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TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing PublicComment@lacera.com. If you are requesting to speak, please include your contact information, agenda item, and meeting date in your request.

Attention: Public comment requests must be submitted via email to PublicComment@lacera.com no later than 5:00 p.m. the day before the scheduled meeting.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

AGENDA

A SPECIAL JOINT MEETING OF THE BOARD OF RETIREMENT AND THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

1:00 P.M., FRIDAY, DECEMBER 9, 2022

This meeting will be conducted by the Board of Retirement and Board of Investments both in person and by teleconference under California Government Code Section 54953(e).

Any person may view the meeting online at
<https://LACERA.com/leadership/board-meetings>.

*The Boards may take action on any item on the agenda,
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Special Joint Meeting of the Board of Retirement of September 23, 2022
 - B. Approval of the Minutes of the Special Joint Meeting of the Board of Investments of September 23, 2022
- III. PUBLIC COMMENT

(Written Public Comment - You may submit written public comments by email to PublicComment@lacera.com. Correspondence will be made part of the official record of the meeting. Please submit your written public comments or documentation as soon as possible and up to the close of the meeting.

Verbal Public Comment - You may also request to address the Board at PublicComment@lacera.com before and during the meeting at any time up to the end of the Public Comment item. We will contact you with information and instructions as to how to access the meeting as a speaker. If you would like to remain anonymous at the meeting without stating your name, please let us know.)

IV. NON-CONSENT ITEM

- A. Recommendation as submitted by William R. Pryor, Chair, Board of Retirement and Herman B. Santos, Chair, Board of Investments: The Board of Retirement and the Board of Investments approve a 5% a merit increase for the Chief Executive Officer, Santos Kreimann, effective October 1, 2022. 2) The Board of Retirement and the Board of Investments approve a 3% cost of living adjustment (COLA) for the Chief Executive Officer, Santos Kreimann, effective January 1, 2023.
(Memo dated November 30, 2022)

V. REPORTS

- A. LACERA Economic Impact Study
Santos H. Kreimann, Chief Executive Officer
Mazen Bou Zeineddine, Beacon Economics
(Presentation) (Memo dated November 23, 2022)

VI. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agenda item at a future meeting.)

VII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

VIII. GOOD OF THE ORDER

(For information purposes only)

IX. EXECUTIVE SESSION

- A. Conference with Legal Counsel – Existing Litigation
Significant Exposure to Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of California
Government Code Section 54956.9)

December 9, 2022

Page 3

IX. EXECUTIVE SESSION (Continued)

1. LACERA v. County of Los Angeles, et al.,
Los Angeles Superior Court, Case No. 21STCP03475

X. ADJOURNMENT

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement and Board of Investments that are distributed to members of the Boards less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.

MINUTES OF THE BOARD OF RETIREMENT FROM
A SPECIAL JOINT MEETING OF THE BOARD OF RETIREMENT
AND THE BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

1:00 P.M., FRIDAY, SEPTEMBER 23, 2022

This meeting was conducted by the Board of Retirement and Board of Investments under California Government Code Section 54953(e).

PRESENT: William Pryor, Chair

Shawn Kehoe, Vice Chair

Alan Bernstein, Secretary

JP Harris, Alternate Retiree Member

Vivian Gray

Elizabeth Ginsberg

Wayne Moore

Les Robbins

Antonio Sanchez

Herman Santos (Joined the meeting at 1:02 p.m.)

ABSENT: Gina Zapanta

Keith Knox

BOARD OF INVESTMENTS

PRESENT: Herman Santos, Chair (Joined the meeting at 1:02 p.m.)

Shawn Kehoe, Secretary

Elizabeth Greenwood (Joined the meeting at 1:04 p.m.)

Onyx Jones

Patrick Jones

Joseph Kelly

Elizabeth Ginsberg

Gina Sanchez

ABSENT: David Green, Vice Chair

Keith Knox

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Luis Lugo, Deputy Chief Executive Officer

Steven P. Rice, Chief Counsel

JJ Popowich, Assistant Executive Officer

Laura Guglielmo, Assistant Executive Officer

Jasmine Bath, Senior Staff Counsel

Sheppard Mullin

Tracey Kennedy, Partner

Samantha Grant, Partner

STAFF ADVISORS AND PARTICIPANTS

Klausner, Kaufman, Jensen & Levinson
Robert Klausner, Partner

I. CALL TO ORDER (Mr. Santos joined the meeting at 1:02 p.m.)

The meeting was virtually called to order by Chair Pryor at 1:00 p.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Special Joint Meeting of the Board of Retirement of July 6, 2022

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve the Minutes of the Special Joint Meeting of the Board of Investments of July 6, 2022. The motion passed (roll call) with Messrs. Santos, Kehoe, Bernstein, Robbins, Moore, Sanchez, Mses. Ginsberg, and Ms. Gray voting yes. Ms. Zapanta was absent for the vote.

B. Approval of the Minutes of the Special Joint Meeting of the Board of Investments of July 6, 2022

No action was taken on this item by the Board of Retirement.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. REPORTS

A. For Discussion purposes and Potential Action as submitted by Santos H. Kreimann, Chief Executive Officer, regarding the Board Trustees' Return to the Boardroom for Meetings.
(Memo dated September 15, 2022)

IV. REPORTS (Continued)

The Boards discussed this topic and staff answered questions.

Mr. Pryor made a motion, Mr. Bernstein seconded, to approve returning to the boardroom in November.

The makers of the motion amended their motion, without objection, to include adding the Covid emergency exception finding every month and direct staff to prepare the boardroom for in-person hybrid boardroom. The motion passed (roll call) with Messrs. Kehoe, Bernstein, Robbins, Moore, Sanchez, and Ms. Ginsberg voting yes; and Ms. Gray and Mr. Santos voting no. Ms. Zapanta was absent for the vote.

V. ITEMS FOR STAFF REVIEW

There were no items to report.

VI. ITEMS FOR FUTURE AGENDAS

There were no items to report.

VII. GOOD OF THE ORDER
(For information purposes only)

There was nothing to report.

VIII. EXECUTIVE SESSION

Before this matter was called, it was stated in open session that it relates to the employment claim of James Brekk.

A. Conference with Legal Counsel – Anticipated Litigation

VIII. EXECUTIVE SESSION (Continued)

(Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9)

One Matter

There was nothing to report after the meeting.

However, after the meeting, it became appropriate under California Government Code Section 54957.1(a)(3)(B) of the Brown Act to make a further report out of action taken by the Board on this item. On a motion by Mr. Pryor, seconded by Ms. Gray, the Board approved 7-1 granting an amount of authority and instructions for counsel to negotiate a settlement agreement with Mr. Brekk, with Messrs. Bernstein, Kehoe, Moore, A. Sanchez, and Santos and Meses. Ginsberg and Gray voting yes, and Mr. Robbins voting no. Ms. Zapanta was absent for the vote. Counsel thereafter completed a resolution of the matter as authorized. A settlement agreement has now been executed and is final.

IX. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 3:29 p.m.

ALAN BERNSTEIN, SECRETARY

WILLIAM PRYOR, CHAIR

MINUTES OF THE BOARD OF INVESTMENTS FROM
A SPECIAL JOINT MEETING OF THE BOARD OF RETIREMENT
AND THE BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

1:00 P.M., FRIDAY, SEPTEMBER 23, 2022

This meeting was conducted by the Board of Retirement and Board of Investments under California Government Code Section 54953(e).

PRESENT: Herman Santos, Chair (Joined the meeting at 1:02 p.m.)

Shawn Kehoe, Secretary

Elizabeth Greenwood (Joined the meeting at 1:04 p.m.)

Onyx Jones

Patrick Jones

Joseph Kelly

Elizabeth Ginsberg

Gina Sanchez

ABSENT: David Green, Vice Chair

Keith Knox

BOARD OF RETIREMENT

PRESENT: William Pryor, Chair

Shawn Kehoe, Vice Chair

Alan Bernstein, Secretary

BOARD OF RETIREMENT (Continued)

JP Harris, Alternate Retiree Member

Vivian Gray

Wayne Moore

Les Robbins

Antonio Sanchez

Herman Santos (Joined the meeting at 1:02 p.m.)

ABSENT: Gina Zapanta

Keith Knox

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Luis Lugo, Deputy Chief Executive Officer

Steven P. Rice, Chief Counsel

JJ Popowich, Assistant Executive Officer

Laura Guglielmo, Assistant Executive Officer

Jasmine Bath, Senior Staff Counsel

Sheppard Mullin

Samantha Grant

Klausner, Kaufman, Jensen & Levinson

Robert Klausner, Partner

I. CALL TO ORDER (Mr. Santos joined the meeting at 1:02 p.m.)

The meeting was virtually called to order by Chair Pryor at 1:00 p.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Special Joint Meeting of the Board of Retirement of July 6, 2022

No action was taken on this item by the Board of Investments.

B. Approval of the Minutes of the Special Joint Meeting of the Board of Investments of July 6, 2022

Mr. Kelly made a motion, Ms. O. Jones seconded, to approve the Minutes of the Special Joint Meeting of the Board of Investments of July 6, 2022. The motion passed (roll call) with Messrs. Kehoe, P. Jones, Kelly, Santos, and Mses. Ginsberg, O. Jones, and Sanchez voting yes. Mr. Green and Ms. Greenwood were absent for the vote.

(Ms. Greenwood joined the meeting at 1:04 p.m.)

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. REPORTS

A. For Discussion purposes and Potential Action as submitted by Santos H. Kreimann, Chief Executive Officer, regarding the Board Trustees' Return to the Boardroom for Meetings.
(Memo dated September 15, 2022)

The Boards discussed this topic and staff answered questions.

IV. REPORTS (Continued)

Mr. Kelly made a motion, Ms. Sanchez seconded, to approve returning to the boardroom in November.

The makers of the motion amended their motion, without objection, to include adding the Covid emergency exception finding every month and direct staff to prepare the boardroom for in-person hybrid meetings. The motion passed (roll call) with Messrs. Kehoe, P. Jones, Kelly, and Mses. Ginsberg, Greenwood, O. Jones, and Sanchez voting yes; and Mr. Santos voting no. Mr. Green was absent for the vote.

V. ITEMS FOR STAFF REVIEW

There were no items to report.

VI. ITEMS FOR FUTURE AGENDAS

There were no items to report.

VII. GOOD OF THE ORDER

(For information purposes only)

There was nothing to report.

VIII. EXECUTIVE SESSION

Before this matter was called, it was stated in open session that it relates to the employment claim of James Brekk.

- A. Conference with Legal Counsel – Anticipated Litigation
(Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9)

VIII. EXECUTIVE SESSION (Continued)

One Matter

There was nothing to report following the meeting.

However, after the meeting, it became appropriate under California Government Code Section 54957.1(a)(3)(B) of the Brown Act to make a further report out of action taken by the Board on this item. On a motion by Mr. P. Jones, second by Mr. Kelly, the Board approved 7-1 granting an amount of authority and instructions for counsel to negotiate a settlement agreement with Mr. Brekk, with Messrs. P. Jones, Kehoe, Kelly, and Santos and Meses. Ginsberg, Greenwood, and O. Jones voting yes, and Ms. G. Sanchez voting no. Mr. Green was absent for the vote. Counsel thereafter completed a resolution of the matter as authorized. A settlement agreement has now been executed and is final.

IX. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 3:29 p.m.

SHAWN KEHOE, SECRETARY

HERMAN SANTOS, CHAIR



DATE: November 30, 2022

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: William R. Pryor, Chair
Board of Retirement

Herman B. Santos, Chair
Board of Investments

FOR: December 9, 2022, Joint Board of Retirement and Board of Retirement Meeting

SUBJECT: **Chief Executive Officer Compensation**

RECOMMENDATIONS

The Board of Retirement and the Board of Investments approve a 5% a merit increase for the Chief Executive Officer, Santos Kreimann, effective October 1, 2022.

The Board of Retirement and the Board of Investments approve a 3% cost of living adjustment (COLA) for the Chief Executive Officer, Santos Kreimann, effective January 1, 2023.

LEGAL AUTHORITY

Los Angeles County Salary Ordinance Section 6.127.030 B

2. Salary Adjustment. Notwithstanding Section 6.08.330 E, adjustments to the base salary of a person designated to act as retirement administrator pursuant to Section 6.127.020 of this code may be made by the boards of retirement and investments and shall take effect when designated by the boards. Such adjustments need not fall within the designated person's Salary Range.

The Brown Act provides in Government Code Section 54953(c) (3) that action on senior executive compensation must be taken in open session and that a summary of the terms of the compensation, including benefits, must be orally announced before final action is taken.

DISCUSSION

The discussions regarding the performance evaluation for Santos H. Kreimann, Chief Executive Officer, occurred during the August 3, 2022, Board of Retirement closed session meeting and the September 14, 2022, Board of Investments closed session meeting. At that time, Mr. Kreimann provided his self-evaluation and received an assessment of performance by Board Trustees.

Mr. Kreimann's performance during the evaluation period exceeded Board performance standards. Therefore, a merit increase is appropriate. LACERA's Tier I MAPP Participants whose performance exceeded standards received merit increases. Historically, the Boards have approved a merit increase for the Chief Executive Officer to mirror the increase provided to staff.

Similarly, the Boards approved a 3.0% cost of living adjustment effective January 1, 2023, for all LACERA staff. The Board Chairs consider it equitable that Mr. Kreimann also receive this general salary adjustment.

This, in addition to Mr. Kreimann's leadership and service, is the foundation of our recommendations.

FOR INFORMATION ONLY

November 23, 2022

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Santos H. Kreimann *SK*
Chief Executive Officer

FOR: December 9, 2022 Joint Board of Retirement & Board of Investments Meeting

SUBJECT: **LACERA Economic Impact Study**

BACKGROUND

The Los Angeles County Employees Retirement Association (LACERA) was established in 1938 to provide pension benefits to employees of the County of Los Angeles. Since then, LACERA's trust fund has grown to \$73 billion as of fiscal year 2021. During that same fiscal year, LACERA paid out \$3.8 billion in retirement benefits to its members and beneficiaries.

As institutions within their local communities, public sector pension plans have a positive and measurable economic impact on the people and businesses within those communities and statewide. For example, in 2007, the State Association of County Retirement Systems (SACRS) commissioned a study that highlighted the positive economic impact 1937 Act County Retirement Systems have throughout the State of California. Similarly, the National Institute on Retirement Security (NIRS) has conducted biannual economic impact studies (Pensionomics¹) that measure the impact of state and local public sector pension plans across the country.

