

San Francisco Employees' Retirement System

Department Budget Presentation

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

San Francisco Employees' Retirement System

SFERS 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

The Vision of the San Francisco Employees' Retirement System is to be a trusted, leading edge, financially sound, well-governed, dependable, ethical and transparent pension plan.



SFERS

San Francisco Employees' Retirement System

SFERS Membership

SFERS Membership has grown 10% from FY2016 through FY2020

- Active Membership – up 6.5%
- Vest Inactive Membership – up 43.2%
- Retired Membership – 6.5%

**City and County of San Francisco
Employees' Retirement System
July 1, 2016 through July 1, 2020**

As of July 1st	Active Members	Vested Members	Reciprocal Members	Total Non-retired	Retirees & Continuants	Active to Retiree Ratio
2016	32,406	6,617	1,028	40,051	28,286	1.146
2017	33,447	7,381	1,039	41,867	29,127	1.148
2018	33,946	8,123	1,060	43,129	29,965	1.133
2019	34,202	8,911	1,044	44,157	30,778	1.111
2020	34,521	9,478	1,071	45,070	30,128	1.146

Sources: SFERS' annual Actuarial Valuation Report dated July 1st.
See the Retirement System's website, mysfers.org, under Publications. The information on such website is not incorporated herein by reference.

Notes: Member counts are for the entire Retirement System and include non-City employees.



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SFERS Trust Funding Levels

As of May 30, 2020, the market value of the SFERS Trust has grown to \$33.9 billion – a FYTD investment return of 30.6%

We anticipate the SFERS Trust will be 100% funded on a market value basis on July 1, 2021

City and County of San Francisco
Employees' Retirement System
Fiscal Years 2014-2015 through 2018-2019
(Amounts in 000s)

As of July 1st	Actuarial Liability	Market Value of Assets	Actuarial Value of Assets	Market Percent Funded	Actuarial Percent Funded	Employee & Employer Contributions in prior FY	Employer Contribution Rates ¹ in prior FY
2015	22,970,892	20,428,069	19,653,339	88.9	85.6	894,325	26.76
2016	24,403,882	20,154,503	20,654,703	82.6	84.6	849,569	22.80
2017	25,706,090	22,410,350	22,185,244	87.2	86.3	868,653	21.40
2018	27,335,417	24,557,966	23,866,028	89.8	87.3	983,763	23.46
2019	28,798,581	26,078,649	25,247,549	90.6	87.7	1,026,036	23.31

¹ Employer contribution rates are shown prior to employer/employee cost-sharing provisions of 2011 Proposition C. Employer contribution rates for fiscal years 2019-20 and 2020-21 are 25.19% and 26.90%, respectively.

Sources: SFERS' audited year-end financial statements and required supplemental information.
SFERS' annual Actuarial Valuation Report dated July 1st. See the Retirement System's website, mysfers.org, under Publications.
The information on such website is not incorporated herein by reference.

Note: Information above reflects entire Retirement System, not just the City and County of San Francisco.



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SFDCP Deferred Compensation Plan: Established in 1997

- **SFDCP Participants (May 2021):**
 - 20,148 participants actively contributing
 - 32,262 participants with balance
 - Average account balance - \$146,021
- **SFDCP Assets as of May 31, 2021 - \$4.7 billion**

In April 2020, the Retirement Board approved increased flexibility and additional access to SFDCP participants as provided under the Coronavirus Aid, Relief and Economic Security (CARES) Act signed into law on March 27, 2020.

The three provisions approved included:

- Coronavirus-related loans from SFDCP accounts
- Coronavirus-related distributions
- Suspension of SFDCP loan program requirements – suspension of loan payments on existing loans



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Fiscal Year 2021-2023 Budget Highlights

- **Two Year Budget Outlook**

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

- **Retirement Board Strategic initiative**

- Strategic buildout of professional investment staff to address new investment strategies approved in the Board's latest strategic asset allocation

- **Supervisor Haney's Budget Priorities**

- Eliminate Corruption and Waste

- Retirement Board *Service Provider Selection Policy* adopted in 2002 provides for transparent and effective oversight of Board contracts

- Limited use of temporary positions – internships and project-based positions for fluctuation in department workload

- Rebuild a Better City

- CARES Act provisions adopted by the Retirement Board provided direct aid to City's SFDCP participants negatively impacted by the COVID-19 pandemic

- Innovate by Focusing on Impact

- Department budget provides technology support for our continued move to on-line, digital member services for 24/7 member access to department services

- SFERS website now has benefit calculator allowing members to model their vesting and service retirements

- Racial Equity Plan

- Implicit bias and workforce development training

- Racial equity working group focusing on barriers in recruitments and department career track



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