



Employer Contribution Rate Summary, 2023–24

Employer contribution rates will increase for the fiscal year effective July 1, 2023. These increases will impact all employers participating in the LACERA Retirement Benefits Plan:

- Los Angeles County
- Los Angeles County Superior Court (Superior Court)
- Los Angeles County Employees Retirement Association (LACERA)
- Los Angeles County Office of Education (LACOE)
- Local Agency Formation Commission for the County of Los Angeles (LAFCO)
- Little Lake Cemetery District (LLCD)
- South Coast Air Quality Management District (SCAQMD)

Retirement Laws Direct Employer Contribution Rates

California retirement laws require that LACERA’s consulting actuary complete an annual actuarial valuation report (Annual Valuation) and conduct a triennial actuarial experience and assumption study (Experience Study). The legal requirements are summarized as follows:

- The Public Employees Pension Reform Act (PEPRA), effective January 1, 2013, requires that employer contribution rates are updated every year based on an Annual Valuation.
- The County Employees Retirement Law of 1937 (CERL) requires that employer contribution rates are updated every three years with the completion of a triennial Experience Study and an Annual Valuation.

Actuarial Reports and Reviews

LACERA hires an independent actuarial consulting firm, Milliman, to perform actuarial services. The actuarial reporting cycle to update employer contribution rates have been completed as shown below:

- June 30, 2022: Experience Study/Annual Valuation/Actuarial Reviews
- June 30, 2021: Annual Valuation
- June 30, 2020: Annual Valuation
- June 30, 2019: Experience Study/Annual Valuation/Actuarial Reviews

Experience Study

The Experience Study is a review of the most recent three years of plan demographics and plan economics. Actuarial methods and assumptions are reviewed, actual results are compared to expectations, and recommendations are made to adjust assumptions, if necessary, to more closely reflect expected future experience.

Actuarial Valuation

The Actuarial Valuation applies the actuarial methods and assumptions to calculate retirement plan liabilities and funding requirements. Results include determining required employer and member contribution amounts and reporting retirement plan funding metrics.

For the fiscal year ended 2022, Milliman completed:

- [2022 Investigation of Experience for Retirement Benefit Assumptions](#)
- [2022 Actuarial Valuation of Retirement Benefits Report](#)

Actuarial Reviews

LACERA engages a second independent actuarial consulting firm, Cavanaugh Macdonald Consulting (CMC) to conduct actuarial review services. CMC reviews the method and assumption setting process to ensure consistency with actuarial standards and performs separate calculations to compare with the consulting actuary's amounts. CMC concluded that for 2022, Milliman's process followed actuarial standards and determined Milliman's actuarial results are reasonable.

For the fiscal year ended June 30, 2022, CMC completed:

- [Actuarial Review of the 2022 Investigation of Experience for Retirement Benefit Assumptions](#)
- [2022 Actuarial Review of Actuarial Valuation of Retirement Benefits Report](#)

2023 Rates Approval/Adoption

Milliman's 2022 Retirement Benefits Actuarial Valuation Report recommended updated employer contribution rates for all retirement plans.

- LACERA's Board of Investments approved these new contribution rates at its March 2023 meeting.
- The Los Angeles County Board of Supervisors adopted the new employer contribution rates at their May 2023 meeting.

Employer contribution rates are not subject to negotiation between LACERA and Los Angeles County. Employer contribution rates are calculated by LACERA's consulting actuary and recommended for approval to adequately fund pension benefits provided by LACERA.

2023-2024 Contribution Rates

New employer contribution rates for each retirement plan are indicated in the table below. The total calculated employer contribution rate increased from the prior valuation by 1.38 percent of payroll, from 24.46 percent to 25.84 percent.

Key factors contributing to the increases in employer contribution rates for the upcoming fiscal year 2023-2024 are:

- **Changes in actuarial methods and assumptions** contained in the 2022 Experience Study. When applied to the 2022 Actuarial Valuation, these input changes caused the plan liabilities to increase.
- **Less-than-assumed investment returns:** The investment return assumption is 7.0 percent, net of fees; the investment return for fiscal year 2021-2022 was 0.1 percent, net of fees.
- **Less-than-expected payroll growth:** Los Angeles County experienced a decline in the active employee population.

Employer Contribution Rate Components

Employer contribution rates consist of two primary cost factors:

1. The first factor is *Normal Cost* defined as the present value of retirement benefit costs allocated to a valuation year (current costs).
2. The second component is the *Unfunded Actuarial Accrued Liability (UAAL)* contribution rate. UAAL is the excess liability not previously funded (prior costs) by contributions and investment earnings.

The consulting actuary calculates retirement plan liabilities called the Actuarial Accrued Liability (AAL) and compares the plan liabilities to the LACERA retirement plan assets. When the AAL exceeds the Actuarial Value of Assets, the remaining liability is called the UAAL (unfunded amounts). All UAAL amounts are funded exclusively by employer contributions.

The Total Employer Contribution Rate is the amount of contributions the employer pays for each retirement plan (Normal Cost + UAAL Contribution Rate = Total Employer Contribution Rate). Contribution rates are expressed as percentage of payroll. The following table shows this year’s new total employer contribution rate, based on the Normal Costs and UAAL rate, and the percentage change since last year.

Employer Contribution Rates, 2023–24

	Employer Normal Cost Rate	UAAL Rate	Total Employer Contribution Rate	Change Since Last Year
General Plan A	16.26%	14.72%	30.98%	0.39%
General Plan B	11.07%	14.72%	25.79%	1.66%
General Plan C	7.73%	14.72%	22.45%	1.22%
General Plan D	9.44%	14.72%	24.16%	1.41%
General Plan E	11.02%	14.72%	25.74%	1.44%
General Plan G	9.24%	14.72%	23.96%	1.30%
Safety Plan A	27.46%	14.72%	42.18%	2.25%
Safety Plan B	18.60%	14.72%	33.32%	1.52%
Safety Plan C	14.76%	14.72%	29.48%	1.57%

Note: All rates as are shown as a percentage of payroll.

Employer and Employee Contribution Amounts

Both employers and employees (active members who are currently working) pay contributions to fund LACERA’s retirement benefits plan. Employers and employees share in the Normal Cost. Employers pay the full UAAL contribution rate. In total, employers are contributing about 76 percent and employees

are contributing about 24 percent of the total contribution amount. The table below shows the actual contributions from the prior year.

2022 Pension Trust Fund Contributions

Employer Contributions	2,237,612,009.50	75.6%
Member Contributions	720,908,943.87	24.4%
Total Contributions	2,958,520,953.37	100.0%

Additional information regarding employee (member) contributions is available at lacera.com > [Active Members > Contributions](#).