DISCUSSION

In April of this year, LACERA in conjunction with its public affairs consultant EKA engaged Beacon Economics to conduct an economic impact study of the pension benefits that LACERA provides to its members and beneficiaries, our primary stakeholders. Other important stakeholders for LACERA include its plan sponsor (County of Los Angeles), state and federal legislators, and members of the public.

¹ *Pensionomics 2021*. National Institute on Retirement Security. Retrieved November 23, 2022, from <https://www.nirsonline.org/resources/pensionomics-state-data/>

LACERA Economic Impact Study
Board of Retirement
Board of Investments
November 23, 2022
Page 2

The purpose of the study is to enhance LACERA's engagement with its stakeholders by demonstrating the value of LACERA's pension benefits in supporting economic activity on a local and statewide level. Staff anticipates refreshing the study on a routine basis, such as every 3 or 5 years.

Attachments

Presentation – Economic, Fiscal and Social Impacts of LACERA Pensioners
Report – Economic, Fiscal and Social Impacts of LACERA Pensioners

cc: Santos H. Kreimann
Luis Lugo
JJ Popowich
Laura Guglielmo
Steven P. Rice
Jonathan Gabel
Eric Rose, EKA
Mazen Bou Zeineddine, Beacon Economics

Economic, Fiscal, and Social Impacts of LACERA Pensioners

September 2022



About Beacon Economics

Founded in 2007, Beacon Economics, an LLC and certified Small Business Enterprise with the state of California, is an independent research and consulting firm dedicated to delivering accurate, insightful, and objectively based economic analysis. Employing unique proprietary models, vast databases, and sophisticated data processing, the company's specialized practice areas include sustainable growth and development, real estate market analysis, economic forecasting, industry analysis, economic policy analysis, and economic impact studies. Beacon Economics equips its clients with the data and analysis they need to understand the significance of on-the-ground realities and to make informed business and policy decisions.

Practice Areas

Economic, Fiscal, and Social Impact Analysis

Regional and Sub-Regional Analysis

Economic and Revenue Forecasting

Housing, Land Use, and Real Estate Advisory

Sustainable Growth and Development

Litigation Support and Expert Testimony

Project Advisors

Christopher Thornberg, PhD, Founding Partner

Project Team

Mazen Bou Zeineddine, Manager, Economic, Fiscal and Social Impact Analysis

Samuel Maury-Holmes, Senior Research Associate, Economic, Fiscal, and Social Impact Analysis

Johnathan Cahill, Research Associate, Economic, Fiscal, and Social Impact Analysis

Expertise in Economic Impact Analysis

Since 2011, Beacon Economics has conducted multiple comprehensive analyses that have provided reliable and quantifiable data on the economic impact of various industries and organizations, including universities and higher education institutions such as USC, UCLA, Cal State Pomona, and Loyola Marymount. Analyses evaluate major economic impacts associated with these entities and their fiscal impact on national, state, and local governments. They also incorporate a comprehensive assessment of the social and qualitative impacts associated with these institutions. By combining sampling methods, financial data, surveys, and other available economic resources with current frameworks for studying economic impacts, Beacon Economics estimates the amount of economic activity generated in the local and broader economy by calculating the spending of entities and other participants in the affected region.

For More Information About This Report Or Beacon Economics, Contact:

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Victoria Pike Bond, Director of Marketing and Communications

415.457.6030 | victoria@beaconecon.com

www.beaconecon.com

Key Economic Terms

Term	Definition
Direct Effect	The output of goods or services resulting from immediate spending by LACERA pensioners. These expenditures are spent on household spending categories, including housing, food, finance, retail, transportation and entertainment.
Indirect Effect	The additional output of goods or services generated by supply chain interactions. For example, when a pensioner spends money on groceries, that grocery store will go to a wholesaler and purchase additional goods, thereby generating an indirect impact.
Induced Effect	As businesses increase productivity from the direct and indirect effects, their payroll expenditures grow through more hiring or increased salaries. As a result, household spending expands. These new personal market transactions, generating additional outputs of goods and/or services, are the induced effect.
Secondary Effect	Sum of indirect and induced effects.

Total Impact	The sum of the direct, indirect, and induced effects.
Employment	The number of jobs supported through spending by LACERA pensioners, including direct, indirect and induced effects.
Labor Income	The value of all forms of employment income paid for all types of impacts, including health benefits, bonuses, etc.
Output	The total value of production generated through project spending, including the value of intermediate inputs: the goods and services used in the production of equipment, raw materials, energy, and other production inputs.
Tax Revenue	Money collected to support federal, state, and local governments.
Defined Benefit Plan	A retirement plan sponsored by the employer where the retiree is paid out a fixed amount that is calculated by several factors including salary and length of employment.
Defined Contribution Plan	A retirement plan that involves the employee and potentially the employer where contributions are made from the employees' paycheck towards an investment account that funds the retirement plan. These plans include programs such as the 401(k) or 403(b).

Executive Summary

The Los Angeles County Employees Retirement Association (LACERA or “the Agency”) is an independent government agency managing retirement funds primarily for Los Angeles County employees. Established in 1938 to oversee a pension trust designated for eligible county workers, the agency has since grown substantially in both importance and value — becoming a multi-billion-dollar fund and serving thousands of county employees. Contributions toward the plan are made by the employer and the employee, which is then administered by LACERA. Given the complex nature of financial investment strategies, LACERA established the Board of Investments in 1971 to prioritize diversification and ensure long-term strategic goals are met. LACERA’s retirement plans are all *defined benefit plans*, a retirement option providing a specific, fixed, pre-established payment amount once the individual retires. Defined benefit plans (DB pensions) provide significant impacts across the communities they serve. A 2021 study of nationwide DB pensions found that pensioners generated roughly \$1.3 trillion in economic output and supported approximately 7 million jobs across the United States¹.

Pensioners under LACERA provide significant value to the local economy. Most of these pensioners dedicated their careers towards public service for Los Angeles County, and now continue to benefit the economy by spending a majority of their income in and around the county. As of 2022, there were just under 73,400 LACERA pensioners receiving benefits nationwide – of which slightly over 60,500 resided in California. The majority of California-based LACERA pensioners live in the Los Angeles County area, with approximately 42,300 pensioners or 70% of the statewide total retirees, who spend approximately \$2.0 billion (after tax deductions) annually. This study examines the economic and fiscal impact of Los Angeles County retirees’ household spending utilizing an input-output model to assess what contributions LACERA pensioners make toward the local economy through supporting jobs, wages, and generating economic output. It is important to note that this analysis does not capture the full breadth impact of LACERA as an organization. The agency spends well over \$100 million annually for operational expenditures including employee

1 <https://www.nirsonline.org/2021/01/pension-spending-supports-1-3-trillion-in-output-6-9-million-jobs-192-billion-in-tax-revenue-across-u-s-economy/>

salaries and benefits, services, and supplies. These expenditures in and of themselves have considerable impacts on the economy – however, for the purposes of this report, the economic, fiscal and social impact analysis will be concentrated on the benefits provided from pensioner and household spending. The *Social Impact* section of the report highlights non-quantitative benefits associated with LACERA. Pensioners often make significant contributions toward charities, philanthropic organizations, and much more — and LACERA pensioners are no exception. Pensions such as LACERA are important to public agencies because they help attract and retain top talent, across all public services. As a result, the importance of pension funds such as LACERA is substantial. The social impact section highlights the benefits pensioners provide to their community, as well as how their spending helps at-risk industries.

Key Facts

- LACERA’s pensioners generate approximately \$2.7 billion in economic output annually across Los Angeles County, supporting approximately 23,643 jobs and generating roughly \$819.4 million in labor income. Statewide, LACERA’s total annual impacts are over \$2.9 billion, supporting 24,931 jobs and generating \$917.4 million in labor income.
- LACERA’s pensions ripple throughout the Los Angeles County region. Of the \$2.7 billion in annual economic output, approximately \$586.9 million was generated in District 1, \$497.3 million in District 2, \$435.6 million in District 3, \$529.2 million in District 4, and \$606.3 million in District 5.
- In addition to the economic benefits, LACERA’s pensions generate massive fiscal revenues annually for various government agencies. Statewide, a total of \$388.5 million is generated in fiscal revenue annually from pensioner spending, with \$172.8 million in state and local taxes and \$215.7 million in federal revenues. Los Angeles County absorbs the bulk of this fiscal revenue generated, with \$154.3 million in state and local revenue and \$185.3 million in federal funds for a total of \$339.7 million in fiscal revenues.
- Across the five districts, annual fiscal impacts varied, with the most collected from District 5 at a total of \$83.2 million in tax revenue, followed by District 1 at \$71.3 million, District 4 at \$67.7 million, District 2 generated \$58.9 million and District 3 collected \$57.4million in fiscal revenues.

Methodology

To analyze the total economic and fiscal impacts of LACERA’s pensioners, Beacon Economics assessed annualized aggregated pension data across all of the association’s retirees currently receiving pensions. The analysis was concentrated primarily across seven geographies: California, Los Angeles County, and the five Los Angeles County Board of Supervisor districts. Pension data was collected from LACERA by supervisorial district estimating monthly benefits per retiree, which was then converted to annual terms for the input-output model. Before tax, the total estimated annual pensions were roughly \$2.4 billion, and approximately \$2.0 billion after tax deductions. Pensions by district varied, as did the total number of retirees. Figure A below highlights total pensioners and pension amount by district:

Figure A: Share of Pensioners and Pensions by District, Los Angeles County

District	Number of Pensioners	Share of Total Pensioners	Total Pension Amount* (\$, Mil.)	Share of Total Pension
District 1	9,159	21.6%	514.2	21.8%
District 2	8,872	21.0%	427.2	18.1%
District 3	4,243	10.0%	257.8	10.9%
District 4	9,206	21.8%	535.3	22.7%
District 5	10,492	24.8%	624.7	26.5%
Unknown District	336	0.8%	1.5	0.1%
Total	42,308	-----	2,360.6	-----

Source: LACERA; analysis by Beacon Economics.

*Note: Total pension amount represented in Figure A is prior to tax deductions.

Beacon Economics uses IMPLAN (Impact Analysis for Planning), a state-of-the-art input-output modeling system that estimates how certain expenditures correlate and affect other industries in the economy to generate the total economic and fiscal impact. This study assumes changes in spending can result in a direct, indirect, and induced effect. The indirect and induced effects are often also known as “ripple” or “multiplier” effects, and in combination are referred to as “secondary” impacts. The initial direct expenditures lead to sequential spending in the respective economy. Together, the direct, indirect, and induced effects add up to the total impact.

This study estimates how household spending will ripple through the economy and impact various industries across the local and broader regions. For example, when a pensioner receives their monthly check, a portion of that will be spent on housing, food, entertainment, retail, and other goods and services. These expenditures are considered the **direct effect**. Subsequent business-to-business transactions and supply chain spending will fall under the **indirect effect**. Finally, household spending from workers that are supported through industries in the direct and indirect expenditures will create the **induced effect**. Total economic impact is considered the sum of direct, indirect, and induced effects. The following metrics were used to report the impacts of LACERA’s pensioners:

- **Employment** represents the number (headcount) of part-time, full-time, and temporary jobs supported through household spending by LACERA pensioners. Jobs “supported” includes jobs generated and existing jobs that have been supported by household spending.
- **Labor income** represents the value of all employment income generated through LACERA’s pensioner spending, including fringe benefits such as health care, retirement, etc.
- **Output** refers to the total value of production generated by household spending, including the value of intermediate inputs (goods and services used in the production of equipment, raw materials, energy, and other production inputs).

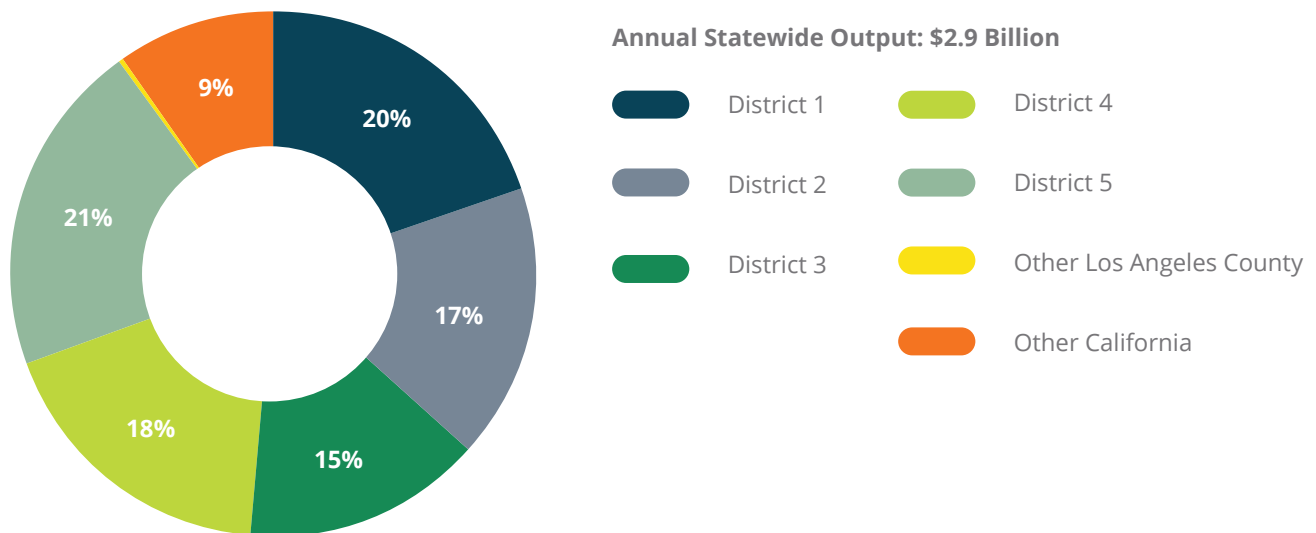
For more information on the IMPLAN MRIO (Multi-Regional Input-Output) analysis modeling system, please see the Appendix.

