

San Francisco Employees' Retirement System

Department Budget Presentation

Prepared for: Budget and Finance Committee
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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

San Francisco Employees' Retirement System

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%)
Totals	73,094	70,994	68,337	(+2.9%)



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SFERS Trust Funding Levels

Fiscal Year	Actuarial Liability	Actuarial Value of Assets	Actuarial Value Funding Ratio	Market Value of Assets	Market Value Funding Ratio
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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