplified "safe-harbor" method for determining the taxable portion of retirement payments.

Special Rule. If a member retired prior to July 2, 1986, and the member's projected retirement payments during the first three years of retirement were equal to or greater than the member's taxed contributions (the contributions on which the member had paid taxes as an active employee), those payments were not taxable until an amount equal to the member's taxed contributions had been recovered. After the taxed contributions were recovered, all subsequent payments were fully taxable. This was known as the "special rule."

General Rule. If, on the other hand, the member retired prior to July 2, 1986, and the taxed contributions would not be recovered during the first three years after retirement, each payment would be treated as partly taxable and partly nontaxable, immediately upon retirement, for the rest of the member's (and surviving spouse's) life. The exclusion ratio to determine the nontaxable amount is calculated by dividing the member's taxed contributions by the projected lifetime retirement benefits of the member, and surviving spouse if any, according to life expectancy tables set forth in government publications. This was known as the "general rule."

After Tax Reform. The Tax Reform Act of 1986 repealed the three-year or special rule provisions. This means that all retirement payments are subject to tax immediately upon retirement for members retiring after July 1, 1986. Taxes are to be computed according to general rule provisions. Members retiring between July 2, 1986, and December 31, 1986, will be able to exclude a portion of their benefits for life, while persons retiring after December 31, 1986, may exclude a portion of their benefits only until they recover their taxed contributions. Internal Revenue Service provides actuarial tables in publication 575 to make these computations.

"Safe-Harbor" Method. On November 15, 1988, the Internal Revenue Service published a simplified method that may be used to calculate the taxable portion of retirement payments from retirement plans such as LACERA's for persons retiring after July 1, 1986 (IRS Notice 88-118). This new "safe harbor" method, also referred to as the "simplified general rule," may allow retirees to exclude more of their retirement benefits from taxable income than under the "old" general rule provisions. Under this method, the nontaxable amount is calculated by dividing the member's taxed contributions by a fixed number of expected payments based on the age of the retiree. Further information and a table of expected payments can be found in the instructions to IRS Form 1040.

Please consult your tax advisor to determine the most appropriate method of determining your tax liability.

Service-connected disability. Members granted a service-connected disability retirement allowance may be eligible to exclude a portion of their allowance from being taxed. Additional information will be sent to the member after the granting of a service-connected disability retirement allowance.

Cost-of-Living Adjustments

Under provisions in the California Government Code the Board of Retirement shall, before April 1st of each year, determine whether there has been an increase or decrease in the cost-of-living, as shown by the Bureau of Labor Statistics Consumer Price Index (CPI) for All Urban Consumers for the area in which the county seat is situated, as of the preceding January 1st. Effective April 1st of each year, the Board must increase or decrease retirement and survivor allowances by a percentage of the total allowance to approximate to the nearest one-half of one percent, the percentage of annual increase or decrease in the CPI as of the preceding January 1st, for members and survivors who were retired prior to April 1st. Plan A members may receive a 3% maximum increase while Plan B, C and D members may receive a 2% maximum increase. There are no provisions for a cost-of-living increase for Plan E members.

The difference between the CPI and the maximum cost-of-living increase granted, is retained in a Cost-of-Living Adjustment (COLA) "bank" which can be drawn against in future years should the CPI fall below the maximum allowable cost-of-living increase. For example, if the CPI was 5% and the maximum cost-of-living increase was 3%, the difference, or 2%, would be put in a COLA "bank" and could be used in the following or subsequent years to grant the maximum allowable cost-of-living increase if the CPI in the following or subsequent years fell below the maximum allowable cost-of-living increase.

For example, if the CPI was only 1%, Plan A members who had 2 or more percent in their COLA bank would still receive a 3% cost-of-living increase while Plan B, C or D members who had 1 or more percent in their COLA bank would still receive a 2% cost-of-living increase. The bank, in either case, would be reduced by the amount necessary to equal the 3% or 2% maximum allowable increase.

Death and Survivor Benefits

A death benefit of \$750.00 is paid to the named beneficiary or estate of each retired member who dies after retirement if they retired from the County or SCAQMD. Such benefits are paid only for members who retired under Plan A, B, C or D. Please refer to the section on POST-RETIREMENT DEATH/SURVIVOR BENEFITS, Page 37 for a description of additional benefits available for survivors/beneficiaries of members who die after retirement.

HEALTH CARE PLANS

Introduction

Group hospital and medical insurance coverage as well as a dental/vision care plan has been made available to all retirees and their eligible dependents or survivors by the Board of Supervisors for County and district employees for whom the Board of Supervisors is the governing body and by the Board of Directors of the South Coast Air Quality Management District for its employees. LACERA is responsible for administering these employer sponsored plans and the provisions of the individual plans are subject to change as conditions warrant. To participate in the medical or dental/vision insurance plans, enrollment must be made within 60 days after retirement or, in the case of disability retirees, within 60 days of the Board of Retirement meeting at which a member's application for disability was approved. An insurance packet is mailed to each new retiree after the member signs and returns the application for retirement. The packet contains comparative information about the available medical plans and the dental/vision care plan as well as a rate chart. A single enrollment form is also included on which the member makes the choice of a medical plan and/or the dental/vision care plan.

Hospital and Medical Insurance Plans/ Insurance Carriers

There are two different types of hospital and medical insurance plans administered by the Board of Retirement: An "indemnity" plan whereby the retiree chooses his own doctor or hospital and his bills are paid by the insurance company underwriting the plan; and a "service" plan whereby the retiree must use the doctors and facilities offered by the service plan he chooses. Two of the indemnity plans are underwritten by the Provident Life and Accident Insurance Company and one indemnity plan is underwritten by Blue Cross of California. All three plans are available to retirees or eligible survivors regardless of previous coverage. The service plans are underwritten either by the Ross Loos Medical Group (CIGNA Health Plan) or by Kaiser Permanente of Southern California. Both plans are available to retirees or eligible survivors regardless of previous coverage. A member may transfer from one plan to another plan effective on the first of the month following six (6) months from the date a new enrollment form is received by LACERA.

In addition to the employer sponsored plans, retired firemen may choose to remain covered under the hospital/medical plan offered by the Fire Fighters Union.

Cost of Insurance

The portion of the premium payment paid by the employer is dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. This ranges from 40% of the premium with ten completed years of service to 100% of the premium with 25 or more completed years of service. In general, each completed year of service after ten years reduces the member's cost by 4%. Service includes all service on which the member's retirement allowance was based. Employer premium payments for the various medical plans are limited, however, to the amounts paid by the employer for the Provident Life and Accident Plans. Therefore, if the premium for any one of the other three plans exceeds that for the Provident Life and Accident Plans, then the retiree must pay the difference, even if the retiree has 25 or more years of service.

Dependent Coverage and Change in Dependent Status

Your spouse and your unmarried children (including legally adopted and stepchildren) under age 19 are also eligible for coverage under the LACERA medical plans. If unmarried children are attending an accredited school full-time, their coverage can be extended to age 23. If children are mentally or physically disabled when they reach the maximum age, coverage may be extended for the term of the disability.

LACERA should be notified of any deletions from the insurance coverage to insure that the costs for both the carrier and member are reduced accordingly. If the change in dependent status results in a reduced contribution, and if you delay notification, not more than twelve (12) months' excess contributions will be made. New dependents may be enrolled without a health statement as long as such enrollment is accomplished within 30 days from birth, marriage to the member, etc.

Dental/Vision Care Plan

The dental/vision care plan which is underwritten by the Provident Life and Accident Insurance Company is separate and distinct from the various hospital and medical insurance plans that are also available to retirees. It is not necessary to enroll in a LACERA medical plan in order to be covered by the dental/vision plan. The plan is of the indemnity type which means that you may choose your own dentist or eye

doctor and be reimbursed for the covered portion of the costs of these services. A separate entry on the enrollment form is required to enroll you and your eligible dependents in the dental/vision care plan regardless of the medical plan that you may select. To participate in the plan, enrollment must be made within 60 days after retirement or, in the case of disability retirees, within 60 days of the Board of Retirement meeting at which a member's application for disability was approved. You may enroll at a later date but you will not be covered until the first of the month following twelve (12) months from the date the enrollment form was completed and returned to LACERA. The portion of the premium payment paid by the employer for this coverage is dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. This ranges from 40% of the premium with ten completed years of service to 100% of the premium with 25 or more completed years of service.

- L.A. County Firefighters Local 1014
10824 Saint James Avenue
South Gate, CA 90280
Phone No.: 1-(213) 637-3532
1-(714) 750-3444
1-(805) 653-6936

Dental/Vision Plan

- Provident Life and Accident Insurance Company (Group #11042HCZY) (same address/phone number as above)

Be sure to include your group number, retirement member number and Social Security number in any written correspondence.

Contacts With Insurance Carriers

Contacts may be made directly with LACERA's insurance carriers at the mailing addresses and phone numbers shown below:

Medical Plans

- Blue Cross of California (Group #387775-A)
P.O. Box 4123
Woodland Hills, CA 91365-4123
Phone No.: 1-(800) 284-1110 (California only)
or 1-(818) 627-2703
- Kaiser Permanente of Southern California
(Group #1002-00)
Membership Services
393 East Walnut
Pasadena, CA 91188
Phone No.: 1-(213) 667-4102 1-(818) 908-2268
1-(714) 788-8061 1-(619) 268-5307
- Health Pledge:
Phone No.: 1-(800) 443-0815 (California only)
1-(818) 405-5890
- Ross Loos (Group #5-399)
CIGNA Health Plans of California
P.O. Box 2125
Glendale, CA 91203
Phone No.: 1-(800) 344-0557 (California only)
or 1-(818) 500-7000
- Provident Life and Accident Insurance Company
(Group #11042HCZY)
P.O. Box 34010
Fullerton, CA 92634
Phone No.: 1-(800) 633-5908 (all 50 states)
or 1-(714) 524-1224

OTHER CONSIDERATIONS

Legal Service

Legal service, including summons and complaints, subpoenas and subpoenas duces tecum, etc., will be accepted by the Retirement Association in matters related to LACERA, upon payment of the required fee at the time of service. The fees will be collected as follows:

- a. \$35 per day plus mileage of 20¢ per mile both ways from the work site to the courthouse for a personal appearance (this fee includes the cost of duplicating documents).
- b. \$15 if a personal appearance is not required (documents only).

The address for service is: Hall of Administration,
Room 140
500 West Temple Street
Los Angeles, CA 90012

Division of Community Property

LACERA, a public pension plan, is not subject to the requirements of the Employee Retirement Income Security Act (ERISA), the Retirement Equity Act (REA) or Section 5106 of the Civil Code concerning the payment of benefits to ex-spouses of LACERA members. Under Section 4351 of the Civil Code, however, the Superior Court has jurisdiction to inquire and render such judgments and make such orders as are appropriate concerning the status of the marriage, the custody and support of minor children of the marriage, the support of either party, the settlement of the property rights of the parties and the award of attorney's fees and costs; provided, however, no such order or judgment shall be enforceable against an employee pension benefit plan **unless the plan has been joined as a party to the proceedings**. Moreover, such orders must be in accordance with the terms of the plan. Joinders may be served on LACERA as described under LEGAL SERVICE, above. If joined and if ordered by the court to divide retirement benefits, LACERA will set up a separate account for the payment to an ex-spouse or children of a retired member. The order should specify a monthly amount or a percentage of the retired member's allowance which is to be paid. All such payments cease upon the death of the retired member unless there are children eligible to a survivor's allowance.

County Blood Bank

The County of Los Angeles has advised LACERA that the "County Blood Bank" no longer exists. In 1977, the credit system was eliminated as a result of California legislation. It was an unfair system that did not guarantee blood when needed. Today, the American Red Cross operates under the philosophy that the community is responsible for meeting patient's needs. In Los Angeles County and Orange County there is no penalty, financial or otherwise, if you use blood and cannot find someone to donate for you. Blood is free; however, the administrative costs incurred by the American Red Cross to collect, process, test, and distribute blood is passed on to the hospital and then to you. These processing fees are usually covered by your health insurance and/or Medicare/Medicaid. For additional information contact your local Red Cross chapter.

Ernst & Young



515 South Flower Street, Suite 2800
Los Angeles, California 90071
Telephone: (213) 621-1666

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying balance sheets of the Los Angeles County Employees Retirement Association as of June 30, 1989 and 1988, and the related statements of revenues and expenses and changes in reserves for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Los Angeles County Employees Retirement Association at June 30, 1989 and 1988, and the results of its operations and changes in its reserves for the years then ended in conformity with generally accepted accounting principles.

Ernst & Young

Quezada Godsey & Co.

October 20, 1989

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BALANCE SHEETS FOR THE YEARS ENDED JUNE 30, 1989 AND 1988

ASSETS

(Amounts in Thousands)

	<u>1989</u>	<u>1988</u>
Current Assets		
Cash (Notes F and G)		
Cash in Banks	\$ 5,728	\$ 4,641
Foreign Currencies	13,533	77,953
Total Cash	<u>\$ 19,261</u>	<u>\$ 82,594</u>
Accounts Receivable		
Member Contributions	\$ 8,899	\$ 7,745
Employer Contributions	32,887	34,471
Principal and Interest Due—Bonds		
Domestic	53,346	44,413
International	292	543
Principal and Interest Due—Mortgages	1,469	3,698
Dividends on Stocks		
Domestic	5,432	5,569
International	3,489	3,157
Withholding Tax Reclaim	1,231	
Proceeds from Sale of Stocks		
Domestic	20,635	6,280
International	8,097	1,463
Interest on Pooled Surplus Investment	106	44
Interest Due on Retirement Trust Fund Float	97	196
Interest Due on Equity R. E. Funds	-0-	-0-
Interest Due on Venture Capital	-0-	59
Miscellaneous	250	1,885
Total Accounts Receivable	<u>\$ 136,230</u>	<u>\$ 109,523</u>
Current Investments		
Repurchase Agreements	\$ 50,082	\$ 9,002
Other Short Term Investments	2,005,528	1,423,951
Total Current Investments (Notes A & G)	<u>\$2,055,610</u>	<u>\$1,432,953</u>
Total Current Assets	<u>\$2,211,101</u>	<u>\$1,625,070</u>
Long Term Investments (Notes A, G, and H)		
Bonds		
Publicly Traded		
Domestic	\$2,876,038	\$2,989,533
International	-0-	-0-
Private Placements	68,381	75,021
Total Bonds	<u>\$2,944,419</u>	<u>\$3,064,554</u>
Equities		
Common Stock		
Domestic	\$1,972,657	\$1,722,900
International	891,315	779,762
Preferred Stock		
Domestic	29,841	18,125
International	4,818	3,688
Convertible Debentures		
Domestic	43,873	61,405
International	8,731	5,301
Total Equities	<u>\$2,951,235</u>	<u>\$2,591,181</u>
Mortgages		
FHA and VA Insured Mortgages (Residential)	\$ 98,650	\$ 115,454
Conventional Mortgages (Residential)	7,985	10,442
Total Mortgages	<u>\$ 106,635</u>	<u>\$ 125,896</u>
Real Estate Equity		
Equity Real Estate Funds	\$ 254,900	\$ 149,267
Total Real Estate Equities	<u>\$ 254,900</u>	<u>\$ 149,267</u>
Other Investments		
Venture Capital Investment Fund	\$ 131,656	\$ 78,672
Total Other Investments	<u>\$ 131,656</u>	<u>\$ 78,672</u>
Total Long-Term Investments	<u>\$6,388,845</u>	<u>\$6,009,570</u>
Fixed Assets		
Furniture and Equipment	\$ 906	\$ 992
Structures and Improvements	871	993
Total Fixed Assets (Net of Depreciation) (Note A)	<u>\$ 1,777</u>	<u>\$ 1,985</u>
Total Assets	<u>\$8,601,723</u>	<u>\$7,636,625</u>

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BALANCE SHEETS FOR THE YEARS ENDED JUNE 30, 1989 AND 1988

LIABILITIES AND RESERVES

(Amounts in Thousands)

	<u>1989</u>	<u>1988</u>
Current Liabilities		
Retirement Allowances Payable	\$ 15,293	\$ 14,912
Retiree Payroll Deductions Payable	5,993	5,280
Mortgage Loan Payments Collected in Advance	37	39
Long Term Bond Principal Collected in Advance	197	-0-
Accounts Payable— Purchase of Common Stocks		
Domestic	89,399	18,968
International	3,597	7,928
Administrative Expense Payable	1,658	666
Accrued Vacation & Sick Leave	733	566
Commitment Fees on Deposit	-0-	100
Investment Expenses Payable	4,239	3,916
Retiree Payroll Warrants Payable	8,043	1,282
Other Warrants Payable	991	744
Direct Deposit— Retired Members Payroll	10	35
Contribution Refunds Payable	182	94
Supplemental Benefits Payable	306	89
Miscellaneous Accounts Payable	1,458	2,118
Total Current Liabilities	\$ 132,136	\$ 56,737
Members Deposit Reserves (Note A)		
General Members	\$ 667,877	\$ 625,810
Safety Members	307,702	275,970
Cost-of-Living	321,993	289,960
Unclaimed Deposits of Former Members	660	829
Total Members Deposit Reserves	\$1,298,232	\$1,192,569
Employers Advance Reserves (Note A)		
General Members	\$ 351,931	\$ 280,227
Safety Members	232,989	209,564
Cost-of-Living	167,821	210,289
Total Employers Reserves	\$ 752,741	\$ 700,080
Retired Members Reserves (Note A)		
General Members	\$2,220,578	\$2,046,580
Safety Members	881,604	796,073
Cost-of-Living	2,935,651	2,651,923
Total Retired Members Reserves	\$6,037,833	\$5,494,576
Reserve for Earnings' Deficiencies, Investment Losses and Other Contingencies	\$ 380,781	\$ 192,663
Total Reserves	\$8,469,587	\$7,579,888
Total Liabilities and Reserves	\$8,601,723	\$7,636,625

Exhibit B

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 1989 AND 1988**

(Amounts in Thousands)

	<u>1989</u>	<u>1988</u>
Revenues		
Contributions		
Member Contributions	\$ 103,879	\$ 93,862
Employer Contributions	383,820	352,076
Special County Contribution (Note E)	-0-	-0-
Total Contribution Revenue	<u>\$ 487,699</u>	<u>\$ 445,938</u>
Miscellaneous Additions	\$ 75	\$ 40
Investment Income		
Interest Income—Long Term Bonds		
Domestic	\$ 273,668	\$ 265,535
International	497	175
Interest Income—Short Term Investments	144,735	117,849
Interest Income—Securities on Loan	5,414	8,795
Interest Income on Mortgages	12,132	15,137
Other Interest Income	485	1,653
Income—Equity R. E. Funds	9,933	6,755
Income—Venture Capital	2,398	459
Dividend Income		
Domestic	72,651	72,910
International	15,275	4,875
Rental Income	-0-	-0-
Net Gain (Loss)—Sale of Bonds		
Domestic	10,190	(60,708)
International	(16)	152
Net Gain (Loss)—Sale of Stocks		
Domestic	273,190	209,225
International	18,063	(3,265)
Net Gain (Loss)—Mortgage Loans	68	120
Net Gain (Loss)—Disposal of Asset	-0-	-0-
Net Gain (Loss)—Foreign Exchange	(3,780)	14,695
Net Gain (Loss)—Sale of Short Term	1,478	6,577
Net Gain (Loss)—Sale of Equity R. E. Fund	-0-	1,069
Net Gain (Loss)—Venture Capital Fund	-0-	-0-
Other Investment Income	736	2,003
Total Investment Income	<u>\$ 837,117</u>	<u>\$ 664,011</u>
Deduct: Investment Expenses		
Investment Counsel Fees		
Domestic	\$ 10,821	\$ 8,259
International	2,396	1,458
Mortgage Loan Service Fees	401	480
Custodial Fees		
Domestic	397	354
International	603	455
Actuarial Fees	-0-	-0-
Real Estate Equities Expenditures	-0-	31
Withholding Tax on Foreign Income	1,538	
Consultant Services	175	150
Other Investment Expenses	153	93
Total Investment Expenses	<u>\$ 16,484</u>	<u>\$ 11,280</u>
Net Investment Income	<u>\$ 820,633</u>	<u>\$ 652,731</u>
Other Revenues	\$ 9	\$ 42
Total Revenues	<u>\$1,308,416</u>	<u>\$1,098,751</u>
Expenditures		
Benefits		
Death Benefits—Lump Sum	\$ 1,269	\$ 1,423
Interest and Payments under Section 31725.5/6	307	297
Pension and Annuity Payments	388,373	344,204
Total Benefit Payments	<u>\$ 389,949</u>	<u>\$ 345,924</u>
Other Expenditures		
Purchase of Annuity Contract (Note E)	\$ -0-	\$ -0-
Refunds to Terminated Members	16,147	7,918
Administrative Expenses (Schedule I)	12,581	8,234
Other Expenditures	1	7
Miscellaneous Deductions	39	71
Total Other Expenditures	<u>\$ 28,768</u>	<u>\$ 16,230</u>
Total Expenditures	<u>\$ 418,717</u>	<u>\$ 362,154</u>
Excess of Revenues over Expenditures	<u>\$ 889,699</u>	<u>\$ 736,597</u>

Exhibit C

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN RESERVES AS OF JUNE 30, 1988**

(Amounts in Thousands)

	Members Deposit Reserves	Employers Advance Reserves	Retired Members Reserves	Cost-of-Living Reserves			Reserve for Earnings' Deficiencies, Investment Losses and Other Contingencies	Total Reserves
				Members	Employers	Retired		
Balance, July 1, 1987	<u>\$828,167</u>	<u>\$ 186,208</u>	<u>\$2,834,347</u>	<u>\$258,417</u>	<u>\$ 14,873</u>	<u>\$2,652,353</u>	<u>\$ 68,926</u>	<u>\$6,843,291</u>
Additions:								
Contributions	\$ 68,228	\$ 308,344	\$	\$ 25,634	\$ 38,934	\$ 4,798	\$	\$ 445,938
Investment Income							652,731	652,731
Other Revenues							42	42
Miscellaneous	159			(119)				40
Total Additions	<u>\$ 68,387</u>	<u>\$ 308,344</u>	<u>\$ —</u>	<u>\$ 25,515</u>	<u>\$ 38,934</u>	<u>\$ 4,798</u>	<u>\$ 652,773</u>	<u>\$1,098,751</u>
Deductions:								
Pension & Annuity Benefits	\$	\$	\$ 276,886	\$	\$	\$ 67,318	\$	\$ 344,204
Death Benefits — Lump Sum		1,423						1,423
Interest and Payments under Section 31725.5/.6		297						297
Refunds	6,219			1,699				7,918
Administrative Expenses — Schedule 1							8,234	8,234
Miscellaneous	56		13	2			7	78
Total Deductions	<u>\$ 6,275</u>	<u>\$ 1,720</u>	<u>\$ 276,899</u>	<u>\$ 1,701</u>	<u>\$ —</u>	<u>\$ 67,318</u>	<u>\$ 8,241</u>	<u>\$ 362,154</u>
Transfers:								
Pension and Annuities	\$(52,685)	\$(238,330)	\$ 291,015	\$(12,969)	\$(87,358)	\$ 100,327	\$	\$ -0-
Interest Credited	65,186	17,538	211,795	20,673	6,990	198,613	(520,795)	-0-
Miscellaneous (Note E)	(171)	217,751	(217,605)	25	236,850	(236,850)		-0-
Total Transfers	<u>\$ 12,330</u>	<u>\$ (3,041)</u>	<u>\$ 285,205</u>	<u>\$ 7,729</u>	<u>\$156,482</u>	<u>\$ 62,090</u>	<u>\$(520,795)</u>	<u>\$ -0-</u>
Balance — June 30, 1988	<u>\$902,609</u>	<u>\$ 489,791</u>	<u>\$2,842,653</u>	<u>\$289,960</u>	<u>\$210,289</u>	<u>\$2,651,923</u>	<u>\$ 192,663</u>	<u>\$7,579,888</u>

Exhibit C

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN RESERVES AS OF JUNE 30, 1989**

(Amounts in Thousands)

	Members Deposit Reserves	Employers Advance Reserves	Retired Members Reserves	Cost-of-Living Reserves			Reserve for Earnings' Deficiencies, Investment Losses and Other Contingencies	Total Reserves
				Members	Employers	Retired		
Balance, July 1, 1988	<u>\$902,609</u>	<u>\$ 489,791</u>	<u>\$2,842,653</u>	<u>\$289,960</u>	<u>\$210,289</u>	<u>\$2,651,923</u>	<u>\$ 192,663</u>	<u>\$7,579,888</u>
Additions:								
Contributions	\$ 76,269	\$340,687	\$	\$ 27,610	\$ 43,133	\$	\$	\$ 487,699
Investment Income							\$820,633	820,633
Other Revenues							9	9
Miscellaneous	<u>20</u>	<u></u>	<u>56</u>	<u>(1)</u>	<u></u>	<u></u>	<u></u>	<u>75</u>
Total Additions	<u>\$ 76,289</u>	<u>\$ 340,687</u>	<u>\$ 56</u>	<u>\$ 27,609</u>	<u>\$ 43,133</u>	<u>\$ -0-</u>	<u>\$ 820,642</u>	<u>\$1,308,416</u>
Deductions:								
Pension & Annuity Benefits	\$	\$	\$ 308,714	\$	\$	\$ 79,659	\$	\$ 388,373
Death Benefits – Lump Sum		1,269						1,269
Interest and Payments under Section 31725.5/6		307						307
Refunds	13,018			3,129				16,147
Administrative Expenses – Schedule 1							12,581	12,581
Miscellaneous	<u>24</u>	<u></u>	<u>13</u>	<u>2</u>	<u></u>	<u></u>	<u>1</u>	<u>40</u>
Total Deductions	<u>\$ 13,042</u>	<u>\$ 1,576</u>	<u>\$ 308,727</u>	<u>\$ 3,131</u>	<u>\$ -0-</u>	<u>\$ 79,659</u>	<u>\$ 12,582</u>	<u>\$ 418,717</u>
Transfers:								
Pension and Annuities	\$(60,434)	\$(276,718)	\$ 337,152	\$(15,625)	\$(98,737)	\$ 114,362	\$	\$ -0-
Interest Credited	70,983	32,637	231,048	23,113	13,136	217,758	(588,675)	-0-
COL Supplemental						31,267	(31,267)	-0-
Miscellaneous (Note E)	<u>(166)</u>	<u>99</u>	<u></u>	<u>67</u>	<u></u>	<u></u>	<u></u>	<u>-0-</u>
Total Transfers	<u>\$ 10,383</u>	<u>\$(243,982)</u>	<u>\$ 568,200</u>	<u>\$ 7,555</u>	<u>\$(85,601)</u>	<u>\$ 363,387</u>	<u>\$(619,942)</u>	<u>\$ -0-</u>
Balance – June 30, 1989	<u>\$976,239</u>	<u>\$ 584,920</u>	<u>\$3,102,182</u>	<u>\$321,993</u>	<u>\$167,821</u>	<u>\$2,935,651</u>	<u>\$ 380,781</u>	<u>\$8,469,587</u>

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1989

(All Amounts in Thousands of Dollars)

NOTE A — Summary of Significant Accounting Policies

General: The County Employees Retirement Law of 1937, Government Code Sections 31450 through 31898, authorizes the formation and operation of the Los Angeles County Employees Retirement Association (LACERA) and requires that it be accounted for as a trust fund.

LACERA follows the accounting principles and reporting guidelines as set forth in Statement 1, Governmental Accounting and Financial Reporting Principles, issued by the National Council on Governmental Accounting. Accounting records are maintained on an accrual method, and the financial statements reflect the overall operation of the Trust. LACERA is accounted for as an unexpendable trust in the financial statements of the County of Los Angeles.

Administrative Expenses: Government Code Section 31580.2 allows the entire expense of the administration of the retirement system to be charged against the earnings of the fund. The charge is limited to fifteen-hundredths of one percent of the total assets for general administrative expenses and three-hundredths of one percent of total assets for capital improvements and systems enhancements.

Investments: Bonds and mortgages are carried at cost less net amortized premium or discount. Premium or discount on long-term bonds is amortized using the constant-yield amortization or straight-line method, depending on the nature of the security. Premium or discount on mortgage loans is amortized using the straight-line method over a period of 120 months. Stocks and short-term investments are carried at cost.

Market values for investments are derived by various methods as indicated in the following table:

Asset Description	Market Value Derivation
Bonds, Publicly Traded; Stocks, Common & Preferred; Issues of the U.S. Government and its Agencies	Most recent sales price as of the balance sheet date
Cash and Cash Equivalents, Equity in Pooled Cash Funds	Cash Value (cost)
Whole Loan Mortgages	Equivalent pricing to comparable GNMA issues
Real Estate, Real Estate Funds and Investment Funds	Market appraisal by qualified market experts
Private Placement Bonds	By definition, not subject to market pricing. Market value is assumed equivalent to amortized cost.

Please refer to Note G, Cash and Investments, for comparative book and market values for fiscal years ending June 30, 1989 and 1988.

In computing gains and losses on sales of stocks and mortgage loans, cost is determined using the average cost and specific identification methods, respectively. The method of costing bonds is the weighted-average method.