Economic and Fiscal Impacts

Statewide and County Economic Impacts

The money pensioners receive monthly will mostly be spent in the local community. Aside from taxes, fees, and other transactional items that don't generate further economic impact, most monies will remain and circulate around Los Angeles County. Annually, approximately \$2.7 billion is generated in economic output from household spending by LACERA retiree pensioners. State-wide, the impacts are slightly larger due to the fact that the rest of California will absorb any "leakages" not accounted for on the county level (money not spent within Los Angeles County and absorbed in other local economies).

Figure 1: Share of Economic Impacts from LACERA Pensioners by Region

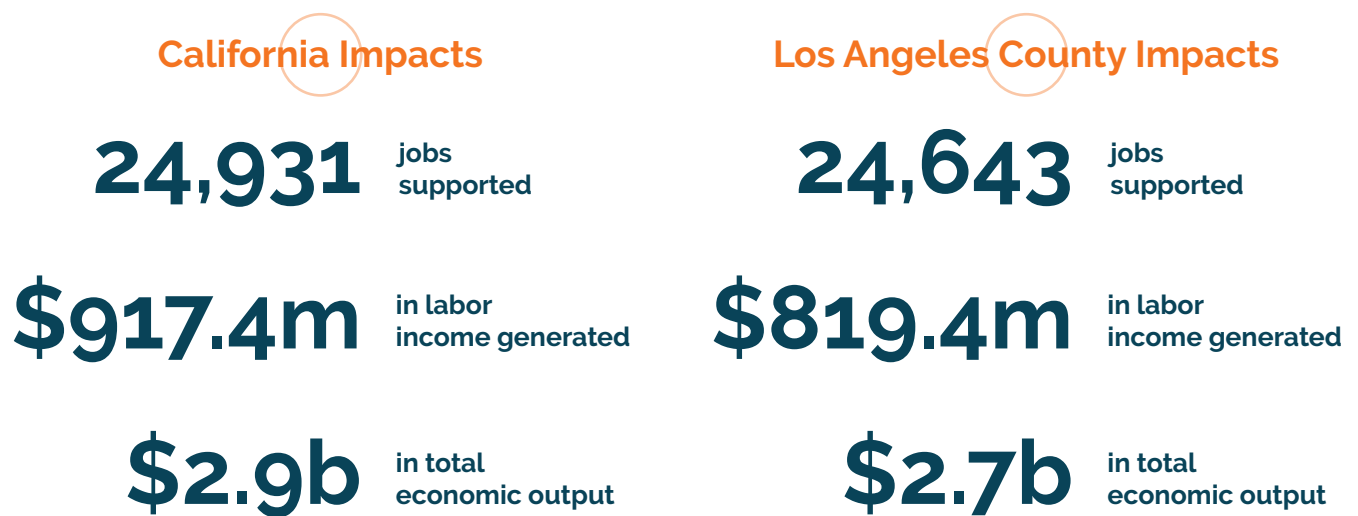


Source: IMPLAN; analysis by Beacon Economics.

Note: "Other Los Angeles County" denotes the remaining zip codes within the county not absorbed by any of the districts. "Other California" denotes all other California counties, excluding Los Angeles County.

Total economic output generated statewide from LACERA pensioner spending amounts to roughly \$2.9 billion across California, supporting 24,931 jobs and generating \$917.4 million in labor income across a variety of industries. Much of these impacts are absorbed across five of Los Angeles County’s supervisorial districts, accounting for roughly 90% of total impacts. The remaining counties in California (all statewide counties excluding Los Angeles County) account for 9.5% of the economic impacts generated, and the rest is distributed to zip codes within Los Angeles County that are not absorbed by any of the supervisorial districts (0.004% of total impacts or \$12.8 million).

Figure 2: Total Annual Economic Impact of LACERA Pensioners Across California and Los Angeles County



Source: IMPLAN; analysis by Beacon Economics.

Los Angeles County accounts for the bulk of statewide impacts (roughly 91%), which is unsurprising since most retirees live and spend their money in the region, and the fact Los Angeles County's economy is so large that it likely absorbs most of the supply chain and employee spending. The largest industries supported directly by LACERA pensioners in terms of employment are Transportation, Personal Services, Amusement and Recreation, Physicians, and Food and Beverage Stores. In total, over 18,000 jobs (mixture of part-time, seasonal, and full-time workers) are supported between these five industries across the county.

Figure 3: LACERA Pensioners' Economic Impact by Impact Type, Los Angeles County

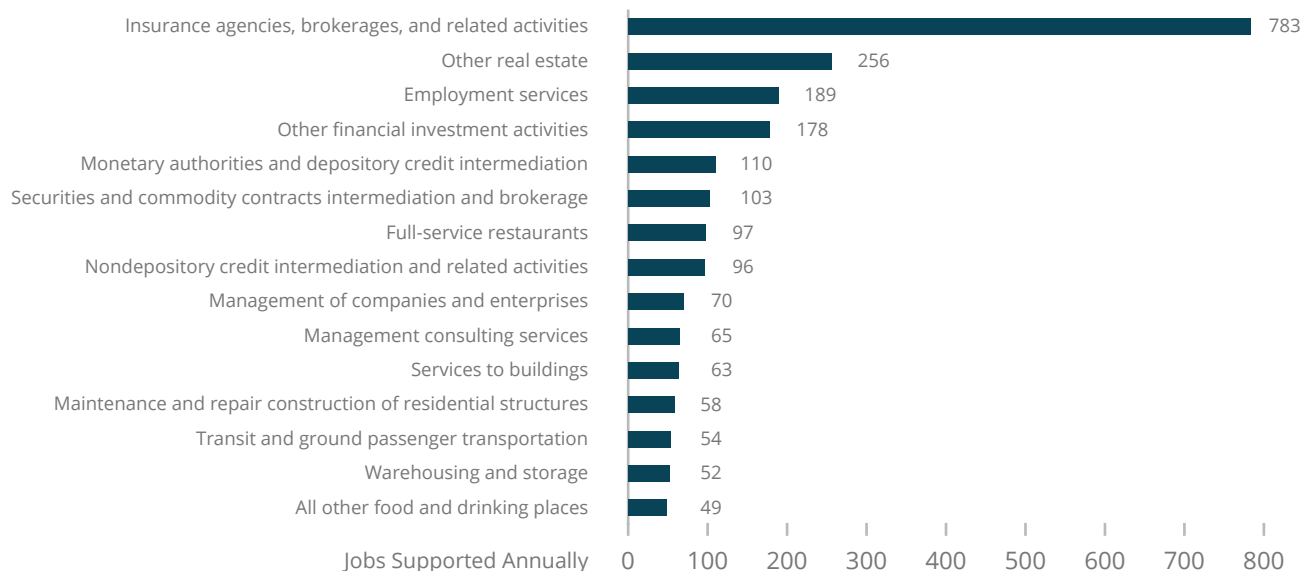
Impact Type	Employment	Labor Income (\$, Mil.)	Output (\$, Mil.)
Direct	20,122	546.0	1,858.5
Indirect	3,061	245.6	726.7
Induced	459	27.7	83.0
Total	23,643	\$819.4 million	\$2.67 billion

Source: IMPLAN; analysis by Beacon Economics.

Note: Totals may not be exact due to rounding.

A majority of LACERA pensioners' economic impact comes from direct spending. For example, a pensioner may use a portion of monthly pension for rent, or groceries, or something else. Approximately 70% of total economic output generated is through pensioners' direct spending. Nonetheless, secondary impacts play a considerable role in generating economic output across the county. Roughly \$810 million is generated in economic output through secondary spending, with most supported by indirect spending. Given the nature of spending categories from the average household (housing, food, retail, finance, entertainment, etc.), a lot of these industries require significant business-to-business transactions and supply chains to operate. For example, a grocery store that a pensioner regularly visits will take a portion of that money to restock goods. As such, it is unsurprising that almost \$727 million is generated annually across Los Angeles County in indirect spending. These impacts ripple through various industries of the economy. In total, the 15 largest industries supported by LACERA pensioners in terms of employment from secondary impacts account for over 2,200 jobs, or just over 9% of total jobs supported by the pensioners across the county.

Figure 4: Top 15 Industries Employed through LACERA Pensioners Support from Secondary Impacts (Los Angeles County)



Source: IMPLAN; analysis by Beacon Economics.

District Level Impacts

LACERA pensioners' impact across Los Angeles County varies depending on the supervisory district. This is due to the number of pensioners per district, size of the district's economy, and where the spending is likely to occur. The five supervisory districts absorb much of Los Angeles County's total LACERA pensioner impact, with 23,607 jobs supported across five districts and \$2.7 billion in total economic output.

Figure 5: LACERA Pensioners' Total Economic Impact by Supervisory District, Los Angeles County²

District	Employment	Labor Income (\$)	Output (\$)
District 1	5,287	180,638,596	586,884,143
District 2	4,391	149,363,038	497,289,530
District 3	3,245	137,771,581	435,616,384
District 4	4,960	162,105,791	529,225,489
District 5	5,724	185,336,886	606,318,480
Total	23,607	\$815,215,892	\$2,655,334,026

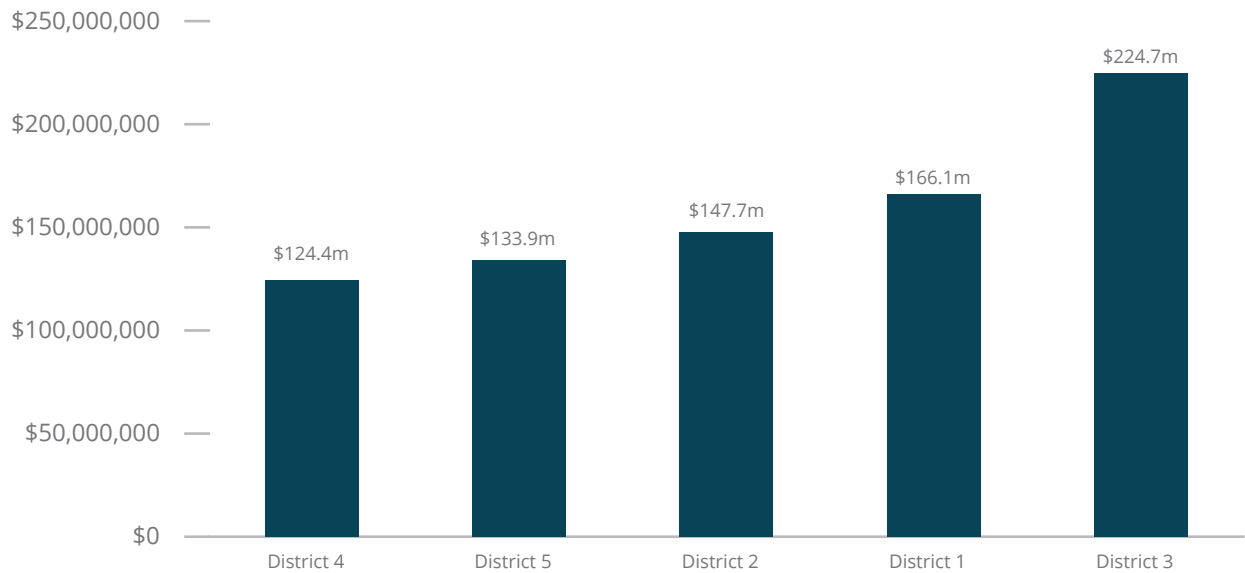
Source: IMPLAN; analysis by Beacon Economics.

Note: Totals may not be exact due to rounding.

The largest economic impact generated by LACERA pensioners is in District 5 at \$606.3 million, followed by District 1 (\$586.9 million), District 4 (\$529.2 million), District 2 (\$497.3 million), and District 3 (\$435.6 million). Employment from pensioner-household expenditures ranges from 3,245 jobs supported by impacts generated across District 3 to over 5,720 jobs from impacts generated by District 5.

2 For more information on economic and fiscal impacts by supervisory districts by impact type, please see figures A.1-A.5 in the Appendix.

Figure 6: Total Economic Output from Secondary Impacts by Supervisorial District, Los Angeles County



Source: IMPLAN; analysis by Beacon Economics.

When it comes to sub-regional impact analysis, geographies differ in terms of how the ripple effect will generate further economic output. For example, District 5 has the largest economic impact of any supervisorial district by LACERA pensioners. However, most of the impact is generated by direct spending, with District 5 having the second-lowest secondary impact, albeit still significant at \$133.9 million. Conversely, District 3's economic impacts are the lowest of any supervisorial districts at \$435.6 million; however, secondary impacts play a key role in the output generated. More than half of District 3's total economic output is generated through supply chain interactions and household spending at \$224.7 million.

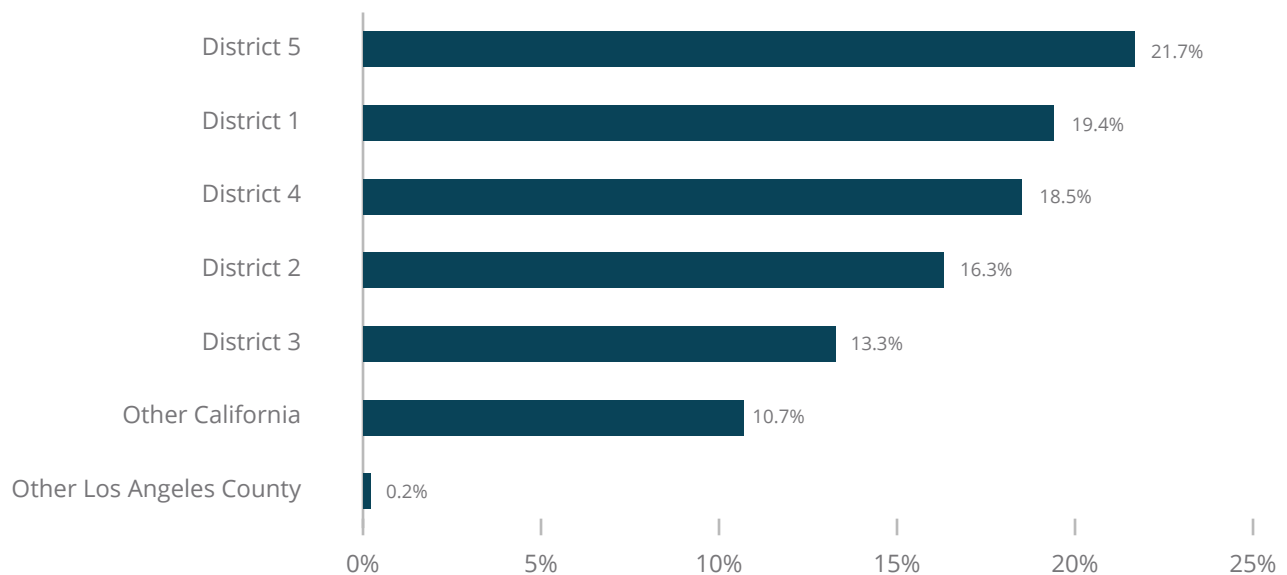
Household spending by district mirrors total-county impacts in terms of where the expenditures are likely to occur. The top five largest impacts by industry across districts are (on average) in Insurance, Housing (owner and tenant-occupied), Transportation, Physicians, and Personal Services. Insurance receives a huge economic benefit mainly from **indirect** impacts, as a result of supply-chain and business-to-business transactions. As households spend significant money on various establishments (groceries, restaurants, recreation, etc.), firms in these respective sectors and down the supply-chain pay substantial sums in labor compensation that also includes insurance benefits. Conversely, Housing had the largest **direct** impact – as households normally spend significant portions of their incomes on housing payments, whether it be rent (including assisted or senior housing, mortgages, or maintenance and repairs. Between the five aforementioned industries, approximately \$1.8 billion is generated in economic impact alone across the five districts. Other industries deeply benefiting from LACERA pensioners include Food and Beverage stores (groceries and food and drinking places such as restaurants, bars, etc.), which experience over \$82 million a year in economic output collected between the five districts, and Amusement and Recreation (\$96.2 million generated in economic output across five districts).



