



# Popular Annual Financial Report

For the Year Ended December 31, 2022



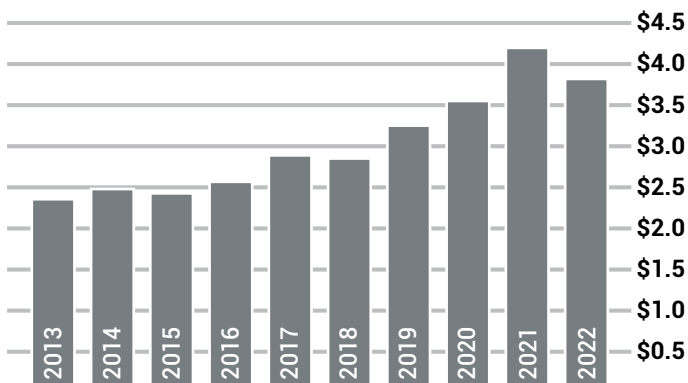
San Joaquin County Employees' Retirement Association  
A Pension Trust Fund of San Joaquin County, CA

# 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. As of December 31, 2022, SJCERA's net position was approximately \$3.8 billion.

## SJCERA FIDUCIARY NET POSITION

	2022	2021	2020
Cash and Receivables	\$ 285,084,691	\$ 469,732,200	\$ 244,626,021
Investments	3,660,701,904	3,893,690,230	3,389,474,004
Other Assets	3,256,125	254,019	276,901
<b>Total Assets</b>	<b>3,949,042,720</b>	<b>4,363,676,449</b>	<b>3,634,376,926</b>
<b>Total Liabilities</b>	<b>131,289,958</b>	<b>164,888,445</b>	<b>87,664,677</b>
<b>TOTAL FIDUCIARY NET POSITION</b>	<b>\$3,817,752,762</b>	<b>\$4,198,788,004</b>	<b>\$3,546,712,249</b>

## FUNDING PROGRESS

SJCERA's pension actuary prepares an annual actuarial valuation and Government Accounting Standards Board (GASB) 67/68 Report. The 2022 Report states SJCERA's total pension liability was \$5.5 billion, our Market Value of Assets (MVA) was \$3.8 billion, resulting in net pension liability of \$1.7 billion. The January 1, 2022 valuation reported a funded ratio of 78.0% on a MVA basis. Generally, this means for every dollar of benefits liability, SJCERA had about 78 cents. The January 1, 2023 actuarial valuation, which reflects the Plan's progress in 2023, 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 2022 in comparison to 2021 and 2020. For 2022, SJCERA received \$316 million in employer and member contributions, had investment losses of \$413 million and paid \$285 million in benefits and administrative expenses. In summary, SJCERA started the year with \$4.2 billion and ended the year with \$3.8 billion.

	2022	2021	2020
<b>ADDITIONS:</b>			
Employers' Contributions	\$ 269,080,047	\$ 306,662,635	\$ 240,700,988
Member Contributions	47,405,308	43,455,640	40,568,995
Net Investment and Miscellaneous Income (Loss)	(412,759,726)	572,291,948	276,996,530
Transfer from Healthcare Agency Fund	224,628	270,570	172,041
<b>TOTAL ADDITIONS</b>	<b>\$ (96,049,743)</b>	<b>\$ 922,680,793</b>	<b>\$ 558,438,554</b>
<b>DEDUCTIONS:</b>			
Retirement Benefit Payments	\$ 272,424,374	\$ 261,371,770	\$ 247,254,985
Death Benefits	760,072	608,396	808,150
Refund of Contributions	6,179,349	3,985,433	3,488,542
Administrative and Other Expenses	5,621,704	4,639,439	4,536,455
<b>TOTAL DEDUCTIONS</b>	<b>\$ 284,985,499</b>	<b>\$ 270,605,038</b>	<b>\$ 256,088,132</b>
<b>CHANGES IN FIDUCIARY NET POSITION</b>	<b>\$ (381,035,242)</b>	<b>\$ 652,075,755</b>	<b>\$ 302,350,422</b>
<b>FIDUCIARY NET POSITION:</b>			
<b>BEGINNING OF YEAR</b>	<b>\$4,198,788,004</b>	<b>\$3,546,712,249</b>	<b>\$3,244,361,827</b>
<b>END OF YEAR</b>	<b>\$3,817,752,762</b>	<b>\$4,198,788,004</b>	<b>\$3,546,712,249</b>

