

**The Water and Power Employees' Retirement Plan  
of the City of Los Angeles**

*Actuarial Valuation and Review  
as of July 1, 2009*

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*October 19, 2009*

*Board of Administration*

*The Water and Power Employees' Retirement Plan of the City of Los Angeles  
111 North Hope Street, Room 357  
Los Angeles, California 90012*

*Dear Board Members:*

*We are pleased to submit this Actuarial Valuation and Review as of July 1, 2009. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2009-2010 and analyzes the preceding year's experience.*

*The census and financial information on which our calculations were based was prepared by the Retirement Office. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.*

*This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.*

*We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.*

*We look forward to reviewing this report at your next meeting and to answering any questions.*

*Sincerely,*

*THE SEGAL COMPANY*

*By:*

*Paul Angelo, FSA, MAAA, EA  
Senior Vice President and Actuary*

*ST/hy*

*John Monroe, ASA, MAAA, EA  
Vice President and Associate Actuary*

## SECTION 1

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## SECTION 1: Valuation Summary for The Water and Power Employees' Retirement Plan of the City of Los Angeles

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### Purpose

This report has been prepared by The Segal Company to present a valuation of The Water and Power Employees' Retirement Plan of the City of Los Angeles as of July 1, 2009. The valuation was performed to determine whether the assets and anticipated contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of March 31, 2009, provided by the Retirement Office;
- The assets of the Plan as of June 30, 2009, provided by the Retirement Office;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

### Significant Issues in Valuation Year

*Ref: Pg. 8*

- The market value of assets earned a return of -15.53% for the July 1, 2008 to June 30, 2009 plan year. The actuarial value of assets earned a return of 2.28% for the July 1, 2008 to June 30, 2009 plan year due to the deferral of most of the current year investment losses and the recognition of prior investment gains. This resulted in an actuarial loss of \$410.2 million when measured against the assumed rate of return of 8.00%. This actuarial investment loss increased the Plan's required contribution by 5.73% of compensation.

*Ref: Pg. 13*

*Ref: Pg. 13*

- The salaries for continuing actives increased by 6.8% from the rates in effect on March 31, 2008 to the rates in effect on March 31, 2009. Since this increase is greater than the average assumed rate of approximately 5.4%, the plan experienced an actuarial loss from salary experience. This loss amounted to \$29.1 million for the current year, which increased the Plan's required contribution by 0.41% of compensation.

*Ref: Pg. 12*

- Under the Plan's funding policy, the required contribution rate continues to be larger than the mandatory 110% matching of the employee contribution. The required contribution for the 2009-2010 plan year is 26.12% of pay, which is estimated to be \$210.3 million. This includes amortization of the components of the Plan's unfunded actuarial accrued liability (UAAL) over 15-year fixed periods.

## SECTION 1: Valuation Summary for The Water and Power Employees' Retirement Plan of the City of Los Angeles

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*Ref: Pg. 5*

- The total unrecognized return (i.e., the difference between the market value of assets and the “smoothed” actuarial value of assets) changed by \$1,214 million during the plan year from a \$393 million unrecognized loss in 2008 to a \$1,607 million unrecognized loss in 2009. This investment loss will be recognized in the determination of the actuarial value of assets over the next few years. This means that, if the Plan earns the assumed rate of investment return of 8.00% per year (net of expenses) on a **market value** basis, there will be investment losses on the actuarial value of assets in the next few years.
- The unrecognized investment losses of \$1.6 billion represent about 28% of the market value of assets. Unless offset by future investment gains or other favorable experience, the future recognition of the \$1.6 billion in past market losses is expected to have a significant impact on the Plan’s future funded ratio and required contributions. This potential impact may be illustrated as follows:
  - If the deferred losses were recognized immediately in the actuarial value assets, the funded percentage would decrease from 90% to 70%.
  - If the deferred losses were recognized immediately in the actuarial value of assets, the required contribution would increase from 26.12% of covered payroll to 48.57% of covered payroll.

*Ref: Pg. 13*

- This valuation reflects two changes in Plan provisions. The Board adopted two additional optional survivor death benefit allowances for surviving spouses of members who died while on duty at the Department of Water and Power. The Board also approved a discretionary COLA that restores purchasing power to 90% for eligible retirees. The combined effect of these changes in Plan provisions increased Plan costs by 0.03% of pay.

*Ref: Pg. 27*

- This year, the balance in the General Reserve and the Reserve for Investment Gains and Losses decreased from \$2,325 million as of June 30, 2008 to \$1,638 million as of June 30, 2009. These two reserves track changes in the book value of assets. Consistent with prior valuations, this year we have been instructed to include all but \$57.0 million of the end of year General Reserve and Reserve for Investment Gains and Losses as valuation assets. This is approximately 1% of the end of year market value of assets.

*Ref: Pg. 22*

- The actuarial accrued liability exceeds the actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$808.3 million. The Board’s funding policy determines the Department’s required contribution as the normal cost increased or offset by a UAAL amortization charge or credit. Under this funding policy, the Plan’s UAAL is amortized over various 15 year periods, each beginning with the year that each portion or base of the UAAL was first identified and amortized.
- The actuarial valuation report as of July 1, 2009 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

**SECTION 1: Valuation Summary for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**Summary of Key Valuation Results**

|   | <b>2009</b>   | <b>2008</b>   |
|---|---------------|---------------|
| <b>Contributions for plan year beginning July 1:</b>    |               |               |
| Required under funding policy                           | \$210,341,349 | \$143,697,537 |
| Percentage of payroll                                   | 26.12%        | 20.28%        |
| <b>Funding elements for plan year beginning July 1:</b> |               |               |
| Total normal cost                                       | \$154,425,889 | \$133,394,667 |
| Market value of assets                                  | 5,698,877,784 | 6,924,141,445 |
| Actuarial value of assets                               | 7,248,721,252 | 7,247,853,233 |
| Actuarial accrued liability                             | 8,057,060,950 | 7,619,102,935 |
| Unfunded actuarial accrued liability                    | 808,339,698   | 371,249,702   |
| Funded ratio  | 89.97%        | 95.13%        |
| <b>GASB 25/27 for plan year beginning July 1:</b>       |               |               |
| Annual pension cost                                     | \$215,787,754 | \$146,768,605 |
| Actual contributions                                    | --            | 145,941,275   |
| Percentage contributed                                  | --            | 99.44%        |
| Covered payroll*  | \$805,137,795 | \$696,704,083 |
| <b>Demographic data for plan year beginning July 1:</b> |               |               |
| Number of retired members and beneficiaries             | 8,505         | 8,670         |
| Number of vested former members**                       | 1,742         | 1,548         |
| Number of active members                                | 8,868         | 8,164         |
| Total compensation                                      | \$805,137,795 | \$708,731,840 |
| Average compensation                                    | \$90,791      | \$86,812      |

\* For 2008, this represents the actual covered payroll for 2008-2009 as reported by the Retirement Office.

\*\* Includes terminated members due a refund of employee contributions.

**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**A. MEMBER DATA**

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

*A historical perspective of how the member population has changed over the past ten valuations can be seen in this chart.*

**CHART 1**  
**Member Population: 2000 – 2009**

| <b>Year Ended June 30</b> | <b>Active Members</b> | <b>Vested Terminated Members*</b> | <b>Retired Members and Beneficiaries</b> | <b>Ratio of Non-Actives to Actives</b> |
|---------------------------|-----------------------|-----------------------------------|--|--|
| 2000                      | 6,807                 | 1,387                             | 9,749                                    | 1.64                                   |
| 2001                      | 7,250                 | 1,415                             | 9,576                                    | 1.52                                   |
| 2002                      | 7,403                 | 1,426                             | 9,353                                    | 1.46                                   |
| 2003                      | 7,731                 | 1,445                             | 9,161                                    | 1.37                                   |
| 2004                      | 7,893                 | 1,525                             | 8,973                                    | 1.33                                   |
| 2005                      | 7,967                 | 1,397                             | 8,868                                    | 1.29                                   |
| 2006                      | 7,926                 | 1,481                             | 8,817                                    | 1.30                                   |
| 2007                      | 7,993                 | 1,535                             | 8,746                                    | 1.29                                   |
| 2008                      | 8,164                 | 1,548                             | 8,670                                    | 1.25                                   |
| 2009                      | 8,868                 | 1,742                             | 8,505                                    | 1.16                                   |

*\*Includes terminated members due a refund of employee contributions.*

**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**Active Members**

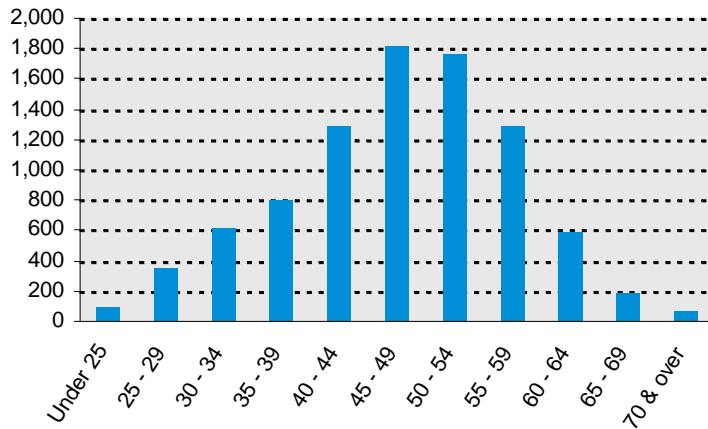
Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 8,868 active members with an average age of 47.8, average years of service of 16.8 years and average compensation of \$90,791. The 8,164 active members in the prior valuation had an average age of 47.8, average service of 17.4 years and average compensation of \$86,812.

