



Los Angeles County Employees Retirement Association

LACERA.GOV

Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2025

Guided by Values | Driven by Innovation

Pension and OPEB Trust Funds of the
County of Los Angeles, California

Prepared by LACERA's Financial and
Accounting Services Division

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2025 Popular Annual Financial Report

This Popular Annual Financial Report (PAFR) of the Los Angeles County Employees Retirement Association (LACERA) summarizes the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025.

While the financial data presented here is derived from the ACFR, it does not replace the ACFR. This PAFR is prepared in accordance with the Governmental Accounting Standards Board's (GASB) reporting guidelines and Generally Accepted Accounting Principles of the United States of America (U.S. GAAP).

The 2025 ACFR and PAFR are posted on the Annual Reports page on lacera.gov, and our archived annual reports are posted in the Public Records section on lacera.gov. LACERA also mails a printed version of the PAFR to all members and shares PAFR information and links via its social media platforms.



“Year after year, LACERA delivers on its mission of providing financial stability for our members by adhering to our core values and fostering organizational innovation. In 2025, the pension plan continued to achieve strong investment returns as a result of our diversified investment portfolio and long-term focus, with a net return of 9.7 percent for the fiscal year, and a five-year annualized net return of 9.8 percent.”

— Santos H. Kreimann, Chief Executive Officer

ABOUT LACERA

In 1937, Los Angeles County established a pension trust fund to provide defined retirement and death benefits to eligible County employees. In 1938, LACERA was introduced to administer it, and the Board of Retirement was established to oversee the organization. The Board of Investments was created in 1971 to spearhead LACERA's increasingly sophisticated investment strategies and achieve its long-term funding goals.

Our Services

LACERA is the largest county retirement system in the United States, and our mission is to produce, protect, and provide the promised benefits to our members. We are an independent governmental entity, separate and distinct from the County of Los Angeles (County), responsible for administering and managing the retirement fund and, since 1971, the Retiree Healthcare Benefits Program or Other Post-Employment Benefits (OPEB) Program for the County and outside districts. LACERA is further responsible for managing the investment trusts that fund these programs.

Executive Team

LACERA's executives are responsible for carrying out the strategic goals set by the Boards of Retirement and Investments.

Santos H. Kreimann

Chief Executive Officer

Luis A. Lugo

Acting Chief Executive Officer

Laura Guglielmo

Assistant Executive Officer

JJ Popowich

Assistant Executive Officer

Jonathan Grabel

Chief Investment Officer

Jude Perez

Deputy Chief Investment Officer

Steven P. Rice

Chief Counsel

LACERA's Boards

LACERA is governed by two boards, which are both composed of elected and appointed trustees. The **Board of Retirement** is responsible for the overall administration of the retirement system, review and processing of disability retirement applications, and administration of the County-subsidized Retiree Healthcare

Program, including overseeing actuarial matters. The **Board of Investments** is responsible for establishing LACERA's investment policy and objectives, overseeing the investment management of the Pension Plan and OPEB Trust, and managing actuarial matters related to estimating fund liabilities and establishing contribution rates for the Pension Plan.

Trustees

As of June 30, 2025

NANCY M. DURAZO

Board of Retirement

Term Expires 2026

Elected by General Members

BOBBIE FESLER

Board of Retirement

Term Expires 2027

Appointed by Board of Supervisors

MIKE GATTO

Board of Investments

Term Expires 2026

Appointed by Board of Supervisors

ELIZABETH B. GINSBERG

Board of Retirement

Board of Investments

County Treasurer and Tax Collector

Ex-Officio Trustee

JASON E. GREEN

Board of Retirement

Chair

Board of Investments

Terms Expire 2025

Elected by Safety Members

JAMES P. HARRIS

Board of Retirement

Alternate Trustee

Term Expires 2026

Elected by Retired Members

PATRICK L. JONES

Vice Chair

Board of Investments

Term Expires 2026

Appointed by Board of Supervisors

SHAWN R. KEHOE

Secretary

Board of Retirement

Alternate Trustee

Term Expires 2025

Elected by Safety Members

ALEEN LANGTON

Board of Retirement

Board of Investments

Terms Expire 2027

Elected by General Members

DEBBIE MARTIN

Board of Investments

Term Expires 2026

Elected by Retired Members

ALMA K. MARTINEZ

Board of Investments

Term Expires 2027

Appointed By Board of Supervisors

NICOLE MI

Board of Investments

Term Expires 2026

Elected by General Members

WAYNE MOORE

Board of Retirement

Term Expires 2026

Appointed by Board of Supervisors

RONALD OKUM

Vice Chair

Board of Retirement

Term Expires 2025

Appointed by Board of Supervisors

LISA PROFT

Board of Retirement

Board of Investments

Chief Deputy County Treasurer and Tax

Collector

Acting Ex-Officio Trustee*

LES ROBBINS

Chair

Board of Retirement

Term Expires 2026

Elected by Retired Members

DAVID E. RYU

Board of Retirement

Secretary

Board of Investments

Terms Expire 2026 (BOR) and 2025 (BOI)

