




*Annual Report*



**LOS ANGELES COUNTY  
EMPLOYEES RETIREMENT  
ASSOCIATION**



*For the Year Ended  
December 31, 1978*



**COUNTY OF LOS ANGELES  
EMPLOYEES RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT  
437 HALL OF ADMINISTRATION  
LOS ANGELES, CALIFORNIA 90012**

**TO THE MEMBERS**

This Annual Report of the Los Angeles County Employees Retirement Association is provided to you to inform you of general, statistical, and financial information concerning your retirement system.

Its contents are based on all changes in the Retirement Law that have been enacted through 1978 session of the Legislature. Each member should read it carefully to become aware of the many benefits provided by this law.

The law makes all individual records of members confidential. These records may not be disclosed to any one other than the member himself, except in the administration of the law or upon order of a court of competent jurisdiction.

Any member of the Retirement Association may call upon the Retirement Services Division of the Treasurer's Office at any time for information about retirement benefits to which he is entitled. When writing to request such information, be sure to give your employee number and home address. Please do not telephone about matters of confidential records. If you call at our office, please bring identification with you.

Sincerely yours,

A handwritten signature in black ink, appearing to read "W. J. Edward". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Secretary  
Board of Retirement

## **GENERAL INFORMATION — ACTIVE MEMBERS**

### **MEMBERSHIP**

Every employee appointed to a permanent position of three-quarter time or more in County service becomes a member of the Los Angeles County Employees Retirement Association (LACERA) on the first of the month following the month in which appointed. Appointees to positions in police, fire fighting, foresters, and ocean lifeguard classifications, under age 36, become safety members. All others become general members.

### **CONTRIBUTIONS**

Contributions to the Retirement Association are made by both the members and their employers. The rate of contribution for members is determined by age at nearest birthday anniversary at the time of entrance into the Retirement Association. (See Tables, Pages 9, 10 and 11). The contribution rates of members who are covered under social security are reduced by one-third for the first \$350 monthly salary. For members after May, 1979, the rates are reduced by one-third for the first \$1,050 monthly salary. Contributions are discontinued when a person who entered membership before April 1, 1973 is credited with 30 years of service.

### **BENEFICIARY DESIGNATION**

The name and relationship of a beneficiary is given by each member upon entry into the Retirement Association. 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 that changes occur in the member's personal circumstances. Beneficiary Change Forms are available at departmental personnel and payroll offices or from the Retirement Services Division.

### **KEEP YOUR BENEFICIARY DESIGNATION UP-TO-DATE**

### **CREDIT FOR PREVIOUS COUNTY SERVICE**

Members who have worked in County service in a nonpermanent position before entering membership may obtain retirement credit for their nonmembership service. Members who have withdrawn from membership after terminating a previous period of County service may also obtain retirement credit for their previous service. Particulars applicable to each member entitled to these benefits may be obtained by written request addressed to the Retirement Services Division of the Office of County Treasurer.

## **CREDIT FOR PREVIOUS PUBLIC SERVICE**

You may be eligible to purchase credit for service prior to membership provided that you are not entitled to retirement benefits (now or in the future) from the agency for the same service.

**Active Military Service or United States Government Service:** All employees holding continuous membership in the LACERA prior to July 1, 1974 are eligible for this credit.

**State of California Service, any County in California:** All employees holding continuous membership in LACERA prior to November 1, 1974 are eligible for this credit.

**City or Public Agency Within the County of Los Angeles:** All employees holding continuous membership in LACERA prior to January 1, 1976 eligible for this credit.

If you receive credit for public service, you may not use that credit to establish eligibility for service or disability retirement, deferred retirement, or death benefits. However, the credit may be used to meet the qualifications for discontinuing contributions after thirty (30) years if applicable.

## **QUALIFICATIONS FOR SERVICE RETIREMENT**

### **General Members**

A service retirement application may be filed by any general member who:

- a. Has retirement credit of 30 years of service other than public service regardless of age, (if in deferred retirement status, 30 or more years after membership entry date), or
- b. Is 50 years of age or older and has retirement credit for 10 or more years of service other than public service (if in deferred retirement status, age 50 and 10 or more years after membership entry date), or
- c. A member having less than 10 years' retirement credit at age 70 may receive a monthly allowance based upon actual service credited.
- d. General members holding membership prior to July 1, 1978 who have reached the age of 65 with less than 10 years' service may retire and receive a monthly allowance based on actual service credited.

### **Safety Members**

A service retirement application may be filed by any safety member who:

- a. Has retirement credit for 20 years of service other than public service, regardless of age, (if in deferred retirement status, 20 or more years after membership entry date), or

- b. Is 50 years of age or older and has retirement credit for 10 or more years of service other than public service (if in deferred retirement status, age 50 and 10 or more years after membership entry date). Safety members must retire at age 60.

### **QUALIFICATIONS FOR DISABILITY RETIREMENT**

If you become disabled and unable to perform the duties of your specific job, you may apply for disability retirement. You must present proof of disability including a physician's statement showing you are permanently disabled. In addition, the Board of Retirement may require that you take a medical examination.

Disabilities that result from a job-caused injury are termed service-connected and an application for retirement under these conditions may be filed regardless of age or length of service. Disabilities that are not caused by on-the-job injury are termed non-service-connected, and an application for retirement under these conditions may be filed by any members who have five or more years of retirement credit for service other than previous public service.

### **QUALIFICATIONS FOR DEFERRED RETIREMENT**

Deferred retirement status is available to members who terminate employment with five or more years of county service credit and who apply in writing for deferred retirement status within 180 days after termination. Terminating members should carefully read the waiver relating to deferred retirement that is printed on the "Withdrawal Certificate". Deferred members may receive a retirement allowance at any time after attaining age 50, provided at least 10 years have passed from their entry in the Retirement Association, or any age after 30 years from their entry date, or age 70.

If you are granted deferred retirement and are rehired at a later date, you will return to the retirement system at the same contribution rate that applied to your age at the time of initial entry and be eligible for the same retirement benefits that previously applied to you.

### **RECIPROCITY WITH OTHER RETIREMENT SYSTEMS**

Reciprocal retirement benefits are available to members who terminate County service to accept a position with another qualified public agency in California within 180 days after terminating. Members taking such action should contact the Retirement Services Division and make certain that their deferred application was considered and the proper forms were forwarded to the new reciprocating agency.

### **WITHDRAWAL OF CONTRIBUTIONS**

When a member leaves County service, he may withdraw the contributions he has made to the Retirement Association plus the interest credited to his account. Contributions made for OASDI coverage (FICA taxes) are not refunded when a member terminates County service.

If you resign, withdraw your contributions and then are hired at a later date, you will be covered under the current benefit levels for new employees which may require higher rates of retirement contributions and provide lower retirement benefits.

Withdrawal of contribution forms are initiated by the employing department during the termination process and forwarded to the Retirement Controls Division so that a refund warrant may be prepared. No interest is credited to your contributions after your termination date unless you are granted deferred retirement.

When a member withdraws from membership, he waives all retirement rights available to him from the Retirement Association.

### **APPROVAL OF APPLICATIONS FOR RETIREMENT BENEFITS**

Each applicant for a service or disability retirement allowance or for deferred retirement status is individually approved by the Board of Retirement. A letter informing each applicant of the action taken by the Board with respect to his application is sent by its secretary. Applicants should contact the Retirement Services Division if such a letter is not received within a few days after the meeting of the Board at which their application was considered.

### **DEATH AND SURVIVOR BENEFITS FOR ACTIVE MEMBERS**

The death benefit payable to the beneficiary of a member who dies before retirement consists of:

- a. The member's contributions and interest credited to his account, plus,
- b. An amount equal to an average month's salary (based on the last twelve months) for each year of retirement credit, but not exceeding six month's salary.

