Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

JULY 8, 2024

NOTICE OF CANCELLATION OF BOARD OF RETIREMENT MEETING

The San Joaquin County Employees' Retirement Association Board of Retirement meeting scheduled for July 12, 2024, at 9:00 a.m. in the SJCERA Board Room, 220 E. Channel Street, Stockton, California, has been canceled.

A Special Board meeting will be held on July 16, 2024 at 10 a.m. in the SJCERA Board Room. The agenda and materials for this meeting will be posted no later than Friday, July 12th.

San Joaquin County Employees
Retirement Association

A G E N D A

BOARD MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
FRIDAY, JULY 12, 2024
AT 9:00 AM
Location: SJCERA Board Room, 220 East Channel Street, Stockton, CA 95202

The public may also attend the Board meeting live via Zoom by (1) clicking here https://us02web.zoom.us/j/86307430713 and following the prompts to enter your name and email, or (2) calling (669) 219-2599 or (669) 900-9128 and entering Meeting ID **86307430713 #.**

Persons who require disability-related accommodations should contact SJCERA at (209) 468 -9950 or ElainaP@sjcera.org at least forty-eight (48) hours prior to the scheduled meeting time.

1.0 ROLL CALL

2.0 PLEDGE OF ALLEGIANCE

3.0 PROPOSED RESOLUTION IN APPRECIATION OF TRUSTEE JENNIFER GOODMAN

3.01 Board to review and take possible action

4.0 ELECTION OF OFFICERS

4.01 Board to elect officers for 2024-2025

5.0 MEETING MINUTES

5.01 Minutes of Board Meeting of June 7, 2024 05

5.02 Minutes of Administrative Meeting of June 7, 2024 09

5.03 Board to review and take possible action

6.0 PUBLIC COMMENT

6.01 The public is welcome to address the Board during this time on matters within the Board's jurisdiction, following the steps listed below. Speakers are limited to three minutes, and are expected to be civil and courteous. Public comment on items listed on the agenda may be heard at this time, or when the item is called, at the discretion of the Chair.

If joining via Zoom, Public Comment can be made in the following ways:

PC or Mac: select "Participants" in the toolbar at the bottom of your screen, then select the option to raise or lower your hand.

Mobile Device: select the "More" option in the toolbar at the bottom of your screen, then select the option to raise or lower your hand.

Tablet: select the icon labeled “Participants,” typically located at the top right of your screen, then select the hand icon next to your device in the Participants column.

If dialing in from a phone for audio only, dial *9 to “raise your hand.”

If attending in person, members of the public are encouraged to complete a Public Comment form, which can be found near the entry to the Board Room.

Except as otherwise permitted by the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), no deliberation, discussion or action may be taken by the Board on items not listed on the agenda. Members of the Board may, but are not required to: (1) briefly respond to statements made or questions posed by persons addressing the Board; (2) ask a brief question for clarification; or (3) refer the matter to staff for further information.

7.0 CONSENT ITEMS

12.05 CEO Report 345

12.06 Board to receive and file reports

13.0 COMMENTS

13.01 Comments from the Board of Retirement

14.0 REPORT OUT OF CLOSED SESSION

14.01 On April 12, 2024, the Board voted unanimously to approve Resolution 2024-07-03 titled "Stellex Fund III" and to authorize the CEO to sign the necessary documents to invest $40 million in the fund.

15.0 CALENDAR

15.01 Board Calendar 350

16.0 ADJOURNMENT

M I N U T E S

REGULAR MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
FRIDAY, JUNE 7, 2024
AT 9:00 AM

Location: SJCERA Board Room, 220 East Channel Street, Stockton, California

1.0 ROLL CALL

1.01 **MEMBERS PRESENT:** Phonxay Keokham, Emily Nicholas, Steve Moore, Jennifer Goodman, JC Weydert (left at 10:26 a.m.), Raymond McCray, Michael Duffy and Michael Restuccia, presiding
MEMBERS ABSENT: Chanda Bassett, Steve Ding
STAFF PRESENT: Chief Executive Officer Renee Ostrander, Assistant Chief Executive Officer Brian McKelvey, Chief Counsel Aaron Zaheen, Retirement Investment Officer Paris Ba, Management Analyst III Greg Frank, Information Systems Specialist Jordan Regevig, Administrative Secretary Elaina Petersen
OTHERS PRESENT: David Sancewich of Meketa, Scott Maynard of Meketa via Zoom, Sean Byrne of Rimon Law via Zoom

2.0 PLEDGE OF ALLEGIANCE

2.01 Led by Jennifer Goodman

3.0 MEETING MINUTES

3.01 Minutes for the Board Meeting of May 3, 2024

3.02 Minutes for the Audit Committee Meeting of May 17, 2024

3.03 The Board voted unanimously (7-0) to approve the minutes of the Board meeting of May 3, 2024; Minutes of the Audit Committee Meeting of May 17, 2024 (Motion:Duffy; Second: Goodman)

4.0 PUBLIC COMMENT

4.01 Public Comment by Laura Gaylord of RREEF.

5.0 CONSENT ITEMS

5.01 Service Retirements (37)

5.02 Financial Reports for Year Ended December 31, 2023

01 Report to the Board of Retirement and Audit Committee

02 Annual Financial Report with Independent Auditor Report

5.03 The Board voted unanimously (7-0) to approve the consent items (Motion: Duffy; Second McCray)

6.0 REAL ESTATE MANAGER

6.01 Presentation by Benjamin Macfarland CEO and founder and Owen Holm, Managing Director of SROA Capital Fund IX

7.0 CLOSED SESSION

THE CHAIR CONVENED CLOSED SESSION AT 9:53 A.M. AND ADJOURNED CLOSED SESSION AND RECONVENED OPEN SESSION AT 11:30 A.M

7.01 Purchase or Sale of Pension Fund Investment
California Government Code Section 54956.81

7.02 Purchase or Sale of Pension Fund Investment
California Government Code Section 54956.81
In Re: RREEF AMERICA II L.P.

7.03 Purchase or Sale of Pension Fund Investment
California Government Code Section 54956.81

7.04 Employee Disability Retirement Application(s) (1)
California Government Code Section 54957(b)

01 Leslie A. Donath
Quality Improvement Coordinator
Hospital Standards - Compliance

The Board voted unanimously (7-0) to grant the application for Non-Service Connected Disability Retirement (Motion: Keokham; Second: McCray)

Counsel noted that, other than items listed on the agenda and what is reported above, there was nothing further to report out of closed session.

8.0 INVESTMENT CONSULTANT REPORTS BY DAVID SANCEWICH OF MEKETA INVESTMENT GROUP

8.01 Quarterly Reports from Investment Consultant for Period Ended March 31, 2024

01 Quarterly Investment Performance Analysis

02 Manager Certification Report

03 Manager Review Schedule

8.02 Monthly Investment Performance Updates

01 Manager Performance Flash Report

02 CMO and Risk Metrics - May 2024

8.03 The Board received and filed reports

9.0 STAFF REPORTS

9.01 Trustee and Executive Staff Travel

01 Conference and Event Schedule 2024

02 Summary of Pending Trustee and Executive Staff Travel

a Travel Requiring Approval (1)

03 Summary of Completed Trustee and Executive Staff Travel

a Wharton & IFEBP Portfolio Concepts and Management - Brian McKelvey

b AEW Conference - Paris Ba

9.02 The Board voted unanimously (7-0) to approved Trustee Michael Restuccia to attend IREI Visions, Insights and Perspectives Institutional Real Estate, Inc.(Motion: Duffy; Second: Keokham)

9.03 Legislative Summary Report

9.04 CEO Report

In addition to the written report, Ostrander reported 1) we have received our Certificate of Occupancy and today we have our open house and ribbon cutting; 2) today marks her 90 days and her effort this month was looking at longer range projects and annual plans; for example, the new efforts over the next six to eight months to increase efficiency and create sustainable consistency in the financial area; 3) she will add a quarterly review in September; and 4) there will be a shift in the reports provided to add summaries up front for quick reviews and assessment of project statuses.

01 Action Plan Mid-Year Update

9.05 The Board received and filed reports

10.0 CLOSED SESSION

10.01 Public Employee Performance Evaluation
California Government Code Section 54957
Title: Retirement Administrator/Chief Executive Officer

Per Counsel there was nothing to report our of Closed Session.

11.0 COMMENTS

11.01 Trustee Duffy commented he would like to see a more easy to identify update on projects. Something with simple content and easy to see where the project is at on the way to completion.

Trustee Keokham suggested looking at the County system, it gives a clear view of where projects are at any time.

Trustee Restuccia took the opportunity to thank outgoing Trustee Goodman for her work on the Board, “Jennifer you have been excellent on this Board”.

Trustee Duffy made the comment that Trustee Goodman has made a difference to all in San Joaquin County.

12.0 CALENDAR

12.01 Upcoming meetings

13.0 ADJOURNMENT

There being no further business the meeting was adjourned at 12:22 p.m.

Respectfully Submitted:

____

Michael Restuccia, Chair

Attest:

____

Raymond McCray, Secretary

MINUTES

ADMINISTRATIVE COMMITTEE MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
FRIDAY, JUNE 7, 2024
AT IMMEDIATELY FOLLOWING BOARD MEETING
Location: SJCERA Board Room, 220 East Channel Street, Stockton, CA 95202

1.0 ROLL CALL

1.01 **MEMBERS PRESENT:** Michael Restuccia, Michael Duffy, Jennifer Goodman and Phonxay Keokham presiding
MEMBERS ABSENT:
STAFF PRESENT: Chief Executive Officer Renee Ostrander, Assistant Chief Executive Officer Brian McKelvey, Chief Legal Counsel Aaron Zaheen, Management Analyst III Greg Frank and Administrative Secretary Elaina Petersen
OTHERS PRESENT:

2.0 PUBLIC COMMENT

2.01 There was no public comment

3.0 CONSENT ITEMS

3.01 Board Policies and Charters Requiring No Amendments or Non-substantive Amendments

01 Age Verification Policy
- a Age Verification Policy - Mark-up
- b Age Veification Policy - Clean

02 Annual Additions Limit-IRC 415(c) Policy
- a Annual Additions Limit-IRC 415(c) Policy - Mark-up
- b Annual Additions Limit-IRC 415(c) Policy - Clean

03 Annual Benefits Limit-IRC 415(b) Policy
- a Annual Benefits Limit-IRC 415(b) Policy - Mark-up
- b Annual Benefits Limit-IRC 415(b) Policy - Clean

04 Audit Committee Charter
- a Audit Committee Charter - Mark-up
- b Audit Committee Charter - Clean

05 Computer Equipment Policy
- a Computer Equipment Policy - Mark-up
- b Computer Equipment Policy - Clean

06 Correction of Errors or Omissions Policy

a Correction of Errors or Omissions Policy - Mark-up

b Correction of Errors or Omissions Policy - Clean

07 Disability Retirement and Active Member Death Policy and Procedure

a Disability Retirement and Active Member Death Policy and Procedure - Mark-up

b Disability Retirement and Active Member Death Policy and Procedure - Clean

08 Document and Data Retention Policy

a Document and Data Retention Policy - Mark-up

b Document and Data Retention Policy - Clean

09 Electronic Signature Policy

a Electronic Signature Policy - Mark-up

b Electronic Signature Policy - Clean

10 Normal Retirement Age-IRC 401(a) Policy

a Normal Retirement Age-IRC 401(a) Policy - Mark-up

b Normal Retirement Age-IRC 401(a) Policy - Clean

3.02 The Committee reviewed the items, provided edits to select policies, and voted unanimously (4-0) to recommend the Board of Retirement adopt the policies with revisions. (Motion: Restuccia; Second: Keokham)

3.03 Statement of Economic Interest - Summary Report

01 Summary of Sources of Income on Statements of Economic Interest (Form 700) Report

02 Committee received and filed report with the request to bring it back before the Committee in November, 2024

4.0 BOARD POLICIES AND CHARTERS REQUIRING SUBSTANTIVE AMENDMENTS

4.01 Compensation Earnable Annual Limit-IRC 401(a)(17) Policy

01 Compensation Earnable Annual Limit-IRC 401(a)(17) Policy - Mark-up

02 Compensation Earnable Annual Limit-IRC 401(a)(17) Policy - Clean

4.02 Dissolution of Marriage or Registered Domestic Partnership Policy

01 Dissolution of Marriage or Registered Domestic Partnership Policy - Mark-up

02 Dissolution of Marriage or Registered Domestic Partnership Policy - Clean

4.03 Final Compensation Review Policy

01 Final Compensation Review Policy - Mark-up

02 Final Compensation Review Policy - Clean

4.04 The Committee voted unanimously (4-0) to recommend the Board of Retirement approve Board Policies and Charters as written (Motion: Duffy; Second: Goodman)

5.0 COMMENTS

5.01 Trustee Duffy commended Chief Legal Counsel Aaron Zaheen on his great work with the review of all SJCERA Policies.

6.0 ADJOURNMENT

6.01 There being no further business, the meeting was adjourned at 12:33 p.m.

Respectfully Submitted:

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Phonxay Keokham, Acting Committee Chairperson

5.01 Service Retirement — Consent

01 STEPHEN J ADAMS — Deferred Member, N/A

Member Type: General
Years of Service: 14y 02m 12d
Retirement Date: 5/1/2024
Comments: Deferred from SJCERA since August 2019.

02 LORI E DEWITT — Park Worker, Parks - Recreation

Member Type: General
Years of Service: 12y 10m 11d
Retirement Date: 4/27/2024

03 JON K DRAKE — Deferred Member, N/A

Member Type: General
Years of Service: 12y 04m 00d
Retirement Date: 5/4/2024
Comments: Deferred from SJCERA since September 2019. Outgoing reciprocity and concurrent retirement with CalPERS.

04 AMALIA R GONZALES — Staff Nurse IV - Inpatient, Hosp Med Surg 3B

Member Type: General
Years of Service: 18y 04m 16d
Retirement Date: 5/19/2024

05 ALEXANDER P IEROKOMOS — Physician, Hosp Surgery Clinic

Member Type: General
Years of Service: 13y 01m 19d
Retirement Date: 4/1/2024

06 RICHARD C MANN — Central Plant Engineer, Hosp Plant Operations

Member Type: General
Years of Service: 11y 06m 29d
Retirement Date: 5/1/2024

07 JAMES R MONROE — Deferred Member, N/A

Member Type: General
Years of Service: 02y 05m 28d
Retirement Date: 5/1/2024
Comments: Deferred from SJCERA since July 1988.Outgoing reciprocity and concurrent retirement with CalPERS.

08 **GREGORY D PALMER** Correctional Officer
Sheriff-Custody-Regular Staff

Member Type: Safety
Years of Service: 19y 11m 10d
Retirement Date: 5/15/2024

09 **CHRISTOPHER L PINNAVAIA** Substance Abuse Counselor II
Mental Health-Adult Outpatient

Member Type: General
Years of Service: 11y 04m 12d
Retirement Date: 4/27/2024

10 **LORRENE SALAZAR** Executive Secretary
Treasurer-Tax Collector

Member Type: General
Years of Service: 10y 01m 14d
Retirement Date: 4/1/2024

11 **KEVIN S STAMPER** Program Manager
HSA - Admin Support

Member Type: General
Years of Service: 28y 01m 08d
Retirement Date: 5/18/2024

12 **LINDA E STIRM** Employment Training Spec II
Employment - Economic Developm

Member Type: General
Years of Service: 25y 08m 15d
Retirement Date: 5/4/2024

13 **RAMIL TUALLA** Staff NurseV-AsstNDptMg-Inpat
Hosp Med Surg 3B

Member Type: General
Years of Service: 18y 00m 20d
Retirement Date: 5/1/2024

Board of Retirement Meeting

San Joaquin County Employees' Retirement Association

Agenda Item 7.03

July 12, 2024

SUBJECT: SJCERA 2024 Administrative Budget
Mid-Year Review January 1 through June 30, 2024

SUBMITTED FOR: ___ CONSENT __ ACTION _X_ INFORMATION

PURPOSE

To provide the Board a budget update report comparing budgeted to actual administrative expenses for the first six months of the fiscal year.

DISCUSSION

SJCERA's projected expenses for the period January 1 through June 30, 2024, are 50% of budget, or $1,445 greater than the budgeted year-to-date. The primary reason is the final annual $1,000,000 installment payment to purchase the legacy pension administration system, which incurred in the first half of the year. Historically SJCERA has been approximately 42% to 43% of budget at mid-year. Removing the annual payment from the analysis, SJCERA has expended 43% of the approved 2024 budget. The attachment provides details for actual versus budgeted expenses by line item.

Summary of Notable Differences

At June 30, we would expect our expenditure to budget ratio to be 50% for most line items. The notable variances between the budget and actual year-to-date expenses as of June 30, 2024 are summarized below.

Salaries and Benefits

Actual Salaries and Benefits expense is 44% of the budgeted amount or $260,386 less than budgeted year-to-date. The primary reason expenditures are below budget is the three vacant positions (Communications Officer, Benefits Supervisor/Manager and a Retirement Services Technician) which impacts salaries, employer portion of retirement contributions, insurances and payroll taxes. We expect an increase in the expenditure ratio during the second half of the year with one position now filled and one in active recruitment. The third is on hold awaiting outcome of workload review.

Services and Supplies

Actual Services and Supplies expenses are 42% of the budgeted amount or $172,293 under budget year-to-date. Additional information regarding components of Services and Supplies is provided below.

Professional & Specialized Services - Disability: Actual expenses are 6% of budget ($77,055 under budget) due to less disability cases than budgeted. Based on the current cases on hand, we expect this trend to continue and expenses to be significantly under budget at the end of the year.

Insurance – Liability and Fiduciary: Actual expenses are 4% of budget ($65,784 under budget). The primary reason is the annual fiduciary liability insurance premium will be paid in the second half of the year; we anticipate actual expenditures to be in line with the budget by the end of the year.

Fixed Assets

Actual Fixed Asset expenses are 86% of the budgeted amount or $431,233 over budget year-to-date. As noted previously, the primary reason is the $1,000,000 annual installment payment to purchase the legacy pension administration system incurred in the first half of the year. We expect actual Fixed Assets to be in line with the budget by the end of the year.

ATTACHMENT
Mid-Year Review of Actual vs. Budgeted Expenses as of June 30, 2024.

RENEE OSTRANDER
Chief Executive Officer

GREG FRANK
Management Analyst III

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

July 12, 2024 **Agenda Item 7.04**

SUBJECT: Board Policies Requiring No Amendments or Non-substantive Amendments

SUBMITTED FOR: __X_ CONSENT __ ACTION ___ INFORMATION

RECOMMENDATION

Staff and the Administrative Committee recommend the Board approve the proposed policy amendments described below.

PURPOSE

To amend the policies to ensure that they remain relevant, appropriate and in compliance, per Section III.C of the Administrative Committee Charter.

DISCUSSION

In accordance with the Board's requirement, staff typically review one-third of the policies annually. As part of our new in-house Chief Counsel onboarding, staff chose to review all of the policies this year. The proposed policies requiring no amendments are listed below.

- Administrative Committee Charter
- Bylaws
- Cash Management and Liquidity Policy
- CEO Performance Review Policy
- CEO Performance Review Committee Charter
- Communications Policy
- Conflict of Interest Policy
- Declining Employer Payroll Policy
- Employer Termination Policy
- Ex Parte Policy
- Investment Manager Monitoring and Retention Policy
- Investment Roles and Responsibilities Policy
- Member Contributions and Interest Posting Policy
- Placement Agency Information Disclosure Policy
- Proxy Voting Policy
- Required Minimum Distributions Policy – IRC 401(a)(9) Policy
- Retiree Medical Benefits Accounts – ITC 401(h) Policy
- Retirement-Eligible Compensation Policy

- Return to Work and Bona Fide Separation from Service – IRC 401(a) Policy
- Rollovers – IRC 401(a)(31) and 402(c) Policy
- Staff Transportation and Travel Policy
- Statement of Funding Policy
- Statement of Reserve Policy
- Trustee and Executive Staff Travel Policy

The proposed policies requiring non-substantive amendments are listed below.

- <u>Age Verification Policy</u> – Clarified definition of severability section and amended alternative acceptable age verification documents
- <u>Annual Additions Limit-IRC 415(c) Policy</u> – Amended employer definition and other non-substantive changes
- <u>Annual Benefits Limit-IRC 415(b) Policy</u> – Amended employer definition and other non-substantive changes
- <u>Audit Committee Charter</u> – Added authority to have third-party auditor as committee member
- <u>Computer Equipment Policy</u> – Amended to align with Retention Policy and other non-substantive changes
- <u>Correction of Errors or Omissions Policy</u> – Non-substantive changes
- <u>Disability Retirement and Active Member Death Policy and Procedure</u> – Amended to clarify that applicant is allowed to have their hearing in open session instead of closed session
- <u>Document and Data Retention Policy</u> – Non-substantive change
- <u>Electronic Signature Policy</u> – Non-substantive change
- <u>Normal Retirement Age – IRC 401(a) Policy</u> – Updated normal retirement age to no later than 72 and other non-substantive changes
- <u>Trustee Education Policy</u> – Added reference to the Trustee Training Program document

ATTACHMENTS

Proposed revisions to Age Verification Policy - Clean
Proposed revisions to Annual Additions Limit-IRC(c) Policy - Clean
Proposed revisions to Annual Benefits Limit-IRC(b) Policy - Clean
Proposed revisions to Audit Committee Charter – Mark-up
Proposed revisions to Audit Committee Charter – Clean
Proposed revisions to Correction of Errors or Omissions Policy - Clean
Proposed revisions to Computer Equipment Policy - Clean

Proposed revisions to Disability Retirement and Active Member Death Policy and Procedures -Clean
Proposed revisions to Document and Data Retention Policy - Clean
Proposed revisions to Electronic Signature Policy - Clean
Proposed revisions to Normal Retirement Age-IRC 401(a) Policy – Clean
Proposed revisions to Trustee Education Policy – Markup
Proposed revisions to Trustee Education Policy - Clean

Renee Ostrander
Chief Executive Officer

Age Verification

I. Purpose

A. To establish guidelines for verifying the age of SJCERA's active and retired members, and their survivors, dependents, and beneficiaries.

II. Birth Certificate Requirement

A. Upon appointment to a permanent full-time position or opt-in confirmation of elected officers, every employee who is eligible for membership in SJCERA shall submit a legible copy of the employee's birth certificate or, if unobtainable, other proof of age. This requirement shall be in addition to the Membership requirements set forth in the bylaws.

B. Upon applying for a retirement benefit (including service, disability, or survivor), a legible copy of the birth certificate or, if unobtainable, other acceptable age verification documentation, as identified in Section III of this policy, shall be submitted for the following individuals, if the documentation is not already on file with SJCERA: the member, any survivors/beneficiaries named to receive a continuance, and any dependents named for health insurance coverage.

1. Benefit payments and health plan enrollment shall not be processed without proof of age.

III. Alternative Acceptable Age Verification Documents

A. The following alternative documents will be acceptable:

1. Any one of the following:
   a) A valid U.S. Passport or passport card issued within the last 10 years
   b) Valid Real ID compliant driver's license or identification card
   c) Elementary school age record
   d) Hospital birth record; or

2. Any two of the following:
   a) Valid state-issued driver's license or identification card,
   b) Marriage record, if age is shown;
   c) Military record;
   d) Child's birth certificate showing age of parent;
   e) Naturalization certificates issued by the U.S. Citizenship and Immigration Services (USCIS).
   f) Expired U.S. Passport
   g) Valid non-U.S. Passport
   h) Valid Employment Authorization Document (EAD) Card (I-766) or valid/expired EAD Card with Notice of Action (I-797 C)

B. If the member is unable to provide satisfactory Age Verification documentation, as outlined in Sections II and III of this policy, the CEO is authorized to approve alternate documentation based on individual circumstances. In that instance, the CEO shall maintain a record describing the Age Verification procedure for the member and the reason for approval of alternate documentation.

IV. Corrections

A. In the event acceptable age verification documentation is not available, the birth date provided by the employer will be accepted for actuarial valuation and contribution purposes.

B. Upon receipt of acceptable age verification documentation, any discrepancy between the documentation received and the birth date reported by the employer, will be corrected by SJCERA.
   1. Any re-calculation and correction of over- or underpaid contributions will be processed pursuant to SJCERA's *Correction of Errors and Omissions Policy*.

V. Severability

A. In the event a conflict between any part of this policy and the County Employees Retirement Law, the Public Employees' Pension Reform Act, or other applicable statute arises, only the conflicting portion and not this entire policy shall be inoperative.

VI. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

VII. History

03/01/2017	Bylaws Amended and Approved by the Board of Supervisors
12/08/2017	Bylaw Section 5.2.B.1. & 2, C & D Converted to Board Policy
06/29/2018	Reviewed, no content changes required; Staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/12/2019	Amended to allow copies of birth certificates, expand the types of acceptable documentation, grant the CEO discretion to allow exceptions, clarify procedures when no age documentation is on file or there are conflicting birth dates.
07/08/2022	Clarified language; amended alternative acceptable documents
07/12/2024	Clarified Severability definition and amended verification documents

Certification of Board Adoption

	07/12/2024
Clerk of the Board	Date

Related Statutes:
California Government Code Sections 31531 and 31526

Annual Additions Limit - IRC 415(c)

I. Purpose

A. This policy reaffirms and clarifies the existing practices of the Association with respect to annual additions limits under Internal Revenue Code section 415(c) and Treasury regulations issued thereunder.

II. Definitions

A. **Solely for purposes of this policy, the following definitions shall apply:**

1. Account**:** "Account" means the separate Member account provided under the Association for benefits that are separate and apart from the retirement benefits (annuity and pension) otherwise provided under the County Employees Retirement Law.

2. Affiliate: Solely to the extent provided in the Code with respect to public agencies, the term "Affiliate" means all members of a controlled group of an Employer.

3. Aggregated Plan**:** "Aggregated Plan" means any defined contribution plan which is aggregated with the Association pursuant to part IV of this policy

4. Annual Additions**:** "Annual Additions" means the sum of the amounts described in Section 4, subsection a. credited to a Member's Account under the Association and any Aggregated Plans for the Limitation Year; and excludes the amounts described in subsection b. below:

   a. The term "Annual Additions" includes:

      i. Employer contributions allocated to the Member's Account that is separate and apart from any pension or annuity benefits provided under the CERL or PEPRA;

      ii. Employee contributions (after-tax), including mandatory contributions (as defined in Code section 411(c)(2)(C) and Treasury regulations issued thereunder), as well as voluntary employee contributions used to purchase permissive service credit (as defined in Code section 415(n)(3)), to the extent such service credit purchase is not prohibited under the CERL or PEPRA, if those amounts are treated as Annual Additions in the year contributed pursuant to Code section 415(n)(1).

      iii. Forfeitures;

      iv. Amounts allocated to the Member's individual medical account (within the meaning of Code section 415(l)(2), which is part of a pension or annuity plan maintained by the Employer or Affiliate, except that such amounts are not included in Annual Additions for purposes of applying the 100% of compensation limit.

   b. The term "Annual Additions" excludes:

i. Redeposits of withdrawals as described in Code section 415(k)(3) (for example, to purchase restoration of an accrued benefit that was lost when accumulated member contributions were previously withdrawn) for the limitation year(s) in which the redeposit occurs;

ii. Catch-up contributions made in accordance with Code section 414(v);

iii. Restorative payment described in Treasury regulations section 1.415(c)-1(b)(2)(ii)(C);

iv. Excess deferrals that are distributed in accordance with Treasury regulations section 1.402(g)-1(e)(2) or (3);

v. Rollover contributions (as described in Code sections 401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d) and 457(e)(16));

vi. Loan repayments;

vii. Employee contributions to a qualified cost-of-living arrangement described in Code section 415(k)(2)(B);

viii. Make-up contributions attributable to a period of qualified military service, as defined in Code section 414(u), with respect to the year in which the contribution is made (but not with respect to the year to which the contribution relates);

ix. Employee contributions to purchase permissive service credit (as defined in Code section 415(n)(3)) to the extent such service credit purchase is allowed under the CERL and PEPRA and the accrued benefit derived from all such contributions is treated as an annual benefit subject to the limits of Code section 415(b); and

x. Contributions that are picked up by an Employer under Code section 414(h)(2).

5. Employer**:** "Employer" means the entity that participates in the Association in accordance with the CERL and employs the Member.

6. Limitation Year: "Limitation Year" means the calendar year.

7. Maximum Permissible Amount**:** "Maximum Permissible Amount" means the lesser of:

   a. IRC Annual Limit, as adjusted for increases in the cost-of-living under Code section 415(d); or

   b. 100 percent of the Member's Total Compensation for the Limitation Year.

8. Severance From Employment: "Severance From Employment" means the Member ceases to be an employee of the Employer. A Member does not have a Severance From Employment if, in connection with a change of employment, the Member's new employer maintains the Association with respect to the Member.

9. Total Compensation: “Total Compensation” means all items of remuneration described in subsection “a” of this section and excludes all items of remuneration described in subsection “b” of this section, below.

   a. Items Included: Total Compensation includes all of the following items of remuneration for services:

      i. A Member’s wages, salaries, fees for professional services, and other amounts received from the Employer (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer and any Affiliate to the extent that the amounts are includable in gross income (or to the extent that amounts would have been includable in gross income but for an election under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b)). These amounts include, but are not limited to, bonuses, fringe benefits, and reimbursements, or other expense allowances under a non-accountable plan, as described in Treasury regulations section 1.62-2(c);

      ii. Amounts described in Code section 104(a)(3), 105(a), or 105(h), but only to the extent that these amounts are includable in the gross income of the Member from the Employer;

      iii. Amounts paid or reimbursed by the Employer or an Affiliate for moving expenses incurred by a Member, but only to the extent that at the time of the payment it is reasonable to believe that these amounts are not deductible by the Member under Code section 217;

      iv. The amount includable in the gross income of a Member upon making the election described in Code section 83(b);

      v. Amounts that are includable in the gross income of a Member under the rules of Code section 409A or Code section 457(f)(1)(A), or because the amounts are constructively received by the Member; and

      vi. An amount that is excludable under Code section 106 that is not available to a Member in cash in lieu of group health coverage because the Member is unable to certify that he or she has other health coverage; provided, however, that the Employer does not request or collect information regarding the Member’s other health coverage as part of the enrollment process for the health plan.

      vii. Differential wage payments as defined in Internal Revenue Code section 3401(h)(2).

   b. Items Excluded: The following items are excluded from Total Compensation:

      i. Employer contributions (other than elective contributions described in Code section 402(e)(3), 408(k)(6), 408(p)(2)(A)(i), or 457(b)) to a deferred compensation plan (including a simplified employee pension described in Code section 408(k) or a simple retirement account described in Code section 408(p), and whether or not qualified) to the extent such contributions are not includable in the Member's gross income for the taxable year in which contributed, and any distributions (whether or not includable in gross income when distributed) from a deferred compensation plan (whether or not qualified) other than amounts received during the year by a Member pursuant to a nonqualified unfunded deferred compensation plan to the extent includable in gross income;

ii. Other amounts that receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are excludable from the gross income of the Member, and are not salary reduction amounts that are described in Code section 125);

iii. Other items of remuneration that are similar to any of the items listed in paragraphs "i" and "ii", above.

c. Timing

i. In order to be taken into account for a Limitation Year, Total Compensation must be paid or made available (or, if earlier, includable in the gross income of the Member) during the Limitation Year. For this purpose, compensation is treated as paid on a date if it is actually paid on that date or it would have been paid on that date but for an election under Code section 125, 132(f)(4), 401(k), 403(b), 408(k), 408(p)(2)(A)(i), or 457(b)). The Association provides that Total Compensation for a Limitation Year includes amounts earned during the Limitation Year but not paid during the Limitation Year solely because of the timing of pay periods and pay dates if: (1) these amounts are paid during the first few weeks of the next Limitation Year; (2) the amounts are included on a uniform and consistent basis with respect to all similarly situated employees; and (3) no compensation is included in more than one Limitation Year.

ii. In order to be taken into account for a Limitation Year, Total Compensation must be paid or treated as paid to the Member prior to the Member's Severance From Employment with the Employer; provided, however, that Total Compensation includes amounts paid to the Member by the later of 2½ months after Severance From Employment or the end of the Limitation Year if the amounts are regular compensation for services during the Member's regular working hours, compensation for services outside the Member's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar compensation that absent a Severance From Employment would have been paid to the Member while the Member continued in employment with the Employer. The Association provides that the following amounts are includable in Total Compensation if paid by the later of 2½ months after severance from employment or the end of the Limitation Year if the amounts would have been included in Total Compensation if paid prior to Severance from Employment: (1) accrued bona fide sick, vacation or other leave is included in Total Compensation if the

Member would have been able to use the leave had employment continued, and (2) payment pursuant to a nonqualified unfunded deferred compensation plan and would have been paid at the same time if employment had continued, but only to the extent includable in gross income.

iii. Total Compensation does not include amounts paid after Severance From Employment that are severance pay, unfunded nonqualified deferred compensation, or any other payment that is not described in the preceding paragraph, even if paid within 2½ months, except for:

1. Payments to an individual who does not currently perform services for the Employer by reason of Qualified Military Service to the extent that these payments do not exceed the amounts that the individual would have received if the individual had continued to perform services for the Employer rather than entering Qualified Military Service; and

2. Payments to a Member who is permanently and totally disabled; provided, however that salary continuation applies to all Members who are permanently and totally disabled for a fixed or determinable period. For this purpose, a Member is permanently and totally disabled only if the Member is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than 12 months.

d. <u>Limit</u>: A Member's Total Compensation shall not include compensation in excess of the limitation of Code section 401(a)(17) that is in effect for the calendar year in which such Limitation Year begins.

III. Annual Additions Limitation, In General

A. Notwithstanding anything to the contrary contained in the Association, the total Annual Additions allocated to a Member's Account under the Association, when added to the Annual Additions allocated to the Member's accounts under all other Aggregated Plans maintained by the Employer or an Affiliate for any Limitation Year, shall not exceed the Maximum Permissible Amount; provided, however, that the limit described in Section II.A.7.b shall not apply to an individual medical benefit account (as defined in Code section 415(l)).

IV. Aggregation with Other Defined Contribution Plans

A. All defined contribution plans (as defined in Treasury regulations section 1.415(c)-1(a)(2) and whether or not terminated) maintained by the Employer or an Affiliate shall be aggregated with the Association, and all plans so aggregated shall be considered as one plan in applying the limitations of this policy.

V. Coordination with Other Defined Contribution Plans

A. In the event that a Member participates in another defined contribution plan of the Employer or of an Affiliate that is a tax-qualified defined contribution plan, contributions or allocations that would otherwise be made on behalf of the Member to the Association shall be reduced to the extent necessary to avoid exceeding the limitations of this policy when contributions are aggregated as described above.

VI. Correction

A. Any excess Annual Additions shall be corrected using the methods specified in guidance promulgated by the Secretary of the Treasury describing the procedures for correcting excess Annual Additions under the Employee Plans Compliance Resolution System (“EPCRS”) or its successor.

VII. Code and Regulations Prevail

A. This policy is intended to be in accordance with the Internal Revenue Code (Code) and the applicable Treasury regulations. To the extent there is a conflict between this policy and the Code and Treasury regulations, the applicable law will govern. This policy shall not be invalidated in whole, only those portions which conflict with applicable law.

VIII. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

IX. History

01/01/2015	Effective Date of Bylaw Section 27
12/08/2017	Extracted from Bylaws
06/29/2018	Staff reviewed, no content changes; updated format and resulting section cross-references
04/12/2019	Policy Review section amended to at least once every three years
07/09/2021	Minor edits/updates by tax counsel
07/12/2024	Amended employer definition and other non-substantive changes

Certification of Board Adoption

07/12/2024

Clerk of the Board Date

Annual Benefit Limit - IRC 415(b)

I. Purpose

A. This policy reaffirms and clarifies the existing practices of the Association with respect to the annual benefit limit applicable for the Association in accordance with Internal Revenue Code section 415(b) and Treasury regulations issued thereunder.

II. Definitions

A. Annual Benefit**:** "Annual Benefit" means a benefit that is payable annually in the form of a Straight Life Annuity. Except as provided in Section III-A.5, where a benefit is payable in a form other than a Straight Life Annuity, the benefit shall be adjusted (solely for purposes of applying the limits of Code section 415 and of this policy) pursuant to Section III-A.7 to an actuarially equivalent Straight Life Annuity that begins at the same time as such other form of benefit and is payable on the first day of each month.

B. Annual Benefit Limit**:** "Annual Benefit Limit" means the limit described in Section III-A.1.

C. Annuity: "Annuity" for purposes of this policy does not mean "annuity" as defined in the County Employee Retirement Law but instead means a retirement benefit that is payable by the Association, as provided in Code section 415.

D. Annuity Starting Date: "Annuity Starting Date" means the first day of the first period for which a retirement benefit is payable as an annuity or, in the case of a retirement benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the Member to payment under the Association.

E. Applicable Interest Rate: "Applicable Interest Rate" means the "applicable interest rate" defined in Code section 417(e)(3)(C) and shall be such rate of interest determined as of the third month preceding the stability period, which shall be the calendar year containing the Annuity Starting Date for the distribution and for which the Applicable Interest Rate shall remain constant.

F. Applicable Mortality Table: "Applicable Mortality Table" means the "applicable mortality table" defined in Code section 417(e)(3)(B).

G. Employer: "Employer" means the entity that participates in the Association in accordance with the CERL and employs the Member. The term "Employer" also includes any Affiliated Employer. Solely to the extent provided in the Code with respect to public agencies, the term "Affiliated Employer" means all members of a controlled group of an Employer.

H. Limitation Year**:** "Limitation Year" means the calendar year.

I. Spouse: Effective June 26, 2013, consistent with Federal tax rules, the term "Spouse" means a person who is lawfully married under California law, including marriages recognized under California Family Code section 308 that were entered into in another jurisdiction (another state, the District of Columbia, a United States territory or a foreign jurisdiction) which also include marriages of same-sex individuals that were validly entered into in another jurisdiction whose laws authorize the marriage of two individuals of the same sex even if the married couple is domiciled in a jurisdiction that does not recognize the validity of same-sex marriage. In accordance with Federal tax rules, the term “Spouse” does not include individuals who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under the law of another jurisdiction that is not denominated as a marriage under the laws of that state (whether opposite-sex or same-sex relationships).

J. Straight Life Annuity**:** “Straight Life Annuity” means an Annuity payable in equal installments for the life of the member and terminating on the Member’s death.

III. Annual Benefit Limit

A. Annual Benefit Limit, in General

1. Annual Limit

a. Unless the alternative limit described in Section III applies, the Annual Benefit payable to a Member under the Association at any time shall not exceed the Annual IRC Limit specified under Code section 415(b)(1)(A)) , automatically adjusted under Code section 415(d), effective January 1 of each year, as provided by the Internal Revenue Service.

2. Maximum Payment

a. If the benefit the Member would otherwise be paid in a Limitation Year would be in excess of the limit in subsection A.1 above, the benefit shall be limited to a benefit that does not exceed the limit.

3. COLA Adjustment

a. In the case of a Member who has had a severance from employment with the Employer, the Annual Benefit Limit applicable to the Member in any Limitation Year beginning after the date of severance shall be automatically adjusted under § 415(d) of the Code.

4. Multiple Annuity Starting Dates

a. For a Member who has or will have distributions commencing at more than one Annuity Starting Date, the Annual Benefit shall be determined as of each such Annuity Starting Date (and shall satisfy the limitations of this policy as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other Annuity Starting Dates.

b. For this purpose, the determination of whether a new starting date has occurred shall be made in accordance with section 1.415(b)-1(b)(1)(iii)(B) and (C) of the Treasury regulations.

5. Actuarial Adjustment for Forms of Benefit

a. Except as provided in Section III-A.6, if the Member’s benefit is payable in a form other than a Straight Life Annuity, then solely for purposes of applying the limits of Code section 415 and of this policy, the actuarially equivalent Straight Life Annuity shall be determined in accordance with paragraph a or b below, whichever is applicable.

i. Annuities: If the Member's benefit is payable in the form of a non-decreasing life annuity or other form of benefit described in Treasury regulation section 1.417(e)-1(d)(6) (e.g., other than a lump sum, installments, a decreasing annuity or a term certain), then the actuarially equivalent Straight Life Annuity is determined using the greater of:

1. The Straight Life Annuity (if any) payable to the Member under the Association commencing at the same annuity starting date as the form of benefit payable to the Member; or

2. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using:

   a. A 5% interest assumption; and

   b. The applicable Mortality Table.

i. Lump Sums, Installments, etc.: If the Member's benefit is payable in the form of a lump sum, installments, a decreasing annuity, term certain or other form of benefit not described in Treasury regulations section 1.417(e)-1(d)(6), then the Straight Life Annuity that is actuarially equivalent to the Member's form of benefit is equal to the greatest of:

1. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using the interest rate and the mortality table specified in the Association for adjusting benefits in the same form;

2. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using a 5.5 percent interest rate and the Applicable Mortality Table; or

3. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using the Applicable Interest Rate and the Applicable Mortality Table divided by 1.05.

6. No Actual Adjustment (or Limitation) Required for Certain Benefits

   a. In determining the Annual Benefit, no actuarial adjustment to the benefit shall be made for the following benefits of benefit forms:

i. Qualified Joint And Survivor Annuity: Survivor benefits payable to a surviving Spouse under a joint and survivor annuity that would qualify as a qualified joint and survivor annuity defined in Code section 417(b). If benefits are paid partly in the form of a qualified joint and survivor annuity and partly in some other form (such as a single sum distribution), the rule of this paragraph applies only to the survivor annuity payments under the portion of the benefit that is paid in the form of a qualified joint and survivor annuity.

ii. Benefits that are not "Retirement Benefits": Benefits that are not directly related to retirement benefits (such as pre-retirement qualified disability benefits, preretirement incidental death benefits, and postretirement medical benefits). Additionally, these benefits shall not be subject to the Annual Benefit Limit.

iii. Certain Automatic Benefit Increases: Benefits that meet the following requirements: (a) the Association provides for automatic periodic increases such as a form of benefit that automatically increases the benefit paid according to a specified percentage or objective index (but not a benefit that is increased on an ad hoc basis or a basis that is separately determined by action of the Association's Board of Retirement or the County's Board of Supervisors) and (b) the form of benefit complies with Code section 415(b) without regard to the automatic benefit increase.

In no event shall the amount payable to the Member under the form of benefit in any Limitation Year be greater than the Annual Benefit Limit applicable at the Annuity Starting Date increased by the amounts provided in Code section 415(d). Also if the form of benefit without regard to the automatic benefit increase is not a Straight Life Annuity, then the Annual Benefit at the Annuity Starting Date is determined by converting the form of benefit to an actuarially equivalent Straight Life Annuity, as provided in Section III-B.1 herein.

7. Rules For Determining Annual Benefit

a. Social Security Supplements, etc.: The determination of the Annual Benefit shall take into account social security supplements described in § 411(a)(9) of the Code and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant to section 1.411(d)-4, Q&A-3(c), of the Treasury regulations.

b. Member Contributions: The determination of the Annual Benefit shall disregard benefits attributable to Member contributions or rollover contributions. Benefits attributable to Member contributions do not include any benefits that are made on a pre-tax basis such as pickups under Code section 414(h)(2) or such as Member contributions that are actually paid by the Member's employer.

c. Rollovers: The amount of any benefits attributable to Member contributions and to rollover contributions shall be determined in accordance with Code section 415.

d. Voluntary Contributions: Member contributions that are defined as "voluntary" contributions under Code section 415 (such as certain contribution under CERL section 31627) are not subject to the limits of this policy but are subject to the limits of Code section 415(c) concerning defined contribution plans.

B. Reduction for Less than 10 Years of Participation

1. Reduction

a. If the Member has less than 10 Years of Participation in the Association, the Annual Benefit Limit shall be multiplied by a fraction -- (i) the numerator of which is the number of years (or part thereof, but not less than one year) of participation in the Association, and (ii) the denominator of which is 10.

2. Counting Years of Participation

a. The Member is credited with a Year of Participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met:

i. The Member is credited with at least the number of hours of service or period of service for benefit accrual purposes, required under the terms of the Association in order to accrue a benefit for the accrual computation period, and

ii. The Member is included as a Member under the eligibility provisions of the Association for at least one day of the accrual computation period.

b. If these two conditions are met, the portion of a Year of Participation credited to the Member shall equal the portion of a year of benefit accrual service credited to the Member for such accrual computation period.

c. A Member who is permanently and totally disabled within the meaning of §415(c)(3)(C)(i) of the Code for an accrual computation period shall receive a Year of Participation with respect to that period.

d. In no event shall more than one Year of Participation be credited for any 12-month period. For example, if under the Association, a Member receives 1/10 of a year of benefit accrual service for an accrual computation period for each 200 hours of service, and the Member is credited with 1,000 hours of service for the period, the Member is credited with 1/2 year of participation for purposes of this subsection.

3. Disability and Death Benefits

a. The reduction described in paragraph 1 above shall not apply to disability benefits or death benefits as provided in the Code.

C. Reduction for Commencement before Age 62 for Certain Members

1. No Reduction for Certain Safety Members

a. The adjustment described in this subsection shall not apply if the Member's benefit is based on at least 15 years as a full-time employee of any police or fire department of an Employer that maintains the Association or as a member of the armed forces of the United States. Such police or fire department must be organized to provide police protection, firefighting services or emergency medical services for any area within the jurisdiction of such Employer.

2. Reduction for Benefits Commencing before Age 62

   a. If the Member's benefits commence before the Member attains age 62, the Annual Benefit Limit is equal to the lesser of:

      i. The Annual Benefit Limit reduced in accordance with Code section 415(b) to its actuarial equivalent using:

         1. The Applicable Mortality Table; and

         2. A 5% interest rate; or

      ii. The Annual Benefit Limit multiplied by the ratio of the immediately commencing Straight Life Annuity under the Association at the Member's Annuity Starting Date to the annual amount of the Straight Life Annuity under the Association commencing at age 62, both determined without applying the limitations of this policy.

3. Probability of Death

   a. No adjustment will be made to the annual benefit limit to reflect the probability of death between the Annuity Starting Date and age 62 unless the Member's benefit is forfeited at death before the Annuity Starting Date.

4. Death and Disability

   a. The adjustment described in paragraph 1 of this subsection shall not apply to disability benefits or death benefits as provided in the Code.

D. Increase for Commencement after Age 65

   1. <u>Increase for Commencement after 65</u>: If the Member's benefits commence after the Member attains age 65, the Annual Benefit Limit is equal to the lesser of:

      a. The Annual Benefit Limit increased in accordance with Code section 415(b) to its actuarial equivalent using:

         i. The Applicable Mortality Table; and

         ii. A 5% interest rate; or

      b. The Annual Benefit Limit multiplied by the ratio of the annual amount of the adjusted immediately commencing Straight Life Annuity under the Association at the Member's Annuity Starting Date to the annual amount of the adjusted immediately commencing Straight Life Annuity under the Association at age 65, both determined without applying the limitations of this policy. For this purpose, the adjusted immediately commencing Straight Life Annuity under the Association at the Member's Annuity Starting Date is the annual amount of such annuity payable to the Member, computed disregarding the Member's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing Straight Life Annuity under the Association at age 65 is the annual amount of such annuity that would be payable under the Association to a hypothetical Member who is age 65 and has the same accrued benefit as the Member.

2. Probability of Death: No adjustment will be made to the Annual Benefit Limit to reflect the probability of death between age 65 and the Annuity Starting Date unless the Member's benefit is forfeited at death before the Annuity Starting Date.

E. Minimum Benefit Permitted: The benefit otherwise accrued or payable to a Member under the Association is treated as not exceeding the Annual Benefit Limit if:

1. Minimum Benefit Limit Allowed

a. The sum of the retirement benefits payable under any form of benefit with respect to the Member for the Limitation Year or for any prior Limitation Year under the Association and all other defined benefit plans (without regard to whether a plan has been terminated) ever maintained by the Member's Employer does not exceed $10,000 multiplied by a fraction – (i) the numerator of which is the Member's number of years (or part thereof, but not less than one year) of service (not to exceed 10) with the Member's Employer or an Affiliated Employer, and (ii) the denominator of which is 10; and

2. Condition

a. The Member has never participated in any qualified defined contribution plan maintained by the Member's Employer or an Affiliated Employer.

IV. Participation in Multiple Defined Benefit Plans

A. Application of Limit to Aggregate Benefits

1. If the Member is, or has ever been, a participant in another qualified defined benefit plan (without regard to whether the plan has been terminated) maintained by the Member's Employer, the sum of the participant's Annual Benefits from all such plans may not exceed the Annual Benefit Limit.

B. Multiple Plan Benefit Limit Coordination

1. Where the Member's employer-provided benefits under all such defined benefit plans (determined as of the same age) would exceed the Annual Benefit Limit applicable at that age, the benefits accrued under all such other plans shall be reduced first in order to avoid exceeding the limit and shall be reduced under the Association, but if such other plan provides that it will be reduced, the reduction will be made in such other plan sufficient to avoid exceeding the limit.

V. Multiple Employer Plan

A. Employer-provided benefits attributable to the Member for all of the Employers participating in the Association are taken into account for purposes of applying the Annual Benefit Limit.

VI. Grandfather Rules

A. Annual Benefit Limit Equals Accrued Benefit

1. Notwithstanding anything herein to the contrary, the Annual Benefit Limit with respect to a Qualified Member shall not be less than the accrued benefit of the Qualified Member under the Association determined without regard to any amendment made after October 14, 1987.

B. Qualified Participant

1. For purposes of this section, the term “Qualified Member” means a Member who first became a Member in the Association before January 1, 1990.

C. Election

1. By the enactment of CERL section 31899 et. seq. the “grandfather” election under Code section 415(b)(10) was made for the Association and all retirement systems maintained under the CERL to have this Section VI. apply.

VII. Purchase of Permissive Service Credit

A. General Rule

1. To the extent a Member is not prohibited by the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), if a Member makes one or more contributions to the Association to purchase Permissive Service Credit under the Association, then the requirements of this policy will be treated as met only if:

   a. The requirements of this policy are met, determined by treating the accrued benefit derived from all such contributions as an Annual Benefit for purposes of this policy; or

   b. The requirements of SJCERA’s Annual Benefit Limit policy governing the limits on annual additions IRC 415(c) applicable to defined contribution plans are met by treating all such contributions as annual additions.

B. Permissive Service Credit

1. <u>Permissive Service Credit Defined</u>: For purposes of this Section, “Permissive Service Credit” means credit:

   a. Recognized by the Association for purposes of calculating a Member’s benefit under the Association;

   b. Which such Member has not received under the Association; and

   c. Which the Member may receive only by making a voluntary additional contribution in an amount determined under the Association, which does not exceed the amount necessary to fund the benefit attributable to the service credit purchased.

   d. Permissive Service Credit also includes service credit for periods for which there is no performance of service and, notwithstanding subparagraph b of this paragraph, may include service credited in order to provide an increased benefit for service credit which a Member is receiving under the Association, but only to the extent permitted by the statutes applicable to the Association and not prohibited by PEPRA.

2. <u>Limitation on Nonqualified Service Credit:</u> The Association will fail to satisfy the requirements of this policy if:

   a. More than 5 years of Nonqualified Service Credit is taken into account for purposes of this Section; or

   b. Any Nonqualified Service Credit is taken into account under this Section before the Member has at least 5 Years of Participation under the Association.

3. <u>Nonqualified Service Credit</u>: For purposes of paragraph 2 of this subsection, the term "Nonqualified Service Credit" means permissive service credit other than that allowed with respect to:

   a. Service (including parental, medical, sabbatical, and similar leave) as an employee of the government of the United States, a State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of repayment described in paragraph c below;

   b. Service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in subparagraph (a) of this paragraph) of an educational organization described in Code section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed;

   c. Service as an employee of an association of employees who are described in paragraph a above; or

   d. Military service (other than qualified military service under Code section 414(u)) recognized by the Association.

   e. In the case of service described in paragraphs a, b or c above, such service will be nonqualified service if recognition of such service would cause a Member to receive a retirement benefit for the same period of service under more than one plan.

   f. Even if any proposed service credit purchase meets the above requirements, to the extent such proposed service credit purchase is prohibited under the terms of PEPRA, the Association will not process such service credit purchase.

4. Trustee-To-Trustee Transfers

   a. In the case of a trustee-to-trustee transfer to the Association to which Code section 403(b)(13)(A) or 457(e)(17)(A) applies, (without regard to whether the transfer is made from a plan that is maintained by the same Employer):

      i. The limitations of Section VII-B.2 shall not apply in determining whether the transfer is for the purchase of Permissive Service Credit;

and

ii. The distribution rules applicable under the Code to the Association shall apply to such amounts and any benefits attributable to such amounts.

C. Redeposit of Withdrawals.

1. In the case of any repayment of accumulated members contributions (including interest thereon) to the Association with respect to an amount previously withdrawn upon a forfeiture of service credit under the Association or under another governmental plan maintained by a state or local government employer with in the State of California, any such repayment shall not be taken into account for purposes of this policy.

VIII. The Code and Regulations Prevail

A. This policy is intended to be in accordance with the Internal Revenue Code (Code) and the applicable Treasury regulations. To the extent there is a conflict between this policy and the Code and Treasury regulations, the applicable federal law will govern. Only the portions of this policy in conflict with the applicable law shall be invalidated, the remainder shall remain in force.

IX. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

X. History

01/01/2015	Effective Date of Bylaw Section 26
12/08/2017	Extracted from Bylaws
06/29/2018	Staff reviewed, no content changes; updated format.
04/12/2019	Policy Review section amended to at least once every three years
07/09/2021	Minor edits by tax counsel
07/12/2024	Amended employer definition and other non-substantive changes

Certification of Board Adoption

07/12/2024

Clerk of the Board Date

Audit Committee Charter

I. Establishment

A) The Board of Retirement has established an Audit Committee to assist in overseeing the audit function within SJCERA.

II. Membership

A) The Committee will consist of at least three and no more than four members of the Board of Retirement. The Board Chair will appoint members to the Committee, in accordance with the SJCERA Bylaws and designate one member to serve as the Committee Chair.

B) To the extent possible, the Board Chair shall appoint members to the Committee that have expertise in accounting, auditing, financial reporting, and internal control. Although these desired traits are not mandatory, members should be sufficiently knowledgeable about these topics to make informed decisions with the assistance of a financial expert.

C) The Committee may also (look outside the Board members to) include an individual possessing requisite skills ~~third-party member with background~~ and experience ~~satisfactory to the Chair of the Board for review purposes or suggestions based on review and practice with SJCERA~~ to provide valuable review and input for the Committee's evaluation and approval of SJCERA's financial statements and other related materials.

III. Meetings

A) The Committee will meet at least twice yearly for the audit entrance and exit conferences, and may convene additional meetings as circumstances require. All meetings are subject to the Brown Act.

IV. Responsibilities

A) The Committee generally oversees SJCERA's audits including financial and other audits (such as cybersecurity and actuarial audits).

1) The Committee may delegate to staff the selection and oversight of non-financial auditors (as has been done with the Actuarial Audit), in consideration of staff's and SJCERA's experience with the type of audit, level of risk, and other factors.

B) The Committee's areas of responsibility for the financial audit are:

1) Overseeing the annual financial audit process including, but not limited to:

(a) Meeting with the Auditor to review the scope of the financial audit, including the responsibilities of the auditor, and the timing and estimated budget for the audit;

(b) Meeting with the auditor to review the audit findings;

(c) Meeting with SJCERA management to discuss management's response to the findings;

(d) Reporting to the Board on the audit findings and management's responses to the findings

2) Overseeing the process for hiring, retaining, evaluating and terminating the Auditor;

3) Ensuring the independence of the Auditor; and

4) Reviewing significant changes in accounting standards, policies, or practices that may impact SJCERA and report the results of that review to the Board.

V. Authority

A) The Audit Committee is an advisory committee to the Board. All Committee actions must be ratified or approved by the Board.

VI. Charter Review

A) The Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant, appropriate, and in compliance.

VII. History

June 7, 2019	Adopted by Board of Retirement
July 9, 2021	Clarified the Committee oversees both financial and non-financial audits and delegation authority
July 12, 2024	Added authority to have third-party auditor as committee member

Certification of Board Adoption:

07/12/2024

Clerk of the Board Date

Audit Committee Charter

I. Establishment

A) The Board of Retirement has established an Audit Committee to assist in overseeing the audit function within SJCERA.

II. Membership

A) The Committee will consist of at least three and no more than four members of the Board of Retirement. The Board Chair will appoint members to the Committee, in accordance with the SJCERA Bylaws and designate one member to serve as the Committee Chair.

B) To the extent possible, the Board Chair shall appoint members to the Committee that have expertise in accounting, auditing, financial reporting, and internal control. Although these desired traits are not mandatory, members should be sufficiently knowledgeable about these topics to make informed decisions with the assistance of a financial expert.

C) The Committee may also (look outside the Board members to) include an individual possessing requisite skills and experience to provide valuable review and input for the Committee's evaluation and approval of SJCERA's financial statements and other related materials.

III. Meetings

A) The Committee will meet at least twice yearly for the audit entrance and exit conferences, and may convene additional meetings as circumstances require. All meetings are subject to the Brown Act.

IV. Responsibilities

A) The Committee generally oversees SJCERA's audits including financial and other audits (such as cybersecurity and actuarial audits).

1) The Committee may delegate to staff the selection and oversight of non-financial auditors (as has been done with the Actuarial Audit), in consideration of staff's and SJCERA's experience with the type of audit, level of risk, and other factors.

B) The Committee's areas of responsibility for the financial audit are:

1) Overseeing the annual financial audit process including, but not limited to:

(a) Meeting with the Auditor to review the scope of the financial audit, including the responsibilities of the auditor, and the timing and estimated budget for the audit;

(b) Meeting with the auditor to review the audit findings;

(c) Meeting with SJCERA management to discuss management's response to the findings;

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Certification of Board Adoption:

07/12/2024

Clerk of the Board Date

Computer Equipment Policy

I. Purpose

To establish guidelines regarding the provision and use of SJCERA computer hardware and software to Trustees and Staff in the conduct of business related to SJCERA.

II. Electronic Tablets and Data

A. SJCERA will provide an electronic tablet with unlimited Cellular Data Service, and all applications needed to conduct Board business to trustees and designated staff members.

B. SJCERA will not provide or reimburse the cost of other services or supplies such as Internet, telephone, paper, toner, etc.

III. Use of Equipment and Software

A. Electronic devices provided by SJCERA are for SJCERA business use only and not for personal use.

1. The devices are not to be used for personal reasons or by family members.

2. The device should not be used as a hotspot for Internet activity, unless necessary to conduct SJCERA business.

B. It is the user's responsibility to ensure the security of the device at all times.

C. All information that is stored on the device is discoverable under law, except for that which is privileged or falls under certain statutory exemptions. There is no right to privacy with regard to the use of the device.

D. Downloading or installing software onto the device is not allowed without prior authorization from SJCERA's CEO or Information Systems Manager.

E. It is the user's responsibility to ensure the equipment provided under this policy is being used only for SJCERA business and not for any other purpose.

F. Only retain six months' worth of downloaded meeting agenda, recurring reports, or similar data on the provided devices.

G. SJCERA should immediately be notified if the device is lost or stolen and advise SJCERA staff of the contents on the device at that time, to the best of the user's ability.

H. Confidential information should not be downloaded and permanently stored on SJCERA devices (Example: Agenda materials for a closed session of a Board or Committee meeting should be deleted as soon as possible following adjournment of the meeting during which the closed session was held.)

IV. Disposition of Electronic Tablet, Computer Equipment and Software

Pursuant to Resolution 2009-05-05 and the *Disposition of Equipment* procedure, the Board of Retirement authorizes the Chief Executive Officer to sell, donate, or dispose of surplus furniture and equipment.

When equipment provided by SJCERA pursuant to this policy is replaced with new equipment, or the user concludes his or her service to SJCERA, the user shall return the equipment to SJCERA for redeployment or disposition using either County surplus or replicating the County's policy of using a third-party public auction site for sale of all surplus equipment or furniture.

V. Devices Not Owned by SJCERA

A trustee or staff member may use an electronic tablet or other equipment not owned or provided by SJCERA in the conduct of business related SJCERA. When such device(s) is used, the trustee or staff member will acknowledge and abide by the *Guidelines for Use of Electronic Devices Not Owned by SJCERA.*

This policy shall apply to all trustees and to any staff member or counsel to whom equipment has been provided.

VI. Policy Review

Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

VII. History

01/14/2011	Adopted by Resolution 2011-01-01
06/08/2012	Amended by Resolution 2012-06-02
02/12/2016	Amended by Resolution 2016-02-01
04/13/2018	Amended by Resolution 2018-04-01
06/29/2018	Staff reviewed, no content changes required; updated format
04/12/2019	Policy Review section amended to at least once every three years
07/12/2019	Amended for technical adjustments
07/08/2022	Amended data usage and other minor edits

07/12/2024	Amended to align with Retention Policy and other non-substantive changes

Certification of Adoption:

07/12/2024

Clerk of the Board Date

Related Statutes:
California Government Code Sections 8314 and 81000 *et seq.*

SJCERA Board Policy

Correction of Errors or Omissions

I. Purpose

A. To establish standards and procedures for the resolution of errors or omissions with respect to the payment of member contributions or benefits. These standards and procedures are intended to ensure compliance with the Internal Revenue Code and Internal Revenue Service regulations and to meet the Board's fiduciary obligation to preserve SJCERA's financial integrity for the benefit of its members and their beneficiaries.

II. Objective

A. Members and beneficiaries have a right to accurate pension benefit payments. No member or beneficiary shall be deprived from receiving or retaining, retirement benefit payments to which he or she is entitled. Members and beneficiaries, however, are not entitled to receive or retain a retirement benefit which was disbursed in error. Subject to all applicable laws and SJCERA's policies and procedures, SJCERA shall make all reasonable efforts to recover or remit all errors in payment of contributions or benefits.

III. Guidelines

A. The Chief Executive Officer ("CEO") shall ensure that errors are promptly and thoroughly investigated and that all appropriate corrective measures are taken.

B. The CEO shall establish internal procedures to investigate, collect and resolve errors in the payment of benefits or contributions. The procedures will comply with applicable state and federal laws and regulations.

C. The CEO shall have full authority to take whatever actions are necessary or appropriate to correct any errors in the payment of contributions or benefits unless circumstances exist that make it unreasonable or futile to do so.

i. The CEO shall use reasonable efforts to resolve errors in payment of contributions or benefits, in consideration of the following factors:

a. IRS guidelines for correction of Plan errors;

b. Input from the Plan sponsor, as appropriate;

c. The total amount of the overpayment or underpayment, including interest;

d. The likelihood and anticipated cost of collection;

e. The verifiable financial circumstances of the member; and

f. The existence of fraud, or other culpability or responsibility for the error, whether by SJCERA, the member or a third party.

D. Corrections should attempt to place SJCERA in the position it would have been had the erroneous payment not occurred and, wherever feasible, resolution of the error should result in immediate full payment of the entire amount, with interest.

i. Any negotiated repayment schedule shall not exceed the expected lifetime of the member. Should the member die before the full amount owed, including interest, is paid, SJCERA may recover the remaining amount from any benefit owed to a beneficiary.

E. In certain circumstances, the CEO may agree to receive less than the full amount of repayment. Options for recovery in those instances include, but are not limited to, discounting interest rates, waiving interest and compromising the principal amount. In structuring any such resolution, the member shall bear the burden of establishing any claimed financial hardship to the satisfaction of the CEO.

F. In the event that the member or beneficiary fails to respond to communications from SJCERA staff, the CEO may initiate an action for recovery of the unpaid amount, including reductions of future payments, not to exceed any state or federal limitations on such recovery. No involuntary collections may be imposed without notice to the member or beneficiary pursuant to Section IV.

G. The CEO shall consult with counsel as needed with respect to any proposed correction. All legal remedies may be pursued to collect errors in benefits or contributions, including claims against estates or trusts.

H. The CEO shall have discretion to refrain from collection of amounts identified by the IRS as small overpayments subject to exemption from full correction, or take such other action deemed reasonable and appropriate in consultation with counsel, as needed.