Fiscal Impacts

Given the significant economic impacts generated by LACERA's pensioners, a substantial portion of fiscal revenue is collected by state, local, and federal agencies impact. Statewide, tax revenue collected by LACERA pensioners' economic activities totaled \$388.5 million, with \$172.8 million in state and local revenues and \$215.7 million in federal tax revenues. Los Angeles County absorbed most of the fiscal revenues generated, with \$339.7 million in total revenues, \$154.3 million in state and local taxes, and \$185.3 million in federal revenues.

Figure 7: Share of State and Local Impacts from LACERA Pensioners by Region



Source: IMPLAN; analysis by Beacon Economics.

As can be seen from Figure 7, much of the state and local impacts generated are collected from the five supervisorial districts in Los Angeles County. Between the five districts, around 89% of state and local impacts are generated there, with Other California (all other counties in California excluding Los Angeles County) accounting for the bulk of remaining fiscal revenues as a result of supply chain and induced impacts.

Figure 8: Annual Fiscal Impacts by Tax Type, Los Angeles County

Tax Type	State and Local (\$, Mil.)	Federal (\$, Mil.)	Total (\$, Mil.)
Corporate Profits Tax	10.9	24.3	35.2
Income Tax	23.8	61.2	85.0
Other	11.2	9.3	20.4
Property Tax	46.1	-	46.1
Sales Tax	58.2	-	58.2
Social Insurance Tax	4.2	90.5	94.7
Total	\$154.3 million	\$185.3 million	\$339.7 million

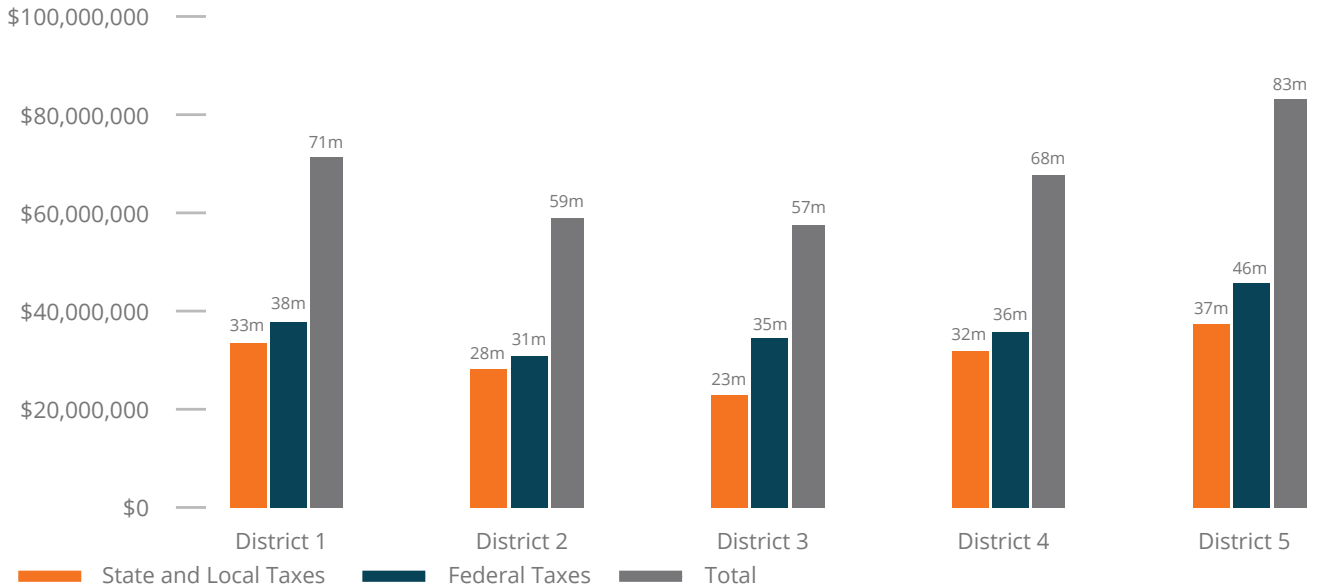
Source: IMPLAN; analysis by Beacon Economics.

Note: Totals may not be exact due to rounding.

The largest sources of spending across Los Angeles County for state and local tax revenues comes from sales tax, with approximately \$58.2 million collected annually in tax revenues based on the fiscal impact from LACERA pensioners. This is unsurprising given that a significant portion of pensioners’ income will be spent on taxable items, whether for groceries, retail, entertainment, or other personal services. These funds are significant to the local community because a certain portion of sales tax goes toward important social programs, including health, transportation, social services, and the county’s general fund. Another significant source of revenue for state and local taxes is property taxes, with LACERA pensioners’ economic activities generating around \$46.1 million. A significant portion of these revenues go toward schools, public local services (including parks, libraries, amenities), and much more. For federal revenues, the largest sources across the county were social insurance tax (\$90.5 million) and income tax (\$61.2 million), which come from taxes pensioners pay to the government, as well as any income tax or withholdings that employees of industries supported by LACERA pensioners pay.

Figure 9: Total Fiscal Impacts by Supervisorial Districts

Source: IMPLAN; analysis by Beacon Economics.



Across the five supervisorial districts, annual fiscal impacts range depending on the magnitude of economic impact generated per region. Nonetheless, given the significant economic output generated across all five regions, the fiscal impacts are substantial. Unsurprisingly, District 5 collected the largest amount of fiscal revenue, given that the largest economic impact occurred in that region and the district experienced one of the largest direct spendings. In total, District 5 generated \$83.2 million in fiscal impact (approximately 24.4% of Los Angeles County’s total fiscal impact from LACERA pensioners), with \$37.4 million in state and local taxes and \$45.7 million in federal revenues. The second largest fiscal impact was from District 1, with \$71.3 million in total fiscal revenues (\$33.5 million in state and local taxes and \$37.8 million in federal taxes). This is followed by District 4, with a total of \$67.7 million in fiscal revenues; and lastly, District 2 and 3, with \$58.9 million and \$57.4 million in fiscal revenues respectively.

Social Impacts

Importance of Defined Benefits Retirement Plans

The importance of retirement funds such as LACERA is substantial to a local economy. As stated in the *Economic and Fiscal Impacts* section, pensioners play a key role in generating billions across Los Angeles County, supporting various industries and helping ensure thousands of jobs are supported annually. LACERA is one of thousands of defined benefit plans (DB pensions) offered to public employees across the United States. Approximately 83% of full-time working state and local government employees participate in a defined benefit plan. Total financial assets across state and local government-employed DB pension funds were over \$5 trillion as of 2021³.

Defined benefit plans offer security to retirees that defined contribution plans cannot. Once an employee enrolls in a defined benefit plan, they are able to assess the monthly income they will receive in retirement through a formula estimating length of work, average salary, and a percentage set by law. Conversely, defined contribution plans are funded by employers and the employee (through programs such as a 401k), but there is no guarantee how much money an individual could receive. Because the funds are received through investments, they could be significantly lower at the individual's retirement due to market volatility or economic downturn. Furthermore, funds could be exhausted as opposed to a guaranteed monthly income that is appropriated through a DB pension. Not only does this mean there is assurance for the retiree to receive money, it also means there will be a guarantee that money will be circulated in the economy from defined benefit pensioners. Furthermore, DB pensions have been shown to accumulate more in retirement funds compared to defined contribution plans. In a study by the Center for Retirement Research, defined benefit plans outperformed defined contributions by 0.7% every year.⁴

3 <https://publicplansdata.org/quick-facts/national/>

4 https://crr.bc.edu/wp-content/uploads/2015/12/IB_15-211.pdf

Since DB pensions offer assured monthly income to retirees, as well as an average higher return than defined contribution plans, there is great value that defined benefit plans bring to pensioners — and the economy as a whole. Furthermore, some DB pension plans, such as LACERA's, offer excellent healthcare benefits to their retirees, that help alleviate significant medical costs as well. As a result, since a substantial portion of a retiree's money is going to be circulated around the local economy, the benefit of maintaining defined benefit plans is the positive economic impact generated in the economy at large.



Pensioners' Support to the Economy

The magnitude of impact that pensioners have on the economy is not a fixed assumption. While LACERA's retirees were estimated to generate \$2.7 billion in economic output in Los Angeles County, this is likely to change in the future. Not only is this true for LACERA but most public retirement funds, and even defined contribution plans as well. The United States' population is aging. For context, in 2020 an estimated 56.1 million people were aged 65 or older. By 2030, that number is projected to be 73.1 million. Population forecasts by the U.S. Census show that by 2030, one in five Americans will be in retirement age⁵. Given declining birth rates and static migration trends, this indicates retirement spending will be an important economic variable as retirees' consumption will be more important to the economy as a whole.

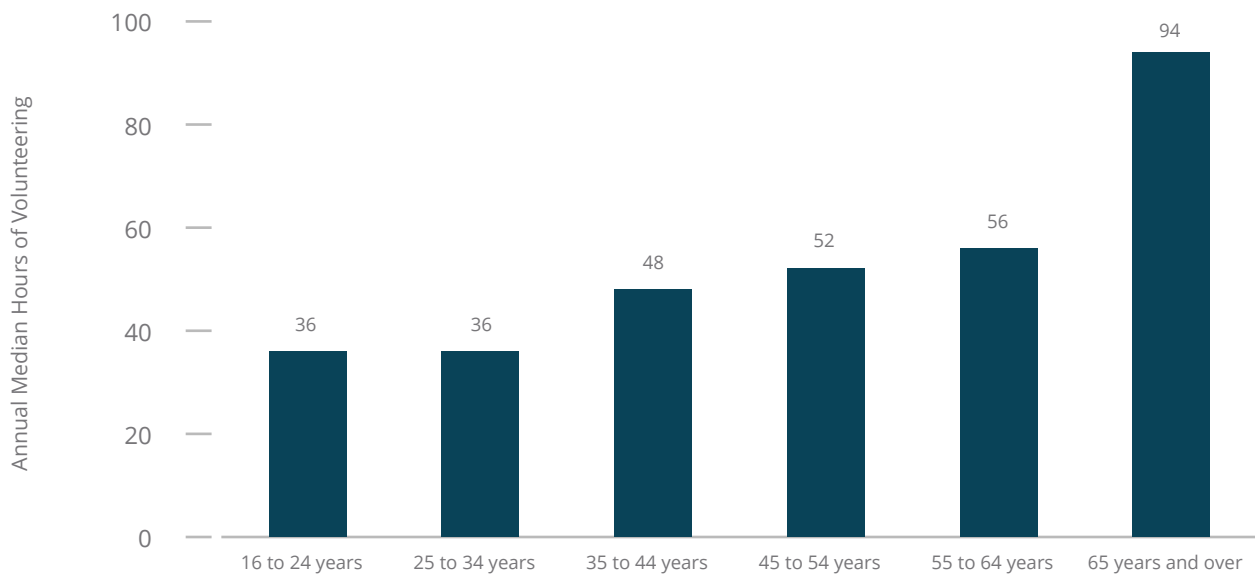
As seen in the *Economic and Fiscal Impacts* section, there are a variety of industries significantly benefiting from LACERA pensioner spending across Los Angeles County. The true value of this spending comes during times of economic downturn or hardship. For example, Food and Beverage establishments greatly suffered throughout the COVID-19 pandemic and previously during the Great Recession. While employment took considerable time to recover from the latter, Los Angeles County's labor market has yet to recover completely from the pandemic-induced decline in jobs for Food Services and Drinking Places. The importance of LACERA-type pensioners to the economy is this: with a guaranteed monthly income following retirement, spending patterns do not have to be significantly altered since a household can anticipate what their monthly income will be. Since defined benefit plans will not change based on what the retired monthly income figure was calculated at, households should expect a constant stream of revenue. While there might be fluctuations in hard economic times (families tend to save more in recessions), pensioners are less likely to be worried since their income is not based on employment. This means retirees, especially those aged 65 - 75, are more likely to spend their money going out to eat than individuals who have been laid off or those who are concerned about a job layoff during economic hardships.

5 <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p25-1144.pdf>

Volunteering and Charitable Contributions

Another key benefit of retirees, and specifically those who receive guaranteed pensions, is they are likely to spend a portion of their time and/or money on volunteering and charitable contributions — specifically early-on in retirement.

Figure 10: Median Hours of Volunteering by Age



Source: Bureau of Labor Statistics; analysis by Beacon Economics.

