LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

ACTUARIAL REVIEW REPORT FOR THE JUNE 30, 2025 ACTUARIAL VALUATION

PREPARED FOR JUNE 30, 2025

CavMac
Actuarial Consulting Services

February 20, 2026

Mr. Richard Bendall
Chief, Internal Audit
Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 820
Pasadena, CA 91101

Dear Mr. Bendall:

Cavanaugh Macdonald Consulting, LLC (CavMac) has performed an independent review of the June 30, 2025 actuarial valuation of retirement benefits for the Los Angeles County Employees Retirement Association (LACERA). As an independent reviewing, or auditing actuary, we have been asked to express an opinion regarding the reasonableness and accuracy of the valuation results, including a review of sample lives as well as a full independent replication of the key valuation results.

Our opinion on the valuation results is based on an independent replication of the June 30, 2025 actuarial valuation of LACERA and a review of detailed sample lives. We previously reviewed the 2025 Experience Study, prepared by Milliman. Our report, dated February 18, 2026, includes our opinion that the actuarial assumptions and methods recommended in the study were reasonable for purposes of performing the actuarial funding valuation. With respect to this review report, we would like to thank Milliman, LACERA's retained actuary, for their cooperation and assistance in providing the required information to us in a timely fashion. **We find the June 30, 2025 actuarial valuation results to be reasonable and accurate, based on the assumptions and methods used. The valuation was performed by qualified actuaries and was performed in accordance with the principles and practices prescribed by the Actuarial Standards Board.** This report documents the detailed results of our review.

Additional Information and Disclosures

This report has been prepared for LACERA and its stakeholders by CavMac and is intended to assist LACERA as it validates the reasonability of the liabilities, costs, and other calculations for retirement benefits, determined as of June 30, 2025. Additionally, the findings, conclusions, and recommendations presented in this report are specific to LACERA, LACERA's retirement benefits, and the work produced by Milliman. CavMac may produce different findings or arrive at different conclusions in other situations or even in cases involving other similar retirement benefit plans. As such, it is important to keep in mind that the use of this information for purposes other than those expressed here may not be appropriate.

In preparing this review, we have relied on the following information provided by LACERA and/or Milliman:

- Milliman's valuation report titled, *Los Angeles County Employees Retirement Association June 30, 2025 Actuarial Valuation of Retirement Benefits* (2025 LACERA Actuarial Valuation);

- Raw retirement plan actuarial valuation census data as of June 30, 2025, provided by LACERA;

- Milliman's processed retirement plan actuarial valuation census data as of June 30, 2025;

- Detailed sample lives prepared by Milliman; and

- Complete tables of actuarial assumptions used in the valuation, provided by Milliman.

We also considered our previous actuarial review report dated February 17, 2023 titled, *Los Angeles County Employees Retirement Association Actuarial Review Report For The June 30, 2022 Actuarial Valuation of Retirement Benefits*.

While we cannot verify the accuracy of all of this information, the supplied information was reviewed for reasonableness and consistency, and we have no reason to doubt the substantial accuracy or completeness of the information. We believe that it is sufficiently reliable for the purpose of conducting this review. The results and conclusions contained in this report depend on the integrity of this information, and if any of the supplied information or analyses change, our results and conclusions may be different, and this report may need to be revised.

The undersigned are familiar with the funding aspects of public retirement plan valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained in this report. In order to prepare the results in this report, we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. All sections of this report, including any appendices and attachments, are considered an integral part of the actuarial opinions.

CavMac does not provide legal, investment, or accounting advice. Thus, the information in this report is not intended to supersede or supplant the advice and interpretations of LACERA or its external consultants.

Sincerely,

Patrice Beckham, FSA, EA, MAAA, FCA
Principal and Consulting Actuary

Brent A. Banister, Ph.D., FSA, EA, MAAA, FCA
Chief Actuary

TABLE OF CONTENTS

SECTION I – EXECUTIVE SUMMARY

As an independent reviewing actuary, Cavanaugh Macdonald Consulting, LLC (CavMac) has been tasked to provide a general overview and express an opinion of the reasonableness and soundness of the actuarial work performed by the retained actuary, Milliman, for the Los Angeles County Employees Retirement Association (LACERA). The specific work product to be reviewed was the June 30, 2025 Actuarial Valuation of Retirement Benefits. The specific items included in the actuarial review were:

(1) Evaluation of the census data used in the performance of the valuation, including the degree to which the data is sufficient and appropriate for the purpose of an actuarial valuation, as well as the appropriateness of any assumptions used in creating the member data file;

(2) Independent parallel valuation as of June 30, 2025 using the actuarial assumptions, methodologies and funding methods used by the retained actuary in their performance of the June 30, 2025 actuarial valuation;

(3) Comparison of our parallel valuation results to the major valuation results in the June 30, 2025 valuation report prepared by Milliman and a reconciliation of any material discrepancies in the findings, assumptions, methodologies, or other calculations found in the retained actuary's work;

(4) A detailed review of selected sample lives to potentially detect issues that a comparison of total results might miss;

(5) Review of the June 30, 2025 actuarial valuation report for compliance with Actuarial Standards of Practice as well as for completeness, clarity, and calculation accuracy.