## HISTORY OF FUNDING PROGRESS

Funded ratio based on Market Value of Assets

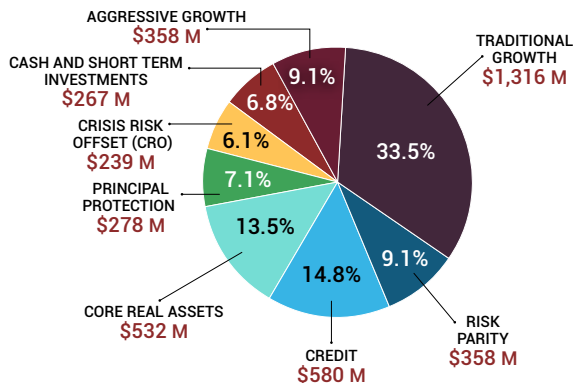
ACTUARIAL VALUATION DATE	MVA FUNDED RATIO
January 1, 2022	78.0%
January 1, 2021	68.1%
January 1, 2020	64.7%
January 1, 2019	60.2%
January 1, 2018	64.0%

# Investments

For calendar year 2022, the portfolio generated a -6.7% gross return. This is 13.45% lower than the actuarial assumption of 6.75%. However, it's important to note, as of December 31, the portfolio was a top-quartile performer (13th best) of all US public funds greater than \$1B. During this same time, the average return was -11.1% and the S&P 500 experienced a loss of -18.1%.

## ACTUAL ASSET ALLOCATION

As of December 31, 2022



## INVESTMENT PORTFOLIO PERFORMANCE As of December 31, 2022

	ANNUALIZED			
	CURRENT YEAR	3-YEAR	5-YEAR	10-YEAR
Traditional Growth	-17.7%	2.6%	4.2%	7.5%
Principal Protection	-9.8	-2.3	0.7	2.5
Stabilized Growth	-3.2	5.3	5.7	4.7
Aggressive Growth	20.3	22.5	18.9	15.9
Crisis Risk Offset	9.9	5.6	4.2	6.9
Short Term Investments/Cash/Cash Equivalents	1.6	0.7	1.0	0.7
<b>TOTAL FUND (GROSS OF FEES)</b>	<b>-6.7%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>6.2%</b>
<b>TOTAL FUND (NET OF FEES)</b>	<b>-7.2%</b>	<b>4.6%</b>	<b>4.8%</b>	<b>5.4%</b>
<b>POLICY BENCHMARK</b>	<b>-8.9%</b>	<b>3.8%</b>	<b>4.8%</b>	<b>5.8%</b>
<b>TOTAL ASSETS UNDER MANAGEMENT: \$3.928 BILLION</b>				

Dear SJCERA Members:

This issue of the *Popular Annual Financial Report (PAFR)* for the fiscal year ended December 31, 2022, provides a brief summary of the more detailed *Annual Comprehensive Financial Report (ACFR)*. The financial data are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board. Both the PAFR and the ACFR are available on the Reports page at [www.sjcera.org](http://www.sjcera.org).

SJCERA's diversified strategic asset allocation is designed to achieve a long-term return, which (when coupled with expected contributions) is projected to sufficiently fund the benefits over the long term. SJCERA hires external expert management firms, and on a regular basis monitors each firm's strategy, philosophy, personnel, fees and performance. The results of the monitoring are reported to the Board quarterly. For the year ended December 31, 2022, the total fund generated a gross of fees return of -6.7%, below the assumed rate of return of 6.75%. While I am never happy to report negative returns, SJCERA's investment performance was the 13th best nationwide of all public pension funds over \$1 billion. As of December 31, 2022, SJCERA's five-year annualized gross of fees was 5.5%; SJCERA Board revised the asset allocation in June 2022 with the goal of improving the likelihood of the plan accomplishing its primary financial objective: to earn a long-term return of 6.75%.

SJCERA's pension actuary prepares the annual actuarial valuation and Governmental Accounting Standards Board (GASB) 67/68 Report. The GASB 67/68 Report indicates during 2022, SJCERA's total pension liability increased from \$5.4 billion to \$5.5 billion, the Market Value of Assets (MVA) decreased from \$4.2 billion to \$3.8 billion, and the net pension liability increased from \$1.2 billion to \$1.7 billion.

The actuarial valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The January 1, 2023 valuation, which reflects the plan's

progress in 2022, will be available in August 2023, after the publication of this report. As a result, the detailed discussion of funding provided in the Actuarial section of this report is based on the January 1, 2022 valuation, which reflects SJCERA's progress in 2021. During that time period, the funded ratio increased from 68.1% to 78.0% on a MVA basis, the highest since 2007. The investment gains from 2021 help cushion the impact of the investment losses in 2022. The funded ratio on a MVA basis will decrease, but is still expected to be close to 70%.

