

San Francisco Employees' Retirement System

Department Budget Presentation

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

May 15, 2024

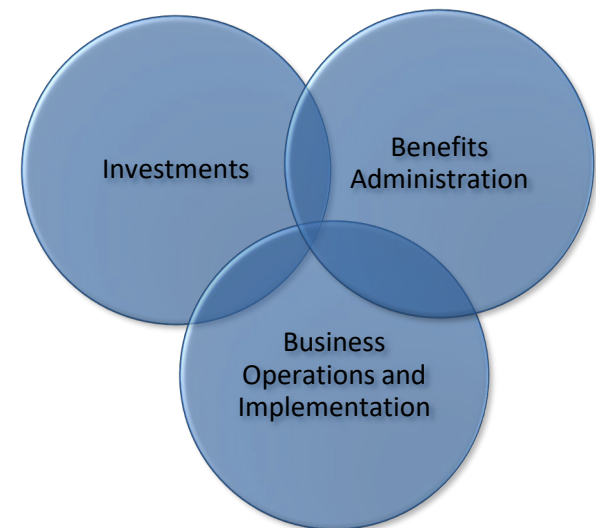


SFERS

San Francisco Employees' Retirement System

Mission and Funding

- **Mission:** SFERS is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefits programs, and providing promised benefits to the active and retired members.
- **Funding:** To deliver on the mission, SFERS needs to invest sufficiently and efficiently in people and systems across all aspects of the business, including benefits administration, investments and operations.
 - **SFERS is self-funded. The SFERS budget is not part of the General Fund.**



Who We Serve

- Pension Plan

Current	
Net Asset Market Value	\$34.8bn
Members	78,778

- Deferred Compensation Plan (DC)

Current	
Asset Balance	\$5.4bn
Participants	34,936

- Invest assets of Retiree Health Care Trust Fund (RHCTF)

Note: Preliminary estimated pension plan value as of April 30, 2024. Membership as of June 30, 2023. Deferred Compensation balance and number of participants with a balance as of March 31, 2024.

SFERS Continues to Deliver on Mission and Objectives FY2023 at a Glance



Prudently Invest Trust Assets

Funded Status: 97% as of July 1, 2023

Investment performance has exceeded actuarial rate of return and benchmark over 5, 10 and 20 years



Administer Mandated Benefits

Responded to 12,607 inquiries on Sfersconnect

Conducted 2,069 retirement and 662 service purchase appointments

273,685 log-ins on SFERS member portal

Hosted 31 educational webinars, with a total of 8,604 attendees and satisfaction rate of 4.5 out of 5.0



Provide Promised Benefits

Paid \$1.82billion in benefits

Processed 1,161 new retirements



Deferred Comp Plan

57% participation rate for City eligible employees, representing 33,889 participants

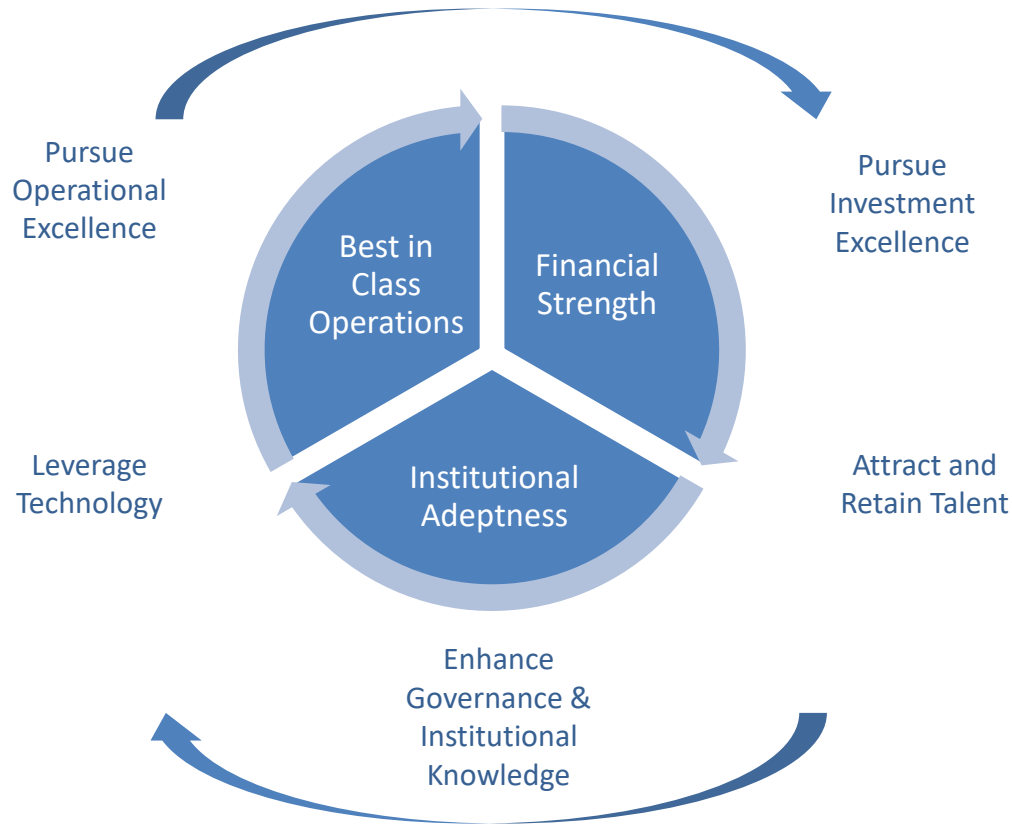
Call center handled 22,783 calls, with 98% average monthly customer satisfaction level