Fixed Assets: Fixed assets are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method with five-year useful life for equipment and ten-years for furniture, structures, and improvements. The cost and accumulated depreciation of fixed assets as of June 30, 1989 and 1988, were as follows:

	June 30, 1989	June 30, 1988
Furniture and Equipment	\$1,614	\$1,454
Structures and Improvements	1,175	1,175
Total Fixed Assets (at cost)	\$2,789	\$2,629
Less:		
Accumulated Depreciation		
Furniture and Equipment	\$ (708)	\$ (462)
Accumulated Depreciation		
Structures and Improvements	(304)	(182)
Total Fixed Assets — Net of Depreciation	\$1,777	\$1,985

Reserves: The fund has four major classes of reserves, each of which is credited with interest semiannually:

- Members Deposit Reserves** represent the balance of active members' contributions. Additions include members' contributions and earnings thereon; deductions include refunds to terminating members and transfers to Retired Members Reserves.
- Employer Reserves** represent the balance of employers' contributions for future retirement payments to current active members. Additions include contributions from the employers and earnings thereon; deductions include transfers to Retired Members Reserves.
- Retired Members Reserves** represent the balance of transfers from Members Deposit Reserves and Employer Reserves, less payments to retired members.
- Cost-of-Living Reserves** relate to each of the above reserves. The purpose of these reserves is to provide for anticipated cost-of-living increases in pension allowances.

Reserves are established from employee and employer contributions and appropriations of earnings in excess of current earnings assumption. Reserves do not represent the present value of assets needed, as determined by actuarial valuation, to satisfy retirements and other benefits as they become due.

NOTE B — Plan Description

LACERA operates as a cost sharing multi-employer defined benefit plan. The County of Los Angeles, other participating agencies, and their employees, the latter on an elective basis beginning in 1982, contribute to LACERA based on rates recommended by an independent actuary and adopted by the Board of Investments and Board of Supervisors. Employer and employee contributions are invested and the earnings and contributions are used for monthly payments to retired members.

Employer contributions are expressed as a percentage of applicable payroll, dependent on plan. Member rates are based upon age upon entry to the system. LACERA has adopted unisex contribution rates for members. As a result of collective bargaining, employee rates for various plans have been reduced through additional employer contributions, known as a surcharge rate.

Vesting occurs when a member accumulates five years of creditable service under contributory plans or accumulates ten years of creditable service under non-contributory plan. Benefits are based upon twelve or thirty-six months average compensation, depending on plan; age at retirement and length of service as of the retirement date, according to applicable statutory formulae. Service connected disability benefits may be granted regardless of length of service consideration. Five years of service is required for non-service connected disability eligibility according to applicable statutory formulae except for members of the non-contributory plan who are covered under separate long-term disability provisions not administered by LACERA. Components of LACERA membership are detailed on Schedule 4, membership data.

NOTE C—Triennial Actuarial Valuation and Investigation

For purposes of determining contribution rates for members and employers and determining the trust's funding status, LACERA engages an independent actuarial firm to conduct a triennial actuarial valuation and investigation, in accordance with the County Employees Retirement Law of 1937.

The last such valuation was made using the entry age normal method as of June 30, 1986 on the basis of an 8% interest assumption specified by the Board of Investments. It assumed a 6% annual increase in salary based on 5% inflation and a 1% merit and productivity increase assumptions. Use of an inflation factor complies with recommendations of the American Academy of Actuaries.

The Unfunded Actuarial Accrued Liability (UAAL) of the fund as determined by the actuarial valuation of June 30, 1986 was \$2,276,789. This amount is composed of \$2,210,151 in Basic Benefits and \$66,638 in Cost-of-Living Benefits. The total UAAL is being funded directly by employer contributions over a period of 30 years which commenced July 1, 1978 and ends June 30, 2008. The contributions are based on rates recommended by the actuary and the Board of Investments and adopted by the Board of Supervisors.

As of January 1, 1987, the employer's UAAL contribution rate was reduced as a direct result of LACERA's purchase of annuities with funds from Pension Obligation Certificates issued by the County (see Note E).

NOTE D—Actuarial Valuation and Update for Purposes of Uniform Disclosure

For purposes of uniform disclosure as required by Statement 5 of the Governmental Accounting Standards Board (GASB), LACERA engages an independent actuary to perform a biennial actuarial valuation in conformance with GASB methodology, with actuarial updates performed off-years. The latest such valuation was performed using the projected unit credit method as required by GASB as of June 30, 1989 with an 8% interest earnings assumption and a 6% assumption for annual salary increases based on factors of 5% for inflation and 1% for merit and productivity increases.

Funding Status and Progress: The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess LACERA on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among other pension funds.

The unfunded pension benefit obligation at June 30, 1989 and June 30, 1988 were \$1,743,392 and \$1,511,296 respectively, computed as follows:

	<u>1989</u>	<u>1988</u>
Pension benefit obligation:		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$4,455,572	\$4,440,376
Current employees:		
Accumulated employee contributions	1,196,696	\$1,098,874
Employer-financed vested	4,063,699	3,269,379
Employer-financed nonvested	<u>115,571</u>	<u>89,064</u>
Total Pension Benefit Obligation	\$9,831,538	\$8,897,693
Net assets available for benefits, at cost (Market Value is \$8,982,396) for 1989 and \$8,008,613 for 1988)	<u>\$8,088,146</u>	<u>\$7,386,397</u>
Unfunded Pension Benefit Obligation	<u>\$1,743,392</u>	<u>\$1,511,296</u>

Contributions Required and Contributions Made: LACERA funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due.

The contributions to LACERA for 1989 and 1988 were made in accordance with the actuarially determined requirements as follows:

	<u>1989</u>		<u>1988</u>	
	Contri- butions	Percent of Covered Payroll	Contri- butions	Percent of Covered Payroll
Employer Contributions:				
Normal Cost	\$223,196	10.04%	\$203,470	9.99%
Amortization of the unfunded actuarial accrued liability	160,624	7.22%	148,606	7.29%
Member Contributions:	<u>103,879</u>	4.67%	<u>93,862</u>	4.61%
Total	<u>\$487,699</u>		<u>\$445,938</u>	

LACERA has adopted a phased adoption of Schedule 2, Analysis of Funding Progress, as permitted under GASB implementation guidelines. For the fiscal years ending June 30, 1989 and 1988, available assets were sufficient to fund 82.27% and 83.00%, respectively, of the total accrued pension benefit obligation. The unfunded pension benefit obligation represented 17.73% and 17.00% of the value of accrued benefits for the fiscal years ending June 30, 1989 and 1988, respectively.

Ten year historical trend information is presented in Schedule 3, Revenues by Source and Expenses by Type. Trend information gives an indication of the progress made in accumulating sufficient assets to pay for benefits when due.

NOTE E—Partial Annuitization of Benefit Payments

As of January 1, 1987, LACERA purchased two annuity contracts from insurance carriers to provide benefit payments to a portion of its retired members. Funds for the purchase of these contracts were provided by Los Angeles County as a special one-time contribution of \$454,455. As a result of this purchase, actuarial liability for benefit payments in the amount of \$472,798 was retired. The County of Los Angeles, in return for the advance of one-time funding noted, received a reduction of employer contribution rates (as a percentage of payroll) of 1.20% for General Members and 2.69% for Safety Members, in accordance with the recommendation of LACERA's actuary. These rate decreases represent a reduction of County contributions scheduled to amortize the Unfunded Actuarial Accrued Liability (UAAL).

Under the terms of the annuity contracts, the Association will continue to administer benefit payments to affected members, to be reimbursed monthly by the carriers for the gross amounts of benefits disbursed. LACERA received \$45,821 and \$45,363 in related reimbursements during the year ended June 30, 1989 and 1988, respectively. There is no effect on covered members. Covered members retain all benefits accorded other members of the system, including rights to continuance of benefits to survivors, insurance subsidies, and cost-of-living increases.

NOTE F—Cash

Cash at June 30, 1989 and 1988 is composed of the following:

	<u>1989</u>	<u>1988</u>
County Employees Retirement Trust Fund	\$ 1,472	\$ 2,133
County Employees Retirement Administrative Fund	259	392
LACERA Investment Account	-0-	10
Investment Trust Accounts	3,987	2,071
Pension Payroll Direct Deposit	10	35
Foreign Currency Accounts	<u>13,533</u>	<u>77,953</u>
	<u>\$19,261</u>	<u>\$82,594</u>

NOTE G—Cash and Investments

The following information is presented in accordance with the requirements of Statement No. 3, Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements recently issued by the Governmental Accounting Standards Board.

LACERA maintains cash balances with the County Treasury which are incorporated into the Treasurer's pooled investments. These funds are included under the heading "Cash" as shown in the Balance Sheet and discussed in Note F.

Deposits—At June 30, 1989 and 1988 deposits consisted primarily of bank deposits and negotiable certificates of deposit:

	1989	
Deposits	Insured (FDIC)	Uninsured and Uncollateralized
\$585,103	\$100	\$585,003
	1988	
Deposits	Insured (FDIC)	Uninsured and Uncollateralized
\$477,851	\$100	\$477,751

Investments, by category at June 30, 1989 and 1988 are composed of the following:

	1989		1988	
	Book Value	Market Value	Book Value	Market Value
CATEGORY 1				
Bankers Acceptances, Commercial Paper and Discount Note				
Domestic	\$1,412,517	\$1,399,459	\$1,024,248	\$1,024,248
International	22,729	22,852	1,000	1,000
Repurchase Agreements	50,082	50,253	9,002	9,002
Common Stocks				
Domestic	1,972,657	2,763,409	1,722,900	2,341,634
International	891,315	890,609	779,762	744,268
Preferred Stocks				
Domestic	29,841	29,176	18,125	22,239
International	4,818	5,143	3,688	3,591
Convertible Debentures				
Domestic	43,873	50,051	61,405	71,772
International	8,731	7,702	5,301	5,367
U.S. Government Securities	1,240,551	1,301,122	1,863,217	1,875,280
U.S. Government Agency Bonds	542,942	551,923	415,874	419,901
Corporate Bonds	764,765	783,700	533,850	531,124
Private Placement Bonds	68,381	68,869	75,021	75,336
Non-Government Pass-Thrus	154,034	156,398	107,720	109,848
Other Asset Backed Obligations	148,817	153,842	7,776	7,494
Other State Municipal Bonds	5,092	5,440	5,036	5,149
Foreign Municipal Bonds	4,044	4,269	10,518	10,228
Foreign Government Bonds	10,526	10,423	43,635	42,874
Foreign Corporate Bonds	5,268	5,506	1,906	1,991
Whole Loan Mortgage Portfolio	106,635	113,117	125,896	137,717
Total — Category 1	\$7,487,618	\$8,373,263	\$6,815,881	\$7,440,063
CATEGORY 2				
Equity in Investment Funds				
Real Estate Funds	\$ 254,900	\$ 265,948	\$ 149,267	\$ 154,346
Venture Capital	131,656	136,631	78,672	78,829
Total — Category 2	\$ 386,556	\$ 402,579	\$ 227,939	\$ 233,175
Total Categorized Investments	\$7,874,174	\$8,775,842	\$7,043,820	\$7,673,238
Equity in Short Term Investment Fund Custodial Trust	\$ 2,708	\$ 2,708	\$ 911	\$ 911
Certificates of Deposits	567,573	565,328	397,792	397,792
Foreign Currencies	13,533	10,137	77,953	72,737
Equity in Treasurer's Pooled Investments	1,731	1,731	2,535	2,535
Cash in Banks	3,997	3,997	2,106	2,106
Total Uncategorized Investments	\$ 589,542	\$ 583,901	\$ 481,297	\$ 476,081
Total Portfolio	\$8,463,716	\$9,359,743	\$7,525,117	\$8,149,319

GASB Statement No. 3 specifies that Negotiable Certificates of Deposit be classified under this disclosure as "Deposits." Such instruments are not covered under Federal Depository Insurance and this accounts for the low ratio of insured to uninsured deposits.

Investments—Investment authority is granted to LACERA by the County Employees Retirement Law of 1937. Statutes authorize a "Prudent Expert" guideline as to the form and types of investment vehicles which may be purchased. Investments are categorized as to the level of risk held as of June 30, 1989 and 1988 as follows:

CATEGORY 1—includes investments which are insured or registered and held by LACERA or its custodian in LACERA's name, or identified as owned by LACERA in nominee name.

CATEGORY 2—includes investments which are uninsured or unregistered and held by LACERA or its custodian in LACERA's name, or identified as owned by LACERA in nominee name.

CATEGORY 3—includes those investments which are uninsured or unregistered which are held by LACERA's custodian in nominee name. LACERA has no such investments.

NOTE H—Stocks and Bonds on Loan

Under an agreement with Security Pacific National Bank (SPNB), LACERA lends specified stocks and bonds that are being held in trust to various banks or brokers.

SPNB is authorized to handle all of LACERA's loan activity and has agreed to "hold [LACERA] harmless" for any losses of securities or income, or from any litigation arising from these loans. Consequently, the securities on loan at June 30, 1989 and 1988 are not shown separately on the balance sheet but are included in their respective accounts on that statement.

According to the agreement with SPNB, the loans must be secured by collateral with a market value of at least 102% of the market value of the securities loaned. At June 30, the market value of the stocks and bonds on loan through SPNB was:

	<u>1989</u>	<u>1988</u>
	<u>MARKET VALUE</u>	<u>MARKET VALUE</u>
STOCKS	\$ 108,568	\$ 245,933
BONDS	979,616	1,546,917
	<u>\$1,088,184</u>	<u>\$1,792,850</u>

NOTE I—Litigation

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

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REPORT OF INDEPENDENT AUDITORS

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

The audited financial statements of the Los Angeles County Employees Retirement Association and our report thereon are presented in the preceding section of this report. The following information is presented for purposes of additional analysis and is a required part of the financial statement presentation of the Association. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst + Young

Quezada Godsey & Co.

October 20, 1989

Schedule 1

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS**

<u>Fiscal Year</u>	<u>Net Assets Available for Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Percentage Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll</u>
1987-88	7,386,397	8,897,693	83.00%	1,511,296	2,037,097	74.19%
1988-89	8,088,146	9,831,538	82.27%	1,743,392	2,223,810	78.40%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the fund. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the fund.

Schedule 2

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
REVENUES BY SOURCE AND EXPENSES BY TYPE**

REVENUES BY SOURCE

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Other Revenues</u>	<u>Total</u>
1980	68,515	225,151	197,765	0	491,431
1981	78,484	273,489	233,003	405	585,381
1982	78,936	267,792	254,643	382	601,753
1983	73,879	295,181	400,583	350	769,993
1984	74,805	282,024	370,740	845	728,414
1985	77,399	321,183	501,767	404	900,753
1986	82,356	335,754	879,042	310	1,297,462
1987	86,790	336,533	892,749	145	1,316,217
1988	93,862	352,076	652,731	82	1,098,751
1989	103,879	383,820	820,633	84	1,308,416

EXPENSES BY TYPE

	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	<u>Other Expenses</u>	<u>Total</u>
1980	177,725	2,862	19,918	0	200,505
1981	199,952	3,618	20,036	23	223,629
1982	226,030	4,373	101,406	321	332,130
1983	235,309	4,782	7,860	155	248,106
1984	268,056	5,196	8,175	310	281,737
1985	299,715	6,439	25,436	353	331,943
1986	326,186	6,689	6,700	298	339,873
1987	336,117	6,606	18,152	142	361,017
1988	345,924	8,234	7,918	78	362,154
1989	389,949	12,581	16,147	40	418,717

Contributions were made in accordance with actuarially determined contribution requirements.

Schedule 3

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
MEMBERSHIP DATA**

At June 30, 1989, the components of LACERA's membership were as follows:

	<u>General Members</u>	<u>Safety Members</u>	<u>Total</u>
Active	58,734	10,112	68,846
Vested Active	34,485	7,628	42,113
Deferred Vested	2,639	86	2,725
Unclaimed Accounts	1,447	69	1,516
Retired	28,894	5,203	34,097

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REPORT OF INDEPENDENT AUDITORS

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

The audited financial statements of the Los Angeles County Employees Retirement Association and our report thereon are presented in a preceding section of this report. The following financial information is presented for purposes of additional analysis and is not a required part of the financial statements of the Company. Such information, except for that marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst + Young

Quezada Godsey & Co.

October 20, 1989

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE FISCAL YEARS ENDED JUNE 30, 1989 AND 1988

(Amounts in Thousands)

	<u>1989</u>	<u>1988</u>
Personnel Services		
Salaries and Wages	\$ 4,301	\$3,173
Employee Benefits		
Retirement Contributions	\$ 644	\$ 485
Workers Compensation	77	89
Medical Insurance	220	174
Dental Insurance	18	15
Life Insurance	2	1
Hospital Insurance Tax	5	1
Flexible Benefit Plan	118	83
Thrift Plan	2	2
Savings Plan	45	28
Retirees Health Plan	94	63
Long Term Disability	13	2
Unemployment Insurance	9	12
Total Employee Benefits	<u>\$ 1,247</u>	<u>\$ 955</u>
Total Personnel Services	<u>\$ 5,548</u>	<u>\$4,128</u>
Office Expenses		
Postage	\$ 123	\$ 118
Stationery and Forms	184	107
Other	138	67
Total Office Expenses	<u>4 445</u>	<u>\$ 292</u>
Other Services and Charges		
Communications	\$ 129	\$ 129
Maintenance — Office Equipment	43	38
Maintenance — Structures, Improvements and Grounds	17	50
Attorney Fees	69	75
Department Charge — Pension Bond	33	36
County Data Processing Charges	234	292
Other Data Processing Charges	437	396
Hearing Officer Fees	118	160
Medical Fees	685	246
Stenographic Fees	38	28
Other Professional and Specialized Services	3,057	1,630
Rent and Leases — Office Equipment	32	24
Rent and Leases — Building and Improvements	200	149
Administrative and Systems Support	288	50
Computers Services and Support	246	
Transportation and Travel	41	31
Educational Expenses	35	17
Other Charges	511	140
Total Other Services and Charges	<u>\$ 6,213</u>	<u>\$3,491</u>
Depreciation — Fixed Assets	<u>\$ 375</u>	<u>\$ 323</u>
TOTAL ADMINISTRATIVE EXPENSES	<u><u>\$12,581</u></u>	<u><u>\$8,234</u></u>

ACTIVE AND DEFERRED MEMBERS

ACTIVE AND DEFERRED MEMBERS AS OF JUNE 30, 1989

	ACTIVE MEMBERS			DEFERRED MEMBERS		
	General	Safety	Total	General	Safety	Total
As of July, 1988	58,361	9,460	67,821	2,492	89	2,581
Additions	<u>5,293</u>	<u>1,050</u>	<u>6,343</u>	<u>270</u>	<u>2</u>	<u>272</u>
	63,654	10,510	74,164	2,762	91	2,853
Deductions:						
Withdrawals	868	104	972	21		21
Retired	1,384	290	1,674	102	5	107
Deferred	270	2	272			
Plan E Terminations	2,303		2,303			
To Unclaimed	<u>95</u>	<u>2</u>	<u>97</u>			
TOTAL Deductions	<u>4,920</u>	<u>398</u>	<u>5,318</u>	<u>123</u>	<u>5</u>	<u>128</u>
As of June 30, 1989	<u>58,734</u>	<u>10,112</u>	<u>68,846</u>	<u>2,639</u>	<u>86</u>	<u>2,725</u>
Unclaimed Accounts	1,447	69	1,516			

ACTIVE AND DEFERRED MEMBERS: 1980-1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
ACTIVE MEMBERS										
General	59,546	61,970	58,542	57,273	57,831	56,440	58,148	59,781	58,361	58,734
Safety	<u>8,191</u>	<u>8,371</u>	<u>8,609</u>	<u>9,098</u>	<u>9,489</u>	<u>9,217</u>	<u>9,241</u>	<u>9,313</u>	<u>9,460</u>	<u>10,112</u>
Total	<u>67,737</u>	<u>70,341</u>	<u>67,151</u>	<u>66,371</u>	<u>67,320</u>	<u>65,657</u>	<u>67,389</u>	<u>69,094</u>	<u>67,821</u>	<u>68,846</u>
DEFERRED MEMBERS										
General	1,586	1,883	1,610	1,655	1,628	1,667	1,813	1,992	2,492	2,639
Safety	<u>206</u>	<u>222</u>	<u>132</u>	<u>121</u>	<u>103</u>	<u>93</u>	<u>92</u>	<u>89</u>	<u>89</u>	<u>86</u>
Total	<u>1,792</u>	<u>2,105</u>	<u>1,742</u>	<u>1,776</u>	<u>1,731</u>	<u>1,760</u>	<u>1,905</u>	<u>2,081</u>	<u>2,581</u>	<u>2,725</u>

RETIRED MEMBERS

RETIRED MEMBERS BY TYPE OF RETIREMENT as of JUNE 30, 1989

	SERVICES	DISABILITY	SURVIVORS	TOTAL
GENERAL				
As of July 1, 1988	20,507	3,614	3,958	28,079
Additions	<u>1,229</u>	<u>228</u>	<u>313*</u>	<u>1,770</u>
	21,736	3,842	4,271	29,849
Deductions	<u>621</u>	<u>169</u>	<u>165</u>	<u>955</u>
TOTAL	<u><u>21,115</u></u>	<u><u>3,673</u></u>	<u><u>4,106</u></u>	<u><u>28,894</u></u>
SAFETY				
As of July 1, 1988	1,949	2,301	790	5,040
Additions	<u>100</u>	<u>187</u>	<u>53**</u>	<u>340</u>
TOTAL	2,049	2,488	843	5,380
Deductions	<u>42</u>	<u>110</u>	<u>25</u>	<u>177</u>
TOTAL	<u><u>2,007</u></u>	<u><u>2,378</u></u>	<u><u>818</u></u>	<u><u>5,203</u></u>
TOTAL RETIRED as of June 30, 1989	23,122	6,051	4,924	34,097

*Includes survivors of 29 deceased active general members who receive life payments by election.

**Includes survivors of 8 deceased active safety members who receive life payments by election.

RETIRED MEMBERS BY TYPE OF RETIREMENT: 1980-1989

SERVICE	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
General	14,786	16,010	16,867	17,428	18,387	19,012	19,569	20,025	20,507	21,115
Safety	1,264	1,390	1,458	1,613	1,690	1,726	1,797	1,858	1,949	2,007
Total	<u>16,050</u>	<u>17,400</u>	<u>18,325</u>	<u>19,041</u>	<u>20,077</u>	<u>20,738</u>	<u>21,366</u>	<u>21,883</u>	<u>22,456</u>	<u>23,122</u>
DISABILITY										
General	2,381	2,648	2,849	3,035	3,247	3,374	3,503	3,597	3,614	3,673
Safety	1,126	1,315	1,489	1,600	1,774	1,914	2,074	2,192	2,301	2,378
Total	<u>3,507</u>	<u>3,963</u>	<u>4,338</u>	<u>4,635</u>	<u>5,021</u>	<u>5,288</u>	<u>5,577</u>	<u>5,789</u>	<u>5,915</u>	<u>6,051</u>
SURVIVORS										
General	2,694	2,933	3,018	3,256	3,400	3,521	3,699	3,823	3,958	4,106
Safety	574	679	703	670	701	722	732	759	790	818
Total	<u>3,268</u>	<u>3,612</u>	<u>3,721</u>	<u>3,926</u>	<u>4,101</u>	<u>4,243</u>	<u>4,431</u>	<u>4,582</u>	<u>4,748</u>	<u>4,924</u>
Grand Total	<u><u>22,825</u></u>	<u><u>24,975</u></u>	<u><u>26,384</u></u>	<u><u>27,602</u></u>	<u><u>29,199</u></u>	<u><u>30,269</u></u>	<u><u>31,374</u></u>	<u><u>32,254</u></u>	<u><u>33,119</u></u>	<u><u>34,097</u></u>

CONTRIBUTIONS VS. BENEFITS AND REFUNDS: 1980-1989

(In \$1,000's)

	1980 (6 months)	1981	1982	1983	1984	1985	1986	1987	1988	1989
Contributions										
Member Contributions.....	35,279	78,408	78,935	73,879	74,805	77,399	82,356	86,790	93,862	103,879
Employer Contributions	111,792	273,527	267,793	295,181	273,991	317,892	335,754	336,533	352,076	383,820
Total Contributions.....	<u>147,071</u>	<u>351,935</u>	<u>346,728</u>	<u>369,060</u>	<u>348,796</u>	<u>395,291</u>	<u>418,110</u>	<u>423,323</u>	<u>445,938</u>	<u>487,699</u>
Benefits										
Death Benefits—Lump Sum	643	1,495	1,010	1,286	1,222	1,162	1,130	1,148	1,423	1,269
Int/Pmt Sections, 31725.5/.6	93	125	188	205	234	222	262	245	297	307
Retired Members—Death Benefits.....	122	542	502	93	—*	—	—	—	—	—
Medical Ins & Dental/Vision Plan	5,834	13,470	16,405	—*	—	—	—	—	—	—
Pension & Annuity Payments.....	84,659	184,318	207,924	233,747	266,600	298,331	324,794	334,724	344,204	388,373
Total Benefits.....	<u>91,351</u>	<u>199,950</u>	<u>226,029</u>	<u>235,331</u>	<u>268,056</u>	<u>299,715</u>	<u>326,186</u>	<u>336,117</u>	<u>345,924</u>	<u>389,949</u>
Refunds.....	<u>9,057</u>	<u>19,924</u>	<u>101,405**</u>	<u>7,860</u>	<u>8,175</u>	<u>25,436</u>	<u>6,700</u>	<u>18,152</u>	<u>7,918</u>	<u>16,147</u>
Total Benefits & Refunds	<u>100,408</u>	<u>219,874</u>	<u>327,434</u>	<u>243,191</u>	<u>276,231</u>	<u>325,151</u>	<u>332,886</u>	<u>354,269</u>	<u>353,842</u>	<u>406,096</u>
Excess Contributions Over Benefits & Refunds.....	<u>46,663</u>	<u>132,061</u>	<u>19,294</u>	<u>125,869</u>	<u>72,565</u>	<u>70,140</u>	<u>85,224</u>	<u>69,054</u>	<u>92,096</u>	<u>81,603</u>

*Effective July 1, 1982, the County of Los Angeles assumed the cost for payment of retiree health insurance (employer's share) and retired members death benefits.

**Total included \$80,275 withdrawals on April 15, 1982 by members who transferred to non-contributory plan, known as Retirement Plan "E."

EMPLOYER CONTRIBUTION RATES

COUNTY OF LOS ANGELES: 1980-1989

Effective Date	Plan A		Plan B		Plan C	Plan D	Plan E
	General	Safety	General	Safety	General	General	General
7/1/79-6/30/80	18.14%	30.22%	8.96%	16.11%	7.97%	7.44%	-0-
7/1/80-6/30/81	20.84%	33.59%	9.73%	17.50%	7.97%	7.44%	-0-
7/1/81-6/30/82	21.76%	35.52%	17.09%	27.56%	16.01%	16.26%	13.84%*
7/1/82-6/30/83	19.11%	29.30%	14.66%	22.05%	14.19%	14.09%	12.97%
7/1/83-8/31/84	19.11%	29.30%	14.66%	22.05%	14.19%	14.09%	12.97%
9/1/84-6/30/85	19.21%	32.09%	15.32%	24.31%	15.11%	15.02%	13.68%
7/1/85-6/30/86	19.21%	32.09%	15.32%	24.31%	15.11%	15.02%	13.68%
7/1/86-12/31/86	19.21%	32.09%	15.32%	24.31%	15.11%	15.02%	13.68%
1/1/87-8/31/87	18.01%	29.40%	14.12%	21.62%	13.91%	13.82%	12.48%
9/1/87-6/30/88	18.64%	27.04%	15.05%	19.31%	14.75%	14.63%	13.28%
7/1/88-6/30/89	18.64%	27.04%	15.05%	19.31%	14.75%	14.63%	13.28%

*Effective September 28, 1981, the state legislature added article 1.5 (Sections 31487-31495) to the County Employees Retirement Law of 1937. This addition provides an optional, non-contributory retirement plan (known as Retirement Plan E) for general members of LACERA as an alternative to previously existing provisions and benefits. On December 8, 1981, the County Board of Supervisors approved a resolution to adopt Plan E.

Effective January 4, 1982, new employees eligible for general retirement membership must elect within 60 days of employment (as a condition of continued employment) coverage under either Retirement Plan D or Retirement Plan E.