I. Corrections shall not provide any party with a status, right or obligation not otherwise authorized by the County Employees' Retirement Law ("CERL").

IV. Due Process

A. Collection of an overpayment does not constitute execution, garnishment, attachment or any other court process. Nevertheless, prior to the imposition of any resolution correcting an error or omission with respect to the payment of member contributions or benefits, SJCERA will give notice to the affected party of its intentions and provide an opportunity to appeal the decision to the Board.

V. Reporting

A. The CEO shall report to the Board quarterly regarding corrections of errors or omissions under this policy. Minor errors, such as contribution errors remedied by way of one-time payroll adjustments, need not be included in the CEO's report to the Board under this section.

VI. Law Prevails

A. In the event a conflict between this policy and the CERL, the Public Employees' Pension Reform Act, or other applicable state or federal law arises, the law shall prevail. The rights and remedies provided in this policy or the CERL are in addition to any other rights and remedies any party may have in equity or at law. Nothing shall preclude any party from instituting an action for declaratory or other relief in lieu of preceding under this policy or the CERL.

VII. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. (*Ref.:* Cal. Gov. Code §31539, IRS Rev. Proc. 2016-51.)

VIII. History

03/01/2017	Bylaws Amended and Approved by the Board of Supervisors
12/08/2017	Bylaw Section 4.5 Converted to Policy
06/29/2018	Staff updated format
12/14/2018	Rewritten to authorize CEO to negotiate within guidelines, ensure due process and reporting
04/12/2019	Policy Review section amended to at least once every three years
07/12/2019	Reviewed, no changes
07/08/2022	Reviewed, no changes
07/12/2024	Non-substantive changes

Certification of Board Adoption

07/12/2024

Clerk of the Board Date

Disability Retirement and Active Member Death Policy and Procedure

I. Purpose

A. The purpose of this policy is to provide a procedure for acting upon applications to the Board for disability retirement and related rights, benefits and privileges inuring to Members of the San Joaquin County Employees' Retirement Association (SJCERA) and their designated beneficiaries. It is intended that applications be fairly and expeditiously processed, that the applicant and the Board have fair notice of any required hearing and consider sufficient facts to arrive at a true and fair decision on the application. For the purposes of a fair hearing, the Board shall act as an independent body, finding facts and applying law. Upon receipt of the recommendation from the SJCERA Chief Executive Officer (CEO), the Board may approve, dismiss, or deny the application, or take other appropriate action authorized by the California Employees Retirement Law of 1937 (CERL) and, if applicable, the Public Employees' Pension Reform Act of 2013 (PEPRA).

II. Definitions

A. Unless the context otherwise requires, the definitions in this section shall govern the construction of this policy and procedures.

1. "Interested Party" means any person, including an Applicant, a Member to whom an Application pertains, the Fund, and any authorized representatives of each of them, disclosed by the records of SJCERA or by the Application to have a legal interest in the subject matter of the Application.
2. "Applicant" means any person or entity that has filed an application for disability retirement benefits or a survivor allowance resulting from an active Member's death, which may include any Member of SJCERA, the head of the office or department in which the Member is or was last employed, the Board or its agents, or any other person claiming benefits, rights, or privileges under the CERL and, if applicable, PEPRA.
3. "Application" means a claim for disability or active member death benefits, rights, or privileges under CERL and, if applicable PEPRA, submitted to SJCERA by an Applicant on a form authorized by SJCERA for that purpose.
4. "Application Packet" means the documents that an Applicant is required to provide to SJCERA before an Application will be deemed submitted or filed for processing and evaluation. These documents include: a completed and signed application form, completed and signed questionnaires, signed authorizations for release of information, all relevant medical records and reports, and such other documents and information reasonably required by

SJCERA pursuant to this policy and procedure.

5. “Board” means the San Joaquin County Employees’ Retirement Association’s Board of Retirement.

6. “Board’s Counsel” means an employed staff attorney, an attorney from the Office of County Counsel, or other independent counsel designated by the Board pursuant to Government Code Section 31529.9.

7. “The Fund” means the trust fund governed by the Board pursuant to Government Code Section 31588 and administered under the CERL solely for the overall best interest of Members and their beneficiaries. The Fund shall be a real Party in interest at all disability hearings conducted under this policy and independent Fund Counsel, who does not advise the Board with respect to such proceedings, shall represent the Fund in such hearings.

8. “Disability Medical Provider” means medical, psychiatric, or other healthcare experts retained by SJCERA to examine Members and provide opinion evidence regarding permanent disability and causation issues.

9. “Referee” means an outside hearing officer, administrative law judge, or another Retirement System organized under the 1937 County Employees’ Retirement Law.

10. “Retirement Office” means the physical office of SJCERA at the address posted on www.sjcera.org.

11. “Member” means the SJCERA member who is the subject of the Application or on whose behalf the Application is filed.

12. “Fund Counsel” means the attorney retained by SJCERA to represent the interests of the Fund in investigating and evaluating Applications, providing recommendations to SJCERA, and representing the Fund before the Board.

13. References to written notice or any notice in writing from or by SJCERA mean that such notice may be delivered electronically, by first class mail or certified mail at the discretion of the CEO.

III. Representation by Counsel

A. Any Interested Party, at that Party’s expense, may hire and be represented by an attorney subject to the provisions of this section. No Applicant is required to have an attorney at any time. It is advised, however, that Applicants consider retaining an experienced attorney knowledgeable in CERL and disability retirement matters.

B. If any Interested Party becomes represented by an attorney, either such Party or such attorney shall promptly file with the Retirement Office and serve upon all other Interested Parties written notice of such representation, including the attorney’s name, address, and telephone number. Unless appearing with an

Interested Party at a hearing, an attorney shall not be deemed counsel of record until such notice of representation is duly filed and served. The Interested Party shall be deemed represented by said attorney until written notice of withdrawal or substitution of said attorney is filed with SJCERA and served on all other Interested Parties.

C. The failure to retain an attorney or to provide written notice of representation by such attorney shall in no event be considered good cause, in and of itself, to delay any proceeding under this policy and procedure.

IV. Communication with Individual Board Members

A. The Board is the decision-maker for all Applications. As such, communications concerning the merits or substance of an Application between any Board member and any Interested Party or their representatives, other than the CEO, are forbidden until the Board's decision is final and the time to appeal by writ or otherwise has expired. This prohibition shall remain in effect during the pendency of any writ, appeal, and rehearing. A copy of the *Ex Parte Communication Policy* can be found at www.sjcera.org.

V. Confidential Records

A. All individual records of Members (including, but not limited to, reports, sworn statements, medical reports and records, applications, notices, orders, and findings and decision relating to an application for disability retirement) are confidential and shall not be disclosed by SJCERA to anyone except as set forth in these procedures, upon order of a court of competent jurisdiction, or upon written authorization by the Member.

VI. Application Process

A. Applications may be filed by SJCERA Members, the head of the office or department in which the Member is or was last employed, the Board or its agents, any other person acting on a Member's behalf, or as authorized by CERL.

B. <u>Claim</u>

1. A claim for disability retirement or survivor allowance shall be made by filing a complete Application Packet with the Retirement Office. The Application shall not be deemed complete or filed until the Applicant has submitted all of the following to the Retirement Office:

    a) An Application, on a form approved by SJCERA for that purpose, signed and complete with all requested information therein. The Application shall include a specific description of the injuries, conditions, and diagnoses that give rise to that alleged permanent incapacity.

b) Signed authorizations for release of medical and other information deemed by SJCERA relevant to a full and complete evaluation of the Application.

c) A physician's statement dated no earlier than a year prior to the date of the Application, in a form approved by SJCERA for that purpose complete with all requested information therein, signed and dated by the physician, stating that the Member is permanently incapacitated.

d) Copies of all medical/psychiatric reports and records relevant to the claims made in the Application.

e) All other documents and information that support the granting of the Application.

C. Initial Review of the Application Packet

1. Within 30 days of receipt of an Application Packet for filing, SJCERA shall review the submitted Application Packet and determine whether the application is complete and acceptable for filing. If the Application is determined to be complete, SJCERA shall notify the Applicant electronically and/or by U.S. mail that the Application has been accepted for filing. A complete Application shall be deemed filed as of the date SJCERA received the Application.

2. If, during the 30-day review period in this section, the Application Packet is determined to be incomplete, SJCERA shall notify the Applicant of the deficiency(ies) and that the application has been rejected for filing as incomplete.

D. <u>Further Information Required from Applicant</u>

1. If at any time during the pendency of the Application, the Applicant changes, in any material way, the facts or claims set forth in the Application, the Applicant shall immediately file with the Retirement Office, and serve on all Parties, written notice of such change, including any changes in employment or accommodation and any medical evidence supporting such an amendment. The failure to do so, may, in the discretion of the Board, preclude the Applicant from asserting the facts so alleged or introducing evidence with respect thereto. Notice of any such amendment shall be given, in writing, to Retirement Office within ten (10) days of the date thereof, and in no event later than thirty (30) days prior to any proceeding before the Board or Referee.

2. At any time during the pendency of an Application or in connection with any re-evaluation of the Member's disability status permitted under CERL, the Board or SJCERA may, by written notice to the Applicant, require that the Applicant produce within 30 days any or all of the following items. Said items shall be accompanied by a declaration (on a form approved by SJCERA for that purpose) signed by the Applicant under penalty of perjury affirming that

the Applicant has made a diligent search and reasonable inquiry and that no other responsive items exist.

a) Copies of records, reports, notes, statements, documents, photographs, or other writings, within the definition of Evidence Code Section 250.

b) A narrative report of the Member's current medical condition, and a list of the names and contact information for all of the Member's healthcare providers.

c) Written responses to written questions concerning any matter that is reasonably calculated to lead to the discovery of evidence that would be admissible at a hearing. Said written responses shall be accompanied by a declaration (on a form approved by SJCERA for that purpose) signed by the Applicant under penalty of perjury affirming the truthfulness and completeness of the responses.

3. Any Interested Party shall be entitled to notice and take oral depositions in the manner prescribed by the California Code of Civil Procedure, except that there shall be no distinction between the depositions of expert and non-expert witnesses, and the provisions of the California Code of Civil Procedure pertaining to the depositions of expert witnesses shall not apply. The Party noticing a deposition shall pay any and all deposition costs and the fees to which a witness may be entitled.

E. Investigation and Evaluation

1. Before an administrative recommendation is made to the Board or a hearing before a Referee is set, the following shall be completed:

a.) Within 90 days after an Application is accepted for filing, SJCERA will request any and all records that may be relevant to the determination of the Application. These may include, but are not necessarily limited to, the following: medical, psychiatric, psychological, chiropractic, physical therapy, and acupuncture records; radiology and ultrasound records; electrodiagnostic testing records; laboratory (blood, urine, pathology, etc.) testing records; psychological testing records; personnel and human resources records, incident and injury reports; reports prepared by any law enforcement agency; the Member's complete worker's compensation file pertaining to the subject claim and other potentially related claims including all medical records, reports, deposition transcripts, etc.; HIV and alcohol treatment/testing records in cases where these conditions are at issue.

b.) SJCERA shall require a written statement from the employer/department regarding employment status, job duties, work restrictions and accommodations, if any.

c.) All reasonably pertinent records will be provided to the Disability Medical Provider and the Fund’s Counsel.

d.) The Fund’s Counsel and/or the Disability Medical Provider will review and summarize the records. The Fund’s Counsel will coordinate independent medical examination(s) as necessary and appropriate.

e.) Additional records may be requested or subpoenaed of the Applicant or others.

f.) All medical examinations required of the Member are completed and reports thereof have been submitted to SJCERA.

g.) The Fund’s Counsel will review medical findings and other evidence and make recommendations to the CEO.

h.) Applicant is notified of pending action.

i. If the Fund’s Counsel determines based upon findings and SJCERA procedures that the Applicant has met their burden of proof to show eligibility for a disability retirement benefit, staff will place the matter on the closed session consent calendar at a Board of Retirement meeting with a recommendation to grant the application.

ii. If the Fund’s Counsel determines based upon findings and SJCERA procedures that the Applicant has not met their burden of proof to receive a disability retirement benefit, the CEO will be notified. The Applicant will be notified and given the option to request a hearing. (See below.)

F. Medical Examinations

1. Members may be required to undergo one or more medical or psychiatric examinations by a physician or physicians of SJCERA’s choice as necessary to evaluate the conditions and diagnoses presented in the Application. Such examinations may be unnecessary in the following cases: (1) where the Member has already been examined by at least one qualified medical expert and there is overwhelming and undisputed medical evidence that the Member is permanently incapacitated, such that referring the Member to another examination would be futile; and (2) where the Applicant has not submitted substantial medical evidence that the Member is permanently incapacitated, such that referring the Member to an examination would be unjustified.

2. Members must cooperate during the medical or psychiatric examination process and, if requested, must promptly provide additional medical records and information, or submit to additional examinations.

3. SJCERA shall at least fifteen (15) days before the appointment date, serve

the Member (and if the Applicant is not the Member, the Applicant) with written notice of the date, time and place of the medical or psychiatric examination. Notice may be served electronically and/or by first-class mail through the US Postal Service. If the Member is unable to keep the examination appointment, the Member or their attorney shall notify SJCERA or the Fund's Counsel in writing of such fact at least ten (10) calendar days before the scheduled examination. Failure to provide such notice and appear for the medical examination without good cause may result in the Board assessing medical cancellation fees against the Member and/or any other penalties for failure to comply with these Disability Retirement procedures.

4. The cost of such medical examinations shall be borne by SJCERA.

5. If the examination is at a facility located outside of San Joaquin County, Members may request SJCERA reimburse mileage costs incurred for travel between the examination address and either the San Joaquin County line or the Member's home address, whichever is less. SJCERA will not reimburse for out-of-state travel. Except as set forth in this paragraph, unless otherwise authorized by the Board, travel expenses that are incurred by Members or other Interested Parties relating to these procedures, including but not limited to appearances at hearings, Board meetings and medical examinations, are not eligible for reimbursement by SJCERA.

G. <u>Penalties for Failure to Comply with Disability Retirement Procedures.</u>

1. The failure of an Applicant to comply with the requirements set forth in these procedures may result in a recommendation to dismiss the Application. Upon the Board's own motion or a recommendation by the CEO, and 30 days' written notice to the Applicant without cure, the Board may:

   a) Dismiss any Application in which the Board finds the Applicant to be non-compliant with these procedures. Failure to comply includes, but is not limited to: failure to submit to a duly noticed medical examination, failure to cooperate with any medical examination without good cause, failure, or refusal to comply with, any notice or demand made pursuant to this policy, failure to cooperate in the formal hearing process, and failure to comply with any order of the Board or the Referee.

   b) Dismiss the Application with prejudice upon a finding of bad faith actions, dilatory or frivolous tactics causing undue delay in the proceedings, disobedience to a lawful order, and/or obstruction of the due course of a hearing proceeding.

H. <u>CEO's Recommendation</u>

1. The CEO may recommend to the Board that a Member be retired for service-connected or nonservice-connected disability retirement benefits. The recommendation shall be in writing and include:

   a) A determination of permanent physical or mental incapacity for the performance of the Member's duties;

b) A determination whether the incapacity is the result of an injury or disease arising out of and in the course of the Member's employment and whether such employment contributed substantially to the incapacity;

c) A summary of the evidence in support of the recommendation.

I. Setting the Matter for Hearing

1. If, after investigation, the CEO determines that the Applicant has failed to meet their burden of proof regarding any element legally necessary for the granting of the Application, the Applicant will be notified of its decision in writing, giving the Applicant the following options, if applicable:

   a) If the Applicant has met their burden of proof regarding permanent incapacity but not service connectedness:

      i. The Applicant may amend the Application from service-connected to nonservice-connected disability retirement or death to permit SJCERA to recommend that the Board grant a nonservice-connected disability retirement or death without need for hearing; or

      ii. The Applicant may request both of the following: a hearing on the issue of service-connection, and a request that the Board grant a nonservice-connected disability retirement or survivor allowance;

   b) Stipulate to waive the right to hearing and withdraw the Application.

   c) Request a hearing on all issues presented by the Application.

2. If a written response is not received from the Applicant within thirty (30) calendar days after issuing the written notice in section VI.I.1 above, SJCERA shall commence dismissal procedures under section VI.G for noncompliance.

3. In cases where, as set forth in section VI.I.1.a above, the Applicant has opted to amend the Application from service-connected to nonservice-connected disability retirement, or where the Applicant requests a nonservice-connected disability retirement or survivor benefit and a hearing on the issue of service-connection, SJCERA will recommend that the Board grant a nonservice-connected disability retirement or death benefit.

4. The Applicant may withdraw the Application at any time prior to the Board's final determination. Any withdrawal of an application prior to the assignment to a Referee shall be deemed a withdrawal without prejudice. A withdrawal without prejudice means that any re-submission of the withdrawn application will be considered a new application that must meet all filing requirements, including timely filing requirements. Any withdrawal of an application after the assignment to a Referee will be deemed to be with

prejudice. An application withdrawn with prejudice precludes subsequent submission of the withdrawn application based on the same disability, injury or disease in the absence of new evidence.

VII. Hearings Before A Referee

A. Referral to Referee

1. If the Applicant timely requests a hearing, the matter shall be referred for hearing de novo before a Board-appointed Referee. The Referee shall be provided by the Office of Administrative Hearings of the State of California or by a prescreened panel of acceptable Referees selected by SJCERA. Compensation for the Referee shall be determined by the CEO and shall be paid by SJCERA.

B. Notification of Referral to Referee and Statement of Issues; Certification of Issues, Documents and Witnesses

1. Before a hearing date is set, the following notifications and certifications shall be provided:

a) The Fund's Counsel shall notify the Applicant in writing that SJCERA has referred the matter to hearing before a Referee and that a Referee will be appointed and a hearing scheduled as soon as SJCERA receives the certification required by this section. The written notice will further advise that if SJCERA does not receive the required certification within 30 calendar days, SJCERA will commence dismissal procedures under section VI.G for noncompliance.

b) The written notice will include the following:

i. A list of issues to be determined at the hearing and the names and contact information of all witnesses that may be called by the Fund's Counsel to testify at the hearing.

ii. A copy of SJCERA's Disability Retirement Policy and Procedures.

iii. An electronic copy of all medical records, reports, and other nonprivileged documents in SJCERA's file that have been obtained as part of the disability retirement application process. If the Applicant is not the Member, such records shall not be disclosed to the Applicant unless authorized by the Member, the Referee or the Board of Retirement.

c) Notwithstanding anything in this subdivision, unless otherwise ordered by the Referee or the Board, SJCERA shall only furnish psychiatric and/or other mental health reports and records to the Member's attorney or a treating physician designated by the Member in writing.

d) Enclosed with the notice to the Applicant will be a form which will require the Applicant to certify the following:

i. That there are no additional documents to introduce as evidence at the hearing other than those provided to the Applicant in electronic form along with SJCERA's letter. If there are additional documents, the Applicant must provide them to SJCERA along with the signed certification form. Unless otherwise ordered by the Referee or by stipulation of the parties, any documents not produced with the certification will be barred from introduction as evidence at hearing.

ii. Whether the Applicant will be represented by an attorney at the hearing and, if so, the name and contact information for the attorney.

iii. List the names and contact information for any witnesses the Applicant intends to call to testify at the hearing. Unless otherwise ordered by the Referee or by stipulation of the parties, any witnesses not identified by the Applicant on the certification shall be barred from testifying at the hearing.

C. <u>Setting the Hearing Date</u>

1. Within 30 days of the timely receipt of the Applicant's certification of documents and witnesses, the Fund's Counsel shall contact the Applicant or their attorney to select a mutually agreeable hearing date. The hearing date selected must be no later than 90 days after the filing of the Applicant's certification of documents and witnesses. If an Applicant fails to respond to SJCERA's reasonable requests to set a hearing date, SJCERA may either schedule a hearing date or notify the Applicant in writing that continued failure to confer on a hearing date may result in dismissal of the Application for noncompliance. If the Interested Parties cannot agree on a hearing date, either Interested Party may request a prehearing conference with the Presiding Judge of the Office of Administrative Hearings to set the hearing date.

D. <u>Time and Place of Hearings</u>

1. Unless the parties and the Referee agree otherwise, all hearings shall take place at the Retirement Office. When the date and time of the hearing are selected, SJCERA shall notify the parties and the Referee of the time and place of the hearing.
2. Unless the parties and the Referee agree otherwise, all hearings are deemed set for one full day, beginning at 9:30 a.m. Unless the parties and the Referee agree otherwise, hearings which are not completed by the end of the day shall be continued to the next agreeable hearing date which shall be no more than 30 days from the initial hearing date.

E. <u>Prehearing Conferences</u>

1. At the request of any Interested Party, a prehearing conference may be scheduled with the Referee for the purpose of resolving any evidentiary,

discovery and/or other prehearing disputes or issues. Prehearing conferences may be conducted personally or telephonically. Following the prehearing conference, the Referee may issue any orders relating to briefing, discovery, and/or the conduct of the hearing, including the final exchange of documents and witnesses.

2. Unless otherwise stipulated by the parties, a prehearing conference is mandatory in all cases where the Applicant is unrepresented by counsel.

F. Determining Issues

1. The Referee shall determine all issues presented by the Application by a preponderance of the evidence, including the following, if applicable:

   a) Whether the Member was employed prior to January 1, 1981, and was required as a condition to such employment to execute a waiver for the alleged disability under Government Code Section 31009;

   b) Whether the Member is disabled, that is, whether there is a substantial mental or physical incapacity to perform the Member's normal and usual employment duties ("incapacity");

   c) Whether the incapacity is permanent;

   d) Whether, for nonservice-connected disability, the Member has completed five (5) years of service;

   e) Whether for a service-connected disability:

      i. the incapacity is a result of injury or disease

      ii. the injury or disease arose out of and in the course of the Member's employment; and

      iii. the employment contributed substantially to the incapacity.

   f) Whether, for Members described in Government Code Sections 31720.5, 31720.6, 31720.7 or 31720.9 alleging heart trouble, cancer, blood-borne infectious disease, or illness due to exposure to biochemical substances:

      i. the Member has completed five (5) years of safety service, if required;

      ii. the Member has the condition alleged;

      iii. the Member is permanently incapacitated due to the condition alleged;

      iv. the condition developed while a qualified Member of SJCERA;

      v. and whether the presumption of the relevant Government Code Section has been rebutted

G. Conduct of Hearing

1. A stenographic reporter shall record the proceedings of all hearings authorized by the Board at SJCERA's cost. Any transcription and copies shall be charged to the requesting Party. The hearing shall be considered closed to the public unless applicant asks for it to be in open session. The Referee shall mark for identification only, and not as evidence, all exhibits submitted by the parties, which should include:

   a) the completed Application Packet;

   b) the notice of hearing, with proof of service on the Applicant;

   c) other documents required to be submitted by this policy including, without limitation, relevant medical reports, medical records, employment records, worker's compensation records, etc.

2. Hearing Process.

   a) Each Party may make an opening statement.

   b) Each other Party then shall present evidence, in the order determined by the Referee in accordance with each Party's burden of proof and burden of presenting evidence to establish such proof.

   c) Each Party may cross-examine witnesses.

   d) Rebuttal evidence may be presented.

   e) Each Party may make oral closing arguments.

   f) Upon the conclusion of all closing arguments, the Referee shall determine if all parties are ready to submit the matter for decision, and if so, or if the Referee otherwise orders for good cause, the Referee shall close the hearing and declare the matter submitted for decision.

H. Stipulations

1. Nothing in these procedures may be construed as preventing the parties from stipulating to lesser time requirements than prescribed in these procedures. The Referee may, upon written notice and for good cause shown, lengthen or shorten the times specified in these procedures.

VIII. Rules of Evidence

A. Burden of Proof

1. The Applicant has the burden of proving by a preponderance of the evidence each affirmative issue on which the Application depends. In addition, if the Applicant seeks to assert one or more of the legislative presumptions afforded by the Government Code then the Applicant first

must establish their entitlement to invoke the asserted presumption by offering prima facie evidence of each foundational element required by the applicable Government Code section(s), and the presumption(s) so invoked shall be rebuttable as provided in the applicable section(s).

B. Evidence

1. Oral evidence shall be taken only on oath or affirmation. Unless expressly waived by an opposing Party, all written evidence shall be sworn to or given under penalty of perjury, subject to Subsection E, below.

C. Witnesses

1. Each Party may call and examine witnesses, introduce exhibits, and cross-examine and impeach any witness on any matter relevant to the issues. If the Applicant or any other Party does not testify on that Party's own behalf, that Party may be called and examined as if under cross-examination under Evidence Code Section 776.

D. Refusal of Witness

1. Refusal by an Applicant or other Party to submit to examination or to answer relevant questions shall be grounds for considering those questions to be answered unfavorably to the refusing Party for the purpose of that hearing, and for denying the relief or benefits sought by the refusing Party.

E. Hearing Conduct

1. The hearing need not be conducted according to the technical rules of law relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions.

F. Certified Copies

1. Certified copies of the reports and records of any governmental agency, division or bureau, will be accepted as evidence in lieu of the original thereof.

G. Deposition Transcripts/Video Recordings

1. Any Party may offer, and the Referee shall receive into evidence, any relevant deposition transcript and/or video recording thereof if: (1) the deposition was taken in the manner provided by law or by stipulation of the Parties; and (2) at least twenty (20) calendar days before the hearing the offering Party delivered a copy of the transcript and/or video recording of the deposition to all Parties along with notice of intent to introduce same

into evidence. Nothing herein shall require or permit receiving into evidence any deposition testimony to which objection is properly raised if such testimony would be inadmissible were the witness present and testifying at the hearing. Deposition transcripts/video recordings shall be admissible notwithstanding that the deponent is available to testify. Depositions of experts, including medical experts, may be introduced in lieu of live testimony pursuant to Code of Civil Procedure Section 2025.620(d)

H. Written Medical Reports As Evidence

1. A written medical report bearing the signature of the medical witness shall be admissible in evidence as the author's direct testimony. Such medical reports shall not be inadmissible on the basis that they constitute hearsay. Each Party has the right to cross-examine the authors of medical reports pursuant to a subpoena issued and served in compliance with these procedures.

I. Subpoena Powers and Witness Fees

1. Subpoena powers shall be vested in the Board officers, the CEO and the Referee in accordance with Government Code Section 31535. Subpoenas shall be requested through the Fund's Counsel who shall transmit the request to SJCERA. Subpoenas issued shall be transmitted to the Party requesting the subpoena. The requesting Party shall have the sole responsibility for serving and enforcing the subpoena and for paying all costs associated with the subpoena.

2. A written motion to quash a subpoena may be made to the Referee on one or more of the following grounds, which shall be clearly and fully stated in the motion and supported by declarations under penalty of perjury:

   a) Compliance will be unduly burdensome or against public policy.

   b) The things subpoenaed are privileged by law.

   c) The things subpoenaed are irrelevant or unnecessary to the proceedings.

   d) The things subpoenaed have not been described with sufficient clarity to enable the witness to comply. Before it commences or continues with the proceeding, the Referee shall wholly or partially grant or deny the motion to quash.

3. The Party calling a witness to testify (whether by subpoena or otherwise) shall be solely responsible for paying any expert or nonexpert witness fees, mileage charges, and other costs associated with the witness' testimony. Non-expert witness fees and mileage charges shall be calculated as provided by law.

J. Service of Proposed Findings of Fact and Recommended Decision

1. Within 30 days after closing the hearing, the Referee will prepare a summary of the evidence received, findings of fact, conclusions of law, and a recommended decision. In accordance with the provisions of Government Code Section 31533, the findings of fact and proposed recommendation of the Referee shall be served on the CEO, who in turn shall distribute a copy to all parties.

2. Either Party may submit written objections to the Referee's recommended decision to SJCERA within ten (10) calendar days from the date SJCERA distributes the notice to all parties. The non-objecting Party may submit their response to the objections 10 days after the filing of the objections. The written objections and response shall be incorporated into the record submitted to the Referee's consideration.

K. Board's Decision

1. Upon receipt and review of the recommended decision of the Referee and any filed objections and responses, the Board may:

   a.) Approve and adopt the recommended decision of the Referee, or

   b.) Refer the Application to the Referee for further hearing and/or consideration, or

   c.) Require a written transcript or summary of all testimony plus all other evidence received by the Referee to be submitted by the CEO to the Board. Following its receipt and review of the transcript and evidence, the Board shall:

      i. Take action as is appropriate to the evidence and the provisions of the CERL, or

      ii. Refer the matter back to the Referee with or without instruction for further proceedings; or

      iii. Set the matter for hearing de novo before itself. The Board shall hear and decide the matter as if it had not been referred to the Referee. Unless otherwise allowed by the Board, the hearing shall be confined to the evidence, witnesses, and issues set forth in the certification and statement required by this policy. All hearings before the Board shall require the attendance of at least the same seven (7) members throughout the hearing and shall be conducted as if it were a hearing held before a Referee in accordance with this policy.

IX. Final Decision

A. The Board's decision shall become final upon notice of the decision on all parties, including the employer.

B. Judicial Review. In those cases where a Party or Applicant is entitled to judicial review of the proceedings before the Board, any petition for writ of mandate shall be filed with the superior court within ninety (90) days from the date the notice of this Board's decision is mailed to the Party or Applicant or is delivered to the Party or Applicant.

X. Law Prevails

A. In the event a conflict between this policy and CERL, PEPRA, or other applicable statutes arises, the law shall prevail.

XI. Policy Review

A. Staff shall review this policy every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must, be approved by the Board of Retirement in accordance with the bylaws. Effective upon adoption.

XII. History

3/1/2018	Bylaw Sections 8, 9, 10 & 11 Converted to Board Policy and Board of Supervisor approved Bylaws
06/28/2018	Staff updated format
08/10/2018	Modified the definitions of Applicant and Application to conform with SJCERA's adopted code sections
07/12/2019	Revised to include definitions, add requirements that an application must meet before being filed, allow the member to elect not to go to hearing, allow the use of depositions, clarify mileage reimbursement may be requested for out-of-county travel to SJCERA-scheduled examinations, and specify that SJCERA may determine an examination is not required in some cases.
7/10/2020	Amended to clarify the use of a Referee for hearings, the order of the prehearing and hearing process, subpoena options, and penalties for noncompliance.
07/14/2023	Updated to reflect current practices including non-Member Applicant role, travel reimbursement, deadline for Referee's recommended decision, and other minor clarifications.
01/12/2024	Updated to reflect new legislation adding additional presumptions.
07/12/2024	Amended to clarify applicant is allowed to have their hearing in open session instead of closed session.

Certification of Board Adoption:

7/12/2024

Clerk of the Board Date

Document and Data Retention Policy

I. Purpose

A. To establish guidelines for the storage, maintenance, and destruction of documents and data owned, managed, or controlled by SJCERA in accordance with their administrative, legal, fiscal and historical value.

II. Authority

A. This policy is written in accordance with California Government Code Section 31537 (retirement board may establish efficient records management procedures), Section 12236 (guidelines for local government records retention) and the Uniform Electronic Transaction Act, Civil Code section 1633.1, which provides requirements if electronic records are retained in lieu of paper records.

III. Guidelines

A. Unless otherwise specified in the Document and Data Retention Schedule, once the information in electronic format has been verified, the records from which the electronic images were created should be destroyed. The information in the electronic format then becomes the copy of record (also known as the record or master copy) and must be retained as specified on the document retention schedule.

i. The CEO will be responsible for the creation and maintenance of the SJCERA Document and Data Retention Schedule. The CEO shall ensure compliance with all applicable laws and regulations.

ii. The minimum retention period of a record must be consistent with applicable laws, orders, rules or regulations. When no such criteria exist, a reasonable retention period will be established based on SJCERA's needs and the usefulness of the information.

iii. Once records have fulfilled their administrative, fiscal or legal function, they will be disposed of as soon as practical in accordance with the Document and Data Retention Schedule, unless they have enduring historical value as determined by the CEO.

iv. Board action is not required for the destruction of documents in accordance with Document and Data Retention Schedule.

v. Exceptions to the Document and Data Retention Policy may be made by the appropriate manager in consultation with the CEO. Exceptions should weigh the need for retaining the record against the cost to store and retrieve the record.

vi. Retained information must be stored in a manner designed to ensure its accessibility, integrity, confidentiality, authenticity and legibility. No pages of any record shall be destroyed if any page cannot be reproduced with full legibility. Every unreproducible page shall be permanently preserved in a manner that will afford easy reference.

vii. Preliminary drafts and notes may be destroyed if they are no longer needed and there is no legal or policy requirement that they be retained.

viii. Imaged files or other electronic reproduction of records shall be deemed to be an “original” record of the paper record and the paper records may be destroyed, upon a determination by the CEO that:

a. The records were electronically imaged or recorded on a medium that is a trusted system and that does not permit additions, deletions or changes to the original document;

b. The device used to reproduce the record, paper or document on the medium is one which accurately and legibly reproduces the original thereof in all details and that does not permit additions, deletions or changes to the original document images;

c. The imaged or reproduced records are used by SJCERA in the ordinary conduct of its business in lieu of the paper records and made as accessible for public reference as the paper records were; and

d. A true electronic or paper copy of archival quality shall be kept in a safe and separate place for security purposes. (See Section V.A of this policy)

e. No pages of any record shall be destroyed unless or until all pages can be legibly reproduced. Any unreproducible page(s) shall be preserved in a manner that will afford easy reference until or all legal and policy requirements are satisfied.

B. In consultation with counsel, records pertinent to an administrative investigation, anticipated or pending litigation, or subject to an express litigation “hold,” shall be retained until final resolution of the investigation or litigation, or until expiration of the regular specified retention period, whichever is later.

IV. Email Correspondence

A. Electronic communications, including e-mail, are considered transitory in nature and are not customarily kept or retained by SJCERA as the primary means for preserving information for future reference. E-mail will be purged from the system per the Document and Data Retention Schedule.

V. Electronic Data Retention

A. All electronic data will be backed up on a predetermined schedule (daily or weekly) utilizing secure off-site storage platforms.

VI. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance with Government Code Sections 12236 and 31537. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with its bylaws.

VII. History

09/14/2007	Board adopted Policy
11/11/2017	Staff updated format
10/12/2018	Amended
04/12/2019	Policy Review section amended to at least once every three years
07/09/2021	Updated statutory reference, storage platform, and aligned with existing processes
07/12/2024	Non-substantive change

Certification of Board Adoption:

07/12/2024

Clerk of the Board Date

Electronic Signature Policy

I. Purpose

To establish guidelines for accepting electronic signatures.

II. Scope

A. The use or acceptance of electronic signature shall be at the option of SJCERA and the member submitting the electronically signed document. Nothing in this Policy requires SJCERA to use or permit the use of electronic signature.

III. Definitions

A. For the purposes of this policy, the following definitions apply:
   i. "Electronic signature" includes both software-captured electronic signatures and copies of original, handwritten signatures submitted electronically.
   ii. "Member" includes member, nonmember former spouse, eligible survivor/beneficiary, or person with legal authority to act on their behalf.

IV. Electronic Signature Guidelines

A. The use of electronic signatures is permitted and shall have the same force and effect as the use of a original, handwritten signature if all the following criteria are met:
   1. The electronic signature is unique to the person using it.
   2. The electronic signature is capable of verification.
   3. The electronic signature is under the sole control of the person using it.
      a. Email notifications requesting electronic signatures must not be forwarded.
   4. The electronic signature is linked to the data in such a manner that if the data is changed after the electronic signature is affixed, the electronic signature is invalidated.

B. Electronically signed documents submitted with software programs that use technology sufficient to ensure the integrity, security, and authenticity of documents will have the same legal force as a signed, valid original document.

C. SJCERA may contact persons who have submitted electronically signed documents at their own discretion in order to ensure verification compliance.

V. Electronic Signature Guidelines

A. Documents that initiate or affect the distribution of payment or payment information generally require an original signature.

B. The use of electronic signatures is permitted and shall have the same force and effect as the use of an original, handwritten signature if all the following criteria are met:
   1. The member's identity has first been verified by staff following existing protocols.
   2. Staff has validated that the document was sent to SJCERA by the member.
   3. Signature on the document is consistent with other signature samples on file at SJCERA.

VI. Retention

A. Any member documents received electronically will be stored in SJCERA's Electronic Document Imaging System according to the *Document and Data Retention* policy.

IV. Law Prevails

A. In the event a conflict between this policy and the County Employees Retirement Law, the Public Employees' Pension Reform Act, or other applicable statute arises, the law shall prevail.

V. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with its bylaws.

VI. History

07/08/2022	Policy adopted by the Board of Retirement
07/12/2024	Non-substantive change

Certification of Board Adoption:

	07/12/2024
Clerk of the Board	Date

Related Statutes:
California Government Code Section 31527(i)

Normal Retirement Age – IRC 401(a)

I. Purpose

A. This policy reaffirms and clarifies the existing practices of the Association with respect to the normal retirement age applicable for the Association in accordance with Internal Revenue Code section 401(a) and Treasury regulations issued thereunder.

II. Normal Retirement Age

A. General Members

1. Normal Retirement Age for general members is age 59 years, or if later, the date at which a Member vests in his or her right to receive a monthly retirement allowance from the Association. In accordance with the CERL, normal retirement age is not later than 72 years of age.

B. Safety Members

1. Normal Retirement Age for safety members is 54 years of age, or if later, the date at which a Member vests in his or her right to receive a monthly retirement allowance from the Association. In accordance with the CERL, normal retirement age is not later than 72 years of age.
2. For purposes of this policy, “Safety member” shall mean a member who immediately prior to retirement was employed in a job classification in the Safety retirement category as designated by the CERL, or as determined by the Board, and who was eligible for a safety retirement allowance from SJCERA. “General member” shall mean all other SJCERA members.

C. Basis for Determining

1. These normal retirement ages are based on data provided by the Association's actuary finding that the most typical retirement age for general members of the Association is 59 years of age and the most typical retirement age for safety members of the Association is 54 years of age.

D. Adjustment

1. The Board of Retirement for the Association may change the normal retirement age determined herein to the extent required to comply with Code section 401(a) or for any other reasons determined by the Board. The normal retirement age determined herein does not create any “vested rights” under California or federal law including but not limited to the contracts clause of the California Constitution.

III. Code and Regulations Prevail

A. This policy is intended to be in accordance with the Internal Revenue Code (Code) and the applicable Treasury regulations. To the extent there is a conflict between this policy and the Code and Treasury regulations, the applicable law will govern.

IV. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the Bylaws.

V. History

01/01/2015	Effective Date of Bylaw Section 23
12/08/2017	Extracted from Bylaws into policy
06/29/2018	Staff reviewed, no content changes; updated format
04/12/2019	Policy Review section amended at least once every three years
07/09/2021	Staff reviewed, no content changes
07/12/2024	Updated normal retirement age and other non-substantive changes

Certification of Board Adoption:

07/12/2024

Clerk of the Board Date

Trustee Education Policy

I. Statement of Purpose

A. The purpose of this Trustee Education Policy is to establish guidelines and procedures for members of the Board of Retirement (Board) of the San Joaquin County Employees' Retirement Association that recognize and affirm the importance of education to a Trustee's success in fulfilling his or her fiduciary responsibilities.

II. Policy Objectives

A. Enable Trustees to gain the knowledge they need to carry out their fiduciary responsibilities and engage in effective group discussion, debate and decision making with regard to SJCERA.

B. Provide newly appointed or elected Trustees with the general introductory knowledge they need to effectively participate in Board and Committee deliberations in a timely manner.

C. Provide Trustees opportunities to learn through networking with trustees and staff of other public retirement systems and learn of alternative approaches to common issues and problems.

III. Board Education Guidelines

A. Appropriate educational topics for trustees include, but are not limited to:

1. Fiduciary responsibilities
2. Ethics
3. Pension fund investments and investment program management
4. Actuarial matters
5. Pension funding
6. Benefits administration
7. Disability evaluation
8. Fair hearings
9. Pension fund governance
10. New trustee orientation, and
11. Sexual harassment prevention training

B. A variety of educational sources, venues, and methods are necessary and appropriate since no single method of Trustee education is optimal.

C. Educational seminars sponsored by state or national public pension fund organizations and seminars sponsored by accredited academic institutions shall be deemed to meet Trustee education requirements. (Exhibit A lists the organizations and institutions that provide educational programs to the public pension community.)

D. This Policy is not intended to dictate that Trustees attend only specific conferences or programs. The Policy is a framework for the types of educational opportunities available to Trustees.

E. The Board will periodically review the programs, training or educational sessions that qualify for trustee education.

F. The CEO shall review and evaluate available educational conferences and bring to the attention of the Board those believed to be valuable and appropriate for Trustee education and compliance with the requirements of this policy. Trustees may also bring forward appropriate educational conferences for consideration.

G. Standards for determining the appropriateness of a potential educational opportunity shall include:

1. The extent to which the opportunity is expected to provide Trustees with the knowledge they need to carry out their roles and responsibilities;
2. The extent to which the opportunity meets the requirements of this policy; and
3. The cost-effectiveness of the program in light of travel, lodging and related expenses.

IV. Trustee Education Requirements

A. Each Trustee must receive a minimum of twenty-four (24) hours of trustee education within the first two years of assuming office and for every subsequent two-year period the Trustee continues as a member of the Board.

1. As part of the twenty-four (24) hours of required education, each Trustee must receive a minimum of at least two (2) hours of sexual harassment prevention training within the first six (6) months of assuming office and for every subsequent two-year period the Trustee remains on the Board.

~~1.~~2. Staff shall maintain a Trustee Training Program document which shall indicate a suggested guidance and schedule for education for Trustees. This document shall be maintained by Staff with guidance from the Board.

B. The Board shall maintain a record of Trustee compliance with this policy. This Trustee Education Policy and an annual report on Trustee compliance will be placed on SJCERA's website.

V. Law Prevails

A. In the event a conflict between this policy and the County Employees Retirement Law, the Public Employees' Pension Reform Act, or other applicable statute arises, the law shall prevail.

VI. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

VI. History

09/28/2012 Adopted
01/13/2017 Reviewed by Board of Retirement
06/29/2018 Staff reviewed, no content changes required; updated format.
04/12/2019 Policy Review section amended to at least once every three years
07/12/2019 Added Sexual Harassment Prevention Training per Government Code section 53237.1 (AB 1661)
07/08/2022 Added Law Prevails section; added legal counsel to list of education providers in Exhibit A
07/12/2024 Added Trustee Training Program document

Certification of Board Adoption:

07/~~08~~12/2024~~2~~

Clerk of the Board Date

Relevant References
Government Code Sections 31522.8 and 53237.1

<u>State or National Pension Fund Organizations and Programs</u>

1. California Association of Public Retirement Systems (CALAPRS):
    a. Annual board member training held at the Stanford University campus
    b. Annual General Assembly
    c. Quarterly Trustee Roundtables

2. Statewide Association of County Retirement Systems (SACRS):
    a. Spring and Fall Conferences for member systems
    b. UC Berkeley Haas School of Business course on pension investment management

3. International Foundation of Employee Benefit Programs (IFEBP)

4. National Conference on Public Employee Retirement

5. National Association of State Retirement Administrators

6. Wharton School of Business, University of Pennsylvania:
    a. Investment Strategies and Portfolio Management

7. <u>Other Educational Events or Program Providers</u> (include, but are not limited to:)
    a. Pension and Investments
    b. Institutional Investors
    c. Institutional Real Estate Investment, Inc. (IREI)
    d. SJCERA Annual Investment Manager Roundtable
    e. Board education/presentations from retained actuary, auditor, general or specialist investment consultants, investment managers and advisors, and legal counsel
    f. Investor conferences presented by managers, advisors, or general partners of funds/strategies in which SJCERA invests

Trustee Education Policy

I. Statement of Purpose

A. The purpose of this Trustee Education Policy is to establish guidelines and procedures for members of the Board of Retirement (Board) of the San Joaquin County Employees' Retirement Association that recognize and affirm the importance of education to a Trustee's success in fulfilling his or her fiduciary responsibilities.

II. Policy Objectives

A. Enable Trustees to gain the knowledge they need to carry out their fiduciary responsibilities and engage in effective group discussion, debate and decision making with regard to SJCERA.

B. Provide newly appointed or elected Trustees with the general introductory knowledge they need to effectively participate in Board and Committee deliberations in a timely manner.

C. Provide Trustees opportunities to learn through networking with trustees and staff of other public retirement systems and learn of alternative approaches to common issues and problems.

III. Board Education Guidelines

A. Appropriate educational topics for trustees include, but are not limited to:

1. Fiduciary responsibilities
2. Ethics
3. Pension fund investments and investment program management
4. Actuarial matters
5. Pension funding
6. Benefits administration
7. Disability evaluation
8. Fair hearings
9. Pension fund governance
10. New trustee orientation, and
11. Sexual harassment prevention training

B. A variety of educational sources, venues, and methods are necessary and appropriate since no single method of Trustee education is optimal.

C. Educational seminars sponsored by state or national public pension fund organizations and seminars sponsored by accredited academic institutions shall be deemed to meet Trustee education requirements. (Exhibit A lists the organizations and institutions that provide educational programs to the public pension community.)

D. This Policy is not intended to dictate that Trustees attend only specific conferences or programs. The Policy is a framework for the types of educational opportunities available to Trustees.

E. The Board will periodically review the programs, training or educational sessions that qualify for trustee education.

F. The CEO shall review and evaluate available educational conferences and bring to the attention of the Board those believed to be valuable and appropriate for Trustee education and compliance with the requirements of this policy. Trustees may also bring forward appropriate educational conferences for consideration.

G. Standards for determining the appropriateness of a potential educational opportunity shall include:

1. The extent to which the opportunity is expected to provide Trustees with the knowledge they need to carry out their roles and responsibilities;
2. The extent to which the opportunity meets the requirements of this policy; and
3. The cost-effectiveness of the program in light of travel, lodging and related expenses.

IV. Trustee Education Requirements

A. Each Trustee must receive a minimum of twenty-four (24) hours of trustee education within the first two years of assuming office and for every subsequent two-year period the Trustee continues as a member of the Board.

1. As part of the twenty-four (24) hours of required education, each Trustee must receive a minimum of at least two (2) hours of sexual harassment prevention training within the first six (6) months of assuming office and for every subsequent two-year period the Trustee remains on the Board.
2. Staff shall maintain a Trustee Training Program document which shall indicate a suggested guidance and schedule for education for Trustees. This document shall be maintained by Staff with guidance from the Board.

B. The Board shall maintain a record of Trustee compliance with this policy. This Trustee Education Policy and an annual report on Trustee compliance will be placed on SJCERA's website.

V. Law Prevails

A. In the event a conflict between this policy and the County Employees Retirement Law, the Public Employees' Pension Reform Act, or other applicable statute arises, the law shall prevail.

VI. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

VI. History

09/28/2012	Adopted
01/13/2017	Reviewed by Board of Retirement
06/29/2018	Staff reviewed, no content changes required; updated format.
04/12/2019	Policy Review section amended to at least once every three years
07/12/2019	Added Sexual Harassment Prevention Training per Government Code section 53237.1 (AB 1661)
07/08/2022	Added Law Prevails section; added legal counsel to list of education providers in Exhibit A
07/12/2024	Added Trustee Training Program document

Certification of Board Adoption:

07/12/2024

Clerk of the Board Date

Relevant References

Government Code Sections 31522.8 and 53237.1

EXHIBIT A

State or National Pension Fund Organizations and Programs

1. California Association of Public Retirement Systems (CALAPRS):
    a. Annual board member training held at the Stanford University campus
    b. Annual General Assembly
    c. Quarterly Trustee Roundtables

2. Statewide Association of County Retirement Systems (SACRS):
    a. Spring and Fall Conferences for member systems
    b. UC Berkeley Haas School of Business course on pension investment management

3. International Foundation of Employee Benefit Programs (IFEBP)

4. National Conference on Public Employee Retirement

5. National Association of State Retirement Administrators

6. Wharton School of Business, University of Pennsylvania:
    a. Investment Strategies and Portfolio Management

7. <u>Other Educational Events or Program Providers</u> (include, but are not limited to:)
    a. Pension and Investments
    b. Institutional Investors
    c. Institutional Real Estate Investment, Inc. (IREI)
    d. SJCERA Annual Investment Manager Roundtable
    e. Board education/presentations from retained actuary, auditor, general or specialist investment consultants, investment managers and advisors, and legal counsel
    f. Investor conferences presented by managers, advisors, or general partners of funds/strategies in which SJCERA invests

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

July 12, 2024 **Agenda Item 7.05**

SUBJECT: Board Policies Requiring Substantive Amendments

SUBMITTED FOR: __X_ CONSENT __ ACTION ___ INFORMATION

RECOMMENDATION

The Administrative Committee recommends the Board approve the proposed policy amendments as described below.

PURPOSE

To amend the policies to ensure that they remain relevant, appropriate and in compliance, per Section III.C of the Administrative Committee Charter.

DISCUSSION

In accordance with the Board's requirement, staff typically review one-third of the policies annually. As part of our new in-house Chief Counsel onboarding, staff chose to review all of the policies this year. The proposed policies requiring substantive amendments are below.

- Compensation Earnable Annual Limit – IRC 401(a)(17) Policy – Updated the example calculations
- Dissolution of Marriage or Registered Domestic Partnership Policy – Amended to delegate authority to consent to Domestic Relations Orders and related filings to Staff
- Final Compensation Review Policy – Amended gross compensation definition, formalized appeal process and other non-substantive changes

ATTACHMENTS

Proposed revisions to Compensation Earnable Annual Limit-IRC 401(a)(17) Policy
Proposed revisions to Dissolution of Marriage/Domestic Partnership Policy
Proposed revisions to Final Compensation Review Policy

Renee Ostrander
Chief Executive Officer

Compensation Earnable Annual Limit – IRC 401(a)(17)

I. Purpose

A. This policy reaffirms and clarifies the existing practices of the Association with respect to the limit on annual compensation earnable under Internal Revenue Code section 401(a)(17) and Treasury regulations issued thereunder.

II. Limitation On Annual Compensation Earnable

A. In General

1. Annual Compensation Earnable Limit

The annual amount of compensation that is taken into account in determining all benefits provided by the Association to affected Members for any year, which is referred to in the CERL and in this policy as "Compensation Earnable", shall in no event be greater than the amount allowed by Code section 401(a)(17) adjusted in accordance with the Code for increases in the cost of living. This limit is called the Annual Compensation Earnable Limit in this policy. (Certain Members may also be subject to the limitation on Pensionable Compensation under PEPRA section 7522.10(c) and (d) which would produce a lower limit than the limit under Code section 401(a)(17).)

2. Members Affected by the Annual Limit

a. Not Applicable to Pre-January 1, 1996 for Association Members

The Annual Compensation Earnable Limit does not apply to any individual who first became a Member of the Association prior to January 1, 1996.

b. Applies to New Members of the Association on and after January 1, 1996

In accordance with CERL section 31671, the Annual Compensation Earnable Limit shall apply to all individuals who first become Members of the Association on or after January 1, 1996.

c. Date First Becomes a Member

An individual first becomes a Member on the date that a Member first became a Member in the Association, regardless of whether the Member terminated and resumed participation in the Association at a later date.

B. Operation Rules, In General

This section applies to members who are not grandfathered under Section II.A.2.a.

1. Limited Compensation Earnable

All Compensation Earnable that would be taken into account for determining benefits provided by the Association without regard to this policy is subject to the Annual Compensation Earnable Limit. Such Compensation Earnable is not limited to salary or to base salary.

2. Benefits Affected by the Limit

   The Annual Compensation Earnable Limit applies to the determination of all benefits provided by the Association including pensions, annuities, retirement allowances, death benefits, disability benefits, refunds and withdrawals that are determined by member contributions (including such contributions that are or may have been in the past "picked up" by the employer) under Code 414(h)(2) and earnings thereon.

3. Compensation Earnable from More Than One Employer

   If Compensation Earnable from more than one employer that participates in the Association is taken into account in determining a Member's benefits, the Annual Compensation Earnable Limit shall apply separately to the Compensation Earnable from each employer. For example, if the Compensation Earnable Limit is $345,000 for the year and the Member has Compensation Earnable of $225,000 from one participating employer and $120,000 from another participating employer, the unreduced total Compensation Earnable from each employer may be taken into account. The Annual Compensation Earnable Limit does not apply to the aggregate of Compensation Earnable earned from all employers that participate in the Association.

4. Proration for Short Plan Year

   If a plan year consists of fewer than 12 months, the Annual Compensation Earnable Limit is an amount equal to the otherwise applicable Annual Compensation Earnable Limit multiplied by a fraction, the numerator of which is the number of months in the short plan year, and the denominator of which is 12. No proration is required for participation of less than a full plan year.

5. Reciprocity and New Membership in the Association

   An individual who becomes a Member of the Association on or after January 1, 1996, and who has reciprocity with another public sector retirement plan nevertheless is a new Member of the Association. Membership before January 1, 1996 in another retirement plan with which the Association has reciprocity does not create pre-January 1, 1996 Association membership for purposes of the Annual Compensation Earnable Limit.

6. Reciprocity and Prior Membership in the Association

   A person who was a grandfathered Member of the Association prior to January 1, 1996 under Section II.A.2.a who terminated employment with an employer that participated in the Association, remains a Member of the Association prior to January 1, 1996. Therefore, if the Member established reciprocity between another public sector retirement plan and the Association, any higher Compensation Earnable that is earned under the other plan shall be taken into account by the Association in accordance with the rules of reciprocity and that Compensation Earnable shall not be limited by the Annual Compensation Earnable Limit.

7. Relationship between 415 Limit and Compensation Earnable Limit

   The limits of Code section 415 and Code section 401(a)(17) are separate and independent. Each limit is operated according to its own rules and applies separately. Therefore, the Annual Compensation Earnable Limit may apply to a Member and the Code section 415 limit may not apply. Similarly, the Code section 415 limit may apply to a Member and the Annual Compensation Earnable Limit may not apply. Also, both of these limits may apply to the same Member.

8. Clarification Concerning Member Contributions

   Because Member contributions are the basis for benefits provided by the Association, Member contributions shall not be made by taking into account Compensation Earnable in excess of the Annual Compensation Earnable Limit. To the extent the provisions of PEPRA, including section 7522.10(h), include greater limitations on the manner in which Member contributions may be calculated, such limits shall apply to the calculation of Member contributions.

9. General Plan Year Rule for Determining the Limit

   If Compensation Earnable for any prior plan year is taken into account in determining a Member's benefits for the current plan year, the Compensation Earnable for such prior plan year is subject to the applicable Annual Compensation Earnable Limit in effect for that prior plan year. In addition, in determining benefits for plan years beginning on or after January 1, 2002, the Annual Compensation Earnable Limit in effect for plan years beginning before that date is $200,000.

III. Plan Year and Cost of Living Adjustments

A. Annual Adjustment for Cost-of-Living Increases

   The Annual Compensation Earnable Limit may be adjusted annually by the Internal Revenue Service for cost of living changes in accordance with the Code.

B. General Rule-Application of Limit to a Plan Year

   In general, the Annual Compensation Earnable Limit is applied to the Compensation Earnable for the plan year on which accruals of benefits from the Association are based.

C. Plan Year Compensation Earnable

   1. General Rule

      To the extent that the Association determines Compensation Earnable for benefit accruals for a plan year based on Compensation Earnable for the plan year, then the Annual Compensation Earnable limit that applies for the plan year is the limit in effect for the calendar year in which the plan year begins.

Since the Association's plan year corresponds to the calendar year, the Compensation Earnable used to determine all benefit accruals for each plan year is limited to the Annual Compensation Earnable Limit in effect as of January 1 of the calendar year that coincides with that plan year.

2. Member Contributions

Since the Association's plan year corresponds to the calendar year, the Compensation Earnable used to determine Member contributions for each plan year shall be limited to the Annual Compensation Earnable Limit in effect as of January 1 of the calendar year that coincides with the plan year.

D. Examples

1. Example – Retirement Allowance

The retirement allowance provided by the Association for certain Members is based on the highest 12 consecutive months of Compensation Earnable ending within the plan year. The Annual Compensation Earnable Limit was $330,000 for the 2023 calendar year and $345,000 for the 2024 calendar year. A Member retires in May 2024. The Member's highest 12 consecutive months of Compensation Earnable is for the period May 1, 2023 through April 30, 2024. The annual Compensation Earnable used for determining this Member's benefits for the 2024 year is limited to $330,000, not $345,000, because this is the limit in effect for the calendar year in which the 12-consecutive month period began.

For some Members of the Association, including Members subject to the requirements enacted under PEPRA, the retirement allowance provided by the Association is based on the highest 36 consecutive months of Compensation Earnable ending within the plan year. The Annual Compensation Earnable Limit was $285,000 for 2021, $290,000 for 2022, and $305,000 for 2023. A Member retires in May 2024. The Member has $450,000 per year ($12,500 per month) of Compensation Earnable during the Member's highest 36 consecutive months of Compensation Earnable for the period May 1, 2021 through April 30, 2024. The Association may not base the Member's benefits for 2024 on annual Compensation Earnable in excess of $293,000, the average of the limits in effect for each of the three 12-consecutive month periods: the May 1, 2021 through April 30, 2022 period is capped at $285,000, the 2021 limit; the May 1, 2022 through April 30, 2023 is capped at $290,000, the 2022 limit; and the May 1, 2023 through April 30, 2024 is capped at $305,000, the 2023 limit. The average of these capped amounts, $293,000, is the Annual Compensation Earnable Limit for determining benefits for the 2024 plan year for a member who retires in May, 2024 because that is the average limit for the three calendar years in which the member's average 36 consecutive months of compensation earnable begins.

2. Example – Member Contributions

The refund or withdrawal benefits from Member contributions are accrued on an annual basis. The Annual Compensation Earnable Limit was $285,000 for the 2021 calendar year; $290,000 for the 2022 calendar year; and $305,000 for the 2023 calendar year.

Since the Association's plan year corresponds to the calendar year, the Annual Compensation Earnable Limit for Member contributions was $285,000 for the 2021 plan year; $290,000 for the 2022 plan year; and $305,000 for the 2023 plan year.

IV. This policy is intended to be in accordance with the Internal Revenue Code (Code) and the applicable Treasury regulations. To the extent there is a conflict between this policy and the Code and Treasury regulations, the applicable law will govern.

V. Policy Review

Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance.

VI. History

01/01/2015	Effective Date of Bylaw Section 21
12/08/2017	Extracted from Bylaws into policy
07/06/2018	Staff reviewed, no content changes
04/12/2019	Policy Review section amended to at least once every three years
07/09/2021	Staff deleted the cost of living adjustment of $260,000 for 2014 referenced in II.A.1
07/12/2024	Updated the example calculations

Certification of Board Adoption

	07/12/2024
Clerk of the Board	Date

Dissolution of Marriage or Registered Domestic Partnership

I. Purpose

A. This policy governs the management and operation of the retirement system with respect to the Dissolution of Marriage or Registered Domestic Partnership (RDP) for the benefit of its membership, including its retired members and their survivors, dependents, and beneficiaries.

II. Community Property

A. Effective August 1, 1997, pursuant to Resolution N. 97-474 of the Board of Supervisors of San Joaquin County, SJCERA shall accept orders pertaining to the division of the community property interest in a member's account only if such orders are issued (1) by a court of competent jurisdiction, (2) in conformance with the provisions of Family Code Section 2610 and (3) in conformance with the provisions of Article 8.4 of the CERL, commencing at Government Code Section 31685. SJCERA shall return orders which are not in conformance with these criteria to the parties for revision.

III. Nonmember Rights

A. For the purposes of this policy, the former spouse/partner of the employee member is referred to as the nonmember.

B. A nonmember who, pursuant to an appropriate court order, elects to establish a separate account, as authorized by Article 8.4 of the CERL, may exercise the rights of a member, except that (a) a nonmember is not eligible to apply for or receive a disability retirement allowance, (b) a nonmember's pre-retirement death benefits shall consist of return of the contributions and interest in the nonmember's account, and (c) a non-member is not eligible to participate in the election of Board members.

C. Pursuant to Section 31685 (c), the nonmember is entitled to the following:

i. The right to a retirement allowance.
ii. The right to a refund of accumulated retirement contributions.
iii. The right to redeposit accumulated retirement contributions that are eligible for redeposit by the member.
iv. The right to purchase service credit that is eligible for purchase by the member.
v. The right to designate a beneficiary to receive his or her accumulated contributions payable at the time of the nonmember's death.
vi. The right to designate a beneficiary for any unpaid allowance payable at the time of the nonmember's death.

IV. Election of Optional Allowances

A. A nonmember may retire pursuant to the provisions of the CERL and/or PEPRA and may elect any of the optional retirement allowances, set forth therein subject to the limitations thereof.

V. Actuarial Equivalency

A. Benefits determined pursuant to this policy shall be determined on the basis of the actuarial economic and demographic assumptions and values prescribed by the Board of Retirement. Under no circumstances shall SJCERA be required to make payments in any manner that will result in an increase in the amount of benefits provided under the plan.

VI. Approval

A. All joinders of SJCERA in dissolution of marriage proceedings and domestic relations orders resulting therefrom are subject to legal review and approval..

VII. Law Prevails

A. In the event of a conflict between this policy and the County Employees Retirement Law, the Public Employees' Pension Reform Act, or other applicable statutes arises, the law shall prevail.

VIII. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

IX. History

03/01/2017	Bylaws Amended and Approved by the Board of Supervisors
12/08/2017	Bylaw Section 12 Converted to Policy
06/28/2018	Reviewed, no changes required; Staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/12/2019	Amended to define nonmember, align the approval process to current practice, and make other non-substantive changes.
07/08/2022	Reviewed, no changes
07/12/2024	Amended to delegate authority to consent to Domestic Relations Orders and related filings to Staff

Certification of Board Adoption:

07/12/2024

Clerk of the Board Date

Final Compensation Review Policy

I. Statement of Purpose

A. To establish fair and impartial guidelines to determine whether the pay elements in the final average compensation period qualify as "compensation earnable" or "pensionable compensation" as applicable, as required by Government Code Section 31542.

II. Staff Review, Assessment, and Determination

A. Upon receipt of a retirement application, SJCERA staff will then compare the gross compensation in the final compensation period to the gross compensation in the prior year or comparable years at similarly situated acceptable pay, and then analyze the cause of the increase.

1. SJCERA staff shall rely on the following five principals in consideration of determination of final compensation:
   a. Inconsistent use of special pay elements at or near the end of member's career;
   b. Frequent use of special pay elements over time, which appear to be random;
   c. End of career pay increases that are routine and customary;
   d. Special pay elements that are accumulated through work completed, voluntarily or employer directed.
   e. Broad payroll events during the final compensation period.

   SJCERA will evaluate each situation on a case-by-case basis, considering all facts.

2. Staff may consider any other factors that cause staff to believe that an item of compensation included in final compensation was paid to enhance a member's retirement benefit, and conduct such written and oral follow-up communication with the employer, member, others, as staff believes is appropriate in the exercise of reasonable diligence.

3. If the analysis indicates that specific elements of compensation were routinely paid during the review period(s) at or near the same frequency as found during the final average compensation period, the final average compensation will be used to determine the member's retirement benefits.

4. If the analysis indicates than an element of compensation was paid to enhance the retirement benefit, the member or the employer shall be given the opportunity to present evidence to SJCERA that the

compensation was not paid for the purpose of enhancing the member's retirement benefit.

5. The Chief Executive Officer (CEO) will evaluate all evidence provided, and if in the opinion of the CEO, it appears an element of compensation was paid to enhance a member's benefit, the CEO will deny the use of the element(s) in calculating the final average compensation. If the member disagrees with the CEO's decision, the member may lodge an appeal directly to the Board of Retirement, through the CEO. Such appeal requests will be placed on the next practicable Board Agenda date for review; if the Chair of the Board of Retirement determines that the Board of Retirement is unwilling or unable to be the trier of fact in the matter, the matter shall be referred to a referee for an administrative hearing which the Board shall then contemplate pursuant to Government Code Sections 31533 and 31534 .

B. If payment of the member's benefit would be delayed by seeking resolution through the administrative or judicial processes set forth herein, SJCERA may process the benefit excluding the compensation in question. If it is later determined the compensation should be included, SJCERA will adjust the benefit retroactive to the retirement effective date.