Counselors conducted 6,504 one-on-one meetings



SFERS Strategic Plan - Objectives

SFERS' Strategic Plan is designed around three key objectives that align with the mission: Best in Class Operations, Financial Strength and Institutional Adeptness



Aligning Budget with Strategic Objectives

Information Technology Initiatives

A robust technology platform is critical when managing over \$35bn in assets for over 78,000 members

Leverage Technology & Operational Excellence

- Broaden Web capabilities for Stakeholders
 - SFERS website
 - Member self-service capabilities
 - Web capabilities to foster communications and efficiencies
- Be resilient and mitigate risk
 - Application upgrade and cloud implementation
 - Cybersecurity vigilance
- Establish pathway to modernize systems

Proposed Budget Impact

- Critical Software Maintenance & Upgrades and IT Resiliency: \$2mm (Incremental)
- Incremental IT Headcount
 - FTEs: 4
 - Approx Salary Increase: \$467K

Aligning Budget with Strategic Objectives

Retirement Services Initiatives

Sufficient staff necessary to effectively and efficiently administer plan that has grown significantly in membership and complexity

Operational Excellence, Retain Talent, and Leverage Technology

- Enact second of 2-year plan to align resources to:
 - Complete core Retirement Services functions
 - Promptly respond to member inquiries
 - Promptly process benefit payments and reciprocity requests
 - Provide exemplary customer service
- Mitigate implementation risk
- Process improvement
 - Document institutional knowledge
 - Leverage technology

Proposed Budget Impact

- Incremental Retirement Services Headcount
 - FTEs: 7 (as approved in last year's budget process)
 - Approx Salary Increase: \$519K

SFERS Staffing over Time

SFERS has grown considerably in assets under management, membership, and complexity

- Reduction in employer contributions
 - 16.91% for FY 2025 vs 25.19% in FY 2020
- Growth in assets, members and staffing: FY 2020 – FY 2024
 - 31% increase in Pension Assets (Increase of \$14.9 billion)
 - 25% increase in members
 - 41% increase in DC Assets
 - 24% increase in ASOs

	Staffing				
	FY2021	FY2022	FY2023	FY2024	Proposed FY2025
Admin & Retirement Services	87	88	95	103	113
Investments	23	27	30	31	31
DC	5	5	7	7	7
Total	115	120	132	141	151

Note: ASO includes filled and vacant budgeted positions, rounded to nearest whole number. Growth in Pension assets through April 30, 2024 and DC assets through March 30, 2024. Employer contributions before cost sharing.