Our findings are based on actuarial reports, member census data, and supplemental information provided by both LACERA and Milliman.

We believe it is important to understand that this review process is an independent, yet collaborative effort. We strive to replicate the calculations as independently as possible. Our goal, however, is not to see if we can find errors so much as it is to make sure that Milliman's presentation to LACERA is as accurate and useful as possible. In carrying this out, we provide suggestions, comments, and occasional corrections to Milliman that they often reflect in their report.

In the following discussion, we have summarized the key points from the full report.

Data Analysis

Underlying the results of any actuarial valuation is the census or membership data, including demographic details of each member entitled to a benefit payment in the future. If the data are not accurate, then results drawn from the data may not be accurate, either. We confirmed that the census data provided to the retained actuary by LACERA contains the necessary elements to perform an actuarial valuation, although we did not audit the data itself. The second part of this step was to ensure that Milliman used the data appropriately.

We requested the original member census data provided to Millman for the 2025 valuation by LACERA. We also requested member data, as reconciled for the 2025 valuation by Milliman, along with complete descriptions of assumptions, methods and valuation procedures. Our comparison of the census data used by Milliman for the June 30, 2025 actuarial valuation with the original data produced by LACERA indicated that Milliman's data is substantially consistent with the LACERA data. **We find that the data is consistent, complete, and appropriate for the purpose for which it is being used.**

Parallel Valuation Results

The key findings and recommendations resulting from our review of Milliman's June 30, 2025 actuarial valuation are discussed below. We matched well in aggregate and reasonably well on the various component pieces. It is important to understand that we do not expect to match Milliman's results exactly because we are using independent approaches to valuing the liabilities.

There are three key metrics in the actuarial valuation:
- Present Value of Benefits (PVB),
- Actuarial Accrued Liability (AAL),
- Normal Cost (NC).

The PVB is a measure of all benefits expected to be ultimately paid in the future for all current members of the Plan. The AAL reflects the portion of the PVB attributable to service already performed as of the valuation date. The Normal Cost is the portion of the PVB allocated to the current plan year. Of the three measures, we expect to match the PVB the closest, typically within 1% to 3%, while the AAL is often not quite as close, and the Normal Cost often reflects the greatest difference, with a variance of 3% to 6% being generally reasonable. This wider range is a consequence of the actuarial mathematics involved in which small variants in approach have a larger impact on the results.

In Section III of this report, the detailed results of our independent parallel valuation of the LACERA liabilities are compared with the June 30, 2025 valuation results prepared by Milliman. We were able to match all key measurements within a reasonable range. **We find the calculation results in the June 30, 2025 valuation to be reasonable and appropriate for their intended purposes.**

Overall, our parallel valuation results were very close to Milliman's, particularly for the present value of future benefits which is the most important metric from a funding perspective. The following exhibit illustrates the ratio of CavMac's results to Milliman's for all three of the key valuation metrics. A ratio near 100% indicates a very close match. For some of the older plans, there are relatively few active members and those that remain are less typical of the overall membership. The different approached in modeling can have a larger impact on these groups, so the ratios may be further from 100%, particularly for the normal cost.

	Ratio of CavMac Results to Milliman		
Plan	Present Value of Benefits	Actuarial Accrued Liability	Normal Cost
General - A	100%	100%	113%
General - B	100%	100%	111%
General - C	100%	100%	96%
General - D	99%	98%	101%
General - E	101%	100%	106%
General - G	99%	94%	98%
Safety - A	101%	101%	N/A
Safety - B	99%	99%	99%
Safety - C	100%	94%	99%
All Plans	99%	99%	100%

Based on our experience performing actuarial reviews and our professional judgment, CavMac believes all of the variances shown in the table above are within an acceptable range and the results confirm the reliability of the June 30, 2025 valuation results prepared by Milliman. While we have matched closely in our replication work during the last two replications, we used a new valuation software that is based on a different underlying calculation methodology for this year's replication. Because the underlying computer programming approach is significantly different from the prior program, we believe the resulting level of matched results should substantially improve the confidence in Milliman's work.

As indicated in our *Actuarial Review of the 2025 Experience Investigation Report*, dated February 18, 2026, we found the actuarial assumptions and methods recommended by Milliman to be reasonable and in accordance with applicable Actuarial Standards of Practice. The assumptions used in this valuation, including a 7.0% investment return assumption, are those that were approved by LACERA's Board of Investments at their December 2025 meeting. We verified that the newly adopted set of actuarial assumptions was used to produce the June 30, 2025 valuation results.

Because of the change to the actuarial assumptions, the employee contribution rates for non-PEPRA Plans, including both Normal Member Contribution Rates and Normal Plus Cost-of-Living Member Contribution Rates, were re-determined in the June 30, 2025 valuation report. Based on the methodology described in the report, we verified that the contribution rates shown are reasonable.