C. A member or employer shall have 15 calendar days from the date of written notification of staff's determination within which to request reconsideration by the Board of Retirement, and provide any additional evidence to rebut staff's recommendation. Failure to exercise this option by the member or the employer shall constitute a waiver of further administrative pursuant to section A(5) above or judicial review.

III. Board Review of Staff Determination

A. Staff shall prepare a written report to the Board of Retirement describing the reasons for staff's determination that a pay element should be excluded from the member's final compensation. The report shall also include any evidence submitted by the member or employer to rebut staff's determination and support reconsideration by the Board of Retirement.

B. The report shall be noticed and agendized for open session of a regular meeting of the Board. Written notice of the Board meeting and a copy of staff's report shall be provided to the member and the employer no less than 5 business days before the meeting date.

C. The Board will make a final determination at the meeting, as to whether the item of compensation was paid to enhance the member's retirement benefit. SJCERA will provide the member and employer written notice of the Board's final determination.

1. If the Board approves staff's recommendation, the written notice of the Board's final determination will inform the member and the employer of their

right to seek judicial review of the Board's action by filing a petition for writ of mandate within 30 days after the date of mailing of that notice.

2. If the Board overturns staff's recommendation, staff will include the compensation in the determination of the member's final compensation, and adjust the member's benefit retroactively to the retirement effective date.

IV. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement, pursuant to the Bylaws.

V. History

08/09/2013	Adopted by Board of Retirement
06/29/2018	Staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/09/2021	Added the principals for review, clarified the administrative role and other non-substantive changes
07/12/2024	Amended gross compensation definition, formalized appeal process and other non-substantive changes

Certification of Board Adoption

	07/12/2024
Clerk of the Board	Date

RESOLUTION TITLE: BOARD ADMINISTRATION POLICY AMENDMENTS

RESOLUTION NO. 2024-07-01

WHEREAS, the Board of Retirement for the San Joaquin County Employees' Retirement Association ("SJCERA") administers SJCERA for the benefit of its members and their beneficiaries; and

WHEREAS, pursuant to Government Code Sections 31525, 31526 and 31527, the Board may make regulations, set policy and develop procedures to administer the system; and

WHEREAS, Board policies and charters are reviewed at least once every three years to ensure they remain relevant, appropriate, and in compliance; and

WHEREAS, SJCERA staff and the Administrative Committee have proposed the following charter and policy remain unchanged:

1) Administrative Committee Charter
2) Bylaws
3) Cash Management and Liquidity Policy
4) CEO Performance Review Policy
5) CEO Performance Review Committee Charter
6) Communications Policy
7) Conflict of Interest Policy
8) Declining Employer Payroll Policy
9) Employer Termination Policy
10) Ex Parte Policy
11) Investment Manager Monitoring and Retention Policy
12) Investment Roles and Responsibilities Policy
13) Member Contributions and Interest Posting Policy
14) Placement Agency Information Disclosure Policy
15) Proxy Voting Policy
16) Required Minimum Distributions-IRC 401(a)(9) Policy
17) Retiree Medical Benefits Accounts-IRC401(h) Policy
18) Retirement-Eligible Compensation Policy
19) Return to Work and Bona Fide Separation from Service-IRC 401(a) Policy
20) Rollovers-IRC 401(a)(31) and 402(c) Policy
21) Staff Transportation and Travel Policy

22) Statement of Funding Policy
23) Statement of Reserve Policy
24) Trustee and Executive Staff Travel Policy

WHEREAS, SJCERA staff and the Administrative Committee have proposed non-substantive policy amendments as follows:

1) Age Verification Policy – Clarified definition of severability section and amended alternative acceptable age verification documents
2) Annual Additions Limit-IRC 415(c) Policy – Amended employer definition and other non-substantive changes
3) Annual Benefits Limit-IRC 415(b) Policy – Amended employer definition and other non-substantive changes
4) Audit Committee Charter – Added authority to have third-party auditor as committee member
5) Computer Equipment Policy – Amended to align with Retention Policy and other non-substantive changes
6) Correction of Errors or Omissions Policy – Non-substantive changes
7) Disability Retirement and Active Member Death Policy and Procedure – Amended to clarify that applicant is allowed to have their hearing in open session instead of closed session
8) Document and Data Retention Policy – Non-substantive change
9) Electronic Signature Policy – Non-substantive change
10) Normal Retirement Age – IRC 401(a) Policy – Updated normal retirement age to no later than 72 and other non-substantive changes
11) Trustee Education Policy – Added Trustee Training Program document

WHEREAS, SJCERA staff and the Administrative Committee have proposed substantive policy amendments as follows:

1) Compensation Earnable Annual Limit – IRC 401(a)(17) Policy – Updated the example calculations
2) Dissolution of Marriage or Registered Domestic Partnership Policy – Amended to delegate authority to consent to Domestic Relations Orders and related filings to Staff
3) Final Compensation Review Policy – Amended gross compensation definition, formalized appeal process and other non-substantive changes

NOW, THEREFORE BE IT RESOLVED that the Board hereby adopts the proposed amendments to the above-referenced Board administration policies.

PASSED AND APPROVED by the Board of Retirement of the San Joaquin County Employees' Retirement Association on the 12th day of July 2024.

AYES:

NOES:

ABSENT:

ABSTAIN:

____
MICHAEL RESTUCCIA, Chair

Attest:

____
RAYMOND McCRAY, Secretary

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

Agenda Item 8.0

July 12, 2024

SUBJECT: Actuarial Report and 2025 Retirement Contribution Rates

SUBMITTED FOR: __ CONSENT _X_ ACTION ___ INFORMATION

RECOMMENDATION
Staff recommends the Board of Retirement:

1. Accept and file the Annual Actuarial Valuation Report as of December 31, 2023, as prepared by Cheiron, and approve the employer and member contribution rates for calendar year 2025 presented therein.
2. Approve Resolution 2024-07-02, titled "2025 Retirement Contribution Rates," which implements these recommendations.

PURPOSE
The primary purpose of the actuarial valuation is to measure, describe, and identify the following:

- SJCERA's financial condition
- Past and future expected trends in SJCERA's financial progress
- Assessment and disclosure of key risks
- Employer and employee contribution rates for the Plan Year 2025

DISCUSSION
The December 31, 2023 valuation is calculated using the assumptions identified in Appendix B, including a 6.75% discount rate.

Financial Condition
The funded ratio based on the Market Value of Assets (MVA) increased from 66.6% last year to 70.5% this year. The funded ratio based on the Actuarial Value of Assets (AVA) increased from 72.0% to 74.0%.

The Unfunded Actuarial Liability (UAL) is the excess of actuarial liability over the AVA. The UAL decreased $43,933,580 (2.8%) from $1,589,974,206 last year to $1,546,040,626 this year.

Cash Flows
SJCERA's net cash flow (contributions less benefit payments and administrative expenses) has been positive for the last seven years due to the increase in the contribution rates and the

additional contributions being made by the County, Superior Court, and Mosquito and Vector Control.

Assets and Liabilities

The AVA (smoothed) funded ratio has increased from 66.2% in 2014 to 74.0% in 2023. Within the report, there are three noteworthy projections. There is an anticipated slight increase in contributions over the next few years. However, a significant drop in contributions is projected in approximately 10 years, along with the projected funded status on a market-value basis reaching 103%. These projections are fully contingent on consistently meeting the 6.75% assumed rate of return each year and other factors (payroll, demographics, etc.) aligning with stated actuarial assumptions. Any deviations from the expected annual return or other assumed inputs are likely to impact these projections.

Employer and Employee Contribution Rates

The employer contribution composite rate will decrease by 1.85% of payroll in 2025. The main driver is payroll amortization. The payroll used to amortize the unfunded liability was higher than expected due to negotiated salary increases.

2025 Contribution Rates are shown in the table below.

CONTRIBUTION TYPE		2025				2024			
		Contribution Rates as a Percentage of Active Member Payroll							
		TIER 1			TIER 2	TIER 1			TIER 2
		Members Pay Basic Rate Only	Members Pay Basic w/ COLA Cost Share	Members Pay Basic w /COLA Cost Share Plus[1]		Members Pay Basic Rate Only	Members Pay Basic w/COLA Cost Share	Members Pay Basic w/COLA Cost Share Plus[1]	
Employer	General	48.55%	45.71%	45.14%	39.60%	49.62%	46.77%	46.19%	41.10%
	Safety	100.58%	95.30%	93.61%	82.92%	100.34%	95.02%	93.31%	83.21%
	Composite	**59.65%**	**56.29%**	**55.48%**	**44.82%**	**60.33%**	**56.95%**	**56.13%**	**46.73%**
Member[2]	General	3.14%-5.46%	5.23%-9.35%	5.67%-10.12%	10.03%	3.14%-5.46%	5.23%-9.35%	5.67%-10.12%	10.06%
	Safety	4.71%-6.93%	9.59%-13.67%	11.14%-15.97%	15.67%	4.71%-6.93%	9.59%-13.67%	11.14%-15.97%	15.74%

1. *"Plus" refers to additional contributions members have agreed to pay (up to 14% of the Basic General Member Contribution Rate, and 33% of the Basic Safety Member Contribution Rate).*
2. *Tier 1 member contribution rates vary by entry age; Table presents the range.*

Upon the Board's adoption of proposed Resolution 2024-07-02, staff will transmit the Retirement Contribution Rates for 2025 to each participating employer at least 45 days before the effective date of the new rates for formal adoption by their respective Boards.

ATTACHMENTS

Actuarial Valuation Report as of December 31, 2023
Resolution 2024-07-02, titled *2025 Retirement Contribution Rates*

RENEE OSTRANDER
Chief Executive Officer

GREG FRANK
Management Analyst III

Classic Values, Innovative Advice

San Joaquin County Employees' Retirement Association

Actuarial Valuation Report as of December 31, 2023

Produced by Cheiron
July 2024

TABLE OF CONTENTS

July 3, 2024

Retirement Board of San Joaquin
County Employees' Retirement Association
220 East Channel Street
Stockton, California 95202

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the San Joaquin County Employees' Retirement Association (SJCERA, the System, the Fund, the Plan) as of December 31, 2023. This report contains information on the System's assets and liabilities and discloses employer and employee contribution levels. It also contains schedules for inclusion in the Actuarial Section of the Annual Financial Report. Your attention is called to the Executive Summary in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of SJCERA. This report is for the use of the Retirement Board of SJCERA and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

Cheiron's report was prepared solely for the Retirement Board of SJCERA for the purposes described herein, except that the plan auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Sincerely,
Cheiron

Graham A. Schmidt, FSA, EA, MAAA, FCA
Principal Consulting Actuary

Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

SECTION I – EXECUTIVE SUMMARY

Cheiron has performed the actuarial valuation of the San Joaquin County Employees' Retirement Association as of December 31, 2023. The valuation is organized as follows:

- In Section I, the **Executive Summary,** we describe the purpose of an actuarial valuation, summarize the key results found in this valuation and disclose important trends.

- The **Main Body** of the report presents details on the System's
  - Section II – Identification and Assessment of Risks
  - Section III – Assets
  - Section IV – Liabilities
  - Section V – Contributions
  - Section VI – Additional Financial Report Schedules

- In the **Appendices,** we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), a 401(h) repayment schedule (Appendix D), a glossary of key actuarial terms (Appendix E), a summary of General and Safety Employer contribution rates (Appendix F), and tables containing member contribution rates (Appendix G).

Future results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic and stochastic projections in this valuation report were developed using R-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan. R-scan uses standard roll-forward techniques that implicitly assume a stable active population. Because R-scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

In preparing our report, we relied on information (some oral and some written) supplied by the SJCERA staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the System,
- Past and expected trends in the financial progress of the System,
- Employer and employee contribution rates for Plan Year 2025, and
- An assessment and disclosure of key risks.

The information required under GASB standards Nos. 67 and 68 is included in a separate report, with the report for the Plan's Fiscal Year Ending December 31, 2023 provided to SJCERA in May 2024.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of key financial results, (C) an examination of the historical trends, and (D) the projected financial outlook for the System.

A. Valuation Basis

This valuation determines the employer contributions for the Plan Year 2025. The System's funding policy is to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method,
- Amortization of the Unfunded Actuarial Liability (UAL), and
- A portion of the Fund's expected administrative expenses.

The UAL that existed as of 2014 is being amortized over a closed period as a level percentage of payroll, with nine years remaining as of the current valuation, with the exception of a fixed amount associated with the extraordinary investment loss from 2008, which is amortized as a separate layer with 15 years remaining as of the current valuation. All new unexpected changes in the UAL emerging after 2014 are amortized over 15-year periods, with new amortization layers added each year. The single equivalent amortization period for the aggregate stream of UAL payments is 10 years for General and 11 years for Safety. Tables V-4 and V-5 show a detailed summary of each amortization layer for General and Safety, respectively.

The valuation dates have been changed from January 1 to December 31, including retrospectively. There is no change to the data and assets values which have always been December 31.

This valuation was prepared based on the plan provisions shown in Appendix C.

B. Key Findings of this Valuation

The key results of the December 31, 2023 actuarial valuation are as follows:

- The actuarially determined employer contribution rate decreased from 51.05% to 49.20%.

- The System's funded ratio, the ratio of assets over the Actuarial Liability, increased from 72.0% last year to 74.0% as of December 31, 2023 on an Actuarial Value of Assets (AVA) basis. It increased from 66.6% to 70.5% on a Market Value of Assets (MVA) basis.

- The Unfunded Actuarial Liability (UAL) is the excess of the System's Actuarial Liability over the Actuarial Value of Assets. The System experienced a decrease in the UAL from $ 1,590.0 million to $ 1,546.0 million as of December 31, 2023.

- During the year ending December 31, 2023, the return on Plan assets was 9.05% on a market value basis, as compared to the 6.75% assumption. This resulted in a market value gain on investments of $88.3 million. The Actuarial Value of Assets recognizes 20% of the difference between the expected Actuarial Value of Assets and the Market Value of Assets each year over a five-year period. This method of smoothing the asset gains and losses returned 6.19% on the smoothed value of assets, an actuarial asset loss of $21.7 million for the year.

- The Actuarial Value of Assets is currently 105% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately $209 million) that will be reflected in the smoothed value in future years.

- Contributions to the System (excluding the additional voluntary contributions described below) were less than the actuarial cost for the year due to the 12-month-delay in the implementation of the contribution rates. This shortfall increased the UAL by $8.2 million.

- The System experienced a loss on the Actuarial Liability of $50.9 million primarily due to negotiated pay increases for many bargaining units, as well as higher than expected inflation, which increased current and future expected COLAs for members in pay status.

- During 2023, the Mosquito and Vector Control District (MVCD), the Superior Court of California, and the County of San Joaquin made additional voluntary contributions (above the actuarially determined amount) of $26.6 million. The total market value of the additional contributions, including prior year amounts and accumulated with interest at the Plan's actual rate of return, was $237.8 million as of December 31, 2023. These assets are included in the calculation of the UAL and funded ratio, but under the funding policy requested by the contributors and approved by the Board, these assets are excluded in the calculation of the employer contribution rates.

SECTION I – EXECUTIVE SUMMARY

Table I-1 below summarizes all the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year.

Table I-1
Summary of Principal Plan Results

	December 31, 2022	December 31, 2023	% Change
Participant Counts			
Active Participants	6,244	6,661	6.68%
Participants Receiving a Benefit	6,692	6,796	1.55%
Terminated Vested Participants	1,198	1,228	2.50%
Terminated Non-Vested Participants	1,599	1,708	6.82%
Total	**15,733**	**16,393**	**4.20%**
Calendar Year Projected Pay	$ 534,385,940	$ 592,765,768	10.92%
Assets and Liabilities			
Actuarial Liability (AL)	$ 5,674,662,702	$ 5,940,503,229	4.68%
Actuarial Value of Assets (AVA)[1]	4,084,688,496	4,394,462,603	7.58%
Unfunded Actuarial Liability (UAL)	$ 1,589,974,206	$ 1,546,040,626	-2.76%
Funded Ratio (AVA)	72.0%	74.0%	2.0%
Market Value of Assets (MVA)[2]	$ 3,777,328,456	$ 4,186,522,707	10.83%
Funded Ratio (MVA)	66.6%	70.5%	3.9%
Inactive Funded Ratio	68.2%	67.1%	-1.1%
Contributions as a Percentage of Payroll			
Normal Cost Rate	13.85%	13.48%	-0.37%
Unfunded Actuarial Liability Rate[3]	36.36%	34.95%	-1.41%
Administrative Expense	0.84%	0.77%	-0.07%
Total Contribution Rate	51.05%	49.20%	-1.85%

[1] Includes additional $237,840,431 of County, MVCD, and Superior Court Contribution Reserves but excludes non-valuation reserves ($30,624,570 on an AVA basis).

[2] Includes additional $237,840,431 of County, MVCD, and Superior Court Contribution Reserves but excludes non-valuation reserves ($29,175,457 on an MVA basis).

[3] Based on Actuarial Value of Assets above, less the $237,840,431 of additional County, MVCD, and Superior Court Contribution Reserves.

The Inactive Funded Ratio shown in Table I-1 represents the percentage of the Actuarial Liability attributable to members who are not active employees. A funded ratio of 67.1% or more, for example, would result in a level of assets anticipated to be sufficient to fund the liabilities of the System's inactive members for their expected lifetimes: those currently retired, disabled, terminated with vested benefits, and their beneficiaries.

SECTION I – EXECUTIVE SUMMARY

Changes in Cost

Table I-2 below summarizes the impact of actuarial experience on Plan cost, for the Plan as a whole, and for the General and Safety classes.

Table I-2
Summary of Changes in Plan Cost from Prior Review

	General Employer Cost	General Employer Contribution Rate (% Payroll)	Safety Employer Cost	Safety Employer Contribution Rate (% Payroll)	Total Employer Cost	Employer Contribution Rate (% Payroll)
December 31, 2022	**$ 191,642,083**	**43.56%**	**$ 77,108,717**	**89.27%**	**$ 268,750,800**	**51.05%**
Change in Cost Due to:						
Expected Change	5,749,262	0.00%	2,313,262	0.00%	8,062,524	0.00%
Asset Experience	1,402,232	0.30%	497,988	0.55%	1,900,220	0.35%
Contribution (Gain)/Loss	350,879	0.08%	365,898	0.41%	716,777	0.13%
Demographic Experience	20,234	0.00%	290,880	0.32%	311,115	(0.02%)
Salary Experience	7,300,519	0.61%	1,841,264	1.30%	9,141,783	0.73%
Payroll Amortization	0	(2.50%)	0	(2.73%)	0	(2.75%)
PEPRA Transition	(1,271,096)	(0.27%)	(330,402)	(0.37%)	(1,601,498)	(0.29%)
Total Cost as of December 31, 2023	**$ 205,194,113**	**41.78%**	**$ 82,087,607**	**88.75%**	**$ 287,281,720**	**49.20%**

SECTION I – EXECUTIVE SUMMARY

An analysis of the contribution rate changes from the prior valuation reveals the following:

- Contributions were expected to increase as a dollar amount.

  Prior to accounting for the asset and liability losses this year, contributions in dollar terms had been expected to increase as a result of payroll growth, both from increases in the normal cost and since the UAL is amortized as a level percentage of payroll.

- Asset experience produced an investment gain on a market basis and a loss on a smoothed basis.

  The assets of the Plan returned 9.05% on a market basis, higher than the assumed rate of 6.75%, resulting in a gain for 2023. Under the actuarial asset smoothing policy, 20% of this gain is recognized in the current year, in addition to 20% of the gains and losses from each of the prior four years. The overall return on the smoothed assets was 6.19%; lower than the assumed return of 6.75%, so the overall contribution rate increased by 0.35% of payroll. The contribution rate increased more for Safety members (by 0.55% of payroll) than for General members (0.30% of payroll) as a result of the asset loss; this is due to the fact that the Safety members have a higher ratio of assets to payroll than the General members.

- Contributions less than the actuarial cost (excluding additional contributions made by the employers) increased the employer contribution rate by 0.13% of pay, due to the 12-month delay in implementation of the contribution rates.

- The demographic experience of the Plan – including rates of retirement, death, disability, and termination, as well as unexpected changes in benefits – decreased the overall employer rate by 0.02% of pay.

  The demographic losses were largely driven by inflation which led to larger than expected current and future COLAs for members receiving benefits. There were also mortality losses (i.e., fewer deaths than expected) for Safety members, while there were gains for the General members from a greater number of terminations than expected. The net impact of these and other demographic changes was no change to employer contribution rate for General members, and an increase of 0.32% of payroll for Safety members. The overall rate dropped slightly, as the General active workforce increased relative to Safety.

- Overall pay increases for returning General and Safety members were above expectations.

  Salaries for continuing active members increased more than expected due to negotiated pay increases for several bargaining groups, increasing the liabilities associated with benefits already earned (the Actuarial Liability) and the value of benefits expected to be

SECTION I – EXECUTIVE SUMMARY

earned this year (the normal cost). Average projected pay for continuing General members increased by almost 8% and just more than 8% for Safety members. This led to an increase in the employer contribution rate of 0.61% of payroll for General members, 1.30% of payroll for Safety members, and 0.73% of overall payroll, as well as an increase in the expected dollar contribution of over $9 million.

- The unfunded liability is being amortized over a higher-than-expected payroll base for Safety and General members.

  The payroll used to amortize the unfunded liability for General and Safety members was higher than expected due to larger than expected payroll growth, driven by the increases in pay described above as well as additional projected payroll from new members entering the Plan. Total General projected payroll increased from $447.1 million in the previous valuation to $499.3 million for this valuation, an increase of 11.7%, compared to an assumed growth rate of 3%. Total Safety payroll increased from $87.2 million to $93.5 million, or 7.2%. This growth in payroll resulted in decreases in the contribution rate of about 2.50% and 2.73% of pay for General and Safety members, respectively.

  The aggregate impact from the change in total projected payroll was a decrease in the contribution rate of 2.75% of pay. Note that the change in the payroll base used to amortize the unfunded liability does not change the dollar amount of the contribution – only the contribution rate calculated as a percentage of payroll.

- New members generally enter the Plan as PEPRA members, with 1,117 newly hired or rehired members entering the Plan to replace departing members during 2023.

  New PEPRA (Tiers 2 and 2B) hires have a smaller Plan normal cost as a percentage of payroll when compared to the legacy (Tier 1) members. Due to the shift in both populations towards more Tier 2 members, the employer contribution rate decreased by 0.27% of payroll for General members, 0.37% of payroll for Safety members, and the overall contribution rate dropped by 0.29% of payroll.

  In addition, some bargaining groups have different cost sharing arrangements for their Legacy members. The valuation results reflect the arrangements in place as of the valuation date that apply to the 2024 Plan Year. Changes to the cost sharing arrangements occurring after the valuation date will affect the aggregate employer costs in future valuations.

SECTION I – EXECUTIVE SUMMARY

Changes in Funded Ratio

Table I-3 below presents a similar summary of factors affecting the funded ratios from last year to this year, on an actuarial and market basis, with many of the same factors applying. Table I-3 also includes the impact from the additional contributions made by the County and other employers, which are not reflected in the contribution reconciliation, since those assets are not reflected when determining the employer contribution rates.

Table I-3
Summary of Changes in Funded Ratio from Prior Review

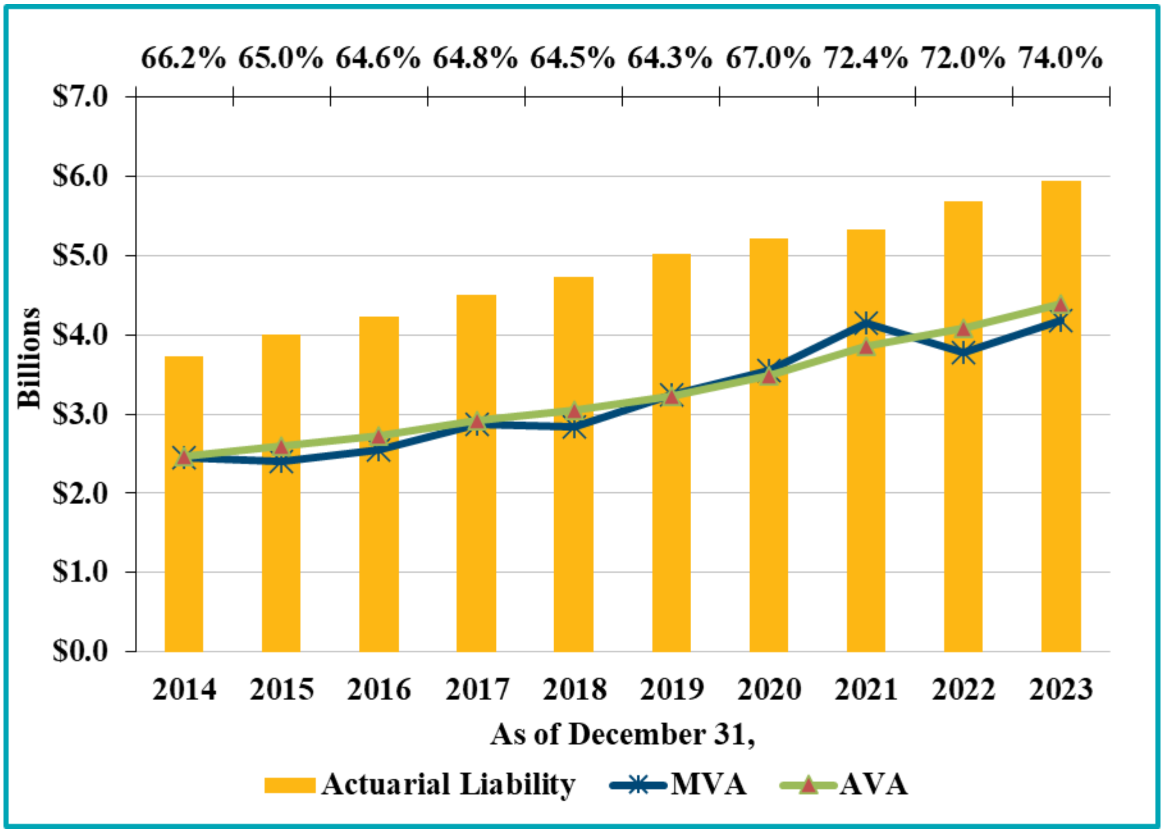
	Actuarial Value of Assets	Market Value of Assets
December 31, 2022	**72.0%**	**66.6%**
Change in Funded Ratio Due to:		
Expected Change	2.6%	2.0%
Additional Contributions	0.3%	0.3%
Asset Experience	(0.3%)	2.2%
Demographic Experience	(0.1%)	(0.1%)
Salary Experience	(0.5%)	(0.5%)
Funded Ratio as of December 31, 2023	**74.0%**	**70.5%**

C. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is more important to judge a current year's valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart on this page compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities. The percentage shown at the top of each bar is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio).

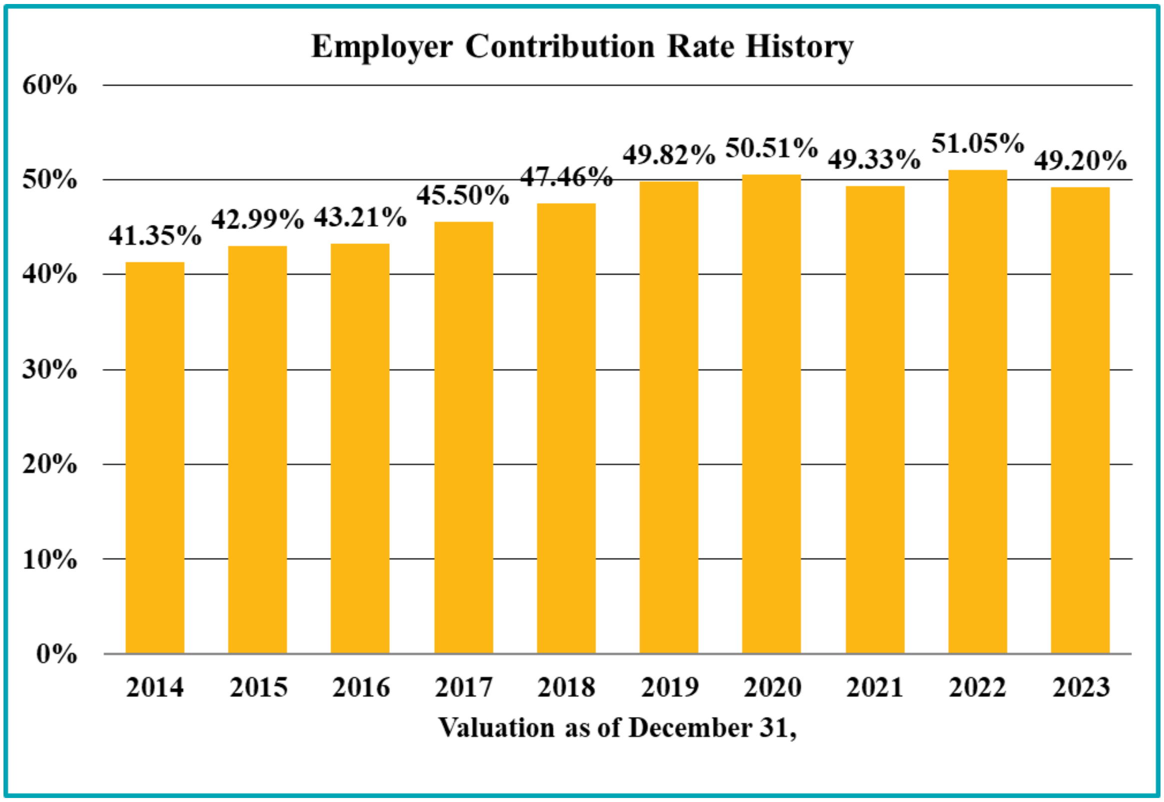


The funded ratio has increased from 66.2% as of December 31, 2014 to 74.0% as of December 31, 2023. During the first six years of the past decade, the funded ratio remained relatively flat, as investment returns lagged expectations and more conservative assumptions were adopted. There were increases in the funded ratio as of December 31, 2020 and as of December 31, 2021, due to investment returns and contributions made by the employers and members. The funded ratio increased this year from 72.0% to 74.0%, primarily due to the contributions, offset by liability losses from larger than expected salary increases and higher-than-expected retiree COLAs.

SECTION I – EXECUTIVE SUMMARY

Employer Contribution Rates

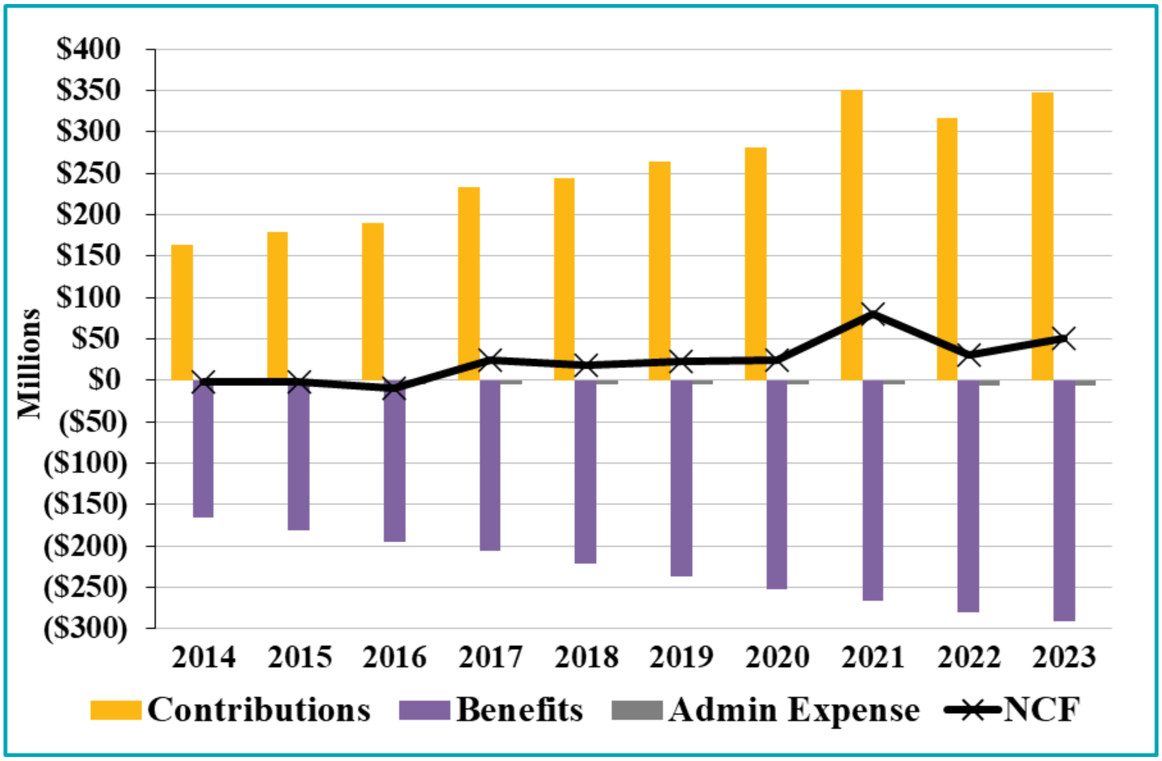
The chart on this page shows the employer contribution rate for each of the last 10 valuation cycles. The same factors that contributed to the decline and subsequent lack of progress in funded status – i.e., lower returns and assumptions that are more conservative – have resulted in increases in contribution rates. Rates also increased due to growth in payroll lagging behind the assumed growth through December 31, 2020, which spread the UAL dollar payment over a smaller payroll base. However, this trend has recently reversed, with higher than expected payroll growth in 2022 and 2023, leading to a decrease in the contribution rate in the current valuation.



SECTION I – EXECUTIVE SUMMARY

Cash Flows

The chart below shows the Plan's net cash flow (NCF), or contributions less benefit payments and administrative expenses. This is an important measure, as it reflects the ability to have funds available to meet benefit payments without having to make difficult investment decisions, especially during volatile markets.



The NCF – shown as the black line in the chart – was slightly negative for the first three years shown in this period but has been positive the past seven years due to the increase in the contribution rates and the additional contributions being made by the County and other employers.

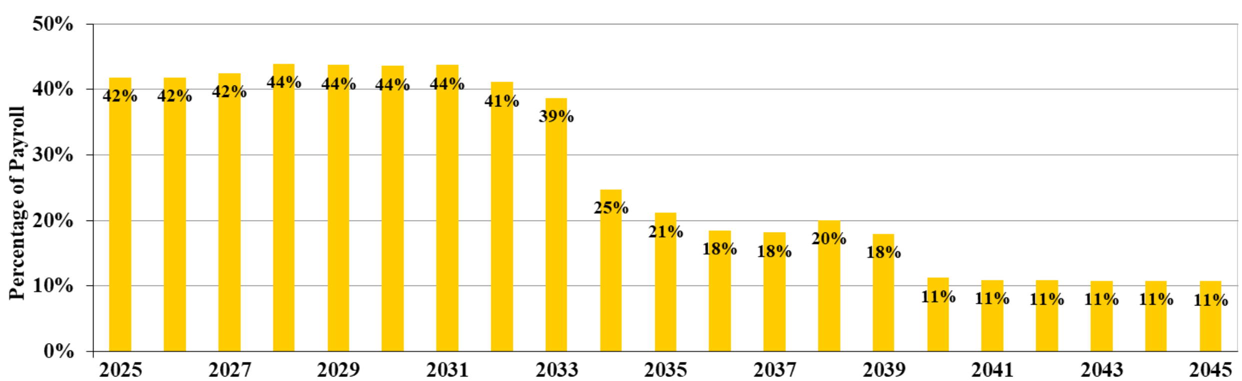
The implications of a plan with negative net cash flow are that the impact of market fluctuations can be more severe: as assets are being depleted to pay benefits in down markets, there is less principal available to be reinvested during favorable return periods. If there were a shift to future negative net cash flow, it could magnify the losses during a market decline, hindering the Plan in its ability to absorb market fluctuations.

D. Future Expected Financial Trends

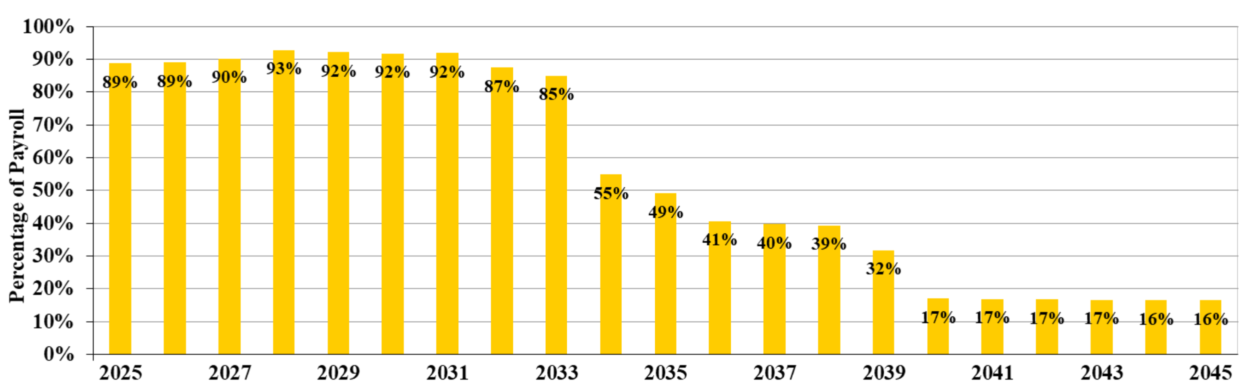
The analysis of projected financial trends is perhaps the most important component of this valuation. In this section, we present our assessment of the implications of the December 31, 2023 valuation results in terms of cost and benefit security (assets over liabilities). All the projections in this section are based on the investment return assumption of 6.75%. We have assumed a level active workforce population and future payroll growth of 3.00% per year.

The following graphs show the expected employer contribution rates by calendar year for General and Safety members, and for the Plan in aggregate, based on actually achieving the 6.75% assumption each year for the next 20 years, and if the employers contribute at the actuarially determined rates. We note that the first year shown is 2025, which is when the contribution rates determined in this report will be effective.

Projection of General Employer Contributions, 6.75% return each year

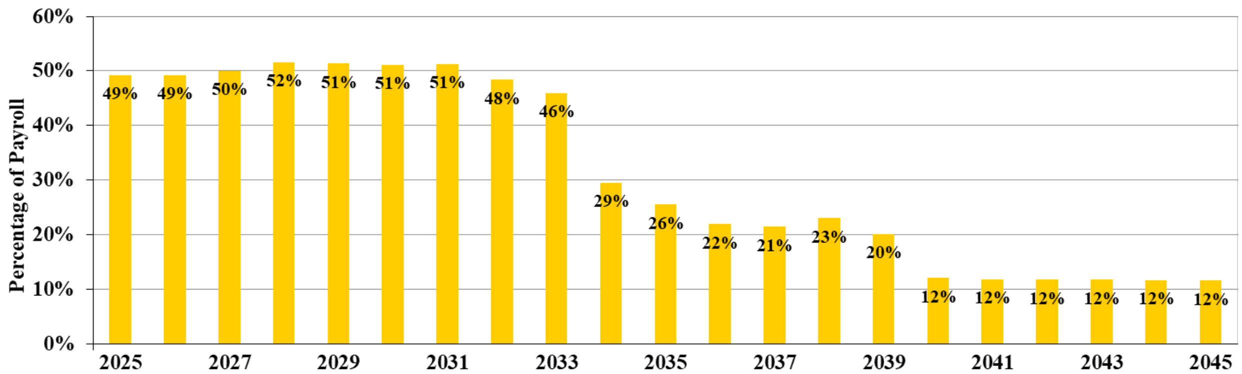


Projection of Safety Employer Contributions, 6.75% return each year



SECTION I – EXECUTIVE SUMMARY

Projection of Total Employer Contributions, 6.75% return each year



The projections show that General, Safety, and Total contribution rates are expected to be about the same next year, as asset losses and gains continue to be recognized in the smoothed Actuarial Value of Assets. The dollar contribution is expected to be approximately $217 million for General and $83 million for Safety in 2024. The rates are expected to remain at roughly the same percentage of payroll in 2026, then increase as a percentage of payroll until 2028 as the current deferred investment losses continue to be recognized. The drop-in contribution rates in 2034 is due to the 2014 UAL being paid off.

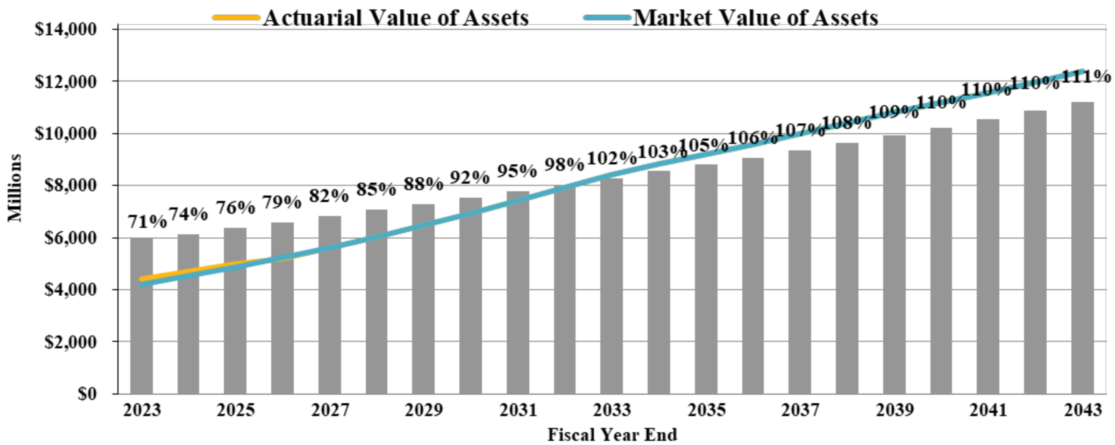
Note that the contribution projections do not forecast any actuarial gains or losses (other than the current net deferred losses reflected in the Actuarial Value of Assets). The graphs also do not include the impact of the additional contributions currently being made by the County, the Mosquito and Vector Control District, and the Superior Court; those additional contributions would eventually be expected to be available to reduce the employer contributions in future years.

SECTION I – EXECUTIVE SUMMARY

Asset and Liability Projections:

The graph below shows the projection of SJCERA's assets and liabilities assuming that assets will earn the 6.75% assumption each year during the projection period and the employers contribute at the actuarially determined rates.

Projection of Assets and Liabilities, 6.75% return each year



The graph shows that the projected funded status on a market-value basis increases over the next 20 years to 111%, assuming the actuarial rate of return assumption is achieved. However, as noted above, it is the actual return on System assets that will determine the future funding status and contribution rates to the Fund.

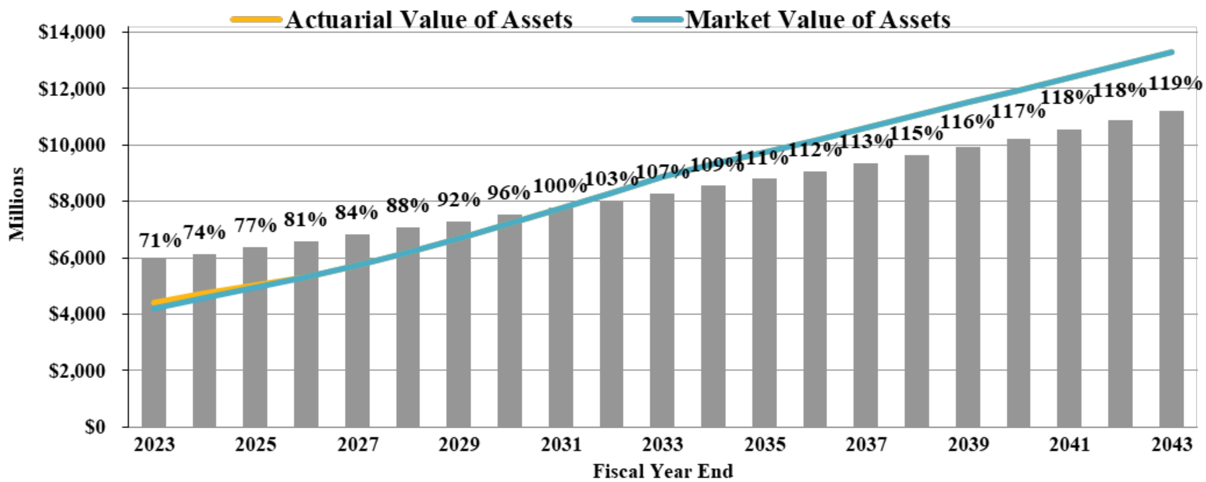
We note that the funded ratio is expected to gradually climb above 100%; this is because under the PEPRA legislation, the employer contribution is not allowed to fall below the level of the normal cost unless the Plan reaches at least 120% funded (and other conditions are met).

The assets in the graph above also include the additional contributions that the County (2017-2023), the Mosquito and Vector Control District (2018-2023), and Superior Court (2019-2023) have made to the fund. No further additional contributions are assumed. However, the additional contribution reserves are assumed to continue to grow at the 6.75% expected rate of return and are not used in the calculation of the actuarially determined contribution rates, which additionally increases the projected funded status above 100%.

The graph on the next page shows the same information as the previous graph and assumes that additional contributions of 5% of SJCERA payroll are made until the System's funded ratio reaches 100%. Although the Mosquito and Vector Control District and the Superior Courts have been making additional contributions at different rates, and other employers are not currently making additional contributions, we note that the County has been making additional contributions of approximately 5% per year and makes up the vast majority of overall payroll and these additional contributions are for illustrative purposes only. No change in the contribution rate is assumed due to the additional contributions; these assets continue to be excluded from the actuarial cost calculation, as noted earlier.

SECTION I – EXECUTIVE SUMMARY

Projection of Assets and Liabilities, 6.75% return each year, Ongoing County Additional 5% Contributions



As can be seen in the projection above, with the additional expected 5% of pay contributions from the County, the Plan would be expected to return to full funding as of December 31, 2031, two years earlier than expected in the projections without the additional future contributions.

SECTION II – DISCLOSURES RELATED TO RISK

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may vary significantly. This section of the report is intended to identify the primary risks to the Plan, provide some background information about those risks, and provide an assessment of those risks.

Identification of Risks

A fundamental risk to a pension plan is that the contributions needed to pay the benefits become unaffordable. While we believe it is unlikely that the Plan by itself would become unaffordable, the contributions needed to support the Plan may differ significantly from expectations. While there are a number of factors that could lead to contribution amounts deviating from expectations, we believe the primary risks are:

- Investment risk,
- Assumption change risk, and
- Contribution and payroll risk.

Other risks that we have not identified may also turn out to be important.

Investment Risk is the potential for investment returns to be different than expected. Lower investment returns than anticipated will increase the unfunded actuarial liability necessitating higher contributions in the future unless there are other gains that offset these investment losses. The potential volatility of future investment returns is determined by the Plan's asset allocation and the affordability of the investment risk is determined by the amount of assets invested relative to the size of the plan sponsors or other contribution base.

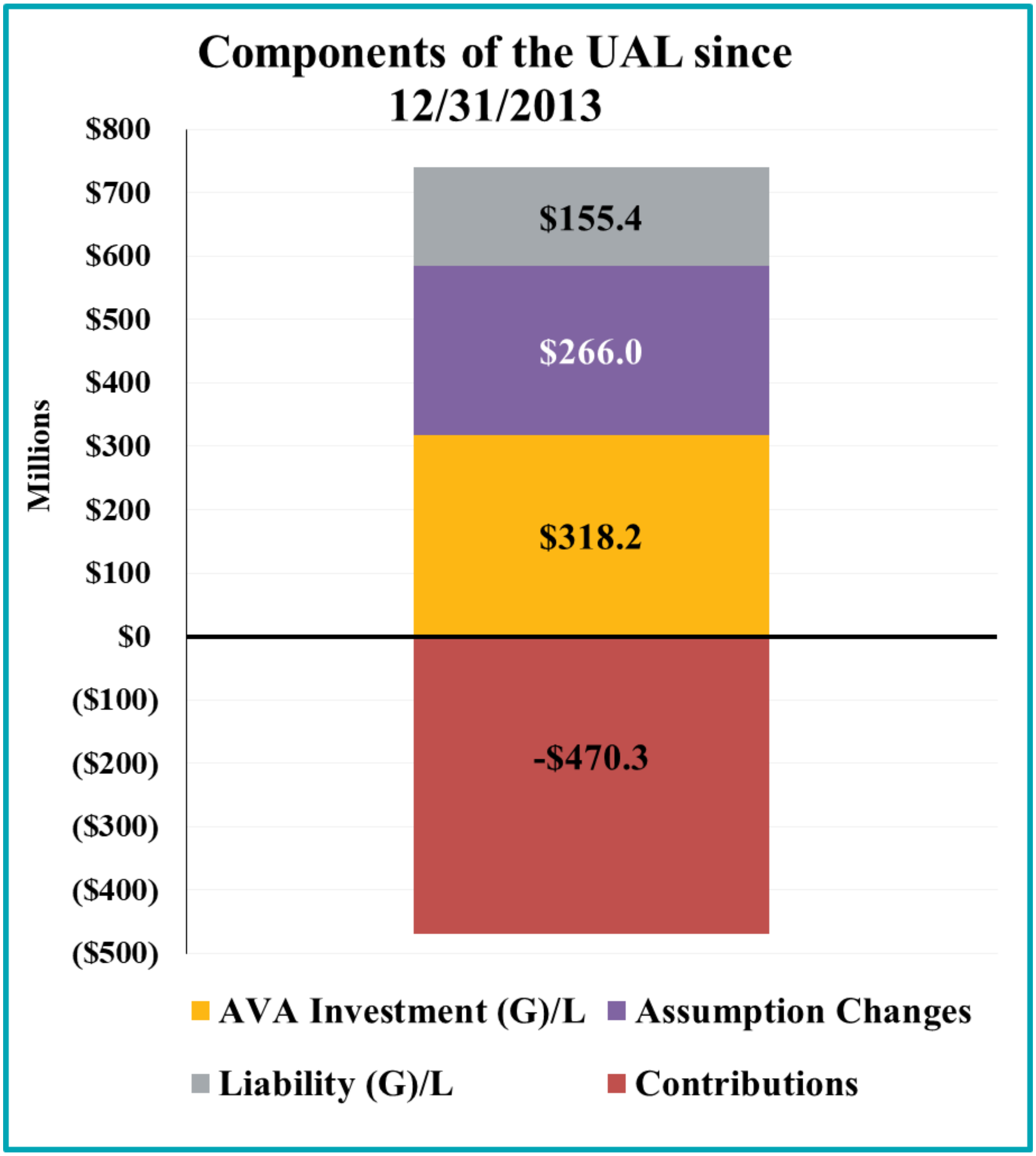
Assumption change risk is the potential for the environment to change such that future valuation assumptions are different than the current assumptions. For example, declines in interest rates over the last three decades (which have recently reversed) resulted in higher investment returns for fixed income investments, but lower expected future returns necessitating either a change in investment policy, a reduction in discount rate, or some combination of the two. Assumption change risk is an extension of the other risks identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in environment when the current assumption is no longer reasonable.

Contribution risk is the potential for actual future contributions to deviate from expected future contributions. There are different sources of contribution risk such as the sponsor choosing to not make contributions in accordance with the funding policy or if the contribution requirement becomes such a financial strain on the sponsor as a result of material changes in the contribution base (e.g., covered employees, covered payroll) that affect the amount of contributions the Plan can collect.

SECTION II – DISCLOSURES RELATED TO RISK

The chart below shows the components contributing to the Unfunded Actuarial Liability (UAL) from December 31, 2013 through December 31, 2023. Over the last 10 years, the UAL has increased by approximately $269.3 million. The investment losses (gold bar) of $318.2 million on the Actuarial Value of Assets (AVA), assumptions changes (purple bar) resulting in a total UAL increase of $266.0 million, and net liability losses (gray bar) of $155.4 million have all contributed to the UAL growth. Contributions in excess of the "tread water" level (red bar) have reduced the UAL by $470.3 million since December 31, 2013.

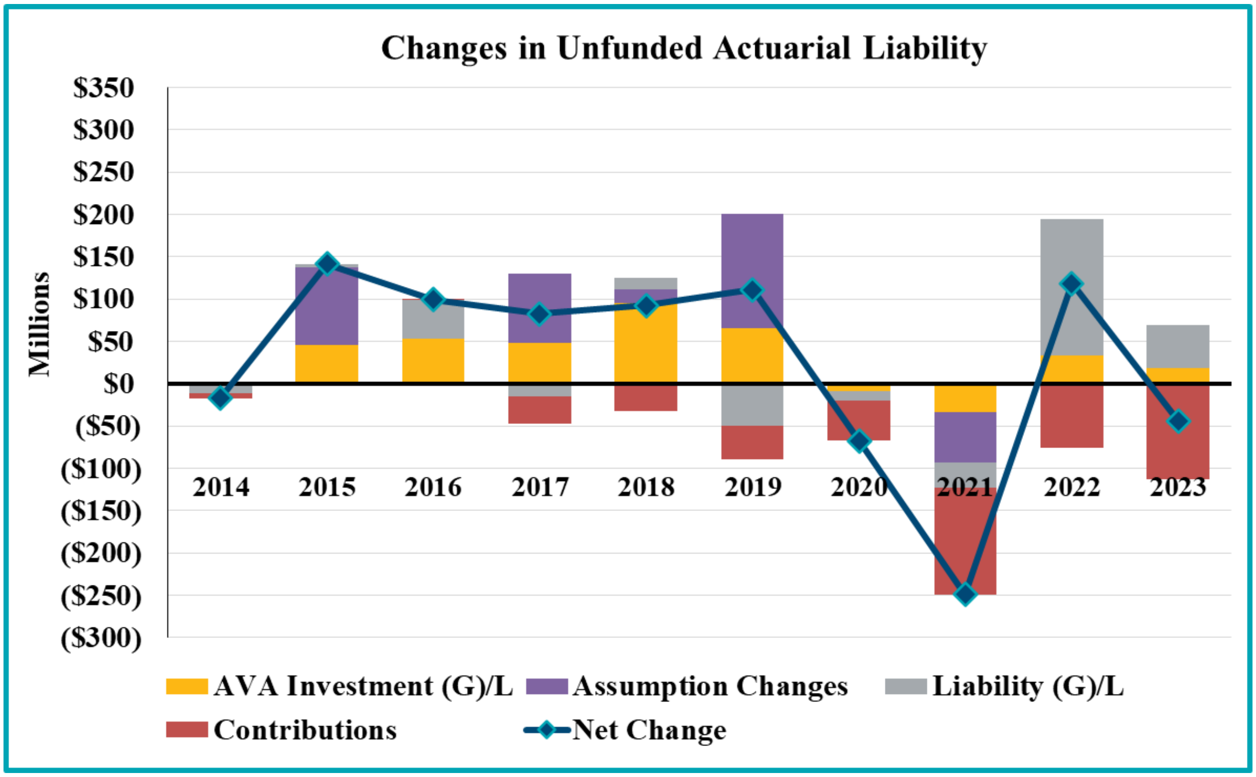
Chart II-1



SECTION II – DISCLOSURES RELATED TO RISK

Chart II-2 below details the annual sources of the UAL change (colored bars) for the plan years ending December 31. The net UAL change for each year is represented by the blue diamonds.

Chart II-2



On a market value basis, the average annual geometric return over the 10-year period is 5.3%. This has resulted in investment losses on the AVA most years, increasing the UAL, except for the 2020 and 2021 calendar years.

Over the same time period, the assumed rate of return decreased from 7.50% to 6.75%. It is important to note that these changes simply reflect a downward revision to the estimate of future investment earnings and ultimately costs will be determined by actual investment earnings. Future expectations of investment returns will likely change which may necessitate further changes in the discount rate.

The impact of all assumption changes is represented by the purple bars and also includes decreases in mortality rates projected in the future which had a significant impact on the measurement of the UAL. The assumption changes effective with the December 31, 2018 valuation were only demographic changes with no change to the expected rate of return of 7.25%. The December 31, 2019 valuation decreased the expected rate of return to 7.00%. The December 31, 2021 valuation decreased the discount rate assumption to 6.75% while also adopting new demographic assumptions that lowered the UAL.

SECTION II – DISCLOSURES RELATED TO RISK

The large liability loss in 2022 and a smaller liability loss in 2023 were caused by higher-than-expected COLAs and negotiated pay increases for many bargaining units.

Each year, the UAL is expected to increase for benefits earned in the current year (the normal cost), administrative expenses, and interest on the UAL. This expected increase is referred to as the tread water level. If contributions are greater than the tread water level, the UAL is expected to decrease. Conversely, if contributions are less than the tread water level, the UAL is expected to increase. The amortization policy (as well as the contribution-timing lag) can impact whether or not the contributions exceed the tread water level. For example, the Board changed the amortization policy in 2009 to amortize 50% of the extraordinary asset loss over a 30-year period and the remaining UAL over a 20-year period. Initially, the relatively long amortization period resulted in contributions being below the tread water level.

However, the single equivalent amortization period for the last several years has been much lower (down to 10 and 11 years for General and Safety, respectively, in this valuation), with the UAL payment going towards principal as well as interest on the UAL. In addition, the County and at least two other employers have made discretionary contributions above the actuarially determined contribution rate, in the County's case generally equal to around 5% of their pensionable payroll (with a much larger additional contribution in 2021), including $25.0 million this year. These contributions went directly toward paying down the principal on the UAL as seen below in Table II-1, which numerically summarizes the changes in the UAL for each year by source over the last 10 years.

Table II-1

Unfunded Actuarial Liability (UAL) Change by Source					
December 31,	Investment Experience	Liability Experience	Assumption Changes	Contributions	Total UAL Change
2014	$653,000	($11,929,000)	$0	($5,073,000)	($16,349,000)
2015	46,200,000	3,691,000	91,855,000	(172,000)	141,574,000
2016	53,461,000	45,033,000	0	831,000	99,325,000
2017	48,426,000	(14,693,000)	81,855,000	(33,016,000)	82,572,000
2018	95,800,000	12,745,000	16,017,000	(31,986,000)	92,576,000
2019	65,252,000	(49,917,000)	135,011,000	(39,203,000)	111,143,000
2020	(8,800,000)	(11,061,000)	0	(47,428,000)	(67,289,000)
2021	(33,977,000)	(30,569,000)	(58,741,000)	(125,436,000)	(248,723,000)
2022	33,276,000	161,208,000	0	(76,032,000)	118,452,000
2023	17,883,000	50,936,000	0	(112,753,000)	(43,934,000)
Total	**$318,174,000**	**$155,444,000**	**$265,997,000**	**($470,268,000)**	**$269,347,000**

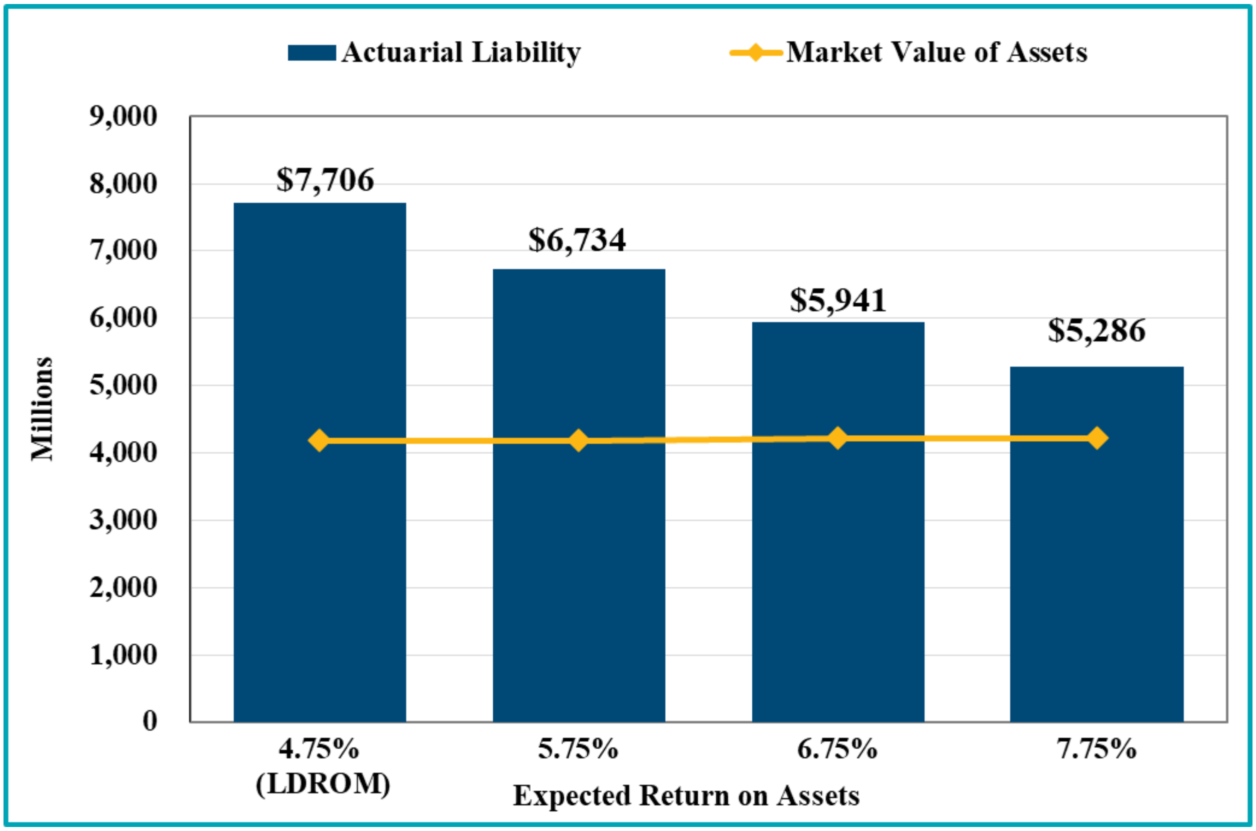
SECTION II – DISCLOSURES RELATED TO RISK

Assessing Costs and Risks

Sensitivity to Investment Returns

The chart below compares the Market Value of Assets (line) to the Actuarial Liabilities (bars) discounted at the current expected rate of return (6.75%) and at discount rates 100 basis points above and below the expected rate of return. We have included an additional measurement, the Low Default Risk Obligation Measure (LDROM), which is the Actuarial Liability calculated using a discount rate derived from low-default-risk fixed income securities that approximately match the benefit payments of the plan.

Chart II-3



If investments return 6.75% annually, the Plan will need approximately $5.9 billion in assets today to pay benefits associated with service earned to date, compared to current assets of $4.2 billion. If investment returns are only 5.75%, the Plan would need approximately $6.7 billion in assets today, and if investment returns are 7.75%, the Plan would need approximately $5.3 billion in assets today.

SJCERA invests in a diversified portfolio to achieve the best possible returns at an acceptable level of risk. SJCERA's average return over the last 20 years on a market value basis is 4.92%. Please refer to Table III-5 for the asset returns by year since 2001.

SECTION II – DISCLOSURES RELATED TO RISK

The lowest risk portfolio for a pension plan would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of the plan. However, such a portfolio would have a lower expected rate of return (4.75% as of December 31, 2023) than the diversified portfolio (6.75%). The Low-Default-Risk Obligation Measure (LDROM) represents what the Actuarial Liability would be if SJCERA's assets were invested in such a portfolio. As of December 31, 2023, the LDROM is $7.7 billion[1] compared to the Actuarial Liability of $5.9 billion for SJCERA in total (General and Safety employers). The $1.8 billion difference can be viewed as the expected savings from taking on the investment risk of the diversified portfolio. Alternatively, it can be viewed as the potential cost of minimizing the investment risk.

If SJCERA were to invest in the LDROM portfolio and not a diversified portfolio, the funded status would be lower, and expected contribution requirements would increase. The security of SJCERA's pension benefits relies on the current assets, future investment earnings, and the ability and willingness of employers to make future contributions. Investing in an LDROM portfolio would likely generate more predictable future investment earnings and future contributions. However, if SJCERA were to invest in the LDROM portfolio, it would not change current assets, but it could potentially reduce future investment earnings and thereby increase the level of reliance on future employer contributions.

[1] Based on a discount rate equal to the December 31, 2023, FTSE Pension Liability Index of 4.83%, rounded to the nearest quarter percent (4.75%), and all other assumptions and methods as used to calculate the Actuarial Liability.