**Inactive Members**

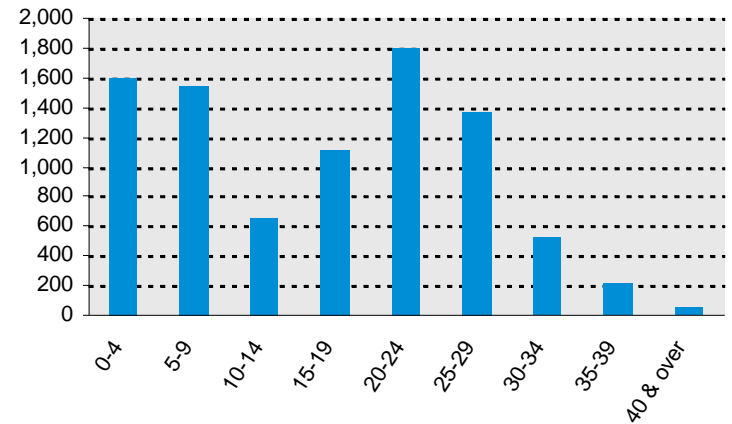
In this year's valuation, there were 1,742 members with a vested right to a deferred or immediate vested benefit, or entitled to a return of their employee contributions.

*These graphs show a distribution of active members by age and by years of service.*

**CHART 2**  
**Distribution of Active Members by Age as of June 30, 2009**



**CHART 3**  
**Distribution of Active Members by Years of Service as of June 30, 2009**





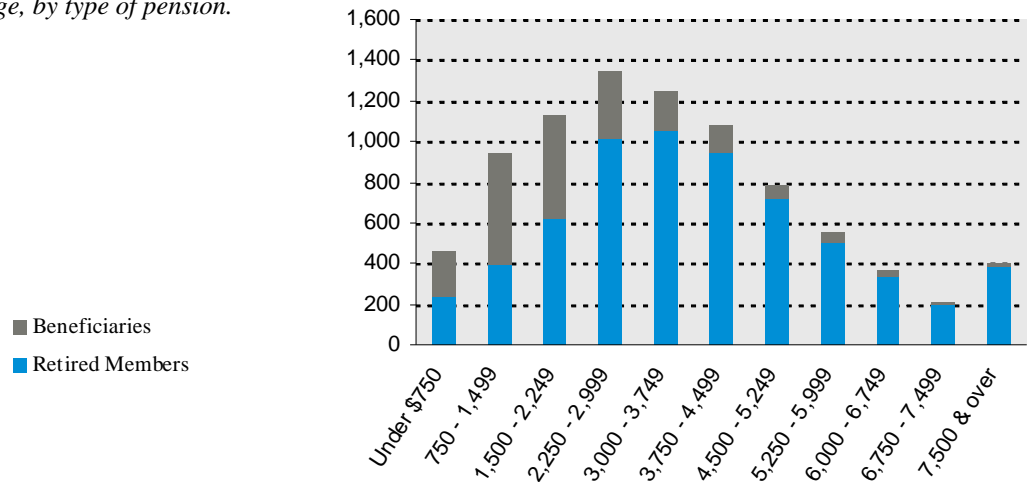
**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**Retired Members and Beneficiaries**

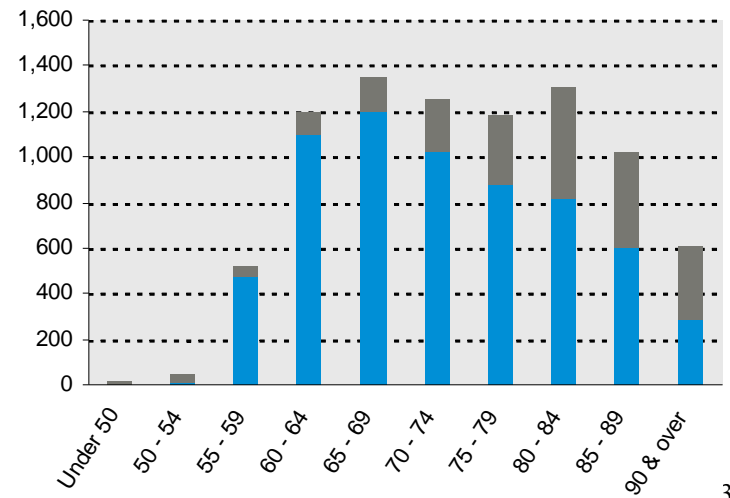
As of June 30, 2009, 6,366 retired members and 2,139 beneficiaries were receiving total monthly benefits of \$31,015,343. For comparison, in the previous valuation, there were 6,501 retired members and 2,169 beneficiaries receiving monthly benefits of \$30,272,190.

*These graphs show a distribution of the current retired members and beneficiaries based on their monthly amount and age, by type of pension.*

**CHART 4**  
**Distribution of Retired Members and Beneficiaries by Type and by Monthly Amount as of June 30, 2009**



**CHART 5**  
**Distribution of Retired Members and Beneficiaries by Type and by Age as of June 30, 2009**



**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

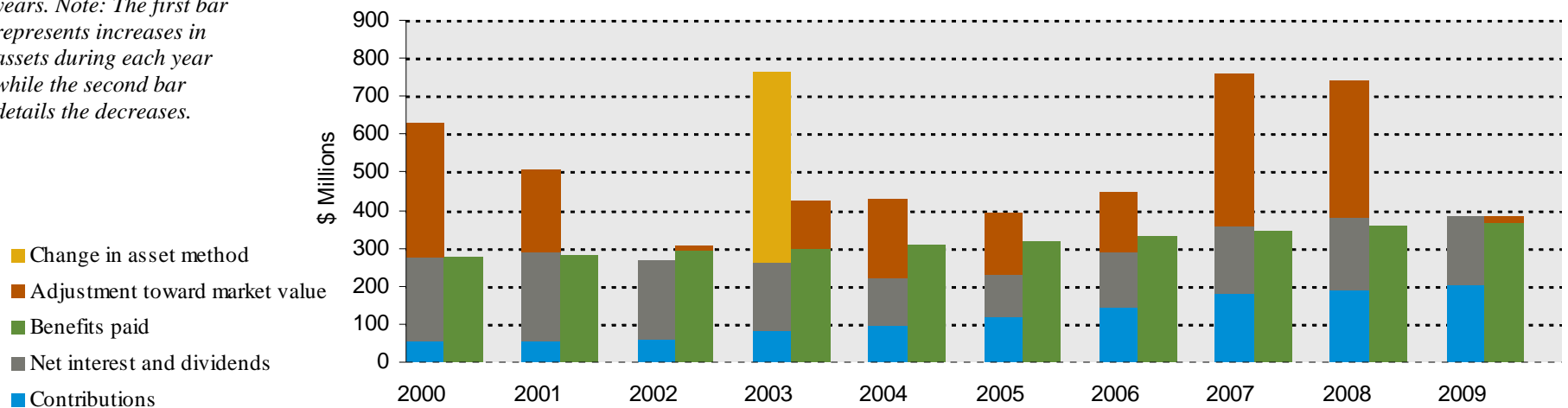
**B. FINANCIAL INFORMATION**

Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

*The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.*

**CHART 6**  
**Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2000 – 2009**



**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative.

Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Please note that as instructed by Plan staff, we have included all but \$57.0 million (approximately 1% of the end of year market value of assets) in the General Reserve and Reserve for Investments Gains and Losses as valuation assets.

*The chart shows the determination of the actuarial value of assets as of the valuation date.*

**CHART 7  
Determination of Actuarial Value of Assets as of June 30, 2009**

|   |  |                         |                              |
|---|--|-------------------------|------------------------------|
| 1 | Market value of assets, June 30, 2009  |                         | \$ 5,698,877,784             |
| 2 | Calculation of Unrecognized Return   | <u>Original Amount*</u> | <u>Unrecognized Return**</u> |
|   | (a) Year ended June 30, 2009   | -\$ 1,610,405,832       | -\$ 1,288,324,666            |
|   | (b) Year ended June 30, 2008   | -911,502,787            | -546,901,672                 |
|   | (c) Year ended June 30, 2007   | 555,827,560             | 222,331,024                  |
|   | (d) Year ended June 30, 2006   | <u>30,315,338</u>       | <u>6,063,068</u>             |
|   | (e) Total Unrecognized Return***   |                         | -1,606,832,246               |
| 3 | Gross actuarial value: (1) - (2e)  |                         | 7,305,710,030                |
| 4 | Portion of General Reserve and Reserve for Investment Gains and Losses not included as valuation asset |                         | 56,988,778                   |
| 5 | Net actuarial value as of June 30, 2009: (3) – (4)   |                         | <u>\$7,248,721,252</u>       |
| 6 | Net actuarial value as a percentage of market value: (5) / (1)   |                         | 127.2%                       |

\*Total return minus expected return on a market value basis

\*\*Recognition at 20% per year over 5 years

\*\*\*Deferred return as of June 30, 2009 recognized in each of the next 4 years:

|     |                                    |                       |  |
|-----|------------------------------------|-----------------------|--|
| (a) | Amount Recognized during 2009/2010 | -\$387,153,144        |  |
| (b) | Amount Recognized during 2010/2011 | -\$393,216,212        |  |
| (c) | Amount Recognized during 2011/2012 | -\$504,381,724        |  |
| (d) | Amount Recognized during 2012/2013 | <u>-\$322,081,166</u> |  |
|     | Subtotal                           | -\$1,606,832,246      |  |

