

# San Francisco Employees' Retirement System

## Department Budget Presentation

Prepared for: Budget and Finance Committee  
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June 14, 2019



# SFERS

San Francisco Employees' Retirement System

6/14/19

## 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

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## Benefit Program Overview

### SFERS Defined Benefit Plan: Established in 1922

➤ **Currently administering 14 separate SFERS benefit plans for active members:**

Miscellaneous, Police and Fire members hired before 1976 (1-year Final Comp)

Miscellaneous, Police and Fire members hired after 1976 (1-year Final Comp)

Miscellaneous, Police and Fire members hired after July 1, 2010 (2-year Final Comp)

Miscellaneous, Police, Fire, Sheriff and Miscellaneous Safety members hired after January 7, 2012  
(3-year Final Comp)

➤ **SFERS Membership (CCSF, SFUSD, SFCCD and Trial Courts):**

	July 1, 2018	July 1, 2017	July 1, 2016	
Non-retired Members	43,129	41,867	40,051	(+3.0%)
Retired Members	29,965	29,127	28,286	(+2.8%)
<b>Totals</b>	<b>73,094</b>	<b>70,994</b>	<b>68,337</b>	<b>(+2.9%)</b>



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## SFERS Trust Funding Levels

<b>Fiscal Year</b>	<b>Actuarial Liability</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Value Funding Ratio</b>	<b>Market Value of Assets</b>	<b>Market Value Funding Ratio</b>
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%
2015-16	\$24.404 billion	\$20.655 billion	84.6%	\$20.155 billion	82.6%
2016-17	\$25.706 billion	\$22.185 billion	86.3%	\$22,410 billion	87.2%
2017-18	\$27.335 billion	\$23,866 billion	87.3%	\$24,558 billion	89.8%

➤ First Quarter 2019 performance: Market value of the SFERS Trust was \$25.2 billion, representing a 5.08% investment return for the Fiscal Year to Date



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## **SFDCP Deferred Compensation Plan: Established in 1997**

➤ SFDCP Participants (Q1 2019):

19,554 actively contributing  
30,827 participants with balance

➤ SFDCP Assets as of Q1 2019 - \$3.5 billion

➤ In 2016 the San Francisco Deferred Compensation Plan implemented a loan program for its participants – approximately 3300 SFDCP participants have taken out loans against their SFDCP accounts.

## **Retiree Health Care Trust Fund: Established in 2010**

➤ Effective July 1, 2017, the administration of the Retiree Health Care Trust Fund was transferred from the Office of the Controller to SFERS.

➤ Through Q1 2019, the RHCTF Trust has grown to approximately \$364 million – 4.5% annualized return.



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## SFERS 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  
All costs of administering RHCTF are paid from investment earnings on RHCTF Trust

### ➤ 2019-2024 Strategic Initiatives

Retirement Readiness Campaign: Coordinated campaign by SFERS and SFDCP to provide City employees with information necessary for them to make informed decisions about their financial future  
Enhance education geared toward new and mid-year career employees

Enhanced Member Experience: Expanding 24/7 secure access to personal SFERS retirement information via *mysfers* website and increasing on-line access to retirement-related transactions  
Design in-house quality assurance metrics to measure and report accuracy and efficiency

Stakeholder Engagement: Ensure SFERS can communicate effectively with each stakeholder group in an accurate, appropriate and strategic manner  
Enhance stakeholder confidence and reputation for transparency and accuracy of communications

### ➤ FTE Growth

FY2016-17: 106.51      FY2017-18: 105.97      FY2018-19: 105.71      FY2019-20: 108.09



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## Vacant Positions

### Investment Division

Senior Portfolio Manager – 2 positions (1 position substituted for Investment Operations Manager)  
Investment Analyst – 1 position (to be substituted for Management Assistant)

### Administration Division

IS Principal Business Analyst – 1 position  
IT Operations Support Administrator III – 1 position

### Retirement Services Division

Manager IV Quality Assurance Manager – 1 position – offer made/accepted  
Manager III Business Process Improvement Manager – 1 position pending Mayor's Office approval  
Assistant Retirement Analyst – 2 positions (1 position substituted for Benefits Supervisor position)  
Clerk – 2 positions

### Deferred Compensation Division

Manager I - Loan Manager – 1 position - recruitment in progress  
Manager II – SFDCP Manager – 1 position (position substituted for Manager III SFDCP Director)



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