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San Francisco Employees' Retirement System

Department Budget Presentation

Prepared for: Budget and Finance Committee of the San Francisco Board of Supervisors
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SFERS

San Francisco Employees' Retirement System

Mission Statement

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.



SFERS

San Francisco Employees' Retirement System

SFERS Trust Funding Levels

Fiscal Year	Actuarial Liability	Actuarial Value of Assets	Actuarial Value Funding Ratio	Market Value of Assets	Market Value Funding Ratio
2009-10	\$17.643 billion	\$16.069 billion	91.1%	\$13.137 billion	74.5%
2010-11	\$18.599 billion	\$16.313 billion	87.7%	\$15.599 billion	83.9%
2011-12	\$19.394 billion	\$16.028 billion	82.6%	\$15.294 billion	78.9%
2012-13	\$20.225 billion	\$16.303 billion	80.6%	\$17,012 billion	84.1%
2013-14	\$21.123 billion	\$18.012 billion	85.3%	\$19,921 billion	94.3%
2014-15	\$22.971 billion	\$19.653 billion	85.6%	\$20.428 billion	88.9%

- In the five years since June 30, 2010, the market value of the SFERS Trust has increased approximately \$7 billion while retirement benefits in excess of \$4.5 billion have been paid to the retired members and beneficiaries over the same period
- The increase in Actuarial Liability for FY 2014-15 is substantially due to the Retirement Board's adoption of 2014 mortality tables which reflect longer life expectancies for both active and retired members
- The required employer contribution rate will decrease from 22.8% to 21.4% for the fiscal year beginning July 1, 2016
- The employee cost-sharing percentage will decrease by 1% for the fiscal year beginning July 1, 2016



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SFDCP Deferred Compensation Plan

Established in 1997 – Administered by the SFERS Retirement Board

➤ **SFDCP Participants (May 2016):**

16,941 actively contributing (increase of 1,221 over May 2015)

26,804 participants with balance

➤ **SFDCP Assets as of May 31, 2015 - \$2.8 billion**



SFERS

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Fiscal Year 2016-17 Budget Highlights

➤ Two-Year Budget Outlook

All costs of administering SFERS are paid from investment earnings on SFERS Trust
All costs of administering SFDCP are reimbursed by the Plan's third party administrator

➤ New Positions

SFERS active and retired membership has increased from 58,000 to 65,000 over the past five years. In order to meet the increasing demand for retirement services, SFERS is proposing 3 new retirement analyst and benefits technician positions over the next two budget years.

SFERS is requesting a new Investment Division position – Managing Director for Asset Allocation, Risk Management and Innovation – to lead the implementation of risk management strategies, including ESG strategies, to maximize returns across the \$20 billion SFERS Trust portfolio.

➤ SFERS Overtime Budget and Expenditures

SFERS FY 2016-17 overtime budget is \$10,000 – FY2015-16 expenditures to date are \$14,842 due to Retirement Services Division work related to a lawsuit against the City.



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