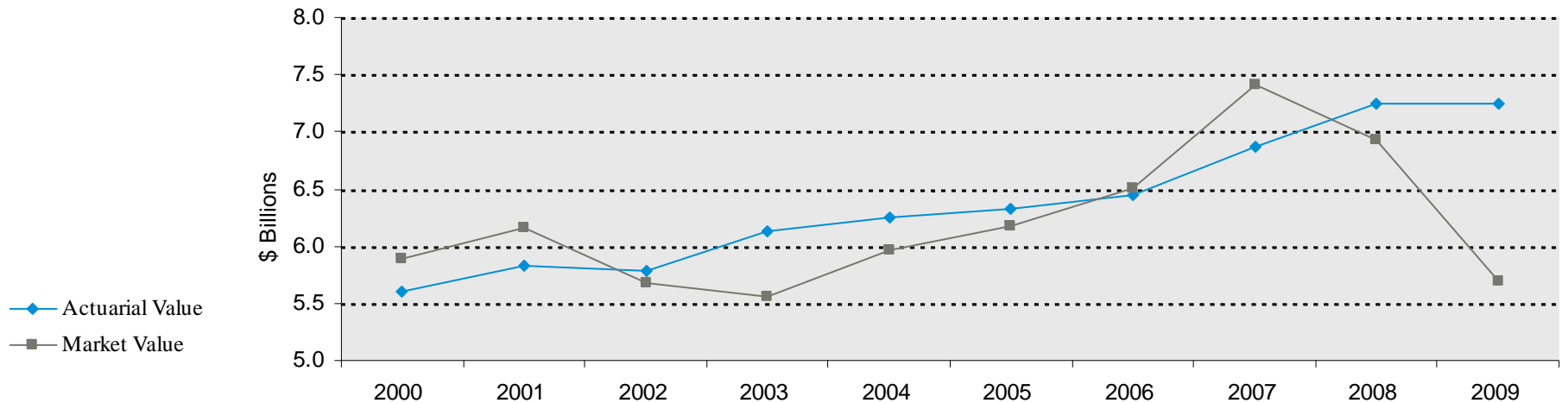
**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

Both the actuarial value and market value of assets are representations of the LADWP's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the LADWP's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

Note that in the chart below, actuarial value of assets are exclusive of a small portion of the General Reserve and Reserve for Investment Gains and Losses while that Reserve is included in the development of the market value of assets.

*This chart shows the change in the actuarial value of assets versus the market value over the past ten years.*

**CHART 8**  
**Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2000 – 2009**



**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**C. ACTUARIAL EXPERIENCE**

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will

return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is \$474,643,935, of which \$410,171,095 is from investments and \$64,472,840 is from all other sources. The net experience variation from individual sources other than investments was 0.8% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

*This chart provides a summary of the actuarial experience during the past year.*

---

**CHART 9**  
**Actuarial Experience for Year Ended June 30, 2009**

---

|   |                    |
|---|--------------------|
| 1. Net loss from investments*           | -\$410,171,095     |
| 2. Net loss from salaries               | -29,099,170        |
| 3. Net loss from other experience       | <u>-35,373,670</u> |
| 4. Net experience loss: (1) + (2) + (3) | -\$474,643,935     |

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\* Details in Chart 10.

**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**Investment Rate of Return**

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the LADWP's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 8.00%. The actual rate of return on an actuarial basis for the 2008-2009 plan year was 2.28%.

Since the actual return for the year was less than the assumed return, the LADWP experienced an actuarial loss during the year ended June 30, 2009 with regard to its investments.

*This chart shows the gain/(loss) due to investment experience.*

---

**CHART 10**  
**Actuarial Value Investment Experience for Year Ended June 30, 2009**

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|                                     |                       |
|-------------------------------------|-----------------------|
| 1. Actual return                    | \$163,165,273         |
| 2. Average value of assets          | 7,166,704,606         |
| 3. Actual rate of return: (1) ÷ (2) | 2.28%                 |
| 4. Assumed rate of return           | 8.00%                 |
| 5. Expected return: (2) x (4)       | \$573,336,368         |
| 6. Actuarial loss: (1) – (5)        | <u>-\$410,171,095</u> |

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**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

Based upon future expectations, we have maintained the assumed rate of return of 8.00%. The investment return assumption will be reviewed, along with the other actuarial assumptions, in the next experience study.

**CHART 11**

**Investment Return – Actuarial Value vs. Market Value: 2000 - 2009**

| Year Ended<br>June 30 | Net Interest and<br>Dividend Income |         | Recognition of Capital<br>Appreciation |         | Change in Asset Method |         | Actuarial Value<br>Investment Return |         | Market Value Investment<br>Return |         |
|-----------------------|-------------------------------------|---------|--|---------|------------------------|---------|--------------------------------------|---------|-----------------------------------|---------|
|                       | Amount                              | Percent | Amount                                 | Percent | Amount                 | Percent | Amount                               | Percent | Amount                            | Percent |
| 2000                  | \$222,306,427                       | 4.35    | \$351,743,541                          | 6.87    | --                     | --      | \$574,049,968                        | 11.22   | \$22,463,396                      | 0.39    |
| 2001                  | 232,814,492                         | 4.24    | 217,489,958                            | 3.96    | --                     | --      | 450,304,450                          | 8.20    | 492,327,362                       | 8.52    |
| 2002                  | 206,326,546                         | 3.61    | -14,327,506                            | -0.25   | --                     | --      | 191,999,040                          | 3.36    | -251,053,638                      | -4.16   |
| 2003                  | 182,004,368                         | 3.20    | -127,029,513                           | -2.24   | \$503,018,121          | 8.86    | 557,992,976                          | 9.82    | 107,504,970                       | 1.93    |
| 2004                  | 126,468,819                         | 2.10    | 205,922,559                            | 3.42    | --                     | --      | 332,391,378                          | 5.52    | 611,980,245                       | 11.22   |
| 2005                  | 114,263,238                         | 1.86    | 164,012,112                            | 2.66    | --                     | --      | 278,275,350                          | 4.52    | 419,463,599                       | 7.16    |
| 2006                  | 142,834,044                         | 2.29    | 157,384,016                            | 2.52    | --                     | --      | 300,218,060                          | 4.81    | 514,526,795                       | 8.45    |
| 2007                  | 175,884,502                         | 2.76    | 402,557,938                            | 6.33    | --                     | --      | 578,442,440                          | 9.09    | 1,066,710,135                     | 16.58   |
| 2008                  | 191,456,313                         | 2.82    | 361,168,481                            | 5.33    | --                     | --      | 552,624,794                          | 8.15    | -324,830,786                      | -4.43   |
| 2009                  | <u>178,210,091</u>                  | 2.49    | <u>-15,044,818</u>                     | -0.21   | --                     | --      | <u>163,165,273</u>                   | 2.28    | <u>-1,062,966,407</u>             | -15.53  |
| Total                 | \$1,772,568,840                     |         | \$1,703,876,768                        |         | \$503,018,121          |         | \$3,979,463,729                      |         | \$1,596,125,671                   |         |
|                       |                                     |         |  |         |                        |         | Five-year average return             | 5.73%   |                                   | 1.88%   |
|                       |                                     |         |  |         |                        |         | Ten-year average return              | 6.55%   |                                   | 2.61%   |

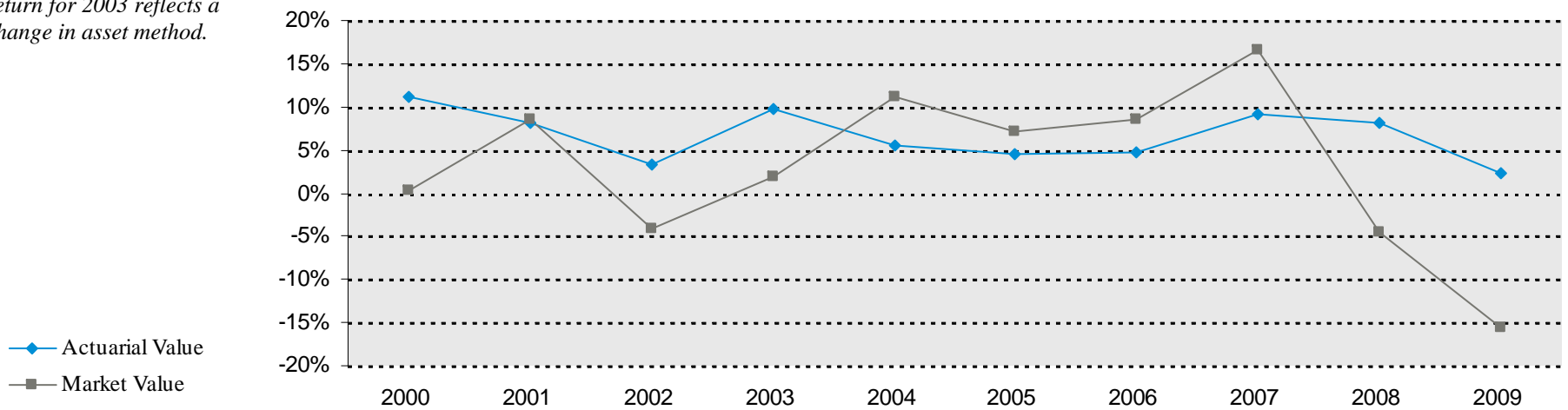
Note: Each year's yield is weighted by the average asset value in that year.