As part of this review, CavMac also looked back at our prior actuarial review report, prepared three years ago which had specific recommendations and suggestions for future valuations. As would be expected in an on-going review process as currently exists for LACERA, the list of recommendations usually becomes shorter as they are implemented or determined not to be appropriate.

Review of Selected Individuals

As part of our review, we examined results for 26 individual members, including actives, deferred vested, and in-pay members. By focusing on a limited number of individuals who we selected based on specific criteria, it is often possible to detect differences that are not apparent in the overall replication results. In this case, however, we found that the liability measures reported by Milliman for each of the individual sample lives were consistent with our calculations, further confirming our findings that the valuation results are accurate and reliable.

Review of Valuation Report

As part of our review of the valuation report, we verified the key calculations shown in the exhibits. We also verified the reasonableness of the member contribution rates that are provided in the report. We did not observe any significant issues.

We reviewed the June 30, 2025 Actuarial Valuation Report produced by Milliman in detail. We confirmed that the report contains the basic model disclosures recommended by the California Actuarial Advisory Panel (CAAP). We also reviewed the valuation report for compliance with Actuarial Standards of Practice, including *ASOP 4*, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions,* a standard which was significantly revised with an effective date since the last review of the 2022 valuation report. **We found the valuation report to be well written, comprehensive in content, and in compliance with the ASOPs.** We offer a few comments and suggestions for improvement, but all are minor.

Conclusion

It is our belief that an actuarial review should not focus on finding trivial differences between actuarial processes, procedures, philosophies, or styles utilized by two different actuaries, but rather to verify there are no material errors, and to identify potential improvements to the process and procedures utilized by LACERA's retained actuary. Actuarial work draws heavily on professional judgment, so there is a subjective component that must be considered alongside the objective component of matching numerical results. In performing this review, we attempt to limit discussions concerning stylistic preferences and focus more on the significant philosophical approaches, the accuracy of calculations, the completeness and reliability of reporting, and the compliance with generally acceptable actuarial practices and standards of practice in all of the work reviewed.

Because of the complexity of actuarial work, we would not expect to match Milliman's valuation results exactly, nor would we necessarily expect our professional opinions regarding the results to be the same as Milliman's. While we offer some different viewpoints or ideas, we believe that Milliman's work provides an appropriate assessment of the status of retirement benefits for the purpose of determining contribution rates.

Finding of the Review: **We find the actuarial calculations in the June 30, 2025 actuarial valuation to be reasonable, based on the actuarial assumptions and methods used. The valuation was performed by qualified actuaries and was performed in accordance with the principles and practices prescribed by the Actuarial Standards Board.** Furthermore, the valuation report complies with applicable Actuarial Standards of Practice and the basic model disclosures recommended by the California Actuarial Advisory Panel.

The remainder of this report provides the basis for our findings for each of the requested tasks, including our recommendations.

Milliman supplied CavMac with the member data used for the June 30, 2025 actuarial valuation. This included both the raw data prepared by LACERA and the processed data used by Milliman for its actuarial software. We compared the records and are comfortable with the data processing being performed by Milliman.

There is minimal data scrubbing performed by Milliman, so we were generally able to confirm that the processed records used by Milliman were consistent with the data provided by LACERA. We further tested that the manner in which records were selected for inclusion or exclusion in the valuation or assignment of valuation status was appropriate.

We tested the member counts by status and the totals of selected key fields to be sure they were reasonably close. The following tables contain some additional detail summarizing our review. In most cases, the matching is quite close, considering rounding issues and adjustments that Milliman makes for annualizing new hires. This has no meaningful impact on the total results since these individuals have virtually no actuarial accrued liability.

We believe that the data provided by LACERA is sufficient for Milliman to reasonably perform its work. We did not audit the data, but simply determined whether Milliman was using the data appropriately and that it was consistent with the raw data provided by LACERA. ***Overall, we are comfortable that the data Milliman uses to perform its valuation is complete and appropriate for the purposes of an actuarial funding valuation, as well as consistent with the data supplied by LACERA.***