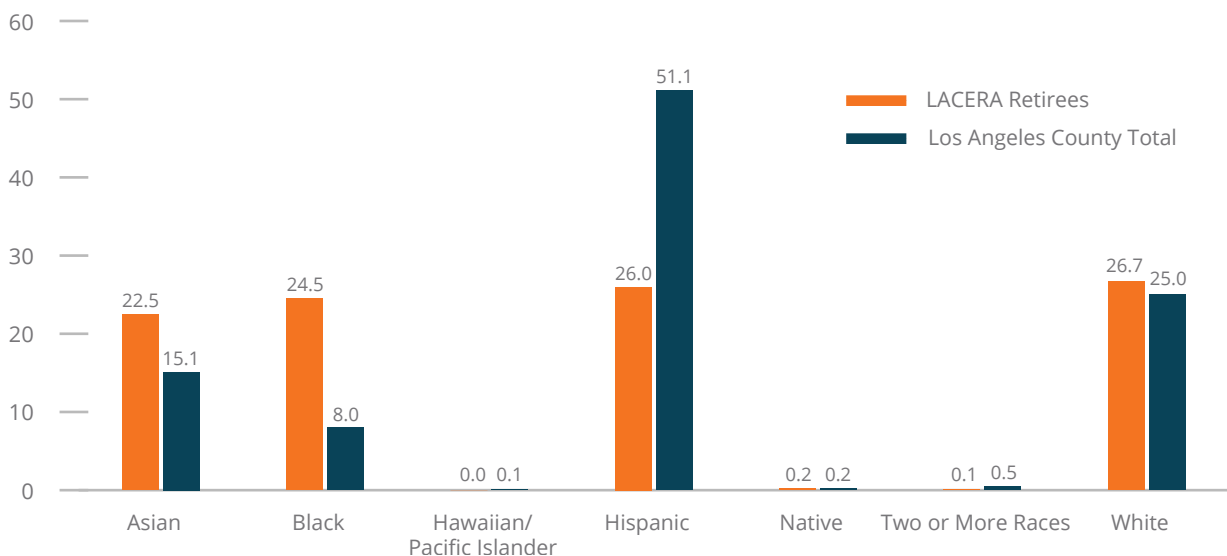
Retirees play a key role in volunteering toward various organizations. According to the Bureau of Labor Statistics (BLS), individuals aged 65 and over devote 94 hours in annual median hours of volunteering. Comparatively, the annual median for the total population is 52 hours, meaning individuals in retirement age are almost twice as likely to volunteer compared to any other population group. Retirees are involved with important community groups, with the most common volunteering occurring in religious organizations, social and community service groups, educational and youth services, and hospitals or health organizations.

LACERA Member Diversity and Demographic Breakdown

Racial/Ethnic Diversity

The ethnic and racial composition of LACERA's pensioners is highly diverse, especially in comparison to the population of Los Angeles County overall. Historically marginalized groups compose significant segments of LACERA's retiree membership. As is the case with Los Angeles County's total population, Hispanic pensioners make up the largest share of LACERA's retirees at 26%. This is lower than Los Angeles County's Hispanic population (51.1%), however, that is due to the fact that other groups comprise significant shares of LACERA's pensioners. For example, Black or African Americans make up 8.0% of Los Angeles County's total population. Among LACERA's pensioners, however, Black retirees comprise 24.5% of the total – the third largest group and only slightly behind White and Hispanic pensioners. Asian retirees also comprise a larger share of LACERA's pensioners compared to the population of Los Angeles County – making up 22.5% of retirees compared to 15.1% of the County's total population.

Figure 11: LACERA Pensioners, Ethnic and Racial Composition

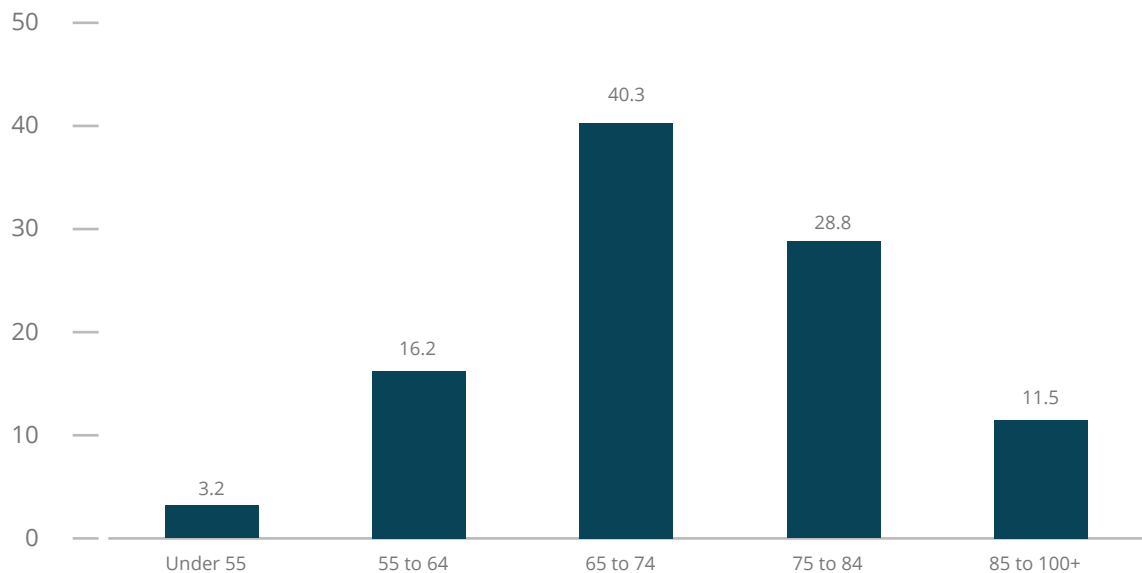


Source: LACERA, 2020 American Community Survey Public Use Microdata Survey; analysis by Beacon Economics

Age Group Analysis

LACERA pensioners represent various age groups. The average and median age of a LACERA pensioner is 72. The largest group of retirees are between the ages of 65 and 74, making up 40% of total pensioners. Unsurprisingly, the smallest share of retirees is the group under age 55, at 3.2%. Higher age groups, specifically retirees between 85 to over 100, represent more than 10% of total LACERA pensioners.

Figure 12: Share of LACERA Pensioners by Age Group

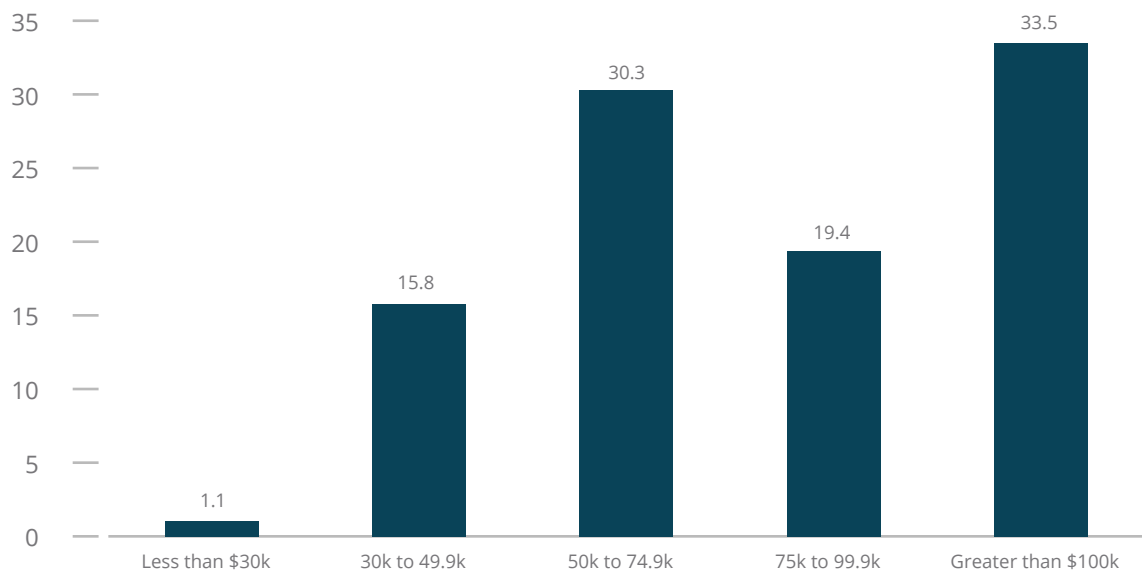


Source: LACERA; analysis by Beacon Economics.

Salary Analysis for Active Members

The annual average salary for LACERA active members as of 2022 has topped \$90,000. Between 2012 and 2022, the annual average salary amongst active members grew by 39% – an increase of approximately \$25,000. The year-over-year average increase for LACERA active members has been approximately 3.4% since 2012.

Figure 13: Share of Active LACERA Members by Salary Group



Source. LACERA; analysis by Beacon Economics.

As of 2022, most of LACERA's active members earn more than \$75,000 annually. In fact, over 33% of LACERA's active members earn more than \$100,000 per year, the largest share of any LACERA income group. This falls in line with Los Angeles County's overall population/income estimates, where approximately 38.7% of the County's residents report annual incomes greater than \$100,000. The second largest share of LACERA members earn annual salaries of between \$50,000 and \$75,000, making up 19% of active members. Only 1% of LACERA's active members earn below \$30,000 annually. Comparatively, approximately 24.5% of Los Angeles County residents report incomes below \$35,000.

Conclusion

The importance of LACERA's pensioners to the Los Angeles County economy is substantial, with thousands of pensioners injecting money monthly into the local economy and helping dozens of industries. In total, LACERA pensioners generated \$2.9 billion in economic output across California, of which \$2.7 billion remained in Los Angeles County and helped support 23,643 regional jobs.

Given the significant economic activity generated by LACERA's pensioners from various forms of spending, there is substantial fiscal revenue collected annually as well. Approximately \$388.5 million is generated in total tax revenue statewide, of which \$339.7 million is collected in Los Angeles County alone. Around \$154.3 million is collected in state and local taxes across Los Angeles County alone, which help fund several social programs and provides funding for key services across the community.



LACERA pensioners' impact across Los Angeles County ripples through the five supervisorial districts. The following summarizes the economic and fiscal impacts generated in each district:

District 1: Approximately \$586.9 million is generated in economic output by LACERA pensioners, supporting 5,287 jobs and generating over \$180.6 million in labor income. Total tax revenue collected reached \$71.3 million, with \$33.5 million in state and local taxes and \$37.8 million in federal tax revenues.

District 2: Roughly \$497.3 million is generated in economic output by LACERA pensioners, supporting 4,391 jobs and generating roughly \$149.4 million in labor income. Total tax revenue in District 2 reached \$58.9 million, with \$28.2 million in state and local taxes and roughly \$30.8 million in federal tax revenues.

District 3: Approximately \$435.6 million is generated in economic output by LACERA pensioners, supporting 3,245 jobs and \$137.8 million generated in labor income. Furthermore, \$57.4 million was collected in total tax revenue, including \$22.9 million in state and local taxes and \$34.5 million in federal tax revenues.

District 4: Roughly \$529.2 million is generated in economic output by LACERA pensioners, supporting 4,960 jobs and generating \$162.1 million in labor income. Total tax revenue collected amounted to \$67.7 million, with \$32 million in state and local taxes and \$35.8 million in federal tax revenues.

District 5: Approximately \$606.3 million is generated in economic output by LACERA pensioners, helping support 5,724 jobs and generating \$185.3 million in labor income. Roughly \$83.2 million was collected in total tax revenue, with \$37.4 million in state and local taxes and \$45.7 million in federal tax revenues.

Appendix

Summary of Results

Figure A.1: Economic Output by District, by Impact Type (\$, Millions)

Impact Type	District 1	District 2	District 3	District 4	District 5
Direct	420.8	349.6	210.9	404.8	472.4
Indirect	150.7	131.9	204.6	110.0	116.9
Induced	15.4	15.7	20.0	14.4	17.0
Total	586.9	497.3	435.6	529.2	606.3

Source: IMPLAN; analysis by Beacon Economics.

Figure A.2: Employment Supported by District by Impact Type

Impact Type	District 1	District 2	District 3	District 4	District 5
Direct	4,562	3,781	2,282	4,377	5,120
Indirect	641	529	848	503	505
Induced	84	80	114	80	99
Tota	5,287	4,391	3,245	4,960	5,724

Source: IMPLAN; analysis by Beacon Economics.

Figure A.3: Labor Income by District, by Impact Type (\$, Millions)

Impact Type	District 1	District 2	District 3	District 4	District 5
Direct	123.2	102.9	61.8	119.2	138.8
Indirect	52.3	41.6	68.9	38.2	40.7
Induced	5.1	4.9	7.0	4.8	5.9
Total	180.6	149.4	137.8	162.1	185.3

Source: IMPLAN; analysis by Beacon Economics.

Figure A.4: State & Local Fiscal Impacts by District by Tax Source (\$, Millions)

Tax Source	District 1	District 2	District 3	District 4	District 5
Corporate Profits Tax	2.5	1.8	1.4	2.4	2.7
Income Tax	4.0	3.7	5.5	4.0	6.5
Other	2.5	2.1	1.5	2.4	2.6
Property Tax	10.4	8.8	6.1	9.9	10.9
Sales Tax	13.2	11.1	7.7	12.4	13.7
Social Insurance Tax	0.9	0.7	0.7	0.9	1.0
Total	33.5	28.2	22.9	32.0	37.4

Source: IMPLAN; analysis by Beacon Economics.

Figure A.5: Federal Fiscal Impacts by District by Tax Source (\$, Millions)

Tax Source	District 1	District 2	District 3	District 4	District 5
Corporate Profits Tax	5.7	4.0	3.1	5.4	6.1
Income Tax	9.8	9.3	15.2	9.8	16.8
Other	2.1	1.8	1.2	2.0	2.2
Social Insurance Tax	20.3	15.7	15.0	18.5	20.7
Total	37.8	30.8	34.5	35.8	45.7

Source: IMPLAN; analysis by Beacon Economics.

IMPLAN

Multi-Regional Input-Output Methodology and IMPLAN

This report is based on an economic analysis technique known as Multi-Regional Input-Output (MRIO) analysis, which is a means of examining inter-industry relationships across several regions. A MRIO analysis builds on the standard Input-Output (I-O) analysis by expanding effects from monetary market transactions beyond a single region and helps capture leakages in other regions. In a MRIO analysis, the direct effect in one region triggers indirect and induced effects in others. The results of the analysis reveal the effects of a change in one or several economic activities on an entire economy, as well as the economic interdependence of regions.

IMPLAN expands on the traditional I-O approach to include transactions among industries and institutions, and among institutions themselves, thereby capturing all monetary market transactions in a given period. This specific report uses the IMPLAN web model. For more information on the IMPLAN modeling process, visit IMPLAN.com.

Although IMPLAN provides an excellent framework for conducting impact analysis, Beacon Economics takes extra precautions to ensure model results are valid, employing decades of experience to tailor the model to the unique demands of each economic impact analysis the firm conducts. Procedures and assumptions are thoroughly and systematically inspected for validity and individual project appropriateness before any analysis is performed.