Performance Measures

	FY22-23		FY23-24	FY24-25	FY25-26
	<u>Target</u>	<u>Actual</u>	<u>Current/ YTD</u>	<u>Target</u>	<u>Target</u>
Educate Employees About Retirement Readiness					
Percentage of Eligible City Employees who participate in the DC Plan	50%	✓ 57%	57%	50%	50%
Total Number of Visits to Main Website (mysfers.org)	1,800,000	1,567,351	1,097,551	2,000,000	2,200,000
Prudently Invest Trust Assets					
Return on investment ranking of 50 th Percentile or better among pension plans with assets in excess of \$1bn, using 5-year average return (1= yes)	1	✓ 1	1	1	1

Note: FY23-24 based returns through Dec 2023, DC participation as of Mar 30, 2024 and website visits between July 1, 2023 – Mar 30, 2024.



FY 2024-2026 Vacancies and Proposed Positions

- Previously Approved New Positions – FY 2024-2025
- Proposed New Positions – FY 2024-2025
- Proposed Substitutions – FY 2024-2025

SAN FRANCISCO EMPLOYEES' RETIREMENT BOARD

ACTUARIAL SERVICES COORDINATOR
1- 0922 PEX (filled)

CEO/CIO
1- 1119 PEX (filled)

EXECUTIVE ASST-EX DIRECTOR
1- 1110 PEX (filled)

SR. MGMT ASST
1- 1844 PCS (filled)

CHIEF OPERATING OFFICER
1- 1117 PEX (filled)

CHIEF OF STAFF, COO
1- 0923 PCS (vacant)

SR. MGMT ASST
1- 1844 PCS (filled)

MGMT ASST
(vacant)

DEFERRED COMPENSATION MANAGER
1- 0932 PCS (filled)

MANAGING DIR PUBLIC MARKETS
1- 1116 PEX (filled)

MANAGING DIR ABSOLUTE RETURN
1- 1116 PEX (filled)

MANAGING DIR PRIVATE MARKETS
1- 1116 PEX (filled)

MANAGING DIR ASSET ALLO. & RISK MGMT & INNO. SOLUTIONS
1- 1116 PEX (filled)

MANAGING DIR Direct/Co-Investments
1- 1116 PEX (vacant)

SFDCP LOAN PRG MGR
1- 0923 PCS (filled, budgeted as 0922)

DIRECTOR
3- 1115 PEX (filled)

ASSO PORTFOLIO MGR
1- 0923 PEX (vacant)

DIRECTOR
4- 1115 PEX (filled)

ASSO PORTFOLIO MGR
1- 0923 PEX (vacant)

ASSO PORTFOLIO MGR
1- 0923 PEX (vacant)

RETIREMENT SUPERVISOR
1- 1814 PCS (filled)

SR PORTFOLIO MGR
2- 1114 PEX (1 filled, 1 vacant)

INVESTMENT OFFICER
1- 0922 PEX (filled)

ASSO PORTFOLIO MGR
3- 0923 PEX (2 filled, 1 vacant)

INVESTMENT OFFICER
1- 0922 PEX (filled)

INVESTMENT OFFICER
1- 0922 PEX (vacant)

RETIREMENT ANALYST
1- 1812 PCS (filled)

ASSO PORTFOLIO MGR
1- 0923 PEX (filled)

INVESTMENT OFFICER
1- 0922 PEX (filled)

INVESTMENT OFFICER
1- 0922 PEX (filled, budgeted as 0923)

INVESTMENT ANALYST
1- 1812 PCS (vacant, budgeted as 1209)

INVESTMENT ANALYST
1- 4331 PEX (vacant)

BENEFITS TECHNICIAN
2- 1209 PCS (2 filled)

INVESTMENT OFFICER
4- 0922 PEX (4 filled)

INVESTMENT ANALYST
1- 0922 PEX (filled)

INVESTMENT ANALYST
1- 4331 PEX (vacant)

INVESTMENT ANALYST
1- 4331 PEX (vacant)

RETIREMENT SUPERVISOR
2- 1814 PCS (1 vacant)

SR. RETIREMENT ANALYST
4- 1813 PCS (4 filled)

SR. RETIREMENT ANALYST
2- 1813 PCS (2 filled)

SR. RETIREMENT ANALYST
2- 1813 PCS (New)

RETIREMENT ANALYST
12- 1812 PCS (12 filled)

RETIREMENT ANALYST
10- 1812 PCS (10 filled)

SR. RETIREMENT ANALYST
1- 1813 PCS (filled)

SR. RETIREMENT ANALYST
4- 1813 PCS (4 filled)

SR. RETIREMENT ANALYST
2- 1813 PCS (2 filled)