ANALYSIS OF ACTIVE DATA

		Number	Annual Salary	Average Age	Average Service
General Members					
Plan A	LACERA Data	36	$4,366,048	77.7	45.7
	Milliman Data	36	$4,485,768	77.7	45.7
	% Difference	0.00%	2.74%	0.00%	0.00%
Plan B	LACERA Data	7	$971,166	73.5	40.3
	Milliman Data	7	$978,540	73.5	40.3
	% Difference	0.00%	0.76%	0.00%	0.00%
Plan C	LACERA Data	7	$1,096,335	72.6	45.4
	Milliman Data	7	$1,111,008	72.6	45.4
	% Difference	0.00%	1.34%	0.00%	0.00%
Plan D	LACERA Data	30,188	$3,430,875,656	53.4	22.6
	Milliman Data	30,187	$3,436,965,672	53.4	22.6
	% Difference	0.00%	0.18%	0.00%	0.00%
Plan E	LACERA Data	11,101	$1,068,998,136	57.5	26.1
	Milliman Data	11,098	$1,068,462,432	57.5	26.1
	% Difference	-0.03%	-0.05%	0.00%	0.00%
Plan G	LACERA Data	46,273	$4,137,843,099	40.9	5.4
	Milliman Data	46,264	$4,140,344,364	40.9	5.4
	% Difference	-0.02%	0.06%	0.00%	0.00%
Total	LACERA Data	87,612	$8,644,150,440	47.3	14.0
	Milliman Data	87,599	$8,652,347,784	47.3	14.0
	% Difference	-0.01%	0.09%	0.00%	0.00%
Safety Members					
Plan A	LACERA Data	0	$0.00	0	0
	Milliman Data	0	$0.00	0	0
	% Difference	0.00%	0.00%	0.00%	0.00%
Plan B	LACERA Data	6,487	$1,113,326,079	48.3	21.5
	Milliman Data	6,486	$1,106,701,740	48.3	21.5
	% Difference	-0.02%	-0.60%	0.00%	0.00%
Plan C	LACERA Data	5,690	$658,790,856	34.5	6.2
	Milliman Data	5,690	$658,895,448	34.5	6.2
	% Difference	0.00%	0.02%	0.00%	0.00%
Total	LACERA Data	12,177	$1,772,116,935	41.9	14.4
	Milliman Data	12,176	$1,765,597,188	41.9	14.4
	% Difference	-0.01%	-0.37%	0.00%	0.00%
Total	LACERA Data	99,789	$10,416,267,375	46.7	14.0
	Milliman Data	99,775	$10,417,944,972	46.7	14.0
	% Difference	-0.01%	0.02%	0.00%	0.00%

ANALYSIS OF VESTED FORMER MEMBER DATA

		Number	Average Age
General Members			
Plan A	LACERA Data	39	78
	Milliman Data	39	78
	% Difference	0.00%	0.00%
Plan B	LACERA Data	8	75.9
	Milliman Data	8	75.9
	% Difference	0.00%	0.00%
Plan C	LACERA Data	12	71.1
	Milliman Data	12	71.1
	% Difference	0.00%	0.00%
Plan D	LACERA Data	7,344	51.8
	Milliman Data	7,410	51.8
	% Difference	0.90%	0.00%
Plan E	LACERA Data	2,550	57.8
	Milliman Data	2,480	58
	% Difference	-2.75%	0.35%
Plan G	LACERA Data	10,454	39.7
	Milliman Data	10,454	39.7
	% Difference	0.00%	0.00%
Total	LACERA Data	20,407	46.4
	Milliman Data	20,403	46.4
	% Difference	-0.02%	0.01%
Safety Members			
Plan A	LACERA Data	3	72.4
	Milliman Data	3	72.4
	% Difference	0.00%	0.00%
Plan B	LACERA Data	737	47.5
	Milliman Data	739	47.5
	% Difference	0.27%	0.00%
Plan C	LACERA Data	822	34.1
	Milliman Data	822	34.1
	% Difference	0.00%	0.00%
Total	LACERA Data	1,562	40.4
	Milliman Data	1,564	40.5
	% Difference	0.13%	0.37%
Total	LACERA Data	21,969	46.0
	Milliman Data	21,967	46.0
	% Difference	-0.01%	0.03%

Note: Inactive vested counts from the LACERA data are not adjusted for suspended active records.

ANALYSIS OF IN-PAY MEMBER DATA

		Number	Annual Allowances	Average Age	Average Monthly Benefit
General Members					
Plan A	LACERA Data	15,268	$1,064,844,506	82.6	$5,812
	Milliman Data	15,259	$1,066,607,564	82.6	$5,825
	% Difference	-0.06%	0.17%	0.00%	0.22%
Plan B	LACERA Data	657	$43,925,454	77.8	$5,571
	Milliman Data	657	$43,977,491	77.8	$5,578
	% Difference	0.00%	0.12%	0.00%	0.13%
Plan C	LACERA Data	450	$26,385,981	77	$4,886
	Milliman Data	450	$26,411,450	77	$4,891
	% Difference	0.00%	0.10%	0.00%	0.10%
Plan D	LACERA Data	26,475	$1,387,144,990	69.9	$4,366
	Milliman Data	26,464	$1,388,034,055	69.9	$4,371
	% Difference	-0.04%	0.06%	0.00%	0.11%
Plan E	LACERA Data	18,297	$634,512,892	73.8	$2,890
	Milliman Data	18,299	$634,539,376	73.8	$2,890
	% Difference	0.01%	0.00%	0.00%	0.00%
Plan G	LACERA Data	592	$10,895,127	64.8	$1,534
	Milliman Data	591	$10,894,041	64.9	$1,536
	% Difference	-0.17%	-0.01%	0.15%	0.13%
Total	LACERA Data	61,739	$3,167,708,950	74.3	$4,276
	Milliman Data	61,720	$3,170,463,978	74.3	$4,281
	% Difference	-0.03%	0.09%	0.00%	0.12%
Safety Members					
Plan A	LACERA Data	5,511	$622,819,653	80.6	$9,418
	Milliman Data	5,508	$624,865,031	80.6	$9,454
	% Difference	-0.05%	0.33%	0.00%	0.38%
Plan B	LACERA Data	9,372	$1,077,357,830	62.8	$9,580
	Milliman Data	9,363	$1,077,934,433	62.8	$9,594
	% Difference	-0.10%	0.05%	0.00%	0.15%
Plan C	LACERA Data	70	$3,570,094	47.1	$4,250
	Milliman Data	69	$3,570,094	47.3	$4,312
	% Difference	-1.43%	0.00%	0.42%	1.46%
Total	LACERA Data	14,953	$1,703,747,577	69.3	$9,495
	Milliman Data	14,940	$1,706,369,557	69.3	$9,518
	% Difference	-0.09%	0.15%	0.01%	0.24%
Total	LACERA Data	76,692	$4,871,456,528	73.3	$5,293
	Milliman Data	76,660	$4,876,833,535	73.3	$5,301
	% Difference	-0.04%	0.11%	0.00%	0.15%