RETIRED MEMBER PROFILE

The following statistical information was obtained from our payroll vendor concerning LACERA's retired members and survivors as of the following dates:

	JUNE 30, 1988:	JUNE 30, 1989:
Age:		
65 & over	19,320 (58.3%)	28,829 (38.9%)
Under 65	13,799 (41.7%)	13,268 (61.1%)
Type of Membership:		
General	28,120 (84.9%)	28,894 (84.7%)
Safety	4,999 (15.1%)	5,203 (15.3%)
Years of Service:		
Under 10	4,361 (13.2%)	4,528 (13.3%)
10-15	7,563 (22.8%)	7,595 (22.3%)
15-20	5,751 (17.4%)	5,963 (47.5%)
20-25	4,778 (14.4%)	4,961 (44.5%)
25 or more	10,666 (32.2%)	11,050 (32.4%)
Monthly Allowance Distribution:		
\$ 0.00-\$ 299.99	4,736 (14.3%)	4,364 (12.8%)
300.00- 599.99	8,172 (24.7%)	7,628 (22.4%)
600.00- 899.99	5,961 (18.0%)	6,335 (18.6%)
900.00- 1,199.99	4,230 (12.8%)	4,358 (12.8%)
1,200.00- 1,499.99	3,138 (9.5%)	3,351 (9.8%)
1,500.00- 1,999.99	3,156 (9.5%)	3,533 (10.3%)
2,000.00- 2,499.99	1,672 (5.0%)	1,968 (5.8%)
2,500.00 or more	2,054 (6.2%)	2,560 (7.5%)

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
 INVESTMENT PORTFOLIO SUMMARY
 AS OF JUNE 30, 1989

	Par Value or Shares	Book Value	Market Value	% of Total Portfolio (Bk Val)
CASH	\$ 19,260,618	\$ 19,260,618	\$ 15,864,630	0.23%
SHORT TERM INVESTMENTS				
Bankers Acceptances & Commercial Paper				
Domestic	\$1,437,645,000	\$1,412,517,110	\$1,399,459,152	16.69%
International	24,297,000	22,728,996	22,852,046	0.27%
Repurchase Agreements	50,000,000	50,082,345	50,253,200	0.59%
Certificates of Deposit	567,750,000	567,573,639	565,327,722	6.71%
Equity-Short Term Inv. Fund	2,707,845	2,707,845	2,707,845	0.03%
TOTAL SHORT TERM INVESTMENTS	\$2,082,399,845	\$2,055,609,935	\$2,040,599,965	24.29%
LONG TERM INVESTMENTS				
U.S. Government Securities	\$1,647,098,500	\$1,240,550,801	\$1,301,122,283	14.66%
U.S. Govt. Agency Bonds	647,463,376	542,941,454	551,922,610	6.41%
Corporate Bonds	822,415,732	764,765,312	783,700,367	9.04%
Foreign Govt. Bonds	14,500,000	14,570,018	14,692,045	0.17%
Asset-Backed Obligations	338,715,448	302,850,853	310,239,683	3.58%
Other Municipal Obligations	5,780,000	5,091,557	5,440,425	0.06%
Foreign Corporate Bonds	5,000,000	5,268,036	5,505,850	0.06%
	\$3,480,973,056	\$2,876,038,031	\$2,972,623,263	33.98%
Private Placement Bonds	\$ 69,439,112	\$ 68,381,547	\$ 68,869,197	0.81%
Total Bonds	\$3,550,412,168	\$2,944,419,578	\$3,041,492,460	34.79%
Equities				
Common Stocks				
Domestic	68,008,360	\$1,972,657,045	\$2,763,409,587	23.31%
International	103,141,995	891,314,978	890,608,872	10.53%
Preferred Stocks				
Domestic	618,304	\$ 29,840,580	\$ 29,175,474	0.35%
International	154,199	4,818,180	5,143,474	0.06%
Convertible Debentures				
Domestic	\$ 46,959,000	\$ 43,873,471	\$ 50,051,243	0.52%
International	305,825,000	8,731,224	7,702,216	0.10%
Total Equities		\$2,951,235,478	\$3,746,090,866	34.87%
Mortgages				
FHA & VA Insured Mortgages	\$ 100,732,291	\$ 98,650,037	\$ 104,646,973	1.17%
Conventional Mortgages	8,135,190	7,984,713	8,470,104	0.09%
Total Mortgages	\$ 108,867,481	\$ 106,634,750	\$ 113,117,077	1.26%
Real Estate Equity Funds	\$ 254,899,579	\$ 254,899,579	\$ 265,947,972	3.01%
Venture Capital Investment Funds	\$ 131,656,079	\$ 131,656,079	\$ 136,630,575	1.56%
TOTAL LONG TERM INVESTMENTS		\$6,388,845,464	\$7,303,278,950	75.49%
TOTAL INVESTMENT PORTFOLIO		\$8,463,716,017	\$9,359,743,545	100.00%

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
INVESTMENT PORTFOLIO
AS OF JUNE 30, 1989

CASH	Par Value	Book Value	Market Value
FOREIGN CURRENCIES	\$13,533,231	\$13,533,231	\$10,137,243
EQUITY IN TREASURER'S POOLED INVESTMENTS	1,731,299	1,731,299	1,731,299
CASH IN BANKS	3,996,088	3,996,088	3,996,088
TOTAL CASH	\$19,260,618	\$19,260,618	\$15,864,630

SHORT-TERM INVESTMENTS

BANKERS ACCT. & COMM. PAPER—DOMESTIC	Rate	Maturity	Par Value	Book Value	Market Value
AMSTERDAM ROTTERDAM BANK	8.820	12/01/1989	\$25,000,000	\$24,056,750	\$23,885,250
ASLK-CGER NORTH AMERICA INC.	8.920	09/05/1989	50,000,000	49,169,945	48,909,778
BANC OF NEW ZEALAND NORTH AMERICA INC.	9.350	08/22/1989	50,000,000	49,311,736	48,766,319
BANC ONE FUNDING	9.300	08/25/1989	18,445,000	18,178,162	18,006,624
BANCA COMMERCIALE ITALIANA FUNDING CORP.	9.300	08/24/1989	50,000,000	49,289,583	48,824,583
BANCA NAZIONALE DEL LAVORO US CORP.	8.870	11/03/1989	60,000,000	58,137,300	57,767,717
BANCA NAZIONALE DEL LAVORO US CORP.	8.900	11/02/1989	50,000,000	48,454,861	48,108,750
BANCO DE NAPOLI USA INC.	9.190	08/18/1989	25,000,000	24,687,285	24,444,771
BANK OF TOKYO-NEW YORK	9.670	07/17/1989	14,400,000	14,334,244	14,117,636
CAISSE CENTRAL BANQUES POPUL	9.250	08/21/1989	21,100,000	20,818,081	20,612,063
CANADIAN IMPERIAL BANK OF COMMERCE	8.900	11/03/1989	25,000,000	24,221,250	24,048,194
CIGNA CORP.	9.350	08/09/1989	25,000,000	24,740,278	24,422,118
CITICORP	9.375	07/28/1989	22,300,000	22,137,396	21,876,068
COCA COLA COMPANY	8.810	12/07/1989	25,000,000	24,021,111	23,849,806
CORPORATE ASSET FINANCE CO.	9.225	09/08/1989	12,500,000	12,275,782	12,154,063
CREDIT ACCEPTANCE CORP.	9.350	08/08/1989	15,000,000	14,844,166	14,668,854
CREDIT AGRICOLE USA INC.	8.820	11/02/1989	50,000,000	48,468,750	48,125,750
CREDIT AGRICOLE USA INC.	9.280	08/16/1989	50,000,000	49,394,222	48,801,333
CREDIT AGRICOLE USA INC.	9.350	08/10/1989	35,000,000	34,627,298	34,218,236
CREDIT CARD FINANCIAL CORP.	9.350	08/07/1989	10,000,000	9,901,306	9,774,042
CREDIT LYONNAIS	8.810	11/02/1989	50,000,000	48,470,486	48,164,583
FEDERATED CAPITAL TRUST	9.420	07/17/1989	40,000,000	39,822,067	39,382,467
GENERAL ELECTRIC CAPITAL CORP.	9.330	08/09/1989	35,000,000	34,637,166	34,219,908
GENERAL MOTORS ACCEPTANCE CORP.	9.350	07/13/1989	12,000,000	11,959,483	11,837,933
GENERAL MOTORS ACCEPTANCE CORP.	9.350	07/14/1989	15,000,000	14,945,458	14,793,521
GENERAL MOTORS ACCEPTANCE CORP.	9.350	08/09/1989	94,000,000	93,023,445	91,827,164
HALIFAX BUILDING SOCIETY	8.900	09/05/1989	20,000,000	19,668,722	19,564,889
HONEYWELL BULL INC.	9.275	08/24/1989	33,500,000	33,025,300	32,688,695
KANSALLIS NORTH AMERICA INC.	8.900	09/11/1989	68,000,000	66,772,789	66,419,756
MERRILL LYNCH & CO., INC.	9.300	08/29/1989	25,000,000	24,612,500	24,425,208
NATIONAL AUSTRALIA FUNDING	9.350	08/16/1989	10,000,000	9,877,930	9,768,847
NEDERLANDSCHE MIDDENSTANSBANK	9.800	07/07/1989	30,000,000	29,942,833	29,942,833
PARIBAS FINANCE INC.	9.350	08/10/1989	25,000,000	24,733,785	24,415,625
PIRELLI FINANCIAL	9.350	08/16/1989	20,200,000	19,953,419	19,733,071
PKBANKEN	8.870	12/01/1989	25,000,000	24,051,403	23,878,931
POSTIPANKKI US INC.	9.350	08/10/1989	15,000,000	14,840,270	14,664,958
QUEENSLAND TREASURY CORP.	9.350	08/11/1989	23,000,000	22,749,109	22,516,138
SB VICTORIA FUNDING INC.	9.350	08/10/1989	10,000,000	9,893,514	9,766,250
SHEARSON LEHMAN HOLDINGS INC.	9.350	08/24/1989	34,000,000	33,514,319	33,116,944
SKANDINAVISKA ENSKILDA BANKEN	9.350	07/14/1989	3,000,000	2,989,092	2,970,392
SKOPBANK	9.350	08/21/1989	20,000,000	19,729,889	19,501,333
SONY USA INC.	9.350	07/17/1989	21,000,000	20,907,279	20,700,021
TAIYO KOBE	9.390	07/05/1989	5,000,000	4,993,479	4,963,483
TORONTO DOMINION USA HOLDINGS	8.820	12/04/1989	25,000,000	24,038,375	23,885,250
UNION PACIFIC CORP.	8.800	12/07/1989	30,000,000	28,826,666	28,643,333
VOLVO NORTH AMERICA	9.250	08/10/1989	30,200,000	29,881,851	29,579,222
WARNER COMMUNICATIONS INC.	8.800	11/20/1989	25,000,000	24,126,111	23,973,333
WELLS FARGO & CO.	9.350	07/28/1989	25,000,000	24,818,195	24,519,514
WESTPAC CAPITAL CORP.	9.280	08/14/1989	20,000,000	19,768,000	19,530,844
WORLD OMNI FINANCIAL CORP.	9.400	08/01/1989	15,000,000	14,874,668	14,682,750
TOTAL BKRS. ACCT. & COMM. PAPER—DOMESTIC			\$1,437,645,000	\$1,412,517,110	\$1,399,459,152

BANKERS ACCT. & COMM. PAPER—INTERNATIONAL	Rate	Maturity	Par Value	Book Value	Market Value
B A T CAPITAL CORP.	9.350	09/22/1989	\$1,000,000	\$965,457	\$978,900
BANK OF DELAWARE INC.	8.720	12/07/1989	1,000,000	955,673	961,580
BANCO CENTRAL NORTH AMERICA	9.500	07/05/1989	2,000,000	1,995,778	1,997,920
BULL HN INFORMATION SYSTEM INC.	9.375	08/14/1989	1,000,000	977,344	988,570
CRT FINANCIAL	8.700	12/04/1989	1,000,000	956,500	962,300
CRT FINANCIAL	8.950	12/01/1989	1,000,000	958,233	963,030
COPENHAGEN HANDELSBANK A.S.	8.700	12/07/1989	1,000,000	955,775	961,580
COPENHAGEN HANDELSBANK A.S.	8.950	12/08/1989	1,000,000	956,493	961,330
FIRST NATIONWIDE BANK	9.450	07/07/1989	2,000,000	1,994,225	1,996,860
GENERAL MOTORS ACCEPTANCE CORP.	9.350	08/09/1989	2,297,000	976,885	989,870
GOLDMAN SACHS & CO.	9.750	07/03/1989	2,000,000	2,295,134	2,295,806
HALIFAX BUILDING SOCIETY	9.050	09/11/1989	2,000,000	1,956,258	1,958,320
INDUSTRIAL BANK JAPAN L.A.	9.350	08/09/1989	1,000,000	978,703	989,980
KANSALLIS NORTH AMERICA INC.	8.900	09/11/1989	2,000,000	1,953,522	1,963,400
MITSUBISHI BANK L.A.	8.830	11/01/1989	1,000,000	963,454	970,210
SALOMON INC.	8.700	12/04/1989	2,000,000	1,913,000	1,924,600
SOUTHEAST PAPER MANUFACTURING CO.	9.375	08/17/1989	1,000,000	976,563	987,790
TOTAL BANKERS ACCT. & COMM. PAPER—INT'L			\$24,297,000	\$22,728,996	\$22,852,046
REPURCHASE AGREEMENTS					
UNITED STATES TREASURY NOTES	8.250	06/30/1991	\$40,000,000	\$39,986,120	\$40,137,600
UNITED STATES TREASURY NOTES	8.750	05/31/1991	10,000,000	10,096,225	10,115,600
TOTAL REPURCHASE AGREEMENTS			\$50,000,000	\$50,082,345	\$50,253,200
CERTIFICATES OF DEPOSIT	Rate	Maturity	Par Value	Book Value	Market Value
BANCO NAZIONALE DEL LAVORO	9.3750	08/29/1989	\$10,000,000	\$9,995,929	\$10,006,346
FUJI BANK	9.5000	09/08/1989	20,000,000	20,001,093	20,001,093
LONG TERM CREDIT BANK	9.4000	09/26/1989	50,000,000	50,000,000	50,000,000
MITSUBISHI BANK	9.4000	09/26/1989	5,000,000	5,000,000	5,000,000
MITSUBISHI BANK	9.7800	08/16/1989	10,000,000	10,004,892	10,004,892
SANWA BANK	9.5500	08/30/1989	25,000,000	25,001,248	25,001,248
SANWA BANK	9.8125	07/03/1989	25,750,000	25,750,000	25,750,000
SANWA BANK	9.8500	08/03/1989	20,000,000	20,008,861	20,008,865
SUMITOMO BANK	9.6700	07/05/1989	150,000,000	149,798,542	147,542,208
SUMITOMO BANK	9.8400	07/11/1989	40,000,000	40,013,485	40,013,480
TAIYO KOBE BANK	9.5600	08/16/1989	10,000,000	9,999,590	9,999,590
TOKAI BANK	9.7500	07/03/1989	202,000,000	202,000,000	202,000,000
TOTAL CERTIFICATES OF DEPOSIT			\$567,750,000	\$567,573,639	\$565,327,722
EQUITY IN SHORT TERM INVESTMENT FUND			Par Value	Book Value	Market Value
PACIFIC HORIZON			\$2,707,845	\$2,707,845	\$2,707,845
TOTAL SHORT TERM INVESTMENTS			\$2,082,399,845	\$2,055,609,934	\$2,040,599,965

LONG-TERM INVESTMENTS
U.S. GOVERNMENT SECURITIES

	Rate	Maturity	Par Value	Book Value	Market Value
UNITED STATES TREASURY BONDS	0.000	02/15/1990	\$8,377,000	\$7,928,048	\$7,972,475
UNITED STATES TREASURY BONDS	0.000	02/15/2007	5,120,000	1,040,217	1,261,722
UNITED STATES TREASURY BONDS	0.000	02/15/2015	10,510,000	1,329,038	1,414,015
UNITED STATES TREASURY BONDS	0.000	02/15/2016	15,000,000	1,450,288	1,875,750
UNITED STATES TREASURY BONDS	0.000	05/15/2005	5,000,000	1,235,902	1,402,300
UNITED STATES TREASURY BONDS	0.000	05/15/2007	33,593,000	7,843,110	8,116,741
UNITED STATES TREASURY BONDS	0.000	05/15/2008	15,050,000	2,806,691	3,364,578
UNITED STATES TREASURY BONDS	0.000	05/15/2016	102,475,000	10,651,818	12,633,118
UNITED STATES TREASURY BONDS	0.000	05/15/2017	99,725,000	9,815,384	11,526,216
UNITED STATES TREASURY BONDS	0.000	05/15/2018	1,569,000	133,239	171,131
UNITED STATES TREASURY BONDS	0.000	08/15/1995	4,547,500	2,642,415	2,786,026
UNITED STATES TREASURY BONDS	0.000	08/15/2002	1,000,000	307,790	348,890
UNITED STATES TREASURY BONDS	0.000	08/15/2017	26,995,000	2,417,938	3,076,350
UNITED STATES TREASURY BONDS	0.000	11/15/2001	17,200,000	5,824,805	6,374,148
UNITED STATES TREASURY BONDS	0.000	11/15/2015	11,015,000	1,095,466	1,404,743
UNITED STATES TREASURY BONDS	0.000	11/15/2016	120,200,000	13,200,776	14,326,638
UNITED STATES TREASURY BONDS	7.250	05/15/2016	65,971,000	55,225,412	59,951,146
UNITED STATES TREASURY BONDS	8.750	11/15/2008	20,000,000	19,395,200	20,956,200
UNITED STATES TREASURY BONDS	8.875	02/15/2019	117,060,000	119,270,330	128,070,664
UNITED STATES TREASURY BONDS	9.000	11/15/2018	5,000,000	5,080,896	5,528,100
UNITED STATES TREASURY BONDS	10.000	05/15/2010	10,000,000	10,531,049	11,559,400
UNITED STATES TREASURY BONDS	10.375	11/15/2012	3,000,000	3,510,860	3,601,860
UNITED STATES TREASURY BONDS	10.750	02/15/2003	16,000,000	17,982,609	19,300,000
UNITED STATES TREASURY BONDS	11.625	11/15/2002	7,000,000	8,201,654	8,914,080
UNITED STATES TREASURY BONDS	11.625	11/15/2004	10,000,000	12,072,811	12,946,900
UNITED STATES TREASURY BONDS	12.000	08/15/2013	11,520,000	14,489,422	15,638,400
UNITED STATES TREASURY NOTES	7.000	04/15/1994	11,000,000	10,346,244	10,505,000
UNITED STATES TREASURY NOTES	7.125	02/28/1990	45,000,000	44,982,261	44,662,500
UNITED STATES TREASURY NOTES	7.250	07/15/1993	6,000,000	5,697,694	5,823,720
UNITED STATES TREASURY NOTES	7.250	11/15/1996	30,650,000	27,597,331	29,127,002
UNITED STATES TREASURY NOTES	7.375	04/15/1993	20,460,000	19,836,502	19,961,185
UNITED STATES TREASURY NOTES	7.625	04/30/1990	19,650,000	19,580,047	19,545,659
UNITED STATES TREASURY NOTES	7.625	05/15/1993	8,000,000	7,725,485	7,870,000
UNITED STATES TREASURY NOTES	8.125	05/15/1991	34,000,000	34,292,738	33,989,460
UNITED STATES TREASURY NOTES	8.250	02/15/1993	5,000,000	5,040,411	5,025,000
UNITED STATES TREASURY NOTES	8.250	06/30/1991	14,505,000	14,515,066	14,554,897
UNITED STATES TREASURY NOTES	8.250	06/30/1992	19,450,000	19,275,380	19,522,938
UNITED STATES TREASURY NOTES	8.375	04/15/1995	20,000,000	19,678,209	20,206,200
UNITED STATES TREASURY NOTES	8.500	05/15/1997	41,700,000	40,506,445	42,507,729
UNITED STATES TREASURY NOTES	8.500	09/30/1990	5,000,000	4,998,528	5,012,500
UNITED STATES TREASURY NOTES	8.625	01/15/1995	43,000,000	42,972,215	43,900,420
UNITED STATES TREASURY NOTES	8.625	08/15/1997	72,000,000	70,918,327	73,957,680
UNITED STATES TREASURY NOTES	8.750	01/15/1993	6,000,000	5,983,725	6,116,220
UNITED STATES TREASURY NOTES	8.750	05/31/1991	10,000,000	9,965,968	10,115,600
UNITED STATES TREASURY NOTES	8.750	08/15/1991	25,680,000	25,264,048	25,976,861
UNITED STATES TREASURY NOTES	8.750	09/30/1992	33,775,000	33,699,668	34,376,533
UNITED STATES TREASURY NOTES	8.875	02/15/1999	8,500,000	8,335,604	8,911,740
UNITED STATES TREASURY NOTES	8.875	07/15/1995	23,000,000	22,997,317	23,772,570
UNITED STATES TREASURY NOTES	8.875	11/15/1997	2,885,000	2,766,940	3,007,613
UNITED STATES TREASURY NOTES	8.875	11/15/1998	5,100,000	5,015,986	5,335,875
UNITED STATES TREASURY NOTES	9.000	05/15/1998	20,000,000	19,971,962	21,037,400
UNITED STATES TREASURY NOTES	9.125	02/15/1991	5,400,000	5,584,774	5,477,598
UNITED STATES TREASURY NOTES	9.125	05/15/1999	93,121,000	95,490,812	99,639,470
UNITED STATES TREASURY NOTES	9.125	09/30/1991	6,750,000	6,861,279	6,882,908
UNITED STATES TREASURY NOTES	9.250	01/15/1996	29,135,000	29,921,584	30,764,812
UNITED STATES TREASURY NOTES	9.250	08/15/1998	25,000,000	25,496,658	26,711,000
UNITED STATES TREASURY NOTES	9.375	04/15/1996	43,110,000	45,105,740	45,952,673
UNITED STATES TREASURY NOTES	9.500	05/15/1994	9,000,000	9,246,363	9,495,000
UNITED STATES TREASURY NOTES	9.500	10/15/1994	72,800,000	73,852,125	76,997,648
UNITED STATES TREASURY NOTES	9.500	11/15/1995	10,000,000	10,347,696	10,640,600
UNITED STATES TREASURY NOTES	11.625	01/15/1992	10,000,000	10,283,561	10,773,400
UNITED STATES TREASURY NOTES	11.750	11/15/1993	32,000,000	31,604,058	36,120,000
UNITED STATES TREASURY NOTES	11.875	08/15/1993	23,500,000	23,999,844	26,481,445
UNITED STATES TREASURY NOTES	12.375	04/15/1991	7,000,000	7,325,944	7,472,500
UNITED STATES TREASURY NOTES	13.125	05/15/1994	7,000,000	7,983,086	8,369,340
TOTAL U.S. GOVERNMENT SECURITIES			\$1,647,098,500	\$1,240,550,801	\$1,301,122,283

U.S. GOVERNMENT AGENCY BONDS

	Rate	Maturity	Par Value	Book Value	Market Value
FEDERAL HOME LOAN BANK	7.750	04/25/1996	\$5,000,000	\$5,020,125	\$4,804,700
FEDERAL HOME LOAN BANK	8.650	08/25/1989	50,090,000	50,079,097	50,003,845
FEDERAL HOME LOAN BANK	8.800	10/25/1993	16,140,000	15,836,094	16,503,150
FEDERAL HOME LOAN MORTGAGE CORPORATION	0.000	04/15/2013	17,000,000	16,929,000	16,929,000
FEDERAL HOME LOAN MORTGAGE CORPORATION	6.500	10/01/2008	3,028,611	2,860,708	2,655,698
FEDERAL HOME LOAN MORTGAGE CORPORATION	7.500	11/01/2016	15,845,584	13,788,539	14,340,253
FEDERAL HOME LOAN MORTGAGE CORPORATION	8.000	04/01/2001	881,777	863,300	852,017
FEDERAL HOME LOAN MORTGAGE CORPORATION	8.000	04/01/2017	6,499,715	5,818,148	6,012,237
FEDERAL HOME LOAN MORTGAGE CORPORATION	8.000	09/01/2016	10,082,744	9,092,248	9,326,539
FEDERAL HOME LOAN MORTGAGE CORPORATION	8.000	11/01/2007	729,630	679,625	678,556
FEDERAL HOME LOAN MORTGAGE CORPORATION	8.500	04/01/2017	2,422,098	2,234,551	2,291,910
FEDERAL HOME LOAN MORTGAGE CORPORATION	8.500	08/01/2017	2,953,441	2,726,696	2,794,693
FEDERAL HOME LOAN MORTGAGE CORPORATION	8.500	09/01/2001	15,031,017	14,711,663	14,507,942
FEDERAL HOME LOAN MORTGAGE CORPORATION	8.850	03/15/2008	592,500	451,913	576,366
FEDERAL HOME LOAN MORTGAGE CORPORATION	9.000	01/01/2017	4,258,019	4,030,002	4,119,633
FEDERAL HOME LOAN MORTGAGE CORPORATION	9.000	07/01/2008	1,986,834	1,877,631	1,927,229
FEDERAL HOME LOAN MORTGAGE CORPORATION	9.000	07/01/2016	4,810,963	4,709,074	4,654,607
FEDERAL HOME LOAN MORTGAGE CORPORATION	9.000	10/01/2016	2,573,309	2,535,438	2,489,676
FEDERAL HOME LOAN MORTGAGE CORPORATION	9.000	12/01/2016	1,975,880	2,021,780	1,911,664
FEDERAL HOME LOAN MORTGAGE CORPORATION	9.400	09/15/2008	7,430,400	5,864,229	7,372,666
FEDERAL HOME LOAN MORTGAGE CORPORATION	10.000	09/15/2009	358,600	347,685	366,131
FEDERAL HOME LOAN MORTGAGE CORPORATION	10.150	04/15/2006	3,904,559	3,872,864	4,015,253
FEDERAL HOME LOAN MORTGAGE CORPORATION	10.500	05/01/2019	5,456,666	5,488,540	5,569,182
FEDERAL HOME LOAN MORTGAGE CORPORATION	10.500	10/01/2000	11,422	11,155	11,658
FEDERAL HOME LOAN MORTGAGE CORPORATION	12.000	02/01/2015	2,210,538	2,143,815	2,329,354
FEDERAL HOUSING AUTHORITY	7.430	05/01/2023	78,988	73,567	67,101
FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.000	10/12/1993	16,675,000	16,675,000	16,862,594
FEDERAL NATIONAL MORTGAGE ASSOCIATION	6.000	05/01/2009	4,123,680	3,488,578	3,283,480
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7.000	08/01/2006	2,154,931	1,658,967	1,904,420
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7.250	02/01/2023	4,821,769	3,586,558	4,285,347
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7.600	01/10/1997	1,235,000	1,239,783	1,177,103
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7.700	12/10/1996	10,000,000	10,009,809	9,615,600
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.000	05/01/2017	21,848,503	20,210,826	20,278,032
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	01/01/2017	4,940,713	4,669,374	4,719,912
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	04/01/2002	112,747	107,469	108,906
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	04/01/2003	226,785	216,118	219,058
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	05/01/2002	1,682,937	1,604,129	1,625,599
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	05/01/2003	7,544,467	7,189,507	7,287,427
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	06/01/2002	750,464	715,306	724,895
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	06/01/2003	14,851,162	14,152,170	14,345,182
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	07/01/2001	200,864	191,500	194,021
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	07/01/2002	1,125,706	1,072,948	1,087,353
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	07/01/2003	4,629,732	4,411,749	4,471,997
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	08/01/2001	282,939	269,736	273,299
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	08/01/2002	85,230	81,234	82,326
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	08/01/2003	497,334	473,909	480,389
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	09/01/2001	190,342	181,460	183,857
FEDERAL NATIONAL MORTGAGE ASSOCIATION	8.500	11/01/2001	898,503	856,538	867,891
FEDERAL NATIONAL MORTGAGE ASSOCIATION	9.000	05/01/2001	443,412	439,971	435,928
FEDERAL NATIONAL MORTGAGE ASSOCIATION	9.000	08/01/2001	274,833	272,545	270,194
FEDERAL NATIONAL MORTGAGE ASSOCIATION	9.000	11/01/2002	31,907	31,676	31,369
FEDERAL NATIONAL MORTGAGE ASSOCIATION	9.500	06/25/2018	7,000,000	6,935,053	7,002,170
FEDERAL NATIONAL MORTGAGE ASSOCIATION	9.800	12/10/1998	5,000,000	4,995,456	5,187,500
FEDERAL NATIONAL MORTGAGE ASSOCIATION	11.000	06/01/2009	352,628	327,608	365,080
FEDERAL NATIONAL MORTGAGE ASSN STRIPPED	8.500	01/01/2018	4,624,513	1,850,485	1,812,208
FHA PROJECT REILY MORTGAGE GROUP	7.430	05/01/2022	5,707,315	4,614,715	4,852,816
GMAC MORTGAGE CORP - INSURED	7.430	02/01/2023	9,182,406	8,526,744	7,802,841
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	0.000	05/15/2017	118,248	108,584	110,155
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.250	02/15/2005	61,853	58,652	56,576
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.250	03/15/2005	684,863	649,382	626,431
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.250	04/15/2005	220,410	208,981	201,605
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.250	04/15/2006	401,451	380,433	367,199
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.250	08/15/2005	585,666	555,190	535,697
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.250	11/15/2001	252,158	239,639	230,644
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.500	01/15/2006	934,247	881,655	867,972
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.500	01/15/2007	492,703	464,747	457,751
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.500	03/15/2006	854,127	805,981	793,536
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.500	05/15/2007	775,556	731,443	720,538
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.500	06/15/2006	94,919	89,538	88,185
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.500	11/15/2005	488,711	473,592	454,042
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	7.500	12/15/2005	589,149	556,008	547,355
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	01/15/2007	12,593	11,562	11,904
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	01/15/2017	105,490	96,850	98,270
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	02/15/2017	3,797,504	3,486,457	3,537,603
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	03/15/2017	5,780,499	5,341,102	5,384,881
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	03/15/2019	509,538	467,811	474,665

U.S. GOVERNMENT AGENCY BONDS (Continued)