**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

*This chart illustrates how this leveling effect has actually worked over the years 2000 - 2009. The return for 2003 reflects a change in asset method.*

**CHART 12**  
**Market and Actuarial Rates of Return for Years Ended June 30, 2000 - 2009**





## SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles

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### **Other Experience**

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended June 30, 2009 amounted to \$64,472,840 which is 0.8% of the actuarial accrued liability. This loss is mainly the result of the large increase in active members and data adjustments to retired members included in the valuation, all offset to some extent by more deaths than expected amongst retirees. See Section 3, Exhibit G for a detailed development of the Unfunded Actuarial Accrued Liability.

**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**D. REQUIRED CONTRIBUTION**

The required Department contribution is made up of (a) the normal cost and (b) the amortization of the unfunded or overfunded actuarial accrued liability. For this year, amortization bases are created for the actuarial loss and for the plan amendment during plan year ending June 30, 2009. This produces a net amortization charge of \$98,035,202.

Under the current funding policy, the Department's required contribution rate increased as a percentage of pay. This was primarily the net result of the "smoothed" investment return being less than assumed, greater than expected salary increases for active members and other unfavorable actuarial experience.

*The chart compares this valuation's required contribution with the prior valuation.*

**CHART 13**  
**Required Contribution**  
**Year Beginning July 1:**

|  | 2009                 |               | 2008                 |               |
|--|----------------------|---------------|----------------------|---------------|
|  | Amount               | % of Payroll  | Amount               | % of Payroll  |
| 1. Total normal cost   | \$154,425,889        | 19.18%        | \$133,394,667        | 18.82%        |
| 2. Expected employee contributions                                   | <u>-50,209,794</u>   | <u>-6.24%</u> | <u>-43,544,296</u>   | <u>-6.14%</u> |
| 3. Employer normal cost: (1) + (2)                                   | \$104,216,095        | 12.94%        | \$89,850,371         | 12.68%        |
| 4. Actuarial accrued liability                                       | 8,057,060,950        |               | 7,619,102,935        |               |
| 5. Actuarial value of assets   | <u>7,248,721,252</u> |               | <u>7,247,853,233</u> |               |
| 6. Unfunded actuarial accrued liability: (4) - (5)                   | \$808,339,698        |               | \$371,249,702        |               |
| 7. Amortization of unfunded actuarial accrued liability              | 98,035,202           | 12.18%        | 48,320,338           | 6.82%         |
| 8. Total required contribution: (3) + (7), adjusted for timing*      | <u>210,341,349</u>   | <u>26.12%</u> | <u>143,697,537</u>   | <u>20.28%</u> |
| 9. Employer match (110% of (2)), adjusted for timing*                | 57,440,004           | 7.13%         | 49,814,675           | 7.03%         |
| 10. Greater of employer match (9) or total required contribution (8) | <u>\$210,341,349</u> | <u>26.12%</u> | <u>\$143,697,537</u> | <u>20.28%</u> |
| 11. Projected compensation   | \$805,137,795        |               | \$708,731,840        |               |

*\*Required contributions are assumed to be paid at the middle of every year.*

**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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The contribution rates as of July 1, 2009 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

**Reconciliation of Required Contribution Rate**

The chart below details the changes in the required contribution rate from the prior valuation to the current year's valuation.

*The chart reconciles the contribution rate from the prior valuation to the amount determined in this valuation.*

**CHART 14**  
**Reconciliation of Required Contribution Rate from July 1, 2008 to July 1, 2009**

|   |               |
|---|---------------|
| <b>Required Contribution Rate as of July 1, 2008</b>        | 20.28%        |
| Effect of contributions more than the required contribution | -0.24%        |
| Effect of investment loss                                   | 5.73%         |
| Effect of losses on salary experience                       | 0.41%         |
| Effect of changes in Plan provisions                        | 0.03%         |
| Effect of other changes*                                    | <u>-0.09%</u> |
| <b>Total change</b>   | <u>5.84%</u>  |
| <b>Required Contribution Rate as of July 1, 2009</b>        | 26.12%        |

*\*Includes effect of increase in total payroll, as well as other differences in actual versus expected experience including mortality, disability, withdrawal and retirement experience.*

**SECTION 2: Valuation Results for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**E. INFORMATION REQUIRED BY THE GASB**

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Plan.

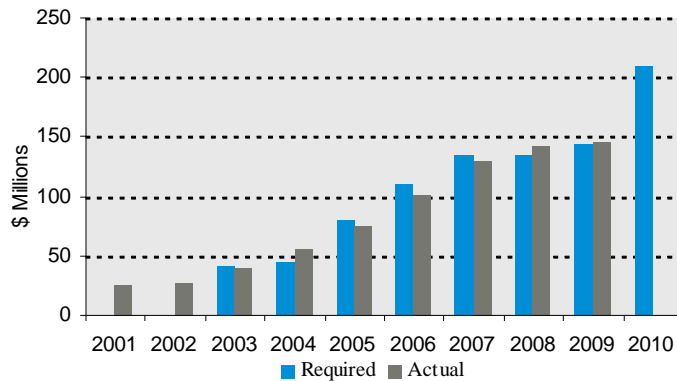
The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the

actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB Standards. High ratios indicate a well-funded plan with assets sufficient to cover the Plan's accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors. This information is shown in Chart 16.

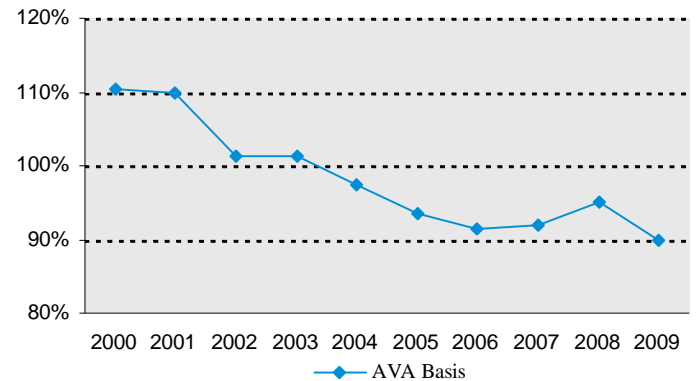
The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

*These graphs show key GASB factors.*

**CHART 15**  
**Required Versus Actual Contributions**



**CHART 16**  
**Funded Ratio**



**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT A**

**Table of Plan Coverage**

| <b>Category</b>                     | <b>Year Ended June 30</b> |               | <b>Change From Prior Year</b> |
|-------------------------------------|---------------------------|---------------|-------------------------------|
|                                     | <b>2009</b>               | <b>2008</b>   |                               |
| <b>Active members in valuation:</b> |                           |               |                               |
| Number                              | 8,868                     | 8,164         | 8.6%                          |
| Average age                         | 47.8                      | 47.8          | N/A                           |
| Average service                     | 16.8                      | 17.4          | N/A                           |
| Projected total compensation        | \$805,137,795             | \$708,731,840 | 13.6%                         |
| Projected average compensation      | 90,791                    | 86,812        | 4.6%                          |
| Account balances                    | 844,870,628               | 793,450,328   | 6.5%                          |
| <b>Vested terminated members:*</b>  |                           |               |                               |
| Number in pay status                | 1,742                     | 1,548         | 12.5%                         |
| Average age                         | 50.0                      | 50.0          | N/A                           |
| Average account balances            | \$42,287                  | \$43,386      | -2.5%                         |
| <b>Retired members:</b>             |                           |               |                               |
| Number in pay status                | 6,366                     | 6,501         | -2.1%                         |
| Average age                         | 73.0                      | 72.7          | N/A                           |
| Average monthly benefit             | \$4,079                   | \$3,913       | 4.2%                          |
| <b>Beneficiaries:</b>               |                           |               |                               |
| Number in pay status                | 2,139                     | 2,169         | -1.4%                         |
| Average age                         | 79.9                      | 79.7          | N/A                           |
| Average monthly benefit             | \$2,360                   | \$2,230       | 5.8%                          |