ANALYSIS OF IN-PAY MEMBER DATA – HEALTHY RETIREES

		Number	Annual Allowances	Average Age	Average Monthly Benefit
General Members					
Plan A	LACERA Data	10,483	$837,266,762	82.3	$6,656
	Milliman Data	10,483	$837,435,310	82.3	$6,657
	% Difference	0.00%	0.02%	0.00%	0.02%
Plan B	LACERA Data	543	$38,978,705	77.7	$5,982
	Milliman Data	543	$38,982,755	77.7	$5,983
	% Difference	0.00%	0.01%	0.00%	0.02%
Plan C	LACERA Data	340	$22,388,443	77.2	$5,487
	Milliman Data	340	$22,391,273	77.2	$5,488
	% Difference	0.00%	0.01%	0.00%	0.02%
Plan D	LACERA Data	21,573	$1,210,318,866	70.4	$4,675
	Milliman Data	21,575	$1,211,176,231	70.4	$4,678
	% Difference	0.01%	0.07%	0.00%	0.06%
Plan E	LACERA Data	16,454	$601,586,782	73.9	$3,047
	Milliman Data	16,457	$601,664,371	73.9	$3,047
	% Difference	0.02%	0.01%	0.00%	0.00%
Plan G	LACERA Data	467	$7,515,645	67.6	$1,341
	Milliman Data	467	$7,535,499	67.6	$1,345
	% Difference	0.00%	0.26%	0.00%	0.30%
Total	LACERA Data	49,860	$2,718,055,203	74.2	$4,543
	Milliman Data	49,865	$2,719,185,439	74.2	$4,544
	% Difference	0.01%	0.04%	0.00%	0.03%
Safety Members					
Plan A	LACERA Data	1,651	$218,351,593	80.1	$11,021
	Milliman Data	1,651	$218,432,619	80.1	$11,025
	% Difference	0.00%	0.04%	0.00%	0.04%
Plan B	LACERA Data	3,517	$409,789,394	64	$9,710
	Milliman Data	3,516	$409,788,357	64	$9,712
	% Difference	-0.03%	0.00%	0.00%	0.02%
Plan C	LACERA Data	18	$961,426	63.3	$4,451
	Milliman Data	18	$961,426	63.3	$4,451
	% Difference	0.00%	0.00%	0.00%	0.00%
Total	LACERA Data	5,186	$629,102,413	69.1	$10,109
	Milliman Data	5,185	$629,182,402	69.1	$10,112
	% Difference	-0.02%	0.01%	0.00%	0.03%
Total	LACERA Data	55,046	$3,347,157,616	73.7	$5,067
	Milliman Data	55,050	$3,348,367,841	73.7	$5,069
	% Difference	0.01%	0.04%	0.00%	0.03%

