

**The Water and Power Employees' Retirement Plan of the
City of Los Angeles
Insured Lives Death Benefit Fund for
Noncontributing Members**

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

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November 25, 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 of the Insured Lives Death Benefit Fund for Noncontributing Members as of July 1, 2009. It summarizes the actuarial data used in the valuation and establishes the Governmental Accounting Standards Board (GASB) reporting requirements for fiscal 2009-2010.

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 Fund.

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*

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

JM/hy

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SECTION 1: Valuation Summary for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

Purpose

This report has been prepared by The Segal Company to present a valuation of the Insured Lives Death Benefit Fund for Noncontributing Members (Fund) of The Water and Power Employees' Retirement Plan of the City of Los Angeles as of July 1, 2009. The principal purpose of this report is to document the calculation of various information required by the Governmental Accounting Standards Board (GASB). The results presented in this report are based on:

- The benefit provisions of the Fund, as administered by the Board;
- The characteristics of covered active members, inactive vested members, retired and disabled members as of March 31, 2009, provided by the Retirement Office;
- The assets of the Fund 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. 4* ➤ The net assets allocated to the Fund earned a return of 15.87% for the July 1, 2008 to June 30, 2009 plan year. This resulted in an actuarial gain of \$503,055 when measured against the assumed rate of return of 5.00%; however, this actuarial gain caused only a marginal decrease in the Fund's Annual Required Contribution (ARC).
- Ref: Pg. 8* ➤ The Fund's actuarial accrued liability is \$95,302,626. Fund assets are \$5,261,536 and therefore the unfunded actuarial accrued liability (UAAL) is \$90,041,090.
- Ref: Pg. 9* ➤ The components of the ARC for the 2009-2010 plan year are the Fund's normal cost, \$1,466,614; the total of the 15-year UAAL amortization layers, which is \$8,981,108; and interest on each of the above for one-half year (2.5%). The total ARC for the 2009-2010 plan year is \$10,708,915, which is 1.33% of the projected covered payroll of \$805,137,795. The 2009-2010 Annual Pension Cost is \$10,221,070, which is 1.27% of the projected covered payroll.
- Ref: Pg. 14* ➤ The expected Department contributions for 2009-2010, reflecting the recommended contribution rate of \$1.64 per \$100 of retirement benefit, are \$5,110,289. The Annual Pension Cost exceeds the expected Department contributions by \$5,110,781.
- 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 they exist, are not reflected. Declines in asset values will increase the actuarial cost of the Fund, while increases will decrease the actuarial cost of the Fund.

SECTION 1: Valuation Summary for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

Summary of Key Valuation Results

	2009	2008
Funding elements for plan year beginning July 1:		
Total normal cost	\$1,466,614	\$1,298,221
Market value of assets	5,261,536	4,732,078
Actuarial value of assets	5,261,536	4,732,078
Actuarial accrued liability	95,302,626	94,445,113
Unfunded actuarial accrued liability	90,041,090	89,713,035
Funded ratio	5.5%	5.0%
GASB 25/27 for plan year beginning July 1:		
Annual pension cost	\$10,221,070	\$9,846,797
Actual contributions	--	4,445,208
Percentage contributed	--	44.1%
Covered payroll*	\$805,137,795	\$696,704,083
Demographic data for plan year beginning July 1:		
Number of retired members	6,366	6,501
Number of vested former members	758	699
Number of active members	8,868	8,164
Total projected compensation	\$805,137,795	\$708,731,840
Average projected compensation	\$90,791	\$86,812

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

SECTION 2: Supplemental Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT A

Table of Fund Coverage

Category	Year Ended June 30		Change From Prior Year
	2009	2008	
Active members in valuation:			
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%
Vested terminated members*			
Number	758	699	8.4%
Average age	50.3	49.6	N/A
Retired members:			
Number in pay status	6,366	6,501	-2.1%
Average age	73.0	72.7	N/A
Average monthly Retirement Plan benefit	\$4,079	\$3,913	4.2%

* Excludes terminated members with less than five years of service.