The death benefit may be paid in a lump sum or in 120 equal payments at the option of the beneficiary.

When a member's death was not caused by an injury on the job and the member had five or more years of retirement credit for service other than public service, the surviving spouse or the guardian for the unmarried children under age 18 (through age 21 if full-time student) may elect a monthly allowance in lieu of the basic death benefit equal to 60% of the retirement allowance that the member would have received had he retired because of non-service-connected disability on the date of death.

The surviving spouse may elect to receive a combined benefit in lieu of either of the benefits previously described. The combined benefit consists of a lump sum payment (six month's salary) plus a reduced monthly allowance for life.

Information required by a surviving spouse to make an informed election is furnished by the Retirement Services Division.

If the member's death was caused by an injury on the job, the surviving spouse or guardian for the unmarried children under age 18 (through age 21 if full-time student) may elect a monthly allowance in lieu of the basic death benefit equal to the retirement allowance that the member would have received had he retired because of service-connected disability on the date of death. If the member's service-connected death resulted from external violence or physical force, the surviving spouse or other person having legal custody of the deceased member's children under age 18 (through age 21 if unmarried and full-time student) may receive an additional allowance based on the number of children as follows: .

1 child	25% of basic allowance
2 children	40% of basic allowance
3 or more children	50% of basic allowance

A combined benefit as previously described is also available to the surviving spouse of a member who dies in service from an injury or illness by his job.

In addition to all other benefits, the surviving spouse of a safety member who is killed by force or violence on the job receives a lump sum payment equal to twelve months pay.

#### **SOCIAL SECURITY COVERAGE**

General employees who became members of the Retirement Association or became eligible for membership on or after June 1, 1964, and all employees who selected OASDI coverage in May 1964 are covered under social security. OASDI contributions (FICA taxes) are paid by these members on the first \$22,900 of salary paid them during the 1979 calendar year. Old age, survivor, disability, and health insurance benefits provided by the Social Security Act are payable to those members when they meet the eligibility requirements. Questions concerning eligibility for these benefits should be directed to the nearest social security office.

#### **APPLICATION FOR RETIREMENT**

A retirement application is submitted to the Board of Retirement by each member who desires to retire. The Board of Retirement meets on the first Wednesday of each month to consider the applications for service retirement filed the preceding month. Applications must be received prior to date of retirement.

A disability application should be submitted to the Board of Retirement before the last day for which regular compensation is received. This will prevent having to pay retirement contributions for that period of time from the termination of sick pay compensation (sick without pay) to the date the application is filed.

The processing of applications for disability retirement usually entails a period of several months to obtain the required medical and other evidence of disability, have a medical examination and then report such evidence for consideration by the Board of Retirement.

### **AMOUNT OF RETIREMENT ALLOWANCE**

The amount of retirement allowance that will be received by a retired member and eligible spouse throughout their lifetime is dependent on the optional settlement or basis selected by the member when he files his application. A member may choose either the unmodified basis or one of four optional bases to determine his retirement income.

The unmodified basis provides both the maximum retirement allowance for the member and a continuation of 60% of that allowance to the surviving spouse, if marriage occurred a year or more before service retirement or non-service-connected disability retirement. The unmodified basis for a service-connected disability retirement provides both the maximum retirement allowance for the member and a continuation of 100% of that allowance to the surviving spouse if married at the time of retirement. Unmarried members may choose one of the optional bases which provide a smaller retirement allowance for the member, but enable him to provide for a beneficiary in the event of his death. Detailed information about the optional bases is available from the Retirement Services Division.

## **GENERAL INFORMATION — RETIRED MEMBERS**

### **COUNTY SERVICE AFTER RETIREMENT**

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

- a. Payments for service as juror or election officer.
- b. Payments for suggestions made for the improvement of County or district activities.
- c. Payments for service as field deputy for registration of voters.
- d. Payments for service as a member of the Retirement Board.
- e. Payments under independent contract with the County.

### **ENDORSEMENT OF RETIREMENT WARRANT**

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

A retired member may arrange to have his warrant deposited in a financial institution without his personal endorsement. The Retirement Services Division should be contacted to make the necessary arrangements. A retiree who may desire to use this service should seriously consider its implications. Although



warrants are placed in the mail for delivery on the last day of each month, several days may elapse before a person's account is credited with the deposit. This delay can cause inconvenience and embarrassment to the retiree.

If you have not received your warrant within five delivery days after the first of the month, first check with your mail carrier and then call the Retirement Services Division for a duplicate warrant.

### **DEDUCTIONS FROM RETIREMENT ALLOWANCES**

There are no mandatory deductions from your retirement allowance, but deductions from retirement allowances may be authorized for the following purposes:

- a. Group Insurance under Board of Retirement plan.
- b. Dues — RELAC, Sheriff's Relief, POPA, Local 1014, LACEA
- c. Credit union loan repayments or savings deposits.
- d. Medicare premium payments.
- e. Federal and State income taxes.

### **FEDERAL AND STATE INCOME TAXES**

Retirement allowance income of retired members is taxable under both Federal and State of California Income Tax laws. A statement showing the taxable income status of each retired member's retirement allowance is provided at the time of retirement. Questions concerning the applicability of the income tax laws to a member's personal situation should be directed to a tax advisor. We cannot provide such advice.

### **DEATH AND SURVIVOR BENEFITS — SERVICE RETIREMENT OR NON-SERVICE-CONNECTED DISABILITY RETIREMENT**

When death occurs after a member has retired under the unmodified plan of retirement, the surviving spouse or the guardian for the unmarried children under age 18 through age 21, if such children remain unmarried and are regularly enrolled as full-time students in an accredited school, may be entitled to receive a monthly allowance equal to 60% of the retirement allowance received by the member before his death. To be eligible for this monthly allowance the member must have retired after September 21, 1951, and the surviving spouse must:

- a. Be named as beneficiary, and
- b. Have been married to the member at least one year before he retired.

### **DEATH AND SURVIVOR BENEFITS — SERVICE-CONNECTED DISABILITY RETIREMENT**

The surviving spouse or the guardian for the unmarried children under age 18 (through age 21 if full-time student) continue to receive the same retirement allowance that the member received before his death. To be eligible for this benefit, the spouse must:

- a. Be named as beneficiary, and
- b. Have been married to the member when he retired.

## **COST OF LIVING ADJUSTMENTS**

Effective on April 1 of each year all retirement allowances then payable are adjusted in accordance with the change in the consumer price index during the preceding calendar year. The amount of any adjustment may not exceed 3% of the allowance then being received. The cost of living adjustment may not exceed 2% in the case of a retiree whose current membership entry date is on or after September 1, 1977.

## **BURIAL ALLOWANCE**

A special death benefit or burial allowance of \$750.00 is paid to the named beneficiary or estate of each retired member who dies after retirement.

## **HOSPITAL AND MEDICAL INSURANCE**

Full or partially-paid group hospital and medical insurance coverage has been made available to all retirees, survivors, and their eligible dependents by the Board of Retirement.

The amount of premium that is paid by the Board is dependent upon the number of years of retirement service credited to the retiree when he retires. This ranges from 40% of the premium with ten full years of service credit to 100% of the premium with twenty-five or more full years of service credit.

There are two different plans sponsored by the Board of Retirement. One plan is an "indemnity" plan whereby the retiree chooses his own doctor or hospital and his bills are paid by the insurance company underwriting the plan. The other is a "service" plan whereby the retiree must use the doctors and facilities offered by the service plan he chooses.

The indemnity plans are underwritten either by the Occidental Life Insurance Company or by Blue Cross of California. Benefits under the indemnity plans are similar. Premiums are not identical, and the Board of Retirement premium payments for the indemnity plans are limited to the premium charge by the Occidental Life Insurance Company. Retirees who did not previously have Blue Cross coverage as an active member may not choose this company to process their claims.