ANALYSIS OF IN-PAY MEMBER DATA – DISABLED RETIREES

		Number	Annual Allowances	Average Age	Average Monthly Benefit
General Members					
Plan A	LACERA Data	929	$46,361,795	82.4	$4,159
	Milliman Data	929	$46,900,410	82.4	$4,207
	% Difference	0.00%	1.16%	0.00%	1.15%
Plan B	LACERA Data	37	$1,347,652	76.4	$3,035
	Milliman Data	37	$1,374,237	76.4	$3,095
	% Difference	0.00%	1.97%	0.00%	1.98%
Plan C	LACERA Data	42	$1,634,442	77.4	$3,243
	Milliman Data	42	$1,678,147	77.4	$3,330
	% Difference	0.00%	2.67%	0.00%	2.68%
Plan D	LACERA Data	2,636	$110,414,170	66.5	$3,491
	Milliman Data	2,631	$110,629,392	66.5	$3,504
	% Difference	-0.19%	0.19%	0.00%	0.37%
Plan G	LACERA Data	83	$2,734,556	54.9	$2,746
	Milliman Data	83	$2,734,556	54.9	$2,746
	% Difference	0.00%	0.00%	0.00%	0.00%
Total	LACERA Data	3,727	$162,492,615	70.4	$3,633
	Milliman Data	3,722	$163,316,742	70.4	$3,657
	% Difference	-0.13%	0.51%	0.01%	0.64%
Safety Members					
Plan A	LACERA Data	2,202	$259,145,193	80.3	$9,807
	Milliman Data	2,202	$260,004,572	80.3	$9,840
	% Difference	0.00%	0.33%	0.00%	0.34%
Plan B	LACERA Data	5,367	$628,723,224	62.1	$9,762
	Milliman Data	5,364	$629,503,812	62.1	$9,780
	% Difference	-0.06%	0.12%	0.00%	0.18%
Plan C	LACERA Data	47	$2,400,335	41.4	$4,256
	Milliman Data	46	$2,400,335	41.6	$4,348
	% Difference	-2.13%	0.00%	0.48%	2.16%
Total	LACERA Data	7,616	$890,268,752	67.2	$9,741
	Milliman Data	7,612	$891,908,720	67.2	$9,764
	% Difference	-0.05%	0.18%	0.01%	0.24%
Total	LACERA Data	11,343	$1,052,761,368	68.3	$7,734
	Milliman Data	11,334	$1,055,225,462	68.3	$7,759
	% Difference	-0.08%	0.23%	0.01%	0.31%

ANALYSIS OF IN-PAY MEMBER DATA – BENEFICIARIES

		Number	Annual Allowances	Average Age	Average Monthly Benefit
General Members					
Plan A	LACERA Data	3,856	$181,215,949	83.4	$3,916
	Milliman Data	3,847	$182,271,844	83.4	$3,948
	% Difference	-0.23%	0.58%	0.00%	0.82%
Plan B	LACERA Data	77	$3,599,097	79.8	$3,895
	Milliman Data	77	$3,620,498	79.8	$3,918
	% Difference	0.00%	0.59%	0.00%	0.59%
Plan C	LACERA Data	68	$2,363,097	75.7	$2,896
	Milliman Data	68	$2,342,031	75.7	$2,870
	% Difference	0.00%	-0.89%	0.00%	-0.90%
Plan D	LACERA Data	2,266	$66,411,954	68.9	$2,442
	Milliman Data	2,258	$66,228,433	69.1	$2,444
	% Difference	-0.35%	-0.28%	0.29%	0.08%
Plan E	LACERA Data	1,843	$32,926,111	72.7	$1,489
	Milliman Data	1,842	$32,875,005	72.7	$1,487
	% Difference	-0.05%	-0.16%	0.00%	-0.13%
Plan G	LACERA Data	42	$644,925	53.3	$1,280
	Milliman Data	41	$623,985	54.1	$1,268
	% Difference	-2.38%	-3.25%	1.50%	-0.94%
Total	LACERA Data	8,152	$287,161,132	76.7	$2,935
	Milliman Data	8,133	$287,961,797	76.8	$2,951
	% Difference	-0.23%	0.28%	0.08%	0.51%
Safety Members					
Plan A	LACERA Data	1,658	$145,322,867	81.3	$7,304
	Milliman Data	1,655	$146,427,840	81.4	$7,373
	% Difference	-0.18%	0.76%	0.12%	0.94%
Plan B	LACERA Data	488	$38,845,213	61	$6,633
	Milliman Data	483	$38,642,263	61.3	$6,667
	% Difference	-1.02%	-0.52%	0.49%	0.51%
Plan C	LACERA Data	5	$208,332	42.2	$3,472
	Milliman Data	5	$208,332	42.2	$3,472
	% Difference	0.00%	0.00%	0.00%	0.00%
Total	LACERA Data	2,151	$184,376,412	76.6	$7,143
	Milliman Data	2,143	$185,278,436	76.8	$7,205
	% Difference	-0.37%	0.49%	0.23%	0.86%
Total	LACERA Data	10,303	$471,537,544	76.7	$3,814
	Milliman Data	10,276	$473,240,232	76.8	$3,838
	% Difference	-0.26%	0.36%	0.11%	0.62%

SECTION III – ACTUARIAL VALUATION RESULTS REVIEW

This section of our review discusses the reasonableness and accuracy of the liabilities and contribution rates developed in Milliman's June 30, 2025 actuarial valuation of LACERA. We independently programmed the various types of benefits provided to members by LACERA using standard actuarial approaches.

The retirement benefits offered by LACERA are generally more complex than many other systems, partly because of the number of groups and benefit tiers covering the members. Different actuaries could reasonably use different approaches to modeling the liabilities of the different Plans. In order to be able to meaningfully compare our results to Milliman's results and to perform a useful sample life review, we selected certain approaches to be consistent with the assumptions and methods used by Milliman. However, we made an effort to minimize direct discussions on methodology and programming in order to maintain our independence. While Milliman was responsive to our questions, they were also careful not to provide any information that would have provided inappropriate insight into their processes. Further, we performed the analysis this time using a different valuation software (we had used the same program as Milliman in our prior review) with a different underlying calculation strategy, so that our confirmation of Milliman's work is a stronger validation than before. As a result, we believe that the results we obtained are a meaningful test of the reliability of the work performed by Milliman.

