

Frequently Asked Questions - ERIP

There are 2,400 ERIP participants.

What is the ERIP Cost Obligation?

The ERIP Cost Obligation is the full cost of ERIP as defined in the Los Angeles Administrative Code section 4.1033 (“ERIP Ordinance”). The [ERIP Ordinance](#) states that the ERIP Cost Obligation is the obligation of LACERS Members, and that the City and Unions envisioned ERIP to be cost-neutral to the City.

How was the ERIP Cost Obligation determined?

The [preliminary](#) ERIP Cost Obligation was determined by an enrollment actuary engaged by the City, pursuant to requirements of the Los Angeles City Charter section 1168 (b), which specifies that the City Council must be advised in writing of the cost of benefit increases prior to adoption of an ordinance to change the LACERS benefit(s).

The City’s Consulting Actuary provided cost estimates of ERIP based on various scenarios projecting “take” rates of eligible employees. Preliminary projected costs ranged from \$250 million to retire 2,229 employees up to \$354 million to retire 2,763. The ERIP Ordinance adopted a preliminary cost of \$271M to retire 2,400 employees.

However, based on the LACERS actuarial valuation report of June 30, 2009 (revised April 22, 2010), the unfunded actuarial accrued liability increased by \$355 million when factoring in nearly all ERIP retirees (2,393 of the 2,400 ERIP retirees were finalized at the time of the report).

What is the time period by which the ERIP Cost Obligation should be paid?

For Tier 1 Active Members, according to the ERIP Ordinance, the employee contributions toward the ERIP Cost Obligation begin on July 1, 2011, and end on June 30, 2026 (a 15-year period), or until the ERIP Cost Obligation is fully paid, whichever comes first.

For Retired Members, according to the ERIP Ordinance, an ERIP 1% Reduction shall apply to all ERIP Eligible Filers and Grandfathered Participants receiving ERIP benefits. His or her entire retirement allowance, shall be reduced by 1%.

The ERIP 1% Reduction shall not apply to members of ERIP Group 4.

How much money to date, has been paid by LACERS' Active and Retired Members toward paying off the ERIP Cost Obligation?

For the quarter ending December 31, 2022, Tier 1 Members have contributed just over \$257M toward the cost of this liability, estimated at \$355M. Employee contributions of 1% of salary go towards the ERIP Cost Obligation, which began on July 1, 2011, and will end on June 30, 2026 (a 15-year period), or until the full actuarial cost of the program is paid, whichever comes first.

This information can be found on the LACER'S website:

<https://www.lacers.org/frequently-asked-questions>