The service plans are underwritten either by the Ross Loss Medical Group or by Kaiser Permanente. Any retiree may choose Ross Loos regardless of previous coverage, but only those retirees previously covered by Kaiser Permanente as an active member may choose this service plan.

Survivors of retirees are also eligible to participate in these hospital/medical plans.

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

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## DENTAL/VISION CARE PLAN

Retirees, survivors, and their eligible dependents are eligible for fully or partially-paid coverage under a dental/vision care plan provided for the Board of Retirement by Blue Cross of Southern California.

The dental/vision care plan is separate and distinct from the various hospital and medical insurance plans that are also available to retirees.

A different enrollment card is required to participate in the dental/vision care plan regardless of the medical plan that a retiree may select. Enrollment must be made within 60 days after retirement to participate in the plan.

The plan is of the indemnity type which means that the retiree may choose his own dentist or eye doctor and be reimbursed for the covered portion of the costs of these services.

The amount of premium for this coverage that is paid by the Board of Retirement is dependent upon the number of years of retirement service credited to the retiree when he retires. This ranges from 40% of the premium with ten full years of service credit to 100% of the premium with twenty-five or more full years of service credit.

### RATES OF CONTRIBUTION BY PAYROLL DEDUCTION PERCENTAGE OF BASE SALARY (Nearest Year of Age at Membership)

#### SAFETY MEMBERS

Age	(Plan "A") Membership Prior to 9/1/77		(Plan "B") Membership on or after 9/1/77	
	Current	7/1/79	Current	7/1/79
21	5.61%	7.92%	9.66%	11.35%
22	5.71	8.02	9.82	11.50
23	5.80	8.11	9.99	11.65
24	5.90	8.21	10.16	11.80
25	6.01	8.32	10.34	11.95
26	6.11	8.42	10.53	12.11
27	6.22	8.53	10.72	12.27
28	6.34	8.64	10.92	12.44
29	6.46	8.75	11.12	12.61
30	6.58	8.86	11.33	12.78
31	6.70	8.98	11.55	12.96
32	6.84	9.10	11.77	13.14
33	6.97	9.22	12.00	13.32
34	7.11	9.34	12.24	13.51
35	7.24	9.46	12.48	13.70
Employer Contribution Rate				
	26.85%	28.40%	14.71%	14.71%

**RATES OF CONTRIBUTION BY PAYROLL DEDUCTION**  
**PERCENTAGE OF BASE SALARY**  
 (Nearest Year of Age at Membership)

**GENERAL MEMBERS**

Age	<b>(Plan "A") Membership Prior to 9/1/77</b>		<b>(Plan "B") Membership 9/1/77—9/30/78</b>		<b>(Plan "C") Membership After 9/30/78</b>
	Current	7/1/79	Current	7/1/79	All 1979
16	3.64%	5.08%	6.27%	7.62%	7.77%
17	3.70	5.14	6.37	7.68	7.84
18	3.74	5.19	6.43	7.75	7.92
19	3.80	5.26	6.53	7.85	8.00
20	3.84	5.31	6.61	7.94	8.08
21	3.89	5.37	6.69	8.03	8.16
22	3.93	5.42	6.78	8.12	8.24
23	3.99	5.49	6.88	8.22	8.33
24	4.06	5.56	6.98	8.32	8.42
25	4.11	5.62	7.09	8.43	8.50
26	4.18	5.69	7.21	8.53	8.58
27	4.25	5.76	7.33	8.64	8.67
28	4.34	5.84	7.46	8.76	8.76
29	4.40	5.90	7.60	8.88	8.84
30	4.49	5.98	7.74	9.00	8.93
31	4.59	6.07	7.89	9.13	9.01
32	4.67	6.15	8.05	9.26	9.10
33	4.77	6.23	8.21	9.39	9.19
34	4.86	6.31	8.38	9.52	9.28
35	4.97	6.41	8.56	9.65	9.37
36	5.08	6.50	8.75	9.78	9.46
37	5.19	6.59	8.94	9.93	9.55
38	5.31	6.69	9.14	10.08	9.64
39	5.43	6.79	9.35	10.24	9.74
40	5.55	6.89	9.56	10.40	9.83
41	5.68	6.99	9.78	10.56	9.92
42	5.80	7.09	10.00	10.70	10.02
43	5.94	7.20	10.24	10.88	10.11
44	6.08	7.31	10.48	11.05	10.21
45	6.23	7.42	10.72	11.22	10.31
46	6.37	7.53	10.98	11.40	10.40
47	6.52	7.65	11.24	11.58	10.50
48	6.68	7.77	11.50	11.76	10.60
49	6.84	7.89	11.78	11.95	10.70
50	7.00	8.00	12.06	12.19	10.80
51	7.18	8.14	12.34	12.38	10.90
52	7.34	8.26	12.53	12.53	11.00
53	7.51	8.39	12.65	12.65	11.10
54	7.69	8.52	12.76	12.76	11.20
55	7.69	8.52	12.76	12.76	11.31
56	7.69	8.52	12.76	12.76	11.41
57	7.69	8.52	12.76	12.76	11.52
58	7.69	8.52	12.76	12.76	11.61
59	7.69	8.52	12.76	12.76	11.72
& Over					

## Employer Contribution Rate

15.42%    17.11%    8.19%    8.19%    7.97%

1. When salary is not subject to social security, the retirement contribution is calculated by multiplying the applicable percentage times monthly salary.
2. If current membership entry date is prior to June 1979 and salary is subject to social security taxes, multiply the first \$350 of monthly salary by 2/3 of the contribution rate and the balance of monthly salary by the full rate to determine monthly contributions.
3. If current membership entry date is June 1979 or later and salary is subject to social security taxes, multiply the actual monthly salary up to \$1,050 by 2/3 of the contribution rate and any salary in excess of \$1,050 by the full rate to determine monthly contributions.

## HOW TO COMPUTE A RETIREMENT ALLOWANCE ESTIMATE

A retirement allowance is based on a percentage of the member's final compensation. "Final compensation" is defined as:

- a. The member's average monthly salary for the latest or highest paid one year of service, for those with a membership date prior to September 1977.
- b. The member's average monthly salary for the latest or highest paid three years of service, for those with a membership date of September 1977 or later.

Examples of calculating final compensation:

### Membership Prior to 9/1/77:

\$725 x 3 months = \$2,145.00  
 \$735 x 9 months = \$6,615.00  
 12 months = \$8,760.00

### Membership 9/1/77 and Later

\$655 x 3 months = \$ 1,965.00  
 \$685 x 12 months = \$ 8,220.00  
 \$715 x 12 months = \$ 8,580.00  
 \$735 x 9 months = \$ 6,615.00  
 36 months = \$25,380.00

Average Salary =

\$8,760 ÷ 12 = \$730.00

Average Salary =

\$25,380 ÷ 36 = \$705.00

After calculating the final compensation, find the percent of final compensation applicable to your age at retirement from the chart on page 13. Multiply this percentage factor by the number of years of service you will have when you retire.

For example, if you are a general member, age 60, with 28 years of service:

### Membership Prior to 9/1/77

% of final compensation 2.440%  
 Years of service       x 28  
 % of final compensation 68.32%  
 Final Compensation   x \$730  
 Estimated retirement allowance   \$498.74

### Membership 9/1/77—9/30/78

2.182%  
 x 28  
 61.10%  
 x \$705  
 \$430.76

### IF YOU ARE COVERED UNDER SOCIAL SECURITY, PLEASE TURN TO PAGE 14 TO COMPLETE THE CALCULATION OF YOUR RETIREMENT ALLOWANCE

The Retirement Services Division should not be contacted to verify the results of your calculation unless you have filed an application for retirement.

The retirement allowance calculated as demonstrated here is the amount payable to the member under the unmodified basis for service retirement. Disability retirement allowance estimates and optional basis retirement estimates will be computed by the Retirement Services Division when a retirement application is filed.