*\*Includes terminated members due a refund of employee contributions.*

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT B**

**Members in Active Service as of June 30, 2009  
By Age, Years of Service, and Average Compensation**

| Age       | Years of Service |          |          |          |           |          |           |           |           |           |
|-----------|------------------|----------|----------|----------|-----------|----------|-----------|-----------|-----------|-----------|
|           | Total            | 0-4      | 5-9      | 10-14    | 15-19     | 20-24    | 25-29     | 30-34     | 35-39     | 40 & over |
| Under 25  | 90               | 89       | 1        | --       | --        | --       | --        | --        | --        | --        |
|           | \$68,481         | \$68,646 | \$53,781 | --       | --        | --       | --        | --        | --        | --        |
| 25 - 29   | 359              | 281      | 76       | 2        | --        | --       | --        | --        | --        | --        |
|           | 78,316           | 75,424   | 89,085   | \$75,437 | --        | --       | --        | --        | --        | --        |
| 30 - 34   | 623              | 321      | 262      | 40       | --        | --       | --        | --        | --        | --        |
|           | 81,575           | 75,874   | 89,112   | 77,966   | --        | --       | --        | --        | --        | --        |
| 35 - 39   | 807              | 254      | 330      | 146      | 73        | 4        | --        | --        | --        | --        |
|           | 82,106           | 75,294   | 82,821   | 83,276   | \$100,246 | \$81,826 | --        | --        | --        | --        |
| 40 - 44   | 1,283            | 216      | 300      | 163      | 337       | 259      | 8         | --        | --        | --        |
|           | 89,317           | 75,247   | 83,045   | 85,433   | 101,505   | 95,109   | \$82,502  | --        | --        | --        |
| 45 - 49   | 1,814            | 189      | 247      | 131      | 305       | 635      | 298       | 9         | --        | --        |
|           | 92,859           | 73,953   | 83,747   | 85,014   | 93,635    | 97,626   | 104,673   | \$100,350 | --        | --        |
| 50 - 54   | 1,758            | 135      | 157      | 88       | 200       | 419      | 570       | 179       | 10        | --        |
|           | 96,638           | 75,288   | 84,475   | 88,184   | 93,905    | 95,403   | 106,535   | 101,133   | \$111,948 | --        |
| 55 - 59   | 1,286            | 78       | 104      | 52       | 120       | 285      | 304       | 227       | 112       | 4         |
|           | 94,772           | 78,686   | 84,172   | 82,335   | 92,861    | 92,909   | 97,311    | 102,358   | 106,238   | \$91,314  |
| 60 - 64   | 595              | 25       | 46       | 31       | 50        | 129      | 142       | 84        | 63        | 25        |
|           | 94,582           | 80,893   | 85,784   | 89,213   | 89,368    | 90,378   | 96,980    | 97,441    | 106,212   | 110,703   |
| 65 - 69   | 188              | 3        | 14       | 7        | 26        | 49       | 36        | 19        | 21        | 13        |
|           | 91,592           | 129,933  | 89,104   | 104,967  | 88,829    | 84,308   | 88,333    | 93,237    | 100,582   | 103,292   |
| 70 & over | 65               | --       | 4        | 4        | 7         | 16       | 13        | 10        | 5         | 6         |
|           | 84,271           | --       | 66,553   | 76,543   | 83,453    | 75,715   | 90,869    | 85,283    | 91,101    | 103,335   |
| Total     | 8,868            | 1,591    | 1,541    | 664      | 1,118     | 1,796    | 1,371     | 528       | 211       | 48        |
|           | \$90,791         | \$75,253 | \$84,736 | \$84,847 | \$96,038  | \$94,882 | \$102,329 | \$100,475 | \$105,579 | \$106,159 |

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT C**

**Reconciliation of Member Data**

|                                   | <b>Active Members</b> | <b>Vested Former Members*</b> | <b>Retired Members</b> | <b>Beneficiaries</b> | <b>Total</b> |
|-----------------------------------|-----------------------|-------------------------------|------------------------|----------------------|--------------|
| Number as of July 1, 2008         | 8,164                 | 1,548                         | 6,501                  | 2,169                | 18,382       |
| New members                       | 855                   | N/A                           | N/A                    | N/A                  | 855          |
| Terminations – with vested rights | -84                   | 84                            | N/A                    | N/A                  | 0            |
| Retirements                       | -90                   | -12                           | 102                    | N/A                  | 0            |
| Died with beneficiary             | -3                    | 0                             | -96                    | 99                   | 0            |
| Died without beneficiary          | -11                   | -10                           | -194                   | -148                 | -363         |
| Rehired                           | 52                    | -52                           | 0                      | N/A                  | 0            |
| Data adjustments                  | 0                     | 279                           | 53                     | 19                   | 351          |
| Contribution refunds              | <u>-15</u>            | <u>-95</u>                    | <u>N/A</u>             | <u>N/A</u>           | <u>-110</u>  |
| Number as of July 1, 2009         | 8,868                 | 1,742                         | 6,366                  | 2,139                | 19,115       |

*\*Includes terminated members due a refund of employee contributions.*

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT D**

**Summary Statement of Income and Expenses on an Actuarial Value Basis**

|  | Year Ended June 30, 2009 | Year Ended June 30, 2008 |
|--|--------------------------|--------------------------|
| <b>Contribution income:</b>                  |                          |                          |
| Employer contributions                       | \$145,941,275            | \$141,862,126            |
| Employee contributions                       | 59,405,012               | 48,694,047               |
| Administrative expense contributions*        | <u>4,088,598</u>         | <u>4,195,096</u>         |
| Net contribution income                      | \$209,434,885            | \$194,751,269            |
| <b>Investment income:</b>                    |                          |                          |
| Interest, dividends and other income         | \$191,963,775            | \$210,010,628            |
| Adjustment toward market value               | -15,044,818              | 361,168,481              |
| Less investment and administrative fees      | <u>-17,842,282</u>       | <u>-22,749,411</u>       |
| Net investment income                        | <u>159,076,675</u>       | <u>548,429,698</u>       |
| <b>Total income available for benefits</b>   | <b>\$368,511,560</b>     | <b>\$743,180,967</b>     |
| <b>Less benefit payments:</b>                |                          |                          |
| Retirement benefits paid                     | -\$363,691,635           | -\$353,178,785           |
| Refund of members' contributions             | <u>-3,951,906</u>        | <u>-6,232,954</u>        |
| Net benefit payments                         | -\$367,643,541           | -\$359,411,739           |
| <b>Change in reserve for future benefits</b> | <b>\$868,019</b>         | <b>\$383,769,228</b>     |

\*Included as investment income in other parts of this report (excluding Exhibit F).



**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT E**

**Summary Statement of Plan Assets**

|                                      | Year Ended June 30, 2009 | Year Ended June 30, 2008* |
|--------------------------------------|--------------------------|---------------------------|
| <b>Cash equivalents</b>              | \$4,669,737              | \$1,008,365               |
| <b>Accounts receivable:</b>          |                          |                           |
| Accrued investment income            | \$26,091,859             | \$24,186,580              |
| Open investment trades and others    | 690,488,649              | 667,861,795               |
| Securities lending – collateral      | 720,618,144              | 746,102,425               |
| Department of Water and Power        | <u>23,385,426</u>        | <u>21,103,724</u>         |
| Total accounts receivable            | 1,460,584,078            | 1,459,254,524             |
| <b>Investments:</b>                  |                          |                           |
| Fixed income                         | 2,689,997,609            | 2,510,478,526             |
| Equities                             | 2,683,145,102            | 4,025,380,107             |
| Other assets                         | <u>625,613,025</u>       | <u>554,201,429</u>        |
| Total investments at market value    | <u>5,998,755,736</u>     | <u>7,090,060,062</u>      |
| <b>Total assets</b>                  | \$7,464,009,551          | \$8,550,322,951           |
| <b>Less accounts payable:</b>        |                          |                           |
| Accounts payable                     | -1,044,513,623           | -880,079,081              |
| Security lending - collateral        | <u>-720,618,144</u>      | <u>-746,102,425</u>       |
| Total accounts payable               | -\$1,765,131,767         | -\$1,626,181,506          |
| <b>Net assets at market value</b>    | <u>\$5,698,877,784</u>   | <u>\$6,924,141,445</u>    |
| <b>Net assets at actuarial value</b> | <u>\$7,248,721,252</u>   | <u>\$7,247,853,233</u>    |

\* Information shown is from last year's valuation report. This information was subsequently revised in the final financial statements that appear as part of the auditor's report.

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT F**

**Development of the Fund Through June 30, 2009**

| <b>Year Ended<br/>June 30</b> | <b>Employer<br/>Contributions</b> | <b>Employee<br/>Contributions*</b> | <b>Other<br/>Contributions</b> | <b>Net<br/>Investment<br/>Return**</b> | <b>Benefit<br/>Payments</b> | <b>Actuarial<br/>Value of<br/>Assets at<br/>End of Year</b> |
|-------------------------------|-----------------------------------|------------------------------------|--------------------------------|--|-----------------------------|---|
| 2001                          | \$25,763,218                      | \$27,688,883                       | \$2,406,582                    | \$450,304,450                          | \$278,744,629               | \$5,833,274,582   |
| 2002                          | 27,241,801                        | 30,002,271                         | 2,214,752                      | 191,999,040                            | 294,469,498                 | 5,790,262,948   |
| 2003                          | 40,560,882                        | 36,490,767                         | 2,623,157                      | 557,992,976                            | 299,555,007                 | 6,128,375,723   |
| 2004                          | 55,804,924                        | 38,045,999                         | 2,452,293                      | 332,391,378                            | 305,649,192                 | 6,251,421,125   |
| 2005                          | 75,490,143                        | 38,855,089                         | 2,534,097                      | 278,275,350                            | 315,528,276                 | 6,331,047,528   |
| 2006                          | 101,556,257                       | 41,324,895                         | 2,914,174                      | 300,218,060                            | 329,297,478                 | 6,447,763,436   |
| 2007                          | 129,154,539                       | 47,060,446                         | 3,549,724                      | 578,442,440                            | 341,886,580                 | 6,864,084,005   |
| 2008                          | 141,862,126                       | 48,694,047                         | 4,195,096                      | 548,429,698                            | 359,411,739                 | 7,247,853,233   |
| 2009                          | 145,941,275                       | 59,405,012                         | 4,088,598                      | 159,076,675                            | 367,643,541                 | 7,248,721,252   |

\*Includes member normal contributions, Additional Annuity program contributions and contributions due to open contracts for purchased service.

\*\* Net of investment fees and administrative expenses. Includes a change in asset method of \$503 million for 2003.

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT G**

**Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2009**

|  |                   |                      |
|--|-------------------|----------------------|
| 1. Unfunded actuarial accrued liability at beginning of year |                   | \$371,249,702        |
| 2. Normal cost at beginning of year                          |                   | 133,394,667          |
| 3. Total actual contributions (employer and employee)        |                   | -205,346,287         |
| 4. Interest  |                   |                      |
| (a) For whole year on (1) + (2)                              | \$40,371,550      |                      |
| (b) For half year on (3)                                     | <u>-8,213,851</u> |                      |
| (c) Total interest   |                   | <u>32,157,699</u>    |
| 5. Expected unfunded actuarial accrued liability             |                   | \$331,455,781        |
| 6. Changes due to:*  |                   |                      |
| (a) Investment loss  | \$410,171,095     |                      |
| (b) Losses on salary experience                              | 29,099,170        |                      |
| (c) Other losses   | 35,373,670        |                      |
| (d) Plan provisions  | <u>2,239,982</u>  |                      |
| (e) Total changes  |                   | <u>476,883,917</u>   |
| 7. Unfunded actuarial accrued liability at end of year       |                   | <u>\$808,339,698</u> |

\*Does not include a contribution gain of \$17,307,931 during the year from actual contributions greater than required.