Appointed by Board of Supervisors

**When Ex-Officio Trustee is absent*

OUR MEMBERSHIP

LACERA members work for L.A. County, the L.A. Superior Court, and four outside districts (Little Lake Cemetery District, Local Agency Formation Commission, L.A. County Office of Education, and South Coast Air Quality Management District), sustaining and supporting the community in hundreds of different professional capacities.

At our founding in 1938, LACERA had 12,250 members and 38 retirees. Our membership has consistently grown with the County over the decades. As of the fiscal year-end 2025, we had 121,758 active members and 76,704 retirees, an increase of 1,797 and 1,923, respectively, from the prior fiscal year-end.

LACERA Membership

As of June 30, 2025

	2025	2024	2023
Active Members	121,758	119,961	117,331
Retired Members	76,704	74,781	73,022
Total Membership	198,462	194,742	190,353

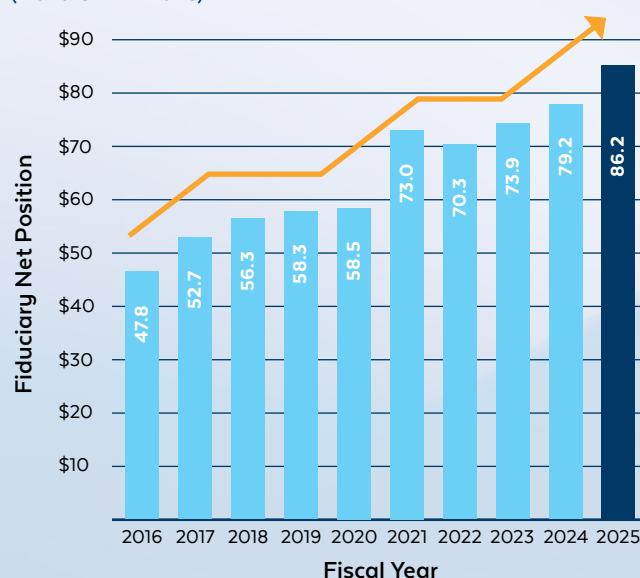
PENSION PLAN

Fiduciary Net Position

The Fiduciary Net Position (Net Position) represents the assets available for future payments to retirees and their beneficiaries. LACERA's investment portfolio produces investment income and LACERA collects contributions that exceed benefit and administrative expenses, improving the plan's financial health by increasing the fund balance available to pay future retirement benefits. For the last 10 years, this resulted in a \$38.4 billion net increase from \$47.8 as of June 30, 2016, bringing the total Pension Plan to \$86.2 billion as of June 30, 2025.

Growth of the Pension Plan

For the Last 10 Fiscal Years Ended June 30
(Dollars in Billions)



Changes in Fiduciary Net Position

For the fiscal years ended June 30, 2025 and 2024, the Fiduciary Net Position had a net increase of \$7.0 billion for 2025 and \$5.4 billion for 2024. These amounts represent the annual change in fund balance made available for additional investments, retirement benefit payments, and LACERA's cost of operations. The increase in Fiduciary Net Position for both fiscal years was due to favorable market conditions and strong investment returns.

Additions and Deductions in Net Position: Pension Plan

For the Fiscal Years Ended June 30
(Dollars in Millions)

	2025	2024	2023
Contributions	\$3,590	\$3,370	\$3,095
Net Investment Income	8,299	6,617	4,861
Total Additions	\$11,889	\$9,987	\$7,956
Benefits and Refunds	(\$4,776)	(\$4,518)	(\$4,281)
Administrative Expenses and Miscellaneous	(127)	(119)	(113)
Total Deductions	(\$4,903)	(\$4,637)	(\$4,394)
Net Increase	\$6,986	\$5,350	\$3,562
Fiduciary Net Position Beginning of Year	79,202	73,852	70,290
Fiduciary Net Position End of Year	\$86,188	\$79,202	\$73,852

Annual Investment Returns

LACERA's Pension Plan investment return (see table below) met its policy benchmark for the one-year period, underperformed for the three-year period, and outperformed for the five-year and ten-year periods. Benchmarks are standards used to measure the performance of an investment portfolio. Investment returns exceeded the actuarial assumed rate of return on assets for each time horizon. The actuarial expected return is the percentage rate that actuaries assume investments will earn when calculating pension liabilities. All returns are presented net of investment management fees.