	Rate	Maturity	Par Value	Book Value	Market Value
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	04/15/2005	219,829	202,564	207,807
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	04/15/2017	10,639,657	9,827,788	9,911,479
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	05/15/2016	1,059,570	972,775	987,053
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	05/15/2017	21,382,832	20,059,045	19,919,391
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	06/15/2005	193,079	183,807	182,520
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	06/15/2017	2,580,949	2,468,486	2,404,309
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	07/15/2017	2,692,593	2,472,056	2,508,312
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	08/15/2016	776,436	712,836	723,297
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	08/15/2017	1,261,904	1,158,548	1,175,539
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	09/15/2006	212,277	195,389	200,667
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	10/15/2006	771,663	728,724	729,460
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	10/15/2016	1,125,110	1,032,951	1,048,108
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	11/15/2006	625,688	594,344	591,469
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	11/15/2016	953,898	875,764	888,614
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.000	12/15/2016	1,033,353	948,712	962,630
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.250	04/15/2006	150,959	147,965	143,740
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.250	05/15/2006	104,270	102,201	99,284
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.250	06/15/2008	111,283	109,035	105,962
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.250	07/15/2004	92,689	90,884	88,256
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.250	08/15/2004	78,068	76,546	74,335
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.500	01/15/2017	6,440,226	6,117,192	6,150,702
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8.500	02/15/2006	1,300,029	1,296,095	1,254,528
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	01/15/2017	1,962,248	1,856,044	1,919,314
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	01/15/2019	2,990,109	2,828,257	2,924,685
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	02/15/2017	1,932,122	1,827,553	1,889,847
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	02/15/2018	995,315	941,474	973,537
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	02/15/2019	9,929,765	9,446,818	9,712,502
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	03/15/2017	262,747	236,277	256,998
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	04/15/2016	1,827,080	1,809,400	1,787,103
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	04/15/2018	5,028,358	4,760,689	4,918,338
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	05/15/2017	949,931	906,536	929,147
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	05/15/2018	2,014,326	1,905,375	1,970,253
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	05/15/2019	1,002,999	953,062	981,053
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	06/15/2016	1,858,373	1,781,369	1,817,711
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	06/15/2017	1,902,163	1,806,884	1,860,544
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	06/15/2018	1,996,921	1,888,916	1,953,228
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	07/15/2017	1,913,864	1,801,432	1,891,186
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	07/15/2018	1,008,436	953,896	986,371
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	08/15/2016	911,060	873,331	891,126
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	08/15/2018	1,013,076	958,288	990,910
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	09/15/2017	2,949,121	2,789,558	2,884,595
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	09/15/2018	975,018	926,471	953,685
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	10/15/2016	9,468,730	9,269,283	9,261,554
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	10/15/2017	994,775	940,954	973,009
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	11/15/2016	978,857	969,341	957,440
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.000	12/15/2016	1,302,956	1,212,587	1,274,447
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.500	02/15/2019	5,053,692	4,887,345	5,050,508
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.500	03/15/2019	1,011,627	971,113	1,010,990
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.500	04/15/2019	1,013,933	973,328	1,013,295
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.500	08/15/2016	868,729	828,923	868,182
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.500	09/15/2017	944,018	883,685	943,424
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.500	10/15/2017	2,796,505	2,618,610	2,794,743
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	9.500	12/15/2018	1,013,508	958,705	991,333
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	10.000	01/15/2018	956,788	971,147	976,813
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	10.000	02/15/2018	927,220	941,135	946,627
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	10.000	02/15/2019	1,008,272	1,027,939	1,029,375
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	10.000	05/15/2019	11,818,513	11,958,882	12,065,874
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	10.000	06/15/2019	4,001,161	4,079,207	4,084,905
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	10.000	07/15/2016	44,714	44,714	45,650
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	10.000	07/15/2018	943,290	957,442	963,034
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	10.000	09/15/2018	556,396	564,743	568,042
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	10.000	10/15/2018	5,244,543	5,323,209	5,354,312
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	10.000	11/15/2018	7,788,035	7,889,613	7,951,039
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	11.250	12/15/2000	477,397	430,730	497,686
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	11.500	03/15/2013	13,043	10,433	13,988
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	13.000	02/15/2011	178,530	197,874	197,275
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	13.000	12/15/2011	199,772	221,366	220,748
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	13.000	12/15/2014	142,050	157,291	156,965
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	15.000	03/15/2012	1,079	1,194	1,203
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	16.000	10/15/2011	462,048	512,331	525,982
GOVERNMENT TRUST CERTIFICATES	0.000	05/15/1993	24,680,000	17,505,857	17,967,780
GOVERNMENT TRUST CERTIFICATES	0.000	11/15/1997	35,000,000	17,242,752	17,592,750
GOVERNMENT TRUST CERTIFICATES	0.000	11/15/1998	38,000,000	17,134,882	17,526,740
INTERNATIONAL BANK FOR RECON. & DEVELOP.	12.375	10/15/2002	10,000,000	11,976,544	12,879,300
STUDENT LOAN MARKETING ASSOCIATION	0.000	10/03/2022	38,235,000	2,663,934	2,927,272
STUDENT LOAN MARKETING ASSOCIATION	9.340	07/28/1998	14,500,000	14,257,010	14,925,871
TOTAL U.S. GOVERNMENT AGENCY BONDS			\$647,463,376	\$542,941,454	\$551,922,610

CORPORATE BONDS

	Rate	Maturity	Par Value	Book Value	Market Value
AETNA LIFE AND CASUALTY COMPANY	8.000	01/15/2017	\$1,000,000	\$850,299	\$915,370
AMERICAN AIRLINES INC.	10.650	03/15/2003	3,924,000	4,171,136	4,020,138
AMERICAN AIRLINES INC.	10.650	04/01/2003	1,247,000	1,325,702	1,277,539
AMERICAN AIRLINES INC.	10.700	03/15/2004	4,368,000	4,669,374	4,503,714
AMERICAN AIRLINES INC.	10.700	04/01/2004	1,389,000	1,485,005	1,422,989
AMERICAN GENERAL FINANCIAL CORP.	8.625	06/30/1991	10,000,000	9,997,345	9,968,400
ARKLA INC.	9.875	02/15/2018	8,700,000	8,372,666	9,013,983
ASSOCIATES CORP. OF NORTH AMERICA	8.625	08/15/1992	2,000,000	1,969,491	1,988,800
ATLANTIC RICHFIELD COMPANY	10.500	10/15/1995	2,000,000	2,178,382	2,079,260
BANC ONE CORP.	9.875	03/01/2009	11,400,000	11,171,332	12,339,132
BANK OF NOVA SCOTIA	10.150	12/15/1998	12,800,000	12,800,000	13,267,072
BANKERS TRUST OF N Y	9.375	05/15/1994	15,750,000	15,715,324	16,096,185
BARCLAYS NORTH AMERICAN CAPITAL CORP.	11.625	05/01/2003	10,000,000	11,672,129	11,517,800
BENEFICIAL CORP.	12.000	11/01/1994	800,000	792,251	898,080
BETHEL MARINE INC.	8.000	06/07/2002	8,140,000	7,674,285	8,256,809
BRITISH PETROLEUM OF NORTH AMERICA INC.	9.250	04/15/2016	20,850,000	19,582,225	21,004,707
BRITISH PETROLEUM OF NORTH AMERICA INC.	9.875	03/15/2004	6,670,000	6,646,194	7,182,456
C I T GROUP HOLDINGS INC.	9.500	06/01/1995	5,000,000	5,012,328	5,010,000
CANADIAN PACIFIC LTD	9.450	05/01/1998	10,400,000	10,367,538	10,805,912
CBS INC.	5.000	04/07/2002	1,050,000	995,895	1,068,375
CBS INC.	10.875	08/01/1995	391,400	153,875	406,289
CENTEL CAPITAL CORP.	10.750	10/01/2018	6,670,000	6,776,588	7,121,426
CITIBANK OF NEW YORK STATE	8.000	07/25/2018	2,869,759	2,620,635	2,620,449
CITICORP	9.300	09/15/1992	7,750,000	7,748,078	7,842,535
CITICORP	9.350	09/01/1991	5,000,000	5,042,416	5,046,550
CITICORP	11.000	08/01/1995	5,000,000	5,135,633	5,072,700
COAST SAVINGS & LOAN ASSOCIATION	16.000	10/01/1994	6,000,000	6,799,898	6,195,000
COEUR D ALENE MINES	6.000	06/10/2002	1,500,000	1,270,375	1,267,500
COLLEGE & UNIVERSITY FAC LOAN TRUST	4.000	06/01/2018	5,000,000	2,516,161	2,597,400
COMMERCIAL CREDIT CORP.	10.000	05/01/1999	15,000,000	15,662,739	15,538,500
COMMERCIAL CREDIT GROUP INC.	10.000	12/01/2008	8,000,000	8,000,000	8,460,400
CONSUMER AUTO CERTIFICATES GRANTOR TRUST	7.375	09/15/1993	14,474,573	14,169,798	14,086,220
CONSUMERS POWER COMPANY	4.625	08/01/1991	500,000	500,173	454,915
CONSUMERS POWER COMPANY	4.625	12/01/1990	475,000	475,211	451,796
CONTINENTAL BANK	10.250	03/15/1991	4,100,000	4,065,191	4,065,191
COOPERATIVE UTILITIES TRUST	8.920	03/15/2019	3,700,000	3,700,000	3,687,053
CROCKER NATIONAL BANK	0.000	02/24/1992	20,000,000	12,626,189	12,626,189
CROCKER NATIONAL BANK	0.000	12/06/1996	21,000,000	13,407,796	13,495,020
CROCKER NATIONAL BANK	11.400	04/06/1990	3,000,000	3,000,000	3,000,000
DART & KRAFT FIN NV	7.750	11/30/1998	1,470,000	2,027,730	2,264,259
DAYTON HUDSON CORP.	9.250	11/15/2016	5,000,000	5,026,830	4,640,400
EASTMAN KODAK CREDIT CORP.	9.550	01/15/1993	6,000,000	5,998,431	7,179,690
EASTMAN KODAK CREDIT CORP.	9.650	10/01/1993	7,000,000	7,000,000	6,115,320
EQUITABLE LIFE LEASING CORP.	9.125	12/04/1990	3,900,000	3,900,000	3,870,126
EXXON SHIPPING COMPANY	0.000	09/01/2012	24,190,000	3,734,126	3,806,780
FINANCING CORP. OF AMERICA	10.000	11/11/1992	6,100,000	4,429,797	4,604,585
FIRST CHICAGO CORP.	9.875	07/01/1999	6,000,000	6,246,784	6,255,600
FORD MOTOR CREDIT COMPANY	8.000	12/01/1996	2,075,000	1,921,604	1,968,947
FORD MOTOR CREDIT COMPANY	8.250	05/15/1996	4,000,000	3,793,898	3,856,680
FORD MOTOR CREDIT COMPANY	8.900	11/01/1990	6,000,000	6,000,000	5,998,560
FORD MOTOR CREDIT COMPANY	9.150	09/30/1992	13,000,000	12,983,633	13,119,470
FORD MOTOR CREDIT COMPANY	10.300	08/01/1989	6,000,000	6,004,680	6,004,680
FORD MOTOR CREDIT COMPANY	11.875	04/15/1995	7,000,000	7,741,458	7,436,030
FRANKLIN SAVINGS ASSOCIATION	9.500	02/15/2018	8,000,000	7,946,258	7,989,600
GENERAL DYNAMICS CORP.	5.750	07/15/2011	3,986,000	3,962,348	3,388,100
GENERAL ELECTRIC COMPANY	8.625	04/01/2016	4,450,000	3,933,090	4,271,244
GENERAL ELECTRIC CREDIT CORP.	5.500	11/01/2001	19,500,000	14,105,680	14,837,550
GENERAL MOTORS ACCEPTANCE CORP.	8.750	01/15/1992	10,000,000	9,932,051	9,963,200
GENERAL MOTORS ACCEPTANCE CORP.	8.875	02/01/1991	4,000,000	4,060,698	3,995,000
GENERAL MOTORS ACCEPTANCE CORP.	9.250	11/01/1992	1,500,000	1,500,123	1,519,845
GENERAL MOTORS ACCEPTANCE CORP.	9.700	05/05/1992	6,000,000	5,970,552	6,115,920
GENERAL TELEPHONE COMPANY OF FLORIDA	8.375	03/01/2027	5,000,000	3,953,684	4,635,900
GENERAL TELEPHONE COMPANY OF OHIO	9.000	05/15/2016	5,000,000	4,879,178	5,039,200
GOLDEN WEST FINANCIAL CORP.	10.250	12/01/2000	7,000,000	6,958,946	7,488,880
GRACE (W.R.) & COMPANY	7.000	02/07/2001	2,000,000	2,361,354	2,333,125
GREAT WESTERN BANK & FED SAVINGS	9.250	09/08/1990	8,350,000	8,337,185	8,368,871
GREAT WESTERN BANK & FED SAVINGS	9.250	09/08/1990	6,000,000	5,985,926	6,013,560
GREAT WESTERN BANK & FED SAVINGS	9.450	06/30/1993	7,500,000	7,500,000	7,543,500
GREAT WESTERN SAVINGS & LOAN ASSOCIATION	9.350	09/16/1991	8,950,000	8,955,215	9,070,199
HOUSEHOLD FINANCIAL CORP.	7.125	09/01/1992	3,000,000	2,979,018	2,851,680
HOUSEHOLD FINANCIAL CORP.	9.500	12/15/1993	7,000,000	7,055,573	7,147,770
HYDRO-QUEBEC	8.625	06/15/2029	8,485,000	8,485,000	8,565,607

CORPORATE BONDS (Continued)	Rate	Maturity	Par Value	Book Value	Market Value
INTERNATIONAL BUSINESS MACHINES CORP.	8.800	05/25/1993	\$5,000,000	\$5,000,000	\$4,823,050
INTERNATIONAL BUSINESS MACHINES CORP.	9.375	10/01/2004	9,235,000	9,235,000	9,442,787
ITT CORPORATION	10.125	09/15/1990	8,500,000	8,504,955	8,549,980
ITT FINANCIAL CORPORATION	10.125	04/05/1999	7,000,000	7,000,000	7,441,140
KELLOGG COMPANY	10.300	03/15/1990	4,500,000	4,496,887	4,538,880
KFW INTERNATIONAL FINANCIAL INC.	9.500	12/15/2000	1,800,000	1,831,288	1,902,780
LEVINGSTON FALCON II SHIPPING	11.000	06/01/2004	6,900,000	5,054,618	7,568,748
LOMAS BANK USA	9.150	10/31/1995	9,000,000	8,936,087	8,888,310
LONG ISLAND LIGHTING COMPANY	11.750	11/15/1994	11,500,000	11,823,179	12,046,250
LOUISVILLE & NASHVILLE RAIL ROAD COMPANY	12.300	02/01/1995	868,000	783,169	993,061
MANUFACTURERS TRADERS TRUST COMPANY	8.700	06/28/1991	2,000,000	2,000,288	1,980,140
MARINE MIDLAND BANK INC.	9.000	10/21/1991	15,000,000	14,914,486	15,032,700
MARRIOTT CORP.	9.000	05/24/1995	16,000,000	15,680,674	15,889,760
MCA INC.	5.500	09/15/2002	5,780,000	5,052,056	5,487,036
METROPOLITAN EDISON COMPANY	5.000	05/01/1990	200,000	200,025	195,516
MOBIL ALASKA PIPELINE COMPANY	8.450	03/01/2005	10,000,000	9,099,636	9,450,000
MORGAN GUARANTY TRUST COMPANY	9.900	09/15/1990	9,500,000	9,513,171	9,595,570
MORGAN (J.P.) & COMPANY INC.	8.000	03/15/1996	4,500,000	4,195,338	4,274,955
MORGAN (J.P.) & COMPANY INC.	9.625	12/15/1998	8,000,000	7,949,333	8,240,000
MUNICIPAL FINANCIAL AUTHORITY	8.750	10/15/2001	3,000,000	2,942,651	3,006,090
NATIONAL CREDIT CARD TRUST	9.450	12/31/1997	10,000,000	9,989,125	10,039,700
NATWEST CAPITAL CORP.	9.375	11/15/2003	5,000,000	4,974,600	5,193,400
NEW YORK TELEPHONE COMPANY	8.750	04/01/2023	6,900,000	6,556,972	6,641,250
NORGES KOMMUNALBANK	9.875	09/01/1999	9,628,000	9,809,749	9,669,112
NORTON COMPANY	7.750	06/01/2012	2,275,000	2,558,040	2,479,750
NORWEST FINANCIAL INC.	13.750	07/01/1991	1,000,000	1,004,067	1,004,090
OCCIDENTAL PETROLEUM CORP.	13.500	12/31/1990	244,000	244,000	252,064
PACIFIC TELEPHONE & TELEGRAPH COMPANY	9.750	07/01/2019	5,140,000	5,012,534	5,359,478
PATRIOT SHIPPING CORP.	8.100	04/12/2004	2,750,000	2,640,222	2,740,072
PEDERNALES ELECTRIC COOP INC.	10.875	09/01/2009	4,000,000	4,207,093	4,500,520
POTOMAC ELECTRIC POWER COMPANY	9.750	05/01/2019	5,750,000	5,550,710	5,919,395
PROCTER & GAMBLE COMPANY	10.000	09/15/1990	4,500,000	4,500,000	4,541,130
PROGRESSIVE CORP. OF OHIO	10.000	12/15/2000	7,500,000	7,500,000	7,803,675
REPUBLIC NATIONAL BANK OF NEW YORK	8.250	06/15/1991	9,000,000	8,931,263	8,920,710
RJR HOLDINGS CAPITAL CORP.	13.125	05/15/1991	6,000,000	6,000,000	6,090,000
RURAL ELECTRIC COOP GRANTOR TRUST	10.110	12/15/2017	6,670,000	6,800,018	7,129,963
SEABOARD COAST LINE INDUSTRIES INC.	13.875	07/01/1991	1,150,000	1,148,810	1,237,216
SEAGRAM, JOSEPH & SONS INC.	0.000	03/05/2006	9,050,000	3,044,566	3,031,750
SHEARSON LEHMAN HUTTON INC.	9.500	06/15/1997	18,800,000	18,753,296	18,798,684
SHONEYS INC.	0.000	04/11/2004	1,000,000	325,000	365,000
SOUTHERN BELL TELEPHONE & TELEGRAPH CO.	8.125	05/01/2017	4,120,000	3,482,257	3,816,438
SOUTHERN BELL TELEPHONE & TELEGRAPH CO.	8.750	11/01/2024	10,005,000	9,387,696	9,820,808
SOUTHERN CALIFORNIA EDISON COMPANY	12.375	12/01/2014	1,000,000	985,399	1,096,460
SOUTHERN NATURAL GAS COMPANY	11.375	11/15/1994	2,250,000	2,317,206	2,314,912
SOUTHOLD MARINE INC.	8.200	12/13/2002	5,000,000	4,849,240	4,587,500
SOUTHWESTERN BELL TELEPHONE COMPANY	8.625	04/15/2020	2,000,000	1,785,484	1,901,660
SOUTHWESTERN BELL TELEPHONE COMPANY	11.875	10/18/2021	4,000,000	4,425,763	4,469,280
SUMITOMO BANK LTD JAPAN	9.400	09/29/1993	4,000,000	3,955,739	4,012,640
SWEDISH EXPORT CREDIT CORP.	9.875	03/15/2038	4,700,000	4,520,353	4,959,581
TERMINAL RAIL ROAD ASSN OF ST LOUIS	4.000	07/01/2019	403,000	340,954	169,260
TEXAS INSTRUMENTS INC.	2.750	09/29/2002	3,360,000	2,611,935	2,502,192
UNITED ARTISTS COMMUNICATIONS	6.375	09/15/2002	3,285,000	3,344,963	3,613,500
UNITED HEALTHCARE INC.	7.500	11/02/2011	600,000	486,000	564,000
UNITED TELECOMMUNICATIONS INC.	9.750	09/01/2010	5,055,000	6,147,130	7,835,250
WASTE MANAGEMENT INC.	0.000	04/13/2012	1,500,000	375,000	476,250
WCS INTERNATIONAL POLLUTION CONTROL	12.500	02/15/2003	1,689,000	1,807,982	2,026,057
WELLS FARGO & COMPANY	8.000	07/15/1993	5,000,000	4,974,328	4,824,200
WEST AMERICAN CORP.	12.500	02/15/2003	684,000	687,874	677,605
WORLD SAVINGS & LOAN ASSOCIATION	9.160	09/23/1991	13,000,000	12,998,129	13,148,460
WORLD SAVINGS & LOAN ASSOCIATION	9.550	09/09/1991	1,000,000	983,851	1,011,390
WORLD SAVINGS & LOAN ASSOCIATION	9.750	02/15/1991	2,750,000	2,744,617	2,757,480
XOMA CORPORATION	9.000	04/15/2014	1,000,000	1,000,000	1,120,000
TOTAL CORPORATE BONDS			\$822,415,732	\$764,765,312	\$783,700,367
FOREIGN GOVERNMENT OBLIGATIONS	Rate	Maturity	Par Value	Book Value	Market Value
ONTARIO PROVINCE OF CANADA	8.375	09/15/2007	\$4,500,000	\$4,044,461	\$4,268,745
HYDRO-QUEBEC	10.750	06/15/2010	5,000,000	5,897,201	5,460,200
NEW ZEALAND GOVERNMENT	8.750	04/01/2016	5,000,000	4,628,356	4,963,100
TOTAL FOREIGN GOVERNMENT OBLIGATIONS			\$14,500,000	\$14,570,018	\$14,692,045

ASSET-BACKED OBLIGATIONS	Rate	Maturity	Par Value	Book Value	Market Value
AMERICAN HOUSING TRUST II	8.300	09/25/2018	\$10,000,000	\$8,394,461	\$8,658,500
AMERICAN HOUSING TRUST II	8.300	10/25/2010	6,733,075	6,483,137	6,358,648
BEAR STEARNS SECURED INVESTMENTS INC.	0.000	03/01/2019	15,896,000	9,067,705	9,179,940
BEAR STEARNS SECURED INVESTMENTS INC.	0.000	12/01/2018	10,121,000	5,902,307	5,984,041
CITIBANK - NEW YORK STATE	8.000	07/25/2018	4,782,932	4,370,751	4,735,055
COLLATERALIZED MORTGAGE OBLIGATIONS TRUST	0.000	10/01/2014	23,314,921	18,229,763	17,522,795
COLLATERALIZED MORTGAGE SECURITIES CORP.	7.000	07/01/2005	5,093,959	4,910,578	5,009,399
COLLATERALIZED MORTGAGE SECURITIES CORP.	8.000	09/20/2019	4,500,000	3,561,498	4,424,130
COLLATERALIZED MORTGAGE SECURITIES CORP.	8.950	03/20/2016	7,663,615	7,644,669	7,714,731
FEDERAL HOME LOAN MORTGAGE CORP.	9.000	05/15/2018	5,000,000	4,782,154	4,993,550
FEDERAL HOME LOAN MORTGAGE CORP.	9.100	10/15/2019	3,081,603	3,030,604	3,031,527
FEDERAL HOME LOAN MORTGAGE CORP.	9.500	05/15/2018	16,100,000	15,612,982	16,745,127
FEDERAL NATIONAL MORTGAGE ASSN.	7.500	08/25/2018	5,000,000	3,760,447	4,085,250
FINANCING CORPORATION OF AMERICA	0.000	12/06/1991	6,000,000	4,807,475	4,900,980
FINANCING CORPORATION OF AMERICA	0.000	06/06/1993	12,000,000	8,319,253	8,637,480
FINANCING CORPORATION OF AMERICA	0.000	06/06/1994	15,000,000	9,435,534	9,923,100
FIRST CHICAGO CORPORATION	8.500	12/15/1991	5,000,000	4,994,903	4,948,050
FRANKLIN SAVINGS ASSN., OTTAWA, KANSAS	12.250	04/01/1992	8,900,000	9,062,375	9,584,321
FRANKLIN SAVINGS ASSN., OTTAWA, KANSAS	12.250	04/01/1992	7,500,000	7,845,781	8,076,675
GOVERNMENT TRUST CERTIFICATES	9.250	11/15/2001	14,000,000	13,912,155	14,665,000
LOMAS MORTGAGE FUNDING CORP.	0.000	05/01/2007	7,388,733	6,895,721	6,866,903
MARYLAND TRUST	0.000	05/01/2013	2,971,855	2,271,948	2,199,172
MBNA CREDIT CARD TRUST	9.000	09/30/1993	8,000,000	7,963,186	7,951,200
MDC ASSET INVESTMENTS TRUST VIII	9.625	06/25/2015	3,869,863	3,853,019	3,942,771
MID-STATES TRUST II	7.625	04/01/2017	4,306,759	3,993,745	4,008,171
MID-STATES TRUST II	9.625	04/01/2003	8,000,000	7,892,780	8,374,320
MORGAN STANLEY MORTGAGE TRUST	7.500	07/20/2018	13,700,000	13,597,600	13,176,386
MORGAN STANLEY MORTGAGE TRUST	8.450	05/01/2017	6,670,000	6,395,797	6,558,411
NATIONAL CREDIT CARD TRUST	9.300	12/16/1991	15,000,000	14,833,912	15,068,700
NATIONAL CREDIT CARD TRUST	9.700	02/17/1992	15,000,000	14,956,533	15,212,100
NATIONAL CREDIT CARD TRUST	9.850	03/31/1995	14,000,000	13,974,774	14,400,260
NATIONAL RURAL UTILITIES	9.625	02/01/1996	4,675,000	4,666,021	4,758,870
PRUDENTIAL-BACHE	8.000	05/01/2016	9,827,019	9,491,698	9,561,100
ROOSEVELT BANK & FEDERAL SAVINGS BANK	9.700	11/15/1998	7,000,000	6,995,746	7,024,220
RYLAND ACCEPTANCE CORPORATION	6.000	06/20/2012	9,706,292	9,295,807	9,409,182
RYLAND ACCEPTANCE CORPORATION	9.000	10/01/2015	6,250,000	5,849,309	6,197,438
SEARS MORTGAGE SECURITIES CORP.	6.500	02/25/2017	4,480	4,122	3,640
SEARS MORTGAGE SECURITIES CORP.	10.500	11/25/2000	2,679,305	2,644,742	2,714,485
SECURITY PACIFIC NATIONAL BANK	8.500	03/01/2017	3,979,039	3,604,069	3,710,454
WESTAM MORTGAGE FINANCIAL CORP.	9.450	06/01/2018	10,000,000	9,541,794	9,923,601
TOTAL ASSET BACKED OBLIGATIONS			\$338,715,448	\$302,850,853	\$310,239,683
OTHER MUNICIPAL OBLIGATIONS					
WASHINGTON DC MET AREA RAPID TRANSIT	8.150	07/01/2014	\$5,780,000	\$5,091,557	\$5,440,425
FOREIGN CORPORATE BONDS					
FINLAND REPUBLIC	11.750	06/15/1993	\$5,000,000	\$5,268,036	\$5,505,850
TOTAL PUBLICLY TRADED BONDS			\$3,480,973,056	\$2,876,038,032	\$2,972,623,264
PRIVATE PLACEMENT BONDS					
BEVERLY HILLS SAVINGS & LOAN ASSOCIATION	11.750	07/15/1993	\$5,000,000	\$5,000,000	\$5,000,000
CIGNA HOSPITAL, LOS ANGELES	9.500	09/30/1999	6,929,180	6,929,180	6,929,180
DOMINION PROPERTY COMPANY	12.450	09/20/1994	583,695	583,695	583,695
DOMINION PROPERTY COMPANY	12.840	01/20/1991	374,030	374,030	371,928
DOMINION PROPERTY COMPANY	12.840	03/20/1991	308,349	308,349	308,349
KAISER FOUNDATION HOSPITALS	10.000	06/30/2000	2,812,778	2,812,778	2,812,778
METROPOLITAN LIFE INSURANCE	12.250	07/01/1990	20,706,432	20,728,662	20,706,432
NORWEST MORTGAGE	7.430	01/01/2020	2,877,886	1,798,218	2,241,815
OLEFINS PROPERTYS	9.150	06/06/1995	2,504,604	2,504,603	2,504,603
PACIFIC DOMINION PROPERTY COMPANY	12.840	07/20/1990	870,571	870,571	870,571
PACIFIC DOMINION PROPERTY COMPANY	12.840	08/20/1990	336,009	336,009	336,009
PACIFIC DOMINION PROPERTY COMPANY	12.840	09/20/1990	501,201	501,201	501,201
PACIFIC LIGHT PROPERTYS	8.250	11/01/2004	22,096,447	22,096,455	22,096,455
PACIFIC LIGHT PROPERTYS	10.000	10/01/2004	2,255,081	2,255,081	2,255,081
SEARS MORTGAGE SECURITIES CORP.	15.819	11/01/2012	211,546	211,522	316,517
TICOR INVESTMENT SECURITIES	12.125	07/22/1998	628,905	628,792	592,183
VALLEY PRESBYTERIAN HOSPITAL	8.333	12/01/1990	442,400	442,400	442,400
TOTAL PRIVATE PLACEMENT BONDS			\$69,439,112	\$68,381,547	\$68,869,197
TOTAL BONDS			\$3,550,412,167	\$2,944,419,579	\$3,041,492,460