As the following summary shows, our independent valuation results matched those of Milliman well overall and by the various Plans. As with any replication analysis, we do not expect to match results exactly because we know we are using independent approaches to modeling the liabilities. In particular, ancillary benefits such as active death and disability benefits are generally harder to match without coordinated effort, which loses a degree of the independence that is desired in an actuarial review. These ancillary benefits, however, are typically of less significance from a liability and cost perspective. Another example of why we would expect to differ is that our new valuation software values retirees on a monthly rather than annual basis. This approach means that we will be higher for about half the individuals and lower for the other half, leading to an immaterial difference.

Results in the following tables are shown for the Present Value of Benefits (PVB), the Actuarial Accrued Liability (AAL), and the Normal Cost. The PVB is a measure of the value of all benefits expected to be ultimately paid for all current members of the system. The AAL reflects the portion of the PVB attributable to service already performed, and is the measure typically used for funding and accounting purposes. The Normal Cost is the portion of the PVB allocated to the current plan year. Of the three measures, we typically expect to match the PVB the closest, typically within 1% to 3%, while the AAL is often not quite as close, and the Normal Cost often varies by 3% to 6%. **Based on the results shown in the following tables, we are satisfied that the June 30, 2025 results presented in Milliman's valuation report provide a fair representation of LACERA's current funded status and the contribution rates needed to fund the Plan.**

	General											
	Plan A		**Plan B**		**Plan C**		**Plan D**		**Plan E**		**Plan G**	
	Milliman	CavMac	Milliman	CavMac	Milliman	CavMac	Milliman	CavMac	Milliman	CavMac	Milliman	CavMac
Present Value of Future Benefits (PVB):												
Actives	$43	$41	$9	$9	$11	$11	$25,950	$25,212	$6,457	$6,582	$14,960	$14,783
Inactive Vesteds	3	3	1	1	0	0	878	872	442	432	237	238
Retirees	9,064	9,062	443	442	283	283	17,239	17,326	6,585	6,605	152	149
Total	$9,109	$9,105	$453	$451	$295	$294	$44,067	$43,411	$13,484	$13,619	$15,348	$15,170
Actuarial Accrued Liability	$9,109	$9,105	$453	$451	$294	$294	$39,021	$38,286	$12,651	$12,702	$4,904	$4,615
Normal Cost	$0.1	$0.1	$0.1	$0.1	$0.1	$0.1	$624.0	$630.6	$112.9	$120.0	$712.4	$695.2
Ratio (CavMac/Milliman)												
PVB:												
Actives		95%		96%		96%		97%		102%		99%
Inactive Vesteds		98%		98%		98%		99%		98%		101%
Retirees		100%		100%		100%		101%		100%		98%
Total		100%		100%		100%		99%		101%		99%
Actuarial Accrued Liability		100%		100%		100%		98%		100%		94%
Normal Cost		113%		111%		96%		101%		106%		98%

Note: Dollars in millions.

	Safety							
	Plan A		**Plan B**		**Plan C**		**Total**	
	Milliman	**CavMac**	**Milliman**	**CavMac**	**Milliman**	**CavMac**	**Milliman**	**CavMac**
Present Value of Future Benefits (PVB):								
Actives	$0	$0	$11,740	$11,383	$4,167	$4,148	$15,908	$15,531
Inactive Vesteds	0	0	173	172	40	40	213	212
Retirees	6,171	6,222	16,330	16,371	60	60	22,561	22,653
Total	$6,172	$6,222	$28,244	$27,926	$4,267	$4,248	$38,682	$38,396
Actuarial Accrued Liability	$6,172	$6,222	$25,794	$25,482	$1,309	$1,236	$33,275	$32,940
Normal Cost	N/A	N/A	$336.7	$333.5	$199.3	$197.2	$536.0	$530.7
Ratio (CavMac/Milliman)								
PVB:								
Actives		N/A		97%		100%		98%
Inactive Vesteds		100%		99%		100%		99%
Retirees		101%		100%		100%		100%
Total		101%		99%		100%		99%
Actuarial Accrued Liability		101%		99%		94%		99%
Normal Cost		N/A		99%		99%		99%

Note: Dollars in millions.

SECTION IV – SAMPLE LIVES REVIEW

In addition to the replication of results discussed in Section III, we were also asked by LACERA to perform a review of sample lives. These samples included 10 active (or suspended active) members, 6 deferred (or contingent deferred) vested members, and 10 in-pay members (including healthy retirees, disabled retirees, and beneficiaries). These records were selected to provide a reliable sampling of plans, payment options, age, sex, and service levels of the Plans. Certain records were specifically selected to allow an in-depth review of unusual provisions. We were provided with detail of the present value of benefits for all of the sample lives, as well as the actuarial accrued liability, normal cost, and present value of future salary for the active members. Furthermore, for active members, the aggregate amounts were further broken down by decrement (termination, death, disability, and retirement) to allow for more detailed analysis.