SECTION 2: Supplemental Information for the Insured Lives Death Benefit Fund for Noncontributing Members of 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 2: Supplemental Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT C

Table of Financial Information

Statement of Death Benefit Fund Assets	Year Ended June 30, 2009	Year Ended June 30, 2008
Cash	\$ 254,766	\$ 210,771
Accounts receivable	241,689	101,111
Investment in bonds and mortgage-backed securities at fair value	20,031,038	22,256,185
Short-term commercial paper, amortized cost which approximates market	<u>2,997,509</u>	<u>1,771,694</u>
Total Assets	\$23,525,002	\$24,339,761
Accounts payable	(336,708)	(489,249)
Death claims in process insured lives	<u>(1,735,587)</u>	<u>(1,755,154)</u>
Net Assets at Market Value	\$21,452,707	\$22,095,358
Unrealized Appreciation/(Depreciation), included in the above	<u>231,873</u>	<u>(150,768)</u>
Total Reserves and Designated Balances	\$21,220,834	\$22,246,126
Allocation of Net Assets to Insured Lives Death Benefit Fund for Noncontributing Members	Year Ended June 30, 2009	Year Ended June 30, 2008
1. Net Assets at Market Value	\$21,452,707	\$22,095,358
2. General Reserves		
a. Reserve for Benefits Granted:		
i. Family Death Benefits	\$1,078,450	\$1,494,000
ii. Supplemental Family Death Benefits	<u>(253,230)</u>	<u>(95,990)</u>
iii. Total for Benefits Granted	\$825,220	\$1,398,010
b. Contribution Accounts:		
i. Family Death Benefits	\$5,996,936	\$5,794,022
ii. Supplemental Family Death Benefits	<u>5,365,241</u>	<u>5,022,667</u>
iii. Total for Contribution Accounts	\$11,362,177	\$10,816,689
c. Total General Reserve for Family and Supplemental Family Death Benefits	\$12,187,397	\$12,214,699
3. Insured Lives General Reserve for Contributing Members	\$4,003,774	\$5,148,581
4. Net Assets for Insured Lives Death Benefit Fund for Noncontributing Members = (1) – (2c) – (3)*	\$5,261,536	\$ 4,732,078

* General Reserve value of \$5,029,663 at June 30, 2009 and \$4,882,846 at June 30, 2008.

SECTION 2: Supplemental Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT D

Development of the Fund Through June 30, 2009

Year Ended June 30	Employer Contributions	Benefit Payments	Net Investment Return	Assets at End of Year	Average Assets During Year	Rate of Return
2006	-	-	-	\$7,049,552	-	-
2007	\$3,671,046	\$4,828,038	\$636,402	6,528,962	\$6,471,056	9.83%
2008	3,825,394	5,633,430	11,152	4,732,078	5,624,944	0.20%
2009	4,445,208	4,650,282	734,532	5,261,536	4,629,541	15.87%

SECTION 2: Supplemental Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT E

Definitions of Pension Terms

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 Fund is calculated including:

- (a) Investment return — the rate of investment yield that the Fund 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 level cost 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 that the actuarial accrued liability of the Fund exceeds the assets of the Fund.

SECTION 2: Supplemental Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

Amortization of the Unfunded

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

Investment Return:

The rate of earnings of the Fund from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the Fund.

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

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 the GASB reporting requirements.

The other critical piece of information regarding the Fund'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 the GASB. High ratios indicate a well-funded plan with assets sufficient to cover the Fund'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.

The details regarding the calculations of these values and other GASB numbers may be found in this Section 3.

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT I

Summary of Actuarial Valuation Results

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

1. Retired members as of the valuation date	6,366
2. Members inactive during year ended June 30, 2009 with vested rights*	758
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	\$1,466,614
2. Present value of future benefits	107,043,580
3. Present value of future normal costs	11,740,954
4. Actuarial accrued liability	\$95,302,626
Retired members	\$69,362,127
Inactive members with vested rights*	2,311,884
Active members	23,628,615
5. Actuarial value of assets	\$5,261,536
6. Unfunded actuarial accrued liability	\$90,041,090

* Excludes terminated members with less than five years of service.

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

	Dollar Amount	% of Payroll
The determination of the Annual Required Contribution is as follows:		
1. Total normal cost	\$1,466,614	0.18%
2. Expected employee contributions	<u>0</u>	<u>0.00%</u>
3. Employer normal cost: (1) + (2)	\$1,466,614	0.18%
4. Amortization of unfunded actuarial accrued liability	8,981,108	1.12%
5. Total Annual Required Contribution (ARC): (3) + (4), adjusted for timing*	10,708,915	1.33%
6. Projected payroll	\$805,137,795	

* *Annual Required Contribution is assumed to be paid at the middle of every year.*

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT II

Table of Amortization Bases

Type	Date Established	Initial Years	Initial Amount	Annual Payment*	Years Remaining	Outstanding Balance
Initial UAAL	07/01/2007	15	\$72,495,279	\$6,651,773	13.00	\$65,608,106
Actuarial Loss	07/01/2008	15	20,577,353	1,888,066	14.00	19,623,751
Actuarial Loss	07/01/2009	15	4,809,233	<u>441,269</u>	15.00	<u>4,809,233</u>
Total				\$8,981,108		\$90,041,090