COMMON STOCKS—DOMESTIC

	Shares	Book Value	Market Value
A. L. LABORATORIES INC.	11,000	\$181,770	\$182,400
A & W BRANDS INC.	133,400	2,940,869	3,234,950
AAR CORPORATION	140,000	2,756,781	4,077,500
ABBOTT LABORATORIES	115,100	4,694,464	6,675,800
ACTION AUTO RENTAL	46,500	829,012	837,000
ACUSON COMPUTED SONOGRAPHY	98,500	2,437,111	3,115,063
ADAC LABORATORIES	90,000	463,135	455,670
ADDINGTON RESOURCES	46,100	768,756	772,175
ADOBE SYSTEMS INC.	68,500	1,490,785	1,815,250
ADT LIMITED	25,000	721,875	671,875
ADVANCED MARKETINGS SERVICES INC.	87,800	1,242,942	899,950
AETNA LIFE & CASUALTY COMPANY	66,000	3,941,445	3,654,750
AFFILIATED PUBLICATIONS INC.	491,800	2,819,946	5,540,786
AGENCY RENT-A-CAR INC.	9,950	154,388	199,000
AHMANSON (H.F.) & COMPANY	306,100	6,883,408	6,752,075
AIR EXPRESS INTERNATIONAL CORP.	30,000	468,129	438,750
AIR PRODUCTS & CHEMICALS INC.	133,500	5,563,489	5,356,688
ALASKA AIR GROUP INC.	129,000	3,142,883	3,515,250
ALBERTO CULVER COMPANY	16,300	469,341	582,725
ALCAN ALUMINIUM LIMITED	225,000	2,992,000	4,893,750
ALDUS CORPORATION	50,000	849,982	787,500
ALLIED SIGNAL	45,000	1,553,715	1,553,715
ALUMINUM COMPANY OF AMERICA	183,500	9,133,491	11,766,938
ALZA CORPORATION	45,000	1,319,731	1,372,500
AMAX INC.	116,000	2,637,867	2,798,500
AMERICAN CYANAMID COMPANY	138,800	6,126,204	7,408,450
AMERICAN EXPRESS COMPANY	211,400	4,806,241	7,029,050
AMERICAN GENERAL CORPORATION	377,000	14,870,233	13,430,625
AMERICAN HOME PRODUCTS CORPORATION	29,500	2,853,463	2,841,863
AMERICAN INTERNATIONAL GROUP INC.	257,000	18,339,571	21,041,875
AMERICAN SOFTWARE INC.	70,000	1,122,188	1,102,500
AMERICAN TELEPHONE & TELEGRAPH COMPANY	160,000	5,220,220	5,600,000
AMERICAN TELEVISION & COMMUNICATION CORP.	52,800	1,381,350	2,686,200
AMERICUS TRUST FOR MERCK SHARES	117,850	7,402,655	23,570,000
AMERITECH	365,660	10,682,741	20,888,328
AMOCO CORPORATION	370,200	15,537,608	16,341,900
AMP, INC.	200,000	6,113,430	8,150,000
AMR CORPORATION	460,000	21,327,748	28,117,500
ANADARKO PETROLEUM CORPORATION	305,000	9,920,182	9,950,625
ANALOG DEVICES INC.	78,000	1,444,457	819,000
ANHEUSER-BUSCH COMPANIES, INC.	439,700	12,583,942	18,357,475
APACHE CORPORATION	80,000	1,027,250	960,000
APPLE COMPUTER, INC.	12,600	529,155	519,750
APPLIED BIOSCIENCE INTERNATIONAL INC.	30,000	817,500	757,500
APPLIED BIOSYSTEMS INC.	50,000	1,533,250	1,418,750
APPLIED MATERIALS, INC.	59,500	1,627,852	1,532,125
APPLIED POWER INC.	61,000	1,170,625	1,159,000
ARCHIVE CORPORATION	70,000	579,990	708,750
ARGONAUT GROUP, INC.	16,500	737,125	948,750
ASHLAND OIL, INC.	148,000	4,302,222	5,716,500
ATLANTIC RICHFIELD COMPANY	299,300	17,963,637	28,042,313
ATLANTIC SOUTHEAST AIRLINES, INC.	35,000	464,164	560,000
AUGAT INC.	60,000	795,689	817,500
AUTODESK, INC.	76,700	2,106,124	2,665,325
AVERY INTERNATIONAL CORPORATION	57,800	1,373,208	1,502,800
B.A.T. INDUSTRIES, PLC	350,000	3,160,850	3,565,800
BALDOR ELECTRIC COMPANY	14,200	331,335	399,375
BALL CORPORATION	5,000	147,870	136,876
BANC ONE CORPORATION	28,000	723,869	938,000
BANCORP HAWAII, INC.	64,650	2,667,306	3,345,638
BANK OF NEW ENGLAND CORPORATION	35,000	888,930	748,125
BANK OF NEW YORK COMPANY, INC.	41,000	534,838	1,080,760
BANKAMERICA CORPORATION	19,300	395,309	511,450
BARD (C.R.) INC.	69,600	1,438,721	1,505,100
BARNETT BANKS, INC.	67,500	1,667,023	2,446,875
BAROID CORPORATION	185,000	1,504,130	1,826,875
BARRY (R. G.) CORPORATION	10,000	87,288	86,250
BATTLE MOUNTAIN GOLD COMPANY	40,000	777,865	530,000
BAUSCH & LOMB INC.	33,500	1,913,273	1,838,313
BAYOU STEEL CORPORATION	65,000	579,391	406,250
BECKMAN INSTRUMENTS, INC. (NEW)	42,500	926,075	780,938
BECTON, DICKINSON & COMPANY	37,500	2,150,356	2,151,563
BELL ATLANTIC CORPORATION	321,186	13,761,248	28,103,775
BELLSOUTH CORPORATION	154,400	5,276,618	7,462,685
BEMIS CO. INC.	42,900	1,153,649	1,308,450
BHA GROUP INC.	60,000	711,630	1,080,000

COMMON STOCKS — DOMESTIC (Continued)

	Shares	Book Value	Market Value
BIOCRAFT LABORATORIES, INC.	55,000	\$753,078	\$859,375
BIOGEN, INC.	169,500	1,984,360	1,928,063
BIOMET INC.	128,125	2,285,555	2,722,656
BIRMINGHAM STEEL CORPORATION	7,700	207,593	179,025
BLOCK (H & R) INC.	18,000	513,577	542,250
BLOCKBUSTER ENTERTAINMENT INC.	60,000	775,686	1,027,500
BMA CORPORATION	30,000	889,165	967,500
BMC SOFTWARE INC.	103,900	1,843,861	1,987,088
BOEING COMPANY	1,050,954	22,977,819	50,445,792
BOOLE & BABBAGE INC.	7,800	155,179	136,500
BRAND COMPANIES, INC.	34,500	582,482	715,875
BRIGGS & STRATTON CORPORATION	63,000	1,682,780	1,682,780
BRISTOL-MYERS	22,000	1,088,260	1,088,260
BROWN GROUP, INC.	48,000	1,660,417	1,660,417
BROWNING FERRIS INDUSTRIES, INC.	204,400	4,578,442	6,796,300
BRUNOS, INC.	106,400	1,167,309	1,263,500
BRUNSWICK CORPORATION	23,300	454,886	393,188
BRUSH WELLMAN INC.	20,000	518,345	512,500
BUFFETS INC.	54,600	605,205	825,825
BURLINGTON COAT FACTORY	24,400	472,005	564,250
BURLINGTON RESOURCES, INC.	25,000	872,192	1,131,250
BUSINESSLAND, INC.	91,700	1,148,113	1,111,863
CABLEVISION SYSTEMS CORPORATION	46,300	1,508,621	1,985,113
CADENCE DESIGN SYSTEMS	120,800	1,109,363	1,827,100
CAESARS WORLD, INC.	3,100	106,898	111,600
CALGON CARBON CORPORATION	60,000	1,613,750	2,115,000
CAPITAL CITIES/ABC INC.	21,200	6,695,591	9,858,000
CARNIVAL CRUISE LINES, INC.	75,000	1,052,908	1,443,750
CAROLCO PICTURES INC.	30,000	277,575	311,250
CATERPILLAR, INC.	108,712	6,806,213	6,305,296
CBS, INC.	75,000	12,645,317	15,056,250
CELLULAR COMMUNICATIONS INC.	102,300	2,117,163	4,040,850
CENDEL CORPORATION	20,100	604,114	1,025,100
CENTERCORE, INC.	30,000	60,000	37,500
CENTEX TELEMAGEMENT, INC.	80,000	1,063,612	1,360,000
CENTRAL & SOUTH WEST CORPORATION	30,000	1,035,375	1,035,375
CENTURY TELEPHONE ENTERPRISES INC.	229,150	3,139,359	6,416,200
CETUS CORPORATION	50,000	719,500	737,500
CHAMBERS DEVELOPMENT	80,000	1,688,678	2,030,000
CHARMING SHOPPES, INC.	270,000	4,636,912	4,218,750
CHEMDESIGN CORPORATION	95,000	1,517,715	1,567,500
CHEMICAL BANKING CORPORATION	40,000	1,458,575	1,458,575
CHEMICAL WASTE MANAGEMENT, INC.	22,000	536,823	753,500
CHEMPOWER INC.	15,000	236,253	213,750
CHESAPEAKE CORPORATION	85,000	1,981,885	1,678,750
CHEVRON CORPORATION	261,200	10,158,388	14,111,150
CHILI'S, INC.	30,000	800,000	877,500
CHIPS & TECHNOLOGIES, INC.	54,100	932,433	1,271,350
CHIRON CORPORATION	63,000	1,263,500	1,078,875
CHUBB CORPORATION	64,700	4,063,428	4,423,863
CIGNA CORPORATION	37,400	2,029,435	2,089,725
CINTAS CORPORATION	79,000	2,639,125	2,903,250
CIPHER DATA PRODUCTS, INC.	100,000	1,065,000	787,500
CIRCUIT CITY STORES, INC.	35,000	1,572,370	1,575,000
CIRCUS CIRCUS ENTERPRISES, INC.	24,900	781,540	1,005,338
CITICORP	319,200	8,607,254	10,032,981
CLOROX COMPANY	23,000	846,630	868,250
CMS ENERGY CORPORATION	18,400	416,336	570,400
COCA-COLA COMPANY	111,000	4,235,532	6,257,625
COCA-COLA ENTERPRISES, INC.	42,000	547,286	719,250
COLGATE-PALMOLIVE COMPANY	59,100	2,709,982	3,051,038
COLLINS FOODS INTERNATIONAL, INC.	70,600	1,141,436	1,288,450
COLUMBIA PICTURES ENTERTAINMENT, INC.	205,500	2,482,597	4,392,563
COMCAST CORPORATION	230,200	3,757,392	5,237,050
COMCAST CORP. (SPECIAL CLASS A)	117,500	1,771,884	2,790,625
COMERICA, INC.	40,000	1,996,250	2,140,000
COMMONWEALTH EDISON COMPANY	510,000	15,212,528	19,249,550
COMMUNITY PSYCHIATRIC CENTERS	113,100	2,691,878	3,421,275
COMPAQ COMPUTER CORPORATION	13,000	844,903	1,186,250
COMPUTER ASSOCIATES INTERNATIONAL, INC.	695,700	11,860,433	12,783,488
COMPUTER SCIENCES CORPORATION	175,300	9,553,414	9,181,338
CONCEPT, INC.	100,000	1,197,000	1,212,500
CONNER PERIPHERALS INC.	107,000	1,164,411	1,243,875
CONSOLIDATED RAIL CORPORATION	163,000	5,614,480	5,868,000
CONTEL CELLULAR INC.	113,000	1,748,865	2,429,500
CONTEL CORPORATION	126,200	6,019,666	7,824,400

COMMON STOCKS—DOMESTIC (Continued)

	Shares	Book Value	Market Value
CONTINENTAL CORPORATION	60,200	\$2,103,619	\$2,105,260
CONTROL RESOURCE INDUSTRIES, INC.	58,500	379,967	248,625
COOPER INDUSTRIES, INC.	120,600	3,146,579	3,798,900
CORDIS CORPORATION	14,800	225,700	207,200
CORNING INC.	3,200	110,592	119,200
CORPORATE SOFTWARE INC.	81,000	782,460	911,250
CORRECTIONS CORP. OF AMERICA	47,000	507,187	475,875
COSTCO WHOLESALE CORPORATION	110,000	1,863,051	2,433,750
CPC INTERNATIONAL, INC.	29,600	1,340,878	1,842,600
CRACKER BARREL OLD COUNTRY STORE	132,000	2,281,563	3,514,500
CRAY RESEARCH, INC.	167,500	16,365,249	8,291,250
CROSS (A. T.) CO. (CLASS A)	80,000	2,691,040	2,900,000
CYPRESS SEMICONDUCTOR CORPORATION	226,900	2,261,644	2,495,900
DALLAS CORPORATION	50,000	542,615	881,250
DAYTON-HUDSON CORPORATION	50,600	2,222,341	2,511,025
DEERE & COMPANY	58,000	2,885,407	3,240,750
DELTA AIR LINES INC.	90,000	5,674,050	6,108,750
DEVON ENERGY CORPORATION	50,000	365,938	425,000
DIAGNOSTIC PRODUCTS CORPORATION	110,000	2,333,275	2,942,500
DIGITAL COMMUNICATION ASSOCIATION, INC.	40,000	1,009,756	800,000
DIGITAL EQUIPMENT CORPORATION	135,000	14,830,713	12,386,250
DIGITAL MICROWARE CORPORATION	11,300	286,975	258,488
DILLARD DEPARTMENT STORES, INC.	27,800	1,162,876	1,647,150
DIME SAVINGS BANK OF NEW YORK	49,900	736,501	698,600
DIONEX CORPORATION	7,900	222,995	144,175
DOMINION RESOURCES, INC.	374,266	10,749,523	16,514,487
DOW CHEMICAL COMPANY	84,300	6,842,047	7,081,200
DRESS BARN INC.	135,000	1,961,080	1,873,125
DRESSER INDUSTRIES, INC.	78,600	2,527,522	3,212,775
DREYERS GRAND ICE CREAM	11,500	276,000	276,000
DSC COMMUNICATIONS CORPORATION	153,500	1,790,803	1,899,563
DU PONT (E.I.) DE NEMOURS & COMPANY	251,500	18,111,559	27,367,810
EASTMAN KODAK COMPANY	175,000	7,865,162	8,301,870
EATON CORPORATION	69,800	4,177,261	4,222,900
ECHLIN, INC.	65,000	1,214,830	1,088,750
EGGHEAD SOFTWARE, INC.	11,000	123,750	110,000
EMERSON ELECTRIC COMPANY	93,000	2,432,238	3,150,375
ENTERGY CORPORATION	27,600	453,882	531,300
EQUITABLE RESOURCES, INC.	60,000	2,204,287	2,437,500
ERICSON (L. M.) TELEPHONE COMPANY	36,000	2,684,250	3,135,388
EXXON CORPORATION	35,000	1,581,975	1,581,975
FEDERAL EXPRESS CORPORATION	397,500	21,747,693	17,092,500
FEDERAL NATIONAL MORTGAGE ASSOCIATION	548,300	18,490,429	48,867,238
FHP INTERNATIONAL CORPORATION	88,600	2,124,500	2,547,250
FILENET CORPORATION	42,500	321,406	488,750
FIRST ALABAMA BANCSHARES INC.	40,000	636,563	675,000
FIRST CHICAGO CORPORATION	160,000	6,500,225	6,580,000
FIRST FINANCIAL MANAGEMENT CORPORATION	199,235	6,204,735	5,329,536
FIRST INTERSTATE BANCORP.	133,500	6,686,500	8,277,000
FIRST TENNESSEE NATIONAL CORPORATION	120,700	2,062,725	3,138,200
FIRSTFED FINANCIAL CORPORATION	38,375	492,532	781,891
FLIGHTSAFETY INTERNATIONAL INC.	173,200	4,909,734	5,997,050
FOOD LION INC.	69,100	731,298	760,100
FORD MOTOR COMPANY	1,091,590	19,145,035	52,965,365
FOREST LABORATORIES, INC.	120,000	3,077,439	3,720,000
FOUR SEASONS HOTELS INC.	35,400	642,748	1,300,950
FPL GROUP, INC.	30,000	931,470	931,470
FRANKLIN RESOURCES INC.	42,750	1,351,996	1,442,813
FREEMPORT-MCMORAN INC.	80,000	2,540,640	2,730,000
FREEMPORT-MCMORAN COPPER, INC.	52,000	795,538	851,500
G & K SERVICES, INC.	50,000	814,375	787,500
GALLAGHER (ARTHUR J) & COMPANY	70,000	1,415,750	1,400,000
GAP INC.	28,300	1,231,373	1,124,925
GEICO CORPORATION	25,000	2,059,152	3,465,625
GENERAL DYNAMICS CORPORATION	53,000	3,442,399	3,087,250
GENERAL ELECTRIC COMPANY	919,680	22,457,838	47,478,480
GENERAL INSTRUMENT CORPORATION	36,000	1,570,288	1,246,500
GENERAL MOTORS CORPORATION	285,200	11,574,848	12,075,865
GENERAL PUBLIC UTILITIES CORPORATION	12,100	425,860	487,025
GENERAL RE CORPORATION	365,000	22,463,262	23,816,250
GENETICS INSTITUTE INC.	8,000	223,144	208,000
GENUINE PARTS COMPANY	180,000	7,299,150	7,020,000
GENUS INC.	229,200	2,595,061	2,463,900
GERAGHTY & MILLER	47,500	540,312	540,312
GERBER SCIENTIFIC, INC.	69,800	1,291,563	1,352,375
GLAXO HOLDINGS PLC	1,276,700	22,366,753	27,449,050

COMMON STOCKS — DOMESTIC (Continued)

	Shares	Book Value	Market Value
GOLDEN WEST FINANCIAL CORPORATION	55,000	\$1,766,778	\$2,536,875
GOODYEAR TIRE & RUBBER COMPANY	266,100	13,882,949	13,903,725
GRAINGER (W.W.) INC.	100,000	6,375,467	6,225,000
GREAT NORTHERN NEKOOSA CORPORATION	98,700	4,000,525	3,701,250
GREAT WESTERN FINANCIAL CORPORATION	373,600	5,703,140	7,507,050
GROUND WATER TECHNOLOGY INC.	72,500	1,884,676	1,812,500
GTE CORPORATION	315,100	15,464,721	17,778,763
HALLIBURTON COMPANY	98,800	3,038,648	3,272,750
HANDEX ENVIRONMENTAL RECOVERY	30,000	452,400	460,500
HANDLEMAN COMPANY	34,900	1,106,282	1,003,375
HANOVER INSURANCE COMPANY	122,600	2,906,088	3,310,200
HARNISCHFEGER INDUSTRIES, INC.	92,600	1,960,422	1,608,925
HEALTHSOUTH REHABILITATION	239,500	2,524,789	3,353,000
HEWLETT-PACKARD COMPANY	192,000	9,102,815	9,936,000
HEXCEL CORPORATION	30,000	957,975	881,250
HILLENBRAND INDUSTRIES INC.	12,400	351,158	410,750
HOGAN SYSTEMS, INC.	40,000	285,000	225,000
HOLIDAY CORPORATION	27,400	848,775	1,342,600
HOME DEPOT INC.	80,900	2,977,635	3,155,100
HOMEFED CORPORATION	51,000	1,423,022	1,976,250
HONEYWELL INC.	87,600	5,017,509	6,427,650
HOUGHTON MIFFLIN COMPANY	23,000	789,360	885,500
HOUSTON INDUSTRIES INC.	400,000	10,999,795	12,750,000
HUNTINGDON INTERNATIONAL HOLDINGS PLC	44,000	732,550	841,500
H.M.S.S. INC.	75,000	1,455,625	1,875,000
ILLINOIS TOOL WORKS INC.	40,200	1,452,796	1,482,375
IMMUNOMEDICS INC.	120,000	812,000	480,000
INCO LTD.	114,400	3,219,334	3,117,400
INGERSOLL RAND COMPANY	96,200	3,236,285	3,968,250
INTEGRATED DEVICE TECHNOLOGY	75,000	890,251	721,875
INTEL CORPORATION	68,100	1,876,410	1,974,900
INTERFACE INC.	100,000	1,563,448	1,600,000
INTERGRAPH CORPORATION	46,000	1,094,000	782,000
INTERLEAF INC.	105,000	995,110	813,750
INTERNATIONAL BUSINESS MACHINES CORP.	500,136	38,180,777	55,988,400
INTERNATIONAL DAIRY QUEEN INC.	22,900	758,375	847,300
INTERNATIONAL FLAVORS & FRAGRANCES, INC.	40,000	1,882,173	2,095,000
INTERNATIONAL GAME TECHNOLOGY	28,000	695,523	738,500
INTERNATIONAL LEASE FINANCE CORP.	79,000	1,598,862	1,817,000
INTERNATIONAL PAPER COMPANY	178,400	8,604,622	8,184,100
INTERPUBLIC GROUP OF COMPANIES, INC.	77,850	1,803,110	2,364,694
INTERTAN INC.	22,900	1,137,431	1,039,088
ITEL CORPORATION (NEW)	21,700	436,915	488,250
ITT CORPORATION	148,700	8,748,327	8,457,313
IVAX CORPORATION	43,900	575,573	477,413
JAMES RIVER CORP. OF VIRGINIA	198,600	6,408,177	6,007,650
JOHNSON WORLDWIDE	7,800	188,375	163,800
JOHNSON & JOHNSON	761,800	23,207,293	36,471,175
K MART CORPORATION	201,500	7,157,290	7,275,150
KELLOGG COMPANY	50,000	1,543,125	3,531,250
KELLY SERVICES, INC.	32,375	1,018,425	1,197,875
KEYSTONE INTERNATIONAL INC.	137,300	2,167,174	2,454,238
KIMBERLY-CLARK CORPORATION	57,300	2,305,565	3,495,300
KLA INSTRUMENTS CORPORATION	95,000	1,628,333	1,104,376
LANDMARK GRAPHICS CORPORATION	100,000	1,574,973	1,750,000
LEE ENTERPRISES INC.	53,000	1,449,048	1,649,625
LEGENT CORPORATION	98,223	1,725,625	2,308,241
LILLY (ELI) & COMPANY	160,000	6,865,395	8,055,000
LIMITED INC.	18,500	560,180	585,063
LIN BROADCASTING CORPORATION	44,500	3,069,813	5,156,438
LINEAR TECHNOLOGY CORPORATION	190,800	1,890,100	1,478,700
LIVE ENTERTAINMENT INC.	45,000	949,087	776,250
LIZ CLAIBORNE INC.	68,600	1,200,532	1,457,750
LOCKHEED CORPORATION	90,000	4,357,825	4,308,750
LOEWS CORPORATION	62,000	3,929,457	6,773,500
LONE STAR INDUSTRIES, INC.	53,000	1,672,680	1,672,680
LOWE'S COMPANIES INC.	40,000	882,800	1,010,000
LSI LOGIC CORPORATION	123,000	1,462,709	1,091,625
LUFKIN INDUSTRIES, INC.	4,700	611,000	611,000
LYPHOMED INC.	150,200	1,939,084	2,497,075
L.A. GEAR INC.	73,000	1,605,500	4,307,000
MACNEAL SCHWENDLER CORPORATION	100,000	1,076,230	1,125,000
MAGMA COPPER COMPANY (NEW)	100,000	623,550	500,000
MANOR CARE INC.	45,300	723,596	707,813
MARSH & MCLENNAN COMPANIES, INC.	249,400	15,083,878	16,183,410
MASCO CORPORATION	608,500	14,096,337	17,874,688

COMMON STOCKS—DOMESTIC (Continued)

	Shares	Book Value	Market Value
MATTEL INC.	140,000	\$1,659,522	\$1,942,500
MAXIM INTEGRATED PRODUCTS, INC.	15,900	133,445	127,200
MC GRAW-HILL INC.	30,000	2,091,330	2,088,750
MCA INC.	172,800	7,818,758	9,914,400
MCCAW CELLULAR COMMUNICATIONS	401,834	9,196,959	15,470,612
MCDONALD'S CORPORATION	152,700	3,333,733	4,466,475
MCI COMMUNICATIONS CORPORATION	866,100	17,440,152	31,287,863
MEAD CORPORATION	170,000	5,891,607	6,608,750
MEASUREX CORPORATION	196,000	5,424,249	5,292,000
MEDCO CONTAINMENT SERVICES	118,800	1,765,147	1,796,850
MEDICAL CARE INTERNATIONAL, INC.	160,000	2,226,250	2,800,000
MEDICAL IMAGING CENTERS OF AMERICA, INC.	60,000	582,136	525,000
MEDICINE SHOPPE INTERNATIONAL, INC.	78,900	2,028,915	2,150,025
MEDTRONIC INC.	13,700	1,194,523	1,320,338
MELVILLE CORPORATION	100,000	4,359,000	4,437,500
MENTOR GRAPHICS CORPORATION	123,000	3,610,101	4,458,750
MERCANTILE STORES INC.	115,000	2,366,784	5,189,375
MERCK & CO, INC.	894,150	23,803,010	59,796,282
MERRY-GO-ROUND ENTERPRISES, INC.	48,005	730,000	792,083
METRO MOBILE, INC.	19,300	741,343	1,326,875
MICRON TECHNOLOGIES INC.	114,000	2,265,091	2,109,000
MILLICOM INC.	75,800	1,853,013	2,851,975
MINNESOTA MINING & MANUFACTURING COMPANY	282,000	12,737,617	20,022,000
MOBIL CORPORATION	290,000	13,347,766	14,321,390
MOBILE TELECOMMUNICATIONS	85,500	752,019	716,063
MOLECULAR BIOSYSTEMS INC.	40,000	856,991	675,000
MOLEX INC.	50,000	1,839,500	1,612,500
MONSANTO COMPANY	61,300	5,155,853	6,459,488
MORGAN (J. P.) & COMPANY, INC.	892,901	18,260,767	34,055,151
MOTOROLA INC.	335,000	12,491,975	17,629,375
MULTIMEDIA INC. (NEW)	7,900	587,974	760,375
NAC RE CORPORATION	20,000	777,500	785,000
NALCO CHEMICAL COMPANY	28,600	1,038,298	1,158,300
NATIONAL DATA CORPORATION	19,300	458,924	569,350
NATIONAL EDUCATIONAL CORPORATION	100,000	2,724,600	1,525,000
NATIONAL MEDICAL ENTERPRISES, INC.	184,000	3,880,315	5,727,000
NCR CORPORATION	100,000	1,287,033	5,250,000
NETWORK EQUIPMENT TECHNOLOGIES, INC.	57,700	1,215,847	1,218,913
NETWORK GENERAL CORPORATION	45,000	523,466	585,000
NEW ENGLAND CRITICAL CARE, INC.	60,000	1,410,000	1,710,000
NEW YORK GAS & ELECTRIC	97,000	2,577,558	2,577,558
NEW YORK MARINE & GENERAL INSURANCE CO.	65,600	1,152,525	1,197,200
NEWELL COMPANY	40,000	1,011,140	1,530,000
NICOR INC.	28,000	999,054	999,054
NIPSCO INDUSTRIES, INC.	10,000	170,600	170,600
NOBLE AFFILIATES INC.	52,000	855,884	721,500
NORFOLK SOUTHERN CORPORATION	480,300	9,543,192	16,750,463
NORTHEAST UTILITIES	25,000	545,305	545,305
NOVELL, INC.	89,600	2,904,985	2,553,600
NOVELLUS SYSTEMS, INC.	16,000	224,000	234,000
NOWSCO WELL SERVICE LTD.	128,000	1,606,145	1,520,000
NOXELL CORPORATION (CLASS B)	108,000	2,107,875	2,160,000
NUCOR CORPORATION	9,300	485,325	513,825
NWA, INC.	160,000	8,386,399	9,180,000
OCCUPATIONAL URGENT CARE HEALTH SYS. INC.	5,300	143,100	139,125
OCTEL COMMUNICATIONS CORPORATION	80,000	1,727,500	1,860,000
OFFICE DEPOT INC.	24,150	368,450	597,713
OKLAHOMA GAS & ELECTRIC COMPANY	20,000	716,940	716,940
ONE PRICE CLOTHING STORES, INC.	15,300	184,211	229,500
ORACLE SYSTEMS CORPORATION	117,400	2,179,270	3,492,650
ORION PICTURES CORPORATION	38,000	639,231	826,500
OWENS CORNING FIBERGLAS CORPORATION	16,000	408,432	472,000
PACE MEMBERSHIP WAREHOUSE, INC.	50,000	775,625	750,000
PACIFIC ENTERPRISES	49,300	2,175,208	2,175,208
PACIFIC TELESIS GROUP	1,250,880	26,338,677	50,347,920
PALL CORPORATION	65,000	1,937,040	2,023,125
PANHANDLE EASTERN CORPORATION	40,000	921,980	921,980
PARAMOUNT COMMUNICATIONS INC.	454,700	14,258,592	26,940,975
PAYCHEX, INC.	37,000	663,463	888,000
PENNEY (J. C.) INC.	344,800	7,373,212	19,136,400
PENNSYLVANIA POWER COMPANY	10,000	387,050	387,050
PEOPLES HERITAGE FINANCIAL GROUP, INC.	51,000	973,345	1,000,875
PEP BOYS—MANNY MOE & JACK	125,000	1,931,475	1,843,750
PEPSICO INC.	213,600	8,060,921	11,374,200
PHELPS DODGE CORPORATION	46,996	2,029,208	2,678,772
PHILIP MORRIS COMPANIES, INC.	572,200	23,943,616	79,352,025

COMMON STOCKS—DOMESTIC (Continued)