Economic, Fiscal, and Social Impacts of LACERA Pensioners

September 2022



Economic, Fiscal and Social Impacts of LACERA Pensioners

December 2022

Mazen Bou Zeineddine

Manager, Economic, Fiscal, and Social Impact Analysis

Purpose of Study

Defined Benefits – A Proven System

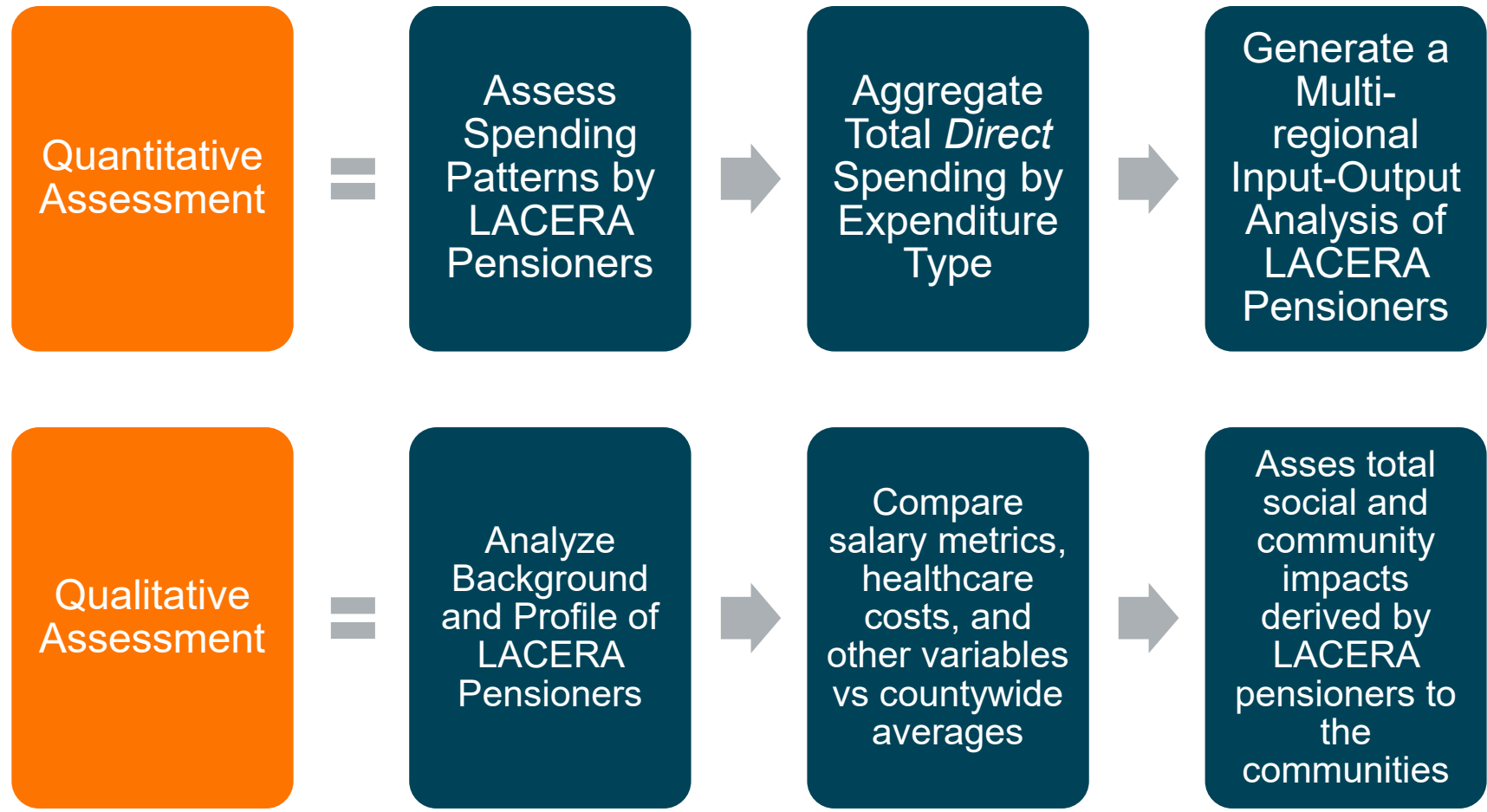


Defined benefit plans (DB) have worked for decades and, if properly structured and managed, can serve the interests of all stakeholders—taxpayers, employers and employees. Defined benefit plans offer more value at lower costs. DB plans are more efficient than defined contribution plans for delivering pension benefits.

DB plans generally earn far more than defined contribution plans because they are professionally managed. Defined benefit plans offer lower fees and cover disability retirements and death benefits that are not included in defined contribution plans. Further, defined benefit plans protect inflation and manage longevity risk better than defined contribution plans by pooling larger numbers of people. DB plans also more efficiently provide for retirees' future security and save taxpayer dollars through smart, long-term investments. DB contributions are invested, allowing investment earnings to compound over time and shoulder the bulk of paying for benefits. Gains on investments have historically made up the bulk of public pension fund receipts. DB plans are critical in recruiting and retaining highly trained and qualified personnel.

Impact analyses help understand the mechanisms of how DB pensions ripple through the economy and affect various industries and sectors. Assessing pensions and retiree spending has become common in economic analyses, with common studies done on a state level (for example, CalPERS), or a national level (Pensionomics/National Institute on Retirement Security). DB pensions offer constant streams of revenue, even during economic downturns. This valuable line of spending is important to the economy, and will play an even larger role as the population ages further.

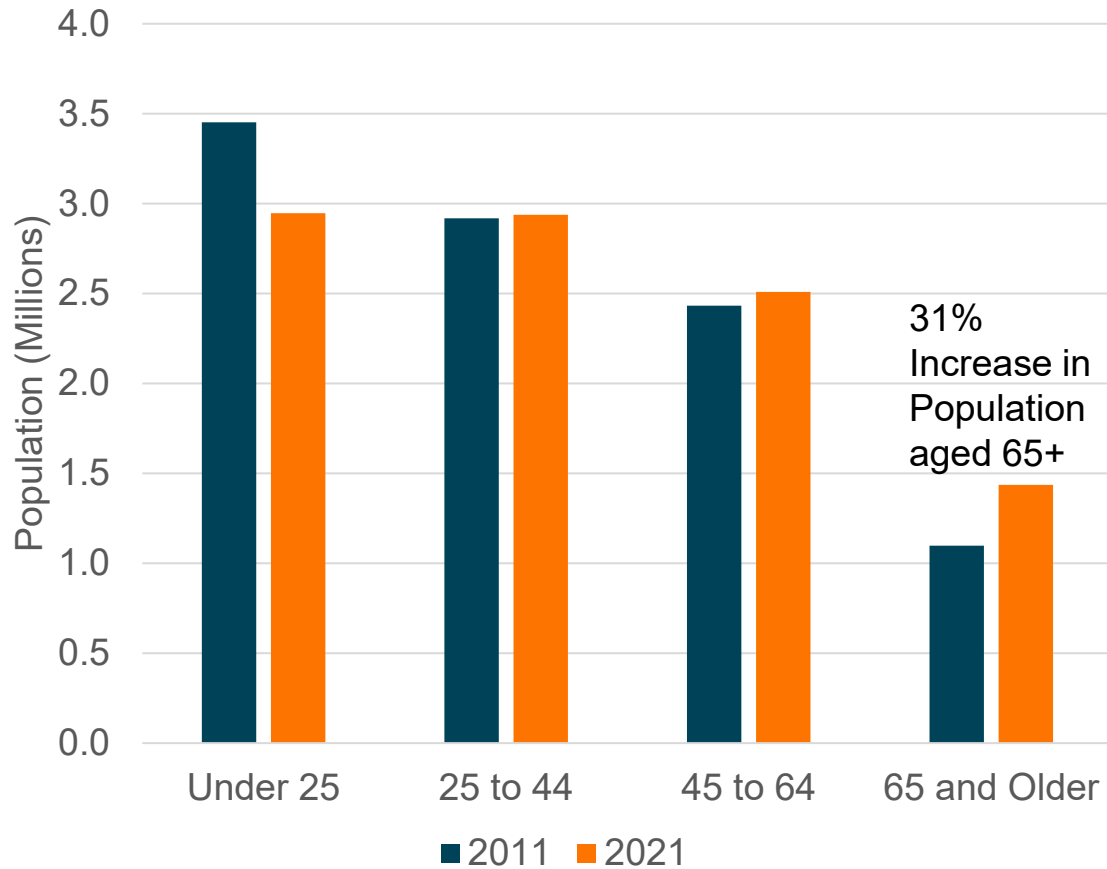
Overview



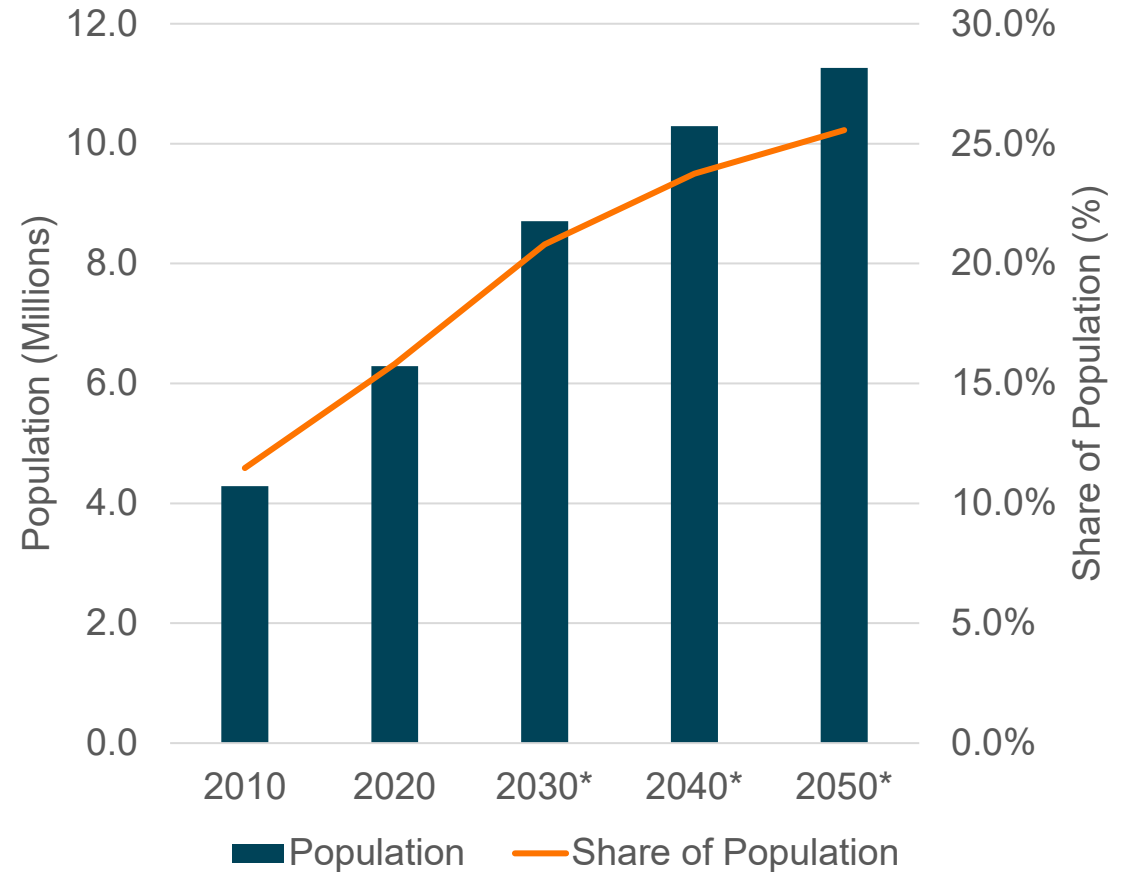
Background Assessment: An Aging Population



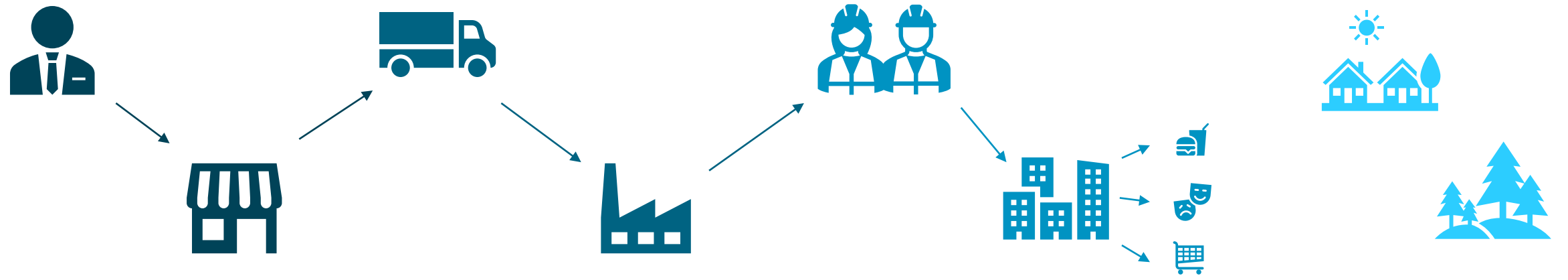
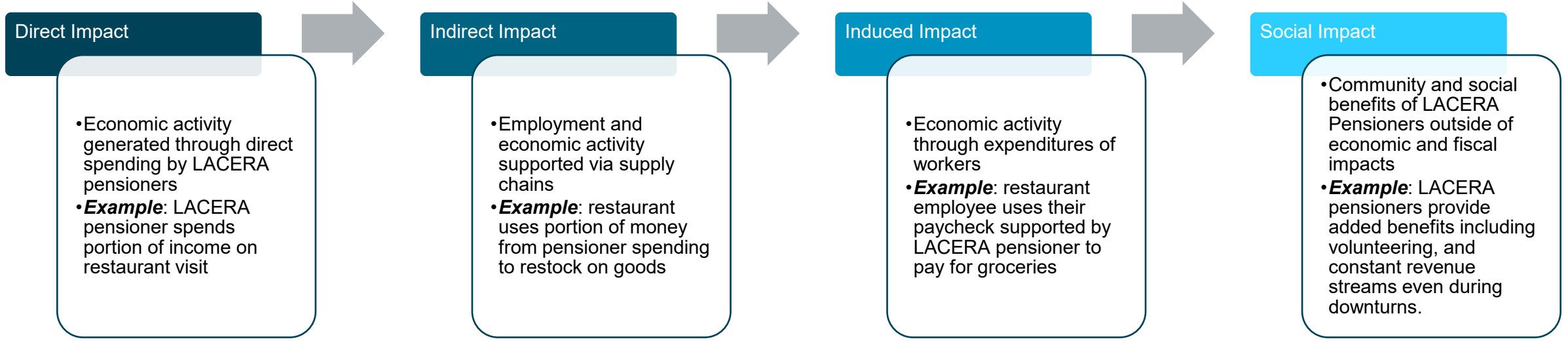
Population by Age