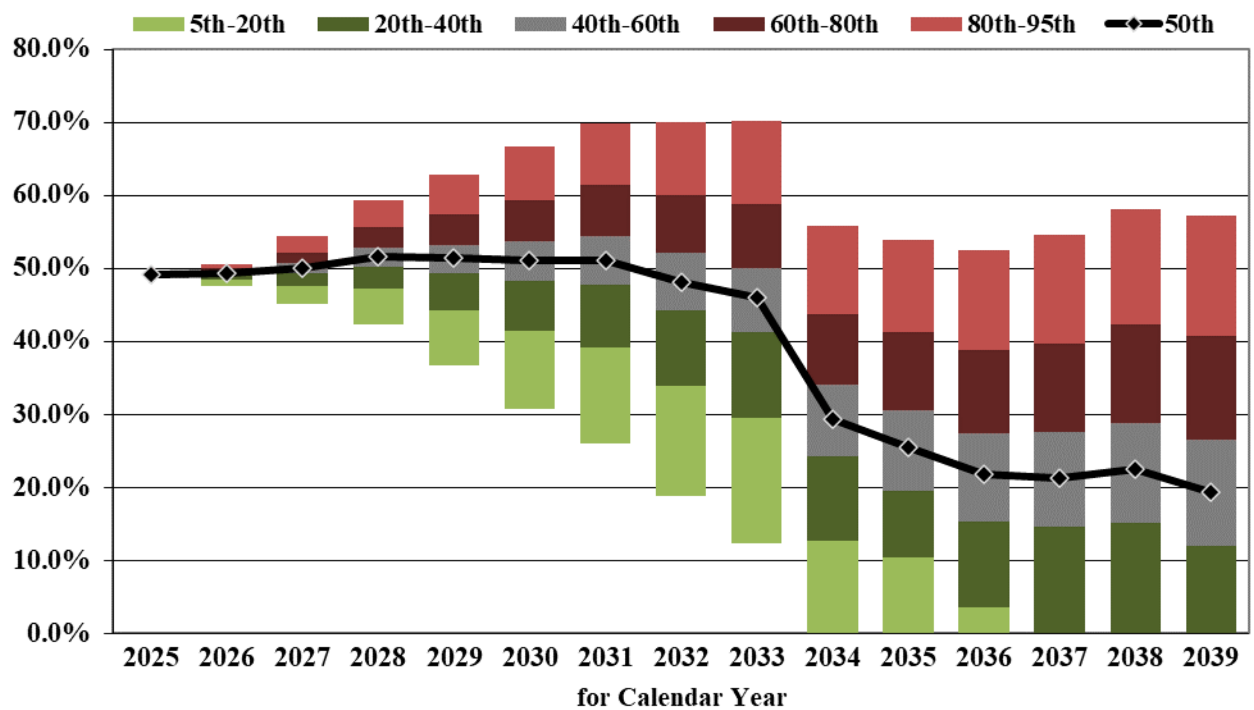
SECTION II – DISCLOSURES RELATED TO RISK

Sensitivity to Investment Returns - Stochastic Projections

Stochastic projections serve to show the range of probable outcomes of various measurements. The graphs below and on the following page show the projected range of the employer contribution rate and of the funded ratio on an Actuarial Value of Assets basis.

The range in both scenarios is driven by the volatility of investment returns (assumed to be based on a 10.5% standard deviation of annual returns, as indicated in Meketa's capital market assumptions used in the 2022 experience study). The stochastic projections of investment returns are based on an assumption that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. This assumption may result in an unrealistically wide range of compound investment returns over longer periods.

Chart II-4: Stochastic Projection of Employer Contributions as a Percentage of Payroll

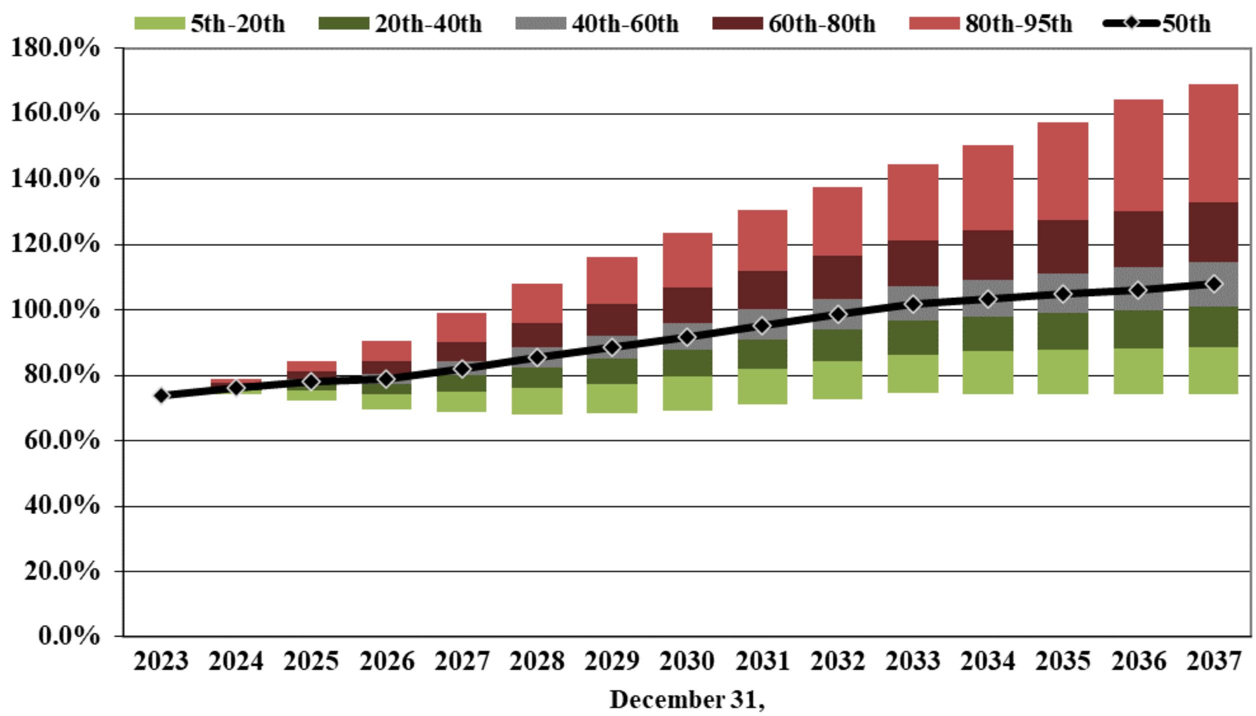


The stochastic projection of employer contributions as a percentage of payroll shows the probable range of future contribution rates. The baseline contribution rate (black line), which is based on the median of the simulations using an average return of 6.75%, aligns closely with the projections discussed in subsection D. of the Executive Summary of this report. In the most pessimistic scenario shown, the 95th percentile, the projected employer contribution rate reaches 70% of pay in 2031. Conversely, the most optimistic scenario shown, the 5th percentile, the projected employer contribution rate declines to 0% in 2034.

SECTION II – DISCLOSURES RELATED TO RISK

We note that these projections allow the employers' contribution to drop below their share of the normal cost only if the Plan becomes extremely overfunded (i.e., a funded ratio above 120%), as required by the PEPRA legislation. The projections above do not include the additional contribution reserve or any future contributions above the actuarially determined contributions.

Chart II-5: Stochastic Projection of Funded Ratio on an Actuarial Value of Assets Basis



The graph above shows the projection of the funded ratio based on the Actuarial Value of Assets. The projections do not assume future additional contributions from the County or other employers. While the baseline-funded ratio (black line) is projected to be approximately 108% at the end of the 15-year period shown here, there is a wide range of potential outcomes. Good investment returns have the likelihood of bringing the funded ratio well over 100%. Due to the current funding policy of the Plan, even in scenarios with unfavorable investment returns, the Plan is projected to remain over 60% funded on an Actuarial Value of Assets basis in all but the most unfavorable of scenarios, as long as the actuarially determined contributions continue to be made.

SECTION II – DISCLOSURES RELATED TO RISK

Contribution Risk

The Safety contribution rate is very large at nearly 89% of payroll and as a result, future salary increases, and the hiring of new members are potentially at risk. When member payroll growth stagnates or even declines, the dollar level of contributions made to the Plan also stagnate or decline since contributions are based on payroll levels.

There is also a risk of the contribution rate increasing even higher when payroll decreases since the Plan's funding policy amortizes the UAL as a level percentage of payroll. This means that the UAL payments increase at the assumed payroll growth rate of 3.00%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected 3.00% or there is a decline in payroll, the UAL payments are spread over a smaller payroll base and the contribution rate as a percentage of payroll increases, making the Plan less affordable for the Safety and potentially other plan sponsors.

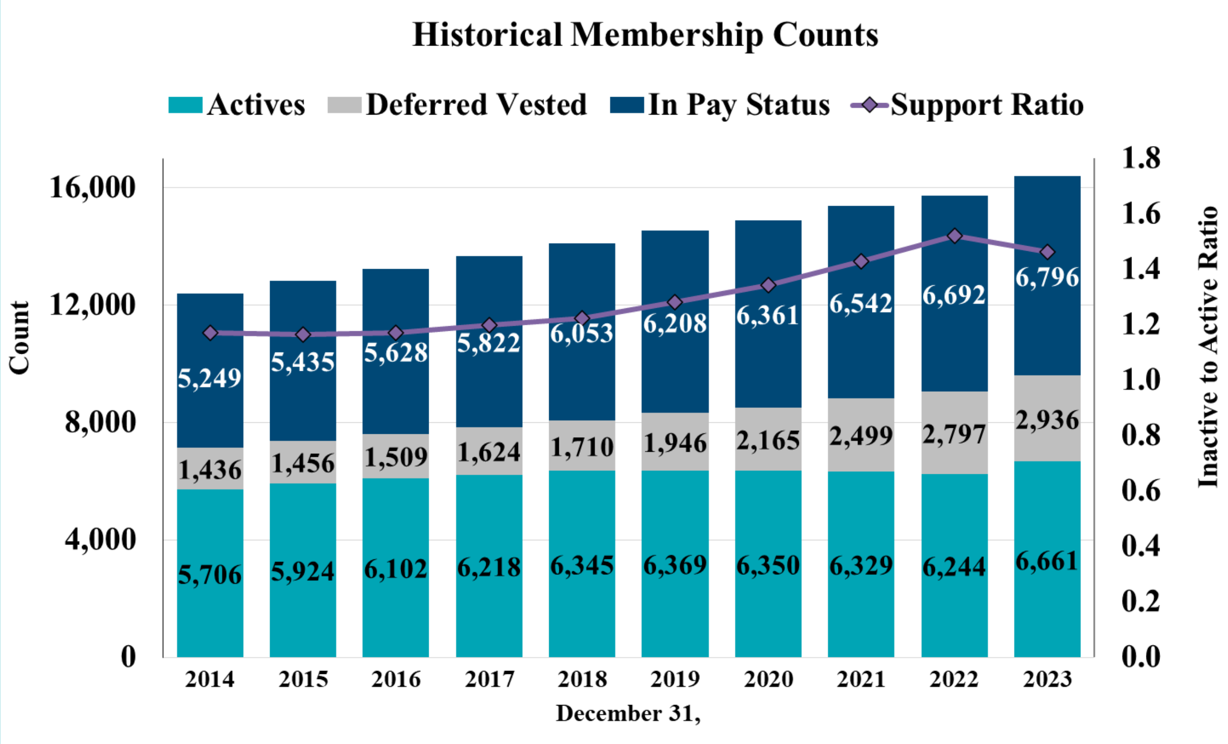
Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. Before assessing each of these risks, it is important to understand the maturity of the Plan and how the maturity has changed over time.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. The measures below have been selected as the most important in understanding the primary risks identified for the Plan.

Inactives per Active (Support Ratio)

One simple measure of plan maturity is the ratio of the number of inactive members (those receiving benefits or inactives – those entitled to a deferred benefit) to the number of active members. The Support Ratio is expected to increase gradually as a plan matures. The Support Ratio slightly declined during 2015 and 2016 since the active population increased an average of about 3.6% per year. During calendar years 2017 through 2022, the active population increased at a slower pace than the inactive population – and actually declined in the last three years of that period - resulting in an increase in the Support Ratio. An increase in the active population in 2023 decreased the support ratio.

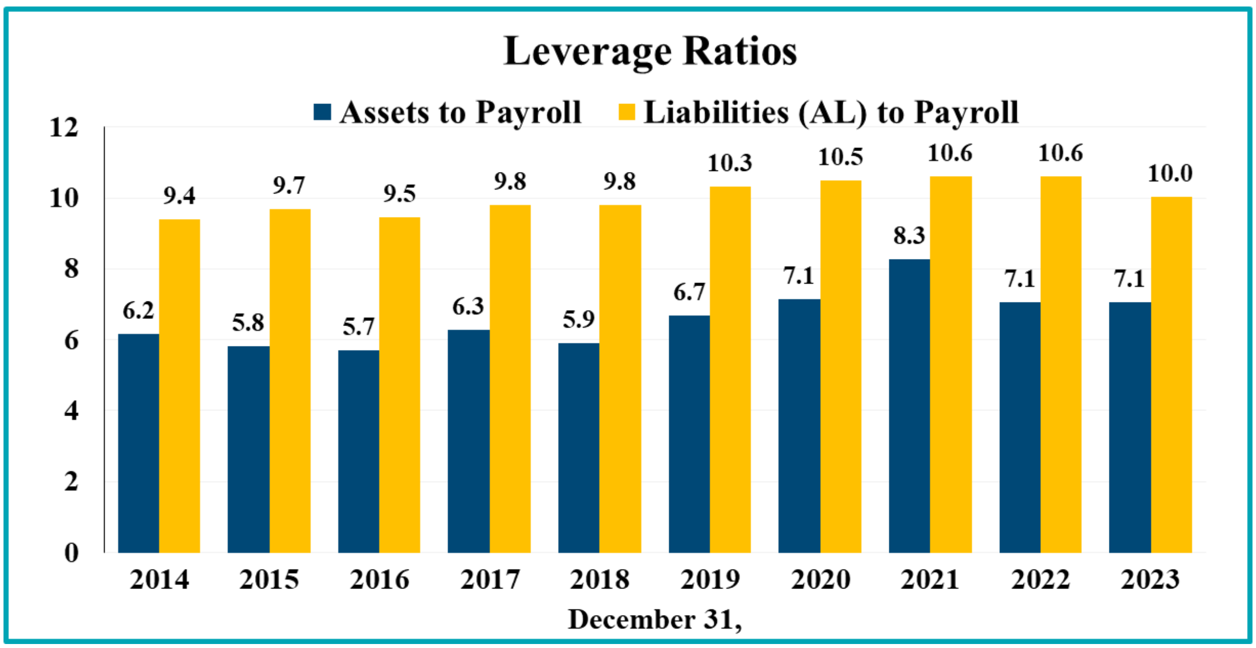


SECTION II – DISCLOSURES RELATED TO RISK

Leverage Ratios

Leverage or volatility ratios measure the size of the plan compared to its revenue base more directly. The asset leverage ratio is simply the market value of assets to active member payroll and indicates the sensitivity of the Plan to investment returns. The liability leverage ratio is the plan's actuarial liability to active member payroll and indicates the sensitivity of the Plan to assumption changes or demographic experience.

The chart below shows the historical leverage ratios of the Plan. Both leverage ratios have increased since December 31, 2014, but the asset to payroll ratio had remained relatively stable around 6.0 - assets are six times member payroll – through 2019. During 2020 and 2021, the ratio increased from 6.7 to 8.3 times member payroll, due to the favorable asset returns and additional contributions. The ratio decreased during 2022 due to lower asset returns and higher payroll but remained relatively flat during 2023. The liability to payroll ratio has remained relatively stable in recent years, as the continued maturation of the Plan and liability losses have been offset by growth in payroll.

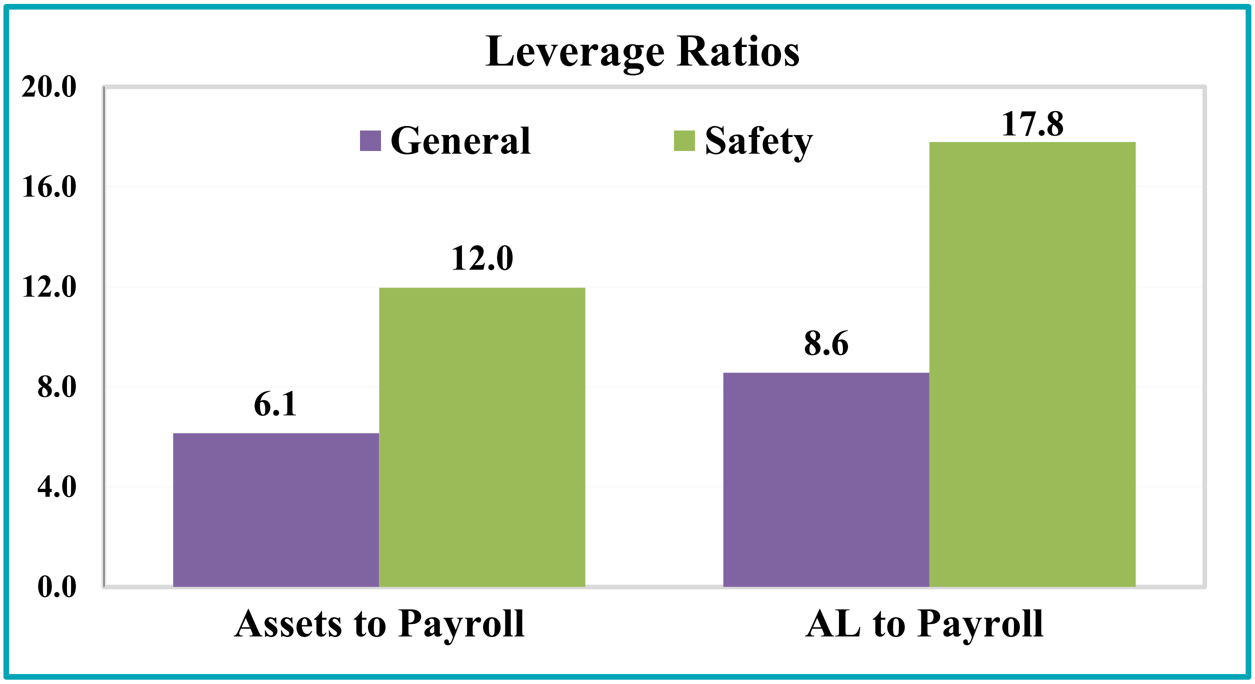


To appreciate the impact of the ratio of assets to payroll on plan cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the plan cost is nil, because the asset level is so small.

As the Plan becomes better funded, the asset leverage ratio will increase, and if it were 100% funded, the asset leverage ratio would be around 10 times payroll, or the liability leverage ratio.

SECTION II – DISCLOSURES RELATED TO RISK

We note that the ratio of both assets and liabilities to payroll, and therefore the sensitivity to investment returns and assumption changes, is higher for the Safety members compared to the General members, because of the higher benefit amounts and the earlier average retirement ages for Safety.



The General asset leverage ratio of 6.1 means that if the Plan's assets lose 10% of their value, which is a 16.75% actuarial loss compared to the expected return of 6.75%, the loss would be equivalent to 102% of payroll (16.75% times 6.1). Based on the current amortization policy and economic assumptions, the General contribution rate would ultimately increase by just under 9% of payroll, after deferred asset losses are fully recognized. The same investment loss for the Safety group with an asset ratio of 12.0 would be equivalent to 201% of payroll, or an approximate contribution rate increase of almost 18%. Therefore, the contribution rates for the Safety members will generally be much more volatile than those of the General members.

More Detailed Assessment

While a more detailed assessment is always valuable to enhance the understanding of the risks identified above, we believe the scenarios illustrated above cover the primary risks facing the Plan at this time. We would be happy to provide the Board with a more in-depth analysis at their request.

SECTION III – ASSETS

Pension Plan assets play a key role in the financial operation of the System and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants' benefits.

In this section, we present detailed information on System assets including:

- **Disclosure** of System assets as of December 31, 2022 and December 31, 2023,
- Statement of the **changes** in market values during the year,
- Development of the **Actuarial Value of Assets**,
- An assessment of **investment performance**, and
- Determination of **reserve balances** as of December 31, 2023.

Disclosure

There are two types of asset values disclosed in the valuation, the Market Value of Assets, and the Actuarial Value of Assets. The market value represents the fair value of assets that provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-range planning as are the Actuarial Value of Assets, which reflect smoothing of annual investment returns.

Table III-1 on the next page discloses and compares the market values as of December 31, 2022 and December 31, 2023.

SECTION III – ASSETS

Table III-1
Statement of Assets at Market Value
December 31,

Assets:	2022	2023
Cash and Cash Equivalents	$ 141,351,530	$ 129,780,743
Cash Collateral-Securities Lending	125,564,604	65,283,825
Total Cash and Cash Equivalents	266,916,134	195,064,568
Receivables:		
Investment Income Receivables	4,856,348	9,183,732
Contributions Receivable	12,924,613	15,315,128
Securities Sold, Not Received - Domestic	308,690	3,587,306
Other Investment Income Receivable	0	0
Miscellaneous Receivables	78,906	65,858
Total Receivables	18,168,557	28,152,024
Investments, at Market Value:		
Aggressive Growth	358,058,142	422,255,956
Traditional Growth	1,316,293,371	1,620,830,779
Risk Parity	358,053,342	381,698,273
Credit	579,784,841	676,177,727
Crisis Risk Offset (CRO)	531,550,354	455,595,676
Principal Protection	278,165,455	300,556,811
Core Real Assets	238,796,399	207,633,628
Total Investments	3,660,701,904	4,064,748,850
Other Assets:		
Prepaid Expenses	112,740	126,739
Equipment and Fixtures, Net	3,143,385	4,533,597
Other Assets	3,256,125	4,660,336
Total Assets	3,949,042,720	4,292,625,778
Liabilities:		
Securities Lending-Cash Collateral	2,354,013	9,035,345
Securities Purchased, Not Paid	125,564,604	65,283,825
Accrued Expenses and Other Payables	2,910,428	2,237,795
Security Lending Interest and Other Expense	460,913	370,649
Total Liabilities	131,289,958	76,927,614
Market Value of Assets	**$ 3,817,752,762**	**$ 4,215,698,164**

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table III-2 below shows the components of change in the Market Value of Assets during 2022 and 2023.

Table III-2
Changes in Market Values

Additions	**2022**	**2023**
Contributions		
Employer's Contribution	269,080,047	292,752,311
Members' Contributions	47,405,308	54,934,141
Total Contributions	316,485,355	347,686,452
Net Investment Income		
Net Appreciation/(Depreciation) in		
Fair Value of Investments	(430,790,861)	309,166,135
Interest	22,172,800	31,072,262
Dividends	13,078,024	21,015,892
Real Estate Income, net	9,918,342	7,479,828
Investment Expenses	(27,241,048)	(21,496,390)
Miscellaneous Investment Income	359	0
Net Investment Income,		
Before Securities Lending Income	(412,862,384)	347,237,727
Securities Lending Income		
Earnings	2,405,593	4,812,034
Rebates	(2,258,901)	(4,351,491)
Fees	(125,574)	(115,074)
Net Securities Lending Income	21,118	345,469
Net Investment Income	(412,841,266)	347,583,196
Miscellaneous Income	81,540	82,866
Total Additions	(96,274,371)	695,352,514

SECTION III – ASSETS

Table III-2
Changes in Market Values (Continued)

Deductions	2022	2023
Benefit payments	272,424,374	285,617,687
Death Benefits	760,072	653,960
Refunds of Members' Contributions	6,179,349	4,266,024
Total Benefit Payments	279,363,795	290,537,671
Administrative & Other Expenses		
General Administrative Expenses	4,962,521	6,023,716
Actuary Fees	167,671	188,416
Fund Legal Fees	491,512	437,633
Total Administrative & Other Expenses	5,621,704	6,649,765
Transfer Between Plans	(224,628)	219,676
Total Deductions	284,760,871	297,407,112
Net increase (Decrease)	(381,035,242)	397,945,402
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	4,198,788,004	3,817,752,762
End of Year	3,817,752,762	4,215,698,164
Approximate Return	-9.79%	9.05%

SECTION III – ASSETS

Actuarial Value of Assets (AVA)

The Actuarial Value of Assets represents a "smoothed" value developed by the actuary to reduce contribution volatility, which could develop due to short-term fluctuations in the Market Value of Assets. For this System, the Actuarial Value of Assets is calculated by recognizing the deviation of actual investment returns compared to the expected return over a five-year period.

The dollar amount of the expected return on the Market Value of Assets is determined using the actual contributions, administrative expense, and benefit payments during the year. Any difference between this amount and the actual investment earnings is considered a gain or loss. However, in no event will the Actuarial Value of Assets be less than 80% or more than 120% of market value on the valuation date. The following table shows the development of the actuarial asset value.

Table III-3
Development of Actuarial Value of Assets
as of December 31, 2023

Year	(a) Contributions	(b) Benefits	(c) Administrative Expense	(d) Healthcare Fund Transfer	(e) Expected Return	(f) Actual Return	(g) = (f) – (e) Additional Earnings	(h) Not Recognized	(i) = (g) x (h) Unrecognized Earnings
2020	281,269,983	251,551,677	4,536,455	172,041	227,983,829	276,996,530	49,012,701	20%	9,802,540
2021	350,118,275	265,965,599	4,639,439	270,570	251,024,692	572,291,948	321,267,256	40%	128,506,902
2022	316,485,355	279,363,795	5,621,704	224,628	284,479,114	(412,759,726)	(697,238,840)	60%	(418,343,304)
2023	347,686,452	290,537,671	6,649,765	(219,676)	259,359,996	347,666,062	88,306,066	80%	70,644,853

1. Total Unrecognized Dollars	(209,389,009)
2. Market Value of Assets as of December 31, 2023	4,215,698,164
3. Preliminary Actuarial Value of Assets as of December 31, 2023: [(2) - (1)]	4,425,087,173
4. Corridor Limits	
a. 80% of Net Market Value	3,372,558,531
b. 120% of Net Market Value	5,058,837,797
5. Actuarial Value of Assets after Corridor	4,425,087,173
6. Ratio of Actuarial Value to Market Value [(5) ÷ (2)]	104.97%
7. Market Stabilization Designation [(2) – (5)]	(209,389,009)
8. Special (Non Valuation) Reserves:	
Class Action Settlement – Post 4/1/1982	85,793
Contingency	30,538,777
Total Special Reserves	30,624,570
9. Actuarial Value of Assets for the Funding Ratio: [(5) - (8)]	**$4,394,462,603**
10. Additional Contribution Reserves	$237,840,431
11. Actuarial Value of Assets Used for Calculating the Employer Contribution Rates: [(9) - (10)]	**$4,156,622,172**

Investment Performance

The following table calculates the investment related gain/loss for the plan year on both a market value and an actuarial value basis. The market value gain/loss is a useful measure for comparing the actual asset performance to the previous valuation assumption.

The employer contributions include the additional contributions of $26,642,734 made by the County, the MVCD, and the Superior Court in the gain/loss development for the Market Value of Assets but are excluded in the analysis for the valuation assets.

Table III-4
Asset Gain/(Loss)

	Market Value	Valuation Assets
December 31, 2022 value	**$ 3,817,752,762**	**$ 3,891,282,253**
Employer Contributions	292,752,311	266,109,577
Employee Contributions	54,934,141	54,934,141
Healthcare Transfer	(219,676)	(219,676)
Benefit Payments	(290,537,671)	(290,537,671)
Administrative Expenses	(6,649,765)	(6,649,765)
Expected Investment Earnings (6.75%)	259,359,996	263,438,727
Expected Value December 31, 2023	**$ 4,127,392,098**	**$ 4,178,357,586**
Investment Gain / (Loss)	88,306,066	(21,735,414)
December 31, 2023 value	**$ 4,215,698,164**	**$ 4,156,622,172**
Return	9.05%	6.19%

Note that the return on market value shown above is not the dollar-weighted return on assets required for the purposes of GASB Statements 67 and 68.

SECTION III – ASSETS

The following table shows the historical annual asset returns on a market value and actuarial value basis, as well as the increase in the Consumer Price Index (CPI) since 2001.

Table III-5
Historical Asset Returns

Year Ended December 31	Return on Market Value	Return on Actuarial Value	Increase in CPI[1]
2001	(0.1%)	8.8%	1.6%
2002	(5.5%)	4.7%	2.4%
2003	25.5%	6.8%	1.9%
2004	11.8%	6.6%	3.3%
2005	6.9%	7.2%	3.4%
2006	12.7%	9.6%	2.5%
2007	6.9%	11.2%	4.1%
2008	(30.1%)	(14.3%)	(0.5%)
2009	11.4%	7.4%	2.5%
2010	12.4%	6.4%	1.5%
2011	1.3%	(1.8%)	3.0%
2012	11.7%	(0.2%)	1.7%
2013	9.2%	8.5%	1.5%
2014	4.7%	7.5%	0.8%
2015	(1.9%)	5.6%	0.7%
2016	6.3%	5.3%	2.1%
2017	11.7%	5.6%	2.1%
2018	(2.0%)	3.9%	1.9%
2019	13.3%	5.1%	2.3%
2020	8.5%	7.3%	1.4%
2021	16.0%	8.0%	7.0%
2022	(9.8%)	5.8%	6.5%
2023	9.0%	6.2%	3.4%
Compounded 15- Year Average	6.6%	5.3%	2.5%
Compounded 10- Year Average	5.3%	6.0%	2.8%
Compounded 5- Year Average	7.0%	6.5%	4.1%

[1] Based on All Urban Consumers - U.S. City Average, December Indices.

Reserve Balances

The following table shows historical balances of the Post-1982 Settlement Reserve.

Table III-6
Post-1982 Settlement Reserve

Valuation Date December 31	Number Eligible	Benefits Payable	Reserve	Estimated Years of Payments
2007	1,896	3,683,939	25,872,222	13
2008	1,856	3,602,904	22,015,055	10
2009	1,800	3,484,762	20,090,654	9
2010	1,738	3,370,636	18,108,660	6
2011	1,679	3,243,068	14,556,866	5
2012	1,709	3,244,009	11,063,855	4
2013	1,662	3,197,416	8,765,004	3
2014	1,617	3,046,233	6,338,007	2
2015	1,560	2,939,133	3,644,507	1
2016	1,501	2,821,575	915,393	<1
2017	1,441	2,705,007	485,100	<1
2018	1,376	2,594,058	62,951	<1
2019	1,313	2,479,710	65,877	<1
2020	1,255	2,372,539	70,425	<1
2021	1,196	2,260,212	75,271	<1
2022	1,134	2,145,376	80,451	<1
2023	1,064	2,008,367	85,793	<1

As of December 31, 2023, the total projected liability associated with paying the Post-82 Settlement allowances for the remaining lifetime of the eligible members and beneficiaries is approximately $13.4 million. Payments from the Post-82 Settlement reserve have been suspended, with the last benefits payable in August of 2018.

SECTION IV – LIABILITIES

In this section, we present detailed information on System liabilities including:

- **Disclosure** of System liabilities on December 31, 2022 and December 31, 2023
- Statement of **changes** in these liabilities during the year

Disclosure

Several types of liabilities are calculated and presented in this report. We note that the liabilities described below are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, in the case of a plan termination or other similar action.

- **Present Value of Future Benefits:** Used for measuring all future System obligations, represents the amount of money needed today to fully fund all benefits of the System both earned as of the valuation date and those to be earned in the future by current plan participants, under the current System provisions.
- **Actuarial Liability:** Used for funding calculations, this liability is calculated taking the present value of future benefits and subtracting the present value of future member contributions and future employer normal costs under an acceptable actuarial funding method. The method used for this System is called the **Entry Age Normal** (EAN) funding method.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table IV-1 discloses each of these liabilities for the current and prior valuations and shows the allocation of the valuation assets between SJCERA's valuation subgroups, General and Safety. With respect to each disclosure, a subtraction of the appropriate value of Plan assets yields, for each respective type, a **net surplus,** or an **Unfunded Actuarial Liability**.

SECTION IV – LIABILITIES

Table IV-1
Allocation of Assets by Subgroup and Liabilities/Net (Surplus)/Unfunded

	December 31, 2022 Total	December 31, 2023 Total	(a) General	(b) Safety	(c) Unallocated
1. Member Reserves	$ 490,248,004	$ 543,807,946	$ 432,504,134	$ 111,303,812	$ 0
2. Employer Advance Reserves w/o Add'l Contribs	2,283,312,967	2,587,719,918	1,832,626,302	755,093,616	0
3. Retired Member Reserves	1,100,175,871	1,025,094,308	777,434,496	243,259,863	4,399,949
4. Total Valuation Reserves (1 + 2 + 3)	$ 3,873,736,842	$ 4,156,622,172	$ 3,042,564,932	$ 1,109,657,291	$ 4,399,949
5. Additional Contribs to Employer Advance Reserves	193,406,243	237,840,431	201,057,119	36,783,312	0
6. Total Unrecognized Dollars, less Stabilization Reserve	17,545,410	0	0	0	0
7. Total Reserves (4 + 5 + 6)	$ 4,084,688,496	$ 4,394,462,603	$ 3,243,622,051	$ 1,146,440,603	$ 4,399,949
8. Proportion Reserves of Line 4, by Plan			73.28%	26.72%	
9. Valuation Assets for Funding Ratio (7 + [8 * 7c])	$ 4,084,688,496	$ 4,394,462,603	$ 3,246,846,139	$ 1,147,616,464	
10. Valuation Assets for Developing Contribution Rate (4 + [8 * 7c])	$ 3,891,282,253	$ 4,156,622,172	$ 3,045,789,020	$ 1,110,833,152	
Present Value of Future Benefits					
Actives	$ 2,855,490,499	$ 3,099,077,369	$ 2,304,047,874	$ 795,029,495	
Terminated Vested	219,591,107	226,036,492	186,579,713	39,456,779	
Retirees	3,091,194,625	3,186,005,932	2,352,617,668	833,388,264	
Disabled	330,797,232	336,444,310	134,440,346	202,003,964	
Beneficiaries	225,853,156	235,931,858	151,275,726	84,656,132	
11. **Present Value of Future Benefits (PVB)**	**$ 6,722,926,619**	**$ 7,083,495,961**	**$ 5,128,961,327**	**$ 1,954,534,634**	
12. Present Value of Future Normal Costs (PVFNC)	1,048,263,917	1,142,992,732	851,846,765	291,145,967	
13. **Actuarial Liability (11 - 12)**	**$ 5,674,662,702**	**$ 5,940,503,229**	**$ 4,277,114,562**	**$ 1,663,388,667**	
14. **Funded Ratio (9 / 13)**	**72.0%**	**74.0%**	**75.9%**	**69.0%**	
15. **Net (Surplus)/Unfunded (13 - 10)**	**$ 1,783,380,449**	**$ 1,783,881,057**	**$ 1,231,325,542**	**$ 552,555,515**	

Changes in Liabilities

Each of the liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and due to changes in System assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets

Table IV-2
Changes in Actuarial Liability

Actuarial Liability at December 31, 2022	$	5,674,662,702
Actuarial Liability at December 31, 2023	$	5,940,503,229
Liability Increase (Decrease)		265,840,527
Change due to:		
Accrual of Benefits	$	123,698,609
Actual Benefit Payments		(290,537,671)
Interest		381,743,853
Assumption Changes		0
Actuarial Liability (Gain) / Loss		50,935,736

SECTION IV – LIABILITIES

Table IV-3
Development of Actuarial (Gain) / Loss

	General	Safety	Total Without Add'l Employer Reserves	Total With Add'l Employer Reserves
1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$ 1,233,823,129	$ 549,557,320	$ 1,783,380,449	$ 1,589,974,206
2. Middle of year unfunded actuarial liability payment	(135,977,407)	(58,319,611)	(194,297,018)	(194,297,018)
3. Interest to end of year on 1. and 2.	78,768,759	35,158,971	113,927,730	100,872,809
4. Change in Actuarial Liability due to assumption change	0	0	0	0
5. Expected UAL at the end of year (1+2+3+4)	1,176,614,481	526,396,680	1,703,011,161	1,496,549,996
6. Actual Unfunded Liability at end of year	1,231,325,541	552,555,515	1,783,881,056	1,546,040,625
7. Net (Gain)/Loss: (6 - 5)	54,711,060	26,158,835	80,869,895	49,490,629
8. Actuarial Liability (Gain) / Loss	$ 34,658,344	$ 16,277,392	$ 50,935,736	$ 50,935,736
9. Actuarial Asset (Gain) / Loss	$ 16,039,241	$ 5,696,173	$ 21,735,414	$ 17,883,392
10. Contribution (Gain) / Loss	$ 4,013,475	$ 4,185,270	$ 8,198,745	$ (19,328,499) [1]

1 Contribution gain with additional employer reserves is equal to the contribution loss, $8,198,748, less the additional County, MVCD, and Superior Court contributions made during 2023, $26,642,734, with interest.

SECTION V – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the System. The actuarial process utilizes funding techniques with a goal of producing a pattern of contributions that are both stable and predictable.

For this System, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age Normal (EAN)** cost method. There are three primary components to the total contribution: the **normal cost rate** (employee and employer), the **Unfunded Actuarial Liability rate** (UAL rate), and the **administrative expense** contribution.

The normal cost rate is determined in the following steps. First, an individual normal cost rate is determined by taking the value, as of entry age into the System, of each member's projected future benefits. This value is then divided by the value, also at entry age, of the member's expected future salary producing a normal cost rate that should remain relatively constant over a member's career. The total normal cost is adjusted with interest to the middle of the year, to reflect the fact that the normal cost contributions are paid throughout the year as member payroll payments are made. Finally, the total normal cost rate is reduced by the member contribution rate to produce the employer normal cost rate.

The member contribution rates used in this valuation reflect the broad cost sharing arrangements in place as of the valuation date that apply to the 2024 Plan Year (i.e., whether the bargaining unit is making the full COLA cost-sharing member contribution and/or the additional 14%/33% Basic member rate). However, the valuation does not include additional fixed rate contributions payable by some bargaining units (of 3%, 4% or 5% of payroll). Those additional contributions are applied outside of the valuation, and reductions to the employer rates to reflect those additional contributions are provided directly to the individual bargaining groups.

The Unfunded Actuarial Liability is the difference between the EAN Actuarial Liability and the Actuarial Value of Assets. At the July 24, 2015 board meeting, the SJCERA Board of Retirement chose to make a change to their funding policy, opting to amortize any unexpected changes in the UAL over a period of 15 years as a level percentage of payroll, with new amortization layers each year. The result was a set of three amortization bases as of January 1, 2015: the 2008 loss being amortized over 25 years, the remaining UAL as of December 31, 2014 being amortized over 19 years, and new additions to the UAL on and after January 1, 2015 amortized over 15 years. The single equivalent amortization period for all streams of UAL payments is 10 years for General and 11 years for Safety as of December 31, 2023. The amortization period for each Unfunded Actuarial Liability layer will decrease each year.

The total administrative expenses are assumed to be $5,462,110 in 2024, increasing with the CPI assumption each valuation. The administrative expenses are split between employees and employers based on their share of the overall contributions.

SECTION V – CONTRIBUTIONS

The tables on the following pages present the employer contributions for the System for this valuation.

Table V-1
Development of Employer Contribution Amount

		December 31, 2023	% of pay
1. Normal Cost at Middle of Year		$75,522,493	13.48%
2. Amortization of Unfunded Liability			
a. Actuarial Liability	$	5,940,503,229	
b. Actuarial Value of Assets[1]	$	4,156,622,172	
c. Unfunded Liability (a) – (b)	$	1,783,881,057	
d. Amortization of Unfunded Liability	$	207,195,989	34.95%
3. Administrative Expenses *(Employer allocation only)*	$	4,563,238	0.77%
4. Actuarially Determined Contribution (1) + (2d) + (3)	$	287,281,720	49.20%

[1] Assets exclude additional County, MVCD, and Superior Court Contribution Reserves.

SECTION V – CONTRIBUTIONS

Table V-2
Employer Contribution Rate

	December 31, 2022	December 31, 2023
Contributions as a Percentage of Payroll[1]		
Gross Entry Age Normal Cost Rate	23.32%	23.03%
Employee Contribution Rate	9.47%	9.55%
Employer Entry Age Normal Cost Rate	13.85%	13.48%
Employer Normal Cost Rate	13.85%	13.48%
Administrative Expense	0.84%	0.77%
Amortization Payment	36.36%	34.95%
Employer Contribution Rate	51.05%	49.20%
Actuarially Determined Contribution (Employer)	$ 268,750,800	$ 287,281,720

[1] Normal cost and employee contribution rates do not include administrative expenses.

SECTION V – CONTRIBUTIONS

Table V-3
Employer Contribution Rate

	General Tier 1 December 31, 2023	General Tier 2 December 31, 2023	Safety Tier 1 December 31, 2023	Safety Tier 2 December 31, 2023
Contributions as a Percentage of Payroll[1]				
Gross Entry Age Normal Cost Rate	22.72%	19.64%	38.11%	30.93%
Employee Contribution Rate	7.07%	9.82%	11.80%	15.47%
Employer Entry Age Normal Cost Rate	15.65%	9.82%	26.31%	15.46%
Employer Normal Cost Rate	15.65%	9.82%	26.31%	15.46%
Administrative Expense	0.77%	0.77%	0.77%	0.77%
Amortization Payment	29.01%	29.01%	66.69%	66.69%
Employer Contribution Rate	45.43%	39.60%	93.77%	82.92%
Actuarially Determined Contribution (Employer)	$ 83,655,695	$ 121,538,418	$ 47,014,827	$ 35,072,780

[1] Normal cost and employee contribution rates do not include administrative expenses.

SECTION V – CONTRIBUTIONS

Table V-4
Development of General Amortization Payment
For Fiscal Year 2024

Type of Base	Date Established	Initial Amount	Initial Amortization Years	12/31/2023 Outstanding Balance	Remaining Amortization Years	Amortization Amount
Charges/(Credits)						
1. 2008 Extraordinary Actuarial Loss	12/31/2008	$ 298,074,372	30	$ 313,707,896	15	$ 27,425,943
2. Remaining 12/31/2013 UAL	12/31/2013	584,940,566	19	448,721,448	9	59,182,216
3. 2014 (Gain)/Loss	12/31/2014	(11,658,862)	15	(7,210,388)	6	(1,355,215)
4. 2015 (Gain)/Loss	12/31/2015	34,636,894	15	23,744,674	7	3,891,651
5. 12/31/2015 Assumption Changes	12/31/2015	75,853,467	15	51,999,922	7	8,522,566
6. 2016 (Gain)/Loss	12/31/2016	94,894,097	15	70,714,613	8	10,315,815
7. 2017 (Gain)/Loss	12/31/2017	23,943,774	15	19,095,208	9	2,518,482
8. 12/31/2017 Assumption Changes	12/31/2017	59,045,648	15	47,089,027	9	6,210,608
9. 2018 (Gain)/Loss	12/31/2018	95,504,066	15	80,560,287	10	9,725,331
10. 12/31/2018 Assumption Changes	12/31/2018	17,462,987	15	14,730,507	10	1,778,284
11. 2019 (Gain)/Loss	12/31/2019	8,429,406	15	7,446,517	11	831,045
12. 12/31/2019 Assumption Changes	12/31/2019	96,315,094	15	92,968,714	11	10,375,476
13. 2020 (Gain)/Loss	12/31/2020	(242,042)	15	(222,505)	12	(23,145)
14. 2021 (Gain)/Loss	12/31/2021	(33,479,076)	15	(31,808,280)	13	(3,105,160)
15. 12/31/2021 Assumption Changes	12/31/2021	(75,251,608)	15	(71,496,123)	13	(6,979,533)
16. 2022 (Gain)/Loss	12/31/2022	119,296,199	15	116,572,963	14	10,742,366
17. 2023 (Gain)/Loss	12/31/2023	54,711,061	15	54,711,061	15	4,783,120
				$ 1,231,325,541	10 [1]	$ 144,839,850

[1] The single equivalent amortization period - i.e. the length of time required to amortize the overall UAL as a level percentage of payroll based on the total current amortization payment is approximately 10 years.

SECTION V – CONTRIBUTIONS

Table V-5
Development of Safety Amortization Payment
For Fiscal Year 2024

Type of Base	Date Established	Initial Amount	Initial Amortization Years	12/31/2023 Outstanding Balance	Remaining Amortization Years	Amortization Amount
Charges/(Credits)						
1. 2008 Extraordinary Actuarial Loss	12/31/2008	$ 126,189,527	30	$ 126,332,113	15	$ 11,044,597
2. Remaining 12/31/2013 UAL	12/31/2013	235,559,190	19	180,702,906	9	23,833,045
3. 2014 (Gain)/Loss	12/31/2014	(4,780,021)	15	(2,956,190)	6	(555,625)
4. 2015 (Gain)/Loss	12/31/2015	17,788,933	15	12,194,870	7	1,998,687
5. 12/31/2015 Assumption Changes	12/31/2015	16,001,780	15	10,969,720	7	1,797,890
6. 2016 (Gain)/Loss	12/31/2016	14,516,825	15	10,817,867	8	1,578,105
7. 2017 (Gain)/Loss	12/31/2017	13,716,051	15	10,938,580	9	1,442,698
8. 12/31/2017 Assumption Changes	12/31/2017	22,809,013	15	18,190,235	9	2,399,124
9. 2018 (Gain)/Loss	12/31/2018	26,232,387	15	22,127,736	10	2,671,286
10. 12/31/2018 Assumption Changes	12/31/2018	(1,446,461)	15	(1,220,130)	10	(147,295)
11. 2019 (Gain)/Loss	12/31/2019	30,198,055	15	26,676,886	11	2,977,189
12. 12/31/2019 Assumption Changes	12/31/2019	38,696,213	15	37,351,749	11	4,168,523
13. 2020 (Gain)/Loss	12/31/2020	1,500,664	15	1,379,532	12	143,499
14. 2021 (Gain)/Loss	12/31/2021	(16,417,200)	15	(15,597,887)	13	(1,522,683)
15. 12/31/2021 Assumption Changes	12/31/2021	16,510,425	15	15,686,461	13	1,531,330
16. 2022 (Gain)/Loss	12/31/2022	74,502,950	15	72,802,233	14	6,708,830
17. 2023 (Gain)/Loss	12/31/2023	26,158,835	15	26,158,835	15	2,286,939
				$ 552,555,515	11 [1]	$ 62,356,139

[1] The single equivalent amortization period - i.e. the length of time required to amortize the overall UAL as a level percentage of payroll based on the total current amortization payment is approximately 11 years.

SECTION VI – ADDITIONAL ANNUAL FINANCIAL REPORT SCHEDULES

This section of the report provides a schedule for the Actuarial Section of the annual financial report for SJCERA that is not provided in the GASB 67 and 68 reports.

We have prepared the following schedule:

Schedule of Funded Liabilities by Type

The schedule of funded liabilities by type (formerly known as the solvency test) shows the portion of Actuarial Liabilities for active member contributions, inactive members, and the employer financed portion of the active members that are covered by the Actuarial Value of Assets.

The Actuarial Liability is determined assuming that the System is ongoing, and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities as of December 31, 2014 were discounted at an assumed interest rate of 7.50%, whereas liabilities as of December 31, 2015 and 2016 were discounted at the assumed rate of 7.40%, and the liabilities as of December 31, 2017 and 2018 were discounted at the assumed rate of 7.25%. The liabilities as of December 31, 2019 and 2020 were discounted at the assumed rate of 7.00%. The liabilities as of December 31, 2021, 2022 and 2023 are discounted at the assumed rate of 6.75%.

Table VI-1
Schedule of Funded Liabilities by Type

	Aggregate Actuarial Liabilities for				Portion of Actuarial Liabilities Covered by Reported Assets		
Valuation Date December 31,	Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members[1] (3)	Actuarial Value of Assets	(1)	(2)	(3)
2023	$ 547,449,365	$ 3,758,382,100	$ 1,634,671,764	$ 4,394,462,603	100%	100%	5%
2022	494,246,935	3,647,845,013	1,532,570,754	4,084,688,496	100%	98%	0%
2021	457,136,377	3,436,812,018	1,429,840,419	3,852,266,458	100%	99%	0%
2020	426,570,416	3,328,307,086	1,452,791,799	3,487,424,521	100%	92%	0%
2019	396,549,386	3,162,982,551	1,454,100,529	3,226,099,142	100%	89%	0%
2018	368,549,547	2,899,425,320	1,437,296,083	3,044,897,691	100%	92%	0%
2017	344,503,811	2,706,791,152	1,445,680,634	2,913,161,286	100%	95%	0%
2016	318,020,652	2,513,640,349	1,403,432,945	2,733,851,661	100%	96%	0%
2015	297,179,041	2,347,908,211	1,361,302,798	2,604,472,784	100%	98%	0%
2014	276,818,405	2,117,009,658	1,337,806,309	2,471,291,047	100%	100%	6%

[1] Includes terminated vested members.

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the San Joaquin County staff as of December 31, 2023.

Summary of Participant Data as of December 31, 2023	General	Safety	Total
Tier 1 Active Participants			
Number	1,860	397	2,257
Average Age	52.80	46.70	51.72
Average Benefit Service	19.46	18.32	19.26
Average Vesting Service	20.01	19.36	19.89
Average Pay	$101,232	$128,410	$106,012
Tier 2 Active Participants			
Number	3,967	437	4,404
Average Age	41.64	33.91	40.87
Average Benefit Service	4.09	4.98	4.17
Average Vesting Service	4.19	5.09	4.28
Average Pay	$78,391	$97,301	$80,267
All Active Participants			
Number	5,827	834	6,661
Average Age	45.20	40.00	44.55
Average Benefit Service	8.99	11.33	9.28
Average Vesting Service	9.24	11.88	9.57
Average Pay	$85,682	$112,110	$88,991

APPENDIX A – MEMBERSHIP INFORMATION

Summary of Participant Data as of December 31, 2023	General	Safety	Total
Service Retired			
Number	4,469	736	5,205
Average Age	71.77	66.91	71.08
Average Annual Base Benefit	$11,782	$25,615	$13,738
Average Annual Total Benefit	$41,259	$75,703	$46,129
Beneficiaries			
Number	733	226	959
Average Age	74.11	72.12	73.64
Average Annual Base Benefit	$4,917	$10,513	$6,236
Average Annual Total Benefit	$22,714	$42,422	$27,358
Duty Disabled			
Number	262	216	478
Average Age	66.68	63.23	65.12
Average Annual Base Benefit	$10,936	$25,685	$17,601
Average Annual Total Benefit	$28,720	$60,372	$43,023
Non-Duty Disabled			
Number	141	13	154
Average Age	67.32	66.15	67.22
Average Annual Base Benefit	$8,676	$12,096	$8,965
Average Annual Total Benefit	$19,714	$36,552	$21,135
Total Receiving Benefits			
Number	5,605	1,191	6,796
Average Age	71.73	67.22	70.94
Average Annual Base Benefit	$10,766	$22,615	$12,843
Average Annual Total Benefit	$37,706	$66,180	$42,696

APPENDIX A – MEMBERSHIP INFORMATION

Summary of Participant Data as of December 31, 2023	General	Safety	Total
Deferred Vested			
Number	742	78	820
Average Age	48.11	43.09	47.63
Average Service	9.00	9.37	9.03
Transfers and DROs			
Number	323	85	408
Average Age	51.00	46.86	50.14
Average Service	5.04	4.26	4.88
Funds on Account			
Number	1629	79	1708
Average Age	43.29	37.80	43.04
Average Service	1.33	1.58	1.34
Total Inactive			
Number	2,694	242	2,936
Average Age	45.54	42.69	45.31
Average Service	3.88	5.03	3.98

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: General

	Actives	Transfers/ DROS	Non-Vested Terminations	Vested Terminations	Non-Duty Disabled	Duty Disabled	Retired	Beneficiaries	Total
December 31, 2022	**5,420**	**350**	**1,520**	**683**	**143**	**265**	**4,401**	**714**	**13,496**
New Entrants	1,023	0	0	0	0	0	0	0	1,023
Rehires	55	(2)	(31)	(21)	0	0	(1)	0	0
Duty Disabilities	(5)	0	0	0	0	5	0	0	0
Non-Duty Disabilities	(3)	0	0	0	3	0	0	0	0
Retirements	(140)	(22)	(3)	(23)	0	0	186	2	0
Vested Terminations	(112)	0	0	112	0	0	0	0	0
Retirements from Safety with General Service	0	0	0	0	0	4	10	0	14
Died, With Beneficiaries' Benefit Payable	(1)	0	0	0	(2)	(4)	(54)	61	0
Died, Without Beneficiary, and Other Terminations	(256)	(1)	257	(1)	(3)	(8)	(71)	0	(83)
Transfers	(18)	0	0	0	0	0	0	0	(18)
Redeposits – AB 2766	0	0	0	0	0	0	0	0	0
Withdrawals Paid	(136)	(2)	(105)	(16)	0	(2)	0	(2)	(263)
Beneficiary Deaths	0	0	0	0	0	0	0	(43)	(43)
Domestic Relations Orders	0	0	0	0	0	0	0	0	0
Data Corrections	0	0	(9)	8	0	2	(2)	1	0
December 31, 2023	**5,827**	**323**	**1,629**	**742**	**141**	**262**	**4,469**	**733**	**14,126**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: Safety

	Actives	Transfers/ DROS	Non-Vested Terminations	Vested Terminations	Non-Duty Disabled	Duty Disabled	Retired	Beneficiaries	Total
December 31, 2022	**824**	**91**	**79**	**74**	**13**	**214**	**716**	**226**	**2,237**
New Entrants	37	0	0	0	0	0	0	0	37
Rehires	2	0	0	(2)	0	0	0	0	0
Duty Disabilities	(7)	(1)	0	0	0	8	0	0	0
Non-Duty Disabilities	(1)	0	0	0	1	0	0	0	0
Retirements	(21)	(4)	0	(1)	0	0	26	0	0
Vested Terminations	(8)	0	0	8	0	0	0	0	0
Retirements from Safety with General Service	0	0	0	0	0	0	1	0	1
Died, With Beneficiaries' Benefit Payable	0	0	0	0	0	(3)	(5)	8	0
Died, Without Beneficiary, and Other Terminations	(4)	0	4	0	0	(3)	(2)	0	(5)
Transfers	18	0	0	0	0	0	0	0	18
Redeposits – AB 2766	0	0	0	0	0	0	0	0	0
Withdrawals Paid	(6)	(1)	(4)	(1)	(1)	0	0	0	(13)
Beneficiary Deaths	0	0	0	(1)	0	0	0	(9)	(10)
Domestic Relations Orders	0	0	0	0	0	0	0	1	1
Data Corrections	0	0	0	1	0	0	0	0	1
December 31, 2023	**834**	**85**	**79**	**78**	**13**	**216**	**736**	**226**	**2,267**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: All Groups

	Actives	Transfers/ DROS	Non-Vested Terminations	Vested Terminations	Non-Duty Disabled	Duty Disabled	Retired	Beneficiaries	Total
December 31, 2022	**6,244**	**441**	**1,599**	**757**	**156**	**479**	**5,117**	**940**	**15,733**
New Entrants	1,060	0	0	0	0	0	0	0	1,060
Rehires	57	(2)	(31)	(23)	0	0	(1)	0	0
Duty Disabilities	(12)	(1)	0	0	0	13	0	0	0
Non-Duty Disabilities	(4)	0	0	0	4	0	0	0	0
Retirements	(161)	(26)	(3)	(24)	0	0	212	2	0
Vested Terminations	(120)	0	0	120	0	0	0	0	0
Retirements from Safety with General Service	0	0	0	0	0	4	11	0	15
Died, With Beneficiaries' Benefit Payable	(1)	0	0	0	(2)	(7)	(59)	69	0
Died, Without Beneficiary, and Other Terminations	(260)	(1)	261	(1)	(3)	(11)	(73)	0	(88)
Transfers	0	0	0	0	0	0	0	0	0
Redeposits – AB 2766	0	0	0	0	0	0	0	0	0
Withdrawals Paid	(142)	(3)	(109)	(17)	(1)	(2)	0	(2)	(276)
Beneficiary Deaths	0	0	0	(1)	0	0	0	(52)	(53)
Domestic Relations Orders	0	0	0	0	0	0	0	1	1
Data Corrections	0	0	(9)	9	0	2	(2)	1	1
December 31, 2023	**6,661**	**408**	**1,708**	**820**	**154**	**478**	**5,205**	**959**	**16,393**

APPENDIX A – MEMBERSHIP INFORMATION

Active Member Data by Plan

Valuation at Year End	Plan Type	Member Count	Annual Payroll	Average Annual Salary	Average Salary Increase
2009	General	4,990	$320,526,792	$64,234	5.56%
	Safety	925	$70,801,157	$76,542	2.62%
	Total	**5,915**	**$391,327,949**	**$66,159**	**5.21%**
2010	General	4,643	$308,183,424	$66,376	3.33%
	Safety	830	$64,817,396	$78,093	2.03%
	Total	**5,473**	**$373,000,820**	**$68,153**	**3.01%**
2011	General	4,441	$298,308,687	$67,172	1.20%
	Safety	813	$64,041,814	$78,772	0.87%
	Total	**5,254**	**$362,350,501**	**$68,967**	**1.19%**
2012	General	4,492	$301,505,122	$67,120	-0.08%
	Safety	803	$64,386,900	$80,183	1.79%
	Total	**5,295**	**$365,892,023**	**$69,101**	**0.19%**
2013	General	4,748	$316,885,044	$66,741	-0.57%
	Safety	805	$65,640,055	$81,540	1.69%
	Total	**5,553**	**$382,525,098**	**$68,886**	**-0.31%**
2014	General	4,879	$322,836,680	$66,169	-0.86%
	Safety	827	$68,491,483	$82,819	1.57%
	Total	**5,706**	**$391,328,162**	**$68,582**	**-0.44%**
2015	General	5,131	$340,731,847	$66,407	0.36%
	Safety	793	$66,456,278	$83,804	1.19%
	Total	**5,924**	**$407,188,125**	**$68,735**	**0.22%**
2016	General	5,291	$373,202,798	$70,535	6.22%
	Safety	811	$67,593,920	$83,346	-0.55%
	Total	**6,102**	**$440,796,718**	**$72,238**	**5.10%**
2017	General	5,370	$381,151,442	$70,978	0.63%
	Safety	848	$70,776,611	$83,463	0.14%
	Total	**6,218**	**$451,928,053**	**$72,681**	**0.61%**
2018	General	5,485	$401,820,940	$73,258	3.86%
	Safety	860	$72,680,957	$84,513	1.40%
	Total	**6,345**	**$474,501,897**	**$74,784**	**3.52%**
2019	General	5,526	$404,710,743	$73,238	-0.03%
	Safety	843	$73,747,564	$87,482	3.51%
	Total	**6,369**	**$478,458,307**	**$75,123**	**0.45%**
2020	General	5,518	$414,244,475	$75,071	2.50%
	Safety	832	$75,245,783	$90,440	3.38%
	Total	**6,350**	**$489,490,258**	**$77,085**	**2.61%**
2021	General	5,492	$424,197,359	$77,239	2.89%
	Safety	837	$77,959,639	$93,142	2.99%
	Total	**6,329**	**$502,156,998**	**$79,342**	**2.93%**
2022	General	5,420	$447,145,524	$82,499	6.81%
	Safety	824	$87,240,416	$105,874	13.67%
	Total	**6,244**	**$534,385,940**	**$85,584**	**7.87%**
2023	General	5,827	$499,266,336	$85,682	3.86%
	Safety	834	$93,499,432	$112,110	5.89%
	Total	**6,661**	**$592,765,768**	**$88,991**	**3.98%**

Payroll figures represent active members' annualized pay rates on January 1 of the following year.

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Retirees and Beneficiaries Valuation Data

Valuation at Year End	Plan Type	Member Retirements	Beneficiary Continuance	Members and Beneficiaries Removed	Total Retirees on Payroll	Annual Retirement Payroll	Average Annual Allowance	Average Allowance Increase
2009	General	207	31	104	3,522	78,988,070	22,427	6.29%
	Safety	24	7	11	730	32,575,964	44,625	3.62%
	Total	**231**	**38**	**115**	**4,252**	**111,564,034**	**26,238**	**5.35%**
2010	General	242	35	102	3,697	85,931,078	23,243	3.64%
	Safety	65	5	8	792	36,354,738	45,902	2.86%
	Total	**307**	**40**	**110**	**4,489**	**122,285,816**	**27,241**	**3.82%**
2011	General	240	42	108	3,871	92,938,361	24,009	3.30%
	Safety	32	4	14	814	38,098,866	46,805	1.97%
	Total	**272**	**46**	**122**	**4,685**	**131,037,227**	**27,970**	**2.68%**
2012	General	278	27	135	4,041	102,025,575	25,248	5.16%
	Safety	52	12	20	856	42,008,598	49,075	4.85%
	Total	**330**	**39**	**155**	**4,897**	**144,034,172**	**29,413**	**5.16%**
2013	General	213	52	134	4,172	109,869,721	26,335	4.31%
	Safety	22	11	20	869	43,548,028	50,113	2.11%
	Total	**235**	**63**	**154**	**5,041**	**153,411,632**	**30,433**	**3.47%**
2014	General	247	51	112	4,358	120,722,240	27,701	5.19%
	Safety	29	14	21	891	45,889,472	51,503	2.77%
	Total	**276**	**65**	**133**	**5,249**	**166,611,711**	**31,742**	**4.30%**
2015	General	227	45	136	4,494	129,928,957	28,912	4.37%
	Safety	54	15	19	941	50,813,875	54,000	4.85%
	Total	**281**	**60**	**155**	**5,435**	**180,742,832**	**33,255**	**4.77%**
2016	General	251	40	128	4,657	139,511,334	29,957	3.62%
	Safety	40	12	22	971	54,508,607	56,137	3.96%
	Total	**291**	**52**	**150**	**5,628**	**194,019,941**	**34,474**	**3.66%**
2017	General	249	49	149	4,806	149,183,295	31,041	3.62%
	Safety	46	12	13	1016	57,837,517	56,927	1.41%
	Total	**295**	**61**	**162**	**5,822**	**207,020,812**	**35,558**	**3.15%**
2018	General	290	47	133	5,010	161,602,326	32,256	3.91%
	Safety	39	8	20	1043	61,364,472	58,835	3.35%
	Total	**329**	**55**	**153**	**6,053**	**222,966,797**	**36,836**	**3.59%**
2019	General	237	57	179	5,125	171,791,597	33,520	3.92%
	Safety	49	13	22	1,083	65,822,764	60,778	3.30%
	Total	**286**	**70**	**201**	**6,208**	**237,614,311**	**38,276**	**3.91%**
2020	General	237	47	159	5,250	182,786,202	34,816	3.87%
	Safety	37	10	19	1,111	69,214,609	62,299	2.50%
	Total	**274**	**57**	**178**	**6,361**	**252,000,811**	**39,617**	**3.50%**
2021	General	246	58	159	5,395	192,121,249	35,611	2.28%
	Safety	48	24	36	1,147	71,998,606	62,771	0.76%
	Total	**294**	**82**	**195**	**6,542**	**264,119,855**	**40,373**	**1.91%**
2022	General	236	48	156	5,523	202,648,699	36,692	3.04%
	Safety	35	3	16	1,169	75,687,232	64,745	3.14%
	Total	**271**	**51**	**172**	**6,692**	**278,335,931**	**41,592**	**3.02%**
2023	General	208	64	190	5,605	211,339,432	37,706	2.76%
	Safety	36	9	23	1,191	78,820,186	66,180	2.22%
	Total	**244**	**73**	**213**	**6,796**	**290,159,618**	**42,696**	**2.65%**

Payroll figures represent year end monthly retirement benefits annualized and exclude Post-Employment Healthcare benefits.