	Shares	Book Value	Market Value
PHILIPS INDUSTRIES INC.	31,300	\$601,874	\$637,738
PHILLIPS-VAN HEUSEN CORPORATION	12,900	245,165	246,713
PHOENIX TECHNOLOGY LTD.	103,300	1,409,047	1,136,300
PIER 1 IMPORTS, INC.	55,900	661,606	684,775
PITNEY-BOWES, INC.	1,020,000	24,924,757	45,772,500
POLICY MANAGEMENT SYSTEMS CORPORATION	106,000	2,716,163	2,915,000
POPE & TALBOT INC.	18,000	414,421	445,500
PPG INDUSTRIES, INC.	139,000	6,278,579	6,133,375
PREMIER INDUSTRIAL CORPORATION (NEW)	65,000	1,978,778	2,015,000
PRICE COMPANY	73,200	2,703,732	2,928,000
PRIME MOTOR INNS, INC.	51,500	1,538,560	1,602,938
PROCTER & GAMBLE COMPANY	182,400	13,336,273	19,767,600
PROVIDENT LIFE & ACCIDENT INSURANCE CO.	38,500	770,168	885,500
PUBLIC SERVICE ENTERPRISE GROUP	27,000	736,095	736,095
PUGET SOUND POWER & LIGHT COMPANY	119,500	2,398,059	2,449,750
PURITAN-BENNETT CORPORATION	101,700	2,189,776	2,339,100
PYRAMID TECHNOLOGY CORPORATION	104,700	1,217,278	1,125,525
QUANTUM CORPORATION	30,000	420,000	543,750
QVC NETWORK, INC.	45,000	623,313	753,750
RACAL TELECOM PLC	79,100	4,025,178	4,923,975
RAYTHEON COMPANY	87,400	6,131,252	6,347,425
REEBOK INTERNATIONAL. LTD.	42,000	559,020	546,000
RELATIONAL TECHNOLOGY INC.	149,300	1,937,901	1,362,363
REPUBLIC NEW YORK CORPORATION	20,000	891,960	975,000
REUTERS HOLDINGS PLC	389,900	14,136,457	14,377,563
REYNOLDS METALS COMPANY	134,000	7,318,448	6,733,500
ROBERT HALF INTERNATIONAL INC.	92,500	1,776,038	1,595,625
RORER GROUP, INC.	35,000	1,283,899	1,295,000
ROSS STORES, INC.	209,900	2,375,970	3,463,350
ROWAN COMPANIES, INC.	115,000	769,370	963,125
ROYAL DUTCH PETROLEUM COMPANY	285,000	16,130,534	17,900,350
RUSSELL CORPORATION	31,900	610,514	689,838
RYANS FAMILY STEAK HOUSE, INC.	45,600	321,688	307,800
SAFEGUARD SCIENTIFICS	30,000	460,302	487,500
SAFETY-KLEEN CORPORATION	29,300	755,255	864,350
SALOMON INC.	165,200	6,263,928	4,026,750
SANFORD CORPORATION	75,000	1,362,500	1,612,500
SARA LEE CORPORATION	118,500	4,642,323	6,384,188
SBARRO, INC.	127,500	1,706,510	2,486,250
SCHERING-PLOUGH CORPORATION	187,000	11,070,210	12,458,875
SCHLUMBERGER LTD.	12,400	424,706	492,900
SCI MED LIFE SYSTEMS, INC.	50,000	1,517,566	2,400,000
SCOTT PAPER COMPANY	156,600	5,731,455	7,007,850
SEAGATE TECHNOLOGY	48,000	626,400	636,000
SEAGRAM COMPANY LTD.	6,600	376,940	488,400
SEARS, ROEBUCK & COMPANY	15,000	672,450	672,450
SEI CORPORATION	15,900	280,969	270,300
SEQUENT COMPUTER SYSTEMS, INC.	23,000	586,125	503,125
SERVICE CORP. INTERNATIONAL	137,300	2,506,034	2,728,838
SHAW INDUSTRIES, INC.	79,400	952,730	1,230,700
SHL SYSTEMHOUSE, INC.	45,000	385,570	433,125
SHONEYS, INC.	85,000	656,978	935,000
SHOREWOOD PACKAGING CORPORATION	120,000	2,174,000	2,820,000
SIGMA-ALDRICH CORPORATION	57,200	2,588,325	2,874,300
SIGMA DESIGNS, INC.	90,900	1,217,662	1,318,050
SILICON GRAPHICS, INC.	38,500	638,738	664,125
SILK GREENHOUSE, INC.	57,500	1,145,166	1,351,250
SMITHS FOOD & DRUG CENTERS, INC.	36,000	725,033	747,000
SOFTWARE PUBLISHING CORPORATION	15,600	290,290	362,700
SONAT, INC.	80,000	2,808,542	2,808,542
SOTHEBYS HOLDINGS, INC.	48,000	1,321,140	2,010,000
SOUTHERN NEW ENGLAND TELECOMMUNICATIONS	10,500	581,458	774,375
SOUTHWEST AIRLINES COMPANY	160,000	3,217,637	4,360,000
SOUTHWESTERN BELL CORPORATION	595,400	21,856,010	30,365,400
SQUIBB CORPORATION	35,000	1,416,771	2,664,375
ST. JUDE MEDICAL, INC.	90,500	2,056,688	3,156,188
ST. PAUL BANCORP INC.	15,100	166,100	256,700
STAPLES, INC.	8,000	163,200	186,000
STATE STREET BOSTON CORPORATION	65,000	1,695,000	1,990,625
STEVENS GRAPHICS CORPORATION	100,000	990,428	2,150,000
STOLT TANKERS & TERMINALS S.A.	45,000	971,190	1,102,500
STONE & WEBSTER INC.	10,000	719,412	881,250
STRATUS COMPUTER INC.	176,100	4,334,059	4,930,800
STRUCTURAL DYNAMICS RESEARCH CORP.	130,300	2,663,380	2,736,300
STRYKER CORPORATION	98,350	1,636,213	1,745,713
STUDENT LOAN MARKETING ASSOCIATION	235,800	18,659,097	23,638,950

COMMON STOCKS — DOMESTIC (Continued)

	Shares	Book Value	Market Value
SUN ELECTRIC CORPORATION	84,000	\$1,871,090	\$1,932,000
SUNGARD DATA SYSTEMS, INC.	90,000	1,654,500	1,440,000
SUPERIOR INDUSTRIES INTERNATIONAL	19,700	283,403	492,500
SURGICAL CARE AFFILIATES, INC.	142,350	1,293,150	1,797,169
SYMANTEC CORPORATION	15,200	170,225	171,000
SYMBOL TECHNOLOGIES, INC.	50,000	924,933	1,087,500
SYSTEM SOFTWARE ASSOCIATES, INC.	45,450	628,725	999,900
SYSTEMATICS, INC.	71,400	2,510,725	2,855,400
SYSTEMS CENTER, INC.	32,600	696,633	786,018
TALMAN HOME FEDERAL SAVINGS & LOAN ASSN.	78,000	860,530	692,250
TCA CABLE TV, INC.	15,900	522,313	661,838
TCBY ENTERPRISES, INC.	37,800	500,094	907,200
TELE-COMMUNICATIONS, INC.	565,426	13,458,644	18,659,670
TELE-COMMUNICATIONS, INC. (RIGHTS)	159,946	354,085	659,777
TELECOM USA INC.	130,000	3,261,434	3,835,000
TELECREDIT INC.	7,800	276,090	276,900
TELEFONICA DE ESPANA S.A.	50,000	1,219,139	1,212,500
TELEPHONE & DATA SYSTEMS, INC.	129,875	3,250,022	5,097,594
TELERATE, INC.	135,200	2,163,392	1,994,200
TEMPLE-INLAND INC.	55,150	2,722,094	3,109,081
TENNECO INC.	76,500	3,688,028	4,203,399
TERADATA CORPORATION	40,000	589,450	640,000
TERADYNE INC.	80,000	1,413,892	910,000
TEXACO INC.	24,000	1,126,904	1,212,000
TEXAS INSTRUMENTS INC.	101,000	3,826,033	3,951,625
TEXAS UTILITIES COMPANY	40,000	1,290,662	1,290,662
TEXTRON INC.	214,600	5,989,129	5,499,125
THOMAS & BETTS CORPORATION	9,000	455,670	441,000
3COM CORPORATION	115,000	2,086,945	1,854,375
TIFFANY & COMPANY (NEW)	50,000	1,902,593	2,750,000
TIME INC.	357,469	14,603,707	55,497,062
TJX COMPANIES, INC. (NEW)	62,220	1,181,124	1,127,737
TONKA CORPORATION	120,000	1,674,976	1,680,000
TOSCO CORPORATION	115,000	392,725	474,375
TOYS "R" US, INC.	810,900	20,059,760	23,313,375
TRAVELERS CORPORATION	11,000	406,057	446,875
TRENWICK GROUP INC.	74,000	1,041,500	1,202,500
TRIBUNE COMPANY	8,000	404,480	404,480
TRINOVA CORPORATION	184,200	4,784,152	4,812,225
TURNER BROADCASTING SYSTEM, INC.	147,000	1,658,898	5,946,250
20TH CENTURY INDUSTRIES	101,000	2,101,716	1,994,750
TYCO LABORATORIES, INC.	297,100	10,905,579	11,475,488
USAIR GROUP, INC.	30,900	1,479,925	1,405,950
U.S.BANCORP, INC. (PORTLAND, OREGON)	37,000	1,124,500	1,165,500
U.S.BIOSCIENCE INC. (RIGHTS)	7,500	2,264	2,264
U.S.HEALTHCARE, INC.	200,000	1,790,240	2,225,000
U.S.WEST NEWVECTOR GROUP INC.	113,000	3,748,827	4,870,700
UNISYS CORPORATION	119,500	2,481,597	2,942,688
UNITED ARTIST ENTERTAINMENT COMPANY	253,763	2,950,727	4,948,379
UNITED HEALTHCARE CORPORATION	155,000	942,849	1,356,250
UNITED STATES CELLULAR CORPORATION	40,900	719,688	1,416,163
UNITED STATES SURGICAL CORPORATION	16,100	511,998	597,713
UNITED TECHNOLOGIES CORPORATION	130,900	4,935,765	6,577,725
UNITED TELECOMMUNICATIONS, INC.	25,000	1,116,578	1,650,000
UNOCAL CORPORATION	363,600	8,933,310	16,316,550
UNUM CORPORATION	14,300	357,732	479,050
UPJOHN COMPANY	70,200	2,247,887	2,097,225
USLIFE CORPORATION	25,000	867,330	1,100,000
USF&G CORPORATION	45,000	1,493,625	1,493,625
UST, INC.	83,600	1,846,184	2,069,100
USX CORPORATION	64,100	1,906,137	2,211,450
VF CORPORATION	289,500	2,583,007	9,227,813
VALERO ENERGY CORPORATION	120,000	1,673,870	1,725,000
VARITRONIC SYSTEMS, INC.	60,000	1,144,000	765,000
VIACOM INC.	53,500	1,412,747	2,788,688
VITALINK COMMUNICATIONS CORPORATION	75,800	1,401,176	1,212,800
VONS COMPANIES, INC.	45,000	721,608	860,625
WAL-MART STORES, INC.	579,100	10,464,171	22,078,188
WALT DISNEY COMPANY	270,500	17,500,810	25,596,063
WARNER COMMUNICATIONS, INC.	881,801	28,076,689	44,520,610
WARNER-LAMBERT COMPANY	273,400	17,796,812	24,127,550
WASHINGTON POST COMPANY	9,300	2,021,431	2,542,388
WASTE MANAGEMENT, INC.	487,460	13,018,396	25,165,123
WATKINS-JOHNSON COMPANY	48,500	1,294,739	1,212,500
WATTS INDUSTRIES, INC.	55,000	1,406,250	1,732,500
WELLMAN, INC.	200,000	5,120,635	5,375,000

COMMON STOCKS — DOMESTIC (Continued)

	Shares	Book Value	Market Value
WELLS FARGO & COMPANY	694,967	\$21,825,679	\$52,122,525
WESTERN PUBLISHING GROUP, INC.	60,000	1,140,010	1,245,000
WESTINGHOUSE ELECTRIC CORPORATION	448,200	11,831,021	27,788,400
WESTMARK INTERNATIONAL, INC.	66,000	2,344,370	2,359,500
WESTWOOD ONE, INC.	22,200	200,500	235,875
WEYERHAEUSER COMPANY	50,000	1,459,670	1,459,670
WHIRLPOOL CORPORATION	27,900	817,785	834,050
WHITMAN CORPORATION	45,300	1,403,215	1,551,700
WILCOX & GIBBS, INC.	44,000	527,163	990,000
WINN-DIXIE STORES, INC.	51,000	2,598,723	2,598,723
WOOLWORTH (F.W.) COMPANY	126,000	6,191,681	6,520,500
XEROX CORPORATION	22,000	1,399,260	1,399,260
TOTAL COMMON STOCKS — DOMESTIC	68,008,360	\$1,972,657,045	\$2,763,409,587

COMMON STOCKS — INTERNATIONAL

	Shares	Book Value	Market Value
AUSTRALIA			
ABERFOYLE	10,500	\$43,444	\$39,698
ADELAIDE BRIGHTON	21,700	36,692	36,262
ADELAIDE STEAMSHIP	18,300	89,829	94,648
AMALGAMATED WIRELESS	9,000	17,662	7,554
AMATIL	17,300	123,168	156,975
AMCOR LTD	56,320	191,631	176,732
AMPOL EXPLORATION	15,800	38,735	19,115
ARNOTTS	11,600	53,234	53,505
ASHTON MINING LTD	35,600	37,171	32,572
BOND CORPORATION HOLDINGS	55,300	77,955	38,470
BORAL	110,280	323,059	279,348
BRAMBLES INDUSTRIES	69,200	617,221	698,541
BROKEN HILL PROPRIETARY	462,870	2,848,680	3,051,967
BTR NYLEX LIMITED	100,000	371,584	375,803
BUNDABERG SUGAR COMPANY	9,900	23,843	23,580
BURNS PHILP & COMPANY	39,168	91,981	97,735
CALTEX AUSTRALIA	19,700	29,181	35,006
CENT NORSEMAN GOLD	26,500	23,511	10,019
COLES MYER	86,400	553,653	525,913
CRA	163,000	1,034,373	1,055,032
CSR	100,700	336,210	350,261
ELDERS	607,080	1,137,047	1,271,540
EMAIL LTD	26,400	70,514	76,854
FAI INSURANCES	28,900	101,376	55,943
FLETCHER CHALLENG — AU	250,000	735,077	699,433
GENERAL PROPERTY TRUST	57,900	128,420	106,825
GOODMAN FIELDER	130,300	267,154	207,889
HARDIE (JAMES) INDUSTRIES	35,495	81,983	64,683
HOOKER CORPORATION	28,600	53,137	9,083
I.C.I. AUSTRALIA	45,600	216,566	212,398
JENNINGS INDUSTRIES	11,800	21,821	16,953
KERN CORP LTD	9,467	17,450	9,306
LEND LEASE CORPORATION	97,870	802,176	735,598
LEND LEASE CORPORATION — RIGHTS	9,787	0	18,057
METANA MINERALS NL	4,500	28,055	10,718
M.I.M. HOLDINGS	176,075	249,951	262,282
N BROKEN HILL HOLDINGS	468,000	729,988	838,684
NATIONAL AUSTRALIA BANK	229,135	1,146,817	1,043,019
NEWS CORPORATION	88,900	1,081,279	1,001,595
NTH KALGURLI MINES	91,200	36,551	15,861
OPSM INDUSTRIES	18,260	37,850	26,924
PACIFIC DUNLOP LTD	1,612,490	4,615,551	5,486,733
PANCONTINENTAL MINING	8,700	12,148	10,526
PETERSVILLE SLEIGH	26,700	52,900	56,529
PIONEER CONCR SVCS	745,400	1,911,970	1,476,709
POSEIDON	18,700	39,023	29,694
RENISON GOLD CONSTRUCTION	173,599	1,081,699	997,620
ROTHMANS HOLDINGS	12,800	87,502	87,108
SANTOS LIMITED	52,187	169,398	144,821
SCHRODERS PROPRIETARIES FD	26,000	54,891	51,115
SMITH (HOWARD)	15,900	40,953	50,495
SONS OF GWALIA NL	6,100	29,637	23,062
STOCKLAND TRUST GP	25,800	40,102	37,066
S.A. BREWING HOLDINGS	52,730	76,691	89,711
TUBEMAKERS OF AUSTRALIA	33,600	51,800	67,327
WESTERN MINING CP	677,000	3,003,326	2,764,310
WESTFIELD TRUST	71,750	105,061	88,975
WESTPAC BANKING CORPORATION	390,160	1,682,221	1,475,085
	7,804,023	\$26,960,901	\$26,779,267

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
AUSTRIA			
CREDITANSTALT BANK	83	\$13,382	\$15,426
ERSTE ALLGEMEINE	150	62,793	144,315
OEST LANDERBANK A.G.	16,960	560,407	534,017
OEST LANDERBANK—NEW	910	25,777	29,515
OSTERR BRAU A.G.	856	35,825	199,650
PERLMOOSER ZEMENT	605	29,742	61,294
STEYR DAIMLER PUCH	2,850	18,613	22,850
VEITSCHER MAGNESIT	850	44,043	53,094
	23,264	\$790,582	\$1,060,161
BELGIUM			
A.G.FIN	1,050	\$234,628	\$226,027
BEKAERT S.A.	289	78,399	101,800
C.B.R. CIMENTERIES	372	59,777	61,424
C.M.B.	134	46,456	63,919
DELHAIZE FRERES	3,306	383,597	472,286
E B E S	1,728	217,829	191,695
E B E S AFV1	1,471	186,368	162,645
GENERALE BANQUE	1,339	198,895	199,802
GEVAERT PHOTO PROD	513	106,830	104,282
GPE BRUXELLES LAM	2,062	184,746	231,773
INTERCOM BELGE	4,762	459,891	409,453
INT SLEEP CAR TOUR	483	68,969	97,474
KREDIETBANK	1,550	175,387	165,313
METALLURGIE HOBOKN	209	45,240	87,680
METALLURGIE H AFV	207	49,435	86,588
PETROFINA S.A.	3,068	915,588	959,000
ROYALE BELGE	2,150	328,141	272,957
SOLVAY ET CIE	1,069	352,528	384,401
TRACTEBEL	1,743	320,476	426,370
TRACTEBEL AFV 1	950	188,884	232,387
TRACTEBEL—NEW	125	20,370	30,577
	28,580	\$4,622,435	\$4,967,852
CANADA			
SHELL CANADA CLASS A	25,000	\$888,758	\$914,125
TORONTO DOMINION BANK	38,000	919,537	1,325,951
TORSTAR CORP CLASS B	46,000	1,011,979	1,374,425
	109,000	\$2,820,274	\$3,614,501
DENMARK			
ANDELSBANKEN	1,260	\$63,996	\$56,899
BALTICA HOLDINGS	5,650	363,036	342,548
CARLSBERG—A	1,422	220,535	260,230
COPENHAGEN HANDLEBK	2,400	88,713	100,923
D/S 1912	50	255,160	623,000
DAMPSKIPS SVENDBG—B	50	287,769	868,936
DANSKE LUFTFATSEL A	140	62,598	111,344
DANSKE SUKKERFABRIK	1,250	66,460	111,398
DEN DANSKE BANK	3,630	168,566	168,991
DEN DANSKE BANK—RIGHTS	3,630	15,324	14,744
GN STORE NORD	400	26,438	38,823
ISS (INTL SER SYS)—B	240	22,097	26,226
NORD KABEL & TRAAD	550	37,950	42,361
PRIVATBANKEN	2,365	75,046	88,584
RADIOMETER A/S 'B'	2,400	57,733	96,120
SMIDTH (F.L.) & COMPANY A.S.	200	41,387	90,454
SUPERFOS A.S.	50	34,350	35,327
	25,687	\$1,887,158	\$3,076,909
ENGLAND			
ALLIED PARTNERSHIP	525,000	\$636,157	\$587,048
AMEC	7,727	50,812	53,161
AMSTRAD	79,350	267,502	96,122
ARGYLL GROUP PLC	1,184,300	4,330,269	3,779,681
ASSOCIATED BRITISH FOODS	59,000	313,491	329,865
BAA	490,000	2,485,426	2,579,748
BARCLAYS	169,600	1,210,497	1,172,107
BARRATT DEVELOPMENT	25,550	87,398	69,440
BASS LTD	154,641	2,264,305	2,409,148
BEAZER (C.H.) HOLDINGS	45,550	149,277	125,211
BEECHAM GROUP LTD	116,719	1,015,145	1,136,556
BET (BRIT ELECT TRC)	109,000	478,771	477,372
BLUE CIRCLE INDUSTRIES	37,973	305,580	300,765
BOC GROUP	70,692	523,249	548,936

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
BOOTS COMPANY LTD	325,400	\$1,441,315	\$1,465,538
BPB INDUSTRIES	57,800	308,962	212,744
BRITISH AERO PLC	33,900	253,857	350,635
BRITISH AIRWAYS	102,200	301,928	323,789
BRITISH GAS	1,822,550	5,805,940	5,420,381
BRITISH LAND COMPANY	25,000	154,129	137,832
BRITISH PETROLEUM	746,450	3,659,593	3,437,217
BRITISH STEEL—P/P	848,750	1,114,051	958,946
BRITISH TELECOM	844,550	3,788,030	3,305,274
BRITISH & COMMONWEALTH SHIP	59,600	306,815	142,544
BTR	455,500	2,196,483	2,780,113
BTR—RIGHTS	14,226	0	35,791
BURMAH OIL COMPANY LTD	25,657	257,281	243,859
B.A.T. INDUSTRIES	217,879	1,725,765	2,185,896
CABLE & WIRELESS	904,503	6,551,301	7,136,008
CADBURY SCHWEPES	88,300	560,358	493,679
CALOR GROUP	23,950	167,616	148,037
CARLTON COMMUNICATIONS	83,270	1,142,884	1,065,608
COATS VIYELLA	82,400	357,194	200,913
COMMERCIAL UNION ASSOCIATES	64,050	426,719	372,025
COSTAIN GROUP	28,100	167,360	139,649
COURTAULDS LIMITED	51,250	322,365	280,168
DE LA RUE COMPANY LTD	19,800	143,619	90,405
ELECTROCOMPONENTS	29,550	111,878	96,374
ENGLISH CHINA CLAY	236,336	1,878,443	1,695,717
FERRANTI INTERNATIONAL SIGNAL	1,450,000	2,659,513	1,914,117
FKI BABCOCK	50,650	143,123	133,724
FR GROUP	13,850	63,225	53,559
GEN ACC FIRE & LIFE	31,250	527,530	447,469
GENERAL ELECTRIC	597,550	1,849,726	2,366,443
GLAXO HOLDINGS LTD	107,000	1,946,004	2,261,540
GRAND METROPOLITAN	234,650	2,149,249	1,989,733
GREAT PORTLAND EST	22,750	133,634	133,200
GREAT UNIV STORES—A	38,450	738,521	614,872
GUARDIAN ROYAL EX	131,750	443,494	415,363
GUINNESS PLC	528,450	3,381,776	4,111,717
HAMMERSON PROPERTIES	363	4,260	4,611
HAMMERSON PROPERTIES 'A'	22,282	269,833	273,031
HANSON	831,950	2,240,786	2,745,603
HARDY OIL & GAS	8,184	0	17,921
HARRISON CROSFIELD	115,104	303,751	294,955
HAWKER SIDDELEY GROUP	27,450	245,669	297,990
HEPWORTH	31,050	134,622	130,199
IMPERIAL CHEMICAL INDUSTRIES	98,500	1,844,405	1,928,911
JAGUAR PLC	16,000	98,468	86,722
KINGFISHER	61,700	332,054	291,300
KLEINWORT BENSON LTD	19,200	134,876	87,964
L & SCOTMARINE OIL	30,311	213,081	225,956
LADBROKE GROUP	62,750	485,298	555,969
LAING PROPERTIES	10,550	83,284	82,906
LAING (JOHN)	16,550	99,092	86,361
LAIRD GROUP	14,950	66,678	59,670
LAND SECURITIES	80,250	833,991	705,412
LEGAL & GEN GROUP	75,450	405,654	360,904
LEX SERVICES	133,450	1,088,834	725,384
LLOYDS BANK LTD	114,300	609,656	596,440
LONRHO PLC	84,940	304,423	361,447
LOWE HOWARD SPINK	140,000	977,274	902,314
LUCAS INDUSTRIES	25,028	246,902	248,764
MARKS & SPENCER	403,050	1,317,397	1,204,956
MAXWELL COMM CORP.	88,250	377,592	230,253
MCALPINE (ALFRED)	7,650	59,889	44,196
MCCARTHEY & STONE	5,850	43,449	19,624
MECCA LEISURE	17,570	50,450	43,386
MEPC LTD	46,200	457,166	406,107
MEYER INTERNATIONAL	15,700	110,946	95,336
NATIONAL WESTMINSTER	595,400	3,228,349	2,663,072
NEXT	560,750	2,459,508	1,149,542
OCEAN TRANSPORTATION & TRADING	17,400	84,401	91,607
OXFORD INSTRUMENT GROUP PLC	20,950	86,751	80,364
P & O	57,150	623,424	558,275
PEARL GROUP	45,000	273,360	313,791
PEARSON	33,500	431,476	374,072
PILKINGTON	116,351	457,677	410,183
PLESSEY COMPANY LTD	107,090	312,696	420,776

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
PROVINCE FINANCIAL GP	7,900	\$50,577	\$40,242
PRUDENTIAL CORP.	296,150	880,574	786,483
RACAL ELECTRONICS	200,000	1,109,797	1,332,505
RANK ORGANISATION	31,850	414,508	491,180
RANKS HOVIS MCDoug	169,750	1,054,470	1,191,598
REDLAND	41,300	318,712	374,580
REED INTERNATIONAL	87,500	650,584	565,305
RMC GROUP	247,900	2,215,974	2,949,082
ROLLS ROYCE	115,050	267,592	338,593
ROTHSCHILD (J) HOLDINGS	46,400	116,727	142,681
ROYAL BANK OF SCOTLAND	40,892	261,103	240,691
ROYAL INSURANCE HOLDINGS	88,900	660,618	531,550
RTZ BR	50,450	406,529	383,918
RTZ—RIGHTS	16,564	0	13,891
RTZ REGD	65,500	467,172	497,430
RUGBY GROUP	521,550	1,225,224	1,644,272
SAINSBURY J	233,950	986,951	890,165
SCHRODERS	5,150	87,231	87,979
SCOT & NEWCASTLE BWS	49,050	274,964	255,191
SEARS HOLDINGS LTD	220,000	506,133	391,210
SEDGWICK GROUP LD	59,800	242,570	222,892
SLOUGH EST	41,500	221,668	208,821
SMITHS INDUSTRIES	47,700	223,794	228,166
STANDARD CHARTERED BANK	120,000	954,426	941,140
TATE & LYLE LTD	225,600	855,471	921,460
TAYLOR WOODROW LTD	50,800	204,853	246,150
TESCO	223,173	630,948	627,338
THORN EMI P.L.C.	39,100	453,883	469,394
TRAFALGAR HSE LTD	81,844	483,998	443,602
TRANSPORT DEV GROUP	21,500	84,896	86,481
TRUSTHOUSE FORTE	314,725	1,492,491	1,534,767
TSB GROUP	400,000	864,781	633,639
ULTRAMAR COMPANY LTD	251,329	1,252,854	1,210,001
UNIGATE LIMITED	34,100	186,397	198,065
UNILEVER LIMITED	121,150	1,061,306	1,089,390
UNITED BISCUITS	61,600	315,293	354,925
UNITED SCIENTIFIC	9,250	31,380	18,388
U.E.I.	7,250	49,922	77,465
WARBURG (S.G.) GROUP	27,200	157,933	135,176
WILLIAMS (HOLDINGS)	33,550	159,871	129,219
WILSON (C.) HOLDINGS	22,850	78,602	51,101
	22,360,423	\$104,657,756	\$102,978,443
FINLAND			
AMER GROUP A FREE	2,600	\$129,560	\$85,188
AMER GROUP A FREE—NEW	500	10,528	16,382
INSTRUMENTARIUM B FR	1,700	97,060	96,701
KONE CORP B FREE	1,000	60,494	111,035
KYMMENE OY FREE	9,000	245,931	237,543
KYMMENE OY—BNS RIGHTS	10,800	29,512	29,488
NOKIA AB (OY) FREE	5,600	241,870	157,998
POHJOLA 'A'	3,600	168,586	241,638
POHJOLA 'B'	3,600	75,284	83,549
STOCKMANN AB(OY) B	1,600	94,386	94,653
SUOMEN SOKERI OY #2	6,900	100,302	158,567
UNION BANK FINLAND	21,920	163,916	153,116
WARTSILA AB (OY) SR 2	2,400	133,280	172,014
	71,220	\$1,550,710	\$1,637,871
FRANCE			
ACCOR	2,200	\$162,049	\$240,054
AFRIQUE OCCIDENTAL	350	78,869	115,628
AIR LIQUIDE (L')	7,830	641,219	723,206
ARJOMARI PRIOUX	250	92,909	96,212
AUXIL D'ENTREPRISE	500	72,102	76,743
BANQUE NAT PARIS—CI	33,000	1,881,943	1,917,446
BEGHIN SAY	1,500	112,916	149,411
BONGRAIN SA	250	95,035	113,568
BOUYGUES	1,800	137,265	184,455
BOUYGUES—WTS	225	3,550	4,754
B.S.N.	34,000	2,588,905	3,381,527
CARREFOUR	4,066	1,625,898	1,932,976
CARREFOUR NEW	266	82,409	126,456
CASINO (ETABL ECON)	6,300	149,796	194,914
CFI (CIE FONC INTL)	1,000	71,642	70,933