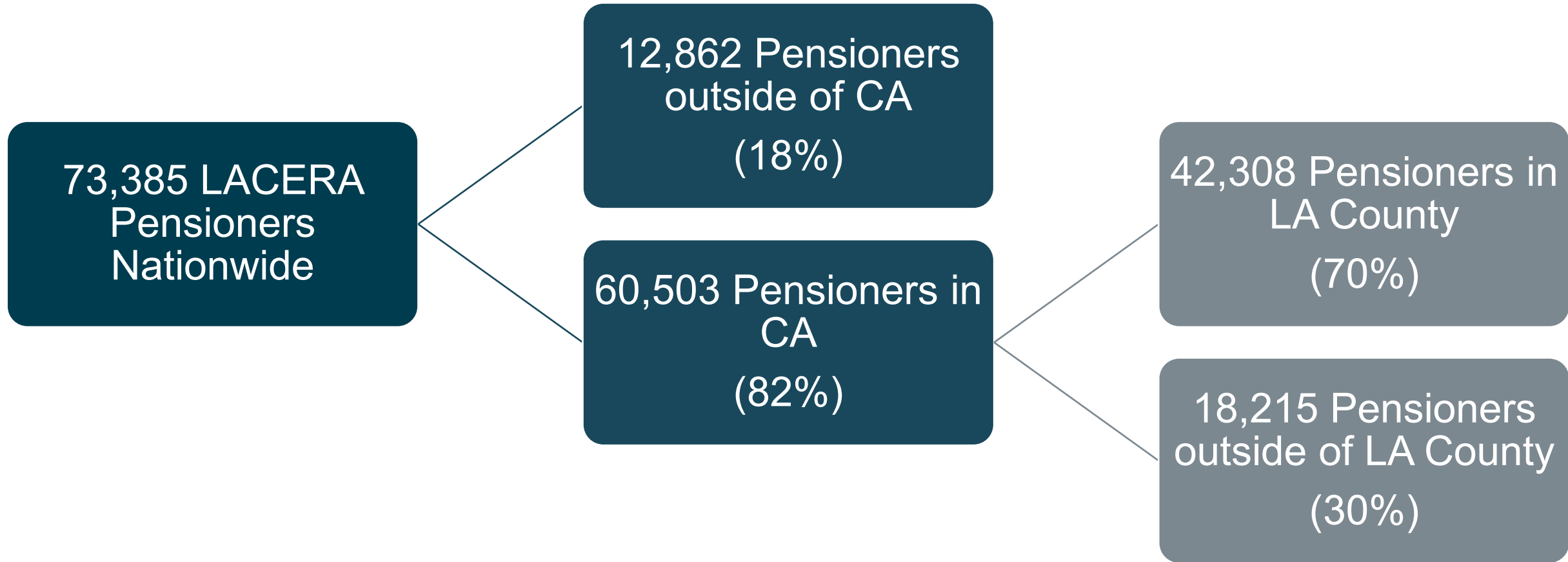
Population Aged 65+



Economic Impact Methodology: Key Terms



LACERA Pensioners by Region (As of May 2022)



LACERA Pensioners by Supervisorial District

Los Angeles County



Supervisorial District	Number of Pensioners	Share of Total Pensioners	Total Annual Pension Amount (Mil.)	Share of Total Pension
District 1	9,159	21.6%	\$514.2	21.8%
District 2	8,872	21.0%	\$427.2	18.1%
District 3	4,243	10.0%	\$257.8	10.9%
District 4	9,206	21.8%	\$535.3	22.7%
District 5	10,492	24.8%	\$624.7	26.5%
Undisclosed District	336	0.8%	\$1.5	<0.1%
Total	42,308	---	\$2,360.6	---

LA County Economic Impacts



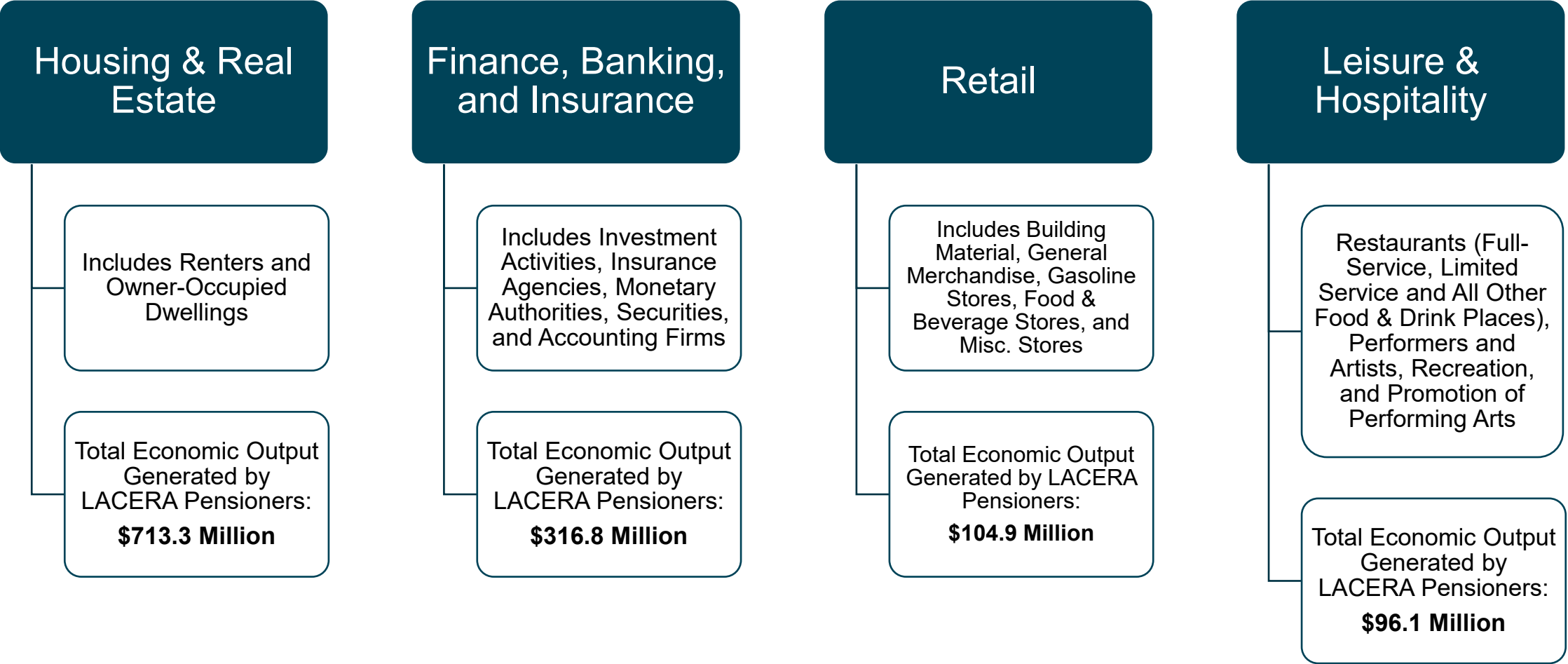
Impact Type	Employment	Labor Income (\$, Mil.)	Economic Output (\$, Mil.)
Direct	20,122	\$546.0	\$1,858.5
Indirect	3,061	\$245.6	\$726.7
Induced	459	\$27.7	\$83.0
Total	23,643	\$819.4	\$2,668.2

Secondary Impacts account for 30% of total output

Output by District

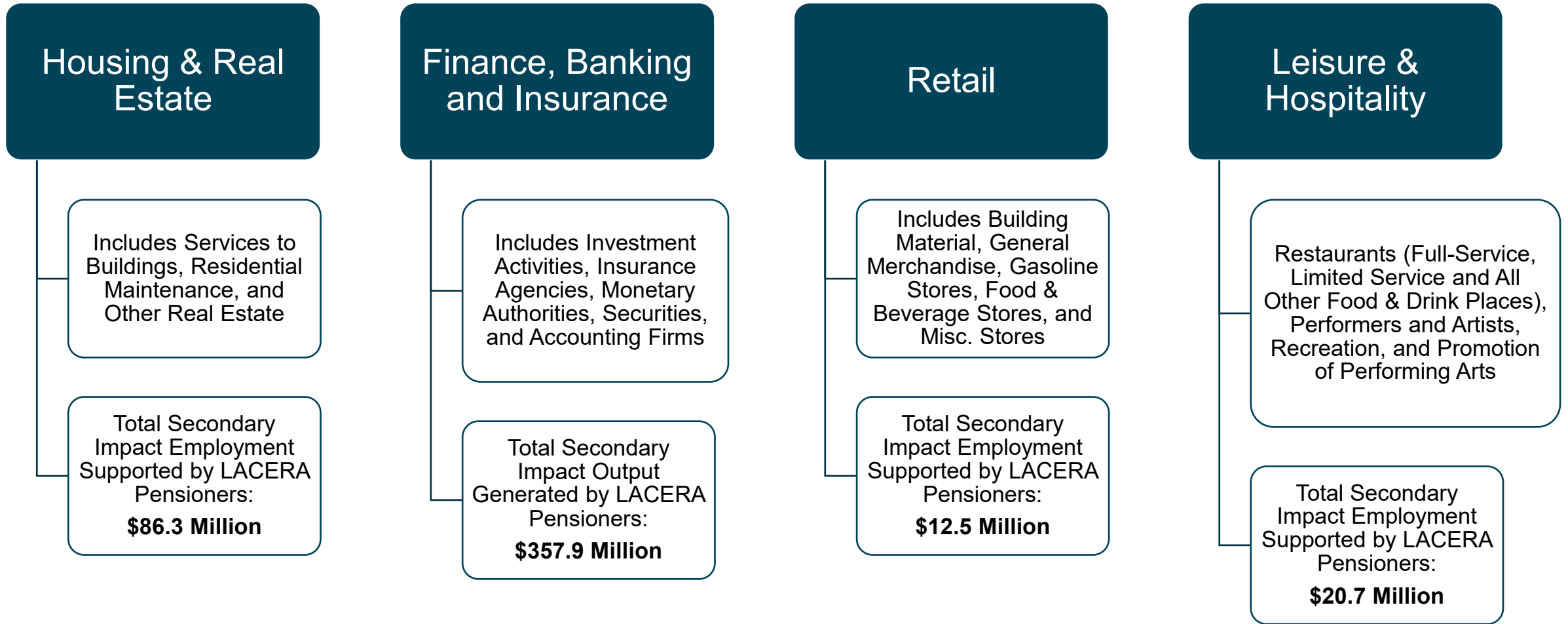


Sector Output: Annual Direct Impacts in LA County



Combined super-sectors above generate \$1.2 billion, or over **63%**, of total direct economic output generated

Sector Output: Annual Secondary (Indirect + Induced) Impacts in LA County

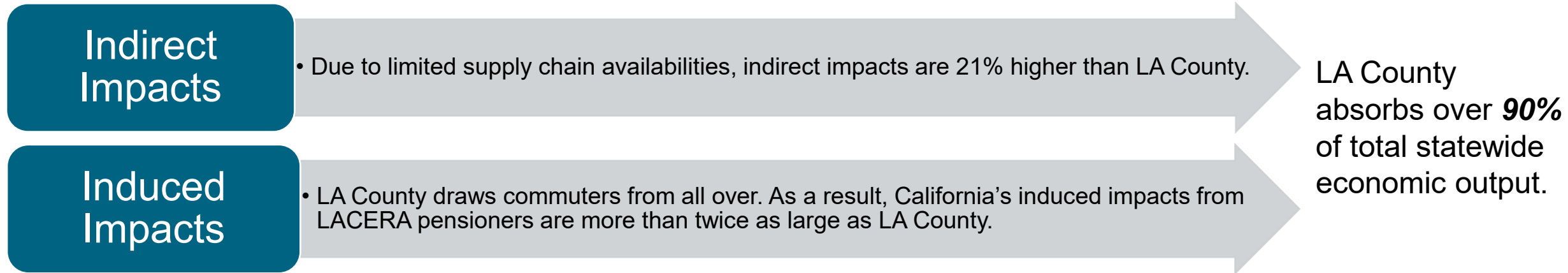


Combined super-sectors above generate \$478.3 million, or over **59%**, of total secondary economic output generated

Statewide Economic Impacts



Impact Type	Employment	Labor Income (\$, Mil.)	Economic Output (\$, Mil.)
Direct	20,122	\$546.0	\$1,858.5
Indirect	3,719	\$303.3	\$886.3
Induced	1,090	\$68.1	\$203.5
Total	24,931	\$917.4	\$2,948.4