## PERCENT OF FINAL COMPENSATION PER YEAR OF SERVICE

### SAFETY MEMBER

### GENERAL MEMBER

SAFETY MEMBER		GENERAL MEMBER			
Age	Percent	Age	Membership Prior to 9/77 Percent	Membership 9/77—9/78 Percent	Membership after 9/78 Percent
46	1.645	46	1.176	0.993	0.954
47	1.736	47	1.242	1.052	1.008
48	1.817	48	1.314	1.113	1.064
49	1.904	49	1.391	1.176	1.122
50	2.000	50	1.475	1.242	1.182
51	2.103	51	1.567	1.314	1.243
52	2.216	52	1.667	1.391	1.303
53	2.338	53	1.741	1.475	1.364
54	2.467	54	1.841	1.567	1.426
55	2.620	55	1.948	1.667	1.492
56	2.620	56	2.061	1.741	1.564
57	2.620	57	2.182	1.841	1.641
58	2.620	58	2.268	1.948	1.725
59	2.620	59	2.354	2.061	1.817
60	2.620	60	2.440	2.182	1.917
		61	2.526	2.268	1.991
		62	2.611	2.354	2.091
		63	2.611	2.440	2.198
		64	2.611	2.526	2.311
		65	2.611	2.611	2.432
		and over			

### REDUCTION OF RETIREMENT ALLOWANCES FOR MEMBERS COVERED UNDER SOCIAL SECURITY

Age at Retirement	Membership Prior to 9/77 Reduction	Membership 9/77—9/78 Reduction	Membership 10/78—5/79 Reduction	Membership after 5/79 Reduction
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				

## HOW TO COMPUTE A RETIREMENT ALLOWANCE ESTIMATE COORDINATED WITH SOCIAL SECURITY BENEFITS

Members who are covered by social security receive a reduced service retirement allowance from LACERA. The reduction is dependent on age at retirement, the number of years of social security coverage, and the membership date. These members receive social security benefits beginning at age 62, in addition to a retirement allowance from LACERA. An estimate of the reduced retirement income from LACERA may be computed as follows:

1. Compute the unmodified service retirement allowance.  
(See Page 12).
2. Determine the reduction factor for age at retirement from the chart on Page 13.
3. Determine the number of years of county service with social security coverage.
4. Multiply the reduction factor times the number of years of county service with social security coverage to obtain the amount of reduction.
5. Subtract the amount of reduction from the unmodified allowance to determine the reduced retirement allowance.

If a general member, with a membership date prior to September 1977, retires at age 60 with 28 years of service and had been covered by social security during the last 19 years of his county service, his reduced retirement allowance would be computed as follows:

Unmodified Retirement Allowance	\$498.74
(See Page 12)	
Reduction, 19 years x \$2.85 (Page 13)	- 54.15
Reduced Retirement Allowance	<u>\$444.59</u>

If a general member, with a membership entry date of September 1977 — May 1979, retires at age 60 with 28 years of service, and has been covered by social security during all 28 years of service, his reduced retirement allowance would be computed as follows:

Unmodified Retirement Allowance	\$430.76
(See Page 12)	
Reduction, 28 years x \$2.55 (Page 13)	- 71.40
Reduced Retirement Allowance	<u>\$359.36</u>



## GENERAL STATISTICS

	ACTIVE MEMBERS			DEFERRED MEMBERS		
	General	Safety	Total	General	Safety	Total
As of January 1, 1978 .....	58,544	8,346	66,890	1,612	206	1,818
Additions .....	<u>7,688</u>	<u>394</u>	<u>8,082</u>	<u>112</u>	<u>20</u>	<u>132</u>
	66,232	8,740	74,972	1,724	226	1,950
Deductions						
Withdrawals .....	7,476	184		64	11	
Retired .....	1,590	280		118	7	
Deferred .....	112	20				
TOTAL Deductions .....	<u>9,178</u>	<u>484</u>	<u>9,662</u>	<u>182</u>	<u>18</u>	<u>200</u>
As of December 31, 1978 .....	<u>57,054</u>	<u>8,256</u>	<u>65,310</u>	<u>1,542</u>	<u>208</u>	<u>1,750</u>
Unclaimed Accounts .....	1,841	23	1,864			

### RETIRED MEMBERS

	SERVICE	DISABILITY	SURVIVORS	TOTAL
<b>GENERAL</b>				
As of January 1, 1978 .....	12,969	1,993	2,379	17,341
Additions .....	<u>1,270</u>	<u>280</u>	<u>252*</u>	<u>1,802</u>
	14,239	2,273	2,631	19,143
Deductions .....	<u>395</u>	<u>72</u>	<u>90</u>	<u>557</u>
TOTAL General Members as of December 31, 1978 .....	<u>13,844</u>	<u>2,201</u>	<u>2,541</u>	<u>18,586</u>
<b>SAFETY</b>				
As of January 1, 1978 .....	1,054	880	520	2,454
Additions .....	<u>117</u>	<u>152</u>	<u>48**</u>	<u>317</u>
	1,171	1,032	568	2,771
Deductions .....	<u>29</u>	<u>15</u>	<u>10</u>	<u>54</u>
TOTAL Safety Members as of December 31, 1978 .....	<u>1,142</u>	<u>1,017</u>	<u>558</u>	<u>2,717</u>
TOTAL Retired Members as of December 31, 1978 .....	14,986	3,218	3,099	21,303

\*Includes survivors of 40 deceased active general members who receive life payments by election.

\*\*Includes survivors of 11 deceased active safety members who receive life payments by election.

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION**  
**COMPARATIVE STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 1977 AND 1978**

**ASSETS**

<b>Current Assets</b>	<b>1977</b>	<b>1978</b>
Cash.....	\$ 488,166.83	\$ 2,119,172.22
Bonds—Short Term—Book Value .....	67,819,000.00	137,503,621.98
Accrued Assets:		
Accrued Interest Receivable.....	20,790,471.01	22,432,494.99
Accrued Interest—Commercial Loans.....	4,438.77	4,360.13
Accrued Dividends Receivable .....	1,932,366.73	2,937,640.15
Accrued Rentals Receivable.....	-	131,250.00
Proceeds Receivable—Sale of Stocks .....	2,571,372.67	4,878,380.80
Accrued Members Contributions Receivable	4,468,570.90	4,595,877.74
Accrued Employers Contributions		
Receivable .....	14,121,878.54	14,802,455.95
Unclassified Accounts Receivable.....	1,439,597.12	507,443.67
Reimbursable Insurance & Other Advances	1,192,169.78	95,493.36
Net Investment in Direct Financing Leases	-	4,975,518.81
	<hr/>	<hr/>
Total Current Assets .....	\$ 114,828,032.35	\$ 194,983,709.80
<b>Non-Current Assets</b>		
Bonds—Long Term—Book Value .....	<u>\$1,156,300,578.39</u>	<u>\$1,249,586,463.74</u>
Stocks:		
Common Stocks at Cost .....	\$ 489,089,508.00	\$ 557,560,653.62
Common Stocks Receivable .....	4,815,128.01	328,086.45
Preferred Stocks at Cost .....	<u>6,025,491.00</u>	<u>5,959,691.00</u>
	<hr/>	<hr/>
Total Stocks at Cost .....	\$ 499,930,127.01	\$ 563,848,431.07
(See Note Below)		
Real Estate Projects — Book Value.....	235,763,366.60	-
Net Investment in Direct Financing Leases ....	<u>\$ -</u>	<u>\$ 231,801,192.36</u>
Mortgages — Book Value:		
FHA & VA Insured Mortgages — Book Value	\$ 114,138,211.34	\$ 118,721,940.22
Conventional Mortgages (Commercial) —		
Book Value .....	10,007,390.74	9,830,108.28
Conventional Mortgages (Residential) —		
Book Value .....	<u>804,446.18</u>	<u>647,273.51</u>
	<hr/>	<hr/>
Total Mortgages Book Value.....	\$ 124,950,048.26	\$ 129,199,322.01
Total Non-Current Assets .....	<u>\$2,016,944,120.26</u>	<u>\$2,174,435,409.18</u>
<b>TOTAL ASSETS .....</b>	<u><u>\$2,131,772,152.61</u></u>	<u><u>\$2,369,419,118.98</u></u>