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
CIE BANCAIRE SA	11,220	\$831,388	\$872,065
CIE DE ST GOBAIN	8,000	643,155	757,018
CIE FIN PARIBAS	8,400	515,349	623,725
CIE FIN SUEZ	14,710	628,718	748,154
CIE GEN DES EAUX—NEW	807	146,569	234,573
CIE GEN DES EAUX—WTS	1,120	45,869	89,586
CIE GEN D'ELECTRIC	59,900	3,193,888	3,823,981
CIE GEN GEOPHYSIQUE	400	37,507	47,087
CIE INDUSTRIELLE	200	84,995	186,538
CIMENTS FRANCAIS	4,450	941,004	973,815
CLUB MEDITERRANEE	10,300	817,332	991,760
CMB PACKAGING SA	9,517	927,292	952,275
CODETEL	1,300	34,856	37,297
COMPTOIRS MODERNES	550	57,563	85,081
CR FONCIER FRANCE	1,080	160,052	137,730
CREDIT NATIONAL	478	69,732	77,046
C.O.F.I.M.E.G.	1,050	54,607	56,969
C.S.F. (THOMSON CSF)	14,850	481,618	477,369
DOCKS DE FRANCE	150	45,533	79,120
DOLLFUS MIEG ET CE	650	50,652	51,894
DUMEZ	850	86,118	125,973
EAUX (CIE GENL)	6,342	1,354,501	1,899,920
EAUX (CIE GENL) NEW	1,120	203,416	325,554
ECCO STE	300	60,713	98,702
ESSILOR	250	102,347	122,661
EURAFRANCE	400	97,162	97,193
FINEXTEL (SOC FIN)	1,300	45,485	39,730
FONCIERE LYONNAISE	500	41,073	36,221
GEN OCCIDENTALE	1,050	132,158	138,024
G.T.M. ENTREPOSE	300	27,243	66,782
HACHETTE	2,750	92,881	164,768
HAVAS	1,650	165,860	235,572
IMETAL	1,634	52,641	86,533
LAFARGE COPPEE SA	1,950	421,355	479,701
LEGRAND	400	178,650	232,599
LOCAFRANCE	350	26,049	25,302
LVMH MOET HENNESSY	3,664	1,377,559	2,304,792
LYONNAISE DES EAUX	4,950	1,073,991	1,359,644
L'OREAL	2,450	1,423,645	1,515,998
MICHELIN C.G.D.E. 'B'	25,590	844,589	718,343
MIDI (CIE DU)	3,400	807,316	667,582
MIDI (CIE DU) NEW	61	0	11,977
MOULINEX	2,000	26,917	42,711
NAVIGATION MIXTE	1,921	309,055	293,687
NORD EST	2,000	38,566	55,358
NOUVELLES GALERIES	715	43,578	60,429
OPF OMNIUM FIN PAR	150	25,554	31,014
PARISIENNE REESCOM	825	54,059	52,356
PECHELBRONN	3,915	730,287	649,940
PERNOD RICARD	1,500	215,431	296,559
PEUGEOT SA	7,950	1,782,145	2,052,890
POLIET	16,000	1,388,628	1,736,191
PRETABAIL SICOMI	300	58,119	52,294
PRINTEMPS (AU)	900	72,600	95,487
PROMODES	200	48,947	91,186
RADIOTECHNIQUE (LA)	350	46,540	30,109
SAGEM (APPLIC GEN)	250	67,591	56,142
SALOMON	520	122,407	205,222
SANOFI	2,150	247,440	288,787
SIMCO UNION HABIT	1,200	106,970	95,623
SOC NATL ELF AQUITAIN	26,500	1,591,828	2,167,673
SOC NATL ELF AQUITAIN—NEW	983	64,409	77,145
SOCIETE GENERALE	8,203	439,825	611,573
SOMMER ALLIBERT	250	92,642	85,270
SOURCE PERRIER	1,200	153,297	274,917
S.E.F.I.M.E.G.	1,276	90,733	88,392
TOTAL CO FRAN PETR	6,050	379,755	474,796
T.R.T.	100	18,942	19,242
UNION DE CREDIT	1,150	35,023	49,464
UNION IMMOB FRANCE	1,000	90,262	88,892
	<u>393,488</u>	<u>\$34,520,489</u>	<u>\$41,508,287</u>

COMMON STOCKS — INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
HONG KONG			
AMOY PROPERTIES	350,000	\$172,896	\$110,006
BANK OF EAST ASIA	26,250	45,974	45,462
CATHAY PACIFIC AIRWAYS	659,000	608,485	684,785
CHEUNG KONG (HOLDINGS)	347,000	352,854	309,384
CHINA LIGHT & POWER	199,200	394,303	283,659
DAIRY FARMS INTERNATIONAL	720,000	472,976	605,003
DICKINSON CONCEPTS	100,000	111,392	99,423
FURAMA HOTEL ENTERPRISES	89,000	92,198	58,230
HARBOUR CENTRE DEVELOPMENT	27,000	32,639	24,246
HONG KONG AIRCRAFT	20,800	33,544	47,497
HONG KONG ELECTRIC	228,000	230,582	210,597
HONG KONG LAND HOLDINGS	1,823,000	1,645,277	1,601,995
HONG KONG TELECOMMUNICATIONS	614,340	426,147	352,684
HONG KONG & CHINA GAS	810,000	2,038,643	1,558,691
HONG KONG & SHANGHAI BANK	2,574,000	1,934,477	1,750,122
HONG KONG & SHANGHAI HOTELS	126,000	72,152	71,931
HOPEWELL HOLDINGS	179,000	89,529	44,090
HUTCHISON WHAMPOA	1,098,000	1,543,243	1,063,489
HYSAN DEVELOPMENT	585,000	75,133	85,555
JARDINE MATHESON	192,800	282,033	442,735
JOHNSON ELECTRONIC INDUSTRIES	806,000	985,700	537,678
NEW WORLD DEVELOPMENT	341,000	604,080	336,844
REGAL HOTELS	102,000	31,837	18,319
REGAL HOTELS (HGS) — WT	10,200	0	550
SUN HUNG KAI PROPRIETARIES	857,300	1,516,169	857,850
SWIRE PACIFIC 'A'	680,000	1,895,955	1,221,296
TAI CHEUNG PROPRIETARIES	54,000	29,713	25,632
WHARF (HOLDINGS)	223,000	213,154	211,700
WING LUNG BANK	7,000	24,247	25,055
WINSOR INDUSTRIAL	11,000	11,809	11,289
	13,859,890	\$15,967,138	\$12,695,796
ITALY			
ALITALIA LINEE	169,650	\$291,533	\$265,722
ALITALIA RISP	3,750	5,204	3,173
ALIVAR	1,500	10,622	9,506
ASSICURAZ GENERALI	83,500	2,793,681	2,547,718
BANCA CATTOL VENETO	17,400	36,731	46,893
BANCA COM ITAL (COMIT)	133,930	274,167	449,515
BANCA NAZ AGRICOLT	63,100	396,556	536,612
BREDA ERNESTO FINA	2,000	7,617	5,771
BREDA ERNESTO FINA — RIGHTS	2,000	0	1,784
BURGO (CARTIERE) SPA	158,500	1,524,895	1,650,936
CEMENTIR SPA	11,000	22,724	27,885
CIGA HOTELS	16,000	47,055	53,702
CREDITO ITALIANO	206,000	178,060	336,222
ERIDANIA ZUCCH NAZ	19,000	50,595	88,525
FALK, ACC LOMBARDE	4,000	16,176	28,125
FIAT SPA	207,000	1,488,482	1,556,622
FIAT SPA RISP	169,300	379,738	868,888
FIDIS	35,500	168,651	181,365
FRANCO TOSI SPA	2,500	26,110	51,337
GILARDINI INDUSTRY	5,500	57,094	73,178
ITALCABLE (SERV CAB)	54,420	509,890	524,066
ITALCEMENTI	3,500	283,766	291,202
LA PREVIDENTE	11,600	219,402	195,489
MAGONA (LA) D'ITALIA	3,000	17,049	26,022
MARZOTTO & FIGLI SVG	6,000	17,627	34,498
MEDIOBANCA SPA	21,500	295,491	359,133
MONDADORI SVGS	2,450	13,253	19,586
MONTEDISON SPA	298,000	391,129	471,820
MONTEDISON SPA SVGS	333,200	225,169	320,872
OLIVETTI & C SPA	67,000	553,096	441,258
OLIVETTI & C SPA — RNC	175,000	815,028	663,569
PIRELLI SPA	64,000	142,944	167,630
PIRELLI SPA — RISP N.C	37,000	44,713	62,354
RINASCENTE (LA)	19,000	57,652	79,848
R.A.S.	15,000	496,707	301,115
R.A.S. — NEW	6,000	26,172	120,446
R.A.S. — RISP	60,800	549,580	579,048
SAFFA SPA	6,500	33,560	46,670
SELM	98,550	94,939	160,429
SELM — RISP	113,500	148,626	188,785
SETEMBER SPA	30,000	395,472	622,411
SIP	161,500	271,100	350,960

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
SIP—RISP	85,500	\$148,801	\$154,502
SIRTI SPA	396,666	2,469,941	2,724,489
SME (MERIDONALE DI)	42,500	143,766	113,123
SME (MERIDONALE DI)—NEW	10,625	15,773	28,552
SMI (SOC METAL ITAL)	98,000	90,345	104,991
SMI (SOC METAL ITAL)—RIGHTS	98,000	0	1,874
SNIA BPD	57,000	90,852	120,680
SNIA BPD—DI RISP	10,550	16,138	22,000
	<u>3,697,491</u>	<u>\$16,353,670</u>	<u>\$18,080,904</u>
JAPAN			
77TH BANK	45,000	\$347,103	\$310,129
AIDA ENGINEERING	10,000	86,114	93,978
AJINOMOTO COMPANY INC.	140,000	3,431,791	2,631,398
ALL NIPPON AIRWAYS	93,000	1,347,970	1,139,437
ALPS ELECTRIC COMPANY	25,000	374,933	306,300
AMADA COMPANY	33,000	334,256	477,828
AMANO CORP.	9,000	118,083	124,052
AOKI CORP.	44,000	365,783	398,190
ARABIAN OIL COMPANY	7,000	363,910	324,052
ASAHI BREWERIES	39,000	635,232	580,996
ASAHI CHEMICAL INDUSTRY	188,000	1,684,588	1,557,398
ASAHI GLASS COMPANY	164,000	2,649,943	2,648,662
ASAHI OPTICAL COMPANY	16,000	91,813	96,902
ASAHI ORGANIC CHEMICALS	150,000	1,423,537	1,159,068
ASHIKAGA BANK	68,000	612,477	506,509
ASICS CORP.	23,000	122,346	140,898
BANK OF KYOTO	34,000	587,347	504,142
BANK OF TOKYO	272,000	3,317,339	3,143,197
BANK OF YOKOHAMA	143,000	1,690,731	1,403,621
BANYU PHARMACEUTICAL	37,000	444,040	383,780
BRIDGESTONE CORP.	193,000	1,994,743	2,216,848
BROTHER INDUSTRIES	33,000	194,726	212,496
CANON ELECTRONICS	63,000	755,843	649,078
CANON INC.	259,600	2,892,516	3,234,837
CANON SALES	25,000	712,259	605,639
CHIBA BANK	80,000	827,958	735,121
CHIYODA CORP.	24,000	136,668	243,926
CHUBU ELECTRIC POWER	73,000	240,004	206,321
CHUGAI PHARMACEUTICAL	33,000	460,690	413,505
CITIZEN WATCH COMPANY	41,000	246,420	311,104
COSMO OIL	269,000	1,937,992	1,769,615
CSK	4,000	177,773	157,605
DAI ICHI KANGYO BANK	444,650	10,620,876	10,214,730
DAI TOKYO FIRE & MARINE	130,000	1,191,254	1,131,223
DAIDO STEEL COMPANY	58,000	403,111	585,451
DAIEI INC.	223,000	3,439,403	4,067,250
DAIFUKU	11,000	102,361	121,754
DAIICHI SEIYAKU	116,200	2,310,250	2,248,773
DAIKIN KOGYO COMPANY LTD	33,000	271,150	431,883
DAIMARU INC.	35,000	297,784	272,886
DAINIPPON INK & CHEMICAL	97,000	618,304	584,094
DAINIPPON PRINTING	309,750	5,192,325	4,851,639
DAINIPPON SCREEN	167,000	1,482,589	1,476,437
DAISHOWA PAPER MANUFACTURING	29,000	408,097	593,526
DAIWA HOUSE INDUSTRY CO.	62,000	990,642	871,842
DAIWA SECURITIES	317,000	6,426,778	4,634,184
DENKI KAGAKU KOGYO	65,000	365,162	379,638
EBARA	112,000	1,091,532	1,847,826
EBISAI COMPANY	32,000	554,307	443,300
EZAKI GLICO	15,000	157,213	126,349
FANUC LTD	67,000	3,228,432	2,961,715
FUJI BANK	370,000	9,198,166	8,757,403
FUJI PHOTO FILM COMPANY	54,000	1,710,950	1,541,247
FUJI TECHNOLOGY	10,000	72,233	103,724
FUJITA	95,000	1,004,022	1,216,847
FUJITA TOURIST ENT	14,000	233,884	351,828
FUJITSU	504,000	6,361,347	5,368,051
FURUKAWA ELECTRIC	84,000	581,769	742,639
FURUKAWA (MINING)	160,000	1,220,309	1,023,600
GAKKEN COMPANY	10,000	118,989	125,305
GORY KOGYO	30,000	1,049,491	918,901
GINMA BANK	152,360	1,212,038	1,113,666
KANKYU CORP.	293,000	1,996,040	2,080,475
KANKYU DEPARTMENT STORES	21,000	200,630	206,126
KANEKO CORP.	50,000	487,118	466,412

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
HATTORI SEIKO	14,000	\$242,941	\$232,927
HAZAMA GUMI	39,000	251,346	390,950
HIROSE ELECTRIC	40,000	1,394,419	1,253,046
HITACHI	996,000	11,520,654	10,677,627
HITACHI CABLE	381,000	3,536,326	3,447,966
HITACHI CREDIT	15,000	206,965	168,117
HITACHI ZOSEN	475,000	2,612,523	2,724,680
HOKURIKU BANK	77,550	798,525	658,622
HONDA MOTOR COMPANY	205,000	3,023,910	2,697,183
HONSHU PAPER	38,000	195,620	253,951
HOUSE FOOD INDUSTRIAL	13,000	238,959	181,901
HOYA CORP.	15,000	273,121	256,875
INAX	74,000	878,669	942,709
INDUSTRIAL BANK OF JAPAN	372,000	9,760,548	11,264,888
ITO HAM FOODS INC.	32,000	387,677	300,731
ITO YOKADO	194,400	5,601,555	5,210,167
ITOH (C.) & COMPANY	579,000	4,667,035	3,913,744
IWATANI & COMPANY	27,000	140,588	210,512
JAPAN AIR LINES COMPANY	22,400	2,467,402	2,526,142
JAPAN ELECTRON OPT	8,000	75,826	75,740
JAPAN RADIO COMPANY	217,000	2,856,525	3,157,190
JAPAN STEEL WORKS	49,000	427,666	382,040
JOYO BANK	82,950	709,080	617,867
JUJO PAPER COMPANY	179,000	1,648,731	1,395,615
JUSCO COMPANY	41,000	677,820	550,853
KAJIMA CORP.	212,100	2,825,333	2,923,483
KAMIGUMI COMPANY	30,000	183,197	221,372
KANDENKO COMPANY LTD	45,000	1,051,234	1,065,089
KANEBO	68,000	326,637	385,799
KANEGAFUCHI CHEMICAL	47,000	395,399	323,913
KANSAI ELECTRIC POWER	133,000	3,291,651	4,073,793
KAO CORP.	325,000	4,714,973	3,778,283
KAWASAKI K.K.	79,000	264,790	470,206
KAWASAKI STEEL CP	418,000	1,696,138	2,618,867
KEIHIN ELECTRIC EXPRESS	67,200	627,403	668,960
KIKKOMAN SHOYU COMPANY	21,000	203,343	172,503
KINKI ELECTRIC CONSTRUCTION	141,420	3,223,401	3,110,947
KINKI NIPPON RLY	313,000	3,089,909	2,745,425
KIRIN BREWERY COMPANY	293,000	4,686,628	3,773,410
KITAGAWA IRON	150,000	1,278,794	1,190,394
KOBE STEEL	368,000	1,271,884	2,049,427
KOKUYO	122,000	2,539,491	2,947,026
KOMATSU	135,450	749,753	1,150,359
KOMORI PRINTING	27,500	715,061	832,754
KONIKA	51,000	672,330	436,687
KORAKUEN COMPANY	19,000	591,409	544,936
KOYO SEIKO COMPANY	26,000	197,291	217,195
KUBOTA	323,000	2,359,082	2,518,345
KUMAGAI-GUMI COMPANY	89,000	720,591	923,147
KUREHA CHEMICAL	31,000	303,913	248,173
KYOCERA CORP.	47,000	2,112,668	1,933,660
KYOWA BANK	166,000	1,749,195	1,583,155
KYOWA HAKKO KOGYO	64,000	819,053	681,657
LION CORP.	30,000	261,485	206,544
L.T.C.B. JAPAN	800	123,259	111,939
MAEDA CORPORATION	21,000	235,558	255,830
MAEDA ROAD CONSTRUCTION	157,000	2,073,646	1,825,201
MAKINO MILLING	12,000	81,440	106,091
MAKITA ELECTRIC WK	75,000	862,993	945,006
MARUBENI CORP.	350,000	1,892,044	2,095,372
MARUDAI FOOD COMPANY	17,000	181,133	158,580
MARUI COMPANY	137,690	3,062,191	2,578,394
MATSUSHITA ELECTRIC INDUSTRY	515,000	10,016,061	8,353,295
MATSUSHITA ELECTRIC WK	136,000	1,913,929	1,827,220
MEIJI MILK PRODUCT	39,000	286,853	276,923
MEIJI SEIKA KAISHA	56,000	439,699	424,922
MINEBEA	48,000	403,008	370,902
MISAWA HOMES	83,800	1,186,019	1,306,733
MINITUBISHI BANK	258,000	6,223,902	5,567,703
MINITUBISHI CORP.	398,000	4,247,168	3,989,700
MINITUBISHI ELECTRIC	741,000	5,778,836	5,880,547
MINITUBISHI ESTATE	426,000	8,861,859	6,820,750
MINITUBISHI GAS	63,000	362,273	423,655
MINITUBISHI HEAVY INDUSTRY	734,000	5,125,278	5,978,285
MINITUBISHI KASEI	191,000	1,796,657	1,396,103
MINITUBISHI METAL	109,000	815,114	796,729

COMMON STOCKS--INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
mitsubishi Mining & Cement	115,400	\$853,159	\$703,728
MITSUBISHI OIL	45,000	274,610	335,190
MITSUBISHI PAPER	39,000	274,560	331,222
MITSUBISHI PETROCHEMICAL	131,000	1,691,071	1,449,984
MITSUBISHI RAYON COMPANY	76,000	444,908	420,606
MITSUBISHI STEEL	19,000	416,619	292,308
MITSUBISHI TRUST & BANKING	257,400	6,368,007	4,533,397
MITSUBISHI WAREHOUSE	126,000	1,722,275	1,473,583
MITSUI BANK	257,450	4,524,409	4,032,460
MITSUI ENG & SHIPBUILDING	103,000	391,916	607,317
MITSUI MINING & SMELT	80,000	529,429	451,097
MITSUI O.S.K. LINES	371,000	1,466,327	2,285,661
MITSUI REAL ESTATE	102,900	1,673,667	1,704,853
MITSUI TOATSU CHEMICAL	93,000	625,562	647,407
MITSUI TRUST & BANKING	163,000	2,804,615	2,155,936
MITSUI & COMPANY	187,000	1,328,726	1,301,776
MITSUKOSHI	137,000	2,136,293	2,088,620
MOCHIDA PHARMACEUTICAL	14,950	533,841	375,702
MORI SEIKI	10,000	193,413	236,687
MORINAGA MILK INDUSTRY	210,000	1,599,866	1,295,232
MURATA MANUFACTURING	55,000	1,245,464	1,079,708
NAGOYA RAILROAD	96,000	736,419	788,584
NAIKAI SHIPBUILDING	56,000	240,297	288,479
NEC CORP.	571,000	9,284,929	7,671,638
NGK SPARK PLUG	24,000	238,188	242,256
NICHII	134,000	2,646,678	2,388,028
NICHIREI	41,000	348,925	339,645
NIHON CEMENT	131,000	1,080,696	1,003,133
NIIGATA ENGINEERING	50,000	200,728	296,902
NIPPON BUSINESS CONSULTANT	28,000	1,114,455	617,891
NIPPON DENKO	15,000	135,398	110,686
NIPPON EXPRESS	220,420	2,251,244	2,056,130
NIPPON FIRE & MARINE	65,000	477,909	524,887
NIPPON HODO	15,400	373,159	294,814
NIPPON LIGHT METAL	61,000	332,990	424,644
NIPPON MEAT PACK	107,000	1,805,168	1,445,041
NIPPON MINING	112,000	527,918	664,282
NIPPON OIL	303,000	3,114,404	3,016,292
NIPPON SEIKO	271,000	1,888,330	2,131,780
NIPPON SHARYO SEIZO	19,000	208,846	223,530
NIPPON SHEET GLASS	200,000	1,675,431	1,531,501
NIPPON SHINPAN COMPANY	91,000	904,468	855,204
NIPPON SHOKUBAI K.K.	26,000	294,587	383,711
NIPPON STEEL	929,000	3,965,151	5,173,690
NIPPON SUISAN	33,000	215,640	197,564
NIPPON YUSEN	153,000	826,106	1,042,723
NIPPONDENSO	101,000	1,619,984	1,736,653
NISSAN MOTOR	338,000	2,733,724	3,576,473
NISSHINBO INDUSTRIES	27,000	306,208	263,140
NISSHO IWAI CORP.	123,000	877,336	753,499
NISSIN FOOD PRODUCTS	59,000	1,625,207	1,289,663
NITTO DENKO CORP.	21,000	421,501	312,844
NKK CORPORATION	699,000	3,452,406	3,844,138
NOMURA SECURITIES	464,000	14,309,562	10,174,737
NORITAKE	17,000	145,910	168,047
NTN TOYO--BEARING	54,000	288,660	390,950
N.G.K. INSULATORS	44,000	402,397	526,836
ODAKYU ELECTRIC RAILWAY	237,000	2,079,325	2,359,278
OHBAYASHI-GUMI	100,000	773,048	1,232,162
OJI PAPER	183,000	2,303,020	2,089,246
OKUMA MACHINERY	16,000	127,343	178,211
OKUMURA CORP.	32,770	232,611	387,811
OLYMPUS OPTICAL COMPANY	25,000	231,334	248,869
OMRON TATEISI ELECTRIC	212,000	3,735,470	4,870,174
ONO PHARMACEUTICAL	17,000	850,791	655,622
ONODA CEMENT	135,000	1,069,126	893,735
ONWARD KASHIYAMA	159,000	2,119,108	2,047,687
ORIENT FINANCE COMPANY	40,000	451,322	417,682
ORIX CORPORATION	33,000	836,131	948,765
OSAKA GAS	673,000	3,941,831	3,888,551
PENTA OCEAN CONSTRUCTION	43,000	307,037	389,141
PIONEER ELECTRONIC CORP.	91,000	2,326,068	2,305,884
RENOWN INC.	29,000	214,640	218,030
RIKOH COMPANY	83,000	861,982	739,576
SAGAMI RAILWAY COMPANY	48,000	372,762	481,170
SAITAMA BANK	61,950	749,896	681,386

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
SANKYO COMPANY	91,000	\$1,554,358	\$1,552,037
SANOYAS	42,000	183,295	204,372
SANRIO COMPANY LTD	10,000	369,199	323,704
SANYO ELECTRIC COMPANY	454,000	2,686,590	2,828,613
SAPPORO BREWERIES	47,000	663,802	582,388
SECOM	10,000	538,953	510,268
SEINO TRANSPORTATION	19,000	344,829	308,180
SEIYU	24,000	397,216	355,865
SEKISUI CHEMICAL	266,000	2,749,071	2,573,897
SEKISUI HOUSE LTD	266,000	4,100,937	3,555,311
SETTSU	24,000	178,858	217,195
SEVEN-ELEVEN JAPAN	40,200	2,006,056	1,894,564
SEVEN-ELEVEN JAPAN—RIGHTS	3,000	0	141,385
SHARP CORP.	232,000	2,221,408	2,309,504
SHIMADZU CORP.	146,000	1,318,881	1,544,867
SHIMIZU CONSTRUCTION	154,000	1,254,341	2,111,940
SHINETSU CHEMICAL	144,000	2,235,834	1,784,338
SHIONOGI	50,000	771,800	549,948
SHISEIDO	40,000	564,570	490,080
SHIZUOKA BANK	94,200	935,899	813,144
SHOCHIKU COMPANY LTD	8,000	198,588	223,878
SHOKUSAN JUTAKU	19,000	147,094	133,589
SHOWA DENKO	519,000	4,689,462	4,154,893
SKYLARK COMPANY	10,000	243,680	185,172
SNOW BRAND MILK	38,000	402,251	325,374
SONY CORP.	87,100	4,156,117	4,638,465
SUMITOMO BANK	580,300	15,380,040	13,734,921
SUMITOMO CEMENT	30,000	224,631	179,603
SUMITOMO CHEMICAL	447,000	3,499,089	2,785,000
SUMITOMO COAL MINING	85,000	532,913	526,628
SUMITOMO CORP.	204,000	1,772,277	1,817,753
SUMITOMO ELECTRIC	187,000	2,289,485	1,874,558
SUMITOMO FORESTRY	60,000	658,835	835,364
SUMITOMO HEAVY INDUSTRY	82,000	441,384	650,749
SUMITOMO MARINE & FIRE	273,000	2,469,742	2,394,572
SUMITOMO METAL INDUSTRY	417,920	1,492,073	2,272,160
SUMITOMO METAL & MINING	63,600	726,324	610,985
SUMITOMO REALTY & DEVELOPMENT	150,000	1,451,469	1,931,780
SUMITOMO RUBBER INDUSTRY	134,000	794,924	1,249,983
SUMITOMO TRUST & BANKING	90,300	1,929,775	1,483,523
TAISEI CORP.	387,000	3,519,724	4,094,956
TAISHO MARINE & FIRE	287,000	2,887,969	2,677,203
TAISHO PHARMACEUTICAL	43,000	678,318	748,347
TAIYO FISHERY	44,000	199,743	250,860
TAIYO KAGAKU	25,000	437,800	443,787
TAIYO YUDEN	14,000	141,225	140,341
TAKARA SHUZO	27,000	199,379	170,101
TAKASHIMAYA	30,000	547,271	559,694
TAKEDA CHEMICAL	220,000	4,646,917	3,583,713
TANABE SEIYAKU	75,000	1,390,431	903,238
TANSEISHA	44,000	864,960	747,373
TEIJIN	128,000	866,747	783,238
TEIKOKU OIL	38,000	256,310	312,148
TOA CORP.	23,000	183,084	188,932
TOBU RAILWAY	108,000	811,034	1,037,522
TOHO	2,200	397,587	401,253
TOHOKU ELECTRIC POWER	68,000	1,441,187	1,708,877
TOKAI BANK	266,850	4,503,680	4,179,693
TOKYO MARINE & FIRE	591,000	9,291,868	8,104,913
TOKYO BROADCASTING	123,000	1,961,582	2,149,184
TOKYO ELECTRIC POWER	183,900	8,964,050	7,258,710
TOKYO ELECTRONICS	59,000	1,431,866	1,556,632
TOKYO GAS	464,000	4,322,157	3,423,880
TOKYO LAND CORP.	49,000	455,935	405,917
TOKYO OHKA KOGYO	26,400	789,186	646,906
TOKYO STYLE COMPANY	10,000	152,229	126,697
TOKYO TATEMONO	75,000	903,946	788,375
TOKYO TOKEIBA COMPANY	32,000	342,140	267,317
TOKYO CORP.	351,520	4,232,500	3,866,356
TOPPAN PRINTING	84,000	1,245,163	1,157,815
TORAY INDUSTRIES INC.	443,000	3,223,264	2,966,699
TOTO	208,000	3,242,714	3,388,238
TOYO JOZO	15,000	164,365	144,100
TOYO KANETSU	11,000	57,080	86,530
TOYO SASSHI	45,000	674,922	2,048,731
TOYO SEIKAN KAISHA	24,000	565,196	437,731