APPENDIX A – MEMBERSHIP INFORMATION

Retirees and Beneficiaries Added to and Removed from Retiree Payroll

Fiscal Year	Beginning of Year	Added During Year	Allowances Added (in 000s)[1]	Removed During Year	Allowances Removed	End of Year	Annual Retirement Payroll (in 000s)	Average Allowance Percentage Increase	Average Annual Allowance
2010	4,252	353	12,918	116	2,196	4,489	122,286	3.82%	27,241
2011	4,489	318	11,544	122	2,793	4,685	131,037	2.67%	27,969
2012	4,685	361	16,400	149	3,403	4,897	144,034	5.16%	29,413
2013	4,897	297	12,908	153	3,530	5,041	153,412	3.47%	30,433
2014	5,041	340	16,230	132	3,030	5,249	166,612	4.30%	31,742
2015	5,249	341	17,776	155	3,651	5,435	180,737	4.77%	33,255
2016	5,435	343	17,151	150	3,868	5,628	194,020	3.66%	34,474
2017	5,628	355	17,288	161	4,287	5,822	207,021	3.15%	35,558
2018	5,822	382	19,839	151	3,893	6,053	222,967	3.59%	36,836
2019	6,053	355	20,574	200	5,927	6,208	237,614	3.91%	38,276
2020	6,208	333	19,967	180	5,580	6,361	252,001	3.50%	39,617
2021	6,361	376	19,519	195	7,400	6,542	264,120	1.91%	40,373
2022	6,542	322	19,736	172	5,520	6,692	278,336	3.02%	41,592
2023	6,692	317	19,055	213	7,231	6,796	290,160	2.65%	42,696

[1] Includes COLA amounts not included in previous year's Annual Allowance totals.

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/1/2014 to 12/31/2014							
Retirees							
General Members							
Average Benefits	$618	$1,120	$1,601	$2,635	$4,409	$4,672	$6,283
Average Final Compensation	$9,300	$6,612	$5,529	$6,454	$8,122	$6,944	$7,635
Count	9	25	49	46	23	45	41
Safety Members							
Average Benefits	$380	$1,190	$3,433	$4,546	$3,993	$7,412	$11,302
Average Final Compensation	$8,910	$6,591	$7,642	$8,863	$6,031	$9,013	$11,761
Count	1	1	3	5	4	6	1
Survivors/DROs							
General Members							
Average Benefits	$475	$654	$1,087	$814	$2,160	$1,680	$2,941
Average Final Compensation	$5,928	$4,152	$2,879	$2,457	$4,998	$3,887	$8,068
Count	11	6	11	6	5	3	5
Safety Members							
Average Benefits	$2,030	$2,464	$2,890	$3,326	$2,002	$3,569	$3,499
Average Final Compensation	$9,251	$8,581	$5,515	$4,817	$4,850	$5,955	$2,018
Count	2	3	4	1	1	1	2
1/1/2015 to 12/31/2015							
Retirees							
General Members							
Average Benefits	$330	$988	$1,661	$2,449	$3,277	$4,342	$5,770
Average Final Compensation	$5,778	$5,953	$5,826	$5,723	$5,918	$6,501	$6,781
Count	12	27	36	43	26	29	37
Safety Members							
Average Benefits	$585	$1,352	$2,452	$3,959	$5,597	$8,061	$10,770
Average Final Compensation	$7,403	$5,334	$6,269	$6,943	$8,120	$9,621	$11,481
Count	2	2	4	3	10	21	6
Survivors/DROs							
General Members							
Average Benefits	$376	$987	$999	$1,612	$3,184	$2,709	$5,276
Average Final Compensation	$3,328	$5,939	$3,359	$4,532	$8,017	$5,312	$5,850
Count	4	10	9	4	4	3	5
Safety Members							
Average Benefits	$530	$2,019	$2,184	$1,970	$2,902	$4,784	$5,026
Average Final Compensation	$6,052	$11,395	$9,909	$3,887	$4,783	$6,788	$5,405
Count	2	1	2	1	2	4	3

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/1/2016 to 12/31/2016							
Retirees							
General Members							
Average Benefits	$310	$1,100	$1,823	$2,487	$3,779	$3,911	$5,931
Average Final Compensation	$6,616	$5,885	$6,368	$5,950	$6,805	$5,756	$7,132
Count	21	24	54	48	24	31	42
Safety Members							
Average Benefits	$3,817	$1,759	$2,546	$6,290	$5,510	$9,513	$12,671
Average Final Compensation	$7,634	$5,985	$6,353	$11,452	$8,566	$11,959	$13,175
Count	1	6	6	3	7	12	4
Survivors/DROs							
General Members							
Average Benefits	$313	$858	$1,065	$1,596	$3,214	$1,720	$2,769
Average Final Compensation	$5,726	$4,674	$4,527	$4,648	$6,051	$3,809	$3,313
Count	5	7	11	6	2	5	1
Safety Members							
Average Benefits	$495	$2,235	$1,253	$1,661	$4,086	$5,943	$4,712
Average Final Compensation	$7,339	$9,642	$3,842	$2,755	$5,646	$8,003	$4,803
Count	2	4	1	1	1	1	2
1/1/2017 to 12/31/2017							
Retirees							
General Members							
Average Benefits	$377	$1,188	$2,070	$2,390	$3,665	$4,847	$6,187
Average Final Compensation	$9,793	$6,524	$6,533	$5,839	$6,699	$7,055	$7,391
Count	23	35	42	48	20	34	33
Safety Members							
Average Benefits	$787	$1,223	$2,212	$3,441	$5,973	$7,370	$9,169
Average Final Compensation	$9,858	$5,688	$5,842	$6,681	$9,020	$9,264	$9,050
Count	5	4	6	9	6	8	1
Survivors/DROs							
General Members							
Average Benefits	$701	$992	$1,442	$1,078	$1,941	$1,746	$4,828
Average Final Compensation	$5,325	$4,183	$4,550	$3,587	$5,038	$2,502	$5,368
Count	11	10	8	7	3	4	4
Safety Members							
Average Benefits	$667	$2,413	$1,292	$0	$0	$3,363	$5,834
Average Final Compensation	$5,605	$6,310	$3,454	$0	$0	$4,597	$3,354
Count	2	3	2	0	0	1	3

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/1/2018 to 12/31/2018							
Retirees							
General Members							
Average Benefits	$596	$1,166	$1,759	$2,671	$3,522	$5,202	$6,036
Average Final Compensation	$9,601	$6,704	$5,920	$6,603	$6,555	$7,633	$6,975
Count	21	45	47	55	25	33	39
Safety Members							
Average Benefits	$2,721	$2,622	$2,166	$3,313	$3,997	$7,453	$10,935
Average Final Compensation	$5,485	$8,987	$6,168	$6,135	$6,442	$9,615	$11,725
Count	1	3	5	5	8	7	4
Survivors/DROs							
General Members							
Average Benefits	$224	$659	$1,201	$1,204	$2,150	$2,590	$2,759
Average Final Compensation	$4,220	$3,482	$5,324	$4,292	$3,513	$3,538	$4,382
Count	3	5	10	10	1	5	9
Safety Members							
Average Benefits	$0	$1,724	$3,203	$0	$1,201	$0	$6,213
Average Final Compensation	$0	$6,376	$4,065	$0	$3,140	$0	$4,768
Count	0	3	1	0	1	0	3
1/1/2019 to 12/31/2019							
Retirees							
General Members							
Average Benefits	$345	$1,131	$1,780	$3,030	$3,669	$4,796	$7,232
Average Final Compensation	$8,121	$7,276	$6,189	$6,988	$7,070	$7,062	$8,554
Count	20	35	40	36	29	30	37
Safety Members							
Average Benefits	$596	$2,060	$3,057	$3,965	$4,173	$9,630	$17,094
Average Final Compensation	$9,587	$6,917	$6,658	$7,484	$7,087	$11,287	$17,300
Count	6	5	5	6	11	10	5
Survivors/DROs							
General Members							
Average Benefits	$235	$927	$994	$1,599	$2,453	$2,930	$4,532
Average Final Compensation	$6,898	$5,691	$3,777	$5,652	$4,288	$4,213	$5,778
Count	6	8	12	7	8	6	10
Safety Members							
Average Benefits	$712	$1,280	$1,831	$0	$3,258	$4,435	$6,246
Average Final Compensation	$7,533	$7,809	$5,374	$0	$4,504	$4,987	$6,460
Count	2	2	3	0	3	2	1

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/1/2020 to 12/31/2020							
Retirees							
General Members							
Average Benefits	$344	$1,373	$1,926	$3,086	$3,108	$4,527	$6,734
Average Final Compensation	$7,961	$9,038	$6,637	$6,948	$5,859	$6,790	$8,250
Count	21	32	36	35	33	26	50
Safety Members							
Average Benefits	$430	$1,750	$2,749	$3,265	$4,763	$7,209	$13,386
Average Final Compensation	$9,072	$6,259	$6,672	$6,689	$7,515	$9,083	$13,811
Count	3	2	4	4	12	11	3
Survivors/DROs							
General Members							
Average Benefits	$505	$735	$990	$1,096	$1,547	$1,904	$3,690
Average Final Compensation	$5,989	$6,865	$3,653	$3,254	$3,428	$3,781	$4,974
Count	4	4	8	5	5	6	8
Safety Members							
Average Benefits	$1,246	$0	$1,622	$4,494	$0	$5,142	$6,753
Average Final Compensation	$6,483	$0	$2,296	$9,747	$0	$5,684	$7,710
Count	2	0	2	2	0	1	2
1/1/2021 to 12/31/2021							
Retirees							
General Members							
Average Benefits	$215	$1,150	$2,109	$2,548	$3,599	$4,735	$5,977
Average Final Compensation	$8,113	$6,452	$7,236	$6,571	$6,677	$7,645	$7,427
Count	21	30	37	38	43	28	45
Safety Members							
Average Benefits	$857	$2,288	$2,916	$3,799	$5,049	$6,749	$7,937
Average Final Compensation	$9,706	$11,850	$7,852	$6,954	$7,814	$9,398	$8,663
Count	5	6	2	9	20	4	1
Survivors/DROs							
General Members							
Average Benefits	$995	$505	$1,203	$1,561	$1,902	$3,872	$2,573
Average Final Compensation	$3,852	$3,789	$5,463	$4,495	$3,647	$6,175	$4,831
Count	7	8	6	9	6	9	6
Safety Members							
Average Benefits	$1,312	$1,366	$2,295	$3,103	$0	$5,702	$6,523
Average Final Compensation	$9,117	$5,396	$4,830	$4,585	$0	$7,451	$6,523
Count	3	1	3	3	0	3	8

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/1/2022 to 12/31/2022							
Retirees							
General Members							
Average Benefits	$516	$1,091	$1,657	$2,604	$3,439	$4,984	$6,980
Average Final Compensation	$9,320	$6,761	$5,780	$7,167	$6,615	$7,384	$8,606
Count	20	53	22	28	44	28	36
Safety Members							
Average Benefits	$1,497	$2,207	$2,639	$4,947	$5,063	$6,651	$12,981
Average Final Compensation	$7,765	$6,699	$7,528	$9,283	$8,414	$8,760	$13,277
Count	3	3	6	5	9	4	3
Survivors/DROs							
General Members							
Average Benefits	$675	$890	$931	$1,311	$3,104	$1,389	$3,323
Average Final Compensation	$0	$4,735	$3,621	$3,319	$7,709	$2,896	$4,286
Count	1	12	5	6	6	2	6
Safety Members							
Average Benefits	$2,642	$2,099	$0	$408	$2,356	$0	$0
Average Final Compensation	$2,560	$8,335	$0	$700	$3,823	$0	$0
Count	1	1	0	1	1	0	0
1/1/2023 to 12/31/2023							
Retirees							
General Members							
Average Benefits	$557	$1,055	$1,975	$3,216	$3,987	$5,161	$5,849
Average Final Compensation	$9,419	$7,275	$6,945	$7,426	$7,176	$8,011	$7,270
Count	26	44	22	28	35	22	24
Safety Members							
Average Benefits	$481	$1,635	$2,346	$5,283	$6,204	$7,701	$0
Average Final Compensation	$7,084	$9,162	$7,177	$9,260	$9,175	$9,898	$0
Count	2	4	4	8	10	3	0
Survivors/DROs							
General Members							
Average Benefits	$940	$1,757	$1,280	$1,414	$1,393	$2,630	$4,157
Average Final Compensation	$5,952	$7,098	$3,455	$4,585	$3,647	$5,066	$5,609
Count	4	6	6	12	8	12	7
Safety Members							
Average Benefits	$0	$3,695	$0	$0	$4,707	$6,776	$5,577
Average Final Compensation	$0	$12,787	$0	$0	$4,341	$7,552	$5,871
Count	0	1	0	0	1	2	1

APPENDIX A – MEMBERSHIP INFORMATION

Distribution of General Active Members
By Age And Service As of December 31, 2023

	Service										
Age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 & up**	**Total**
Under 25	58	48	0	0	0	0	0	0	0	0	**106**
25 to 29	119	275	21	0	0	0	0	0	0	0	**415**
30 to 34	95	366	189	12	0	0	0	0	0	0	**662**
35 to 39	83	327	273	71	21	0	0	0	0	0	**775**
40 to 44	68	244	261	109	123	27	0	0	0	0	**832**
45 to 49	47	187	223	116	155	122	25	0	0	0	**875**
50 to 54	43	150	175	85	131	161	70	12	1	0	**828**
55 to 59	24	128	127	75	92	102	67	39	11	0	**665**
60 to 64	12	61	91	59	70	81	42	39	16	2	**473**
65 to 69	2	19	31	26	17	28	14	5	2	2	**146**
70 & up	0	12	5	10	2	3	8	2	1	7	**50**
Total	**551**	**1,817**	**1,396**	**563**	**611**	**524**	**226**	**97**	**31**	**11**	**5,827**

Average Age = 45.20 Average Service = 8.99

Payroll Distribution of General Active Participants
By Age And Service As of December 31, 2023

	Service										
Age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 & up**	**Total**
Under 25	58,147	58,380	0	0	0	0	0	0	0	0	**58,252**
25 to 29	62,371	72,407	74,998	0	0	0	0	0	0	0	**69,660**
30 to 34	66,067	73,561	85,475	71,942	0	0	0	0	0	0	**75,857**
35 to 39	63,290	80,489	87,746	97,551	79,352	0	0	0	0	0	**82,736**
40 to 44	66,784	79,353	85,681	108,860	92,788	99,279	0	0	0	0	**86,809**
45 to 49	73,228	77,823	89,024	98,073	102,680	95,912	104,836	0	0	0	**90,813**
50 to 54	63,890	81,822	86,568	114,572	105,425	93,541	109,643	73,091	62,975	0	**93,472**
55 to 59	69,716	76,903	89,646	95,548	95,100	92,698	99,903	93,551	85,014	0	**89,548**
60 to 64	55,690	83,796	84,000	87,564	95,075	84,392	86,995	106,710	96,581	80,090	**87,954**
65 to 69	151,446	76,805	95,472	98,762	118,833	88,635	89,600	87,411	58,143	128,118	**94,901**
70 & up	0	93,419	101,218	167,990	93,779	66,432	88,850	113,519	190,221	133,532	**115,133**
Total	**64,789**	**76,875**	**87,066**	**101,866**	**98,883**	**92,393**	**100,037**	**96,406**	**91,933**	**122,831**	**85,682**

Average Salary = $85,682

APPENDIX A – MEMBERSHIP INFORMATION

Distribution of Safety Active Members
By Age And Service As of December 31, 2023

	Service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	5	33	0	0	0	0	0	0	0	0	38
25 to 29	3	69	25	0	0	0	0	0	0	0	97
30 to 34	4	45	72	12	0	0	0	0	0	0	133
35 to 39	5	19	62	24	27	0	0	0	0	0	137
40 to 44	0	14	33	11	79	19	0	0	0	0	156
45 to 49	0	3	9	7	34	52	5	1	0	0	111
50 to 54	2	4	8	3	28	36	19	3	0	0	103
55 to 59	0	6	7	0	7	10	8	2	0	0	40
60 to 64	0	1	1	4	3	2	2	1	1	0	15
65 to 69	0	0	0	1	0	1	0	0	0	0	2
70 & up	0	0	0	0	1	1	0	0	0	0	2
Total	19	194	217	62	179	121	34	7	1	0	834

Average Age = 40.00 Average Service = 11.33

Payroll Distribution of Safety Active Participants
By Age And Service As of December 31, 2023

	Service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	60,284	82,522	0	0	0	0	0	0	0	0	79,596
25 to 29	59,317	90,371	100,593	0	0	0	0	0	0	0	92,045
30 to 34	63,607	85,832	103,398	122,688	0	0	0	0	0	0	97,998
35 to 39	83,708	87,452	106,044	115,128	130,352	0	0	0	0	0	109,032
40 to 44	0	90,462	112,013	108,111	125,917	132,369	0	0	0	0	119,324
45 to 49	0	118,754	111,740	114,564	123,743	128,896	127,371	204,627	0	0	125,362
50 to 54	78,270	144,332	131,601	118,352	120,989	130,998	145,849	134,868	0	0	130,302
55 to 59	0	118,705	138,323	0	141,792	135,018	125,962	124,331	0	0	131,989
60 to 64	0	126,421	137,978	139,782	116,300	152,477	103,258	90,046	65,742	0	122,646
65 to 69	0	0	0	133,962	0	116,576	0	0	0	0	125,269
70 & up	0	0	0	0	138,889	115,714	0	0	0	0	127,301
Total	68,888	90,317	107,813	117,333	125,934	130,752	135,947	135,420	65,742	0	112,110

APPENDIX A – MEMBERSHIP INFORMATION

Service Retired Benefits

Current Age	General		Safety		Total	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
0-24	0	$0	0	$0	0	$0
25-29	0	$0	0	$0	0	$0
30-34	0	$0	0	$0	0	$0
35-39	0	$0	0	$0	0	$0
40-44	0	$0	2	$37,098	2	$37,098
45-49	0	$0	15	$50,410	15	$50,410
50-54	75	$17,351	57	$57,923	132	$34,871
55-59	246	$27,622	109	$70,318	355	$40,732
60-64	563	$38,376	127	$85,197	690	$46,994
65-69	972	$43,164	135	$81,482	1,107	$47,837
70-74	983	$47,055	111	$80,950	1,094	$50,494
75-79	824	$46,033	103	$84,348	927	$50,291
80-84	458	$36,795	53	$60,565	511	$39,261
85-89	221	$34,224	18	$40,014	239	$34,660
90-94	100	$33,708	5	$66,055	105	$35,248
95+	27	$27,988	1	$166,822	28	$32,946
All Ages	4,469	$41,259	736	$75,703	5,205	$46,129

Non-Duty Disabled Benefits

Current Age	General		Safety		Total	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
0-24	0	$0	0	$0	0	$0
25-29	0	$0	0	$0	0	$0
30-34	0	$0	0	$0	0	$0
35-39	0	$0	0	$0	0	$0
40-44	5	$16,698	1	$22,147	6	$17,606
45-49	4	$17,500	0	$0	4	$17,500
50-54	12	$19,539	3	$25,491	15	$20,730
55-59	10	$19,138	0	$0	10	$19,138
60-64	19	$21,611	1	$3,758	20	$20,718
65-69	26	$21,746	2	$67,232	28	$24,995
70-74	27	$19,712	2	$25,084	29	$20,082
75-79	23	$18,008	1	$38,300	24	$18,853
80-84	9	$16,960	3	$49,953	12	$25,208
85-89	4	$21,660	0	$0	4	$21,660
90-94	1	$29,524	0	$0	1	$29,524
95+	1	$9,132	0	$0	1	$9,132
All Ages	141	$19,714	13	$36,552	154	$21,135

APPENDIX A – MEMBERSHIP INFORMATION

Duty Disabled Benefits

Current Age	General		Safety		Total	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
0-24	0	$0	0	$0	0	$0
25-29	0	$0	0	$0	0	$0
30-34	1	$317	2	$43,742	3	$29,267
35-39	2	$220	3	$39,956	5	$24,062
40-44	6	$20,459	6	$49,528	12	$34,994
45-49	7	$5,576	13	$43,107	20	$29,971
50-54	23	$16,500	27	$45,885	50	$32,368
55-59	18	$24,170	21	$58,657	39	$42,740
60-64	41	$29,628	48	$64,108	89	$48,224
65-69	48	$32,874	27	$59,998	75	$42,638
70-74	59	$30,963	27	$69,645	86	$43,107
75-79	33	$35,014	30	$74,313	63	$53,728
80-84	16	$33,001	9	$55,692	25	$41,170
85-89	6	$26,371	3	$65,514	9	$39,418
90-94	2	$43,135	0	$0	2	$43,135
95+	0	$0	0	$0	0	$0
All Ages	262	$28,720	216	$60,372	478	$43,023

Surviving Beneficiary Benefits (all benefit types)

Current Age	General		Safety		Total	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
0-24	4	$16,983	2	$16,887	6	$16,951
25-29	1	$48,057	0	$0	1	$48,057
30-34	5	$20,023	0	$0	5	$20,023
35-39	6	$15,959	0	$0	6	$15,959
40-44	2	$11,630	0	$0	2	$11,630
45-49	5	$16,868	3	$45,491	8	$27,602
50-54	18	$17,914	10	$43,012	28	$26,878
55-59	29	$17,842	18	$31,050	47	$22,900
60-64	58	$18,753	26	$25,902	84	$20,966
65-69	101	$20,960	30	$42,998	131	$26,007
70-74	117	$21,599	31	$47,173	148	$26,956
75-79	145	$25,664	37	$51,676	182	$30,952
80-84	108	$24,723	41	$46,887	149	$30,822
85-89	76	$21,637	14	$44,419	90	$25,181
90-94	38	$25,662	10	$38,098	48	$28,253
95+	20	$32,356	4	$41,271	24	$33,842
All Ages	733	$22,714	226	$42,422	959	$27,358

APPENDIX A – MEMBERSHIP INFORMATION

Assumed Probabilities of Separation from Active Membership

Age	Non-Duty Death	Ordinary Disability	Service Retirement[1]	Duty Death	Duty Disability
General Members – Male					
20	0.0004	0.000	0.000	0.000	0.001
25	0.0004	0.000	0.000	0.000	0.001
30	0.0005	0.000	0.000	0.000	0.001
35	0.0007	0.000	0.000	0.000	0.001
40	0.0009	0.001	0.000	0.000	0.004
45	0.0010	0.001	0.000	0.000	0.004
50	0.0013	0.001	0.030	0.000	0.003
55	0.0019	0.001	0.065	0.000	0.004
60	0.0029	0.001	0.090	0.000	0.004
65	0.0041	0.001	0.250	0.000	0.005
General Members – Female					
20	0.0001	0.000	0.000	0.000	0.000
25	0.0001	0.000	0.000	0.000	0.000
30	0.0002	0.000	0.000	0.000	0.000
35	0.0003	0.000	0.000	0.000	0.000
40	0.0004	0.001	0.000	0.000	0.000
45	0.0005	0.002	0.000	0.000	0.001
50	0.0008	0.002	0.035	0.000	0.001
55	0.0012	0.002	0.035	0.000	0.001
60	0.0018	0.001	0.125	0.000	0.000
65	0.0025	0.002	0.300	0.000	0.001

[1] Lower rates assumed for members with less than 10 years of service, and higher rates assumed for members with at least 30 years of service.

The probabilities for each cause of separation represent the likelihood that a given member will separate at a particular age for the indicated reason. As an example, if the probability of separation of a male general member at age 20 is 0.036, that indicates that 3.6% of active general members are expected to separate from service during the year. Rates of Duty and Non-Duty Death are for active members who reach the given age during 2022.

APPENDIX A – MEMBERSHIP INFORMATION

Assumed Probabilities of Separation from Active Membership

Age	Non-Duty Death	Ordinary Disability	Service Retirement[1]	Duty Death	Duty Disability
Safety Members – Male					
20	0.0004	0.000	0.050	0.0004	0.000
25	0.0004	0.000	0.050	0.0004	0.001
30	0.0005	0.000	0.050	0.0005	0.001
35	0.0006	0.000	0.050	0.0006	0.002
40	0.0007	0.000	0.050	0.0007	0.004
45	0.0008	0.000	0.050	0.0008	0.008
50	0.0010	0.001	0.175	0.0010	0.014
55	0.0015	0.001	0.175	0.0015	0.014
Safety Members – Female					
20	0.0002	0.000	0.050	0.0002	0.000
25	0.0002	0.000	0.050	0.0002	0.001
30	0.0003	0.000	0.050	0.0003	0.001
35	0.0004	0.000	0.050	0.0004	0.002
40	0.0005	0.000	0.050	0.0005	0.004
45	0.0006	0.000	0.050	0.0006	0.009
50	0.0008	0.001	0.175	0.0008	0.014
55	0.0012	0.001	0.175	0.0012	0.014

[1] Lower rates assumed for members with less than 20 years of service.

APPENDIX A – MEMBERSHIP INFORMATION

Salary Increase, Termination and Withdrawal Assumptions

Years of Service	Salary Increase: General	Salary Increase: Safety	Withdrawal: General	Withdrawal: Safety	Termination: General[1]	Termination: Safety[2]
0	0.1124	0.1330	0.100	0.060	0.100	0.060
1	0.1021	0.1330	0.065	0.035	0.065	0.035
2	0.0712	0.0815	0.050	0.025	0.050	0.025
3	0.0712	0.0815	0.039	0.025	0.039	0.025
4	0.0506	0.0815	0.039	0.025	0.039	0.025
5	0.0506	0.0532	0.019	0.010	0.058	0.040
6	0.0506	0.0429	0.019	0.006	0.058	0.024
7	0.0506	0.0429	0.011	0.004	0.034	0.016
8	0.0429	0.0429	0.011	0.004	0.034	0.016
9	0.0429	0.0429	0.009	0.004	0.028	0.016
10	0.0403	0.0429	0.009	0.004	0.028	0.016
11	0.0403	0.0429	0.007	0.004	0.021	0.016
12	0.0403	0.0429	0.007	0.004	0.021	0.016
13	0.0403	0.0429	0.006	0.004	0.019	0.016
14	0.0403	0.0429	0.006	0.004	0.019	0.016
15	0.0352	0.0429	0.003	0.002	0.023	0.011
16	0.0352	0.0429	0.003	0.002	0.023	0.011
17	0.0352	0.0429	0.003	0.002	0.023	0.011
18	0.0352	0.0429	0.003	0.002	0.023	0.011
19	0.0352	0.0429	0.003	0.002	0.023	0.011
20	0.0352	0.0429	0.001	0.000	0.009	0.000
21	0.0352	0.0429	0.001	0.000	0.009	0.000
22	0.0352	0.0429	0.001	0.000	0.009	0.000
23	0.0352	0.0429	0.001	0.000	0.009	0.000
24	0.0352	0.0429	0.001	0.000	0.009	0.000
25	0.0352	0.0429	0.001	0.000	0.009	0.000
26	0.0352	0.0429	0.001	0.000	0.009	0.000
27	0.0352	0.0429	0.001	0.000	0.009	0.000
28	0.0352	0.0429	0.001	0.000	0.009	0.000
29	0.0352	0.0429	0.001	0.000	0.009	0.000
30+	0.0352	0.0429	0.000	0.000	0.000	0.000

[1] 75% of vested terminated General Members with less than five years of service, 25% of those with five to 14 years of service, and 40% of those with more than 15 years of service, are assumed to be reciprocal.

[2] 67% of vested terminated Safety Members with less than five years of service, and 50% of those with more than five years of service, are assumed to be reciprocal.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the actuarial valuation as of December 31, 2023 are:

Actuarial Methods

1. **Contribution Allocation Procedure**

   The contribution allocation procedure primarily consists of an actuarial cost method, an asset smoothing method, and an amortization method as described below. This contribution allocation procedure, combined with reasonable assumptions, produces a Reasonable Actuarially Determined Contribution as defined in Actuarial Standard of Practice No. 4. The contribution allocation procedure was selected to balance benefit security, intergenerational equity, and the stability of actuarially determined contributions. The selection also considered the demographics of plan members, the funding goals and objectives of the Board, and the need to accumulate assets to make benefit payments when due.

2. **Actuarial Cost Method**

   The actuarial valuation is prepared using the entry age actuarial cost method (CERL 31453.5). Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred from outside of SJCERA, entry age (for the actuarial cost calculation only) is based on entry into the system. The normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

   The UAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of SJCERA. Effective with the December 31, 2014 valuation, the UAL as of December 31, 2013 is amortized over a closed 19-year period (nine years remaining as of December 31, 2023), except for the additional UAL attributable to the extraordinary loss from 2008, which is being amortized over a separate closed period (15 years as of December 31, 2023).

   Any subsequent unexpected change in the Unfunded Actuarial Liability after December 31, 2013 is amortized over 15 years. The UAL payment for the 2020 assumption change was phased in over a three-year period.

3. **Valuation of Assets**

   The assets are valued using a five-year smoothed method based on the difference between the expected market value and the actual market value of the assets as of the valuation date. The expected market value is the prior year's market value increased with the net increase in the cash flow of funds, all increased with interest during the past fiscal year at the expected investment return rate assumption.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

An asset corridor limit is applied such that the smoothed Market Value of Assets stays within 20% of the Market Value of Assets.

The additional employer contribution reserve and special non-valuation reserves are not included in the valuation assets for the December 31, 2023 valuation. It is at each of the employers', who are making additional contributions, discretion as to when these reserves will be included in the valuation assets that determine contributions.

4. **Changes Since the Previous Valuation**

   The valuation date was changed from January 1 of the valuation year to December 31 of the year preceding the valuation at the request of SJCERA.

Actuarial Assumptions

The recommended assumptions were reviewed with the Board at their July 7, 2022 meeting. The demographic assumptions are based on an experience study covering the period from January 1, 2019 through December 31, 2021.

1. **Rate of Return**

   Assets are assumed to earn 6.75% net of investment expenses.

2. **Administrative Expenses**

   Administrative expenses are assumed to be $5,462,110 for the next year, to be split between employees and employers based on their share of the overall contributions. Expenses are expected to grow with the cost-of-living (by 2.75% per year.)

3. **Cost of Living**

   The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 2.75% per year. This assumption is also used to project increases in the PEPRA wage cap.

4. **Post Retirement COLA**

   For those with the 3% COLA benefit (i.e., 100% of CPI up to 3% annually with banking), 2.60% annual increases are assumed. Increases are assumed to occur on April 1.

   Higher COLA annual increases of 2.75% are assumed for members in pay status. This is not considered an assumption change, but rather is used as a proxy to estimate the value of the increases in COLA banks which have occurred since the adoption of the 2.60% assumption based on recent experience.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

5. Increases in Pay

Assumed pay increases for active Members consist of increases due to base salary adjustments plus service-based increase due to longevity and promotion, as shown below:

Pay Increases											
	Years of Service										
	0	1	2	3	4	5	6	7	8-9	10-14	15+
Base Increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Longevity & Promotion											
General	8.00%	7.00%	4.00%	4.00%	2.00%	2.00%	2.00%	2.00%	1.25%	1.00%	0.50%
Safety	10.00%	10.00%	5.00%	5.00%	5.00%	2.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Total (Compound)											
General	11.24%	10.21%	7.12%	7.12%	5.06%	5.06%	5.06%	5.06%	4.29%	4.03%	3.52%
Safety	13.30%	13.30%	8.15%	8.15%	8.15%	5.32%	4.29%	4.29%	4.29%	4.29%	4.29%

6. Family Composition

Percentage married for all active members who retire, become disabled, or die during active service is shown in the following table. Male members are assumed to be three years older than their spouses, and female members are assumed to be two years younger than their spouses. It is assumed that 90% of participants with eligible beneficiaries who do not have a service-related disability elect the 60% Joint and Survivor allowance.

Percentage Married	
Gender	Percentage
Males	75%
Females	55%

7. Rates of Termination

Sample rates of termination are shown in the following table on the next page. Termination rates do not apply once a member is eligible for retirement.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

Rates of Termination*		
Years of Service	General	Safety
0	20.00%	12.00%
1	13.00%	7.00%
2	10.00%	5.00%
3	7.75%	5.00%
4	7.75%	5.00%
5	7.75%	5.00%
6	7.75%	3.00%
7	4.50%	2.00%
8	4.50%	2.00%
9	3.75%	2.00%
10	3.75%	2.00%
11-12	2.75%	2.00%
13	2.50%	2.00%
14-19	2.50%	1.25%
20-29	1.00%	0.00%
30+	0.00%	0.00%

* Termination rates do not apply once a member is eligible for retirement.

8. Withdrawal

Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits.

50% of all General Member terminations with less than five years of service, 25% of those with five to 14 years of service, and 10% of those with 15 or more years of service, are assumed to take a refund of contributions.

50% of all Safety Member terminations with less than five years of service, 20% of those with five to 14 years of service, and 15% of those with 15 or more years of service, are assumed to take a refund of contributions.

9. Vested Termination and Reciprocal Transfers

Rates of vested termination apply to active Members who terminate their employment and leave their member contributions on deposit with the Plan.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

50% of all General Member terminations with less than five years of service, 75% of those with five to 14 years of service, and 90% of those with 15 or more years of service, are assumed to leave their contributions on deposit.

50% of all Safety Member terminations with less than five years of service, 80% of those with five to 14 years of service, and 85% of those with 15 or more years of service, are assumed to leave their contributions on deposit.

Vested terminated General Members are assumed to begin receiving benefits at age 58; vested terminated Safety Members are assumed to begin receiving benefits at age 50, unless they have outgoing reciprocity, in which case they are assumed to begin receiving benefits at age 53.

75% of vested terminated General Members with less than five years of service, 25% of those with five to 14 years of service, and 40% of those with 15 or more years of service, are assumed to be reciprocal.

67% of vested terminated Safety Members with less than five years of service, and 50% of those with five or more years of service, are assumed to be reciprocal.

Final average pay for General Members who terminate with reciprocity is assumed to increase by 3.52% per year until their assumed retirement date. Final average pay for Safety Members who terminate with reciprocity is assumed to increase by 4.29% per year until their assumed retirement date.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

10. Rates of Service-Connected Disability

Sample service-connected disability rates of active participants are provided in the table below.

Rates of Svc Disability				
Age	General Male	General Female	Safety Male	Safety Female
22	0.094%	0.006%	0.048%	0.048%
27	0.107%	0.006%	0.086%	0.089%
32	0.122%	0.010%	0.161%	0.166%
37	0.139%	0.018%	0.296%	0.305%
42	0.414%	0.037%	0.565%	0.592%
47	0.446%	0.067%	1.023%	1.101%
52	0.361%	0.072%	1.425%	1.425%
57	0.410%	0.045%	1.425%	1.425%
62	0.470%	0.050%	1.425%	1.425%

11. Rates of Nonservice-Connected Disability

Sample nonservice-connected disability rates of active participants are provided in the table below.

Rates of Non-Svc Disability				
Age	General Male	General Female	Safety Male	Safety Female
22	0.023%	0.017%	0.003%	0.003%
27	0.027%	0.019%	0.005%	0.005%
32	0.030%	0.031%	0.008%	0.009%
37	0.035%	0.055%	0.016%	0.016%
42	0.104%	0.112%	0.030%	0.031%
47	0.112%	0.200%	0.054%	0.058%
52	0.090%	0.217%	0.075%	0.075%
57	0.102%	0.136%	0.075%	0.075%
62	0.118%	0.150%	0.075%	0.075%

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

12. Rates of Mortality for Healthy Lives

Mortality rates for General active members are based on the sex distinct 2021 CalPERS Pre-Retirement Non-Industrial Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020.

Mortality rates for Safety active members are based on the sum of the rates from the 2021 CalPERS Industrial and Non-Industrial Mortality tables, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020. 10% of Safety member active deaths are assumed to occur in the line of duty.

Mortality rates for healthy General annuitants are based on the sex distinct 2021 CalPERS Healthy Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020, and a partial credibility adjustment of 1.05 for males and no adjustment for females.

Mortality rates for Safety annuitants are based on the sex distinct 2021 CalPERS Healthy Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020, and a partial credibility adjustment of 1.05 for males and no adjustment for females.

13. Rates of Mortality for Disabled Retirees

Mortality rates for General disabled annuitants are based on status. Rates for General disabled annuitants with a service-related disability are based on the sex distinct 2021 CalPERS Industrially Disabled Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020. Rates for General disabled annuitants with a non-service-related disability are based on the sex distinct 2021 CalPERS Non-Industrially Disabled Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020.

Mortality rates for Safety disabled annuitants are based on the sex distinct 2021 CalPERS Industrially Disabled Mortality Table, with generational mortality improvements projected from 2017 using Projection 80% of Scale MP-2020.

14. Mortality Improvement

The mortality assumptions employ a fully generational mortality improvement projection from the base year of the CalPERS mortality tables (2017) using 80% of Scale MP-2020.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

15. Adjustment for Service Purchases

SJCERA provides Cheiron with the amount of service that active employees are eligible to purchase. We include this service when calculating the employees' benefit eligibility. Half of eligible service purchases, which have not been purchased by the members, are included in the employees' Credited Service, as employees will pay approximately half of the normal cost for these benefits when purchasing this service.

16. Assumptions for Employee Contribution Rates

Mortality rates are the base mortality tables described above, with projected improvements using 80% of Scale MP-2020 from 2017 to 2044 for General Members and to 2045 for Safety Members. The projection periods are based on the duration of active liabilities for the respective groups, and the period during which the associated contribution rates will be in use. The employee contribution rates are also blended using a male/female weighting of 29%/71% for General Members and 75%/25% for Safety members.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

17. Rates of Retirement

Rates of retirement are based on age and service according to the following table.

Rates of Retirement								
	General Male Years of Service			General Female Years of Service			Safety Years of Service	
Age	5-9	10-29	30+	5-9	10-29	30+	5-19	20+
45	0.00%	0.00%	5.00%	0.00%	0.00%	4.50%	0.00%	5.00%
46	0.00%	0.00%	5.00%	0.00%	0.00%	4.50%	0.00%	5.00%
47	0.00%	0.00%	5.00%	0.00%	0.00%	4.50%	0.00%	5.00%
48	0.00%	0.00%	5.00%	0.00%	0.00%	4.50%	0.00%	5.00%
49	0.00%	0.00%	5.00%	0.00%	0.00%	4.50%	0.00%	5.00%
50	1.00%	3.00%	5.00%	1.00%	3.50%	4.50%	7.50%	17.50%
51	1.00%	3.00%	5.00%	1.00%	3.50%	4.50%	5.00%	17.50%
52	1.00%	3.00%	5.00%	1.00%	3.50%	4.50%	5.00%	17.50%
53	1.00%	3.00%	5.00%	1.00%	3.50%	4.50%	5.00%	17.50%
54	1.00%	3.00%	10.00%	5.75%	3.50%	4.50%	5.00%	17.50%
55	2.50%	6.50%	10.00%	2.50%	3.50%	4.50%	5.00%	17.50%
56	2.50%	4.00%	10.00%	1.50%	7.00%	15.00%	15.00%	17.50%
57	2.50%	4.00%	10.00%	1.50%	7.00%	15.00%	15.00%	20.00%
58	2.50%	4.00%	10.00%	1.50%	7.00%	15.00%	15.00%	20.00%
59	2.50%	9.00%	27.50%	2.00%	7.00%	15.00%	10.00%	30.00%
60	5.00%	9.00%	27.50%	6.25%	12.50%	25.00%	10.00%	30.00%
61	5.00%	15.00%	27.50%	6.25%	12.50%	30.00%	10.00%	30.00%
62	5.00%	30.00%	40.00%	18.50%	25.00%	35.00%	20.00%	30.00%
63	5.00%	25.00%	40.00%	5.00%	25.00%	35.00%	20.00%	30.00%
64	5.00%	25.00%	40.00%	9.00%	25.00%	35.00%	20.00%	50.00%
65	15.00%	25.00%	40.00%	12.50%	30.00%	35.00%	100.00%	100.00%
66	15.00%	35.00%	50.00%	25.00%	30.00%	30.00%	100.00%	100.00%
67	15.00%	30.00%	40.00%	25.00%	30.00%	30.00%	100.00%	100.00%
68	15.00%	30.00%	30.00%	25.00%	30.00%	30.00%	100.00%	100.00%
69	15.00%	40.00%	30.00%	25.00%	30.00%	30.00%	100.00%	100.00%
70	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%	100.00%
71	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%	100.00%
72	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%	100.00%
73	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%	100.00%
74	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

18. Changes in Assumptions

None

APPENDIX C – SUMMARY OF PLAN PROVISIONS

A. Definitions

Compensation: Compensation means the cash remuneration for services paid by the employer. It includes base pay and certain differential, incentive, and special pay allowances defined by the Board of Retirement. Overtime is excluded, with the exception of overtime paid under the Fair Labor Standards Act that is regular and recurring.

For members joining the Plan on and after January 1, 2013 (Tier 2 Members), only pensionable compensation up to the PEPRA compensation limit ($151,446 for 2024) will count for computing Plan benefits and employee contributions and employer contributions for those participating in Social Security. For those not participating in Social Security, the compensation cap is 120% of the PEPRA compensation limit ($181,734 for 2024).

Members hired after January 1, 2022 are members of Tier 2B. For this tier, pensionable compensation is limited to base pay only. All other benefit provisions for this tier, including the PEPRA pensionable compensation caps, are the same as those for Tier 2.

Credited Service: In general, Credited Service is earned for the period during which Member Contributions are paid.

Temporary service for which the Member was not credited, or service for which the Member withdrew his or her Member Contributions, may be purchased by paying or repaying the Member Contributions with interest. Credit for up to 12 months of a medical leave of absence and all military leaves of absence may also be purchased.

Public Service (see below) is part of Credited Service for the computation of benefits only, not for eligibility for benefits or for vesting.

Final Compensation: For Tier 1 Members, Final Compensation means the highest average Compensation earned during any 12 consecutive months of the Member's employment.

For Tier 2 and 2B Members, highest average Compensation will be based on the highest 36 consecutive months, rather than 12 months.

General Member: Any Member who is not a Safety Member is a General Member.

Public Service: The Member may elect to purchase Public Service for time spent while employed in another recognized public agency. The public agency must have a reciprocal agreement with the Plan or be one of several specified municipalities, counties, special districts, or State or Federal agencies.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Public Service cannot be purchased if it is used for eligibility for another pension.

The cost to purchase Public Service is twice the Member Contributions and interest applicable for the period of time purchased. Public Service is used to compute benefits but does not count toward eligibility for benefits or vesting.

Safety Member: Any sworn Member engaged in law enforcement, probation, or fire suppression is a Safety Member.

B. Membership

Eligibility: All full-time, permanent employees of San Joaquin County and other participating special districts become Members on their date of appointment. Membership is mandatory; only elected officials and members who are age 60 or older at the time of employment in a position requiring membership in SJCERA may choose not to participate.

A Tier 2 Member is any Member joining the Plan for the first time on or after January 1, 2013 (with members hired after January 1, 2022 being members of Tier 2B). Employees who transfer from and are eligible for reciprocity with another public employer will not be Tier 2/2B Members if their service in the reciprocal system was under a previous tier. Employees who were Members of SJCERA prior to January 1, 2013 and experienced a break in service of more than six months and then were reemployed by a *different* SJCERA-participating employer on or after January 1, 2013 will be considered Tier 2/2B Members for all subsequent service.

Member Contributions: Each Member contributes a percentage of Compensation to the Plan through payroll deduction. For Tier 1 members, the percentage contributed depends on the Member's age upon joining the Plan. Representative rates are shown in Table 1 on the next page.

Tier 1 members covered by Social Security have their contributions reduced by one-third on the first $161.54 of biweekly Compensation. General Members who joined the Plan prior to March 7, 1973 and who have earned 30 years of Credited Service do not contribute; Safety Members do not contribute after earning 30 years of Credited Service.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Table 1: Tier 1 Member Contribution Rates (Basic Rates)

	General Member Rate		Safety Member Rate	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
20	2.09%	3.14%	3.14%	4.71%
25	2.30%	3.45%	3.36%	5.04%
30	2.53%	3.79%	3.61%	5.41%
35	2.78%	4.17%	3.88%	5.82%
40	3.07%	4.60%	4.22%	6.33%
45	3.35%	5.02%	4.59%	6.89%
50	3.61%	5.41%	4.36%	6.54%

Rates include the employee share of the administrative expenses.

Some Tier 1 members also contribute half of the normal cost associated with the post-retirement COLA benefits, also based on entry age. Many bargaining groups have also agreed to have their Tier 1 members pay additional basic rate contributions (14% of the current basic rates for General members, 33% for Safety). The complete rate tables for all groups are in the Appendix G.

Tier 2/2B Members contribute half of the normal cost of the Plan. Contributions for these Members are based on the Normal Cost associated with their benefits; General and Safety members pay different rates.

Tier 2/2B Members pay a single contribution rate, not a rate based on entry age. All Tier 2/2B Members continue contributing after earning 30 years of service. These rates are updated annually, to reflect changes in the Tier 2/2B demographics, as well as any changes in assumptions (such as the discount rate change).

Table 2: Tier 2 Member Contribution Rates

General Member Rate	Safety Member Rate
10.03%	15.67%

Rates include the employee share of the administrative expenses.

Interest is credited semiannually to each Member's accumulated contributions, based on the previous year's expected rate of return on assets. The crediting rate for 2023 is 3.3199%, for an effective annual rate of 6.75%.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

C. Service Retirement

Eligibility: Tier 1 General Members are eligible to retire at age 50 if they have earned five years of Credited Service and have passed the tenth anniversary of their membership in the Plan. Alternatively, General Members are eligible to retire at any age after having earned 30 years of Credited Service, or upon reaching age 70 with no service requirement.

Tier 1 Safety Members are eligible to retire at age 50 if they have earned five years of Credited Service and have passed the tenth anniversary of their membership in the Plan. Alternatively, Safety Members are eligible to retire at any age after having earned 20 years of Credited Service.

Tier 2/2B General Members are eligible to retire upon attaining age 52 and completing five or more years of service. Tier 2/2B Safety Members are eligible to retire upon attaining age 50 and completing five or more years of service. Tier 2/2B Members are eligible to retire, regardless of service, after attaining age 70.

Benefit Amount: The Service Retirement Benefit payable to Tier 1 General Members is equal to the percentage in Table 3 on the next page multiplied by the Member's Final Compensation. The Service Retirement Benefit payable to Tier 1 Safety Members is equal to the percentage in the upcoming Table 4 multiplied by the Member's Final Compensation. The percentage of Final Compensation may not exceed 100%. For those Tier 1 members integrated with Social Security, Retirement Benefits based on the first $350 of monthly Final Average Compensation are reduced by one-third.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Table 3: Tier 1 General Members (CERL Section 31676.14)

Service	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
5					7.38	7.83	8.33	8.71	9.21	9.74	10.30	10.91	11.34	11.77	12.20	12.63	13.06	13.06	13.06	13.06
6					8.85	9.40	10.00	10.45	11.05	11.69	12.37	13.09	13.61	14.12	14.64	15.15	15.67	15.67	15.67	15.67
7					10.33	10.97	11.67	12.19	12.89	13.63	14.43	15.28	15.88	16.48	17.08	17.68	18.28	18.28	18.28	18.28
8					11.80	12.53	13.33	13.93	14.73	15.58	16.49	17.46	18.14	18.83	19.52	20.20	20.89	20.89	20.89	20.89
9					13.28	14.10	15.00	15.67	16.57	17.53	18.55	19.64	20.41	21.18	21.96	22.73	23.50	23.50	23.50	23.50
10					14.75	15.67	16.67	17.41	18.41	19.48	20.61	21.82	22.68	23.54	24.40	25.26	26.11	26.11	26.11	26.11
11					16.23	17.23	18.33	19.15	20.25	21.42	22.67	24.00	24.95	25.89	26.84	27.78	28.72	28.72	28.72	28.72
12					17.70	18.80	20.00	20.89	22.10	23.37	24.73	26.19	27.22	28.25	29.28	30.31	31.34	31.34	31.34	31.34
13					19.18	20.36	21.67	22.64	23.94	25.32	26.79	28.37	29.48	30.60	31.72	32.83	33.95	33.95	33.95	33.95
14					20.65	21.93	23.33	24.38	25.78	27.27	28.85	30.55	31.75	32.95	34.16	35.36	36.56	36.56	36.56	36.56
15					22.13	23.50	25.00	26.12	27.62	29.22	30.91	32.73	34.02	35.31	36.60	37.88	39.17	39.17	39.17	39.17
16					23.60	25.06	26.67	27.86	29.46	31.16	32.97	34.92	36.29	37.66	39.04	40.41	41.78	41.78	41.78	41.78
17					25.08	26.63	28.33	29.60	31.30	33.11	35.03	37.10	38.56	40.01	41.47	42.93	44.39	44.39	44.39	44.39
18					26.55	28.20	30.00	31.34	33.14	35.06	37.09	39.28	40.82	42.37	43.91	45.46	47.00	47.00	47.00	47.00
19					28.03	29.76	31.67	33.08	34.98	37.01	39.16	41.46	43.09	44.72	46.35	47.98	49.61	49.61	49.61	49.61
20					29.50	31.33	33.33	34.82	36.83	38.95	41.22	43.64	45.36	47.08	48.79	50.51	52.23	52.23	52.23	52.23
21					30.98	32.90	35.00	36.57	38.67	40.90	43.28	45.83	47.63	49.43	51.23	53.04	54.84	54.84	54.84	54.84
22					32.45	34.46	36.67	38.31	40.51	42.85	45.34	48.01	49.90	51.78	53.67	55.56	57.45	57.45	57.45	57.45
23					33.93	36.03	38.33	40.05	42.35	44.80	47.40	50.19	52.16	54.14	56.11	58.09	60.06	60.06	60.06	60.06
24					35.40	37.60	40.00	41.79	44.19	46.74	49.46	52.37	54.43	56.49	58.55	60.61	62.67	62.67	62.67	62.67
25					36.88	39.16	41.67	43.53	46.03	48.69	51.52	54.56	56.70	58.85	60.99	63.14	65.28	65.28	65.28	65.28
26					38.35	40.73	43.33	45.27	47.87	50.64	53.58	56.74	58.97	61.20	63.43	65.66	67.89	67.89	67.89	67.89
27					39.83	42.30	45.00	47.01	49.72	52.59	55.64	58.92	61.24	63.55	65.87	68.19	70.51	70.51	70.51	70.51
28					41.30	43.86	46.67	48.75	51.56	54.54	57.70	61.10	63.50	65.91	68.31	70.71	73.12	73.12	73.12	73.12
29					42.78	45.43	48.33	50.49	53.40	56.48	59.76	63.28	65.77	68.26	70.75	73.24	75.73	75.73	75.73	75.73
30	35.28	37.27	39.41	41.73	44.25	47.00	50.00	52.24	55.24	58.43	61.82	65.47	68.04	70.61	73.19	75.77	78.34	78.34	78.34	78.34
31		38.51	40.72	43.12	45.73	48.56	51.67	53.98	57.08	60.38	63.88	67.65	70.31	72.97	75.63	78.29	80.95	80.95	80.95	80.95
32			42.04	44.51	47.20	50.13	53.33	55.72	58.92	62.33	65.95	69.83	72.58	75.32	78.07	80.82	83.56	83.56	83.56	83.56
33				45.90	48.68	51.69	55.00	57.46	60.76	64.27	68.01	72.01	74.84	77.68	80.51	83.34	86.17	86.17	86.17	86.17
34					50.15	53.26	56.67	59.20	62.60	66.22	70.07	74.19	77.11	80.03	82.95	85.87	88.78	88.78	88.78	88.78
35						54.83	58.33	60.94	64.45	68.17	72.13	76.38	79.38	82.38	85.39	88.39	91.40	91.40	91.40	91.40
36							60.00	62.68	66.29	70.12	74.19	78.56	81.65	84.74	87.83	90.92	94.01	94.01	94.01	94.01
37								64.42	68.13	72.06	76.25	80.74	83.92	87.09	90.27	93.44	96.62	96.62	96.62	96.62
38									69.97	74.01	78.31	82.92	86.18	89.44	92.71	95.97	99.23	99.23	99.23	99.23
39										75.96	80.37	85.11	88.45	91.80	95.15	98.49	100	100	100	100
40											82.43	87.29	90.72	94.15	97.59	100				
41												89.47	92.99	96.51	100					
42													95.26	98.86						
43														100						

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Table 4: Tier 1 Safety Members (CERL Section 31664.1)

Service	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
5										15.00	15.00	15.00	15.00	15.00	15.00
6										18.00	18.00	18.00	18.00	18.00	18.00
7										21.00	21.00	21.00	21.00	21.00	21.00
8										24.00	24.00	24.00	24.00	24.00	24.00
9										27.00	27.00	27.00	27.00	27.00	27.00
10										30.00	30.00	30.00	30.00	30.00	30.00
11										33.00	33.00	33.00	33.00	33.00	33.00
12										36.00	36.00	36.00	36.00	36.00	36.00
13										39.00	39.00	39.00	39.00	39.00	39.00
14										42.00	42.00	42.00	42.00	42.00	42.00
15										45.00	45.00	45.00	45.00	45.00	45.00
16										48.00	48.00	48.00	48.00	48.00	48.00
17										51.00	51.00	51.00	51.00	51.00	51.00
18										54.00	54.00	54.00	54.00	54.00	54.00
19										57.00	57.00	57.00	57.00	57.00	57.00
20	37.55	39.75	42.02	44.38	46.83	49.36	52.07	54.51	57.13	60.00	60.00	60.00	60.00	60.00	60.00
21		41.74	44.13	46.6	49.17	51.82	54.67	57.24	59.99	63.00	63.00	63.00	63.00	63.00	63.00
22			46.23	48.82	51.51	54.29	57.27	59.96	62.85	66.00	66.00	66.00	66.00	66.00	66.00
23				51.04	53.85	56.76	59.88	62.69	65.7	69.00	69.00	69.00	69.00	69.00	69.00
24					56.2	59.23	62.48	65.41	68.56	72.00	72.00	72.00	72.00	72.00	72.00
25						61.7	65.09	68.14	71.42	75.00	75.00	75.00	75.00	75.00	75.00
26							67.69	70.86	74.27	78.00	78.00	78.00	78.00	78.00	78.00
27								73.59	77.13	81.00	81.00	81.00	81.00	81.00	81.00
28									79.98	84.00	84.00	84.00	84.00	84.00	84.00
29										87.00	87.00	87.00	87.00	87.00	87.00
30										90.00	90.00	90.00	90.00	90.00	90.00
31										93.00	93.00	93.00	93.00	93.00	93.00
32										96.00	96.00	96.00	96.00	96.00	96.00
33										99.00	99.00	99.00	99.00	99.00	99.00
34										100.00	100.00	100.00	100.00	100.00	100.00
35											100.00	100.00	100.00	100.00	100.00
36												100.00	100.00	100.00	100.00
37													100.00	100.00	100.00
38														100.00	100.00
39															100.00

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Table 5: Tier I Social Security Adjustment

Age at Retirement	General Member Reduction	Safety Member Reduction
46	$1.372	$2.879
47	$1.449	$3.037
48	$1.533	$3.180
49	$1.623	$3.333
50	$1.721	$3.500
51	$1.828	$3.500
52	$1.944	$3.500
53	$2.031	$3.500
54	$2.148	$3.500
55	$2.272	$3.500
56	$2.404	$3.500
57	$2.546	$3.500
58	$2.646	$3.500
59	$2.746	$3.500
60	$2.846	$3.500
61	$2.946	$3.500
62	$3.046	$3.500
63	$3.046	$3.500
64	$3.046	$3.500
65	$3.046	$3.500

For Tier 2/2B General Members, the benefit multiplier is 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. For Tier 2/2B Safety Members, the benefit multiplier is 2% at age 50, increasing by 0.1% for each year of age to 2.7% at age 57. In between exact ages, the multiplier increases by 0.025% for each quarter year increase in age.

Form of Benefit: The Service Retirement Benefit will be paid monthly beginning at retirement and for the life of the Member. If the member selects the unmodified benefit form, in the event of the Member's death, 60% of the benefit will continue for the life of the Member's spouse, or to the age of majority of dependent minor children if there is no spouse. In the event there is no surviving spouse or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

A lump sum benefit of $5,000 will be payable upon the death of a retired member.

D. Service-Connected Disability

Eligibility: Members are eligible for Service-Connected Disability Retirement benefits at any age if they are permanently disabled as a result of injuries or illness sustained in the line of duty.

Benefit Amount: The Service-Connected Disability Retirement Benefit payable to Members is equal to the greater of 50% of their Final Compensation or – if the Member is eligible at disability for a Service Retirement Benefit – the Service Retirement Benefit accrued on the date of disability.

Members who return to work at a different position with lower pay may receive a Supplemental Disability Allowance that, when added to their new pay, may bring the Member's total income up to the current pay for his or her position at the time of disability. The Supplemental Disability Allowance may not exceed the Service-Connected Disability Retirement benefit.

Form of Benefit: The Service-Connected Disability Retirement Benefit will be paid monthly beginning at the effective date of disability retirement and for the life of the Member; in the event of the Member's death, 100% of the benefit will continue for the life of the Member's spouse, or to the age of majority of dependent minor children if there is no spouse. In the event there is no surviving spouse or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

A lump sum benefit of $5,000 will be payable upon the death of a retired member.

E. Nonservice-Connected Disability

Eligibility: Members are eligible for Nonservice-Connected Disability Retirement benefits if they are permanently disabled at any age after earning five years of Credited Service or after becoming eligible for a deferred vested benefit.

Benefit Amount: The Nonservice-Connected Disability Retirement Benefit payable to General Members is equal to the greatest of:

- 1.5% of Final Compensation at disability multiplied by years of Credited Service at disability;
- 1.5% of Final Compensation at disability multiplied by years of Credited Service projected to age 65, but not to exceed one-third of Final Compensation; or
- If the Member is eligible at disability for a Service Retirement Benefit, the Service Retirement Benefit accrued on the date of disability.

The Nonservice-Connected Disability Retirement Benefit payable to Safety Members is equal to the greatest of:

- 1.8% of Final Compensation at disability multiplied by years of Credited Service at disability;
- 1.8% of Final Compensation at disability multiplied by years of Credited Service projected to age 55, but not to exceed one-third of Final Compensation; or
- If the Member is eligible at disability for a Service Retirement Benefit, the Service Retirement Benefit accrued on the date of disability.

Members who return to work at a different position with lower pay may receive a Supplemental Disability Allowance that, when added to their new pay, may bring the Member's total income up to the current pay for his or her position at the time of disability. The Supplemental Disability Allowance may not exceed the Nonservice-Connected Disability Retirement benefit.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Form of Benefit: The Nonservice-Connected Disability Retirement Benefit will be paid monthly beginning at the effective date of disability retirement, and for the life of the Member; in the event of the Member's death, 60% of the benefit will continue for the life of the Member's spouse or to the age of majority of dependent minor children if there is no spouse. In the event there is no surviving spouse or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

A lump sum benefit of $5,000 will be payable upon the death of a retired member.

F. Service-Connected Death

Eligibility: A Member's survivors are eligible to receive Service-Connected Death benefits if the Member's death resulted from injury or illness sustained in connection with the Member's duties.

Benefit Amount: The Service-Connected Death benefit payable to a surviving spouse or minor children will be 50% of the Member's Final Compensation.

In the event the Member's death was caused by external violence or physical force, an additional benefit of 25% of the above basic benefit will be paid for the first minor child, 15% for the second, and 10% for the third.

Furthermore, for Safety Members only, there will be an additional lump sum benefit of 12 months of pay at the time of death.

Form of Benefit: The Service-Connected Death Benefit will be paid monthly beginning at the Member's death and for the life of the surviving spouse or to the age of majority of dependent minor children if there is no spouse.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

G. Nonservice-Connected Death

Eligibility:	A Member's survivors are eligible to receive Nonservice-Connected Death benefits if the Member's death arose from causes unrelated to the Member's duties.
Benefit Amount:	In the event the Member had earned fewer than five years of Credited Service and has no or insufficient reciprocity service from another system, the Nonservice-Connected Death benefit will be a refund of the Member's accumulated contributions with interest plus a payment of one month of Final Compensation for each year of Credited Service, not to exceed six months. In the event the Member had earned five or more years of Credited Service, the Nonservice-Connected Death benefit payable to a surviving spouse or minor children will be 60% of the amount the Member would have received as a Nonservice-Connected Disability Retirement Benefit on the date of death.
Form of Benefit:	For Members who had earned fewer than five years of Credited Service at death, the benefit will be paid as a lump sum. For Members with five or more years of Credited Service, the Nonservice-Connected Death Benefit will be paid monthly beginning at the Member's death and for the life of the surviving spouse or to the age of majority of dependent minor children if there is no spouse. Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%. In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

H. Withdrawal Benefit

Eligibility:	A Member is eligible for a Withdrawal Benefit upon termination of employment.
Benefit Amount:	The Withdrawal Benefit is a refund of the Member's accumulated contributions with interest. Upon receipt of the Withdrawal Benefit, the Member forfeits all Credited Service.
Form of Benefit:	The Withdrawal Benefit is paid in a lump sum upon election by the Member.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

I. Deferred Vested Benefit

Eligibility: A Member is eligible for a Deferred Vested Benefit upon termination of employment after earning five years of Credited Service, including reciprocity service from another system. The Member must leave his or her Member Contributions with interest on deposit with the Plan.

Benefit Amount: The Deferred Vested Benefit is computed in the same manner as the Service Retirement Benefit, but it is based on Credited Service and Final Compensation on the date of termination.

For Tier 1 Members, Tables 2 and 3 are extended for service under 10 years using benefit multipliers of one-sixtieth per year of Credited Service at age 52 (General) or 3% per year of Credited Service at age 50 (Safety), with adjustments for earlier or later retirement under Sections 31676.14 and 31664.1, respectively, of the County Employees Retirement Law of 1937.

Form of Benefit: The Deferred Vested Benefit will be paid monthly beginning at retirement and for the life of the Member; in the event of the Member's death, 60% of the benefit will continue for the life of the Member's spouse or to the age of majority of dependent minor children if there is no spouse. In the event there is no surviving spouse or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

A lump sum benefit of $5,000 will be payable upon the death of a retired member.

J. Reciprocal Benefit

Eligibility: A Member is eligible for a Reciprocal Benefit upon termination of employment and entry, within a specified period of time, into another retirement system recognized as a reciprocal system by the Plan. In addition, the Member must leave his or her Member Contributions with interest on deposit with the Plan.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Benefit Amount: The Reciprocal Benefit is computed in the same manner as the Service Retirement Benefit, but it is based on Credited Service on the date of termination and Final Compensation on the date of retirement; Final Compensation is based on the highest of the Compensation earned under this Plan or the reciprocal plan.

Form of Benefit: The Reciprocal Benefit will be paid monthly beginning at retirement and for the life of the Member; in the event of the Member's death, 60% of the benefit will continue for the life of the Member's spouse or to the age of majority of dependent minor children if there is no spouse. In the event there is no surviving spouse or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

A lump sum benefit may be payable upon the death of a retired Member by the last system under which the Member's service was covered.

K. Changes in Plan Provisions

No changes since the prior valuation.

APPENDIX D – 401(H) REPAYMENT SCHEDULE

As of January 1, 2014, a separate amortization layer was established for the repayment of funds originally transferred to a retiree health reserve. This schedule was prepared in compliance with an approved Voluntary Correction Program that SJCERA submitted to the IRS. The original balance of the amortization layer ($48.0 million) is being amortized using the same methodology and assumptions as the UAL – as a level percentage of payroll over a 19-year period – after an initial payment of $19.8 million.

Date	Outstanding Balance	Years Remaining	End of Year Payment
12/31/2016	$27,547,546	16	$2,460,275
12/31/2017	$27,125,789	15	$2,512,141
12/31/2018	$26,580,267	14	$2,591,274
12/31/2019	$25,916,063	13	$2,653,902
12/31/2020	$25,076,285	12	$2,733,519
12/31/2021	$24,098,107	11	$2,778,677
12/31/2022	$22,946,052	10	$2,862,037
12/31/2023	$21,632,873	9	$2,947,899
12/31/2024	$20,145,193	8	$3,036,335
12/31/2025	$18,468,658	7	$3,127,426
12/31/2026	$16,587,867	6	$3,221,248
12/31/2027	$14,486,300	5	$3,317,886
12/31/2028	$12,146,239	4	$3,417,422
12/31/2029	$9,548,688	3	$3,519,945
12/31/2030	$6,673,279	2	$3,625,543
12/31/2031	$3,498,182	1	$3,734,310
12/31/2032	$0	0	$0

APPENDIX E – GLOSSARY

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected is based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the actuarial present value of projected benefits that will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

APPENDIX E – GLOSSARY

9. Amortization Payment

The portion of the pension plan contribution that is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities. The funded ratio shown in this report is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, in the case of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.