Note: Market Value of Stocks as of December 31, 1978 — \$572,368,558.90

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
COMPARATIVE STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 1977 AND 1978**

**LIABILITIES AND RESERVES**

<b>Current Liabilities</b>	<b>1977</b>	<b>1978</b>
Retirement Allowances Payable .....	\$ 8,712,229.33	\$ 10,015,434.65
Mortgage Loan Payments Collected In Advance .....	23,890.00	21,217.27
Unclassified Accounts Payable .....	5,157,289.04	1,662,536.53
Vouchers Payable .....	4,815,128.01	328,086.45
Loans Payable .....	-	15,880,000.00
Accrued Administrative Expense .....	-	321,379.46
Total Current Liabilities .....	<u>\$ 18,708,536.38</u>	<u>\$ 28,228,654.36</u>
 <b>Other Noncurrent Liabilities</b>		
Deferred Option Revenue .....	\$ -	\$ 100,000.00
 <b>Members Deposit Reserves</b>		
General Members .....	\$ 407,827,077.22	\$ 419,904,400.87
Safety Members .....	131,247,884.01	137,018,586.65
Unclaimed Deposits of Former Members .....	605,738.32	611,044.71
Total Members Deposit Reserves ...	<u>\$ 539,680,699.55</u>	<u>\$ 557,534,032.23</u>
 <b>County Advance Reserves</b>		
General Members .....	\$ 89,234,344.06	\$ 67,871,064.66
Safety Members .....	108,495,945.35	106,833,100.89
Total County Advance Reserves .....	<u>\$ 197,730,289.41</u>	<u>\$ 174,704,165.55</u>
 <b>Retired Members Reserves</b>		
General Members .....	\$ 866,088,012.55	\$ 995,372,878.27
Safety Members .....	270,298,430.35	321,842,925.50
Death Benefit Reserve .....	1,121,440.28	1,000,065.28
Retired Members Medical Insurance ...	17,704,724.41	12,590,257.58
Retired Members Dental/Vision Plan ...	1,525,393.21	2,848,858.97
Total Retired Members Reserves .....	<u>\$1,156,738,000.80</u>	<u>\$1,333,654,985.60</u>
 <b>Cost-of-Living Reserves</b>		
Active Members .....	\$ 66,375,746.63	\$ 80,283,181.89
County Advance Reserves .....	56,755,201.25	67,825,008.86
Retired Members .....	33,123,871.33	57,461,710.15
Total Cost-of-Living Reserves .....	<u>\$ 156,254,819.21</u>	<u>\$ 205,569,900.90</u>
 Reserve for Earnings Deficiencies, Investment Losses and Other Contingencies .....		
	\$ 62,659,807.26	\$ 69,627,380.34*
TOTAL Liabilities and Reserves .....	<u>\$2,131,772,152.61</u>	<u>\$2,369,419,118.98</u>

\*On April 11, 1979, the Board of Investments ordered \$47,700,000.00 transferred from this reserve as follows:

Retired Members Cost-of-Living Reserve	\$36,700,000.00
Retired Members Medical Insurance Reserve	9,000,000.00
Retired Members Dental/Vision Insurance Reserve	1,800,000.00
Retired Members Death Benefit Reserve	200,000.00
TOTAL	<u>\$47,700,000.00</u>

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
REAL ESTATE PROJECTS SUBJECT TO DIRECT FINANCING LEASES**

December 31, 1978

<u>Projects</u>	<u>Date of Lease</u>	<u>Lease Period (Years)</u>	<u>Principal Financed</u>	<u>Principal Repaid</u>	<u>Balance Dec. 31, 1978</u>
Beverly Hills Municipal Court Fac.	01-01-72	30	\$ 5,573,206.44	\$ 595,285.81	\$ 4,977,920.63
Central District Health Center	05-24-68	30	1,588,533.08	251,069.85	1,337,463.23
Civic Center — Mall I	12-20-66	30	9,465,247.25	2,090,112.19	7,375,135.06
Civic Center — Mall II	11-01-71	30	10,193,754.76	894,619.57	9,299,135.19
Criminal Courts Facility	11-01-73	30	38,570,332.16	2,613,560.69	35,956,771.47
County Downey Admin. Center	07-01-74	30	7,190,119.23	346,193.79	6,843,925.44
Downey Educational Center	07-01-74	5	2,827,021.00	1,960,306.60	866,714.40
East District (Pomona) Court Facility	06-24-69	30	7,636,167.09	1,386,909.43	6,249,257.66
Hall of Administration Building	06-25-63	42	28,381,494.34	2,841,709.49	25,539,784.85
Health Administration Building	02-01-72	30	13,087,984.89	1,277,932.43	11,810,052.46
Malibu Administration Center	06-22-71	30	3,408,884.73	378,288.67	3,030,596.06
Mechanical Department, Parking and Service Garage	12-01-72	30	2,703,523.83	180,311.89	2,523,211.94
Mechanical Department, Phase II	06-01-75	30	19,113,540.47	590,264.33	18,523,276.14
Mens Central Jail	12-10-63	40	17,027,664.24	2,724,340.74	14,303,323.50
Mens Central Jail Addition	01-01-77	26-8/12	41,624,734.21	1,046,481.88	40,578,252.33
Municipal Traffic Court	11-01-73	30	17,653,582.10	1,133,123.15	16,520,458.95
Northeast District Court (Pasadena)	07-06-71	30	7,124,359.39	888,037.23	6,236,322.16
Northeast District Court — Parking Structure	04-01-68	30	2,459,023.13	377,940.62	2,081,082.51
San Pedro Court Facility	06-24-69	30	1,506,377.53	182,524.37	1,323,853.16
Southeast District Court (Norwalk)	06-24-69	30	8,076,387.09	1,483,276.92	6,593,110.17
Southwest District Court (Torrance)	10-29-68	30	5,365,667.07	659,474.01	4,706,193.06
Lakewood Golf Course	07-08-69	20	5,463,610.00	1,290,599.14	4,173,010.86
Los Amigos Golf Course	05-31-67	30	2,884,148.15	306,432.18	2,577,715.97
Los Verdes Golf Course	05-18-65	30	2,797,681.64	422,357.12	2,375,324.52
Marshall Canyon Golf Course	05-31-67	30	1,232,258.09	257,438.64	974,819.45
		-18-	<u>\$262,955,301.91</u>	<u>\$26,178,590.74</u>	<u>\$236,776,711.17</u>

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
COMPARATIVE STATEMENT OF CHANGES IN SURPLUS  
FOR THE YEARS ENDING DECEMBER 31, 1977 AND 1978**