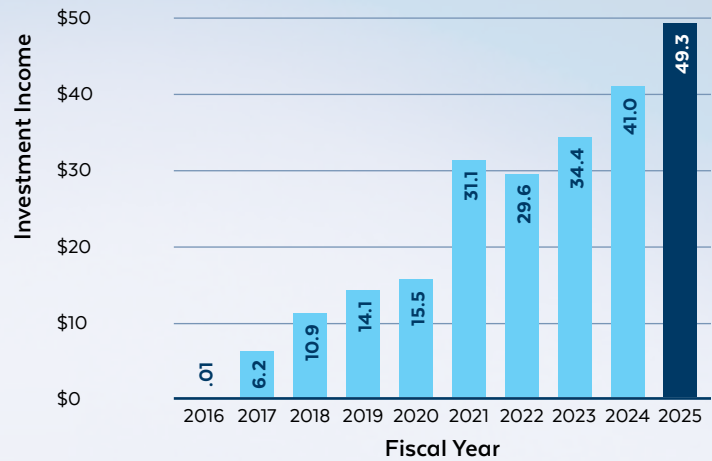
Annualized Total Returns (Net-of-Fees): Pension Plan As of June 30, 2025

	1 Year	3 Years	5 Years	10 Years
Pension Plan	9.7%	8.4%	9.8%	7.9%
Policy Benchmark*	9.7%	8.6%	8.5%	7.4%

*Total Fund Policy Custom Benchmark for LACERA

Pension Plan: Net Investment Activities

10-Year Cumulative Results
(Dollars in Billions)



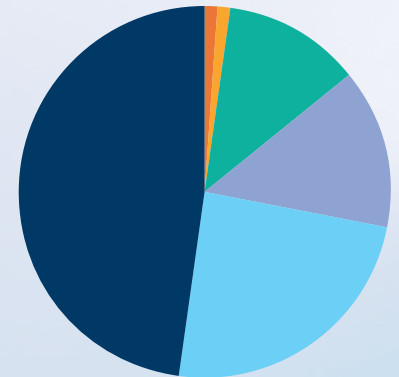
Asset Allocation

The LACERA Board of Investments periodically reviews and adopts a strategic asset allocation and investment policies, guided by the principle that the Fund is managed to provide benefits to LACERA's members. An investment fund's strategic asset allocation is recognized to have the most impact on a fund's investment performance. The Fund's policy allocations are designed to optimize the portfolio's risk/return profile, aiming to grow the portfolio over time. The Board approved the current strategic asset allocation for the Pension Plan during the 2024 fiscal year.

Pension Plan Asset Allocation

As of June 30, 2025

- Growth **48%**
- Risk Reduction and Mitigation **24%**
- Real Assets and Inflation Hedges **14%**
- Credit **12%**
- Overlays & Hedges **1%**
- Other Assets **1%**



Funded Status

LACERA's independent consulting actuary, Milliman, performed the latest actuarial valuation as of June 30, 2024 and determined the funded ratio, which is the percentage of assets available to cover future pension liabilities. The future pension liabilities amount not covered by assets currently available is referred to as the unfunded actuarial accrued liability (UAAL). The Pension Plan funded ratio increased by 1 percent for the valuation date June 30, 2024 primarily due to investment gains and additional employer contributions to reduce unfunded liabilities.

Funded Ratio and Unfunded Actuarial Accrued Liability (UAAL): Pension Plan

For the Last Three Actuarial Valuations
(Dollars in Thousands)

Valuation Date	Funded Ratio	UAAL
June 30, 2024	80.9%	\$18,139,694
June 30, 2023	79.9%	18,236,156
June 30, 2022	79.6%	17,608,541

RETIREE HEALTHCARE

The LACERA-administered Retiree Healthcare Benefits Program offers other post-employment benefits (OPEB) such as medical and dental/vision plans, as well as death/burial benefits for two tiers of retired members. For Tier 1 members, the County subsidy covers the member and/or eligible dependents. For Tier 2, the subsidy is limited to the member only and a qualifying survivor upon the member’s death. The County subsidy starts at 40 percent of the lesser of the benchmark plan rate or the actual premium of the retiree s selected plan, provided the retiree has at least 10 years of eligible service credit. The participating employers pay their healthcare premium subsidy obligations on a pay-as-you-go basis.