In our review of these individual records, we did not observe any issues of concern. For the majority of individuals, we matched the present value of future benefits within 2%, which is exceptionally close. A few individuals varied by more, but this is to be expected given the complexities of actuarial valuation software.

This consistency among a small number of records helps support the pattern observed in the aggregate and further demonstrates that Milliman's calculation of LACERA's liabilities is reasonable.

	Present Value of Future Benefits		
	Milliman	CavMac	Ratio
Active 1	846,176	822,136	97%
Active 2	498,884	484,287	97%
Active 3	847,549	852,572	101%
Active 4	536,516	551,944	103%
Active 5	442,206	425,999	96%
Active 6	392,595	385,411	98%
Active 7	1,719,255	1,671,182	97%
Active 8	1,089,444	1,056,467	97%
Active 9	512,304	536,541	105%
Active 10	837,637	845,607	101%
Deferred Vested 1	152,752	150,966	99%
Deferred Vested 2	89,795	90,076	100%
Deferred Vested 3	87,067	83,497	96%
Deferred Vested 4	81,848	83,365	102%
Deferred Vested 5	332,576	326,647	98%
Deferred Vested 6	75,999	75,431	99%
In-Pay 1	398,484	391,369	98%
In-Pay 2	2,273,526	2,274,095	100%
In-Pay 3	921,666	943,563	102%
In-Pay 4	479,241	476,962	100%
In-Pay 5	1,654,555	1,623,364	98%
In-Pay 6	535,906	538,416	100%
In-Pay 7	242,291	242,973	100%
In-Pay 8	430,894	429,581	100%
In-Pay 9	731,431	735,397	101%
In-Pay 10	1,016,166	1,031,057	101%

SECTION V – VALUATION REPORT REVIEW

CONTENT OF THE ACTUARIAL REPORTS

The Actuarial Standards Board has issued a number of Actuarial Standards of Practice (ASOP) which provide guidance on measuring retirement benefit obligations and communicating the results (ASOP Nos. 1, 4, 23, 27, 35, 41, 44, 51, and 56). The guidance in those standards includes specific elements to be included in actuarial communications regarding retirement benefits, either directly or by reference to other documents. Some elements would not be pertinent in all communications, but since an actuarial valuation report is the most complete picture of the actuarial status of the plan, all of the elements listed in the ASOPs should be covered in the report, even if only briefly.

We reviewed the June 30, 2025 actuarial valuation report to confirm that it provides sufficient information for another actuary to understand the valuation process and to assess the reasonableness of the results, as required under Actuarial Standards of Practice. We also reviewed the report for compliance with Actuarial Standards of Practice, including *ASOP 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions,* a key standard that was significantly revised since the last review of the 2022 valuation report.

We also compared the contents of the valuation report to over 30 specific items identified for pension actuarial work in the various ASOPs listed above. ***In our review of the June 30, 2025 valuation report, we found it to be in compliance with the applicable ASOPs****.*

The California Actuarial Advisory Panel (CAAP) has published a document entitled *"Model Disclosure Elements for Actuarial Valuation Reports on Public Retirement Systems in California*". The disclosure elements are organized as basic disclosures generally suitable for the regular actuarial valuation report and enhanced disclosures that may be appropriate for inclusion in either the regular actuarial valuation report or in other reports specific to a certain purpose. We reviewed the June 30, 2025 Actuarial Valuation Report produced by Milliman and confirmed that the report contains all of the basic model disclosures recommended by the California Actuarial Advisory Panel. It also includes many of the enhanced disclosure items set out in the CAAP document.

The valuation report is generally well written and organized. We have just a few suggestions for Milliman's consideration. These points are raised for discussion purposes only. Final decisions should be based on LACERA's needs after discussion with their retained actuary. We note that Milliman has made changes in response to our suggestions, either in our prior 2022 Review or in informal discussion during the preparation of their 2025 valuation report.   One of our prior suggestions was to include an exhibit that shows the projection of the unfunded actuarial accrued liability to the valuation date. Milliman now shows this in their report, and we are hopeful that it has been useful to other readers.

Suggestion: Although not required by Actuarial Standards of Practice or the California Actuarial Advisory Panel, we would suggest projections of funded status and employer contribution rates under one or two alternate future investment return scenarios be included. We have found

projections of scenarios such as a 0% or -5% return for the coming year, or a five-year period of returns 1% below expected can be useful in helping interested parties better understand the potential funding risks related to actual versus expected investment returns. While Milliman's Risk Assessment report provides some of this information, we believe that the inclusion in the valuation report with the most current information might communicate the message to more readers.

None of these suggestions are critical in nature and certain suggestions may not be deemed to be an improvement by LACERA. To the extent the recommended changes are determined to be appropriate and beneficial, they could be implemented in the next valuation report.