	1977	1978
Surplus Balance January 1, .....	-0-	-0-
<b>Increases</b>		
Net Interest Income on Bonds .....	\$ 79,847,217.34	\$ 96,029,620.66
Net Interest Income on Mortgage Loans .....	8,878,236.20	9,168,540.26
Other Net Interest Income .....	48,848.76	216,799.00
Dividend Income .....	22,672,805.98	26,670,122.85
Income from Financing Leases .....	13,827,843.99	14,002,300.55
Unclassified Income .....	21,020.97	20,113.12
Gain/(Loss) on Sales of Long-term Bonds .....	( 4,806,834.58)	(12,440,823.14)
Gain/(Loss) on Sales of Stocks .....	14,863,532.50	19,011,641.24
Gain/(Loss) on Sales of Mortgage Loans .....	225,062.71	189,606.35
Gain/(Loss) — Others .....	-	911.99
Total Increases .....	<u>\$135,577,733.87</u>	<u>\$152,868,832.88</u>
<b>Decreases</b>		
Interest Credited to Members Deposit Reserves .....	\$ 24,992,620.45	\$ 26,852,749.48
Interest Credited to County Advance Reserves .....	9,252,011.13	9,787,662.94
Interest Credited to Retired Members Reserves .....	51,863,012.25	61,480,787.34
Interest Credited to Cost-of-Living Reserves .....	6,733,698.71	9,033,464.67
Administrative Expenses — Schedule 1 .....	-	798,259.86
Investment Counsel Expense .....	382,826.36	401,332.84
Miscellaneous Expense .....	960.00	140.06
Total Decreases .....	<u>\$ 93,225,128.90</u>	<u>\$108,354,397.19</u>
Net Increase for Year .....	\$ 42,352,604.97	\$ 44,514,435.69
Transfer to Reserve for Earnings Deficiencies, Investment Losses and Other Contingencies .....	<u>\$ 42,352,604.97</u>	<u>\$ 44,514,435.69</u>
Surplus Balance December 31, .....	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDING DECEMBER 31, 1978**

	<b>Members Deposit Reserves</b>	<b>County Advance Reserves</b>
Balance January 1, 1978	\$539,680,699.55	\$197,730,289.41
Additions:		
Employees Contributions .....	44,363,282.25	
Employers Contributions .....		163,386,058.06
Medical Insurance Plan .....		
Dental/Vision Ins. Plan .....		
Miscellaneous Receipts .....	1,780.20	
Other Additions:		
Gain on Bonds Sold-Prior Year .....		-
Dividend Income-Prior Year .....		
Interest on Bonds-Prior Year .....		
Accumulation of Disc.-Prior Year .....		
Real Estate Amortization Adjustment .....		
Miscellaneous Additions .....	190.30	
Interest Credited to Various Reserves .....	26,852,749.48	9,787,662.94
Deductions:		
Refunds to Terminated Members .....	16,446,237.16	
Lump Sum Death Benefits .....		910,556.06
Statutory Interest Payments .....		29,188.45
Payments Under Section 31725.5 .....		119,109.45
Pensions and Annuity Payments .....		
Medical Insurance Plan .....		
Dental/Vision Insurance Plan .....		
Retired Members Death Benefits .....		
Withdrawals From Unclaimed .....	31,593.62	
Miscellaneous Disbursements .....		
Other Deductions:		
Amortization of Premium-Bonds-Prior Year		
Write Down of Cabot, Cabot & Forbes' Stock		
Miscellaneous Deductions .....	1,740.12	
Transfer Between Reserves:		
Cost of Future Benefits for Members		
Retiring During the Year .....	(36,946,148.68)	(195,306,131.45)
Transfer Approved by Board of Investment		
Miscellaneous Transfer .....	61,050.03	165,140.55
Transfer From Surplus .....		
Balance December 31, 1978 .....	<u>\$557,534,032.23</u>	<u>\$174,704,165.55</u>

**Cost-of-Living Reserves**

<b>Retired Members Reserves</b>	<b>Members</b>	<b>County</b>	<b>Retired Members</b>	<b>Res. for Earnings Def. Etc.</b>
\$1,156,738,000.80	\$66,375,746.63	\$56,755,201.25	\$33,123,871.33	\$62,659,807.26
	16,710,655.51			
		11,480,689.16		
34,205.68				
9,532.45				
7,942.01			711.34	87,789.45
				27,809.73
				6,410.77
				258,381.54
				295,812.86
				5,398,458.02
	36.65			69.11
61,480,787.34	3,445,495.81	3,083,446.12	2,504,522.74	
	3,209,009.12			
112,689,425.47			19,674,896.54	
8,148,672.51				
1,744,791.40				
371,375.00				
				11,595.52
				351,151.81
				1,972,079.00
	645.59			
232,252,280.13	(3,014,690.81)	(3,495,851.14)	6,510,541.95	
6,250,000.00			35,000,000.00	(41,250,000.00)
(163,498.43)	(24,407.19)	1,523.47	(3,040.67)	(36,767.76)
				44,514,435.69
<u>\$1,333,654,985.60</u>	<u>\$80,283,181.89</u>	<u>\$67,825,008.86</u>	<u>\$57,461,710.15</u>	<u>\$69,627,380.34</u>

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION**  
**COMPARATIVE STATEMENT OF CASH RECEIPTS**  
**FOR THE YEARS ENDING DECEMBER 31, 1977 AND 1978**

	<u>1977</u>	<u>1978</u>
Cash Balance — January 1	\$ 677,028.67	\$ 488,166.83
<b>Receipts</b>		
<b>Members Normal Contributions</b>		
General Members .....	\$ 31,825,212.15	\$ 34,040,244.32
Safety Members .....	8,499,932.99	8,960,197.93
TOTAL .....	<u>\$ 40,325,145.14</u>	<u>\$ 43,000,442.25</u>
<b>Members Other Contributions</b>		
General Members .....	\$ 982,043.03	\$ 1,403,622.98
Safety Members .....	64,307.02	367,969.12
TOTAL .....	<u>\$ 1,046,350.05</u>	<u>\$ 1,771,592.10</u>
<b>Contributions by Employers</b>		
General Members .....	\$ 113,964,991.83	\$ 118,585,109.97
Safety Members .....	43,413,977.84	44,426,782.54
TOTAL .....	<u>\$ 157,378,969.67</u>	<u>\$ 163,011,892.51</u>
<b>Cost of Living Contributions</b>		
Members .....	\$ 14,117,962.51	\$ 16,174,596.57
Employers .....	9,945,147.34	11,273,406.03
TOTAL .....	<u>\$ 24,063,109.85</u>	<u>\$ 27,448,002.60</u>
<b>Interest Collected on Securities</b>		
Long-term Investments .....	\$ 78,506,776.91	\$ 92,577,131.64
Short-term Investments .....	2,451,340.44	5,151,973.40
Short-term Discounts .....	469,045.58	4,180,128.52
Savings Account .....	37,060.62	48,567.21
TOTAL .....	<u>\$ 81,464,223.55</u>	<u>\$ 101,957,800.77</u>
<b>Dividends Received on Stocks</b>		
Common Stocks .....	\$ 19,539,576.00	\$ 23,049,857.22
Preferred Stocks .....	559,856.40	485,797.82
TOTAL .....	<u>\$ 20,099,432.40</u>	<u>\$ 23,535,655.04</u>
<b>Debts, Securities, Sold/Matured</b>		
Long-term Investments .....	\$ 327,623,137.15	\$ 521,646,300.30
Short-term Investments .....	3,498,072,848.60	5,749,391,108.51
TOTAL .....	<u>\$3,825,695,985.75</u>	<u>\$6,271,037,408.81</u>
<b>Equity Securities Sold</b>		
Common Stocks .....	\$ 113,456,284.09	\$ 81,833,779.01
Preferred Stocks .....	2,548,017.66	65,800.00
TOTAL .....	<u>\$ 116,004,301.75</u>	<u>\$ 81,899,579.01</u>
<b>Miscellaneous Receipts</b>		
Current OASDI Contributions .....	\$ 76,763,237.98	\$ 85,400,091.72
Rents and Return of Investments .....	18,387,414.00	18,256,164.00
Interest and Return of		
Investments-Mortgages .....	25,254,430.53	24,561,922.51
Members Contributions-Medical Premium	24,994.80	34,205.68
Loans Payable-Cash Management .....	-	10,000,000.00
Members Contributions-Dental/Vision .....	2,016.75	9,532.45
Collection of Reimbursable Disbursements	1,294,467.09	1,608,588.59
Bond Principal and Interest Overpayments	-	2,224,110.43
Dividend Overpayments .....	-	167,759.00
Accrued Interest Purchased and Collected	-	890,593.69
Unclassified Receipts .....	115,826.45	388,007.11
TOTAL Miscellaneous Receipts .....	<u>\$ 121,842,387.60</u>	<u>\$ 143,540,975.18</u>
TOTAL RECEIPTS .....	<u>\$4,387,919,905.76</u>	<u>\$6,857,203,348.27</u>
TOTAL CASH AVAILABLE .....	<u>\$4,388,596,934.43</u>	<u>\$6,857,691,515.10</u>