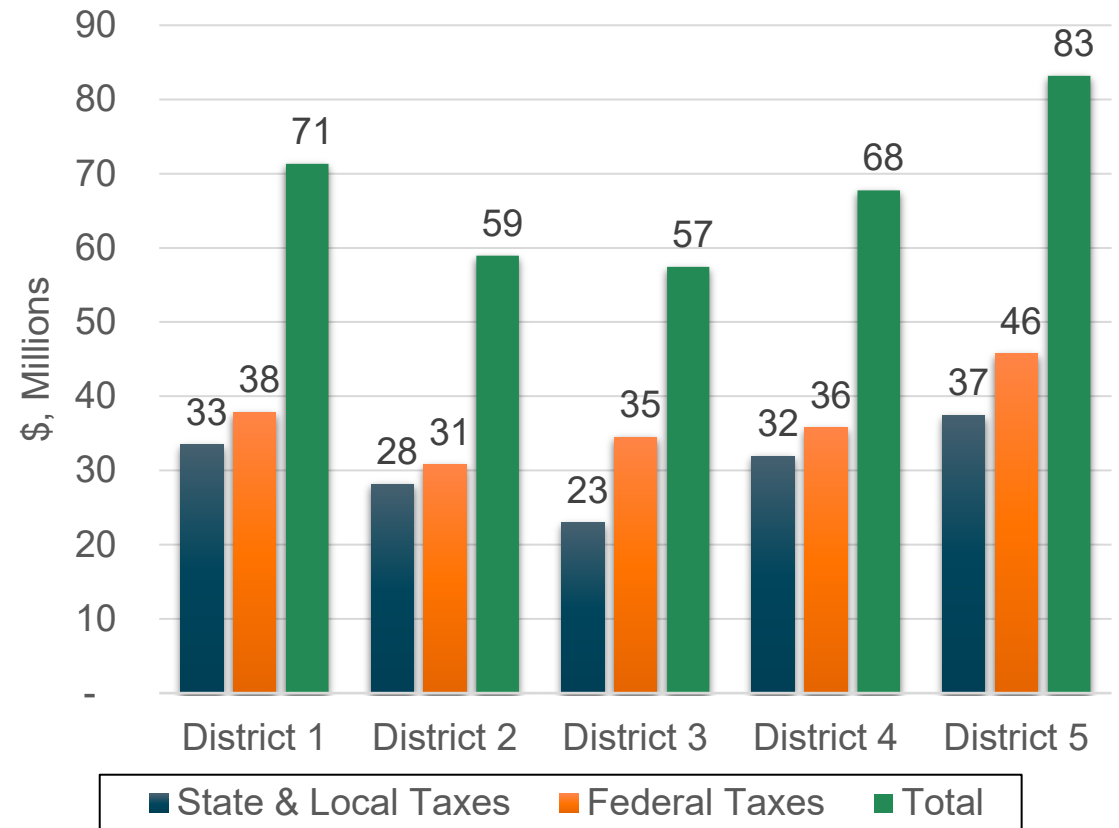


Fiscal Impacts – LA County



Tax Type	State & Local (\$, Mil.)	Federal (\$, Mil.)	Total (\$, Mil.)
Corporate Profit Tax	10.9	24.3	35.2
Income Tax	23.8	61.2	85.0
Other	11.2	9.3	20.4
Property Tax	46.1	----	46.1
Sales Tax	58.2	----	58.2
Social Insurance Tax	4.2	90.5	94.7
Total	154.3	185.3	339.7

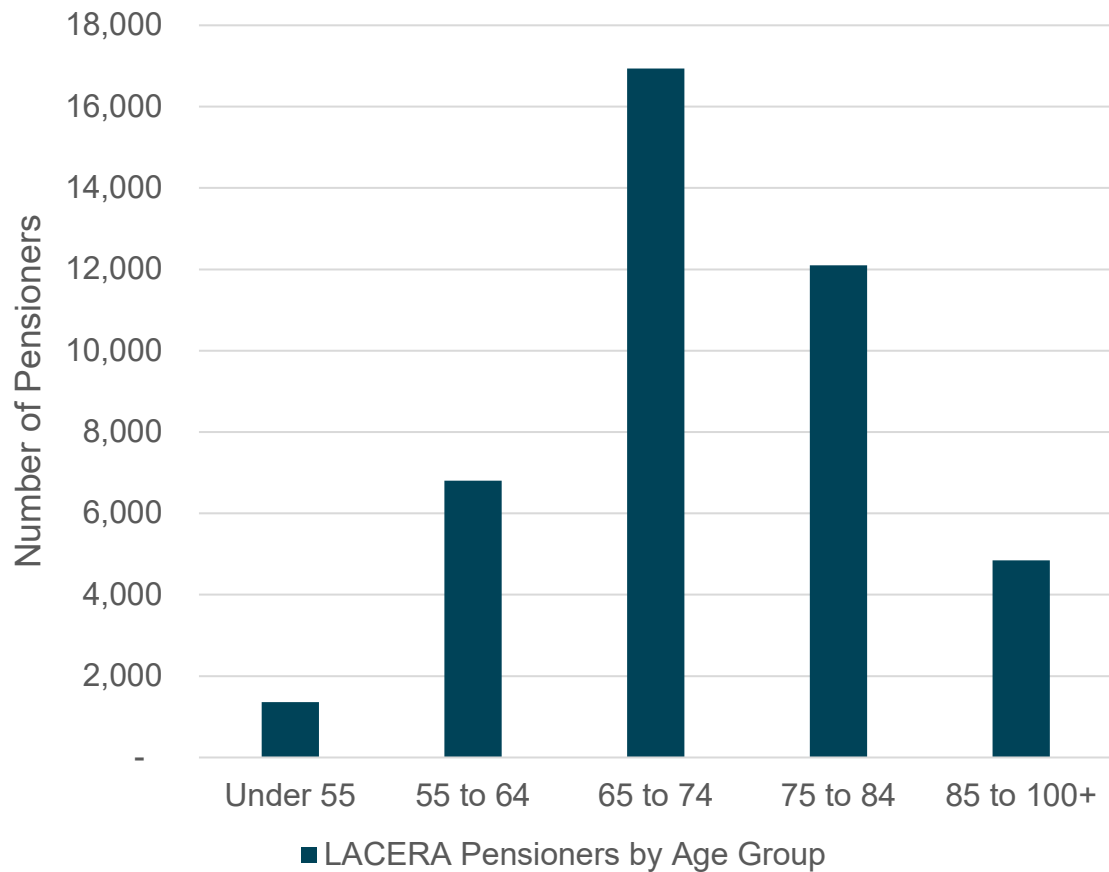
Fiscal Impacts by Supervisorial Districts by Type of Tax



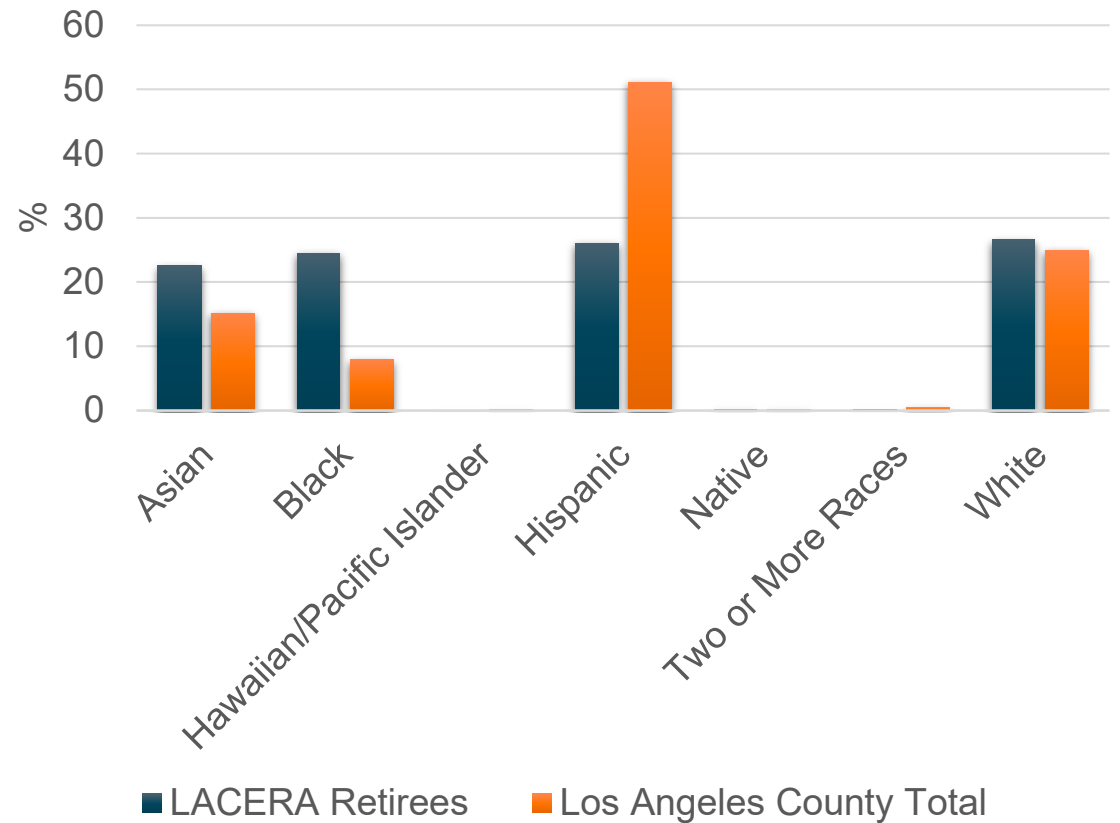
Pensioner Background



LACERA Pensioners by Age Group



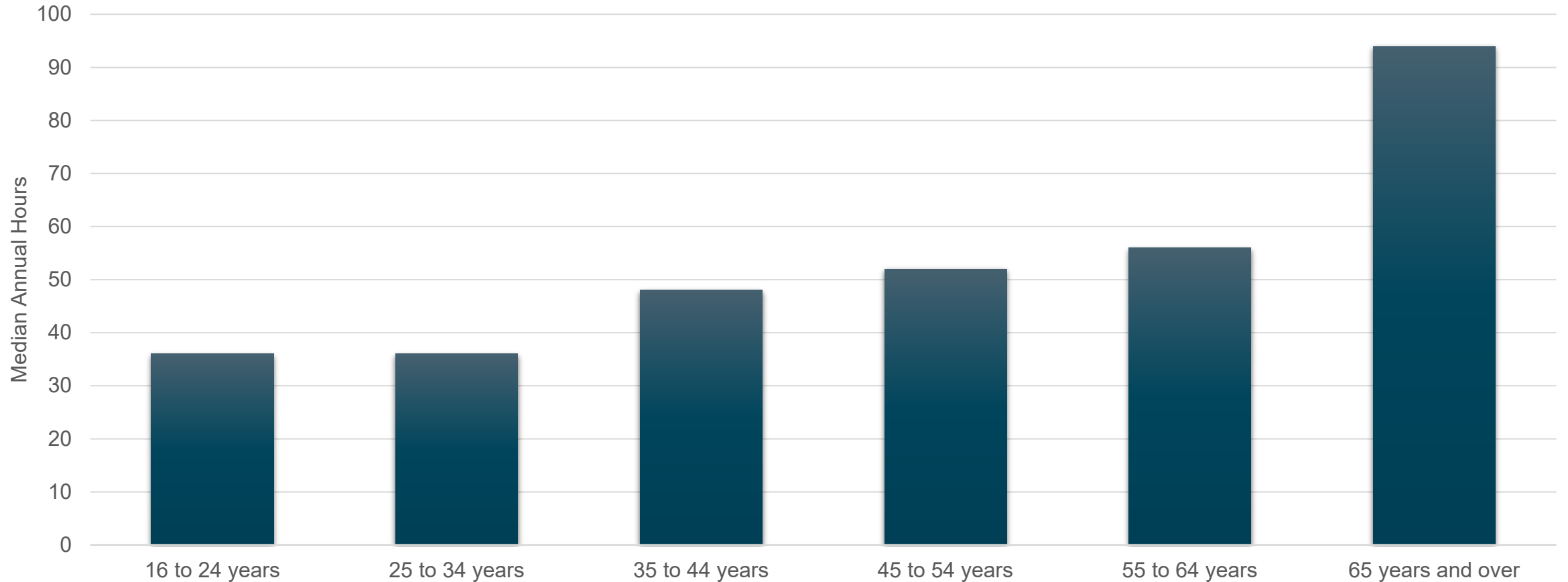
Ethnic and Racial Composition
LACERA Pensioners vs LA County



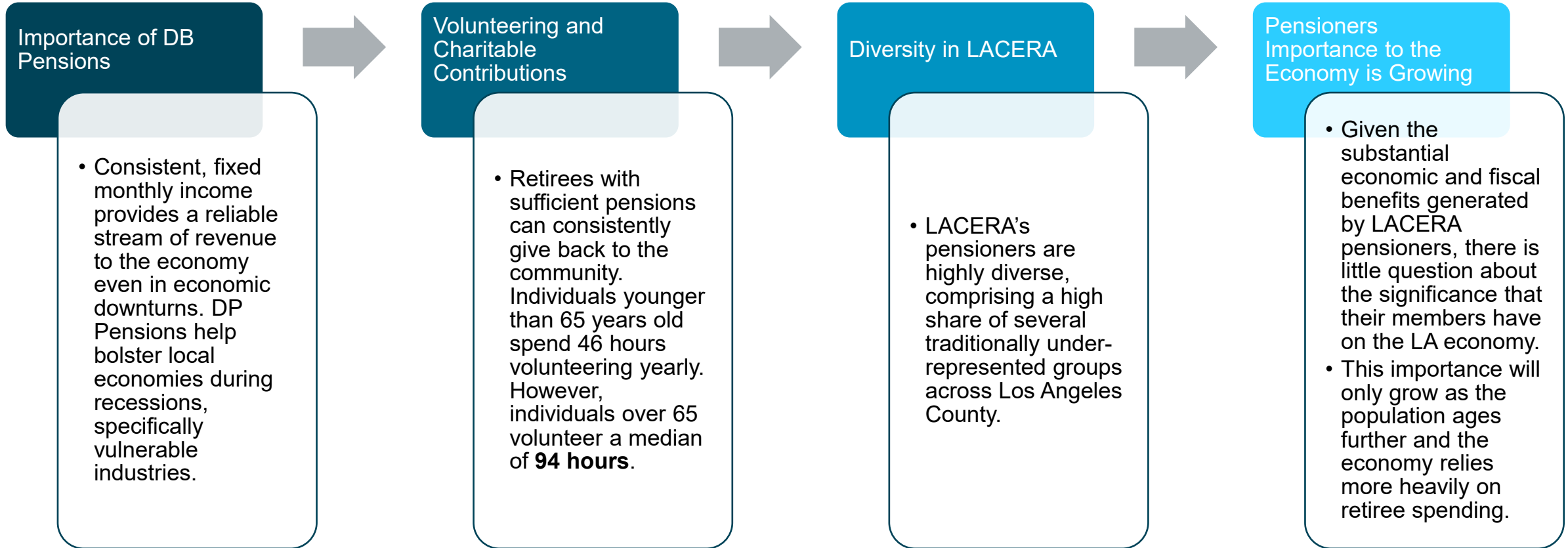
Volunteering among Retirees



Median Hours of Volunteering by Age Group



Social Impacts Summary





Thank You

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