



Popular Annual Financial Report

For the Year Ended December 31, 2019



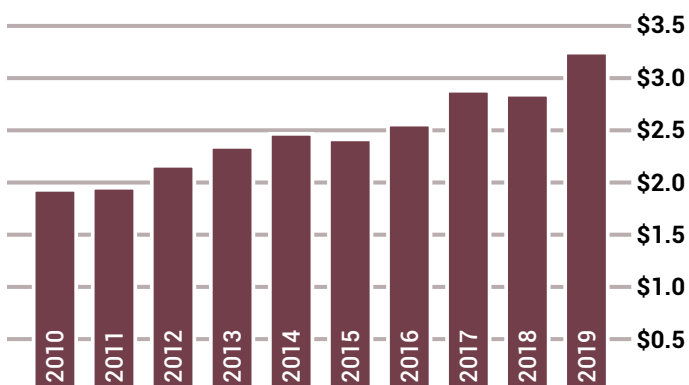
San Joaquin County Employees' Retirement Association
San Joaquin County, CA

FINANCIAL REVIEW

HISTORY OF FIDUCIARY NET POSITION

For the last ten fiscal years ended December 31

(DOLLARS IN BILLIONS)



FIDUCIARY NET POSITION

The statement of Fiduciary Net Position is a snapshot of SJCERA's fund balance at year end.

The difference between assets and liabilities is the "net position", which represents the money available to pay retirement benefits. At December 31, 2019, SJCERA's net position was approximately \$3.2 billion.

STATEMENT OF FIDUCIARY NET POSITION

	2019	2018
Cash and Receivables	\$ 135,994,035	\$ 224,623,198
Investments	3,158,399,420	2,701,518,859
Other Assets	261,827	297,261
Total Assets	3,294,655,282	2,926,439,318
Total Liabilities	50,293,455	85,397,242
TOTAL FIDUCIARY NET POSITION	\$3,244,361,827	\$2,841,042,076

FUNDING PROGRESS

SJCERA's pension actuary performs an annual actuarial valuation and Government Accounting Standards Board (GASB) 67/68 Report. The GASB 67/68 Report states that during 2019, SJCERA's total pension liability was \$4.9 billion, our market value of assets was \$3.2 billion, resulting in net pension liability of \$1.7 billion. The January 1, 2019 valuation reported a funded ratio of 64.5 percent. The January 1, 2020 actuarial valuation, which reflects the Plan's progress in 2019, will be available in August, after the publication of this report.

CHANGES IN FIDUCIARY NET POSITION

The statement of Changes in Fiduciary Net Position provides information about SJCERA's financial activities during fiscal year 2019 in comparison to 2018. For 2019, SJCERA received \$645 million in additional revenues, including employer and member contributions of \$264 million and investment income of \$381 million. From that, SJCERA paid \$241 million in benefits and administrative expenses. In summary, SJCERA started the year with \$2.8 billion and ended the year with \$3.2 billion.

	2019	2018
ADDITIONS:		
Employers' Contributions	\$225,528,756	\$208,757,572
Member Contributions	38,098,688	35,377,951
Net Investment and Miscellaneous Income (Loss)	380,674,528	(56,397,598)
Transfer from Healthcare Agency Fund	299,014	324,269
TOTAL ADDITIONS	\$644,600,986	\$188,062,194
DEDUCTIONS:		
Retirement Benefit Payments	\$232,736,441	\$218,456,053
Death Benefits	668,768	622,901
Refund of Contributions	2,944,863	2,364,713
Administrative and Other Expenses	4,931,163	4,865,082
TOTAL DEDUCTIONS	\$241,281,235	\$226,308,749
CHANGES IN FIDUCIARY NET POSITION	\$403,319,751	\$(38,246,555)
FIDUCIARY NET POSITION:		
BEGINNING OF YEAR	\$2,841,042,076	\$2,879,288,631
END OF YEAR	\$3,244,361,827	\$2,841,042,076

HISTORY OF FUNDING PROGRESS

Funded ratio based on Actuarial Value of Assets for the fiscal years ended December 31

ACTUARIAL VALUATION DATE	FUNDED RATIO
January 1, 2019	64.5%
January 1, 2018	64.8%
January 1, 2017	64.6%
January 1, 2016	65.0%
January 1, 2015	66.2%