**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
COMPARATIVE STATEMENT OF CASH DISBURSEMENTS  
FOR THE YEARS ENDING DECEMBER 31, 1977 AND 1978**

	1977	1978
<b>Disbursements</b>		
Refunds to Terminated Members		
General Members .....	\$ 11,351,230.92	\$ 15,104,612.79
Safety Members .....	985,915.14	1,373,225.41
Members Cost of Living .....	<u>1,966,072.53</u>	<u>3,209,001.70</u>
TOTAL .....	<u>\$ 14,303,218.59</u>	<u>\$ 19,686,839.90</u>
Lump Sum Death Benefits .....	<u>744,733.21</u>	<u>910,556.06</u>
Retirement Allowances		
General Members .....	\$ 72,530,718.48	\$ 91,263,277.60
Safety Members .....	17,806,316.93	19,271,726.89
Cost of Living .....	<u>14,950,384.08</u>	<u>19,391,012.30</u>
TOTAL .....	<u>\$ 105,287,419.49</u>	<u>\$ 129,926,016.79</u>
Retired Members Death Benefits .....	<u>\$ 363,242.18</u>	<u>\$ 371,375.00</u>
Investments		
Bonds-Par Value .....	\$4,024,722,358.63	\$6,498,182,938.54
Net Premium/Discount .....	<u>(2,397,217.25)</u>	<u>(50,360,438.01)</u>
TOTAL .....	<u>\$4,022,325,141.38</u>	<u>\$6,447,822,500.53</u>
Accrued Interest on Bonds .....	<u>\$ 6,364,264.56</u>	<u>\$ 8,866,442.06</u>
Common Stocks .....	\$ 134,622,803.36	\$ 129,050,057.53
Preferred Stocks .....	<u>744,773.50</u>	<u>-</u>
TOTAL .....	<u>\$ 135,367,576.86</u>	<u>\$ 129,050,057.53</u>
Administrative Expenses .....	-	476,880.40
Real Estate Projects .....	852.07	-
Mortgage Loans .....	15,454,221.65	19,495,799.56
Accrued Interest on Mortgage Loans .....	75,505.78	98,231.73
OASDI Contributions .....	76,768,996.11	85,408,169.80
Reimbursable Disbursements .....	2,403,452.37	503,541.67
Medical Insurance Premium .....	6,495,589.05	8,148,672.51
Dental/Vision Plan .....	1,476,623.54	1,744,791.40
Investment Counsel Expense .....	353,518.06	414,927.56
Refunds-Bond Principal and Interest		
Overpayments .....	-	2,166,236.26
Refunds-Dividend Overpayments .....	-	164,242.00
Unclassified Expenditures .....	<u>324,412.70</u>	<u>317,062.12</u>
Total Disbursements .....	<u>\$4,388,108,767.60</u>	<u>\$6,855,572,342.88</u>
Cash Balance, December 31 .....	<u>\$ 488,166.83</u>	<u>\$ 2,119,172.22</u>
Total Disbursements plus Ending		
Cash Balance .....	<u>\$4,388,596,934.43</u>	<u>\$6,857,691,515.10</u>

**SCHEDULE OF ADMINISTRATIVE EXPENSES  
FOR THE SIX MONTHS PERIOD ENDED  
DECEMBER 31, 1978**

<b>Salaries and Wages</b>		\$364,172.41
<b>Employee Benefits</b>		
Employer Contribution — Retirement .....	\$ 49,208.47	
Employer Contribution — OASDI .....	15,049.88	
Employer Contribution — Workmen's Compensation .....	10,193.19	
Employer Contribution — Medical/Dental, Life Insurance .....	<u>23,769.96</u>	98,221.50
<b>Supplies</b>		
Office Expense — Postage .....	\$ 24,873.90	
Office Expense — Stationery and Forms .....	6,559.80	
Office Expense — Other Supplies .....	<u>3,034.15</u>	34,467.85
<b>Services</b>		
Communications .....	\$ 1,202.28	
Professional Service — Actuaries Fees .....	5,400.00	
Professional Service — Admin. Support .....	22,425.50	
Professional Service — Attorneys Fees .....	647.00	
Professional Service — EDP Charges .....	149,318.24	
Professional Service — Hearing Officer Fees .....	14,215.00	
Professional Service — Medical Fees .....	52,660.35	
Professional Service — Microfilm/Microfiche .....	-	
Professional Service — Stenographic Fees .....	6,787.34	
Professional Service — Systems Support .....	41,269.50	
Professional Service — Miscellaneous .....	1,066.56	
Professional Service — Reproduction (Xerox) .....	<u>3,786.51</u>	298,778.28
<b>Others</b>		
Transportation and Travel .....	\$ 2,442.97	
Seminars and Work Shops .....	25.00	
Books .....	41.85	
Membership Dues .....	110.00	
Other Subscriptions .....	-	
Miscellaneous Expenses .....	<u>-</u>	2,619.82
<b>TOTAL</b> .....		<u>\$798,259.86</u>

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 1978**

**Note 1 — Summary of Significant Accounting Policies**

The County Employees Retirement Law of 1937, Government Code Section 31450 through 31898, authorizes the formation and operation of the Los Angeles County Employees Retirement Association (LACERA). The County of Los Angeles and its employees contribute to the Fund based on rates recommended by the Fund's actuary and adopted by the Board of Investments and Board of Supervisors.

Employee and employer contributions are invested and the proceeds and contributions are used for monthly payments to retired County employees. Expenditures for salaries, services and supplies, and fixed assets were made by the County of Los Angeles, Department of Treasurer and Tax Collector, through June 30, 1978, and by the LACERA after that date.

**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 method of amortization while premium or discount on mortgage loans is amortized by the straight line method over a period of 120 months. Stocks are carried at cost. All gains or losses on investments are charged directly to the Reserve for Earnings Deficiencies, Investment Losses, and Other Contingencies.

**Real Estate and Related Income**

LACERA currently has investments in 25 real estate projects which are mainly leased to the County of Los Angeles, one being leased to the County Board of Education. The leases are generally for thirty year periods and provide an option to purchase at the end of the fifteenth and each succeeding year.

In previous years, rental income was determined by multiplying a given interest rate applicable to each project against the book value thereof (cost less accumulated amortization). The excess of monthly rental less rental income was recorded as amortization of investment.

As of January 1, 1978, LACERA converted applicable accounting processes to conform with the Statement of Financial Accounting Standard Board No. 13 "Accounting for Leases". New amortization schedules of all the projects were developed to comply with SFAS No. 13 in all material respects.

The calculations are based on the assumptions that:

1. The leases will run to the end of their term and the lessee will purchase on the last option date.
2. The projects should be amortized so that the balance of each project at the end of the term will agree to the last option price.

3. Amortization should be based on the new and more accurate interest rate called "implicit interest rate" which is defined as the rate of return on unrecovered cost which remains constant throughout the lease term.

As a result of the changes made, LACERA now presents real estate project investments in the Statement of Financial Condition as "Net Investment in Direct Financing Leases" which is the aggregate rentals receivable less unearned income.