Staff and the Board have much to be proud of in 2022. SJCERA completed its asset liability study and actuarial experience study, adopted a new strategic asset allocation, implemented cyber security audit recommendations, and initiated the pension administration system and data clean-up/data conversion projects to name a few.

In addition, staff completed improvements to the website architecture and functionality, with the new website going live in August. The new site is more user-friendly, has search capabilities and enhances the member's over all experience.

SJCERA assures you we hold ourselves to the highest of standards. We continue to strive to provide the best service and hold ourselves accountable to continuously improve. With the prudent construction of our diversified portfolio, expert guidance from our dedicated consultants, sound decisions of our Trustees, and the steadfast efforts of the SJCERA staff, the pension fund and our members' retirement benefits are in good hands for a secure future.

Sincerely,

Johanna Shick, Chief Executive Officer

# Member Statistics

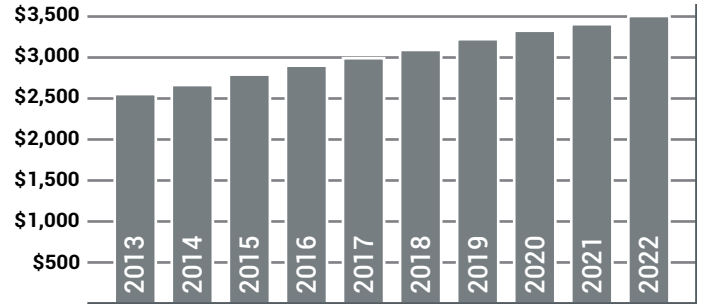
## HISTORY OF MEMBERSHIP

Membership over the last five years

MEMBERS	2022	2021	2020	2019	2018
Active	6,381	6,529	6,350	6,369	6,455
Deferred	2,661	2,487	2,165	1,946	1,636
Retired	6,685	6,347	6,361	6,208	6,051
<b>TOTAL</b>	<b>15,727</b>	<b>15,363</b>	<b>14,876</b>	<b>14,523</b>	<b>14,142</b>

## AVERAGE MONTHLY BENEFIT

2022 Average monthly benefit: \$3,479



## ABOUT SJCERA

SJCERA is a California public retirement system, providing retirement, disability and survivors' benefits to more than 15,700 current and former eligible General and Safety employees of the County of San Joaquin and nine other participating employers.

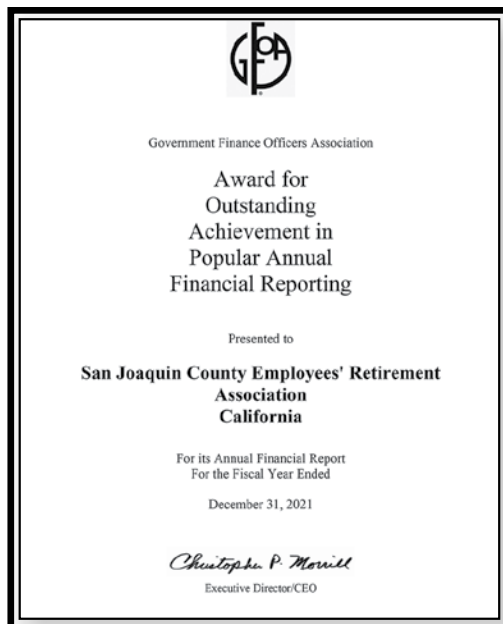
## MISSION

Administering pensions to provide members a secure retirement benefit.

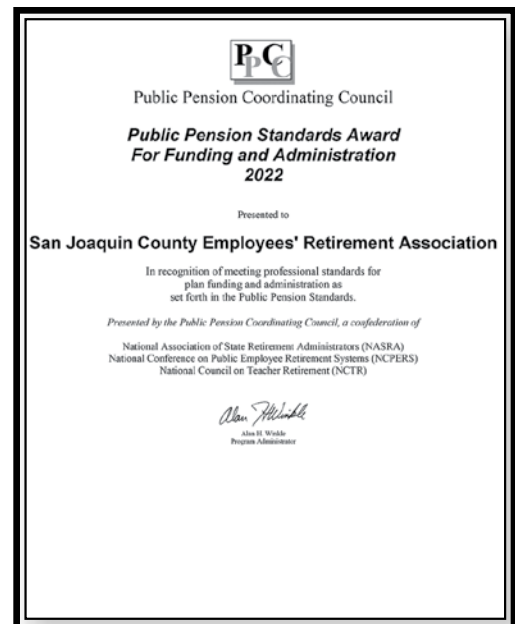
## 2022 BOARD OF RETIREMENT

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

Phonxay Keokham  
 Steve Moore (Alternate)  
 Emily Nicholas  
 Robert Rickman  
 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.