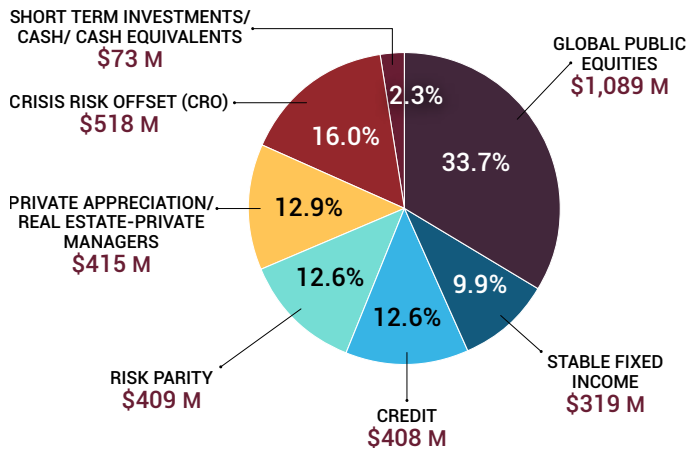
INVESTMENTS

For calendar year 2019, SJCERA's investment portfolio's net investment return was 13.3 percent. This is six percent higher than the actuarial assumption of 7.25 percent. Effective January 1, 2020, the assumed rate of return was reduced to 7.00 percent.

SJCERA's strategic asset allocation is designed to ensure diversification across asset classes and achieve SJCERA's long-term objective of earning a long-term return that, coupled with projected contributions, is projected to sufficiently fund the benefits over the long term.

ACTUAL ASSET ALLOCATION

As of December 31, 2019



INVESTMENT PORTFOLIO PERFORMANCE

As of December 31, 2019

	ANNUALIZED			
	CURRENT YEAR	3-YEAR	5-YEAR	10-YEAR
Global Public Equities	25.2%	11.6%	8.2%	8.6%
Stable Fixed Income	8.5	4.9	4.5	6.1
Credit	4.7	4.7	4.7	6.1
Risk Parity	19.9	8.5	5.2	3.7
Private Appreciation/Real Estate-Private Managers	11.7	13.8	12.3	15.8
Crisis Risk Offset (CRO)	4.2	2.7	4.1	12.5
Short Term Investments/Cash/Cash Equivalents	1.9	1.3	0.9	0.5
TOTAL FUND (GROSS OF FEES)	13.9%	8.2%	6.1%	7.2%
TOTAL FUND (NET OF FEES)	13.3%	7.5%	5.3%	6.5%

**TOTAL ASSETS UNDER MANAGEMENT:
\$3.2 BILLION**

Dear SJCERA Members:

This Popular Annual Financial Report (PAFR) summarizes the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2019. Derived from the more detailed CAFR, the PAFR's financial data are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board. Both the CAFR and the PAFR are available on www.sjcera.org.

SJCERA's diversified strategic asset allocation is designed to achieve SJCERA's long-term goals. For the year ended December 31, 2019, the portfolio gained 13.3 percent net of fees, which exceeded the actuarial assumed 7.25 percent return (our target). As of December 31, 2019, SJCERA's three-year annualized net return was 7.5 percent; SJCERA implemented its current investment approach three years ago.

SJCERA's pension actuary performs an annual actuarial valuation and Governmental Accounting Standards Board (GASB) 67/68 Report. The GASB 67/68 Report states that during 2019, SJCERA's total pension liability was \$4.9 billion, our market value of assets was \$3.2 billion, resulting in a net pension liability of \$1.7 billion. The January 1, 2019 valuation reported a funded ratio of

64.5 percent. The January 1, 2020 valuation, which will include an updated funded ratio, is expected to be available in August 2020, after the publication of this report.

Results from the 2019 action plan goals included documenting, streamlining and/or implementing 24 processes; adopting two measures to track efficiency over time; and adding four new fact sheets to our member communications library on the topics of disability retirement, service purchase, reciprocity and a summary of the retirement benefit. You can find our entire library of fact sheets on the Forms and Publications page of www.sjcera.org.

Finally, I want to recognize Board Chair Michael Restuccia and the Board of Retirement Trustees for their leadership, direction and support. I also want to thank SJCERA staff, whose dedication to our members and our mission is unparalleled. None of SJCERA's success would be possible without them.