### **Reserves**

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

1. Member deposit reserves represent the balance of active members' contributions. Additions include members' contributions and deductions include refunds to terminating members and transfers to the retired member reserves.
2. County advance reserve represents the employers' contributions for future retirement payments of currently active members. Additions include transfers to the retired member reserves.
3. Retired member reserves represent transfers from the members deposit reserves and the County advance reserve less payments to retired members. (The medical insurance plan reserve, death benefit reserve, and dental/vision plan reserve are not credited with interest.)
4. Cost-of-living reserves relate to each of the above reserves. The purpose of these reserves is to provide for cost-of-living increases in retirement allowances.

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

### **Actuarial Investigation and Valuation**

The County Employees Retirement Law of 1937 requires the Los Angeles County Employees Retirement Association to have an actuarial valuation every three years. Towers, Perrin, Forster and Crosby, consulting actuaries, conducted an actuarial investigation and valuation of the Fund as of June 30, 1977.

# MEMBERS OF THE BOARD OF RETIREMENT

JANUARY 1979

## CHAIRMAN

RICHARD E. PACHTMAN, Head, Major Fraud Division, District Attorney.  
Elected by general members. Present term expires December 31, 1979. Re-elected Chairman of the Board, January 3, 1979.

## SECRETARY

H. B. ALVORD, County Treasurer and Tax Collector. Ex-officio member of the Board of Retirement by law. Re-elected Secretary of the Board, January 3, 1979.

## MEMBERS

CODY FERGUSON, Fire Captain, Forester and Fire Warden's Department.  
Elected by safety members. Present term expires December 31, 1980.

MARY ANN HOLLIBAUGH, Appointed by the Board of Supervisors. Present term expires December 31, 1979.

NORMAN R. SHAFFER, Supervising Air Pollution Engineer II, South Coast Air Quality Management District. Re-elected by general members. Present term expires December 31, 1981.

WILLIE J. STENNIS, Appointed by the Board of Supervisors. Present term expires December 31, 1981.

ROBERT STOTELMEYER, retired. Elected by retired members. Present term expires December 31, 1981.

PAUL A. STROHMAN, Inspector, Sheriff's Department. Elected by safety members. Present term expires December 31, 1980. (Alternate)

JACK A. WOOD, Appointed by the Board of Supervisors. Present term expires December 31, 1980.

(Vacancy — to be appointed by the Board of Supervisors.)

## MEMBERS OF THE BOARD OF INVESTMENTS

JANUARY 1979

### CHAIRMAN

NORMAN R. SHAFFER, Supervising Air Pollution Engineer II, South Coast Air Quality Management District. Elected by general members. Present term expires December 31, 1981. Re-elected Chairman of the Board, January 10, 1979.

### SECRETARY

H. B. ALVORD, County Treasurer and Tax Collector. Ex-officio member of the Board of Investments by law. Re-elected Secretary of the Board on January 10, 1979.

### MEMBERS

LEO B. BABICH, Retired Vice President, Bank of America. Appointed by the Board of Supervisors. Present term expires December 31, 1981.

CODY FERGUSON, Fire Captain, Forester and Fire Warden's Department. Elected by safety members. Present term expires December 31, 1980.

NORMAN S. JOHNSON, retired. Elected by retired members. Present term expires December 31, 1981.

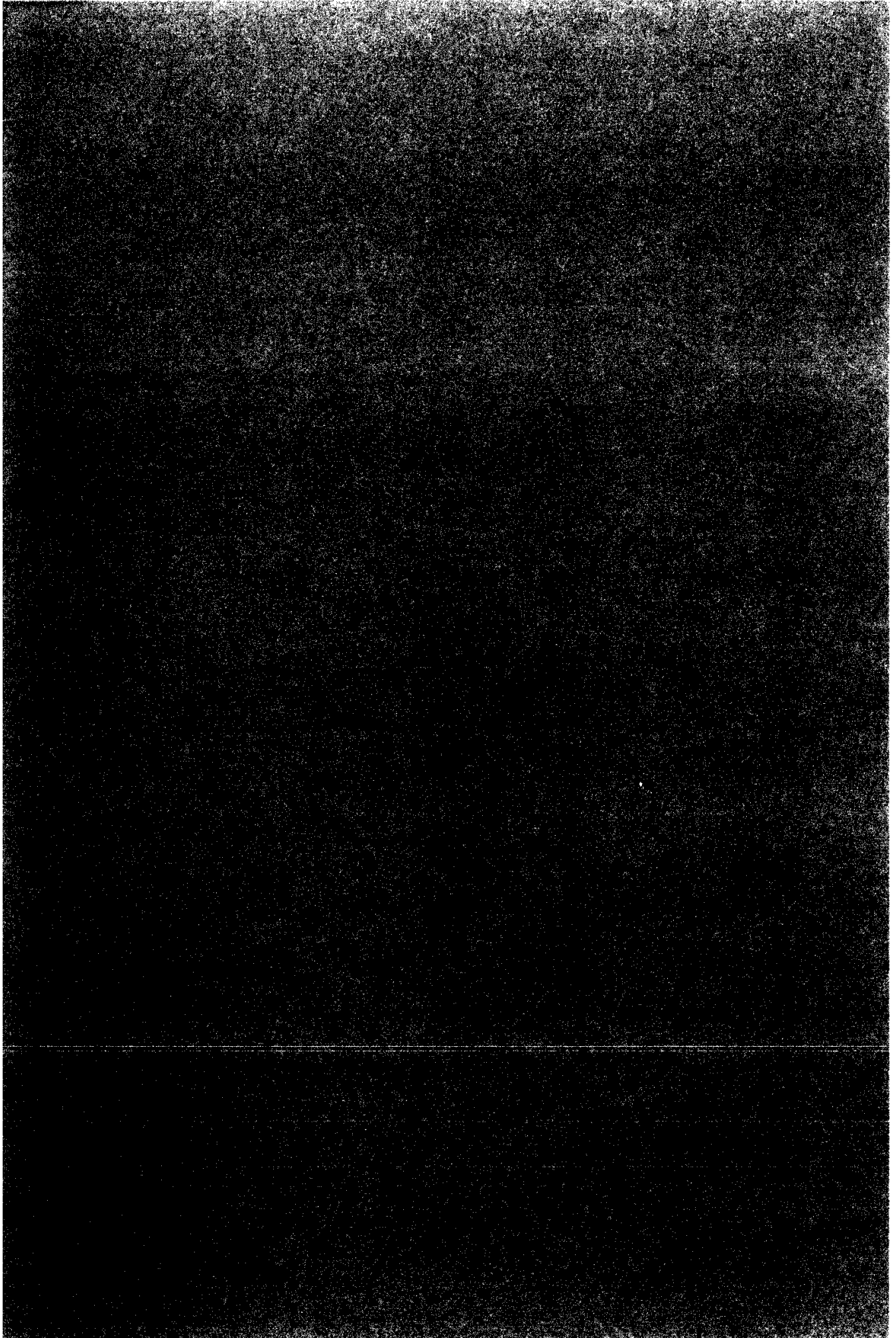
S. JON KREEDMAN, Chairman of the Board, American City Bank. Appointed by the Board of Supervisors. Present term expires December 31, 1979.

ALAN G. LOWY, Appointed by the Board of Supervisors. Present term expires December 31, 1980.

RICHARD E. PACHTMAN, Head, Major Fraud Division, District Attorney. Re-elected by general members. Present term expires December 31, 1979.

(Vacancy — to be appointed by the Board of Supervisors.)

—JAMES D. AIKEN, Subsequently appointed by the Board of Supervisors. Present term expires 1981.





**LOS ANGELES COUNTY EMPLOYEES  
RETIREMENT ASSOCIATION**

**Room 440, Hall of Administration**

**500 West Temple Street**

**Los Angeles, California 90012**