LACERA Membership – Retiree Healthcare Benefits
As of June 30, 2025

	2025	2024	2023
Medical Insurance ¹	86,637	85,071	83,633
Dental/Vision Insurance ¹	93,872	91,920	89,970
Death/Burial Benefits ²	66,398	64,651	63,152

¹Includes eligible members and beneficiaries participating in the program.

²Includes members eligible for the death/burial benefit, but excludes survivors, spouses and dependents.

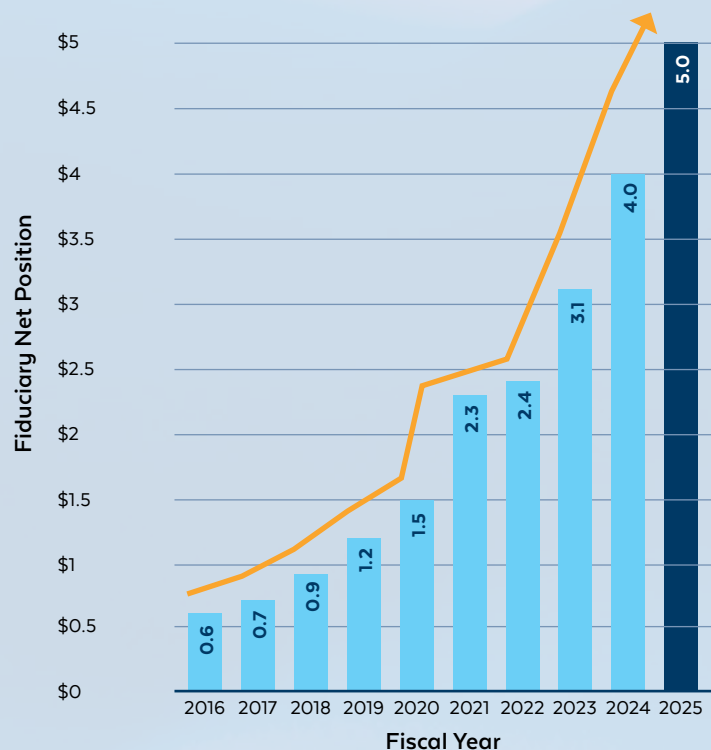
OPEB Trust

The County of Los Angeles, Superior Court, and LACERA established the OPEB Trust in 2012 to prefund future retiree healthcare obligations. LACERA administers the Trust by depositing employer contributions, earning interest and investment income, and paying expenses related to the Trust. Employers made an initial contribution of \$448 million and have consistently contributed to the fund each year.

Fiduciary Net Position

The OPEB Trust Net Position has increased over the past 10 years. Growth was driven by prefunding contributions and investment gains net of expenses. The current balance is \$5.0 billion as of June 30, 2025.

Growth of the OPEB Trust
For the Last 10 Fiscal Years Ended June 30
(Dollars in Billions)



Changes in Fiduciary Net Position

For the fiscal years ended 2025 and 2024, the Fiduciary Net Position increased \$1.0 billion and \$0.9 billion, respectively. These amounts represent the annual change in fund balance made available to pay for future retiree healthcare costs. The increase in Fiduciary Net Position for both fiscal years reflects both higher employer contributions and investment portfolio gains.

Additions and Deductions in Net Position: OPEB Trust

For the Fiscal Years Ended June 30
(Dollars in Millions)

	2025	2024	2023
Contributions ¹	\$1,460	\$1,316	\$1,196
Net Investment Income	472	368	248
Total Additions	\$1,932	\$1,684	\$1,444
Service Benefits	(\$873)	(\$797)	(\$745)
Administrative Expenses	(1)	(1)	(1)
Total Deductions	(\$874)	(\$798)	(\$746)
Net Increase	\$1,058	\$886	\$698
Fiduciary Net Position Beginning of Year	3,978	3,092	2,394
Fiduciary Net Position End of Year	\$5,036	\$3,978	\$3,092