* *Level dollar amount*

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Annual Pension Cost	Actual Contributions	Actual Contributions/ Annual Required Contributions	Actual Contributions/ Annual Pension Cost
2008	\$8,937,748	\$8,937,748	\$3,825,394	42.8%	42.8%
2009	10,084,010	9,846,797	4,445,208	44.1%	45.1%
2010	10,708,915	10,221,070	--	--	--

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT IV

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Projected Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
07/01/2007	\$6,528,962	\$79,024,241	\$72,495,279	8.26%	\$670,372,663	10.81%
07/01/2008	4,732,078	94,445,113	89,713,035	5.01%	708,731,840	12.66%
07/01/2009	5,261,536	95,302,626	90,041,090	5.52%	805,137,795	11.18%

* Not less than zero

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT V

Supplementary Information Required by the GASB

Valuation date	July 1, 2009
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar amortization
Remaining amortization period	The July 1, 2007 Unfunded Actuarial Accrued Liability is amortized over a 15-year period commencing July 1, 2007. Any subsequent changes in Unfunded Actuarial Accrued Liability are amortized over separate 15-year periods effective with that valuation.
Asset valuation method	Total market value of the Death Benefit Fund at valuation date, less the General Reserves and Contribution Accounts for the Family Death Benefit and Supplemental Family Death Benefit, and the Insured Lives General Reserve for Contributing Members.
Actuarial assumptions:	
Investment rate of return	5.00%
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)
Plan membership:	
Retired members	6,366
Terminated vested members**	758
Active members	<u>8,868</u>
Total	15,992

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

** Excludes terminated members with less than five years of service.

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT VI

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)
2007	-	-	-	-	-	-	-	\$0
2008	\$8,937,748	\$3,825,394	\$0	\$0	10.6328	\$8,937,748	\$5,112,354	5,112,354
2009	10,084,010	4,445,208	243,597	480,810	10.6328	9,846,797	5,401,589	10,513,943
2010	10,708,915	5,110,289*	500,977	988,822	10.6328	10,221,070	5,110,781	15,624,724

* The amount indicated for June 30, 2010 is assumed to be equal to \$1.64 per \$100 of retirement plan benefit paid during July 1, 2009 through the end of the plan year. Will be updated to equal the actual employer contribution after June 30, 2010.

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT VII

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	Rate (%)					
	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 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

Retirement Rates:	Age	Under 30 Years of Service	Over 30 Years of Service
	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 based on the member electing a deferred benefit at age 60 or current age if older.

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 with Beneficiaries: All Members are assumed to have a beneficiary at post-retirement death.

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

Future Benefit Accruals: 1.0 year of service per year.

Other Government Service: Members are assumed to purchase an additional 0.15 years of service per year.

Consumer Price Index: Increase of 3.75% per year; benefit increases due to CPI subject to 3.00% maximum.

Net Investment Return: 5.00%, net of administration and investment expenses.

Salary Increases: Annual Rate of Compensation Increase
 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.

Actuarial Value of Assets: Total market value of the Death Benefit Fund at valuation date, less the General Reserves and Contribution Accounts for the Family Death Benefit and Supplemental Family Death Benefit, and the Insured Lives General Reserve for Contributing Members.

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

Actuarial Cost Method: 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.

Funding Policy: The Department of Water and Power makes contributions based on a rate recommended by the Board's Actuary designed to maintain the general reserve at a target level equal to the average of the benefits paid for the last five years.

Changes in Assumptions: Starting with the July 1, 2009 Retirement Plan valuation, it is now assumed that 5% of all pre-retirement deaths are duty related.

SECTION 3: Reporting Information for the Insured Lives Death Benefit Fund for Noncontributing Members of The Water and Power Employees' Retirement Plan of the City of Los Angeles

EXHIBIT VIII
Summary of Plan Provisions

This exhibit summarizes the major provisions of the Insured Lives Death Benefit Fund for Noncontributing Members included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Census Date:	March 31
Death Benefit:	
<i>Age & Service Requirement</i>	Any age provided the member was employed by the Department for at least five years.
<i>Amount</i>	A single sum distribution equal to 14 times the member's Full Retirement Allowance (to a maximum of \$20,000).
<i>Additional Requirement</i>	Death must occur after retirement.
Member Contribution Rate:	None.
Department Contribution Rate:	Rate recommended by Board's Actuary as an amount per \$100 of retirement benefits paid during the year.
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.

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