12. Inactive Funded Ratio

The ratio of the Inactive Actuarial Liabilities to the total Actuarial Liabilities. The inactive funded ratio is a measure that shows the minimum funded status needed to pay benefits for all inactive members.

13. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses, which is allocated to a valuation year by the actuarial cost method.

14. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

15. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Tier 1: Contribution Rates for General and Safety (no COLA Cost-Sharing)

Separate rates for General and Safety members are shown below. These rates are applicable for employment groups that have not implemented equal sharing of the contributions required for post-retirement Cost-Of-Living Adjustments (COLA) in accordance with Government Code Section 31873.

As of December 31, 2022 for Calendar Year 2024	General	Safety	Total	As of December 31, 2023 for Calendar Year 2025	General	Safety	Total
Employer Normal Cost				**Employer Normal Cost**			
Basic	12.89%	22.14%	14.85%	Basic	13.21%	22.47%	15.19%
COL	5.77%	10.78%	6.84%	COL	5.77%	10.86%	6.86%
Total	18.66%	32.92%	21.69%	Total	18.98%	33.33%	22.05%
UAL Amortization Cost				**UAL Amortization Cost**			
Basic	19.78%	45.92%	25.28%	Basic	17.95%	44.67%	23.64%
COL	11.18%	21.50%	13.36%	COL	11.62%	22.58%	13.96%
Total	30.96%	67.42%	38.64%	Total	29.57%	67.25%	37.60%
Total Cost				**Total Cost**			
Basic	32.67%	68.06%	40.13%	Basic	31.16%	67.14%	38.83%
COL	16.95%	32.28%	20.20%	COL	17.39%	33.44%	20.82%
Total	49.62%	100.34%	60.33%	Total	48.55%	100.58%	59.65%

Rates include the employer share of the administrative expenses.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Tier 1: Contribution Rates for General and Safety (Employer Cost with additional 14% / 33% Normal Rates by members without COLA Cost-sharing)

Separate rates for General and Safety members contributing an additional 14% / 33% of Normal Rates are shown below.

As of December 31, 2022 for Calendar Year 2024	General	Safety	Total	As of December 31, 2023 for Calendar Year 2025	General	Safety	Total
Employer Normal Cost				**Employer Normal Cost**			
Basic	12.31%	20.43%	14.03%	Basic	12.64%	20.78%	14.38%
COL	5.77%	10.78%	6.84%	COL	5.77%	10.86%	6.86%
Total	18.08%	31.21%	20.87%	Total	18.41%	31.64%	21.24%
UAL Amortization Cost				**UAL Amortization Cost**			
Basic	19.78%	45.92%	25.28%	Basic	17.95%	44.67%	23.64%
COL	11.18%	21.50%	13.36%	COL	11.62%	22.58%	13.96%
Total	30.96%	67.42%	38.64%	Total	29.57%	67.25%	37.60%
Total Cost				**Total Cost**			
Basic	32.09%	66.35%	39.31%	Basic	30.59%	65.45%	38.02%
COL	16.95%	32.28%	20.20%	COL	17.39%	33.44%	20.82%
Total	49.04%	98.63%	59.51%	Total	47.98%	98.89%	58.84%

Rates include the employer share of the administrative expenses.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Tier 1: Contribution Rates for General and Safety (with COLA Cost-sharing)

Separate rates for General and Safety members contributing Normal Rates plus COLA Cost-sharing are shown below.

As of December 31, 2022 for Calendar Year 2024	General	Safety	Total	As of December 31, 2023 for Calendar Year 2025	General	Safety	Total
Employer Normal Cost				**Employer Normal Cost**			
Basic	12.89%	22.14%	14.85%	Basic	13.21%	22.47%	15.19%
COL	2.92%	5.46%	3.46%	COL	2.93%	5.58%	3.50%
Total	15.81%	27.60%	18.31%	Total	16.14%	28.05%	18.69%
UAL Amortization Cost				**UAL Amortization Cost**			
Basic	19.78%	45.92%	25.28%	Basic	17.95%	44.67%	23.64%
COL	11.18%	21.50%	13.36%	COL	11.62%	22.58%	13.96%
Total	30.96%	67.42%	38.64%	Total	29.57%	67.25%	37.60%
Total Cost				**Total Cost**			
Basic	32.67%	68.06%	40.13%	Basic	31.16%	67.14%	38.83%
COL	14.10%	26.96%	16.82%	COL	14.55%	28.16%	17.46%
Total	46.77%	95.02%	56.95%	Total	45.71%	95.30%	56.29%

Rates include the employer share of the administrative expenses.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Tier 1: Contribution Rates for General and Safety (Employer Cost with additional 14% / 33% Normal Rates by members and COLA Cost-sharing)

Separate rates for General and Safety members contributing an additional 14% / 33% of Normal Rates and COLA Cost-sharing are shown below.

As of December 31, 2022 for Calendar Year 2024	General	Safety	Total	As of December 31, 2023 for Calendar Year 2025	General	Safety	Total
Employer Normal Cost				**Employer Normal Cost**			
Basic	12.31%	20.43%	14.03%	Basic	12.64%	20.78%	14.38%
COL	2.92%	5.46%	3.46%	COL	2.93%	5.58%	3.50%
Total	15.23%	25.89%	17.49%	Total	15.57%	26.36%	17.88%
UAL Amortization Cost				**UAL Amortization Cost**			
Basic	19.78%	45.92%	25.28%	Basic	17.95%	44.67%	23.64%
COL	11.18%	21.50%	13.36%	COL	11.62%	22.58%	13.96%
Total	30.96%	67.42%	38.64%	Total	29.57%	67.25%	37.60%
Total Cost				**Total Cost**			
Basic	32.09%	66.35%	39.31%	Basic	30.59%	65.45%	38.02%
COL	14.10%	26.96%	16.82%	COL	14.55%	28.16%	17.46%
Total	46.19%	93.31%	56.13%	Total	45.14%	93.61%	55.48%

Rates include the employer share of the administrative expenses.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Tier 2/2B: Contribution Rates for General and Safety (PEPRA Members)

Separate rates for General and Safety members are shown below. These rates are applicable for employment groups that are subject to Government Code Section 7522.30.

As of December 31, 2022 for Calendar Year 2024				As of December 31, 2023 for Calendar Year 2025			
	General	Safety	Total		General	Safety	Total
Employer Normal Cost				**Employer Normal Cost**			
Basic	7.64%	11.40%	8.12%	Basic	7.60%	11.33%	8.06%
COL	2.43%	4.34%	2.67%	COL	2.43%	4.34%	2.66%
Total	10.07%	15.74%	10.79%	Total	10.03%	15.67%	10.72%
UAL Amortization Cost				**UAL Amortization Cost**			
Basic	19.70%	45.85%	22.96%	Basic	17.95%	44.67%	21.16%
COL	11.33%	21.62%	12.62%	COL	11.62%	22.58%	12.94%
Total	31.03%	67.47%	35.58%	Total	29.57%	67.25%	34.10%
Total Cost				**Total Cost**			
Basic	27.34%	57.25%	31.08%	Basic	25.55%	56.00%	29.22%
COL	13.76%	25.96%	15.29%	COL	14.05%	26.92%	15.60%
Total	41.10%	83.21%	46.37%	Total	39.60%	82.92%	44.82%

Rates include the employer share of the administrative expenses.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Total Normal Cost Rates for General and Safety

As of December 31, 2022 for Calendar Year 2024	General	Safety	Total	As of December 31, 2023 for Calendar Year 2025	General	Safety	Total
Total Normal Cost				**Total Normal Cost**			
Tier 1	22.75%	38.16%	26.02%	Tier 1	23.05%	38.52%	26.36%
Tier 2	20.12%	31.48%	21.58%	Tier 2	20.06%	31.34%	21.44%

The Total Normal Costs shown include the employee and employer share of the assumed administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

General Member Contribution Rates
Basic Half Rate (Government Code Section 31621.3)

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	2.09%	3.14%	1.39%	2.09%
17	2.09%	3.14%	1.39%	2.09%
18	2.09%	3.14%	1.39%	2.09%
19	2.09%	3.14%	1.39%	2.09%
20	2.09%	3.14%	1.39%	2.09%
21	2.13%	3.20%	1.43%	2.15%
22	2.17%	3.26%	1.47%	2.21%
23	2.21%	3.32%	1.51%	2.27%
24	2.25%	3.38%	1.56%	2.34%
25	2.30%	3.45%	1.59%	2.39%
26	2.34%	3.51%	1.63%	2.45%
27	2.39%	3.58%	1.67%	2.50%
28	2.43%	3.65%	1.70%	2.55%
29	2.48%	3.72%	1.73%	2.60%
30	2.53%	3.79%	1.77%	2.65%
31	2.57%	3.86%	1.79%	2.69%
32	2.63%	3.94%	1.83%	2.74%
33	2.67%	4.01%	1.86%	2.79%
34	2.73%	4.09%	1.90%	2.85%
35	2.78%	4.17%	1.94%	2.91%
36	2.84%	4.26%	1.99%	2.98%
37	2.89%	4.34%	2.04%	3.06%
38	2.95%	4.43%	2.09%	3.14%
39	3.02%	4.53%	2.15%	3.23%
40	3.07%	4.60%	2.21%	3.32%
41	3.12%	4.68%	2.27%	3.40%
42	3.17%	4.76%	2.31%	3.47%
43	3.23%	4.84%	2.37%	3.55%
44	3.29%	4.93%	2.43%	3.64%
45	3.35%	5.02%	2.49%	3.73%
46	3.41%	5.11%	2.55%	3.82%
47	3.45%	5.17%	2.57%	3.85%
48	3.49%	5.24%	2.58%	3.87%
49	3.55%	5.32%	2.59%	3.89%
50	3.61%	5.41%	2.59%	3.89%
51	3.62%	5.43%	2.60%	3.90%
52	3.64%	5.46%	2.59%	3.89%
53	3.59%	5.38%	2.57%	3.85%
54+	3.52%	5.28%	2.51%	3.77%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

General Member Contribution Rates

Basic Half Rate (Government Code Section 31621.3) + 14%, not greater than 1/2 Normal Cost

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	2.39%	3.58%	1.39%	2.09%
17	2.39%	3.58%	1.39%	2.09%
18	2.39%	3.58%	1.39%	2.09%
19	2.39%	3.58%	1.39%	2.09%
20	2.39%	3.58%	1.39%	2.09%
21	2.43%	3.65%	1.43%	2.15%
22	2.48%	3.72%	1.47%	2.21%
23	2.52%	3.78%	1.52%	2.28%
24	2.57%	3.85%	1.56%	2.34%
25	2.62%	3.93%	1.60%	2.40%
26	2.67%	4.00%	1.64%	2.46%
27	2.72%	4.08%	1.67%	2.51%
28	2.77%	4.16%	1.70%	2.55%
29	2.83%	4.24%	1.74%	2.61%
30	2.88%	4.32%	1.77%	2.65%
31	2.93%	4.40%	1.80%	2.70%
32	2.99%	4.49%	1.83%	2.74%
33	3.05%	4.57%	1.86%	2.79%
34	3.11%	4.66%	1.90%	2.85%
35	3.17%	4.75%	1.94%	2.91%
36	3.24%	4.86%	1.99%	2.99%
37	3.30%	4.95%	2.04%	3.06%
38	3.37%	5.05%	2.09%	3.14%
39	3.44%	5.16%	2.15%	3.23%
40	3.49%	5.24%	2.21%	3.32%
41	3.56%	5.34%	2.27%	3.40%
42	3.62%	5.43%	2.31%	3.47%
43	3.68%	5.52%	2.37%	3.56%
44	3.75%	5.62%	2.43%	3.64%
45	3.81%	5.72%	2.49%	3.74%
46	3.89%	5.83%	2.55%	3.83%
47	3.93%	5.89%	2.57%	3.85%
48	3.98%	5.97%	2.58%	3.87%
49	4.04%	6.06%	2.59%	3.89%
50	4.11%	6.17%	2.59%	3.89%
51	4.13%	6.19%	2.60%	3.90%
52	4.15%	6.22%	2.60%	3.90%
53	4.09%	6.13%	2.57%	3.85%
54+	4.01%	6.02%	2.52%	3.78%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

Safety Member Contribution Rates
Basic Half Rate (Government Code Section 31639.5)

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	3.14%	4.71%	3.25%	4.88%
17	3.14%	4.71%	3.25%	4.88%
18	3.14%	4.71%	3.25%	4.88%
19	3.14%	4.71%	3.25%	4.88%
20	3.14%	4.71%	3.25%	4.88%
21	3.18%	4.77%	3.35%	5.03%
22	3.23%	4.84%	3.40%	5.10%
23	3.27%	4.91%	3.45%	5.18%
24	3.31%	4.97%	3.50%	5.25%
25	3.36%	5.04%	3.55%	5.32%
26	3.41%	5.11%	3.59%	5.39%
27	3.46%	5.19%	3.64%	5.46%
28	3.51%	5.26%	3.68%	5.52%
29	3.55%	5.33%	3.72%	5.58%
30	3.61%	5.41%	3.76%	5.64%
31	3.66%	5.49%	3.77%	5.65%
32	3.71%	5.57%	3.78%	5.67%
33	3.77%	5.65%	3.79%	5.69%
34	3.82%	5.73%	3.81%	5.71%
35	3.88%	5.82%	3.83%	5.74%
36	3.94%	5.91%	3.86%	5.79%
37	4.01%	6.01%	3.94%	5.91%
38	4.07%	6.11%	4.01%	6.01%
39	4.15%	6.22%	4.09%	6.13%
40	4.22%	6.33%	4.13%	6.19%
41	4.31%	6.46%	4.18%	6.27%
42	4.40%	6.60%	4.23%	6.35%
43	4.51%	6.77%	4.31%	6.46%
44	4.60%	6.90%	4.38%	6.57%
45	4.59%	6.89%	4.44%	6.66%
46	4.59%	6.89%	4.47%	6.70%
47	4.62%	6.93%	4.49%	6.74%
48	4.49%	6.73%	4.53%	6.79%
49+	4.36%	6.54%	4.55%	6.82%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

Safety Member Contribution Rates

Basic Half Rate (Government Code Section 31639.5) + 33%, not greater than 1/2 Normal Cost

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	4.17%	6.26%	3.25%	4.88%
17	4.17%	6.26%	3.25%	4.88%
18	4.17%	6.26%	3.25%	4.88%
19	4.17%	6.26%	3.25%	4.88%
20	4.17%	6.26%	3.25%	4.88%
21	4.23%	6.34%	3.35%	5.03%
22	4.29%	6.44%	3.40%	5.10%
23	4.35%	6.53%	3.45%	5.18%
24	4.41%	6.61%	3.51%	5.26%
25	4.47%	6.70%	3.55%	5.32%
26	4.53%	6.80%	3.59%	5.39%
27	4.60%	6.90%	3.64%	5.46%
28	4.67%	7.00%	3.68%	5.52%
29	4.73%	7.09%	3.72%	5.58%
30	4.80%	7.20%	3.76%	5.64%
31	4.87%	7.30%	3.77%	5.65%
32	4.94%	7.41%	3.78%	5.67%
33	5.01%	7.51%	3.79%	5.69%
34	5.08%	7.62%	3.81%	5.71%
35	5.16%	7.74%	3.83%	5.75%
36	5.24%	7.86%	3.87%	5.80%
37	5.33%	7.99%	3.94%	5.91%
38	5.42%	8.13%	4.01%	6.01%
39	5.51%	8.27%	4.09%	6.13%
40	5.61%	8.42%	4.13%	6.20%
41	5.73%	8.59%	4.19%	6.28%
42	5.85%	8.78%	4.24%	6.36%
43	6.00%	9.00%	4.31%	6.47%
44	6.12%	9.18%	4.38%	6.57%
45	6.11%	9.16%	4.44%	6.66%
46	6.11%	9.16%	4.47%	6.70%
47	6.15%	9.22%	4.50%	6.75%
48	5.97%	8.95%	4.53%	6.79%
49+	5.80%	8.70%	4.55%	6.83%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

Classic Values, Innovative Advice

San Joaquin County Employees' Retirement Association (SJCERA)

Summary of the Actuarial Valuation as of December 31, 2023

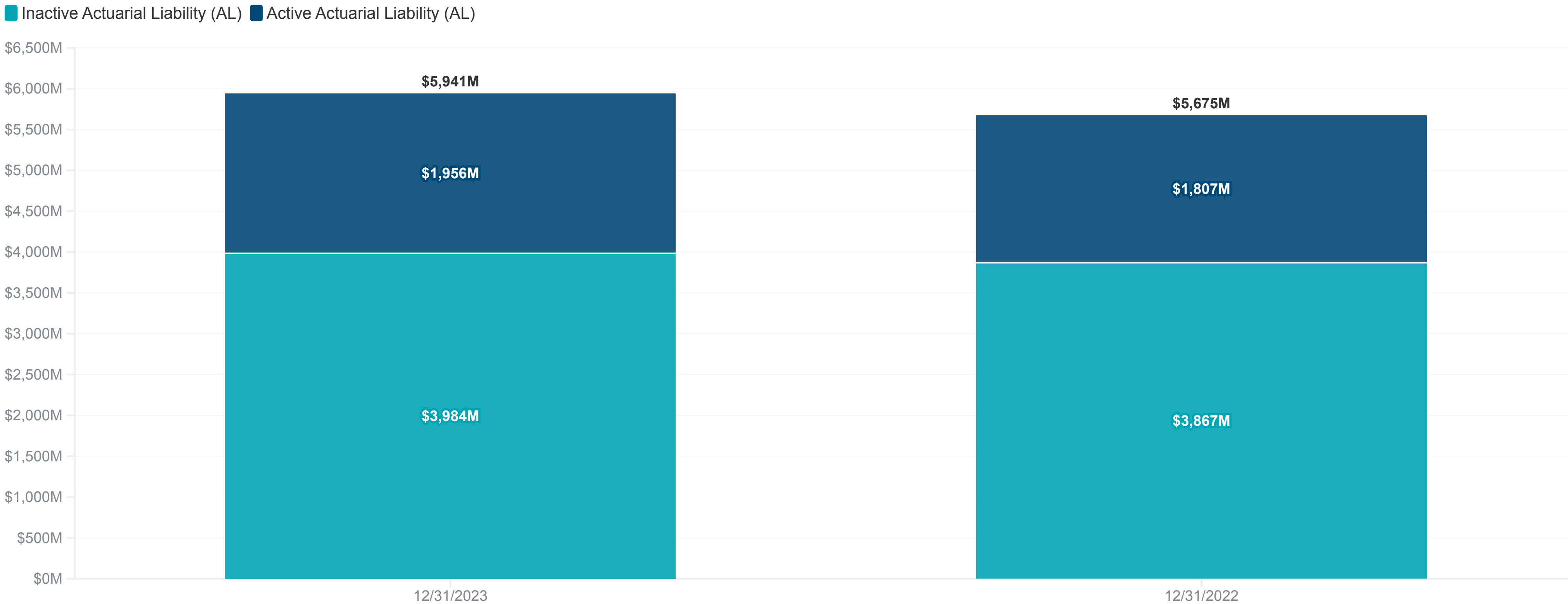
We start by reviewing the current condition of the Plan as of the measurement date (12/31/2023), based on the same actuarial assumptions as were used in the prior valuation. We are not recommending any changes to the assumptions for this valuation; the next Experience Study will cover the period from 1/1/2022 - 12/31/2024.

We first review the value of the benefits already earned, known as the **Actuarial Liability**, or the current funding target for the assets. The Actuarial Liability is shown divided between the Active Liability (for members still working) and the Inactive Liability (for members in pay status or eligible for a deferred benefit).

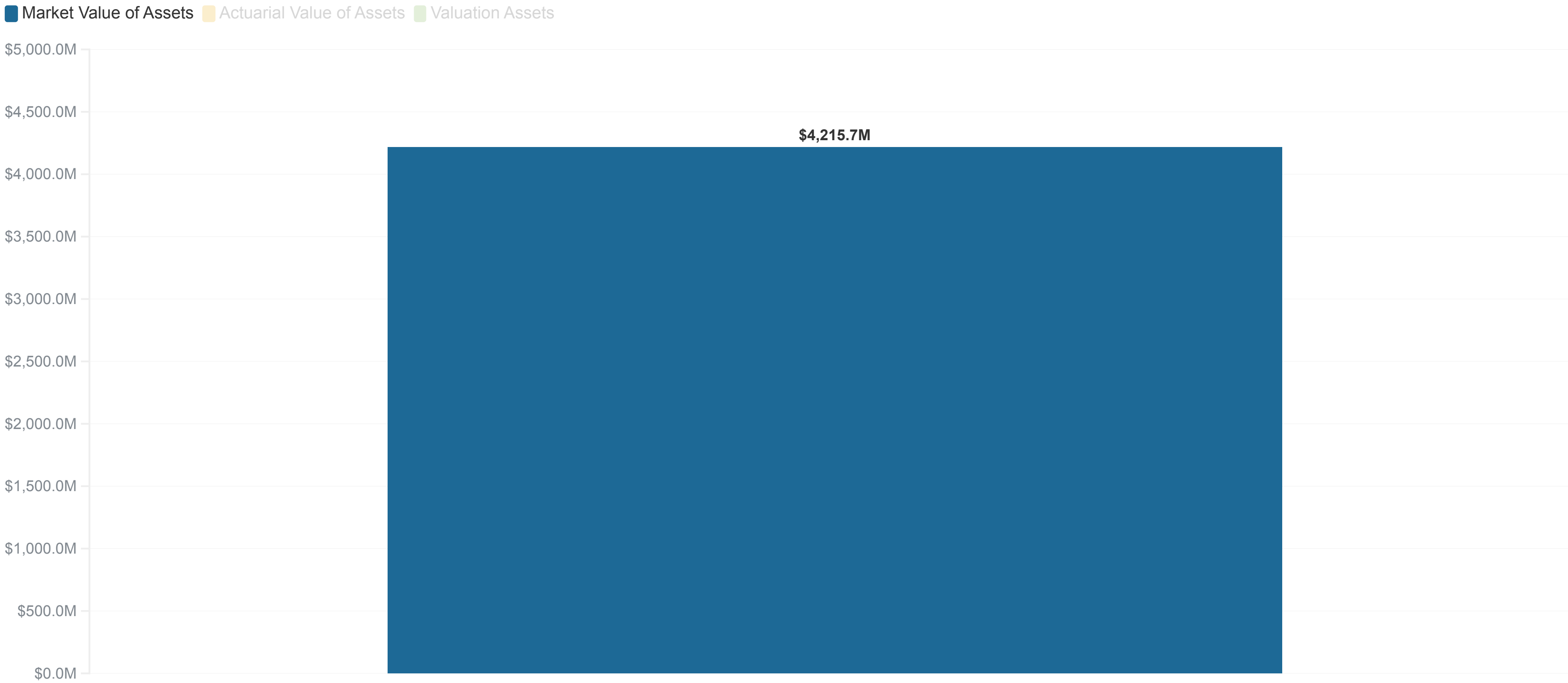
All | 12/31/2023 | 12/31/2022

The Actuarial Liability has increased by about $266M since the prior year, or 4.7%.

All | 12/31/2023 | 12/31/2022

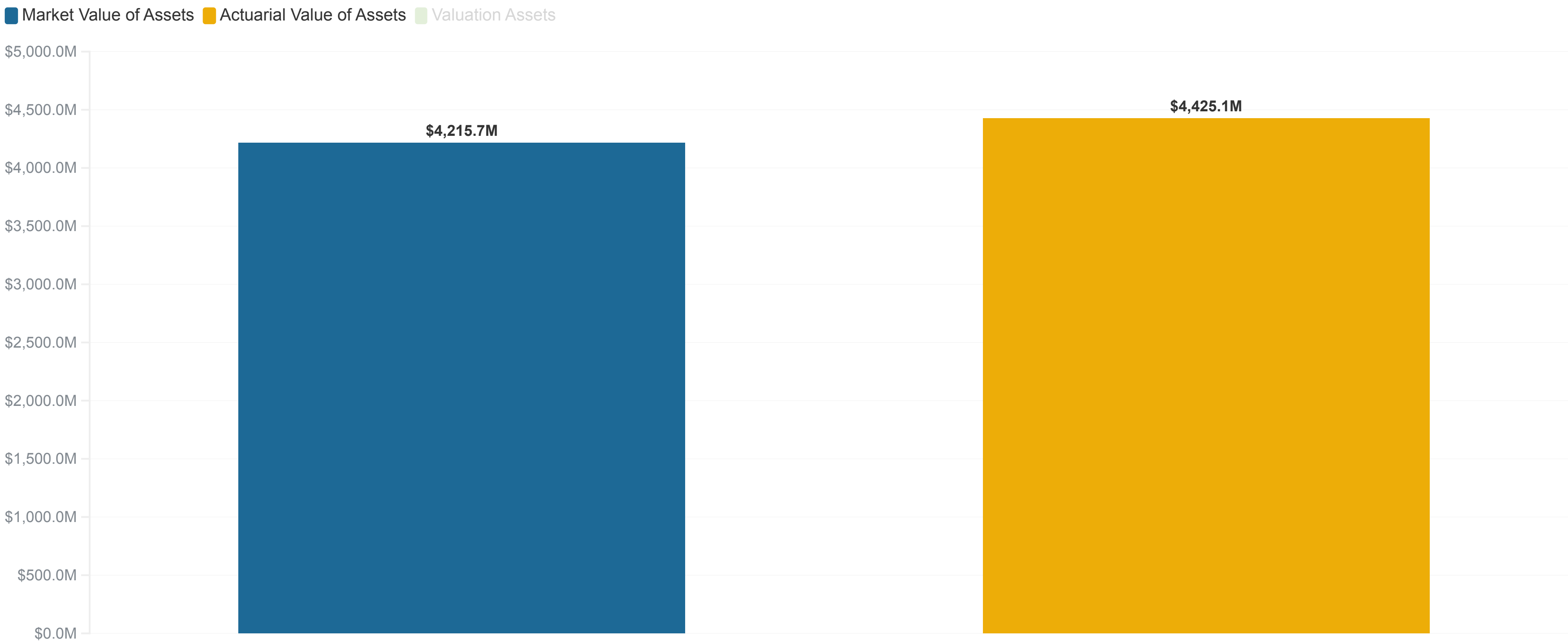


Turning to the Plan's assets, the **Market Value of Assets (MVA)** is the **Fair Value** as of the **Measurement Date,** December 31, 2023.

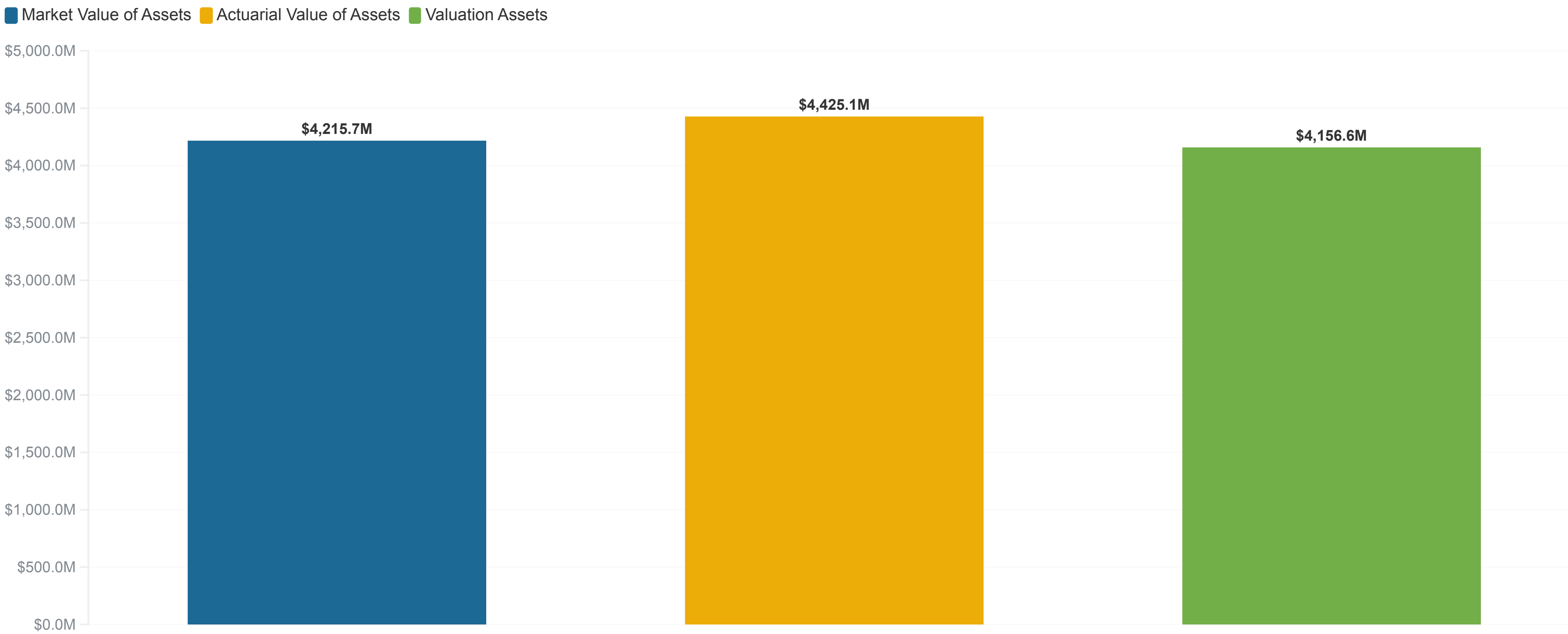


CHEIRON

The Market Value can fluctuate from year to year because of significant changes in the investment markets. We also calculate a smoothed value, the **Actuarial Value of Assets (AVA)**, to reduce volatility in the contributions and understand trends in funded status. There are currently about $209 million dollars in net prior losses yet to be recognized in the smoothed asset value, so the AVA is currently greater than the MVA by this amount.

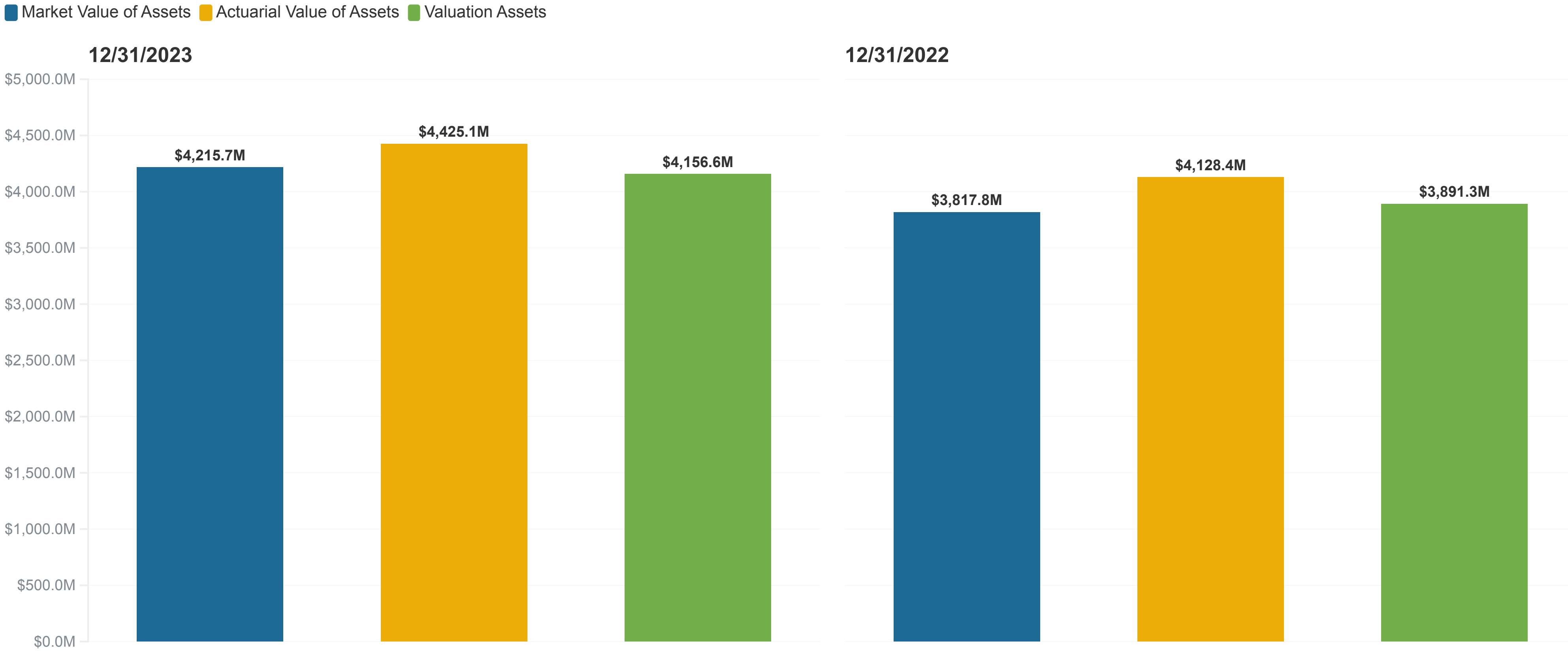


Finally we calculate the **Valuation Assets**, based on the Actuarial Value, but **excluding the amount in the Special or Non-Valuation Reserves**. For SJCERA, the main non-valuation reserves are the **Contingency Reserve** (which has $31M, or about 0.7% of Plan assets) and the **Additional Employer Contribution Reserves** ($238M, on behalf of the County, Courts, and Mosquito District). The Valuation Assets are used to calculate the employer contribution.

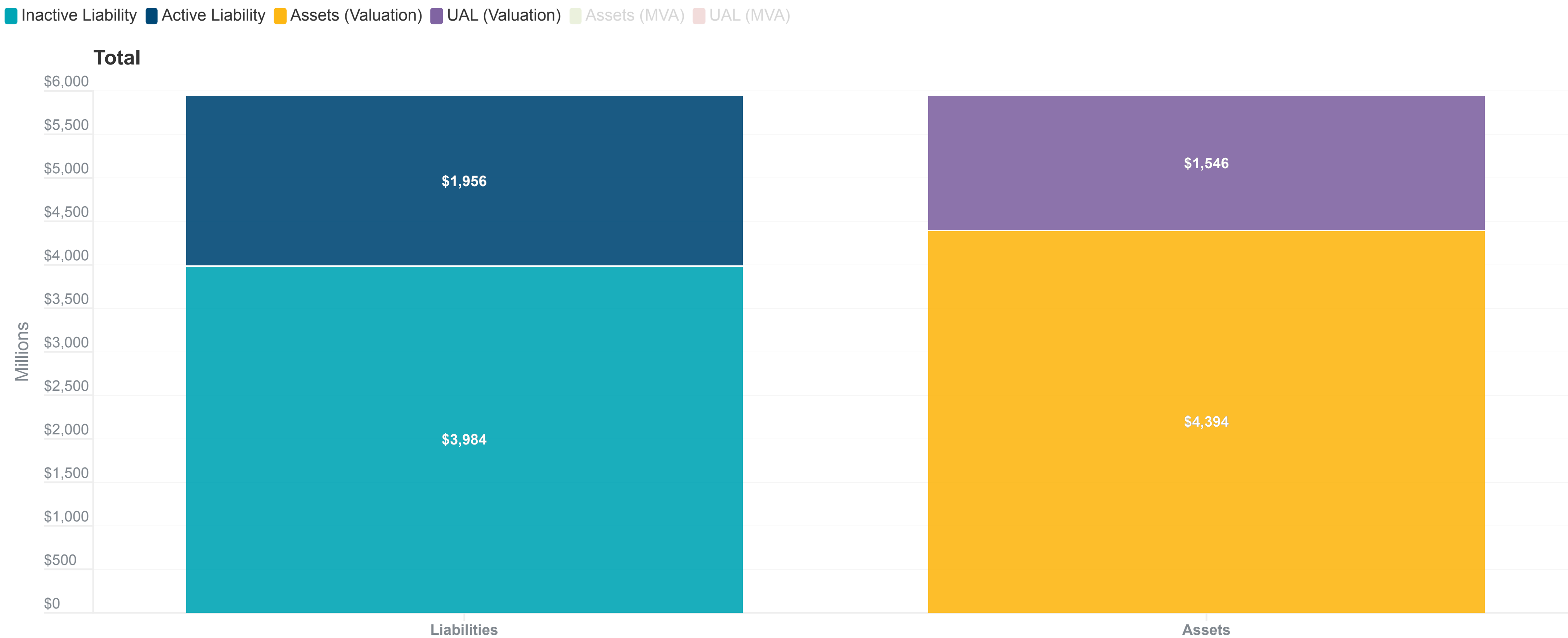


CHEIRON

The asset values have all increased since the prior year, with the market value of assets growing by over 10.4%, reflecting a 9.1% investment return, plus a 1.3% increase from contribution cash flows exceeding benefit payments and expenses by about $50M. The actuarial and valuation assets have increased somewhat less: by about 7.2% and 6.8%, respectively, because of the impact of smoothing.



Next, we review the **Funded Status** of the Plan. The **Unfunded Actuarial Liability (UAL)** is calculated by subtracting the **Valuation Assets** (plus the supplemental employer reserves) from the **Actuarial Liability**. The **Funded Ratio** is calculated by dividing the assets by the liabilities: **74.0% as of December 31, 2023**, up from 72.0% the prior year.



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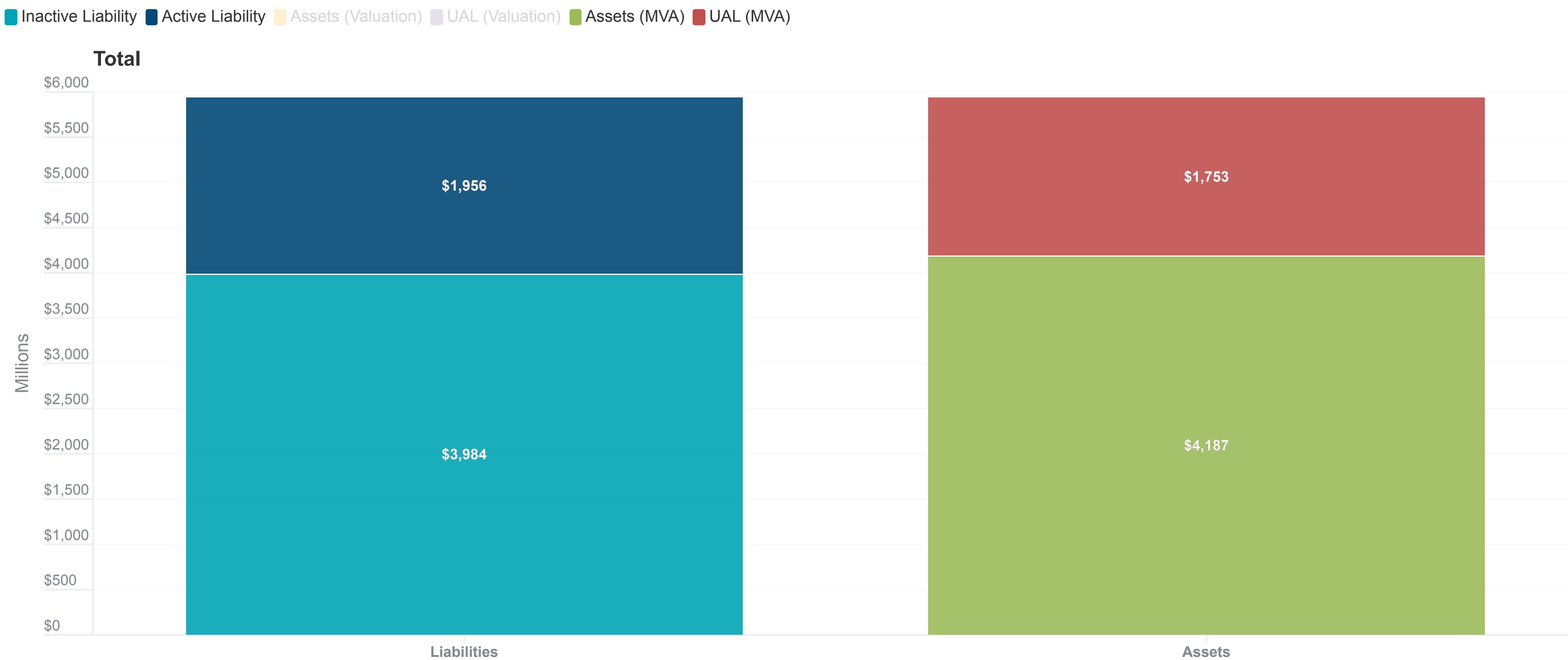
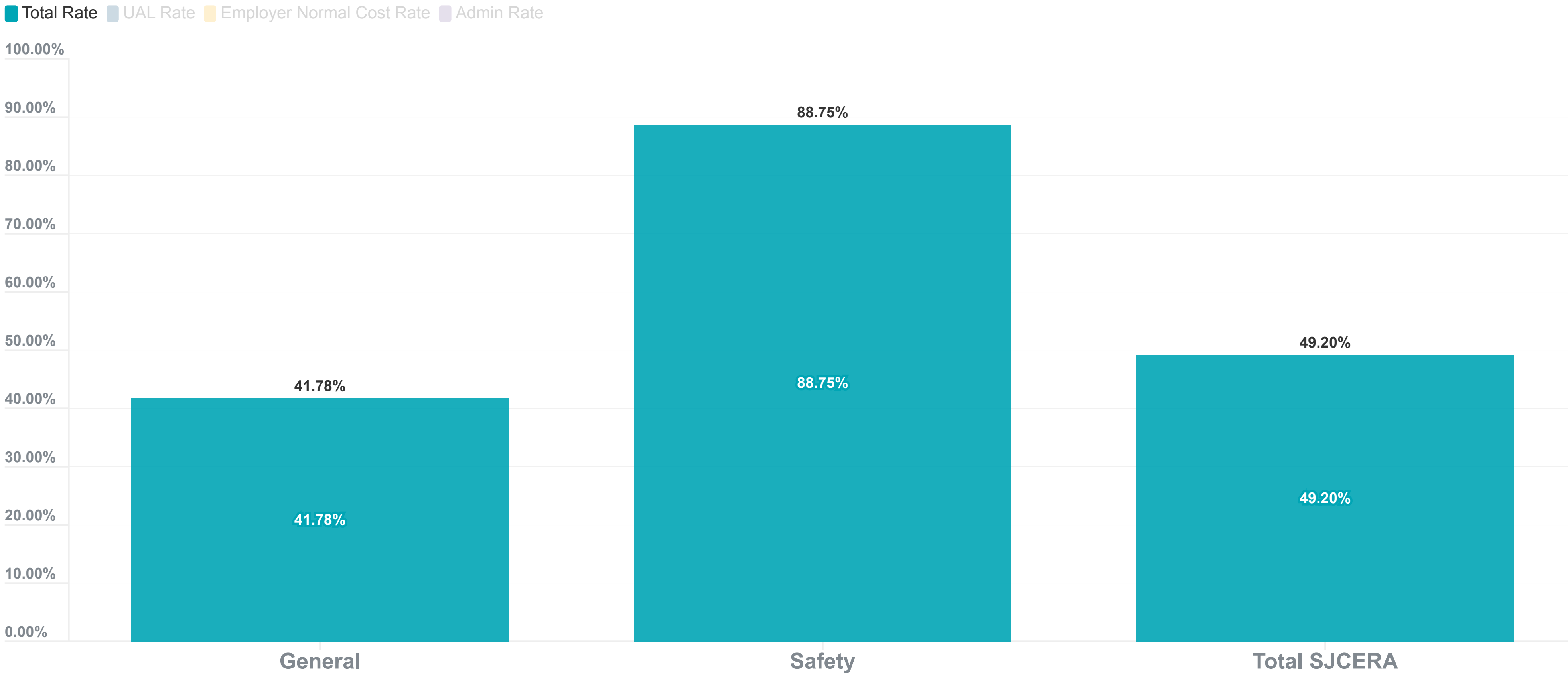
We also show these results on a **Market Value** basis, which is used in the Plan's financial reporting (GASB). The funded ratio was **70.5%** as of December 31, 2023 on this basis (up from 66.6% the prior year).

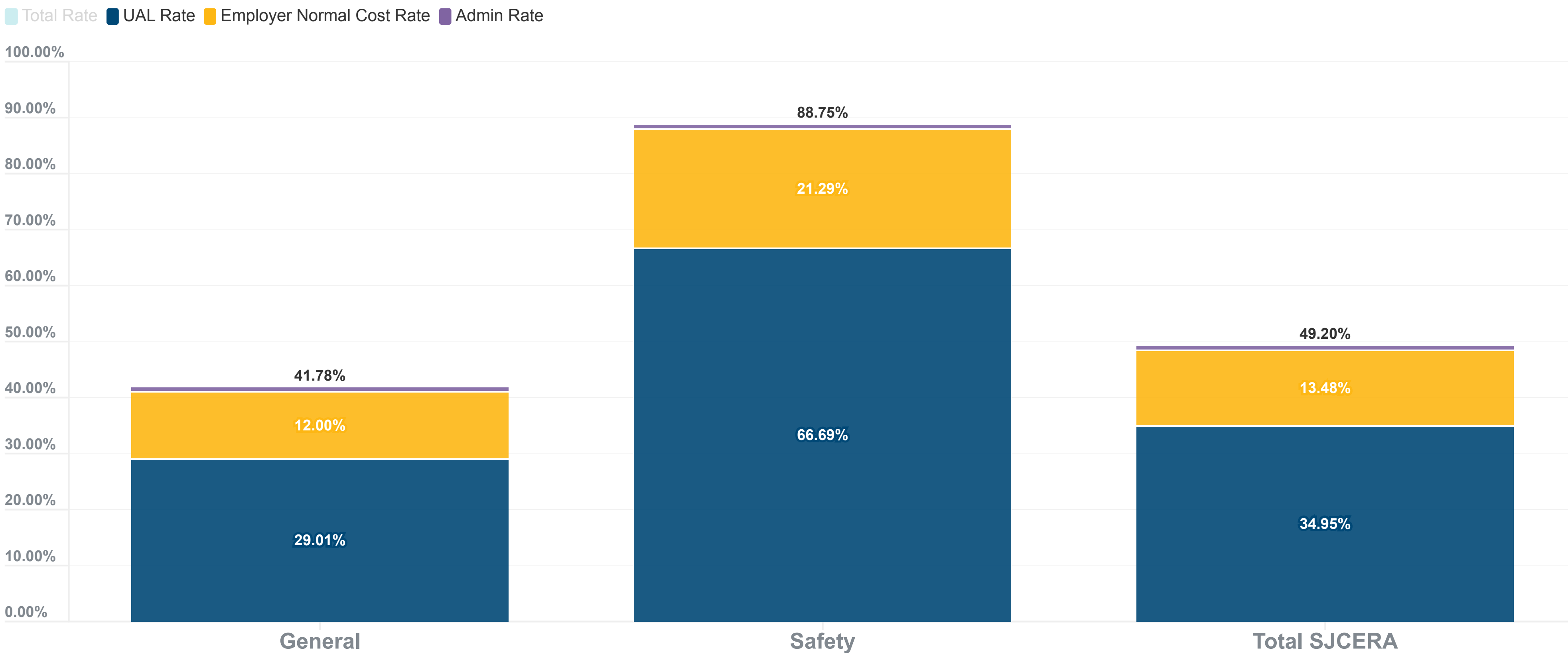


Next, we review the **Actuarially Determined Contributions (ADC)** for the Plan, shown as a *percentage of projected pay*, for each employee class and for the Plan as a whole.



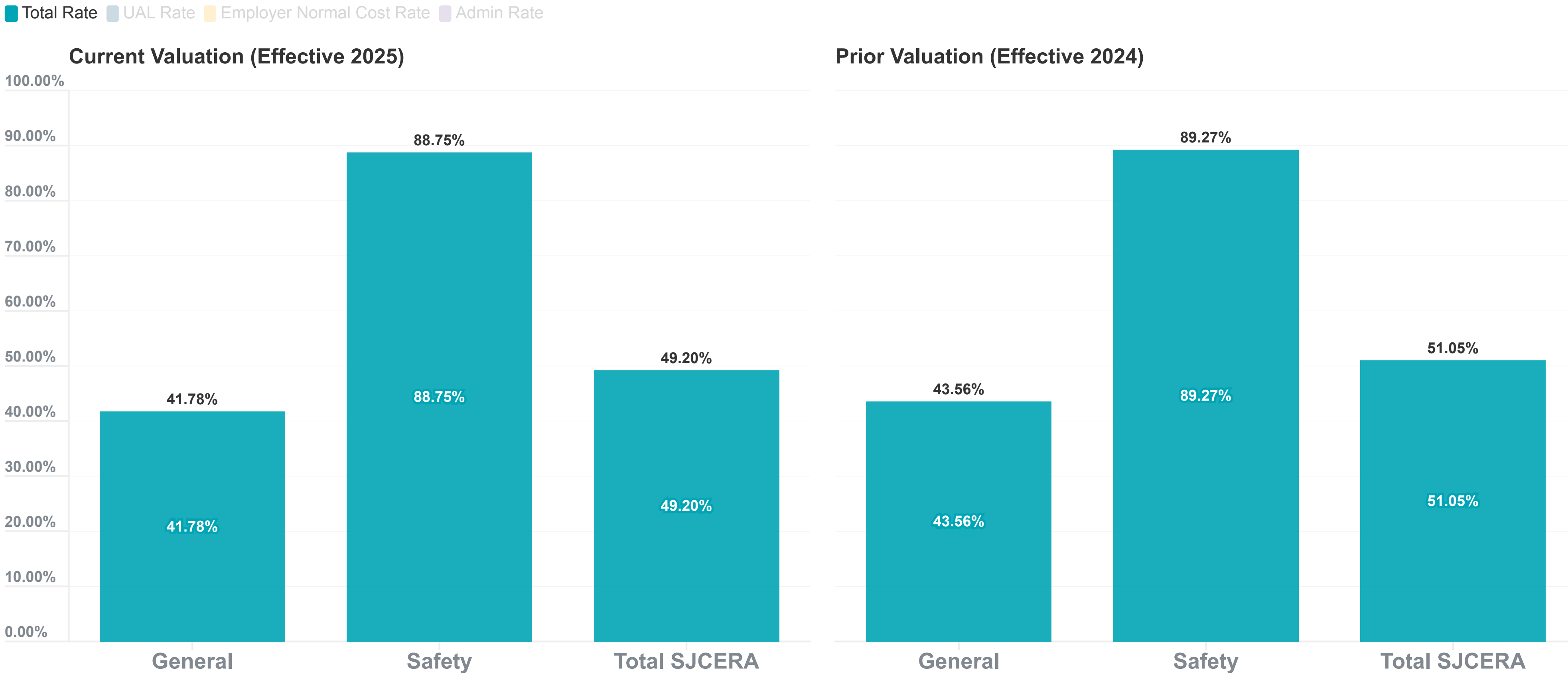
CHEIRON

The contributions are made up of the **Unfunded Actuarial Liability Amortization** payment, or the amount needed to pay off the unfunded liability over the period of time designated in the Plan's funding policy, plus the **Normal Cost**, or the cost assigned to this year's benefits net of member contributions, plus a small payment to cover the employers' share of the **Administrative Expenses.**



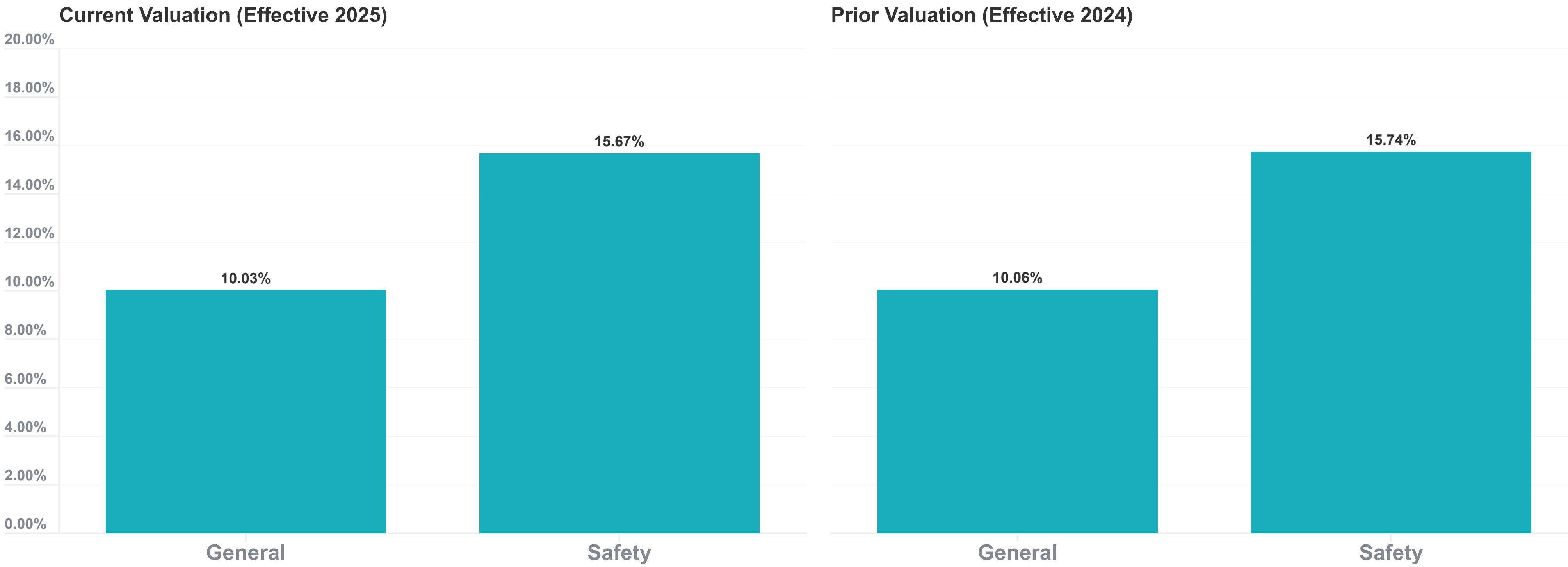
CHEIRON

The contribution rates have decreased since last year: by about 1.8% for General, 0.5% for Safety, and 1.9% in total.



The report also includes the member contribution rates. The rates for the Legacy members are based on each member's Age at Entry and don't change unless there is a change in the actuarial assumptions; thus the Tier 1 member rates are unchanged from last year's report. The PEPRA members are required under law to contribute 50% of the Normal Cost for their benefits; these rates are recalculated each year, though the rates changed only slightly this year (a 0.03% of pay decline for General Tier 2/2B, a 0.07% of pay decline for Safety).

PEPRA (Tier 2/2B) Member Contribution Rates

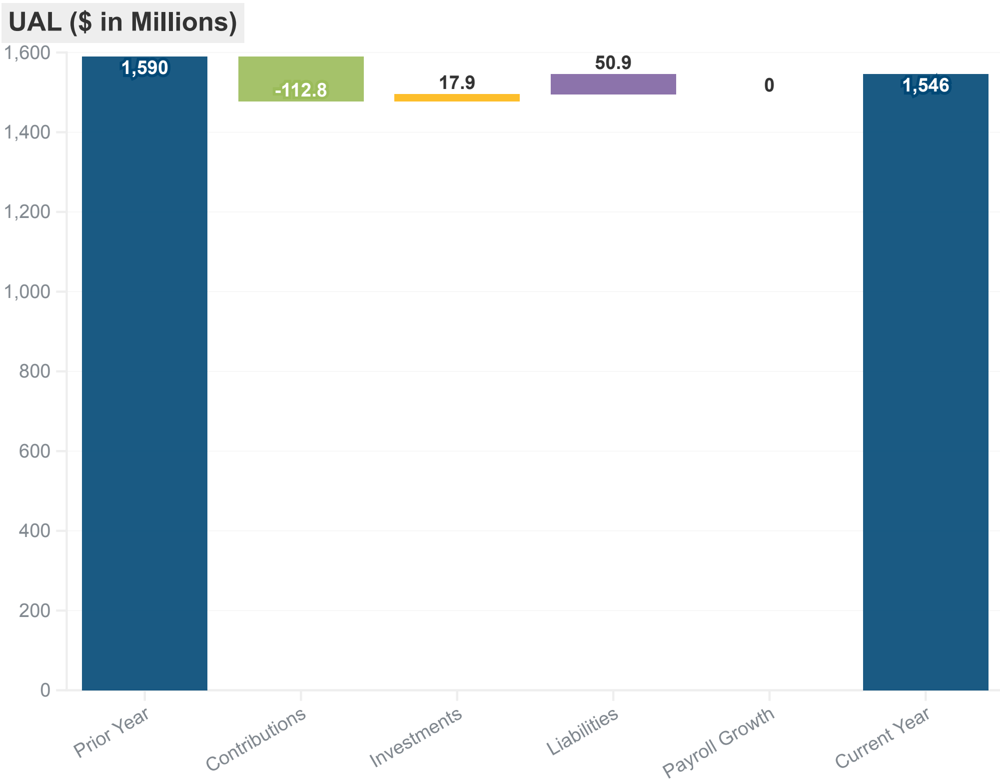


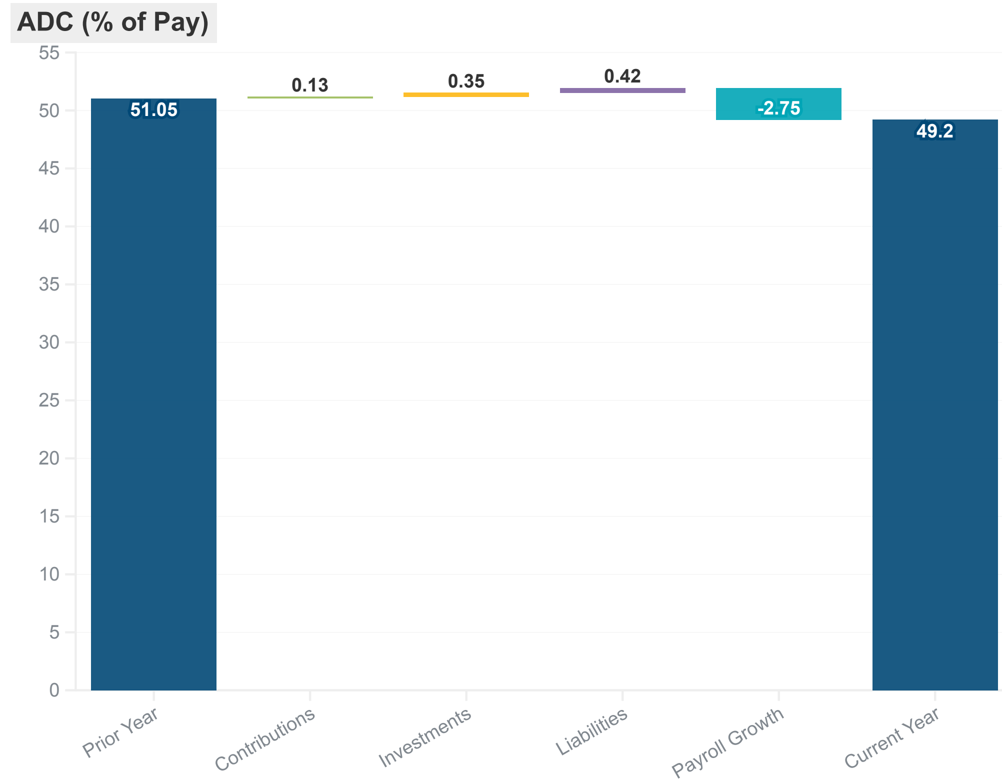
What happened to the **UAL** in the past year?

What caused the **ADC** to change from the prior year?

We review the change in UAL and ADC over the past year. As of the prior valuation, the UAL was $1.59 billion and the ADC was 51.05% of pay.

UAL and ADC Change by Source

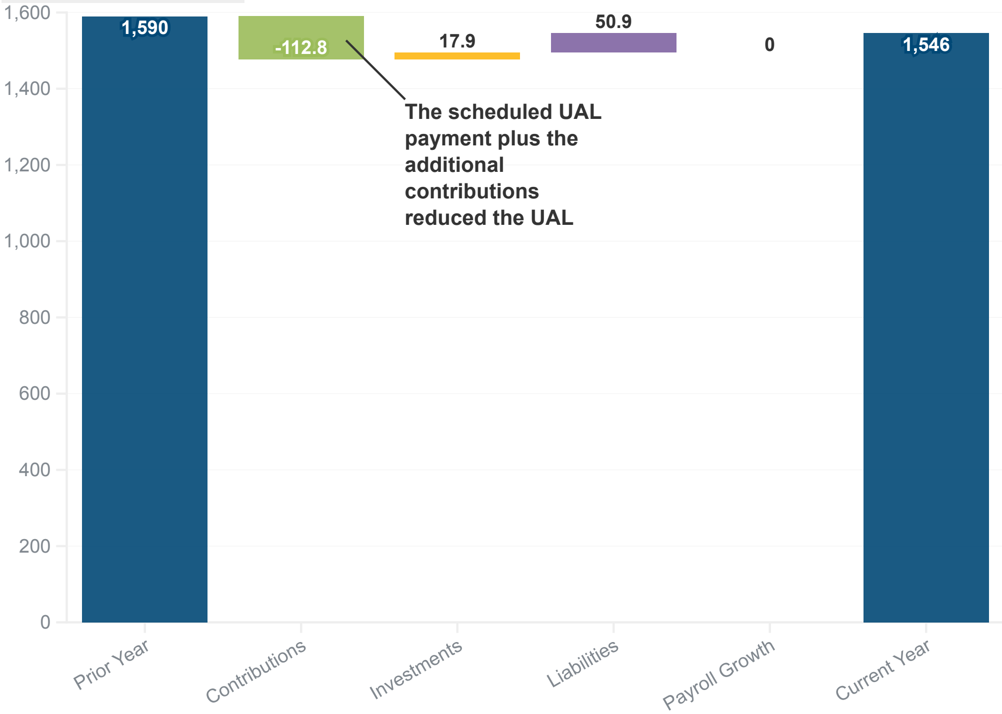




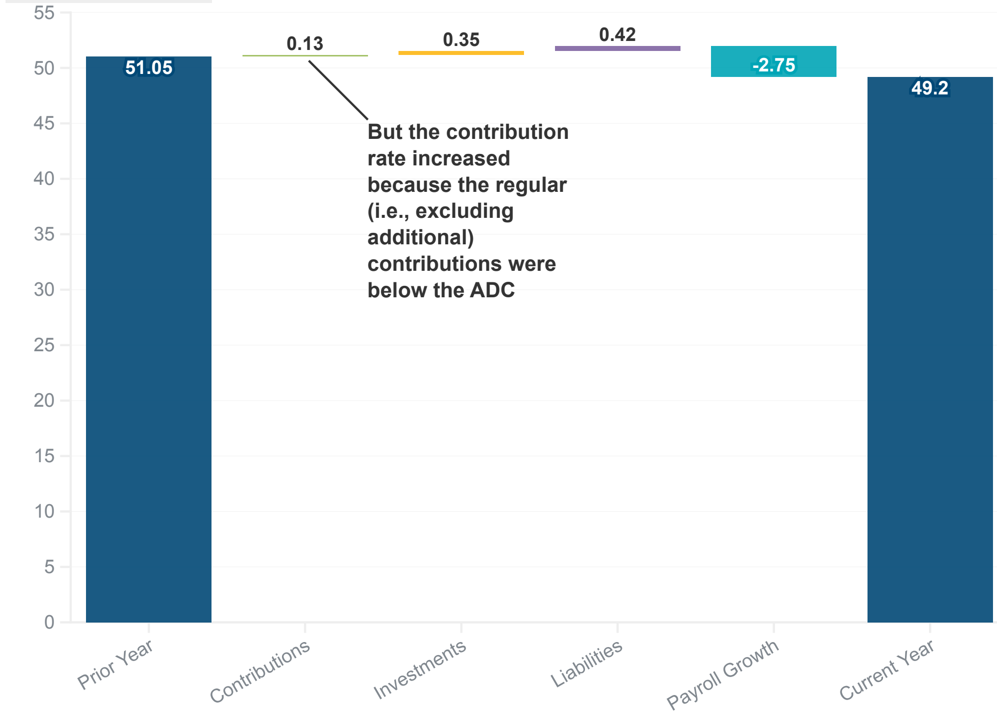
Contributions (including the additional contributions made by the County, Courts, and Mosquito District) exceeded the Normal Cost plus interest on the UAL, reducing the UAL. However, the regular contributions were slightly less than the prior year's ADC, because of the 12-month lag in the implementation of the contribution rates, which increased the current ADC slightly.