SR. RETIREMENT ANALYST
2- 1813 PCS (New)

RETIREMENT ANALYST
3- 1812 PCS (New)

RETIREMENT ANALYST
12- 1812 PCS (12 filled)

BENEFITS TECHNICIAN
3- 1209 PCS (1 filled, 2 vacant)

BENEFITS TECHNICIAN
7- 1209 PCS (5 filled, 2 vacant)

BENEFITS TECHNICIAN
3- 1209 PCS (3 vacant)

BENEFITS TECHNICIAN
2- 1209 PCS (New)

BENEFITS TECHNICIAN
3- 1209 PCS (3 vacant)

BENEFITS TECHNICIAN
3- 1209 PCS (3 vacant)

SR. RETIREMENT ANALYST
1- 1813 PCS (filled)

SR. RETIREMENT ANALYST
4- 1813 PCS (4 filled)

SR. RETIREMENT ANALYST
2- 1813 PCS (2 filled)

SR. RETIREMENT ANALYST
2- 1813 PCS (New)

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BENEFITS TECHNICIAN
7- 1209 PCS (5 filled, 2 vacant)

BENEFITS TECHNICIAN
3- 1209 PCS (3 vacant)

BENEFITS TECHNICIAN
2- 1209 PCS (New)

BENEFITS TECHNICIAN
3- 1209 PCS (3 vacant)

BENEFITS TECHNICIAN
3- 1209 PCS (3 vacant)

SR. RETIREMENT ANALYST
1- 1813 PCS (filled)

SR. RETIREMENT ANALYST
4- 1813 PCS (4 filled)

SR. RETIREMENT ANALYST
2- 1813 PCS (2 filled)

SR. RETIREMENT ANALYST
2- 1813 PCS (New)

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12- 1812 PCS (12 filled)

RETIREMENT ANALYST
10- 1812 PCS (10 filled)

BENEFITS TECHNICIAN
3- 1209 PCS (1 filled, 2 vacant)

BENEFITS TECHNICIAN
7- 1209 PCS (5 filled, 2 vacant)

BENEFITS TECHNICIAN
3- 1209 PCS (3 vacant)

BENEFITS TECHNICIAN
2- 1209 PCS (New)

BENEFITS TECHNICIAN
3- 1209 PCS (3 vacant)

BENEFITS TECHNICIAN
3- 1209 PCS (3 vacant)

- 0922 Manager I Real Assets – Vacant; recruitment scheduled for FY25 Q1
- 0923 Manager II Fixed Income – Vacant; recruitment scheduled for FY25 Q2
- 0923 Manager II Absolute Return – Hiring; recruitment in progress
- 0923 Manager II Private Equity Division – Hiring; recruitment in progress
- 0923 Manager II Asset Allocation Division – Hiring; recruitment in progress
- 1114 Senior Portfolio Manager Private Credit – Hiring; recruitment in progress
- 1116 Managing Director Co-Investment – Vacant; recruitment scheduled for FY25 Q2

- 0923 Manager II Chief of Staff – Vacant; recruitment scheduled for FY25 Q1
- 1054 IS Business Analyst-Principal – Hiring; recruitment in progress
- 1842 Management Assistant – Vacant; recruitment scheduled for FY25 Q2
- 4331 Investment Analyst – Vacant; recruitment scheduled for FY25 Q2

- 1043 IS Engineer-Senior – Hiring; recruitment in progress
- 1064 IS Prg Analyst-Principal – Vacant; recruitment scheduled for FY25 Q2
- 1094 IT Operations Support Admin IV – Hiring; recruitment in progress
- 1209 Benefits Technician – Hiring; recruitment in progress
- 1404 Clerk – Hiring; recruitment in progress for 1750
- 1652 Accountant II – Vacant; recruitment scheduled for FY25 Q1
- 1686 Auditor III – Vacant; recruitment scheduled for FY25 Q1
- 1814 Benefits Supervisor – Vacant; recruitment scheduled for FY25 Q1
- 1825 PmpI Admin Analyst II – Hiring; recruitment in progress
- 1867 Auditor I – Vacant; recruitment scheduled for FY25 Q1
- 0952 Dep Dir II Strategic & Enterprise Planning – Vacant; recruitment scheduled for FY25 Q2