Sincerely,

Johanna Shick, Chief Executive Officer

MEMBER STATISTICS

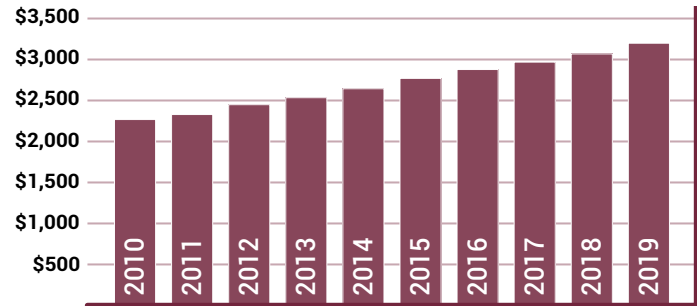
HISTORY OF MEMBERSHIP

2015-2019

	2019	2018	2017	2016	2015
Active Members	6,424	6,455	6,229	6,102	5,924
Deferred Members	1,908	1,636	1,615	1,509	1,456
Retired Members	6,208	6,051	5,821	5,628	5,434
TOTAL MEMBERS	14,540	14,142	13,665	13,239	12,814

AVERAGE MONTHLY BENEFIT

For 2019, the average monthly benefit was \$3,199.



ABOUT SJCERA

SJCERA is a California public retirement system that provides retirement, disability, and survivors' benefits to more than 14,000 current and former eligible General and Safety employees of the County of San Joaquin and nine other participating employers.

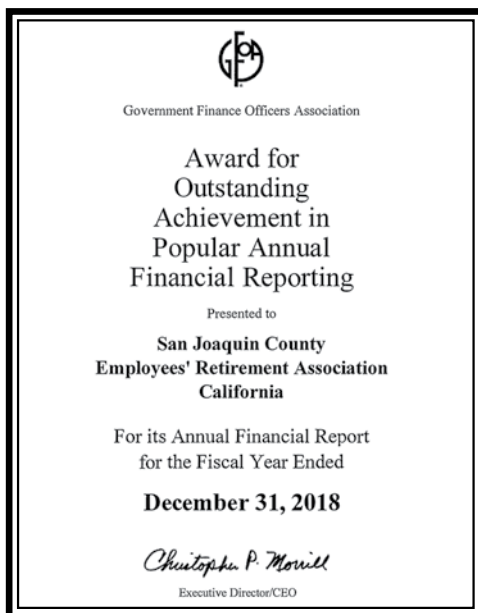
MISSION

We are trusted financial stewards committed to providing excellent service and lifetime retirement benefits to our members.

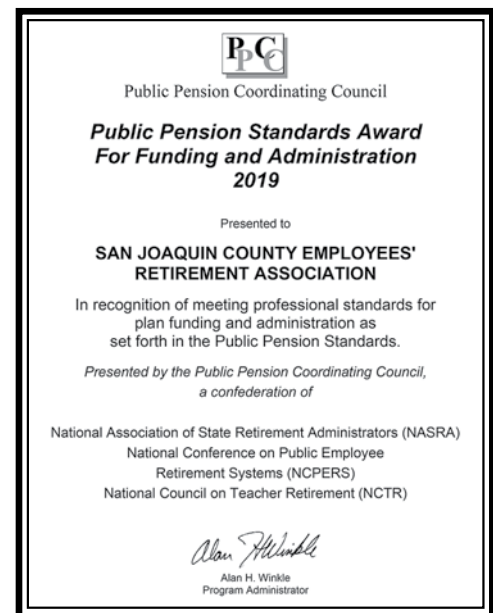
BOARD OF RETIREMENT

Michael Restuccia **Chair**
 Michael Duffy **Vice Chair**
 Raymond McCray **Secretary**
 Chanda Bassett
 Jennifer Goodman

Phonxay Keokham
 Katherine Miller
 Margo Praus (Alternate)
 Adrian Van Houten
 J. C. Weydert



SJCERA was awarded the Certificate of Achievement for Excellence in Financial Reporting—a national award.



The Public Pension Coordinating Council honored SJCERA for meeting the professional standards for plan, design and administration.