UAL and ADC Change by Source

UAL ($ in Millions)



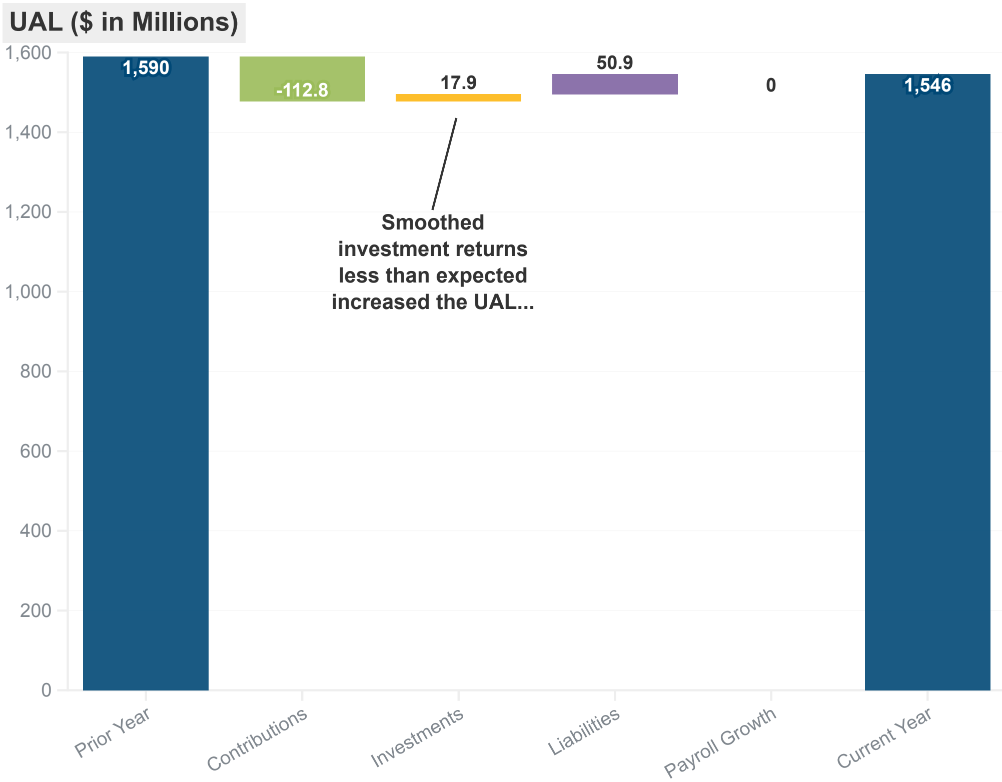
ADC (% of Pay)

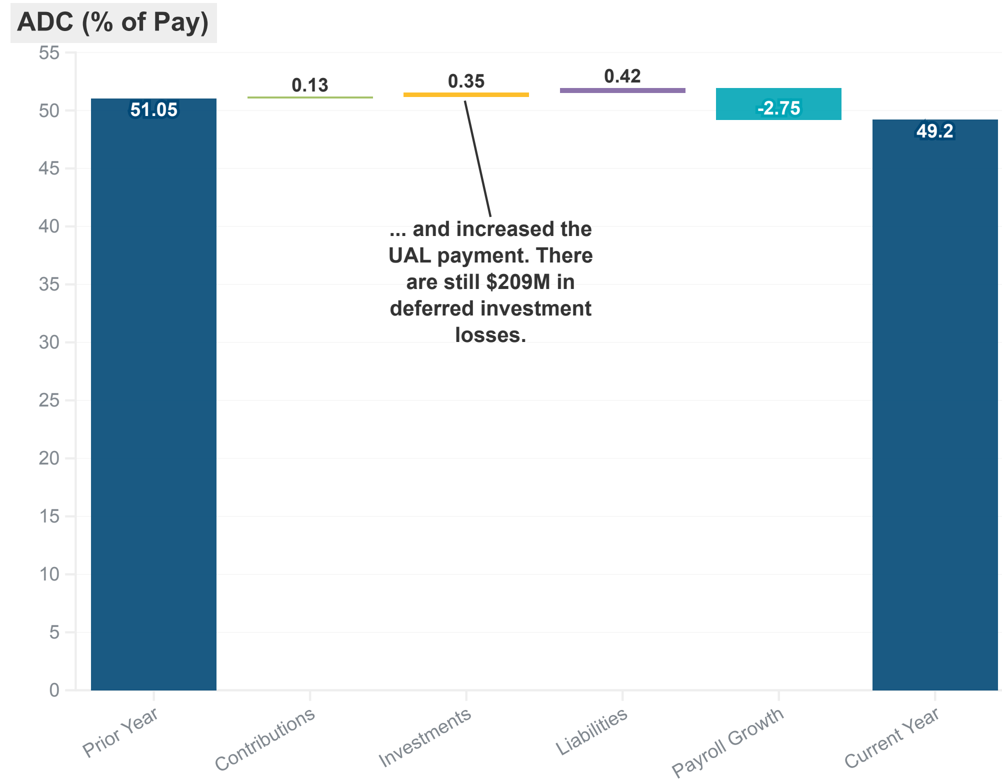


CHEIRON

Investments earned more than the 6.75% expected return on a market basis (a 9.05% return) but less than expected on a smoothed basis (a 6.19% return) - increasing the UAL and ADC.

UAL and ADC Change by Source





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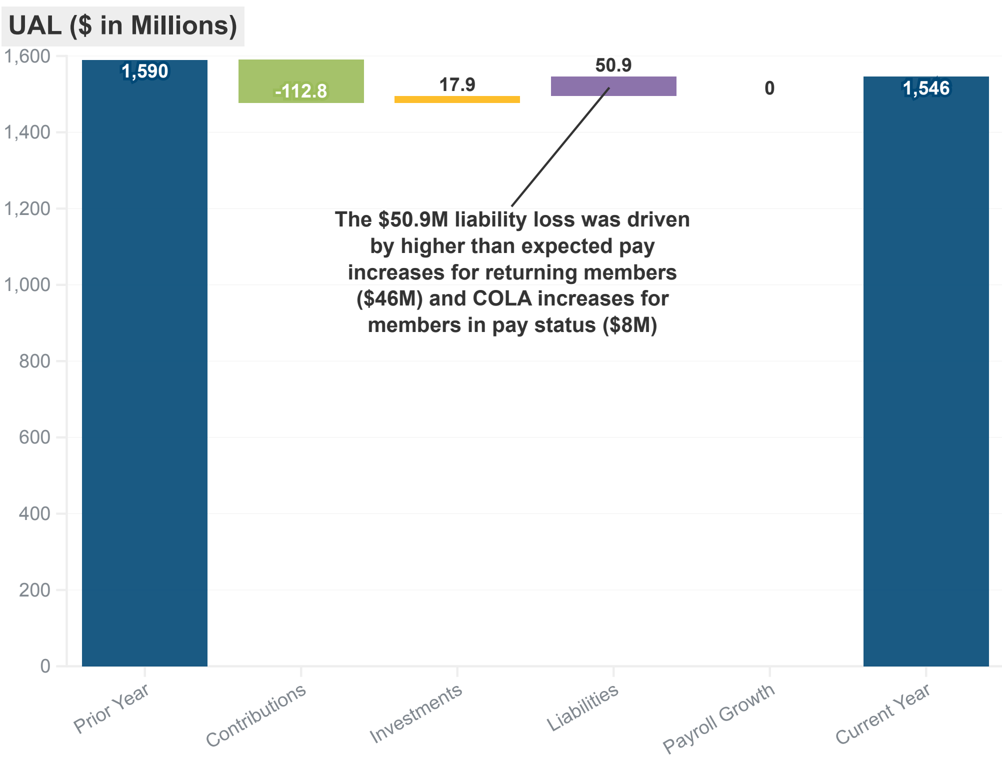
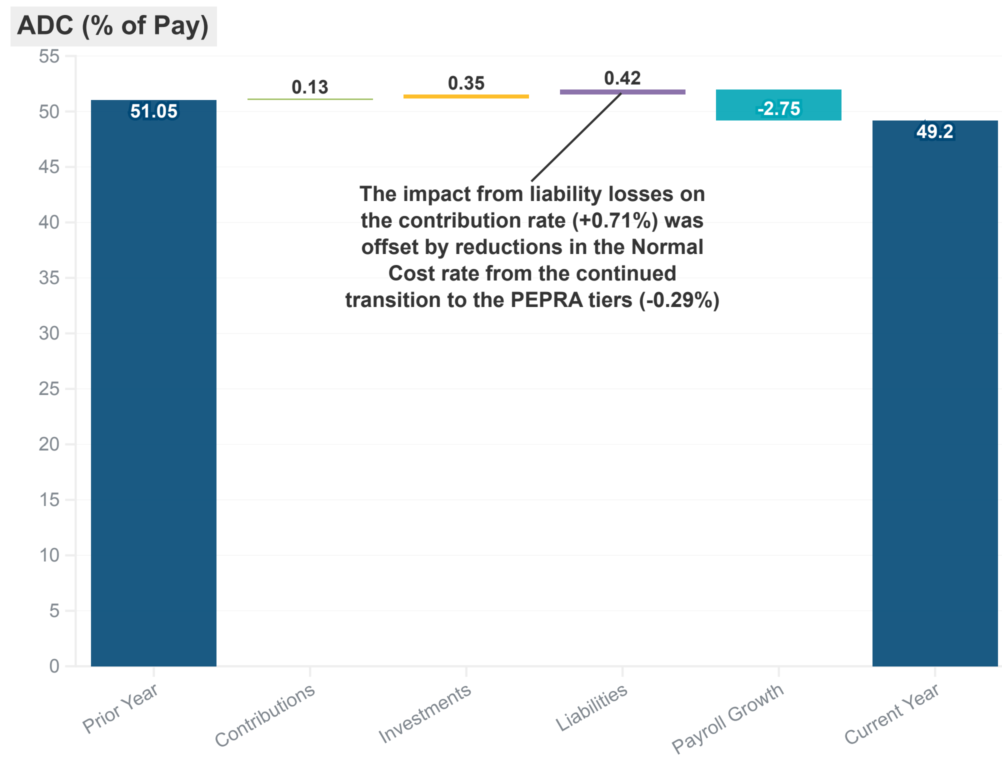
Liabilities were higher than expected, increasing the UAL and the amortization payment. The impact on the ADC was slightly offset by the continued decline in the Normal Cost caused by the transition to PEPRA members.

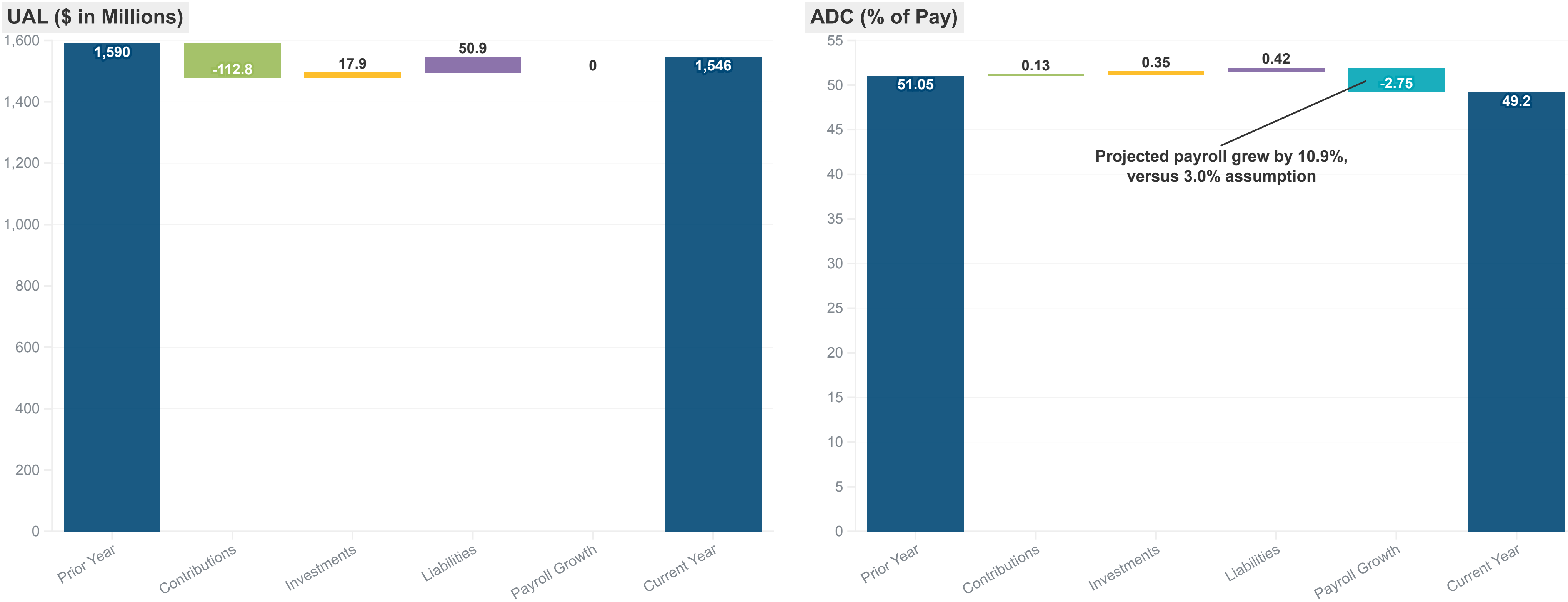
UAL and ADC Change by Source





The payroll grew faster than expected and this reduced the ADC since the UAL payment is spread over a smaller base. Payroll growth does not impact the UAL.

UAL and ADC Change by Source



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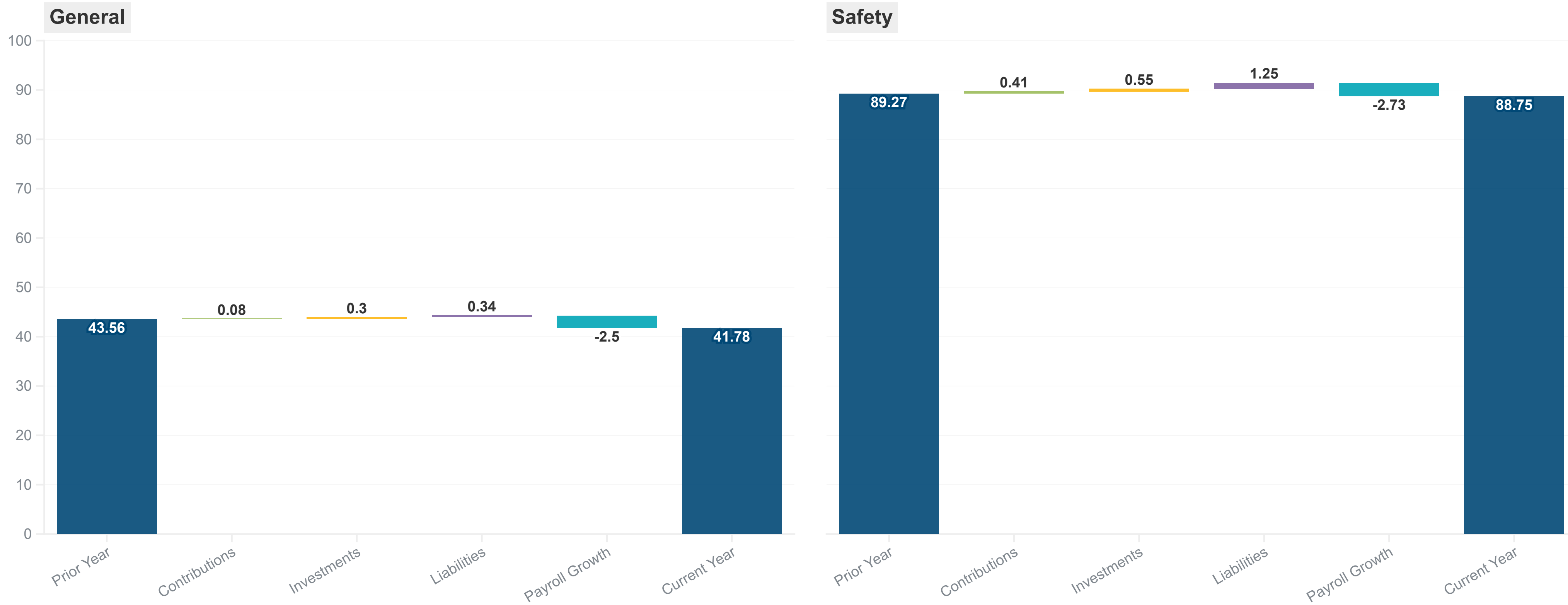
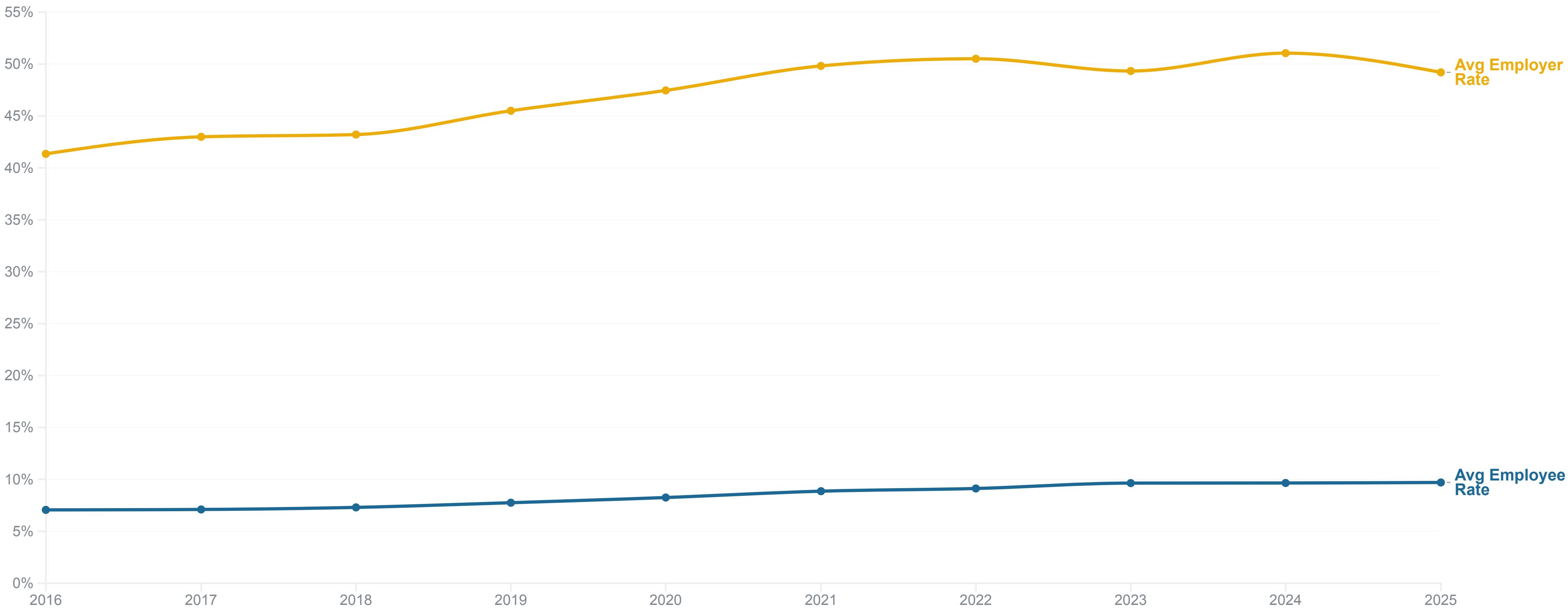
Similar factors affected the General and Safety ADC rates, though the Safety group will typically exhibit more contribution rate volatility, because of their higher ratio of assets and liabilities to payroll.

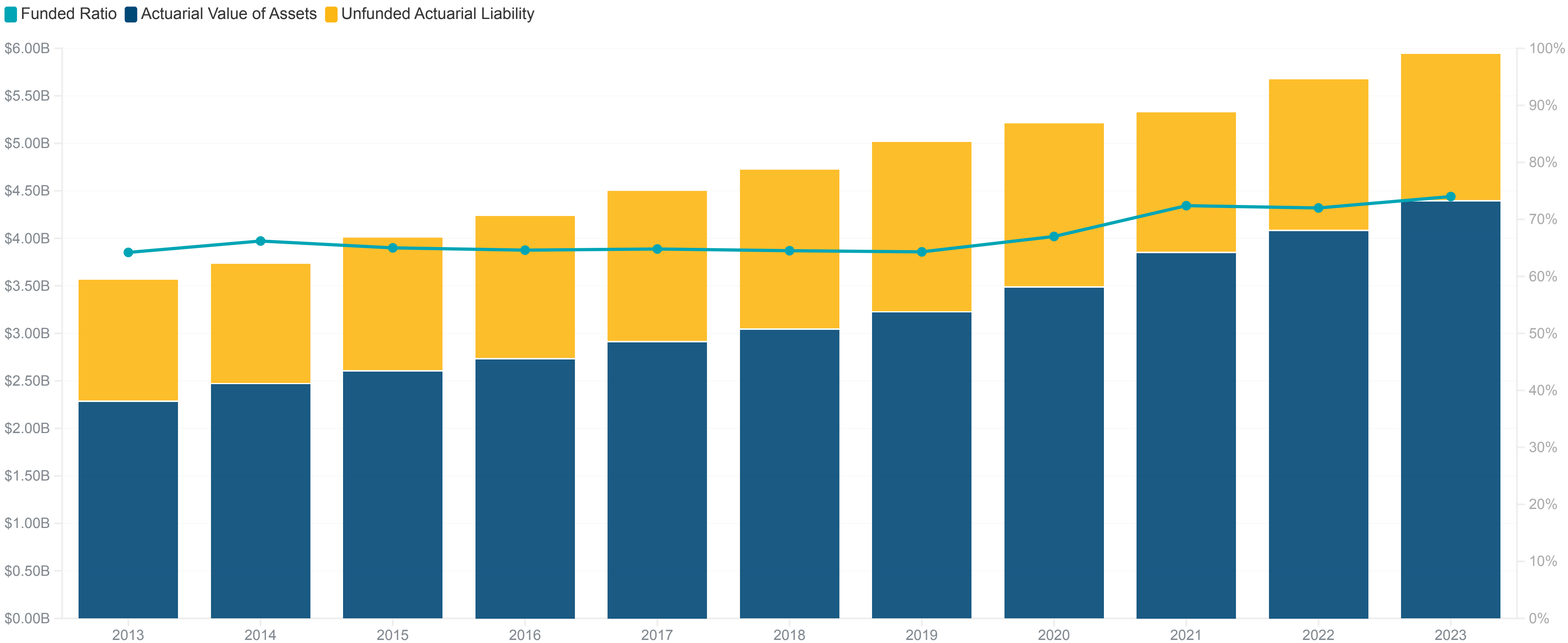
ADC % of Pay Change by Source



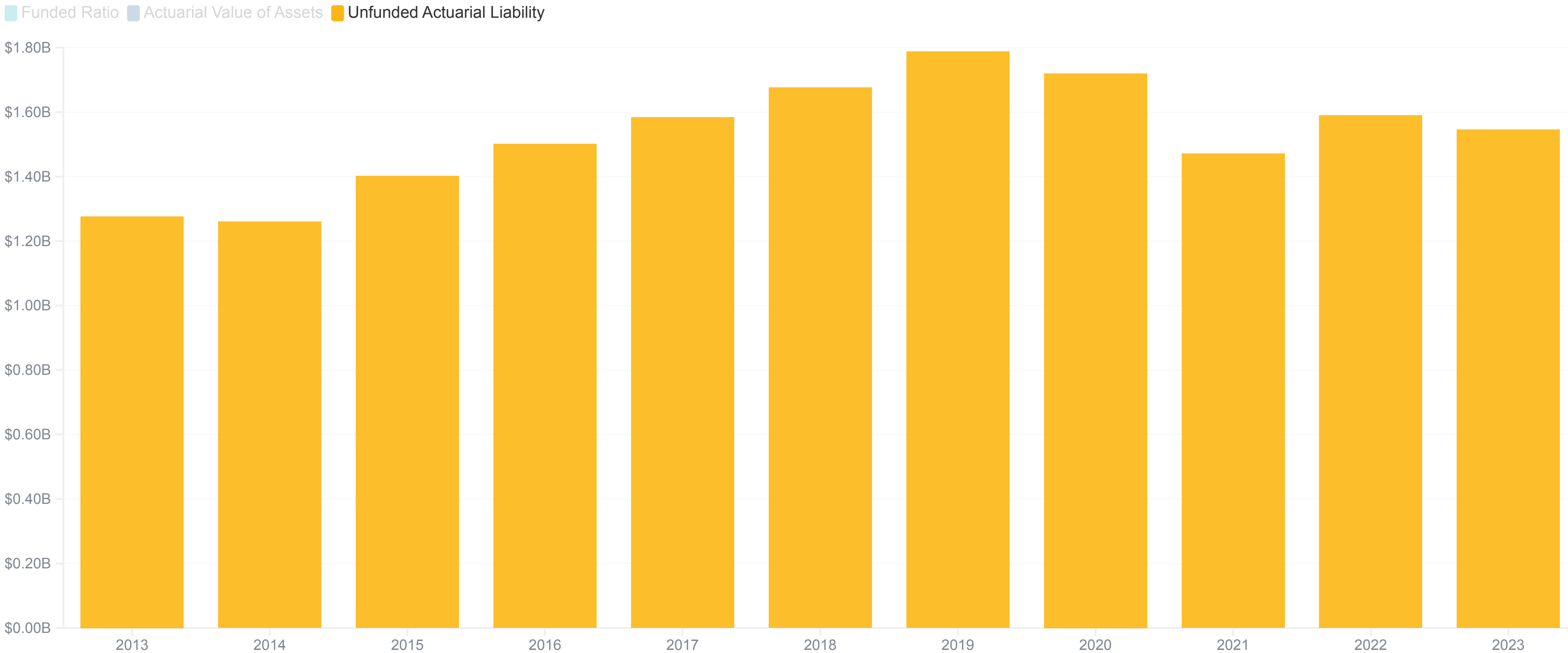
A review of the history in the employer and employee rates over the past decade shows that the employer rates increased during the first six years, as investment returns lagged expectations and more conservative assumptions were adopted, but have since levelled out as payroll has recovered, reducing the UAL rate. The average employee rates have gradually increased, both from the assumption changes and as the active population has shifted towards the PEPRA tiers and Legacy members have increased their contributions under various cost sharing agreements.



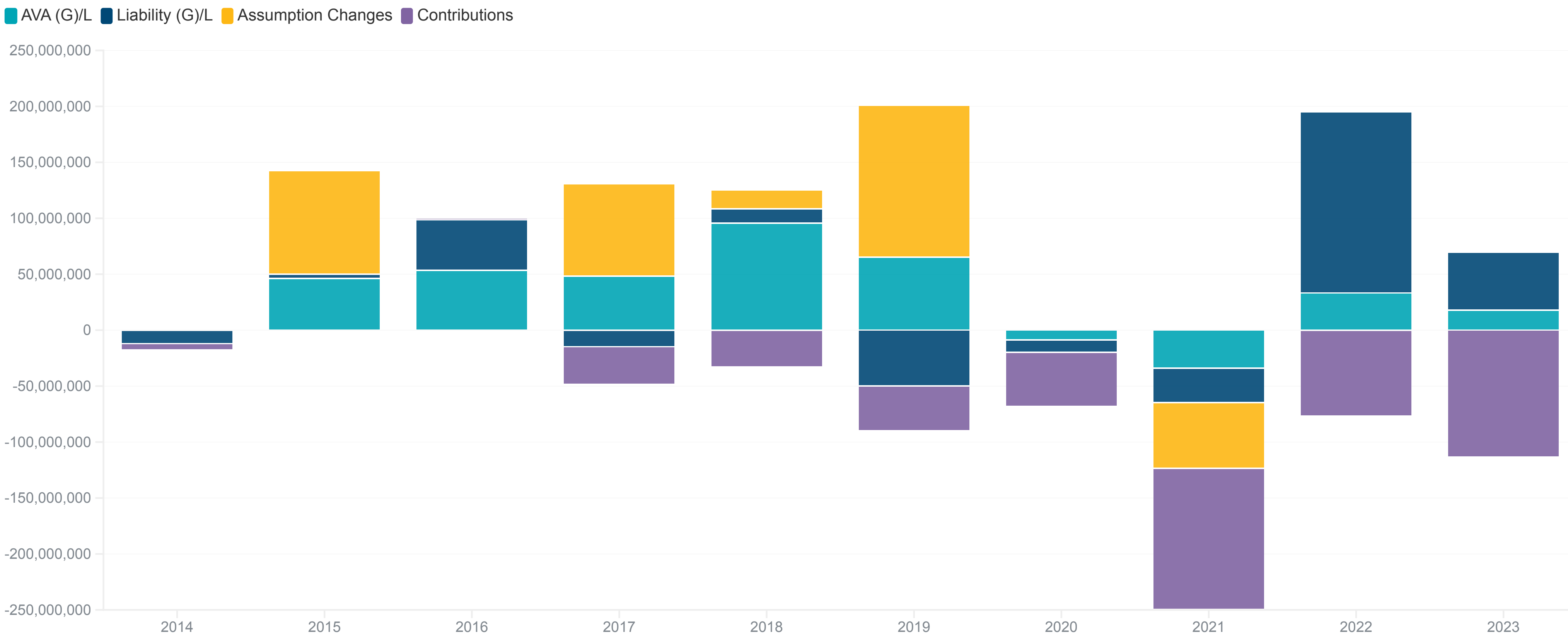
Next, we review the history of the unfunded liability over the past decade. The line shows the funded ratio based on the smoothed assets, with the scale shown along the right-hand axis.



Overall, the UAL increased by $269M over this period.



This chart breaks down the change in UAL for each year. In recent years, contributions have had a positive impact on the UAL as the amortization period shortened and some employers have made additional contributions.



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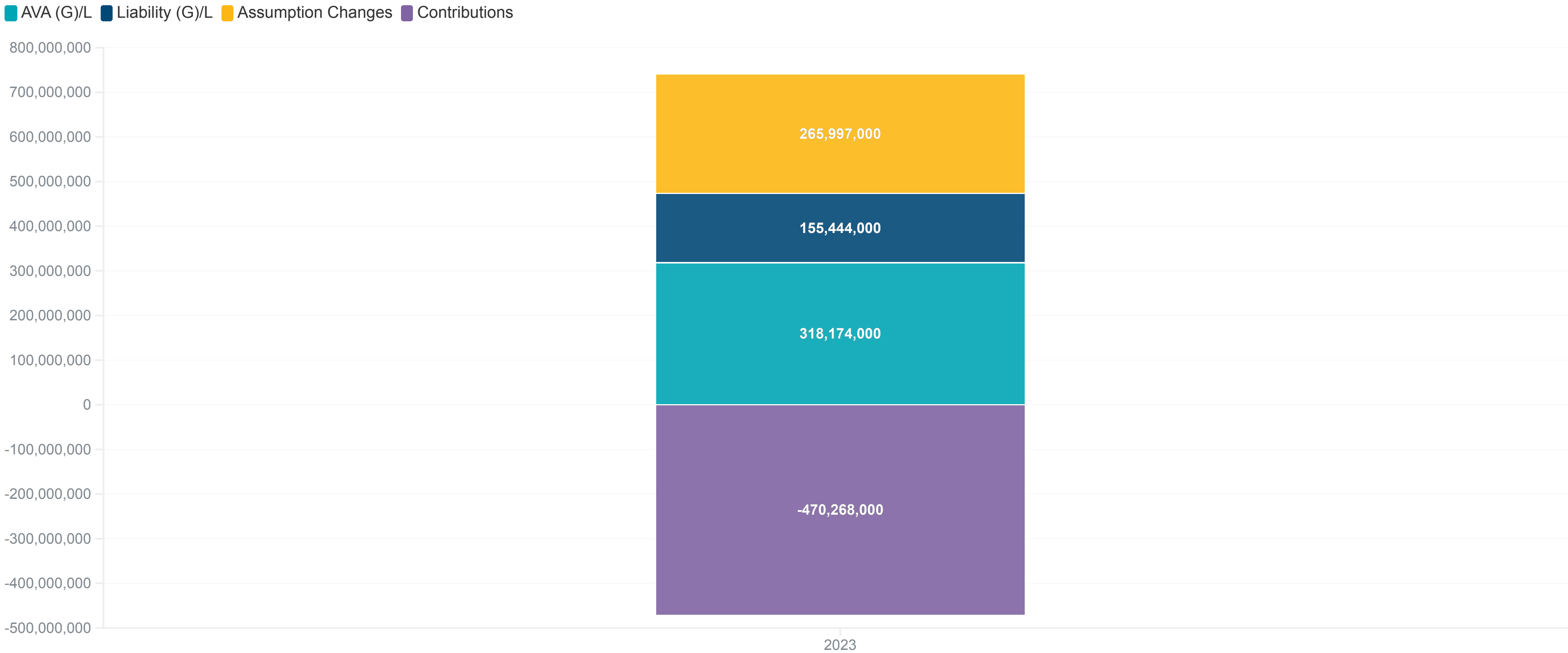
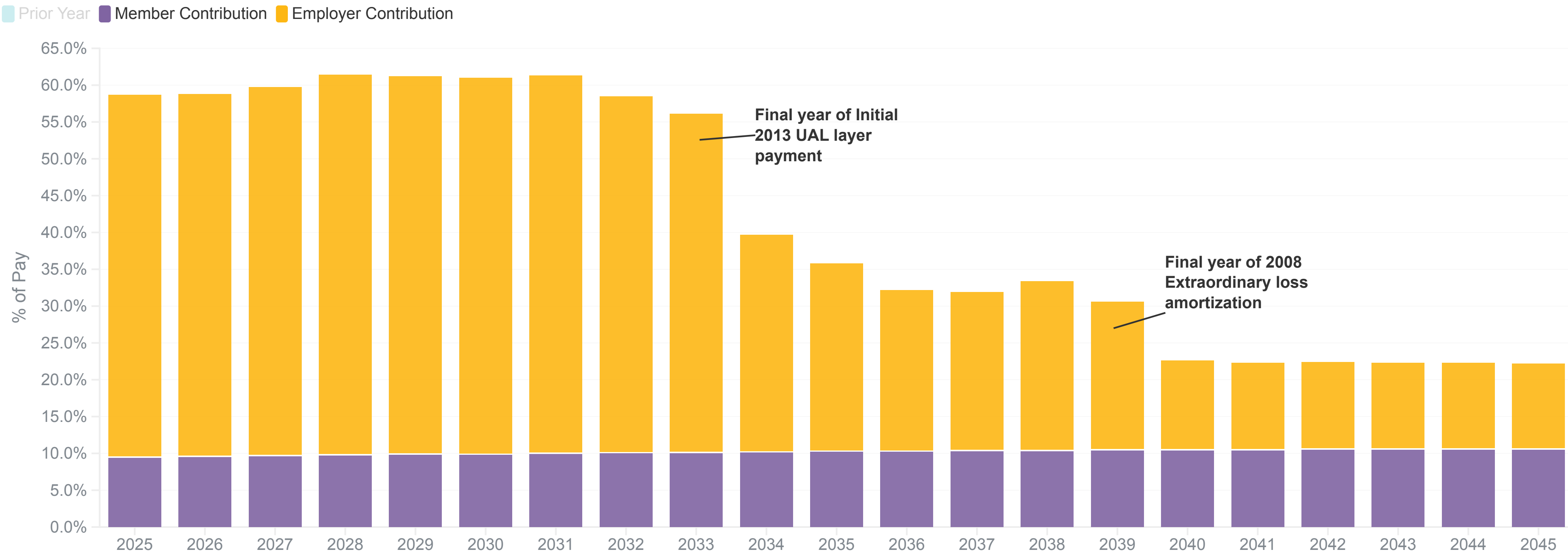
This chart combines the UAL changes by source over all 10 years. The contributions have roughly offset the impact of liability and asset losses.



We next turn our gaze forward.

If all assumptions are met, the aggregate SJCERA employer contribution rate is expected to climb slightly over the next three years as the 2022 investment losses are fully recognized, then decline gradually over the following five years due to PEPRA and the expiration of some smaller amortization bases. The employer rate is then expected to drop significantly after 2033, when the large initial 2013 UAL layer is expected to be paid off. There is another sizable drop after 2039, when the "Extraordinary Loss" from 2008 - which was amortized over 30 years - is paid off.

SJCERA



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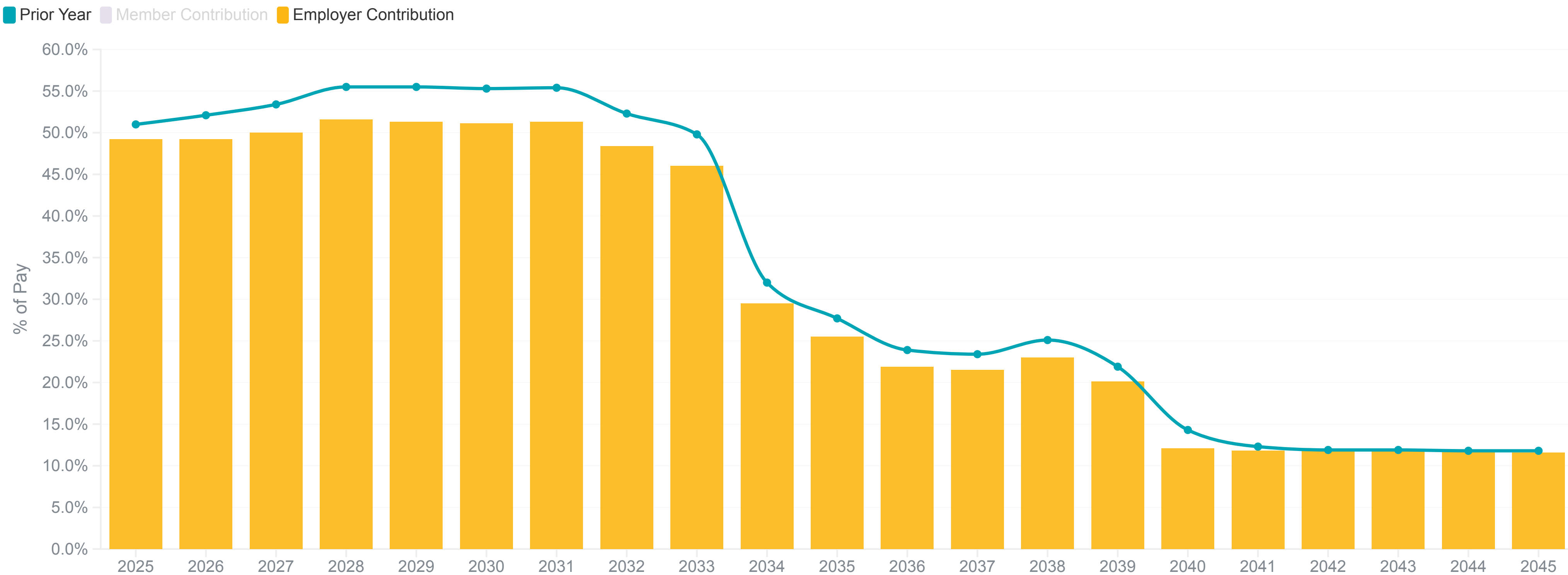
The teal line shows the projected employer contribution rates from last year's valuation, which are higher than the current projections, because of the positive investment return this year (>9%) and the growth in payroll.

SJCERA



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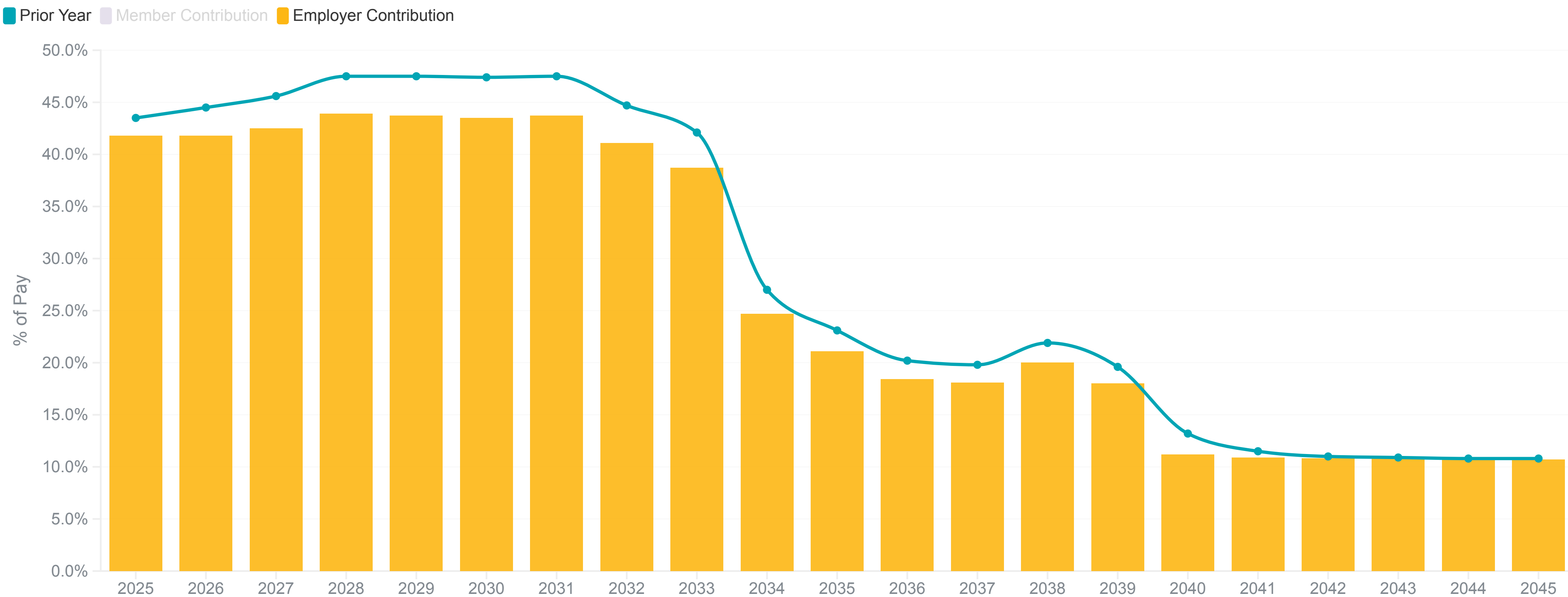
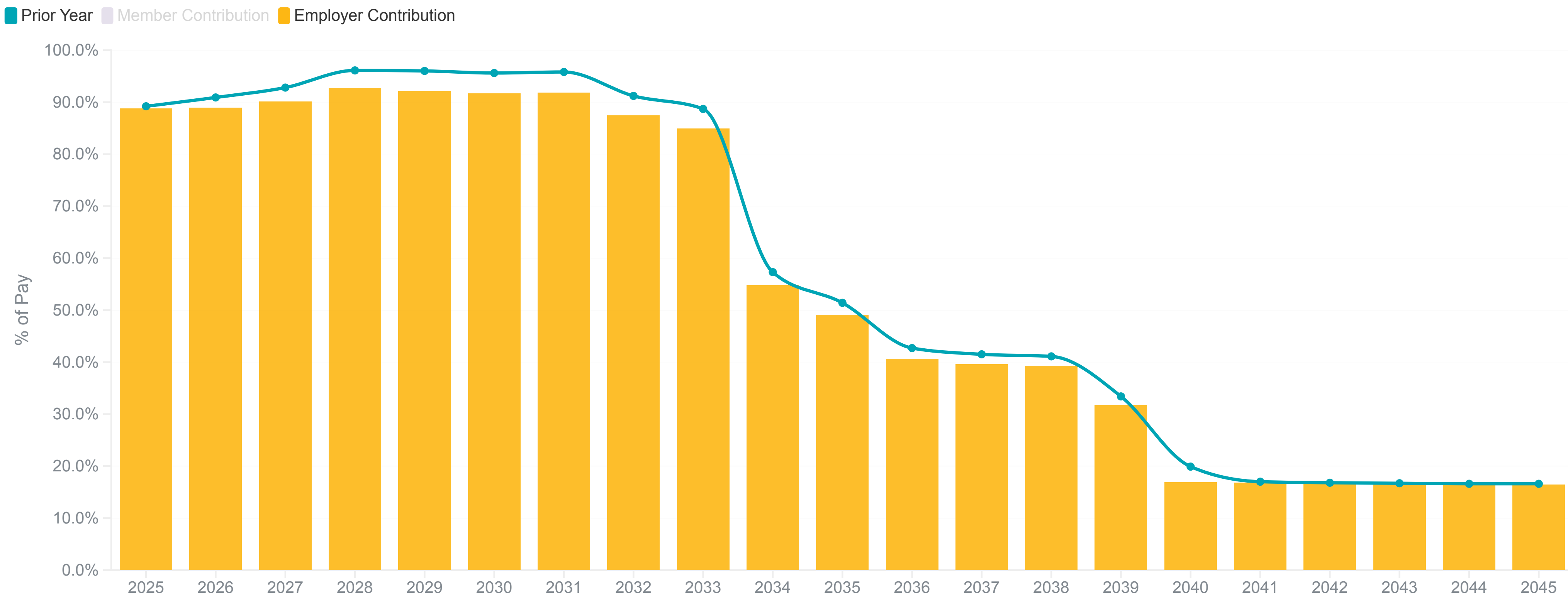
The patterns are similar for the General rates

General



Safety


Prior Year
Member Contribution
Employer Contribution
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
% of Pay
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
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2038
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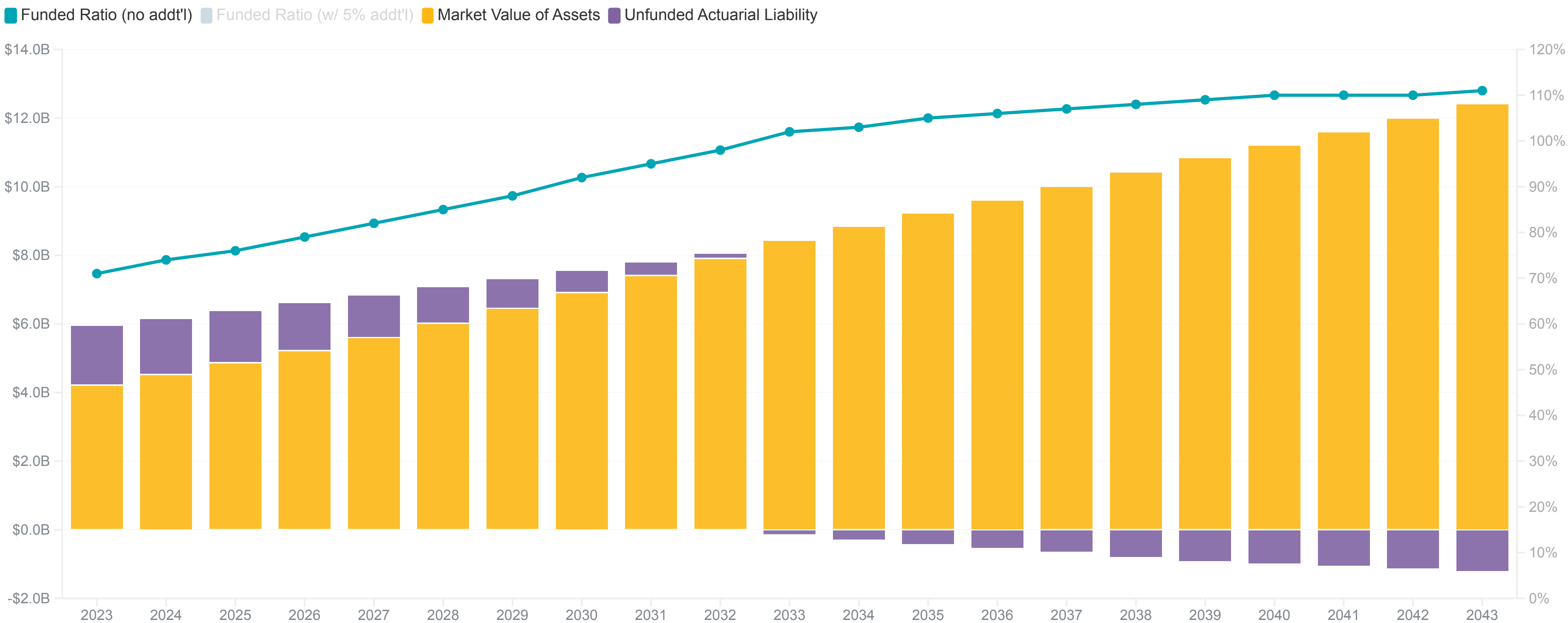
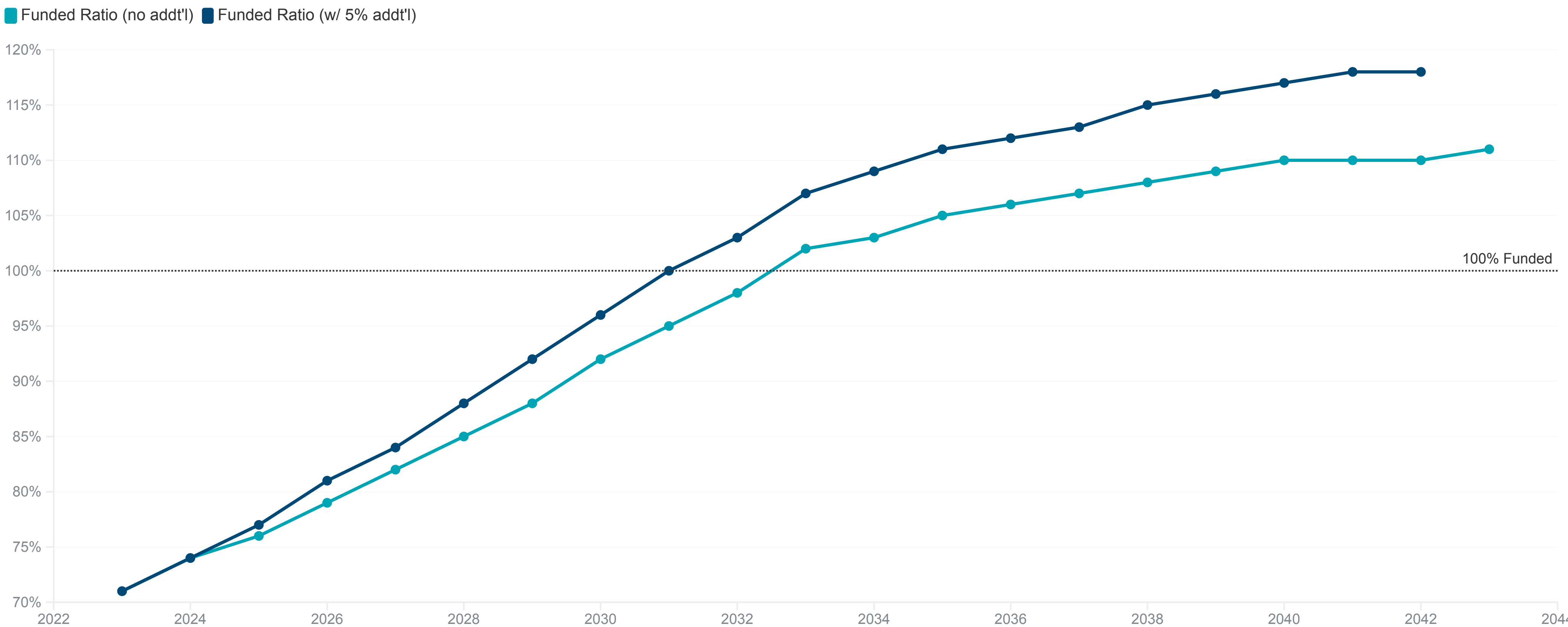
2043
2044
2045

The funded status projection shows that the funded ratio (right axis) is expected to continue improving until the Plan reaches full funding in 2033. These projections include the value of the current additional contribution reserves made by the County and other employers, but do not assume any future contributions above the ADC.



Here are the projected funded ratios with an assumed additional employer contribution of 5% of pay per year, in line with the amounts recently contributed by the County. Note that under this scenario the Plan is expected to return to full funding in 2031, two years earlier than expected without future additional contributions.

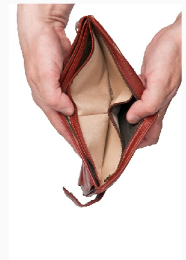


Investment Risk

The potential for returns to be different than expected.

Assumption Risk

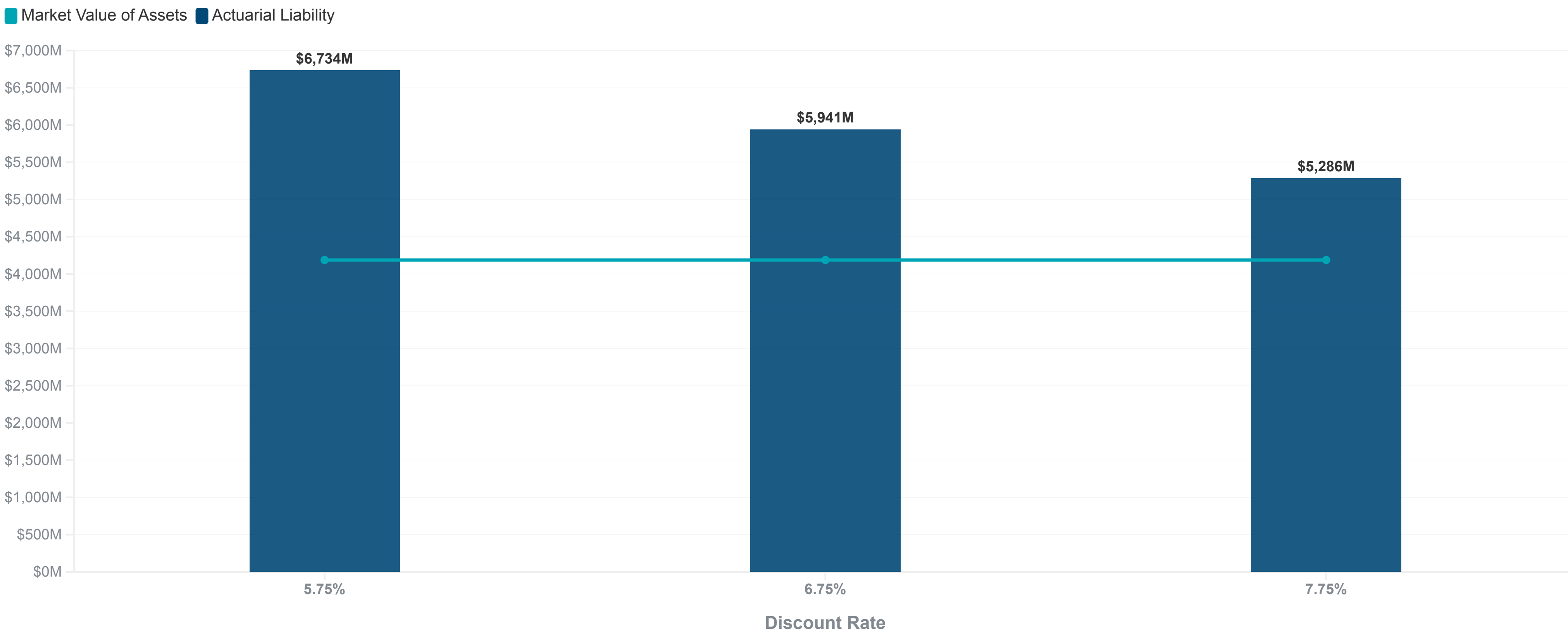
The potential for the environment to change such that future valuation assumptions are different than the current assumptions.



Contribution Risk

The potential for future contributions to deviate from expected future contributions, including for reasons such as default of the sponsor.

As can be seen from the review of changes in the UAL over the past decade, investment returns and assumption changes can have a major impact on the Plan. The chart shows how the actuarial liability would change based on a +/-1% change in the discount rate.



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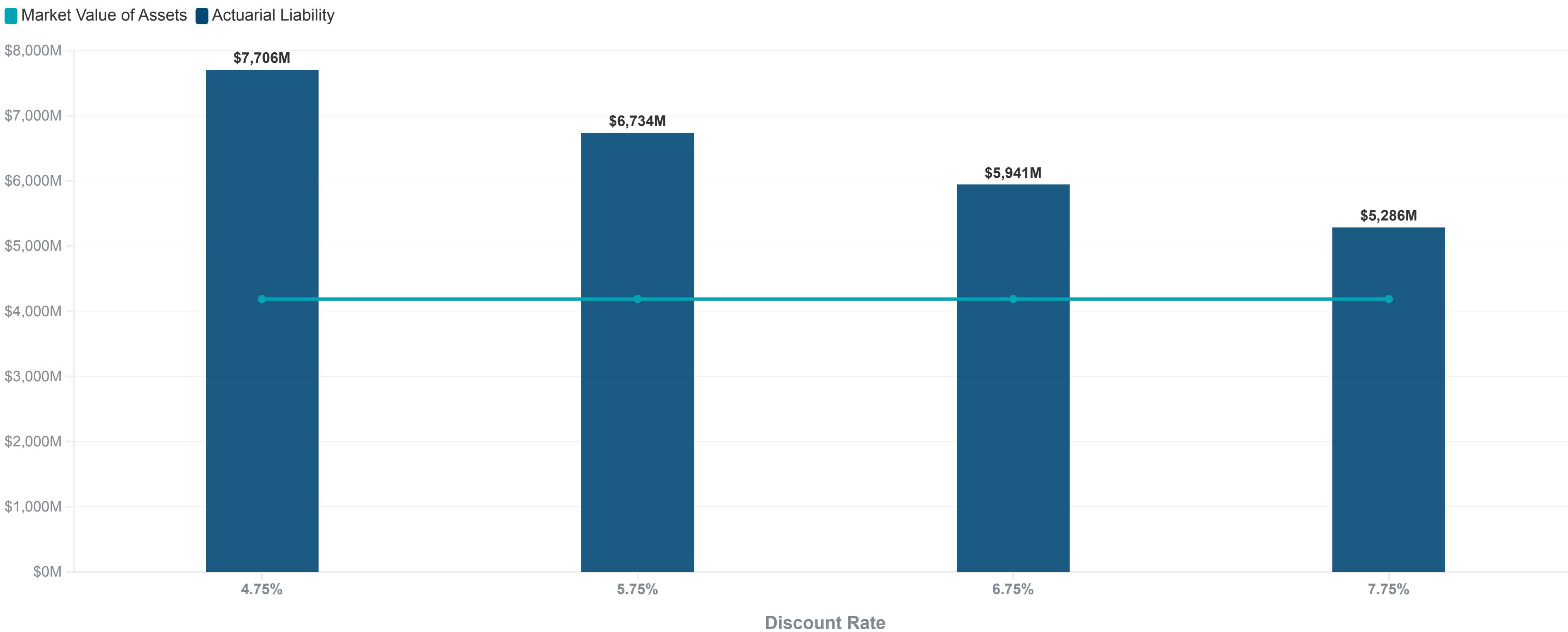
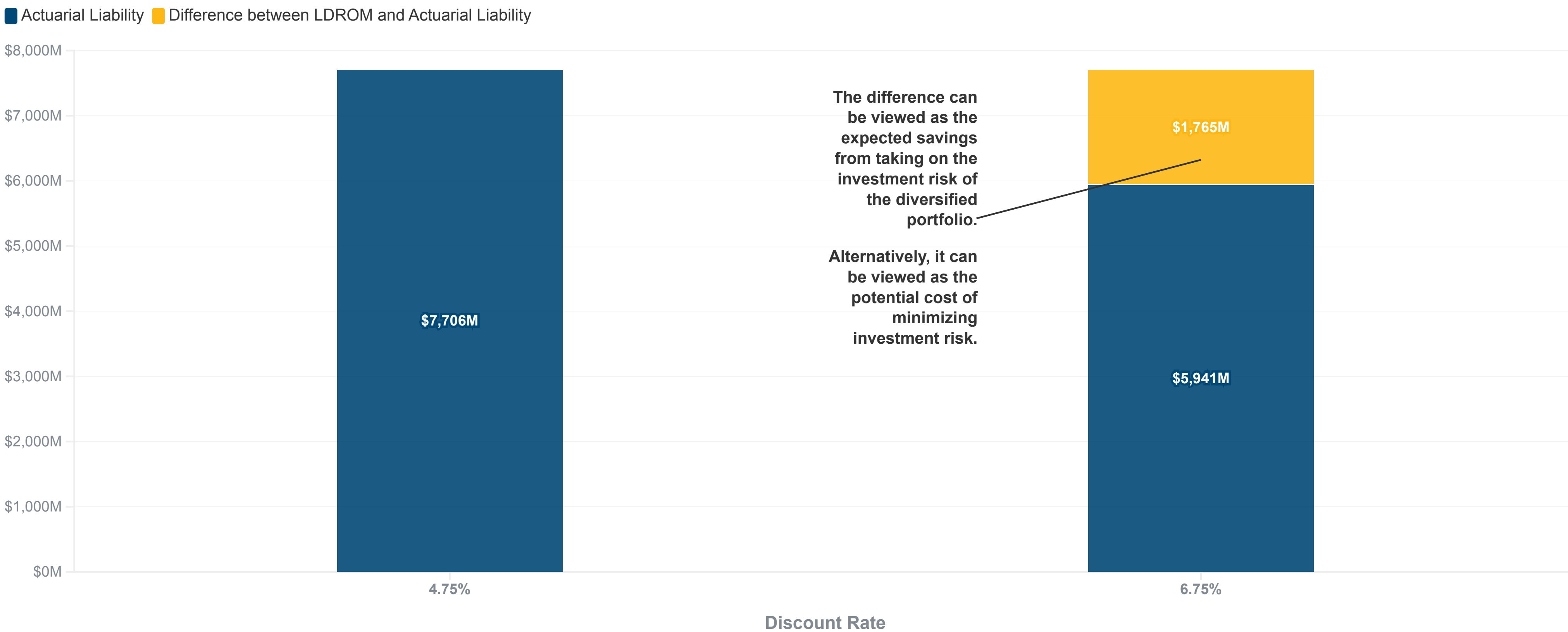
We now add the **Low-Default-Risk Obligation Measure (LDROM)** to the comparison. The LDROM is the actuarial liability using a discount rate derived from low-default-risk fixed income securities that approximately match the benefit payments of the plan.



A portfolio composed of such securities represents the low-risk portfolio for a pension plan. However, this portfolio would have a lower expected return (**4.92% as of June 30, 2023)** than the current diversified portfolio (**6.75%**).



The LDROM is based on a discount rate equal to the December 31, 2023 FTSE Pension Liability Index of 4.83%, rounded to the nearest quarter percent (4.75%), and all other assumptions and methods as used to calculate the actuarial liability.

CHEIRON

SJCERA Consulting Team

Click card for bio or to contact

Graham Schmidt
Principal Consulting Actuary
Lafayette, CA

Anne Harper
Principal Consulting Actuary
San Diego, CA

Timothy Doyle
Associate Actuary
Portland, OR

Certification

The purpose of this presentation is to present a summary of the results of the SJCERA actuarial valuation as of December 31, 2023. A full description of the methods, assumptions, and data used in the valuation can be found in the Actuarial Valuation Report as of December 31, 2023.