COMMON STOCKS — INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
TOYOBO	197,000	\$1,092,308	\$1,131,397
TOYOTA AUTO LOOM	36,000	502,755	583,920
TOYOTA MOTOR COMPANY	412,650	7,173,170	7,267,701
TSUGAMI CORP.	9,000	49,385	57,640
UBE INDUSTRIES	118,000	510,331	671,939
UNITIKA	71,000	268,617	383,049
VICTOR COMPANY OF JAPAN	34,000	649,947	556,213
YAMAHA CORP.	64,000	1,063,042	766,308
YAMAICHI SECURITIES	167,000	2,713,985	2,022,835
YAMANOUCHI PHARMACEUTICALS	266,000	7,486,089	6,814,345
YAMATO TRANSPORTATION	104,000	1,304,190	1,281,449
YAMAZAKI BANKING	31,000	389,952	323,704
YASUDA F & M INSURANCE	100,000	864,379	904,978
YASUDA TRUST & BANKING	136,300	2,210,074	1,679,437
YOKOGAWA ELECTRIC	150,000	1,501,805	2,015,316
	<u>42,077,900</u>	<u>\$526,793,028</u>	<u>\$503,787,036</u>
NETHERLANDS			
AHOLD NV	37,815	\$1,378,813	\$2,032,287
AKZO NV	5,973	361,657	403,364
ALGEMENE BANK NED	15,423	326,526	300,389
AMSTERDAM ROTTERDAM BANK	7,040	258,876	266,863
ASSURCONCRN ROTTERDAM	20,779	1,363,703	1,413,694
BUHRMANN TETTERODE	43,890	1,227,195	1,394,109
ELSEVIER NV	77,252	2,116,928	2,559,247
HEINEKEN NV	4,211	237,976	235,701
HOLLANDSCHE BETON	517	33,624	51,288
HOOGOVENS & STAALF	2,701	57,971	138,522
HUNTER DOUGLAS	36,000	1,188,481	2,072,355
NATIONAL NEDERLANDEN	58,411	1,775,826	1,695,846
NBM AMSTELLAND NV	30,000	277,554	285,324
NEDLLOYD GROEP NV	444	55,077	88,194
NORIT NV	2,000	709,840	878,271
PAKHOED HOLDING NV	1,402	31,610	93,467
PHILIPS GLOEIL GEM	36,823	571,834	645,136
ROYAL DUTCH PETROLEUM	99,056	6,001,684	6,193,535
UNILEVER NV	24,262	1,424,883	1,556,743
VMF STORK	3,372	33,292	56,622
WESSANEN (KON) NV	30,000	1,215,737	1,238,225
WOLTERS KLUWER	18,339	1,115,528	1,602,338
	<u>555,710</u>	<u>\$21,764,617</u>	<u>\$25,201,521</u>
NEW ZEALAND			
BANK OF NEW ZEALAND	388,150	\$435,702	\$197,843
BANK OF NEW ZEALAND — RIGHTS	543,410	0	59,131
BRIERLEY INVESTMENT	220,000	212,557	217,971
CARTER HOLT HARVEY	51,200	69,782	77,411
ELDERS RES (NZFP)	50,000	104,069	88,769
FISHER & PAYKEL	11,700	29,954	25,462
FLETCHER CHALLENGE	124,700	387,321	344,941
LION NATHAN LTD	86,100	152,569	160,750
NZI CORP.	113,600	149,631	39,686
WILSON & HORTON	6,300	23,284	24,499
	<u>1,595,160</u>	<u>\$1,564,870</u>	<u>\$1,236,464</u>
NORWAY			
BIK BOK GRUPPEN	3,650	\$7,948	\$6,916
DEN NORSKE CREDITBANK	5,000	85,027	89,123
DYNO INDUSTRIER	4,000	51,175	55,018
ELKEM A/S	2,160	43,367	91,554
K AFKASTNING — UNITS	24,844	682,637	860,736
KOSMOS	2,500	46,569	75,439
KVAERNER	4,400	84,375	92,632
KVAERNER INDUSTRIES	880	0	19,144
NORA EIENDOM — NEW	228	3,124	4,640
NORA INDUSTRIES	1,760	59,699	71,635
NORSK DATA A/S 'A'	3,000	30,625	18,947
NORSK HYDRO A/S	134,920	2,498,188	3,190,740
ORKLA BORREGAARD — FREE	1,600	90,364	80,842
STOREBRAND A/S	8,000	73,932	91,509
	<u>196,942</u>	<u>\$3,757,028</u>	<u>\$4,748,872</u>

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
SINGAPORE			
AMALG STEEL MILLS BHD	297,000	\$337,544	\$456,458
AMCOL ELECTRIC INDUSTRY	300,000	201,863	201,527
BANDAR RAYA DEVELOPMENTS	33,000	25,113	28,718
BOUSTED HOLDINGS	18,000	10,623	13,374
BRITISH AMERICAN L & G	175,000	223,327	121,120
CITY DEVELOPMENTS	744,800	1,475,089	1,773,875
CONSD PLANT BERHAD	61,000	76,960	74,814
DBS LAND LIMITED	250,000	237,865	309,160
DEVEL BANK SINGAPORE	480,200	2,090,866	2,358,234
DMIB BERHAD	43,000	22,532	32,387
FRASER & NEAVE	96,000	358,264	478,779
GENTING BERHAD	252,000	875,635	743,817
HARRISONS MAL PLANT	120,000	152,405	116,031
HAW PAR BROTHERS INTERNATIONAL	21,000	35,378	32,275
HIGHLANDS & LOWLANDS	38,000	43,349	38,677
INCHCAPE BERHAD	53,000	156,838	180,712
KEPPEL CORP.	164,000	292,017	387,257
KUALA LUMPUR KEPONG	56,000	90,539	102,025
MALAYAN BANKING	38,800	87,099	127,359
MALAYAN BREWERIES	19,000	94,250	109,262
MALAYAN UNITED INDUSTRY	34,000	28,099	44,122
MALAYSIAN AIR SYSTEMS	630,000	1,644,010	1,842,807
MALAYSIAN BANKING	275,000	954,986	902,672
MALAYSIAN INT'L SHIPPING	525,000	1,818,683	1,823,445
MALAYSIAN MINING CO.	55,000	51,377	74,173
MALAYSIAN TOBACCO	25,000	47,902	38,168
MULTI PURPOSE HOLDINGS	104,000	31,299	47,634
NATIONAL IRON & STEEL	106,000	315,372	450,433
NEPTUNE ORIENT LNS	21,000	14,249	19,237
OVERSEAS CHINESE BANKING	243,000	991,282	1,249,008
OVERSEAS UNION ENTERPRISES	8,000	14,815	33,384
PAN MALAYSIAN CEMENT	100,000	95,161	94,148
PERLIS PLANTATION	19,000	47,345	60,916
SELANGOR PROPERTIES	37,000	35,913	34,835
SHANGRI LA HOTEL	7,000	16,722	28,855
SHELL REF (MALAYA)	15,000	40,138	40,458
SIME DARBY BERHAD	1,503,000	2,368,416	2,503,824
SINGAPORE AIRLINES	60,000	445,834	418,321
SINGAPORE INT'L AIR—F	198,000	1,276,079	1,773,435
SINGAPORE LAND	12,000	41,543	79,389
SINGAPORE PRESS HOLDINGS	335,000	679,821	1,380,916
STEAMERS MARITIME	7,000	4,339	4,845
STRAITS STEAMSHIP	36,000	38,624	62,656
STRAITS TRADING COMPANY	168,000	304,987	343,695
TAN CHONG MOTOR HOLDINGS	450,000	242,323	359,542
TRACTORS (MALAYSIA)	7,000	13,767	17,812
UNITED ENGINEERS	50,000	139,941	49,873
UNITED OVERSEAS BANK	569,375	1,512,620	1,593,670
UNITED OVERSEAS LAND	34,000	22,176	38,931
UNITED PLANTATION BHD	11,000	14,082	16,010
WEARNE BROTHERS	10,800	22,980	26,052
	8,914,975	\$20,162,440	\$23,139,124
SPAIN			
AGUILA, EL	772	\$11,271	\$14,469
ALBA (CORP FIN)	1,221	89,732	86,617
ASLAND S.A.	3,292	182,481	155,909
ASLAND S.A.—RIGHTS	157	0	12,004
AZUCARERA ESPANA	590	28,718	32,699
AZUCARERA ESPANA—RIGHTS	825	0	45,722
BANCO BILBAO VIZCAYA	17,233	1,096,446	1,011,336
BANCO BILBAO VIZCAYA—NW WW	1,337	91,328	82,451
BANCO CENTRAL	2,003	106,135	80,734
BANCO CENTRAL—RIGHTS	1,326	0	53,446
BANCO DE SANTANDER	15,755	933,070	799,180
BANCO ESPANOL DE CREDITO	13,100	674,853	575,534
BANCO ESPANOL DE CREDITO—NEW	5,205	63,569	228,676
BANCO ESPANOL DE CREDITO—RIGHTS	5,690	0	249,984
BANCO HISPANOAMERICANO	11,478	424,033	380,749
BANCO INTERCONTINENTAL ESPANA	5,894	510,728	475,131
BANCO POPULAR ESP	20,000	1,567,109	1,499,395
CATALANA DE GAS—RIGHTS	2,247	0	7,042
CATALANA GAS ELEC	2,247	61,032	65,390
CROS S.A.	40,078	601,936	702,698
DRAGADOS & CONSTRUCCION S.A.	3,035	59,507	74,621

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
EBRO CIA AZUC ALCO	11	\$2,809	\$2,022
EBRO CIA AZUC ALCO—NEW	161	6,900	29,590
EXPLOS RIO TINTO	4,144	89,736	54,953
FABRICA AUTOMOTRIZ RENAULT	2,894	206,222	109,648
FINANZAUTO S.A.	465	13,316	16,475
HIDROELECTRICA ESPANOLA	53,680	241,495	199,488
HIDROIBERICA IBER	62,518	394,658	313,094
HORNOS IBERICOS ALBA	14,242	505,973	636,039
METAL DURO FELGUERA	659	12,267	9,775
METAL DURO FELGUERA—RIGHTS	94	0	1,394
NISSAN MOTOR IBER—A	48,927	647,547	453,576
PETROLEOS (CIA ESP)—RIGHTS	685	0	13,805
PETROLEOS (COMP ESP)	6,854	159,746	138,130
PORTLAND VALDERRIV	552	103,291	105,461
SEVILLANA DE ELECTRICIDAD	25,812	132,490	119,126
SEVILLANA DE ELECTRICIDAD—RIGHTS	25,812	0	43,904
SNIACE-SDAD NAC	1,064	13,704	8,148
TABACALERA S.A.	13,268	684,423	502,697
TABACALERA—RIGHTS	1,326	0	51,041
TELEFONICA DE ESPANA	159,796	1,298,701	1,280,107
UNION ELEC FENOSA	32,779	140,781	102,657
UNION Y EL FENIX	9,253	936,690	928,657
URBIS S.A. SER 1	2,129	44,343	52,689
URBIS S.A. SER 2 NEW	425	6,139	10,415
	621,035	\$12,143,177	\$11,816,678
SWEDEN			
ASEA AB (FREE)—B	6,900	\$422,016	\$618,624
ASTRA, AB	250	8,949	11,489
ASTRA, AB (FREE)	10,200	338,676	471,845
ASTRA, AB (FREE)—B	5,400	182,581	248,173
ATLAS COPCO (FREE)—A	32,000	1,047,722	1,759,964
ELECTROLUX AB (FREE)—B	40,200	1,829,569	2,011,060
ERICSSON (L.M.) TEL—B	10,100	417,033	879,650
ESSELTE AB (FREE)—B	9,400	297,818	294,613
MO OCH DOMSJO AB	3,300	194,150	197,408
PHARMACIA AB (FREE)—B	9,800	266,569	267,279
SKANDIA FORSAKRING	15,900	511,761	567,814
STORA KOPPARBERGS—FREE	5,300	290,638	339,411
STORA KOPPARBERGS—B	1,324	72,605	84,190
SVENSKA CELLULOSA—B	12,500	752,337	755,293
TRELLEBORG AB—B	18,940	640,790	993,162
VOLVO AB—A	5,800	385,856	463,196
VOLVO AB (FREE)—B	33,623	1,971,369	2,284,935
	220,937	\$9,630,437	\$12,248,108
SWITZERLAND			
ADIA SA (BR)	35	\$187,391	\$175,000
ARES SERONO	600	900,108	1,088,955
CIBA GEIGY AG (BR)	165	352,725	383,194
CIBA GEIGY AG (PTG)	1,520	2,515,760	2,758,687
C.S. HOLDINGS	1,778	2,906,182	2,558,916
C.S. HOLDINGS—NEW	22	6,625	31,654
EMS CHEMIE HOLDINGS	343	953,995	1,100,672
FISCHER, GEORGE (BR)	1,329	1,178,548	1,391,442
GRANDS MAG JELMOLI	90	154,249	137,015
HOLDERBANK GLARUS	3,800	959,432	1,701,182
INTERDISCOUNT HOLDINGS	35	78,627	67,910
LINDT & SPRUENGLI	90	1,355,580	1,074,627
MAGAZINE GLOBUS—PTG	700	644,526	426,269
NESTLE AG REGD	439	1,829,901	1,923,737
NESTLE AG (BR)	247	1,445,278	1,159,057
NESTLE AG (PTG)	149	138,824	128,985
NESTLE AG—RIGHTS	564	0	52,669
PHARMER VISION 2000	1,318	1,152,284	1,353,409
REISEBURO KUONI PTG	43	36,712	30,806
REISEBURO KUONI (BR)	39	989,441	674,060
RIETER HLDGS AG	697	877,823	694,919
ROCHE HOLDINGS	30	414,338	640,299
SANDOZ AG (PTG)	250	330,056	335,821
SCHW ALUMINIUM AG	280	153,111	213,970
SCHW BANKGESELL (BR)	4,780	3,598,373	3,331,179
SCHW RUCKVERSICH PTG	180	233,127	179,463
SCHW RUCKVERSICH (BR)	15	144,509	93,134
SCHWEIZ ALUMINIU PTG	2,300	96,163	131,821
SCHWEIZ BANKVEREIN P	6,875	1,704,471	1,157,463

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
SIKA FINANZ AG (BR)	65	\$113,782	\$141,642
SIKA FINANZ AG—RIGHTS	1,200	0	31,164
SOC GEN SURVEILL PTG	705	2,336,604	2,426,463
SULZER GEBRUDER NEW	22	3,538	5,149
SULZER GEBRUDER PTG	2,765	1,096,741	647,093
ZURICH VERSICHER PTG	1,060	1,342,096	1,249,851
ZURICH VERSICHER (BR)	84	345,943	236,955
ZURICH VERSICHER—RIGHTS	1,228	0	11,730
	35,842	\$30,576,862	\$29,746,359
UNITED STATES			
ASEA ADR	13,000	\$885,000	\$1,170,000
BRITISH STEEL	100,000	1,342,253	1,112,500
CANON INC.—WTS	140	289,310	347,375
EMPRESA NACIONAL DE ELEC	62,000	847,159	1,201,250
ERICSSON L.M. TEL ADR	24,000	919,750	2,067,000
GLAXO HOLDINGS	65,000	1,129,525	1,397,500
HANKU CORP.—WTS	68	130,425	111,350
HONG KONG TELEPHONE	15,000	288,075	258,750
MITSUBISHI RAYON	29	77,422	82,831
NAKAYAMA STEEL—WTS	84	169,050	120,750
NICHIREI CORP.	425	848,000	656,094
REPSOL ADR	41,000	588,965	712,375
SETTSU CORP.—WTS 3/94	75	76,875	113,438
SETTSU CORP.—WTS 6/93	56	62,300	81,200
TOYOTA MOTOR CORP.—WTS	69	309,584	290,663
	320,946	\$7,963,693	\$9,723,075
WEST GERMANY			
AACHENER & MUNCH BET	2,500	\$1,167,650	\$1,057,421
A.G. FUR IND VERKEHR	300	60,134	90,592
ALLIANZ A.G.	2,100	1,724,259	2,034,863
AMB AACH & MUN BET	580	235,045	231,048
ASKO DEUT KAUFHAUS	3,725	1,623,714	1,575,558
BASF A.G.	8,500	1,276,689	1,275,109
BAYER A.G.	14,860	2,429,814	2,236,047
BAYER HYPO WECH BANK	2,100	429,167	434,965
BAYER VEREINSBANK	1,687	326,325	340,773
BEIERSDORF A.G.	550	167,056	156,498
BILFINGER & BERGER	384	49,156	89,183
BRAU UND BRUNNEN	500	68,378	101,256
COLONIA VERSICHER	300	74,526	118,431
CONTINENTAL A.G.	4,464	643,825	714,057
DAIMLER BENZ A.G.	5,950	2,222,375	2,107,895
DEGUSSA	1,000	204,751	247,116
DEUTSCHE BANK A.G.	7,393	2,149,108	2,269,259
DRESDNER BANK A.G.—NEW	3,944	602,518	664,242
DYCKERHOFF A.G.	250	38,720	64,086
FELDMUEHLE NOBEL—REG	14,220	2,461,730	2,733,914
HEIDELBERG ZEMENT	3,862	1,182,536	1,742,008
HOESCH A.G.	8,000	1,035,555	1,029,480
HUSSEL HOLDINGS A.G.	12,650	4,171,678	3,899,281
KALI CHEMIE A.G.	450	131,410	118,354
KARSTADT A.G.	1,050	274,695	299,846
KAUFHOF A.G.	4,500	1,025,766	1,167,393
LINDE A.G.	780	280,218	305,922
LINDE A.G.—RIGHTS	650	0	13,763
LINOTYPE A.G.	4,200	1,342,926	1,589,131
LUFTHANSA	3,300	286,926	314,181
MANNESMANN A.G.	3,800	322,704	491,925
MUNCHENER RUCKVERS	800	624,613	787,490
M.A.N. A.G.	1,250	130,286	209,562
PAPIERWRKE WALDHOF	11,000	1,475,519	1,770,828
PAPIERWRKE WALDHOF—NEW	1,350	113,306	210,408
RHEIN WESTF ELEKTRA	30,547	3,889,699	5,100,523
RHEINELEKTRA A.G.	2,000	1,177,059	1,691,874
RHEINMETALL BERLIN	350	59,202	73,930
SALAMANDER A.G.	281	39,790	48,118
SCHERING A.G.	3,990	1,200,447	1,371,390
SIEMENS A.G.	12,100	2,981,965	3,536,406
SPRINGER A VERLANG	7,100	2,076,400	1,921,969
STRABAG BAU A.G.	350	24,250	68,008
THYSSEN A.G.	13,300	1,036,478	1,638,549
VEBA A.G.	19,850	3,093,917	3,302,397
VEBA A.G.—NEW	1,715	206,886	285,320

COMMON STOCKS—INTERNATIONAL (Continued)

	Shares	Book Value	Market Value
VIAG A.G.	1,650	\$205,112	\$300,308
VOLKSWAGENWERK A.G.	3,300	483,432	730,965
	229,482	\$46,827,712	\$52,561,643
TOTAL COMMON STOCKS—INTERNATIONAL	103,141,995	\$891,314,978	\$890,608,872
TOTAL COMMON STOCKS	171,150,355	\$2,863,972,023	\$3,654,018,459

PREFERRED STOCKS—DOMESTIC

	Shares	Book Value	Market Value
ADVANCED MICRO DEVICES INC.	30,000	\$1,015,762	\$990,000
ALZA CORP.	56,000	990,473	910,000
AMERICAN PRESIDENT COMPANIES LTD	30,000	1,629,900	1,620,000
BAKER HUGH	25,000	1,127,525	1,234,375
BIOGEN INC.	10,000	250,000	246,250
FEDERAL HOME LOAN MORTGAGE CORP.	147,300	9,344,545	10,384,650
TOSCO CORP.	7,500	361,140	399,375
UNISYS CORP.	267,000	14,612,540	12,549,000
UNITED ARTIST ENTERTAINMENT CO.	45,504	508,695	841,824
TOTAL PREFERRED STOCKS—DOMESTIC	618,304	\$29,840,580	\$29,175,474

PREFERRED STOCKS—INTERNATIONAL

	Shares	Book Value	Market Value
AUSTRIA			
CREDITANSTALT BANK	3,909	\$629,464	\$766,415
OEST LANDERBANK A.G.	3,680	108,641	119,359
	7,589	\$738,105	\$885,774
ENGLAND			
MECCA LEISURE	25,100	\$42,041	\$36,253
FINLAND			
NOKIA FREE	5,900	\$171,646	\$114,107
ITALY			
ALITALIA-LINEE	30,000	\$42,031	\$30,802
FIAT SPA	74,500	697,529	379,239
MONDADORI (ARNOLDO)	2,000	17,053	26,808
	106,500	\$756,614	\$436,849
SWITZERLAND			
MERCK AG-(BR)	2,750	\$1,300,611	\$1,297,015
ROCHE HOLDINGS	110	875,312	1,111,493
	2,860	\$2,175,923	\$2,408,507
WEST GERMANY			
DYCKERHOFF AG	200	\$25,813	\$48,500
ESCADA	1,800	459,574	630,300
M.A.N. AG	1,800	155,969	239,016
RHEIN WESTF ELEKTRA	2,450	292,496	344,168
	6,250	\$933,852	\$1,261,984
TOTAL PREFERRED STOCKS—INTERNATIONAL	154,199	\$4,818,180	\$5,143,474

CONVERTIBLE DEBENTURES—DOMESTIC

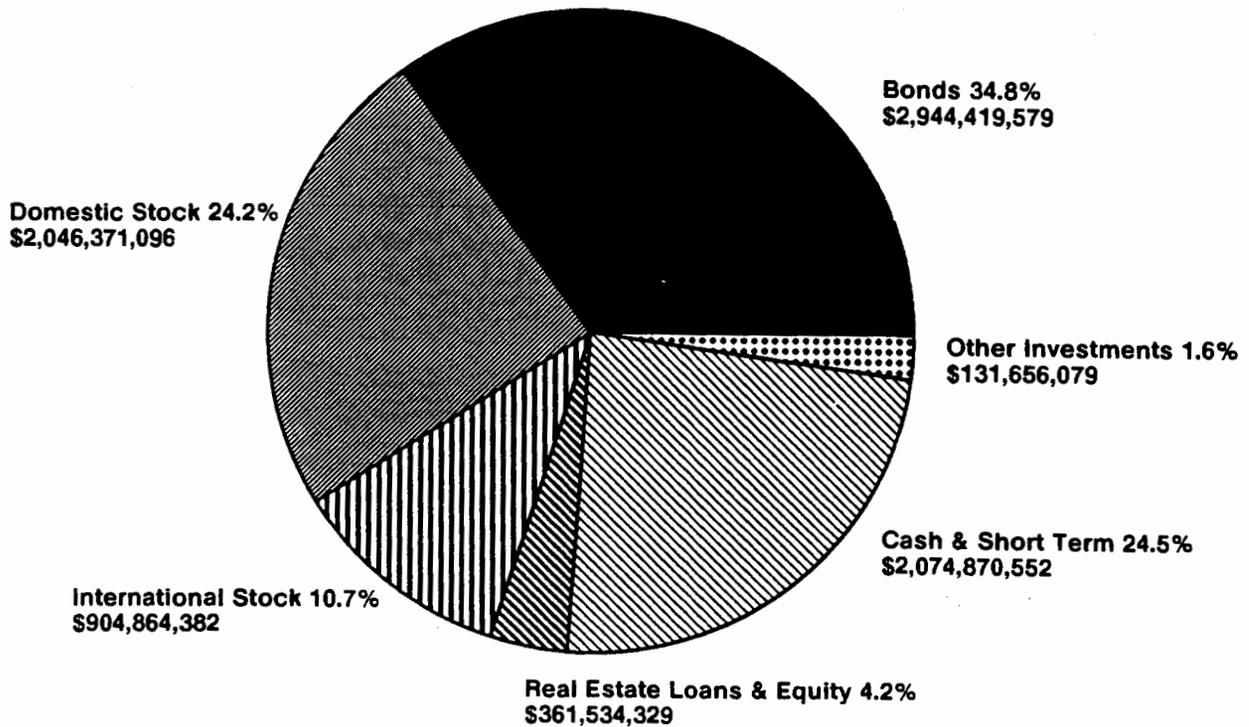
	Rate	Maturity	Par Value	Book Value	Market Value
ALEXANDER & ALEXANDER SERVICES	11.000	04/15/2007	\$3,000,000	\$2,854,454	\$3,180,000
BERGEN BRUNSWIG CORPORATION	7.625	07/01/2010	3,500,000	3,657,550	4,235,000
COLUMBIA PICTURES ENTERTAINMENT INC.	7.125	07/15/2006	2,250,000	1,803,971	3,026,250
CRAY RESEARCH INC.	6.125	02/01/2011	4,200,000	5,395,140	3,486,000
DANA CORPORATION	5.875	06/15/2006	1,700,000	1,823,334	1,513,000
FIELDCREST CANNON INC.	6.000	03/15/2012	2,670,000	2,106,914	2,052,563
FREEMONT MCMORGAN INC.	8.750	06/01/2013	3,190,000	3,761,126	3,764,200
HERCULES INC.	8.000	08/15/2010	1,200,000	1,342,962	1,308,000
HOLLY FARMS CORPORATION	6.000	02/15/2017	1,000,000	981,990	1,152,500
HUMANA INC.	8.500	08/15/2009	2,000,000	2,064,137	2,085,000
NATIONAL MEDICAL ENTERPRISES INC.	9.000	06/15/2006	511,000	661,410	643,860
NORWEST CORPORATION	6.750	07/01/2003	1,600,000	1,403,526	3,455,520
PLENUM PUBLISHING CORP.	6.500	04/15/2007	448,000	406,935	425,600
POPE & TALBOT INC.	6.000	03/01/2012	600,000	580,792	601,500
PRICE COMPANY	5.500	02/28/2012	1,975,000	1,854,280	1,826,875
STUDENT LOAN MARKETING ASSOCIATION	7.750	11/15/2009	1,750,000	1,936,791	4,649,750
TELE COMMUNICATIONS INC.	7.000	10/01/2012	6,625,000	6,998,091	7,784,375
WASTE MANAGEMENT INC.	0.000	04/13/2012	7,500,000	2,038,651	2,381,250
WESTINGHOUSE ELECTRIC CORPORATION	9.000	08/15/2009	1,240,000	2,201,417	2,480,000
TOTAL CONVERTIBLE DEBENTURES—DOMESTIC			\$46,959,000	\$43,873,471	\$50,061,243

CONVERTIBLE DEBENTURES—INTERNATIONAL	Rate	Maturity	Par Value	Book Value	Market Value
AUSTRALIA					
AUSTRALIA (COMMONWEALTH)	12.500	06/15/1996	\$1,500,000	\$1,235,194	\$1,055,161
MOUNT ISA FINANCE	9.750	06/10/1997	1,150,000	652,220	708,696
PIONEER CONCRETE	9.500	06/21/1998	600,000	488,860	380,529
			\$3,250,000	\$2,376,274	\$2,144,386
ENGLAND					
BELL GROUP NV	5.000	07/14/1997	\$625,000	\$561,929	\$390,686
ENGLISH CHINA CLAY	6.500	09/30/2003	450,000	722,546	727,695
HANSON TRUST—CONV	10.000	09/25/2012	450,000	1,066,915	1,111,197
PENINSULAR & ORIENTAL	4.750	06/17/2006	500,000	894,344	771,665
			\$2,025,000	\$3,245,734	\$3,001,242
JAPAN					
KOKUSAI DENSHIN—CONV	2.900	03/29/1991	\$100,000,000	\$896,304	\$687,087
NIPPON AIRWAYS	1.700	03/31/1997	100,000,000	804,975	687,783
SUMITOMO MARINE & FIRE	1.600	03/31/2003	100,000,000	1,034,751	863,210
			\$300,000,000	\$2,736,031	\$2,238,080
SWITZERLAND					
MITSUI TRUST BANK	0.625	03/31/1993	\$550,000	\$373,185	\$318,507
TOTAL CONVERTIBLE DEBENTURES—INT'L			\$305,825,000	\$8,731,224	\$7,702,216
TOTAL PREFERRED & CONVERTIBLE STOCKS			\$387,442,760	\$87,263,455	\$92,072,406
WHOLE LOAN MORTGAGES					
			Par Value	Book Value	Market Value
FHA AND VA INSURED MORTGAGES			\$100,732,291	\$98,650,037	\$104,646,973
CONVENTIONAL MORTGAGES			8,135,190	7,984,713	8,470,104
TOTAL WHOLE LOAN MORTGAGES			\$108,867,481	\$106,634,750	\$113,117,077
REAL ESTATE FUNDS					
			Par Value	Book Value	Market Value
HEITMAN REAL ESTATE FUND II			\$35,818,830	\$35,818,830	\$41,455,504
HEITMAN REAL ESTATE FUND IV			8,897,718	8,897,718	8,897,718
INPROP (GOLDAN SACHS)			7,440,390	7,440,390	5,976,193
JMB GROUP TRUST V			17,820,644	17,820,644	17,820,644
PRIME PROPERTY FUND			29,953,004	29,953,004	31,538,291
PRUDENTIAL (PRISA)			18,270,736	18,270,736	18,589,897
PUBLIC STORAGE INST. FUND III			25,334,028	25,334,028	25,334,028
SECURITY CAPITAL FUND RE PARTNERS			25,046,802	25,046,802	25,404,510
SECURITY CAPITAL REAL ESTATE			29,788,455	29,788,455	30,552,322
SHURGARD INST. FUND L.P.			10,212,048	10,212,048	10,212,048
TCW REALTY FUND IV			15,401,881	15,401,881	16,906,337
TCW REALTY FUND V			25,227,691	25,227,691	26,142,011
TRAMMELL CROW EQUITY PARTNERS			4,652,082	4,652,082	6,083,199
TRAMMELL CROW EQUITY PARTNERS II			1,035,269	1,035,269	1,035,269
TOTAL REAL ESTATE FUNDS			\$254,899,579	\$254,899,579	\$265,947,972
VENTURE CAPITAL					
			Par Value	Book Value	Market Value
COPLEY VENTURE PARTNERS I			\$13,790,698	\$13,790,698	\$15,230,220
COPLEY VENTURE PARTNERS II			7,154,884	7,154,884	7,177,211
HARRY GRAY, MEL KLEIN & PARTNERS			16,040,320	16,040,320	16,350,353
MEDIA / COMMUNICATIONS PARTNERS			21,596,017	21,596,017	26,140,589
PRUDENTIAL VENTURE CAPITAL MANAGEMENT			19,865,841	19,865,841	18,523,883
WARBURG PINCUS CAPITAL			53,208,319	53,208,319	53,208,319
TOTAL VENTURE CAPITAL			\$131,656,079	\$131,656,079	\$136,630,575
TOTAL LONG TERM INVESTMENTS				\$6,388,845,465	\$7,303,278,950
TOTAL INVESTMENT PORTFOLIO				\$8,463,716,017	\$9,359,743,545

Los Angeles County Employees Retirement Association

INVESTED ASSETS (AT BOOK VALUE)

\$8,463,716,017



NET INVESTMENT INCOME

As Percentage of TOTAL INCOME

\$820,632,813