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT H**

**Table of Amortization Bases**

| <b>Type*</b>       | <b>Date Established</b> | <b>Initial Years</b> | <b>Initial Amount</b> | <b>Annual Payment*</b> | <b>Years Remaining</b> | <b>Outstanding Balance</b> |
|--------------------|-------------------------|----------------------|-----------------------|------------------------|------------------------|----------------------------|
| Combined Base      | 07/01/2004              | 15                   | \$170,392,797         | \$18,432,327           | 10.00                  | \$133,577,008              |
| Actuarial Loss     | 07/01/2005              | 15                   | 267,915,003           | 28,981,841             | 11.00                  | 223,452,353                |
| Actuarial Loss     | 07/01/2006              | 15                   | 183,420,211           | 19,841,574             | 12.00                  | 161,489,861                |
| Actuarial Loss     | 07/01/2007              | 15                   | 47,238,833            | 5,110,085              | 13.00                  | 43,620,080                 |
| Assumption Changes | 07/01/2007              | 15                   | -18,102,738           | -1,958,273             | 13.00                  | -16,715,969                |
| Actuarial Gain     | 07/01/2008              | 15                   | -204,179,457          | -22,087,216            | 14.00                  | -196,659,621               |
| Actuarial Loss     | 07/01/2009              | 15                   | 457,336,004           | 49,472,553             | 15.00                  | 457,336,004                |
| Plan Amendments    | 07/01/2009              | 15                   | 2,239,982             | <u>242,311</u>         | 15.00                  | <u>2,239,982</u>           |
| <b>Total</b>       |                         |                      |                       | \$98,035,202           |                        | \$808,339,698              |

\* Level dollar amount. The outstanding July 1, 2004 amortization bases were combined into a single amortization base and amortized over 15 years.

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**EXHIBIT I**

**Section 415 Limitations**

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Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of \$160,000 indexed for inflation. That limit is \$195,000 for 2009. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**EXHIBIT J**

**Definitions of Pension Terms**

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The following list defines certain technical terms for the convenience of the reader:

**Assumptions or Actuarial**

**Assumptions:**

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

**Normal Cost:**

The amount of contributions required to fund the benefit allocated to the current year of service.

**Actuarial Accrued Liability**

**For Actives:**

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

**Actuarial Accrued Liability**

**For Pensioners:**

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

**Unfunded Actuarial Accrued**

**Liability:**

The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan.

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**Amortization of the Unfunded**

**Actuarial Accrued Liability:** Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

**Investment Return:**

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT K  
Actuarial Balance Sheet**

An overview of your Plan's funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that will be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. We refer to this present value as the "liability" of the Plan.

Second, we determine how this liability will be met. These actuarial "assets" include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future Department normal cost contributions, and the present value of future Department amortization payments or credits.

**Actuarial Balance Sheet**

| <u>Assets</u>  | <u>June 30, 2009</u>     | <u>June 30, 2008</u>     |
|--|--------------------------|--------------------------|
| 1. Total actuarial value of assets                           | \$7,248,721,252          | \$7,247,853,233          |
| 2. Present value of future contribution by members           | 437,346,867              | 379,230,772              |
| 3. Present value of future Department contributions for:     |                          |                          |
| (a) entry age normal cost                                    | 912,957,861              | 786,908,776              |
| (b) unfunded actuarial accrued liability                     | 808,339,698              | 371,249,702              |
| 4. Total current and future assets                           | \$9,407,365,678          | \$8,785,242,483          |
| <br><u>Liabilities</u>                                       | <br><u>June 30, 2009</u> | <br><u>June 30, 2008</u> |
| 5. Present value of benefits for retirees and beneficiaries: | \$4,093,375,132          | \$4,025,238,520          |
| 6. Present value of benefits for terminated vested members:  | 161,317,313              | 148,096,063              |
| 7. Present value of benefits for active members:             | 5,152,673,233            | 4,611,907,900            |
| 8. Total liabilities   | \$9,407,365,678          | \$8,785,242,483          |



**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**EXHIBIT L**

**Reserves and Designated Balances**

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|   | <u>June 30, 2009</u> | <u>June 30, 2008</u> |
|---|----------------------|----------------------|
| 1. Reserve for retirement allowance for retired members         | \$4,349,943,957      | \$4,240,797,538      |
| 2. Contribution accounts:                                       |                      |                      |
| (a) Members (excluding additional contributions)                | 981,972,302          | 880,343,492          |
| (b) Department of Water and Power                               | (1,081,913,152)      | (1,038,834,320)      |
| 3. General Reserve and Reserve for Investment Gains and Losses* | <u>1,638,037,955</u> | <u>2,324,880,110</u> |
| 4. Total  | \$5,888,041,062      | \$6,407,186,820      |

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*\*Out of the total General Reserve and Reserve for Investment Gains and Losses, \$69,241,414 and \$56,988,778 are not included as valuation assets as of June 30, 2008 and June 30, 2009, respectively.*

**SECTION 3: Supplemental Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**EXHIBIT M**  
**Adjusted Reserves**

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Each year the Retirement Board adjusts its retired reserves to agree with the value calculated during the valuation. The following table presents the required transfers.

| <u>Adjusted Reserves</u>   | <u>June 30, 2009</u> | <u>June 30, 2008</u> |
|--|----------------------|----------------------|
| 1. Retired reserve balance   | \$4,349,943,957      | \$4,240,797,538      |
| 2. Actuarially computed present value                                  | 4,093,375,132        | 4,025,238,520        |
| 3. Actuarial gain (loss): (1) – (2)                                    | 256,568,825          | 215,559,018          |
| 4. Transfer from (to) DWP contribution accounts from retired reserves: | (256,568,825)        | (215,559,018)        |

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**EXHIBIT I**

**Summary of Actuarial Valuation Results**

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The valuation was made with respect to the following data supplied to us:

|   |       |
|---|-------|
| 1. Retired members as of the valuation date (including 2,139 beneficiaries in pay status) | 8,505 |
| 2. Members inactive during year ended June 30, 2009 with vested rights*                   | 1,742 |
| 3. Members active during the year ended June 30, 2009                                     | 8,868 |

---

The actuarial factors as of the valuation date are as follows:

|   |                 |               |
|---|-----------------|---------------|
| 1. Normal cost  |                 | \$154,425,889 |
| 2. Present value of future benefits   |                 | 9,407,365,678 |
| 3. Present value of future normal costs   |                 | 1,350,304,728 |
| 4. Actuarial accrued liability  |                 | 8,057,060,950 |
| Retired members and beneficiaries   | \$4,093,375,132 |               |
| Inactive members with vested rights*  | 161,317,313     |               |
| Active members  | 3,802,368,505   |               |
| 5. Actuarial value of assets (\$5,698,877,784 at market value as reported by Retirement Office) |                 | 7,248,721,252 |
| 6. Unfunded actuarial accrued liability   |                 | \$808,339,698 |

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*\*Includes terminated members due a refund of employee contributions.*

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**EXHIBIT I (continued)**

**Summary of Actuarial Valuation Results**

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|   | <b>Dollar Amount</b> | <b>% of Payroll</b> |
|---|----------------------|---------------------|
| The determination of the required contribution is as follows:       |                      |                     |
| 1. Total normal cost  | \$154,425,889        | 19.18%              |
| 2. Expected employee contributions                                  | <u>-50,209,794</u>   | <u>-6.24%</u>       |
| 3. Employer normal cost: (1) + (2)                                  | \$104,216,095        | 12.94%              |
| 4. Amortization of unfunded actuarial accrued liability             | <u>98,035,202</u>    | <u>12.18%</u>       |
| 5. Total required contribution: (3) + (4), adjusted for timing*     | \$210,341,349        | 26.12%              |
| 6. Employer match (110% of (2)), adjusted for timing*               | 57,440,004           | 7.13%               |
| 7. Greater of (6) employer match or (5) total required contribution | \$210,341,349        |                     |
| 8. Projected payroll  | \$805,137,795        |                     |

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*\*Required contribution is assumed to be paid at the middle of every year.*

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT II**

**Supplementary Information Required by the GASB – Schedule of Employer Contributions**

| <b>Plan Year<br/>Ended June 30</b> | <b>Annual Required<br/>Contributions</b> | <b>Annual<br/>Pension Cost</b> | <b>Actual<br/>Contributions</b> | <b>Actual<br/>Contributions/<br/>Annual Required<br/>Contributions</b> | <b>Actual<br/>Contributions/<br/>Annual Pension<br/>Cost</b> |
|------------------------------------|--|--------------------------------|---------------------------------|--|--|
| 2001                               | \$0                                      | \$5,378,281                    | \$25,763,218                    | --   | 479.0%   |
| 2002                               | 0  | 6,132,578                      | 27,241,801                      | --   | 444.2%   |
| 2003                               | 40,910,999                               | 47,823,973                     | 40,560,882                      | 99.1%  | 84.8%  |
| 2004                               | 44,128,205                               | 50,773,126                     | 55,804,924                      | 126.5%   | 109.9%   |
| 2005                               | 80,784,677                               | 87,615,788                     | 75,490,143                      | 93.4%  | 86.2%  |
| 2006                               | 110,268,590                              | 116,651,020                    | 101,556,257                     | 92.1%  | 87.1%  |
| 2007                               | 134,504,482                              | 140,328,366                    | 129,154,539                     | 96.0%  | 92.0%  |
| 2008                               | 134,651,427                              | 140,061,851                    | 141,862,126                     | 105.4%   | 101.3%   |
| 2009                               | 141,291,588                              | 146,768,605                    | 145,941,275                     | 103.3%   | 99.4%  |
| 2010                               | 210,341,349                              | 215,787,754                    | --                              | --   | --   |