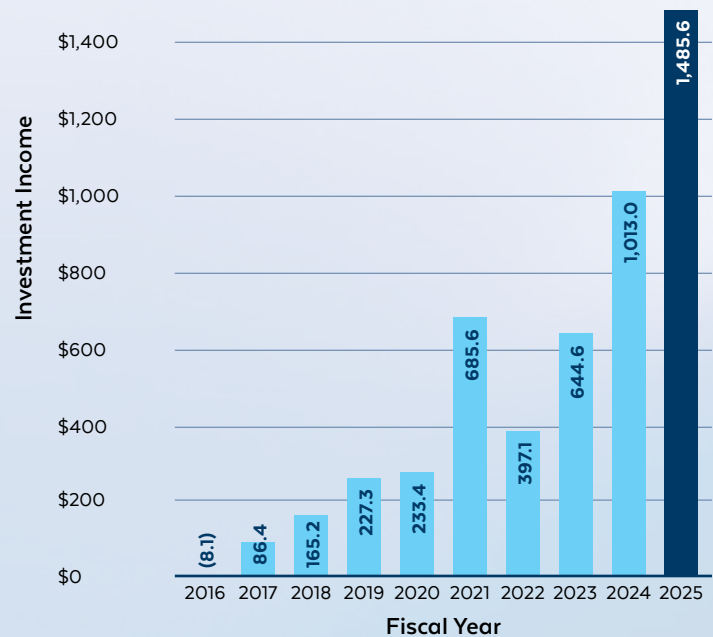
¹Contributions presented here include both prefunding and pay-as-you-go adjustments as presented in the ACFR's Statement of Changes in Fiduciary Net Position.

Annual Investment Returns

The OPEB Trust exceeded its policy benchmark for all reported periods (see table below). Investment returns also exceeded the actuarial assumed rate of return on assets for each time horizon. Benchmarks are standards used to measure the performance of an investment portfolio. The actuarial expected return is the percentage rate that actuaries assume investments will earn when calculating OPEB liabilities. All returns are presented net of investment management fees.

OPEB Trust: Net Investment Activities

10-Year Cumulative Results
(Dollars in Millions)



Annualized Total Returns (Net-of-Fees): OPEB Trust As of June 30, 2025

	1 Year	3 Years	5 Years	10 Years
OPEB Master Trust	11.1%	10.5%	9.0%	7.8%
Policy Benchmark*	10.3%	9.6%	8.5%	6.7%

*OPEB Master Trust Custom Policy Benchmark for LACERA

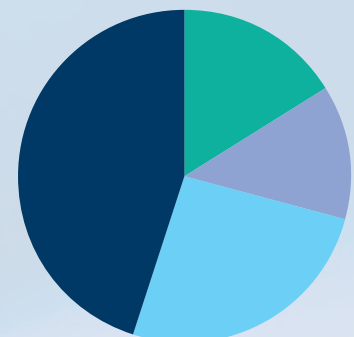
Asset Allocation

The LACERA Board of Investments periodically reviews and adopts a strategic asset allocation for the purpose of investment diversification to optimize growth and mitigate risk across the OPEB Trust portfolio. The Fund's policy allocations are designed to optimize the portfolio's risk/return profile, aiming to grow the portfolio over time. The Board approved the current strategic asset allocation for the OPEB Trust during fiscal year 2024.

OPEB Trust Asset Allocation

As of June 30, 2025

- Growth **45%**
- Real Assets and Inflation Hedges **26%**
- Credit **13%**
- Risk Reduction & Mitigation **16%**



AWARDS



2025 Public Pension Standards Award

In 2025, LACERA received its 23rd consecutive award from the Public Pension Coordinating Council (PPCC) in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards. These standards are intended to reflect minimum expectations for public retirement systems management and administration and serve as a benchmark by which all defined benefit public plans should be measured.



Award for Outstanding Achievement in Popular Annual Financial Reporting

For the 27th consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to LACERA for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2024. This prestigious national award recognizes conformance with the highest standards of creativity, presentation, understandability, and reader appeal for state and local government popular reports, and is valid for one year. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we will submit it to the GFOA for consideration again this year.

ACCOMPLISHMENTS

LACERA's 15 specialized divisions provide a range of professional services to ensure we fulfill our mission. Following are some of the divisions' fiscal year statistics.

Administrative Services 319,245 Pieces of Mail Processed	Administrative Services 653,323 Member Documents Scanned & Indexed	Benefits 76,895 Monthly Retirement Allowances Paid	Benefits 3,619 New Retirees
My LACERA 138,573 Registered Members	My LACERA 277,164 Retirement Benefit Estimates	My LACERA 636,096 Visits	Member Services 291 Workshops & Benefit Fairs (14,993 attendees)
Member Services 15,579 One-on-One Counseling Sessions (In-person, virtual, and telephone)	Member Services 117,033 Phone Inquiries	Retiree Healthcare 58,961 Phone Inquiries	Retiree Healthcare 60,327 Annual Healthcare Packets Mailed