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT III**

**Supplementary Information Required by the GASB – Schedule of Funding Progress**

| <b>Actuarial Valuation Date</b> | <b>Actuarial Value of Assets (a)</b> | <b>Actuarial Accrued Liability (AAL) (b)</b> | <b>Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)</b> | <b>Funded Ratio (a) / (b)</b> | <b>Projected Covered Payroll (c)</b> | <b>UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)</b> |
|---------------------------------|--------------------------------------|--|--|-------------------------------|--------------------------------------|---|
| 07/01/2000                      | \$5,605,856,078                      | \$5,082,960,078                              | -\$522,896,000                                     | 110.29%                       | \$368,000,000                        | 0.00%   |
| 07/01/2001                      | 5,833,274,582                        | 5,306,262,736                                | -527,011,846                                       | 109.93%                       | 403,265,472                          | 0.00%   |
| 07/01/2002                      | 5,790,262,948                        | 5,714,524,649                                | -75,738,299  | 101.33%                       | 430,397,884                          | 0.00%   |
| 07/01/2003                      | 6,128,375,723                        | 6,042,086,785                                | -86,288,938  | 101.43%                       | 527,787,469                          | 0.00%   |
| 07/01/2004                      | 6,251,421,125                        | 6,421,813,922                                | 170,392,797  | 97.35%                        | 581,038,783                          | 29.33%  |
| 07/01/2005                      | 6,331,047,528                        | 6,763,079,839                                | 432,032,311  | 93.61%                        | 616,270,095                          | 70.10%  |
| 07/01/2006                      | 6,447,763,436                        | 7,046,571,241                                | 598,807,805  | 91.50%                        | 635,728,131                          | 94.19%  |
| 07/01/2007                      | 6,864,084,006                        | 7,467,285,349                                | 603,201,343  | 91.92%                        | 670,372,663                          | 89.98%  |
| 07/01/2008                      | 7,247,853,233                        | 7,619,102,935                                | 371,249,702  | 95.13%                        | 708,731,840                          | 52.38%  |
| 07/01/2009                      | 7,248,721,252                        | 8,057,060,950                                | 808,339,698  | 89.97%                        | 805,137,795                          | 100.40%   |

\* Not less than zero

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**EXHIBIT IV**

**Supplementary Information Required by the GASB**

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|  |  |
|--|--|
| <b>Valuation date</b>  | July 1, 2009   |
| <b>Actuarial cost method</b>                                   | Entry Age Normal Cost Method   |
| <b>Amortization method</b>                                     | Level dollar amortization  |
| <b>Remaining amortization period</b>                           | The July 1, 2004 Unfunded Actuarial Accrued Liability is amortized over a 15-year period commencing July 1, 2004. Any subsequent changes in Unfunded Actuarial Accrued Liability are amortized over separate 15-year periods effective with that valuation.        |
| <b>Asset valuation method</b>                                  | The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market returns and the expected returns on a market value basis, and is recognized over a five-year period. |
| <b>Actuarial assumptions:</b>                                  |  |
| Investment rate of return                                      | 8.00%  |
| Inflation rate   | 3.75%  |
| Projected salary increases                                     | 5.29% to 9.46%*  |
| Cost of living adjustments                                     | 3.00% (actual increases are contingent upon CPI increases with a 3.00% maximum)  |
| <b>Plan membership:</b>  |  |
| Retired members and beneficiaries receiving benefits           | 8,505  |
| Terminated members entitled to, but not yet receiving benefits | 1,742  |
| Active members   | <u>8,868</u>   |
| Total  | 19,115   |

\*Includes inflation at 3.75%, "across the board" increases of 0.50%, plus merit and promotional increases. See Exhibit VI for these increases.

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT V**

**Development of the Net Pension Obligation and the Annual Pension Cost Pursuant to GASB 27**

| Plan Year Ended June 30 | Employer Annual Required Contribution (a) | Employer Amount Contributed (b) | Interest on NPO (c) | ARC Adjustment (h) / (e) (d) | Amortization Factor (e) | Pension Cost (a) + (c) – (d) (f) | Change in NPO (f) – (b) (g) | NPO Balance NPO + (g) (h) |
|-------------------------|---|---------------------------------|---------------------|------------------------------|-------------------------|----------------------------------|-----------------------------|---------------------------|
| 2001                    | \$0                                       | \$25,763,218                    | -\$10,973,809       | -\$16,352,090                | 8.8887                  | \$5,378,281                      | -\$20,384,937               | -\$165,733,590            |
| 2002                    | 0   | 27,241,801                      | -12,512,869         | -18,645,447                  | 8.8887                  | 6,132,578                        | -21,109,223                 | -186,842,813              |
| 2003                    | 40,910,299                                | 40,560,882                      | -14,106,614         | -21,020,288                  | 8.8887                  | 47,823,973                       | 7,263,091                   | -179,579,722              |
| 2004                    | 44,128,205                                | 55,804,924                      | -13,558,251         | -20,203,172                  | 8.8887                  | 50,773,126                       | -5,031,798                  | -184,611,520              |
| 2005                    | 80,784,677                                | 75,490,143                      | -13,938,151         | -20,769,262                  | 8.8887                  | 87,615,788                       | 12,125,645                  | -172,485,874              |
| 2006                    | 110,268,590                               | 101,556,257                     | -13,022,666         | -19,405,096                  | 8.8887                  | 116,651,020                      | 15,094,763                  | -157,391,111              |
| 2007                    | 134,504,482                               | 129,154,539                     | -11,883,013         | -17,706,897                  | 8.8887                  | 140,328,366                      | 11,173,827                  | -146,217,285              |
| 2008                    | 134,651,427                               | 141,862,126                     | -11,039,390         | -16,449,814                  | 8.8887                  | 140,061,851                      | -1,800,275                  | -148,017,560              |
| 2009                    | 141,291,588                               | 145,941,275                     | -11,175,312         | -16,652,329                  | 8.8887                  | 146,768,605                      | 827,330                     | -147,190,230              |
| 2010                    | 210,341,349                               | 210,341,349*                    | -11,112,848         | -16,559,253                  | 8.8887                  | 215,787,754                      | 5,446,405                   | -141,743,825              |

\* The amount indicated for June 30, 2010 assumes the actual employer contribution for the year is equal to the employer annual required contribution.



**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

**EXHIBIT VI**

**Actuarial Assumptions and Actuarial Cost Method**

**Mortality Rates:**

*After Service Retirement and Pre-retirement:* 1994 Group Annuity Mortality Table.

*After Disability Retirement* 1994 Group Annuity Mortality Table.

**Termination Rates before Retirement:**

| Age | Mortality* |        | Disability |        | Total Withdrawal** |        |
|-----|------------|--------|------------|--------|--------------------|--------|
|     | Male       | Female | Male       | Female | Male               | Female |
| 25  | 0.066      | 0.029  | 0.006      | 0.000  | 6.550              | 9.250  |
| 30  | 0.080      | 0.035  | 0.012      | 0.006  | 4.700              | 7.550  |
| 35  | 0.085      | 0.048  | 0.012      | 0.036  | 3.250              | 5.850  |
| 40  | 0.107      | 0.071  | 0.018      | 0.072  | 2.300              | 4.650  |
| 45  | 0.158      | 0.097  | 0.030      | 0.102  | 1.700              | 3.410  |
| 50  | 0.258      | 0.143  | 0.054      | 0.138  | 1.320              | 2.640  |
| 55  | 0.443      | 0.229  | 0.126      | 0.168  | 1.020              | 2.200  |
| 60  | 0.798      | 0.444  | 0.240      | 0.000  | 0.720              | 1.100  |
| 65  | 1.454      | 0.864  | 0.000      | 0.000  | 0.000              | 0.000  |

\* 5% of pre-retirement deaths are assumed to be duty related, with the remaining being non-duty related.

\*\* No withdrawal is assumed after a member is first assumed to retire. Ordinary withdrawal members are assumed to receive their account balance at termination. Vested withdrawal members are assumed to receive a deferred benefit from the plan. 65% of male terminations and 60% of female terminations are assumed to be ordinary withdrawals, with the remaining being vested withdrawals.

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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| <b>Retirement Rates:</b> | <b>Age</b> | <b>Under 30 Years of Service</b> | <b>Over 30 Years of Service</b> |
|--------------------------|------------|----------------------------------|---------------------------------|
|                          | 50         | 0.00%                            | 30.00%                          |
|                          | 51         | 0.00                             | 12.50                           |
|                          | 52         | 0.00                             | 12.50                           |
|                          | 53         | 0.00                             | 5.00                            |
|                          | 54         | 0.00                             | 5.00                            |
|                          | 55         | 5.00                             | 25.00                           |
|                          | 56         | 3.00                             | 12.50                           |
|                          | 57         | 3.00                             | 12.50                           |
|                          | 58         | 3.00                             | 12.50                           |
|                          | 59         | 4.00                             | 12.50                           |
|                          | 60         | 4.00                             | 15.00                           |
|                          | 61         | 4.00                             | 10.00                           |
|                          | 62         | 4.00                             | 10.00                           |
|                          | 63         | 5.00                             | 20.00                           |
|                          | 64         | 5.00                             | 20.00                           |
|                          | 65         | 100.00                           | 100.00                          |

**Retirement Age and Benefit for Inactive**

**Vested Participants:** A liability is determined for (a) an immediate refund of employee normal contribution accounts plus department matching contribution accounts and (b) a deferred benefit at age 60. The plan liability is the greater of these two calculations.

**Definition of Active Members:** First day of biweekly payroll following employment for new department employees or immediately following transfer from other city department.

**Unknown Data for Members:** Same as those exhibited by Members with similar known characteristics. If not specified, Members are assumed to be male.

**Percent Married/Domestic Partner:** 90% of male participants and 75% of female participants are assumed to be married at pre-retirement death or retirement. Spousal gender is assumed to be opposite that of the member.

**Age of Spouse:** Females are 3 years younger than their spouses.

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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|   |  |
|---|--|
| <b>Future Benefit Accruals:</b>                                   | 1.0 year of service per year.  |
| <b>Other Government Service:</b>                                  | Members are assumed to purchase an additional 0.15 years of service per year.      |
| <b>Consumer Price Index:</b>                                      | Increase of 3.75% per year; benefit increases due to CPI subject to 3.00% maximum. |
| <b>Employee Contribution and Matching Account Crediting Rate:</b> | 8.00%  |
| <b>Net Investment Return:</b>                                     | 8.00%, net of administration and investment expenses.                              |
| <b>Salary Increases:</b>  | <u>Annual Rate of Compensation Increase</u>  |

Inflation: 3.75% per year, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotional increases.

| <u>Years of Service</u> | <u>Increase</u> |
|-------------------------|-----------------|
| 0                       | 5.00%           |
| 1                       | 4.00%           |
| 2                       | 3.00%           |
| 3                       | 2.00%           |
| 4                       | 1.50%           |
| 5 & Over                | 1.00%           |

The merit and promotional increases are compounded with the sum of the inflationary and “across the board” salary increases.

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|                                   |   |
|-----------------------------------|---|
| <b>Actuarial Value of Assets:</b> | The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a five year period. As directed by the Retirement Office, the actuarial value of assets may be reduced by an amount classified as a non-valuation reserve. |
|-----------------------------------|---|

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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|                                |   |
|--------------------------------|---|
| <b>Actuarial Cost Method:</b>  | Entry Age Normal Actuarial Cost Method. Entry Age equals attained age less years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percent of salary, with Normal Cost determined as if the current benefit accrual rate had always been in effect.   |
| <b>Funding Policy:</b>         | The Department of Water and Power makes contributions equal to the Normal Cost adjusted by an amount to amortize any Surplus or Unfunded Actuarial Accrued Liability. Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age Normal Cost method. The July 1, 2004 Unfunded Actuarial Liability is amortized over a fifteen year period commencing July 1, 2004. Any subsequent change in Surplus or Unfunded Actuarial Accrued Liability are amortized over separate fifteen year periods. All amortization amounts are determined in equal dollar amounts over the amortization period. The Board may, by resolution, adopt a separate period of not more than thirty years to amortize the change in Surplus or Unfunded Actuarial Accrued Liability resulting from an unusual event, plan amendment or change in assumptions or methods. The Department of Water and Power contribution is not less than the matching contribution of 110% of member contributions. |
| <b>Changes in Assumptions:</b> | Starting with the July 1, 2009 valuation, in order to value the new optional survivor death benefit allowances, it is now assumed that 5% of all pre-retirement deaths are duty related.  |

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**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**EXHIBIT VII**

**Summary of Plan Provisions**

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This exhibit summarizes the major provisions of the LADWP included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

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**Plan Year:** July 1 through June 30

**Census Date:** March 31

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**Formula Retirement Benefit:**

*Age & Service Requirement*

Age 60 with 5 years of service

Age 55 with 10 years of service in the last 12 years

Any age with 30 years of service; or

Receiving permanent total disability benefits from the Plan.

Note: To be eligible, the employee must have worked or been paid disability four of the last five years immediately preceding eligibility to retire, or while eligible to retire.

*Monthly Amount*

The greater of 2.1% of the Monthly Salary Base or \$9.50 per year of service. For those age 55 or older with 30 or more years of service the factor is 2.3% of the Monthly Salary Base.

*Monthly Salary Base*

Equivalent of monthly average salary of highest continuous 26 biweekly payroll periods (one year).

*Cost of Living benefit*

Based on changes to Los Angeles area consumer price index to a maximum of 3% per year.

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**Money Purchase Annuity:**

A monthly lifetime benefit equal in value to the employee normal contribution account plus Department matching contribution (current service contribution) account at retirement date.

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**Minimum Benefit:**

If the money purchase annuity amount exceeds the monthly amount of the formula retirement benefit and the retiree meets the eligibility requirements for the formula retirement benefit, the amount of the money purchase annuity is paid and the cost-of-living and death after retirement continuance features of the formula retirement benefit are also paid.

**Early Retirement Reduction Factors:** The early retirement factor is determined by the attained age on the effective date of retirement. Every three months of attained age will affect the factor

| <b>Attained Age at Actual Retirement</b> | <b>Exact Age</b> | <b>+3 Months</b> | <b>+6 Months</b> | <b>+9 Months</b> |
|--|------------------|------------------|------------------|------------------|
| 48                                       | .7150            | .7225            | .7300            | .7375            |
| 49                                       | .7450            | .7525            | .7600            | .7675            |
| 50                                       | .7750            | .7825            | .7900            | .7975            |
| 51                                       | .8050            | .8125            | .8200            | .8275            |
| 52                                       | .8350            | .8425            | .8500            | .8575            |
| 53                                       | .8650            | .8725            | .8800            | .8875            |
| 54                                       | .8950            | .9025            | .9100            | .9175            |
| 55                                       | .9250            | .92875           | .9325            | .93625           |
| 56                                       | .9400            | .94375           | .9475            | .95125           |
| 57                                       | .9550            | .95875           | .9625            | .96625           |
| 58                                       | .9700            | .97375           | .9775            | .98125           |
| 59                                       | .9850            | .98875           | .9925            | .99625           |
| 60 & Over                                | 1.0000           |                  |                  |                  |

The factor is 1.0000 for those retiring at age 55 or later with at least 30 years of service.

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**Member Normal Contributions:**

If an employee became a plan member after May 31, 1984, the member normal contribution rate is 6% of pay.

If an employee became a plan member before June 1, 1984 or transferred from CERS with an entry age contribution rate, sample rates by entry age are as follows:

| Entry Age | Rate   |
|-----------|--------|
| 20        | 2.601% |
| 25        | 3.102% |
| 30        | 3.611% |
| 35        | 4.161% |
| 40        | 4.742% |
| 45        | 5.381% |
| 50        | 6.042% |
| 55        | 6.762% |
| 59        | 7.332% |

**Department Current Service Contributions:**

The Department of Water and Power makes actuarially based contributions that are a minimum of 110% of employee contributions.

**Disability:**

Disability benefits are paid from the Disability Fund. However, if a member is receiving permanent and total disability benefits, the member may elect to retire. Other than a nominal amount, no service credit during disability is earned for the 2.1% formula; however, credit is earned during disability toward the \$9.50 minimum formula.

**Deferred Withdrawal Retirement Benefit (Vested):**

*Age & Service Requirement*

Age 60 with one year of contributing membership; or  
 Age 55 with 10 years of contributing membership in the 12 years prior to separation from service.

*Amount*

Value of employee normal contribution account plus Department matching contribution (called current service contribution) account at retirement date

**SECTION 4: Reporting Information for The Water and Power Employees' Retirement Plan of the City of Los Angeles**

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**Death Before Retirement:**

|   |   |
|---|---|
| <i>Age and Service Requirement</i>                | None  |
| <i>Amount</i>                                     | Refund of member contributions with interest.   |
| <i>Age, Service and Type of Death Requirement</i> | Any death of a member who is eligible for service retirement, but who has not yet retired or attained 25 years of service   |
| <i>Amount</i>                                     | In lieu of the refund of member contributions with interest, the member's spouse may elect an immediate lifetime monthly allowance. The monthly allowance payable to the surviving spouse is the amount the spouse would have received had the member elected a full joint and survivor allowance.  |
| <i>Age, Service and Type of Death Requirement</i> | Duty death with 10 years of service, but prior to service retirement eligibility or attainment of 25 years of service   |
| <i>Amount</i>                                     | In lieu of the refund of member contributions with interest, the member's spouse may elect either:<br><ul style="list-style-type: none"><li>(a) A deferred lifetime monthly allowance commencing when the member would have been eligible for a service retirement or attained 25 years of service; or</li><li>(b) An immediate lifetime monthly allowance calculated with up to five years added to the member's age or service. This option is only available if the member has attained age 50 or attained 20 years of service.</li></ul> The monthly allowance payable to the surviving spouse is the amount the spouse would have received had the member elected a full joint and survivor allowance. |

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**Death After Retirement:** 50% of retiree's unmodified allowance continued to eligible spouse or domestic partner (reduced if difference in ages is greater than five years).

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**Withdrawal of Contributions Benefit (Ordinary Withdrawal):** Refund of employee contributions with interest



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**Changes in Plan Provisions:**

The following changes in Plan provisions have been recognized since the prior valuation.

Effective October 1, 2008, the Board adopted two additional optional survivor death benefit allowances for surviving spouses of members who died while on duty at the Department of Water and Power.

Effective July 1, 2008, the Board adopted a discretionary COLA that restores purchasing power to 90% for eligible retirees.

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