In preparing our presentation, we relied on information (some oral and some written) supplied by SJCERA. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future projections may differ significantly from the projections presented in this presentation due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Projections in this presentation were developed using R-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan. We relied on Cheiron colleagues for the development of the model. R-scan uses standard roll-forward techniques that implicitly assume a stable active population. Because R-scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

To the best of our knowledge, this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This presentation was prepared for the SJCERA Retirement Board for the purposes described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

CHEIRON

San Joaquin County Employees' Retirement Association | Board of Retirement Resolution

RESOLUTION TITLE: **2025 Retirement Contribution Rates**

RESOLUTION NO. **2024-07-02**

WHEREAS, in compliance with Government Code Section 31453, the Board of Retirement requested its consulting actuary, Cheiron, to conduct an actuarial valuation as of December 31, 2023; and

WHEREAS, the assumed rate of return remained unchanged at 6.75 percent; and

WHEREAS, the actuary has determined the recommended employer and member contribution rates for calendar year 2025 for Tiers 1 and 2.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Retirement approves the recommended retirement contribution rates for 2025 expressed as a percentage of active member payroll to be effective the first payday after January 1, 2025 as shown in the following attachments, which are hereby incorporated into and made a part of this Resolution:

Attachment 1	SJCERA Retirement Contribution Rates 2025
Attachment 2	Table 1A – General Member Contribution Rates, Basic Half Rate (Tier 1)
Attachment 3	Table 1B – General Member Contribution Rates, Basic Half Rate Plus 14 Percent (Tier 1)
Attachment 4	Table 2A – Safety Member Contribution Rates, Basic Half Rate (Tier 1)
Attachment 5	Table 2B – Safety Member Contribution Rates, Basic Half Rate Plus 33 Percent (Tier 1)

PASSED AND APPROVED by the Board of Retirement of the San Joaquin County Employees' Retirement Association on the 12th day of July 2024.

AYES:

NOES:

ABSTAIN:

ABSENT:

____
MICHAEL RESTUCCIA, Chair

Attest:

____
RAYMOND McCRAY, Secretary

SJCERA - RETIREMENT CONTRIBUTION RATES - 2025

As determined by annual actuarial valuation as of December 31, 2023

Expressed as a Percentage of Active Member Payroll

	TIER 1			TIER 1 w/COLA Cost Sharing			TIER 1 w/COLA Cost Sharing Plus			TIER 2		
EMPLOYER CONTRIBUTIONS:	GENERAL	SAFETY	COMPOSITE TOTAL	GENERAL	SAFETY	COMPOSITE TOTAL	GENERAL	SAFETY	COMPOSITE TOTAL	GENERAL	SAFETY	COMPOSITE TOTAL
Normal Cost												
Basic	13.21%	22.47%	15.19%	13.21%	22.47%	15.19%	12.64%	20.78%	14.38%	7.60%	11.33%	8.06%
Post-retirement COLA	5.77%	10.86%	6.86%	2.93%	5.58%	3.50%	2.93%	5.58%	3.50%	2.43%	4.34%	2.66%
Total	18.98%	33.33%	22.05%	16.14%	28.05%	18.69%	15.57%	26.36%	17.88%	10.03%	15.67%	10.72%
UAL Amortization Cost												
Basic	17.95%	44.67%	23.64%	17.95%	44.67%	23.64%	17.95%	44.67%	23.64%	17.95%	44.67%	21.16%
Post-retirement COLA	11.62%	22.58%	13.96%	11.62%	22.58%	13.96%	11.62%	22.58%	13.96%	11.62%	22.58%	12.94%
Total	29.57%	67.25%	37.60%	29.57%	67.25%	37.60%	29.57%	67.25%	37.60%	29.57%	67.25%	34.10%
Total Plan Cost												
Basic	31.16%	67.14%	38.83%	31.16%	67.14%	38.83%	30.59%	65.45%	38.02%	25.55%	56.00%	29.22%
Post-Retirement COLA	17.39%	33.44%	20.82%	14.55%	28.16%	17.46%	14.55%	28.16%	17.46%	14.05%	26.92%	15.60%
Total	**48.55%**	**100.58%**	**59.65%**	**45.71%**	**95.30%**	**56.29%**	**45.14%**	**93.61%**	**55.48%**	**39.60%**	**82.92%**	**44.82%**
Total Plan Normal Cost	23.05%	38.52%	26.36%	23.05%	38.52%	26.36%	23.05%	38.52%	26.36%	20.06%	31.34%	21.44%
MEMBER CONTRIBUTIONS:	Table 1A "Basic Rate" from 12/31/23 Valuation Report	Table 2A "Basic Rate" from 12/31/23 Valuation Report		Table 1A "Basic Rate" + "COLA Cost Share Rate" from 12/31/23 Valuation Report	Table 2A "Basic Rate" + "COLA Cost Share Rate" from 12/31/23 Valuation Report		Table 1B "114% of Basic Rate" + "COLA Cost Share Rate" from 12/31/23 Valuation Report	Table 2B "133% of Basic Rate" + "COLA Cost Share Rate" from 12/31/23 Valuation Report		**10.03%**	**15.67%**	

APPENDIX G – MEMBER CONTRIBUTION RATES

Table 1A

General Member Contribution Rates
Basic Half Rate (Government Code Section 31621.3)

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	2.09%	3.14%	1.39%	2.09%
17	2.09%	3.14%	1.39%	2.09%
18	2.09%	3.14%	1.39%	2.09%
19	2.09%	3.14%	1.39%	2.09%
20	2.09%	3.14%	1.39%	2.09%
21	2.13%	3.20%	1.43%	2.15%
22	2.17%	3.26%	1.47%	2.21%
23	2.21%	3.32%	1.51%	2.27%
24	2.25%	3.38%	1.56%	2.34%
25	2.30%	3.45%	1.59%	2.39%
26	2.34%	3.51%	1.63%	2.45%
27	2.39%	3.58%	1.67%	2.50%
28	2.43%	3.65%	1.70%	2.55%
29	2.48%	3.72%	1.73%	2.60%
30	2.53%	3.79%	1.77%	2.65%
31	2.57%	3.86%	1.79%	2.69%
32	2.63%	3.94%	1.83%	2.74%
33	2.67%	4.01%	1.86%	2.79%
34	2.73%	4.09%	1.90%	2.85%
35	2.78%	4.17%	1.94%	2.91%
36	2.84%	4.26%	1.99%	2.98%
37	2.89%	4.34%	2.04%	3.06%
38	2.95%	4.43%	2.09%	3.14%
39	3.02%	4.53%	2.15%	3.23%
40	3.07%	4.60%	2.21%	3.32%
41	3.12%	4.68%	2.27%	3.40%
42	3.17%	4.76%	2.31%	3.47%
43	3.23%	4.84%	2.37%	3.55%
44	3.29%	4.93%	2.43%	3.64%
45	3.35%	5.02%	2.49%	3.73%
46	3.41%	5.11%	2.55%	3.82%
47	3.45%	5.17%	2.57%	3.85%
48	3.49%	5.24%	2.58%	3.87%
49	3.55%	5.32%	2.59%	3.89%
50	3.61%	5.41%	2.59%	3.89%
51	3.62%	5.43%	2.60%	3.90%
52	3.64%	5.46%	2.59%	3.89%
53	3.59%	5.38%	2.57%	3.85%
54+	3.52%	5.28%	2.51%	3.77%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

Table 1B

General Member Contribution Rates

Basic Half Rate (Government Code Section 31621.3) + 14%, not greater than 1/2 Normal Cost

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	**1st $350/month**	**Over $350**	**1st $350/month**	**Over $350**
16	2.39%	3.58%	1.39%	2.09%
17	2.39%	3.58%	1.39%	2.09%
18	2.39%	3.58%	1.39%	2.09%
19	2.39%	3.58%	1.39%	2.09%
20	2.39%	3.58%	1.39%	2.09%
21	2.43%	3.65%	1.43%	2.15%
22	2.48%	3.72%	1.47%	2.21%
23	2.52%	3.78%	1.52%	2.28%
24	2.57%	3.85%	1.56%	2.34%
25	2.62%	3.93%	1.60%	2.40%
26	2.67%	4.00%	1.64%	2.46%
27	2.72%	4.08%	1.67%	2.51%
28	2.77%	4.16%	1.70%	2.55%
29	2.83%	4.24%	1.74%	2.61%
30	2.88%	4.32%	1.77%	2.65%
31	2.93%	4.40%	1.80%	2.70%
32	2.99%	4.49%	1.83%	2.74%
33	3.05%	4.57%	1.86%	2.79%
34	3.11%	4.66%	1.90%	2.85%
35	3.17%	4.75%	1.94%	2.91%
36	3.24%	4.86%	1.99%	2.99%
37	3.30%	4.95%	2.04%	3.06%
38	3.37%	5.05%	2.09%	3.14%
39	3.44%	5.16%	2.15%	3.23%
40	3.49%	5.24%	2.21%	3.32%
41	3.56%	5.34%	2.27%	3.40%
42	3.62%	5.43%	2.31%	3.47%
43	3.68%	5.52%	2.37%	3.56%
44	3.75%	5.62%	2.43%	3.64%
45	3.81%	5.72%	2.49%	3.74%
46	3.89%	5.83%	2.55%	3.83%
47	3.93%	5.89%	2.57%	3.85%
48	3.98%	5.97%	2.58%	3.87%
49	4.04%	6.06%	2.59%	3.89%
50	4.11%	6.17%	2.59%	3.89%
51	4.13%	6.19%	2.60%	3.90%
52	4.15%	6.22%	2.60%	3.90%
53	4.09%	6.13%	2.57%	3.85%
54+	4.01%	6.02%	2.52%	3.78%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

Resolution 2024-07-02
Attachment 4

APPENDIX G – MEMBER CONTRIBUTION RATES

Table 2A

Safety Member Contribution Rates
Basic Half Rate (Government Code Section 31639.5)

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	3.14%	4.71%	3.25%	4.88%
17	3.14%	4.71%	3.25%	4.88%
18	3.14%	4.71%	3.25%	4.88%
19	3.14%	4.71%	3.25%	4.88%
20	3.14%	4.71%	3.25%	4.88%
21	3.18%	4.77%	3.35%	5.03%
22	3.23%	4.84%	3.40%	5.10%
23	3.27%	4.91%	3.45%	5.18%
24	3.31%	4.97%	3.50%	5.25%
25	3.36%	5.04%	3.55%	5.32%
26	3.41%	5.11%	3.59%	5.39%
27	3.46%	5.19%	3.64%	5.46%
28	3.51%	5.26%	3.68%	5.52%
29	3.55%	5.33%	3.72%	5.58%
30	3.61%	5.41%	3.76%	5.64%
31	3.66%	5.49%	3.77%	5.65%
32	3.71%	5.57%	3.78%	5.67%
33	3.77%	5.65%	3.79%	5.69%
34	3.82%	5.73%	3.81%	5.71%
35	3.88%	5.82%	3.83%	5.74%
36	3.94%	5.91%	3.86%	5.79%
37	4.01%	6.01%	3.94%	5.91%
38	4.07%	6.11%	4.01%	6.01%
39	4.15%	6.22%	4.09%	6.13%
40	4.22%	6.33%	4.13%	6.19%
41	4.31%	6.46%	4.18%	6.27%
42	4.40%	6.60%	4.23%	6.35%
43	4.51%	6.77%	4.31%	6.46%
44	4.60%	6.90%	4.38%	6.57%
45	4.59%	6.89%	4.44%	6.66%
46	4.59%	6.89%	4.47%	6.70%
47	4.62%	6.93%	4.49%	6.74%
48	4.49%	6.73%	4.53%	6.79%
49+	4.36%	6.54%	4.55%	6.82%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

Table 2A

Safety Member Contribution Rates

Basic Half Rate (Government Code Section 31639.5) + 33% , not greater than 1/2 Normal Cost

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	4.17%	6.26%	3.25%	4.88%
17	4.17%	6.26%	3.25%	4.88%
18	4.17%	6.26%	3.25%	4.88%
19	4.17%	6.26%	3.25%	4.88%
20	4.17%	6.26%	3.25%	4.88%
21	4.23%	6.34%	3.35%	5.03%
22	4.29%	6.44%	3.40%	5.10%
23	4.35%	6.53%	3.45%	5.18%
24	4.41%	6.61%	3.51%	5.26%
25	4.47%	6.70%	3.55%	5.32%
26	4.53%	6.80%	3.59%	5.39%
27	4.60%	6.90%	3.64%	5.46%
28	4.67%	7.00%	3.68%	5.52%
29	4.73%	7.09%	3.72%	5.58%
30	4.80%	7.20%	3.76%	5.64%
31	4.87%	7.30%	3.77%	5.65%
32	4.94%	7.41%	3.78%	5.67%
33	5.01%	7.51%	3.79%	5.69%
34	5.08%	7.62%	3.81%	5.71%
35	5.16%	7.74%	3.83%	5.75%
36	5.24%	7.86%	3.87%	5.80%
37	5.33%	7.99%	3.94%	5.91%
38	5.42%	8.13%	4.01%	6.01%
39	5.51%	8.27%	4.09%	6.13%
40	5.61%	8.42%	4.13%	6.20%
41	5.73%	8.59%	4.19%	6.28%
42	5.85%	8.78%	4.24%	6.36%
43	6.00%	9.00%	4.31%	6.47%
44	6.12%	9.18%	4.38%	6.57%
45	6.11%	9.16%	4.44%	6.66%
46	6.11%	9.16%	4.47%	6.70%
47	6.15%	9.22%	4.50%	6.75%
48	5.97%	8.95%	4.53%	6.79%
49+	5.80%	8.70%	4.55%	6.83%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

Net Cash Flow Considerations for Pension Plans

SJCERA Retirement Board
July 12, 2024

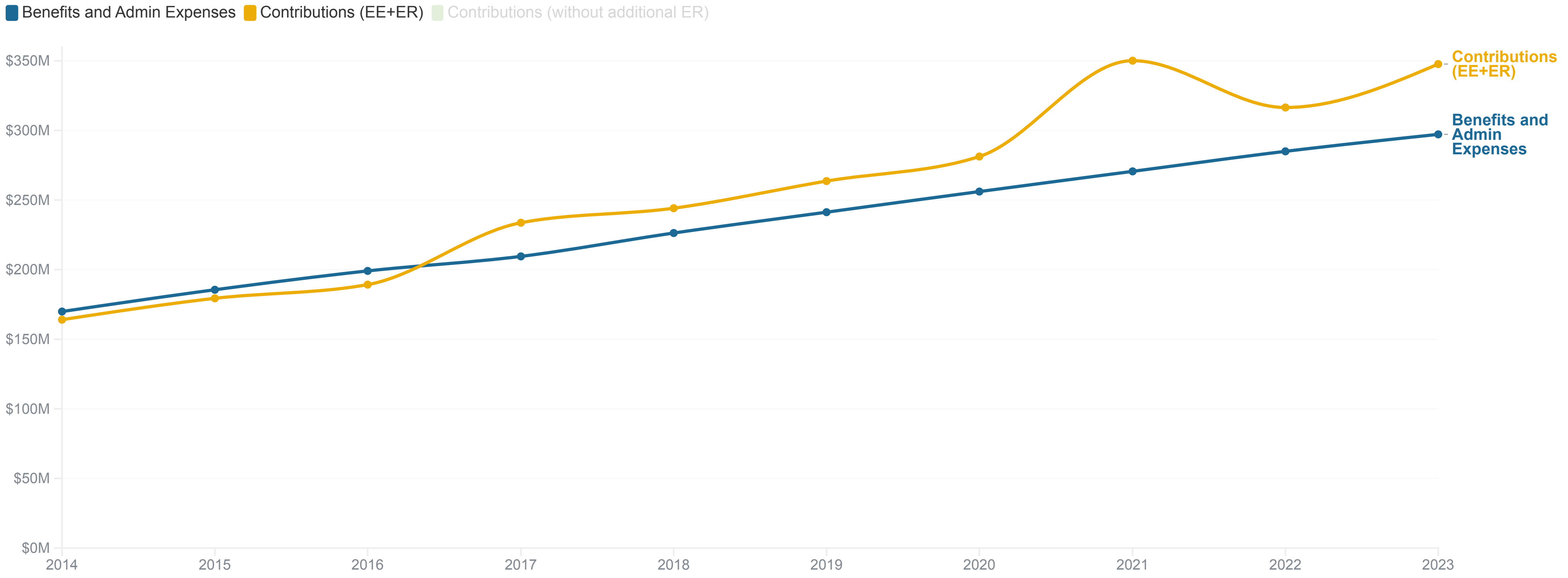
Recall the actuary's favorite equation: **C + I = B + E**. For this discussion, we will ignore **I**nvestment Earnings, as the discussion of net cash flows addresses how the relationship between the other three elements (C, B, and E) affects investment decisions and outcomes.

Pension Plan Cash Flows

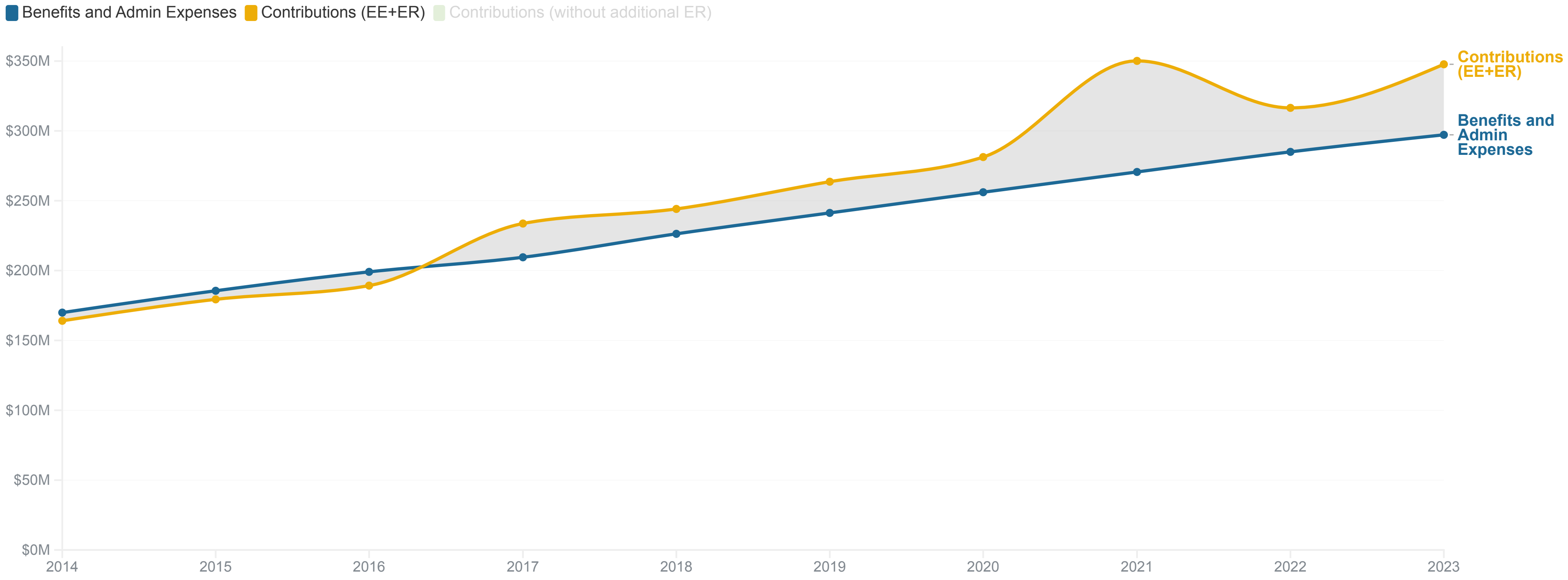
Inflows: Contributions and Investment Earnings

Outflows: Benefit Payments and Expenses

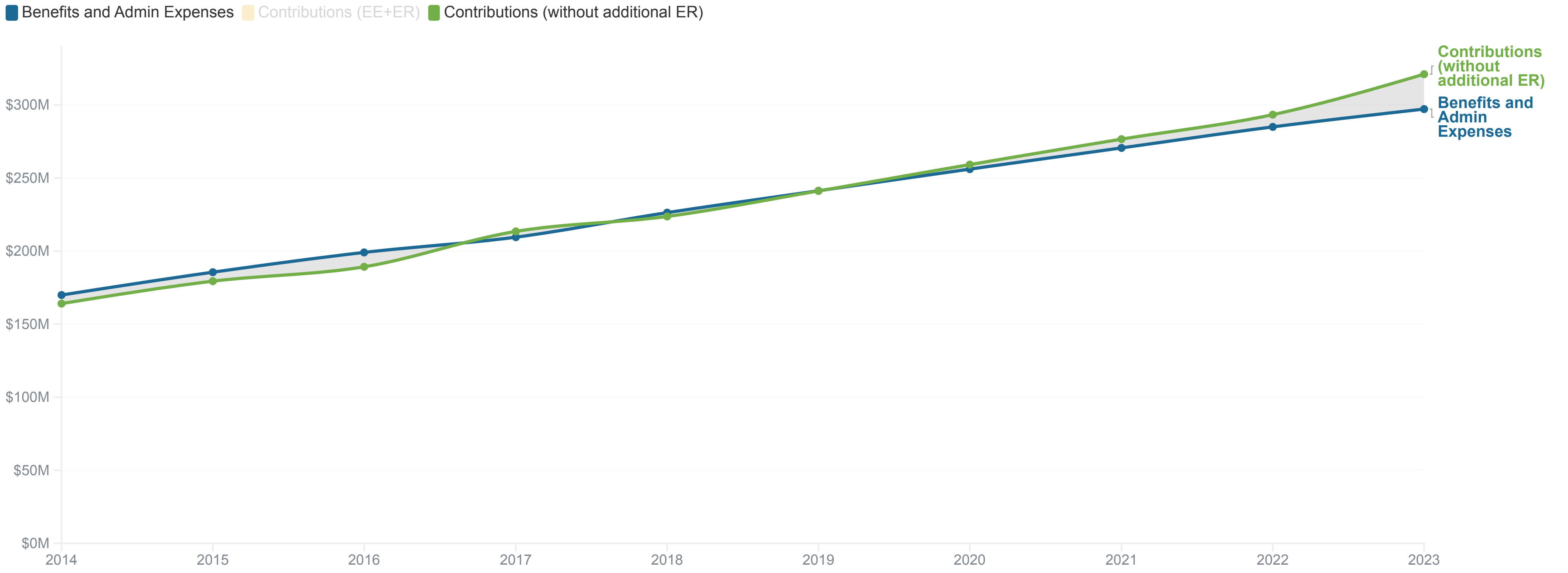
Below we show the past ten years of SJCERA non-investment inflows (combined employee plus employer contributions) and outflows (benefits plus administrative expenses).



The area between the lines is the **Net Cash Flow**. For 7 of the last 10 years, inflows have exceeded outflows, and the Plan has been in a positive net cash flow position.



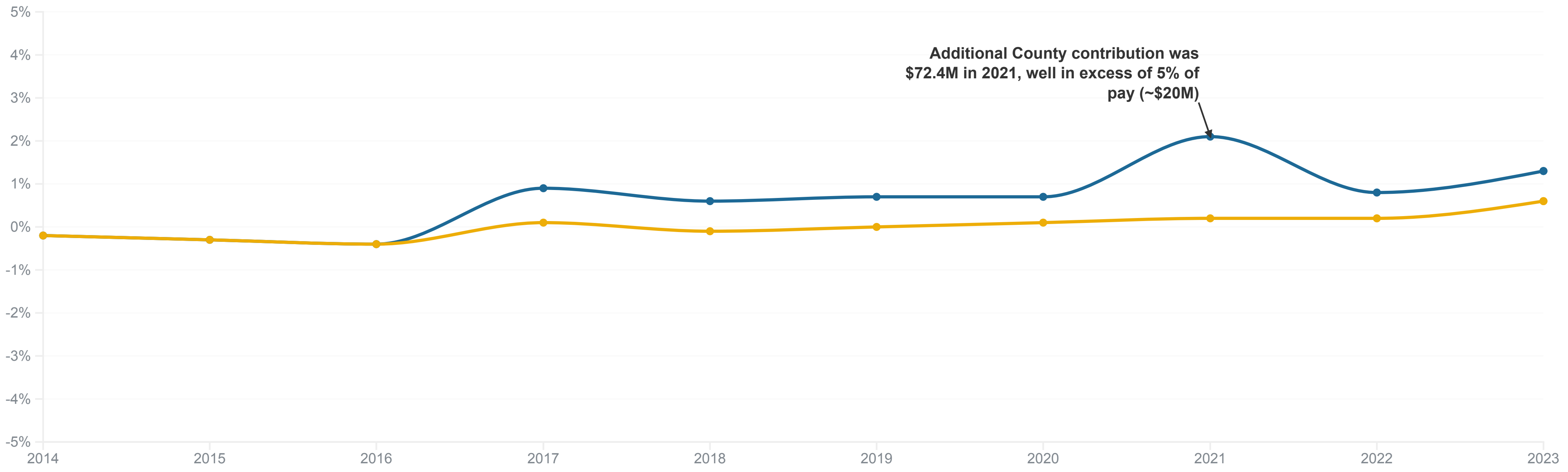
This is partly because of the additional contributions some employers (the County, Superior Courts, and the Mosquito Vector Control District) have made in excess of the required contributions. However, even in the absence of these contributions, inflows would have been similar to outflows for the past decade.



Another metric for analyzing net cash flows is to express them as a percentage of the assets. Over the past ten years, the net cash flow rate has varied from -0.4% to as high as +2.1%.

Net cash flow rates as a % of assets with and without additional employer contributions

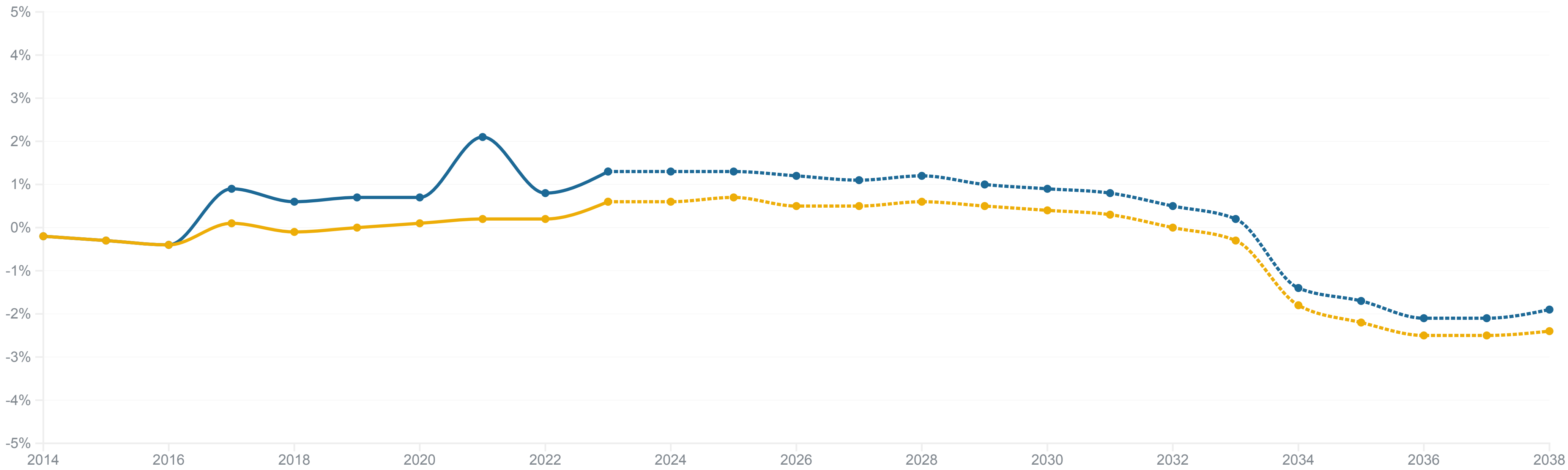
Historical



However, if all assumptions are met the plan is expected to transition to a negative cash flow position within the next 10 years. This is primarily due to the largest layer of the unfunded liability being fully amortized after 2033.

Net cash flow rates as a % of assets with and without additional employer contributions

All

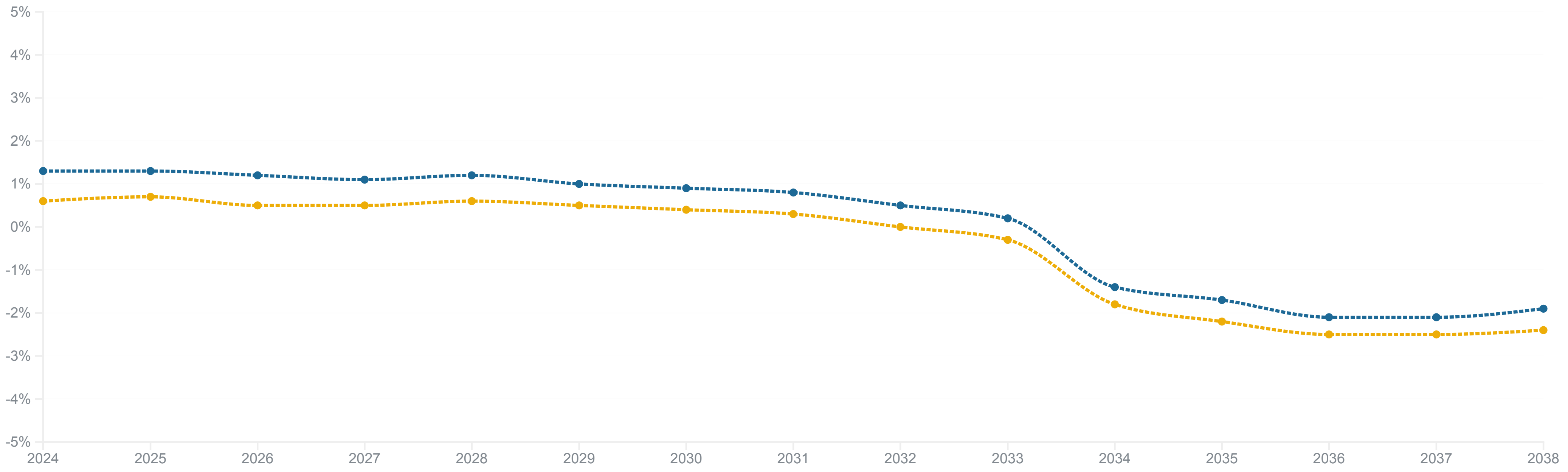


CHEIRON

Even if the employers cease making additional contributions, the net cash flow rate is not expected to drop below -3% during the next fifteen years.

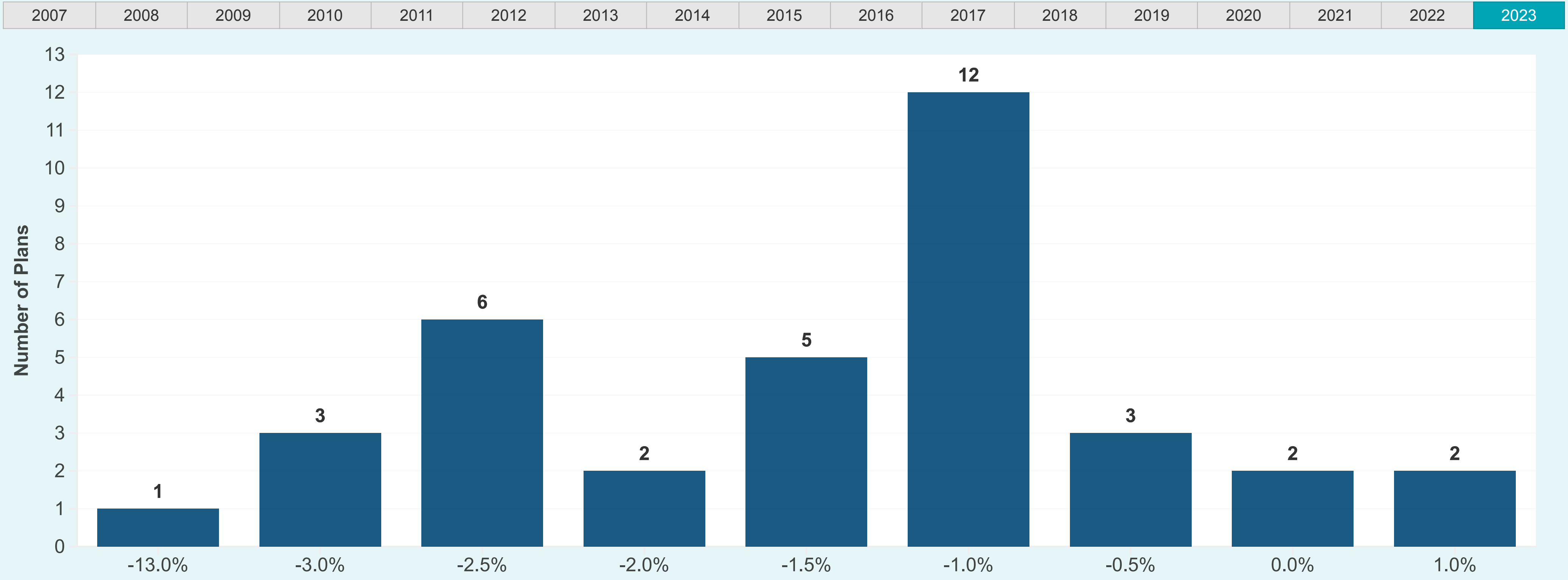
Net cash flow rates as a % of assets with and without additional employer contributions

Projected



At over +1%, the net cash flow rate for SJCERA is one of the highest among its peer systems in California.

Histogram of Net Cash Flow Rates for CALAPRS Plan



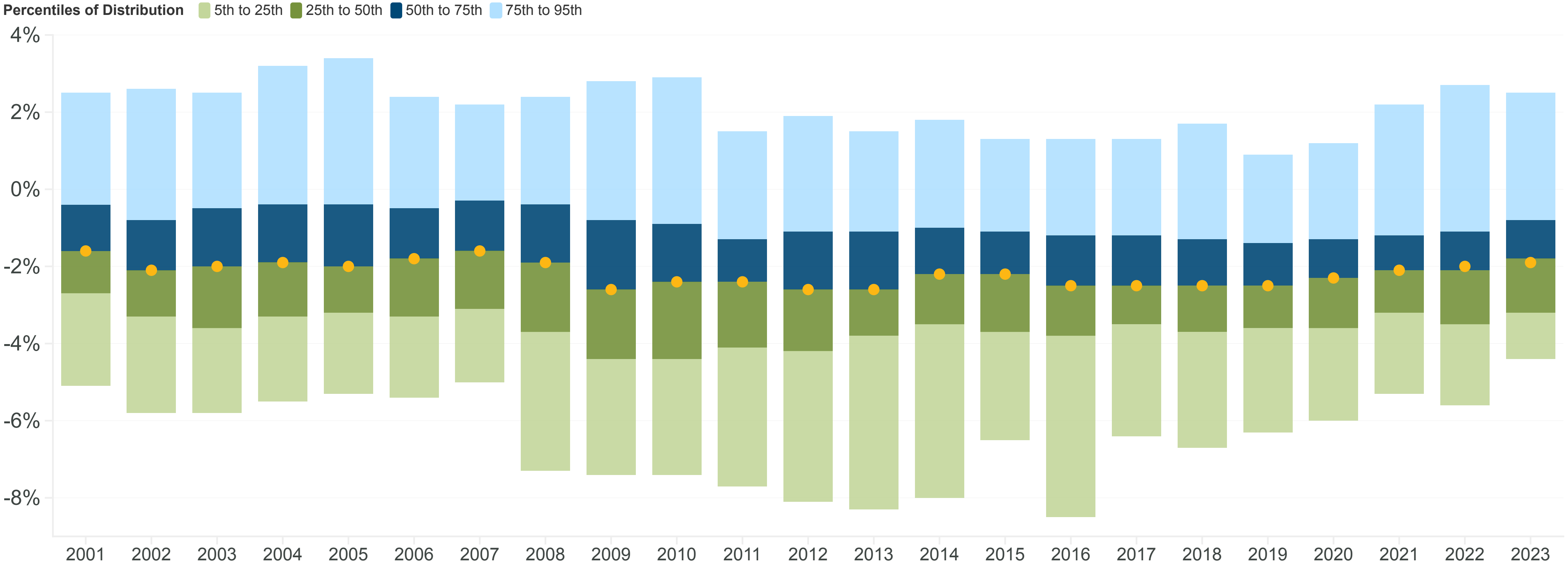
CHEIRON **Hover over a bar** to see the plans counted in that bar. **Click X** to return to bee swarm. **Close the tab** in the browser to return to the menu.

It is also higher than the rate for most plans in the large Public Plan Database, where the median rate is currently -1.9%.

Distribution of Net Cash Flow Rates

Net Cash Flow Rate = (Total Contributions – Benefit Payments – Admin Expenses) / Market Value of Assets

Gold dot = Median



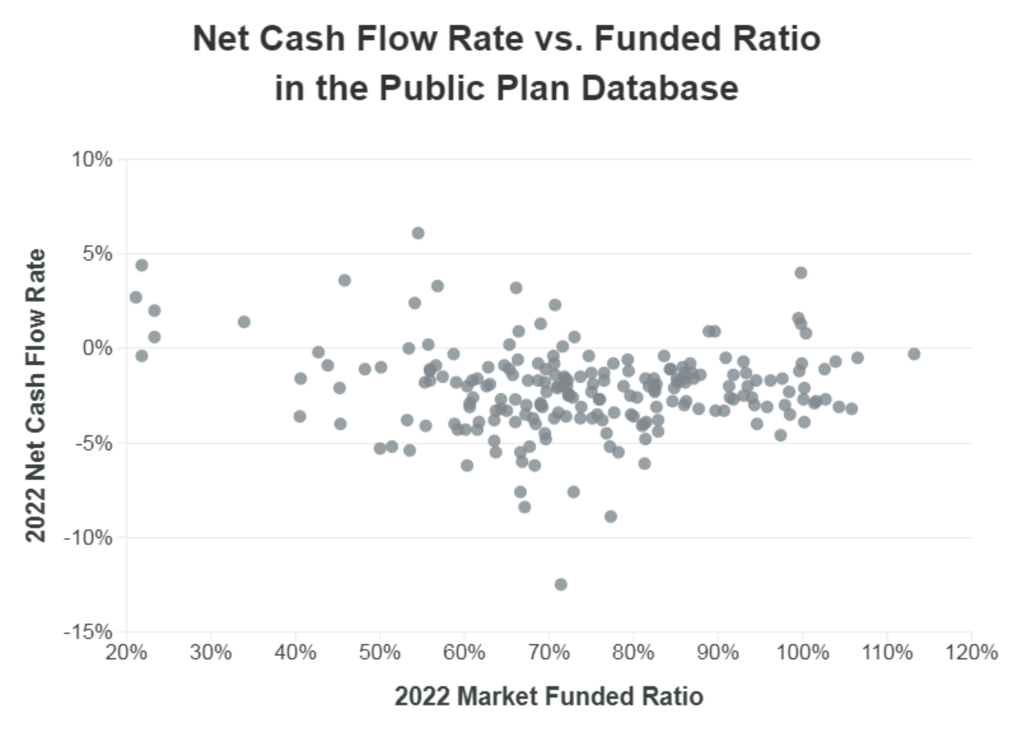
Negative net cash flow is a natural part of pre-funding a pension plan

It is the **GOAL** for a mature system (benefits to be paid from investment earnings, not contributions)

Liquidity - Large negative net cash flow rates require more liquidity to pay benefits, limiting investment options, including rebalancing in times of stress

Sensitivity to Investment Returns - Negative net cash flow rates make plans more sensitive to near-term investment returns

Solvency - Large negative cash flow rates combined with a low funded ratio indicate a risk of insolvency



Invest in fixed income securities with expected income sufficient to meet benefit and expense needs

Control exposure to illiquid investments

Ensure plan is funded on an actuarial basis (rather than on a fixed-rate basis) since contributions will increase if funding declines, reducing cash flow stress

Certification

The purpose of this presentation is to present a summary of the results of the SJCERA actuarial valuation as of December 31, 2023. A full description of the methods, assumptions, and data used in the valuation can be found in the Actuarial Valuation Report as of December 31, 2023.

In preparing our presentation, we relied on information (some oral and some written) supplied by SJCERA. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future projections may differ significantly from the projections presented in this presentation due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Projections in this presentation were developed using R-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan. We relied on Cheiron colleagues for the development of the model. R-scan uses standard roll-forward techniques that implicitly assume a stable active population. Because R-scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

To the best of our knowledge, this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This presentation was prepared for the SJCERA Retirement Board for the purposes described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net) May 2024

	Commitment ($000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
TOTAL PLAN[1]			$ 4,408,768,969	100.0%	100.0%	1.9	2.0	4.2	10.5	4.0	6.8	7.6	Apr-90
Policy Benchmark [4]						*2.3*	*2.8*	*5.4*	*13.1*	*4.4*	*7.4*	*7.5*	
Difference:						-0.5	-0.8	-1.2	-2.6	-0.4	-0.6	0.1	
75/25 Portfolio [5]						*3.4*	*2.8*	*5.9*	*18.0*	*2.8*	*9.2*	*7.0*	
Difference:						-1.5	-0.8	-1.7	-7.5	1.3	-2.4	0.6	
Broad Growth			$ 3,292,322,851	74.7%	78.0%	2.4	2.1	4.5	12.5	4.9	8.2	8.2	Jan-95
Aggressive Growth Lag[2]			$ 453,006,056	10.3%	12.0%	0.4	0.4	0.4	0.9	14.4	12.5	-1.9	Feb-05
Aggressive Growth Blend [6]						*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	
Difference:						0.7	0.2	-6.3	-3.7	4.5	5.8	-1.9	
BlackRock Global Energy&Power Lag[3]	*$50,000*	*Global Infrastructure*	$ 44,123,827	1.0%		0.3	0.3	0.3	11.0	9.4	--	9.9	Jul-19
MSCI ACWI +2% Lag						*-2.8*	*-2.8*	*-2.8*	*23.8*	*9.5*	*--*	*11.0*	
Difference:						3.1	3.1	3.1	-12.8	-0.1	--	-1.1	
BlackRock Infrastructure[3]	*$50,000*	*Global Infrastructure*	$ 23,206,869	0.5%		6.1	6.1	6.1	-3.4	--	--	-3.4	Mar-23
MSCI ACWI +2% Lag						*11.7*	*11.7*	*11.7*	*25.2*	*--*	*--*	*25.2*	
Difference:						-5.5	-5.5	-5.5	--	--	--	-28.6	
Bessemer Venture Partners Forge Fund[3]	*$50,000*	*PE Buyout*	$ 6,267,606	0.1%		-1.6	-1.6	--	--	--	--	--	Sep-23
MSCI ACWI +2% Lag						*11.7*	*11.7*	*--*	*--*	*--*	*--*	*--*	
Difference:						-13.3	-13.3	--	--	--	--	--	
Lightspeed Venture Ptr Select V Lag[3]	*$40,000*	*Growth-Stage VC*	$ 20,514,955	0.5%		1.6	1.6	1.6	-3.0	--	--	-9.5	Jun-22
MSCI ACWI +2% Lag						*-2.8*	*-2.8*	*-2.8*	*23.8*	*--*	*--*	*-3.6*	
Difference:						4.4	4.4	4.4	-26.8	--	--	-5.9	
Long Arc Capital Fund Lag[3]	*$25,000*	*Growth-Stage VC*	$ 24,298,777	0.6%		4.4	4.4	4.4	1.2	--	--	1.2	Apr-23
MSCI ACWI +2% Lag						*-2.8*	*-2.8*	*-2.8*	*23.8*	*--*	*--*	*23.8*	
Difference:						7.2	7.2	---	---	---	--	-22.6	
Oaktree Special Situations Lag[3]	*$40,000*	*PE Buyout*	$ 16,000,000	0.4%		---	---	---	---	---	---	---	Mar-24
MSCI ACWI +2% Lag						*---*	*---*	*---*	*---*	*---*	*---*	*---*	
Difference:						---	---	---	---	---	---	---	
Ocean Avenue II Lag[3]	*$40,000*	*PE Buyout FOF*	$ 33,142,089	0.8%		2.7	2.7	2.7	-8.3	21.1	20.8	15.6	May-13
MSCI ACWI +2% Lag						*-2.8*	*-2.8*	*-2.8*	*23.8*	*9.5*	*9.1*	*9.0*	
Difference:						5.5	5.5	5.5	-32.1	11.5	--	6.5	
Ocean Avenue III Lag[3]	*$50,000*	*PE Buyout FOF*	$ 50,182,111	1.1%		-6.5	-6.5	-6.5	2.4	23.7	18.7	22.3	Apr-16
MSCI ACWI +2% Lag						*-2.8*	*-2.8*	*-2.8*	*23.8*	*9.5*	*9.1*	*9.1*	
Difference:						-3.7	-3.7	-3.7	-21.4	14.2	--	13.3	
Ocean Avenue IV Lag[3]	*$50,000*	*PE Buyout*	$ 55,989,686	1.3%		5.4	5.4	5.4	5.0	27.2	--	30.5	Dec-19
MSCI ACWI +2% Lag						*11.7*	*11.7*	*11.7*	*25.2*	*8.4*	*--*	*13.0*	
Difference:						-6.3	-6.3	-6.3	-20.3	18.9	--	17.5	
Ocean Avenue V Lag[3]	*$30,000*	*PE Buyout*	$ 6,846,164	0.2%		5.4	5.4	5.4	--	--	--	8.4	Jun-23
MSCI ACWI +2% Lag						*-2.8*	*-2.8*	*-2.8*	*--*	*--*	*--*	*11.8*	
Difference:						8.2	8.2	8.2	--	--	--	-3.5	
Morgan Creek III Lag[3]	*$10,000*	*Multi-Strat FOF*	$ 5,618,553	0.1%		15.9	15.9	15.9	34.1	-6.0	-7.9	-3.2	Feb-15
MSCI ACWI +2% Lag						*-2.8*	*-2.8*	*-2.8*	*23.8*	*9.5*	*9.1*	*9.1*	
Difference:						18.7	18.7	18.7	10.3	-15.6	-17.0	-12.2	
Morgan Creek V Lag[3]	*$12,000*	*Multi-Strat FOF*	$ 5,541,641	0.1%		-0.3	-0.3	-0.3	-14.6	4.0	7.0	11.6	Jun-13
MSCI ACWI +2% Lag						*-2.8*	*-2.8*	*-2.8*	*23.8*	*9.5*	*9.1*	*9.0*	
Difference:						2.5	2.5	2.5	-38.4	-5.5	-2.1	2.6	
Morgan Creek VI Lag[3]	*$20,000*	*Multi-Strat FOF*	$ 20,781,509	0.5%		-5.7	-5.7	-5.7	-5.7	6.1	10.1	8.0	Feb-15
MSCI ACWI +2% Lag						*-2.8*	*-2.8*	*-2.8*	*23.8*	*9.5*	*9.1*	*9.1*	
Difference:						-2.9	-2.9	-2.9	-29.5	-3.4	1.0	-1.1	

[1] Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

[2] Total class returns are as of 3/31/24, and lagged 1 quarter.

[3] Manager returns are as of 3/31/24, and lagged 1 quarter. Since Inception date reflects one quarter lag.

[4] 9/1/23 to present benchmark is 34% MSCI ACWI IMI, 8% BB Aggregate Bond Index, **16%** *50%* BB High Yield/*50%* S&P Leveraged Loans, 7% NCREIF ODCE +1% lag; **9%** T-Bill +4%, **12%** MSCI ACWI +2% Lag, **14%** CRO Custom Benchmark. Prior to 9/1/23 benchmark is legacy policy benchmark.

[5] 4/1/20 to present **75%** MSCI ACWI, **25%** BB Global Aggregate. Prior to 4/1/20 60% MSCI ACWI, 40% BB Global Aggregate.

[6] 1/1/2021 to present **50%** MSCI ACWI +2%,**50%** NCREIF ODCE +1%

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net) — May 2024

	Commitment ($000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Aggressive Growth Lag (continued)													
Ridgemont Equity Partners Lag[3]	*$50,000*	*Special Situations PE*	$ 20,910,646	0.5%		4.0	4.0	4.0	10.4	--	--	10.4	Apr-23
MSCI ACWI +2% Lag						-2.8	-2.8	-2.8	23.8	--	--	23.8	
Difference:						6.8	6.8	6.8	-13.4	--	--	-13.4	
Stellex Capital Partners II Lag[3]	*$50,000*	*Special Situations PE*	$ 37,840,631	0.9%		3.7	3.7	3.7	9.8	--	--	3.6	Jul-21
MSCI ACWI +2% Lag						11.7	11.7	11.7	25.2	--	--	5.6	
Difference:						-8.0	-8.0	-8.0	-15.5	--	--	-2.0	
Opportunistic Private Real Estate[4]			$ 20,900,538	0.5%									
Greenfield VII[3]	*$19,100*	*Opportunistic Pvt. RE*	$ 1,209,793	0.0%		-9.9	-9.9	-5.4	-3.3	6.0	8.7	10.5	Oct-14
NCREIF ODCE + 1% Lag Blend						-1.9	-1.9	-12.0	-12.0	7.3	5.8	11.3	
Difference:						-8.0	-8.0	6.6	8.7	-1.3	2.9	-0.8	
Grandview[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 12,914,068	0.3%		11.6	11.6	-1.8	-2.3	13.5	--	17.8	Apr-18
NCREIF ODCE + 1% Lag Blend						-1.9	-1.9	-12.0	-12.0	7.3	--	7.3	
Difference:						13.5	13.5	10.2	9.7	6.2	--	10.5	
Walton Street VI[3]	*$15,000*	*Opportunistic Pvt. RE*	$ 6,177,846	0.1%		-3.2	-3.2	-0.7	1.4	11.4	4.4	7.7	Jul-09
NCREIF ODCE + 1% Lag Blend						-1.9	-1.9	-12.0	-12.0	7.3	5.8	10.5	
Difference:						-1.3	-1.3	11.3	13.4	4.1	-1.4	-2.8	
Value-Added Private Real Estate			$ 63,202,475	1.4%									
AG Core Plus IV[3]	*$20,000*	*Value-Added Pvt. RE*	$ 6,872,711	0.2%		-6.4	-6.4	-18.0	-27.9	-11.4	-4.4	-1.2	Sep-15
NCREIF ODCE + 1% Lag Blend						-1.9	-1.9	-12.0	-12.0	7.3	5.8	9.8	
Difference:						-4.5	-4.5	-6.0	-15.9	-18.7	-10.2	-11.0	
Almanac Realty VI[3]	*$30,000*	*Value-Added Pvt. RE*	$ 3,202,874	0.1%		-6.8	-6.8	-21.0	-18.8	-2.4	-9.6	15.6	Feb-13
NCREIF ODCE + 1% Lag Blend						-1.9	-1.9	-12.0	-12.0	7.3	5.8	11.4	
Difference:						-4.9	-4.9	-9.0	-6.8	-9.7	-15.4	4.2	
Berkeley Partners Fund V, LP[3]	*$40,000*	*Value-Added Pvt. RE*	$ 33,438,513	0.8%		-2.1	-2.1	7.3	4.3	14.8	--	15.8	Aug-20
NCREIF ODCE + 1% Lag Blend						-1.9	-1.9	-12.0	-12.0	7.3	--	8.1	
Difference:						-0.2	-0.2	19.3	16.3	7.5	--	7.7	
Berkeley Partners Value Industrial Fund VI, L.P.[3]	*$40,000*	*Value-Added Pvt. RE*	$ 944,088	0.0%		--	--	--	--	--	--	--	Feb-24
NCREIF ODCE + 1% Lag Blend						--	--	--	--	--	--	--	
Difference:						--	--	--	--	--	--	--	
Stockbridge RE III[3]	*$45,000*	*Value-Added Pvt. RE*	$ 18,744,289	0.4%		-3.4	0.7	1.8	20.2	13.4	--	11.2	Jul-18
NCREIF ODCE + 1% Lag Blend						-1.9	-1.9	-12.0	-12.0	7.3	--	9.2	
Difference:						-1.5	2.6	13.8	32.2	6.1	--	2.0	

[1] Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

[2] MSCI ACWI IMI Net as of 4/1/2020, MSCI ACWI Gross prior.

[3] Manager returns are as of 12/31/23, and lagged 1 quarter. Since Inception date reflects one quarter lag.

[4] Market value includes Walton V $598,831

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] May 2024

	Commitment ($000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Traditional Growth[3]			$ 1,745,317,577	39.6%	34.0%	4.4	3.9	8.9	24.9	5.7	10.6	9.2	Jan-95
MSCI ACWI IMI Net [2]						4.1	3.7	8.3	23.0	4.5	11.8	8.0	
Difference:						0.3	0.2	0.6	1.8	1.2	-1.1	1.2	
Global Equity			$ 1,701,003,287	38.6%									
Northern Trust MSCI World IMI		*All Cap Global*	$ 1,516,021,876	34.4%		4.6	3.9	9.1	24.7	6.2	--	11.4	Sep-20
MSCI World IMI Net						4.5	3.7	8.9	24.2	5.8	--	10.9	
Difference:						0.1	0.1	0.2	0.5	0.4	--	0.5	
Emerging Markets			$ 184,978,231										
GQG Active Emerging Markets		*Emerging Markets*	$ 81,706,398	1.9%		1.6	4.1	12.4	35.3	2.7	--	8.1	Aug-20
MSCI Emerging Markets Index Net						0.6	3.5	3.4	12.4	-6.2	--	1.6	
Difference:						1.0	0.5	9.0	22.9	8.9	--	6.4	
PIMCO RAE Fundamental Emerging Markets		*Emerging Markets*	$ 103,271,833	2.3%		3.9	6.7	10.5	28.9	5.6	9.9	5.9	Apr-07
MSCI Emerging Markets Index Net						0.6	3.5	3.4	12.4	-6.2	3.5	3.2	
Difference:						3.3	3.2	7.1	16.5	11.9	6.3	2.7	
REITS			$ 44,314,290	1.0%									
Invesco All Equity REIT		*Core US REIT*	$ 44,314,290	1.0%		5.1	-0.4	-4.6	6.1	-1.8	1.9	7.3	Aug-04
FTSE NAREIT Equity Index						4.6	-0.7	-2.9	10.2	0.2	3.6	7.2	
Difference:						0.5	0.3	-1.7	-4.1	-2.0	-1.7	0.1	
Stabilized Growth			$ 1,093,999,219	24.8%	32.0%	0.6	0.1	0.2	2.2	1.5	4.4	3.6	Jan-05
Risk Parity			$ 206,529,066	4.7%		1.6	3.1	1.6	5.8	-4.7	1.9	3.2	
T-Bill +4%						0.8	2.4	3.9	9.7	7.0	6.2	5.0	
Difference:						0.8	0.7	-2.3	-3.9	-11.7	-4.3	-1.8	
Bridgewater All Weather		*Risk Parity*	$ 206,529,065	4.7%		2.2	3.8	2.4	9.6	-2.0	3.3	3.8	Mar-12
T-Bill +4%						0.8	2.4	3.9	9.7	7.0	6.2	5.3	
Difference:						1.4	1.5	-1.4	0.0	-9.0	-2.9	-1.5	
Liquid Credit			$ 257,980,206	5.9%		1.1	2.2	4.8	11.8	2.9	3.8	2.4	
50% BB High Yield, 50% S&P/LSTA Leveraged Loans						1.0	1.9	2.8	12.3	4.0	4.9	5.6	
Difference:						0.0	0.3	2.0	-0.5	-1.0	-1.1	-3.2	
Neuberger Berman		*Global Credit*	$ 109,937,611	2.5%		1.2	2.0	6.0	11.6	1.1	3.1	3.3	Feb-19
33% ICE BofA HY Constrained, 33% S&P/LSTA LL, 33% JPM EMBI Glbl Div.						1.3	1.8	2.4	11.7	1.8	3.4	3.7	
Difference:						0.0	0.2	3.6	-0.1	-0.7	-0.2	-0.4	
Stone Harbor Absolute Return		*Absolute Return*	$ 148,042,595	3.4%		0.9	2.3	4.0	12.0	4.3	4.3	3.2	Oct-06
3-Month Libor Total Return						0.5	1.3	2.2	5.5	2.9	2.2	1.7	
Difference:						0.5	1.0	1.7	6.5	1.5	2.1	1.5	

[1] Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

[2] MSCI ACW IMI Net as of 4/1/2020, MSCI ACWI Gross prior.

[3] Total Market Value includes SJCERA Transition $3,107.

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] May 2024

	Commitment ($000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Private Credit Lag[2]			$ 420,617,715	9.5%		-0.4	-0.4	-0.4	1.3	4.0	3.1	3.4	
S&P/LSTA Leveraged Loans +3% Blend						3.6	3.6	3.6	16.7	12.1	10.4	9.3	
Difference:						-4.0	-4.0	-4.0	-15.4	-8.0	-8.0	-5.9	
Ares Pathfinder Fund II Lag[3]	*$62,500*	*Asset Backed*	$ 7,629,865	0.2%		---	---	---	---	---	---	---	Feb-24
S&P/LSTA Leveraged Loans +3% Blend [4]						---	---	---	---	---	---	---	
Difference:						---	---	---	---	---	---	---	
BlackRock Direct Lending Lag[3]	*$100,000*	*Direct Lending*	$ 87,944,029	2.0%		3.2	3.2	3.2	15.4	8.5	--	9.1	May-20
S&P/LSTA Leveraged Loans +3% Blend [4]						3.6	3.6	3.6	16.7	12.1	--	10.9	
Difference:						-0.4	-0.4	-0.4	-1.3	-3.5	--	-1.8	
Mesa West RE Income IV Lag[3]	*$75,000*	*Comm. Mortgage*	$ 28,617,926	0.6%		-7.2	-7.2	-7.2	-24.1	-6.6	-1.2	1.4	Mar-17
S&P/LSTA Leveraged Loans +3% Blend [4]						3.6	3.6	3.6	16.7	12.1	10.4	9.7	
Difference:						-10.8	-10.8	-10.8	-40.8	-18.6	-11.6	-8.4	
Crestline Opportunity II Lag[3]	*$45,000*	*Opportunistic*	$ 10,184,871	0.2%		-8.7	-8.7	-8.7	-14.7	-5.9	-5.1	0.9	Nov-13
S&P/LSTA Leveraged Loans +3% Blend [4]						3.6	3.6	3.6	16.7	12.1	10.4	9.5	
Difference:						-12.4	-12.4	-12.4	-31.4	-17.9	-15.5	-8.6	
Davidson Kempner Distr Opp V Lag[3]	*$50,000*	*Opportunistic*	$ 51,002,059	0.0%		2.0	2.0	2.0	3.4	7.3	--	15.1	Oct-20
S&P/LSTA Leveraged Loans +3% Blend [4]						3.6	3.6	3.6	16.7	12.1	--	11.5	
Difference:						-1.6	-1.6	-1.6	-13.3	-4.8	--	3.7	
Oaktree Middle Market Lag[3]	*$50,000*	*Leveraged Direct*	$ 28,127,974	0.6%		3.4	3.4	3.4	14.2	11.1	13.4	10.9	Mar-18
S&P/LSTA Leveraged Loans +3% Blend [4]						3.6	3.6	3.6	16.7	12.1	10.4	9.9	
Difference:						-0.2	-0.2	-0.2	-2.5	-0.9	3.1	1.0	
HPS EU Asset Value II Lag[3]	*$50,000*	*Direct Lending*	$ 38,054,186	0.9%		2.7	2.7	2.7	12.4	9.5	--	6.5	Aug-20
S&P/LSTA Leveraged Loans +3% Blend [4]						3.6	3.6	3.6	16.7	12.1	--	11.4	
Difference:						-0.9	-0.9	-0.9	-4.3	-2.5	--	-4.9	
Raven Opportunity III Lag[3]	*$50,000*	*Direct Lending*	$ 45,746,425	1.0%		-11.4	-11.4	-11.4	-19.7	-0.5	1.9	1.2	Nov-15
S&P/LSTA Leveraged Loans +3% Blend [4]						3.6	3.6	3.6	16.7	12.1	10.4	9.6	
Difference:						-15.1	-15.1	-15.1	-36.4	-12.6	-8.5	-8.4	
Medley Opportunity II Lag[2]	*$50,000*	*Direct Lending*	$ 606,826	0.0%		0.0	0.0	0.0	0.5	-2.0	-7.5	-1.9	Jul-12
S&P/LSTA Leveraged Loans +3% Blend [3]						3.6	3.6	3.6	16.7	12.1	10.4	9.4	
Difference:						-3.6	-3.6	-3.6	-16.2	-14.0	-17.9	-11.4	
Silver Point Credit III Lag[2]	*$62,000*	*Sub-Sector*	$ 18,745,877	0.4%		--	--	--	--	--	--	--	Nov-23
S&P/LSTA Leveraged Loans +3% Blend [4]						--	--	--	--	--	--	--	
Difference:						--	--	--	--	--	--	--	
SilverRock Tactical Allocation Lag[2]	*$50,000*	*Direct Lending*	$ 38,109,251	0.9%		2.1	2.1	--	--	--	--	8.0	Jul-23
S&P/LSTA Leveraged Loans +3% Blend [4]						3.6	3.6	--	--	--	--	9.9	
Difference:						-1.5	-1.5	--	--	--	--	-1.8	
White Oak Summit Peer Fund Lag[2]	*$50,000*	*Direct Lending*	$ 24,729,259	0.6%		0.9	0.9	0.9	6.2	-1.4	1.3	3.7	Mar-16
S&P/LSTA Leveraged Loans +3% Blend [3]						3.6	3.6	3.6	16.7	12.1	10.4	9.7	
Difference:						-2.8	-2.8	-2.8	-10.5	-13.4	-9.0	-6.0	
White Oak Yield Spectrum Master V Lag[2]	*$50,000*	*Direct Lending*	$ 41,119,167	0.9%		-1.3	-1.3	-1.3	0.2	0.3	--	1.7	Mar-20
S&P/LSTA Leveraged Loans +3% Blend [3]						3.6	3.6	3.6	16.7	12.1	--	10.9	
Difference:						-4.9	-4.9	-4.9	-16.5	-11.7	--	-9.1	
Core Private Real Estate Lag			$ 208,872,232	4.7%									
AEW Essential Housing[2]	*$50,000*	*Core Pvt. RE*	$ 590,548	0.0%		--	--	--	--	--	--	--	Jan-24
NCREIF ODCE + 1% Lag Blend						--	--	--	--	--	--	--	
Difference:						--	--	--	--	--	--	--	
Principal US[2]	*$25,000*	*Core Pvt. RE*	$ 39,037,004	0.9%		-3.9	-3.9	-8.8	-14.4	5.8	4.7	6.6	Jan-16
NCREIF ODCE + 1% Lag Blend						-1.9	-1.9	-12.0	-12.0	7.3	5.8	10.1	
Difference:						-2.0	-2.0	3.2	-2.4	-1.5	-1.1	-3.5	
Prologis Logistics[2]	*$50,500*	*Core Pvt. RE*	$ 118,029,600	2.7%		-2.3	-2.3	-3.0	-8.0	19.8	16.6	12.2	Dec-07
NCREIF ODCE + 1% Lag Blend						-1.9	-1.9	-12.0	-12.0	7.3	5.8	8.9	
Difference:						-0.4	-0.4	9.0	4.0	12.5	10.8	3.3	
RREEF America II[2]	*$45,000*	*Core Pvt. RE*	$ 51,667,140	1.2%		-2.4	-2.4	-11.2	-14.5	6.0	5.2	6.4	Jul-16
NCREIF ODCE + 1% Lag Blend						-1.9	-1.9	-12.0	-12.0	7.3	5.8	9.8	
Difference:						-0.5	-0.5	0.8	-2.5	-1.3	-0.6	-3.4	

[1] Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

[2] Total class returns are as of 3/31/24, and lagged 1 quarter.

[3] Manager returns are as of 3/31/24, and lagged 1 quarter. Since Inception date reflects one quarter lag.

[4] 9% Annual until 6/30/2018; CPI +6% Annual 7/1/2018 - 3/31/2022; S&P/LSTA Leveraged Loans +3% thereafter.

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] — May 2024

	Commitment ($000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Diversifying Strategies			**$ 797,464,005**	**18.1%**	**22.0%**	**-0.1**	**1.8**	**3.8**	**4.0**	**1.9**	**2.4**	**6.0**	**Oct-90**
Principal Protection			**$ 302,380,676**	**6.9%**	**8.0%**	**1.9**	**0.5**	**-1.0**	**3.3**	**-1.3**	**0.6**	**5.7**	Oct-90
BB Aggregate Bond Index						*1.7*	*0.0*	*-1.6*	*1.3*	*-3.1*	*-0.2*	*5.2*	
Difference:						0.2	0.4	0.6	2.0	1.8	0.8	0.5	
Dodge & Cox		*Core Fixed Income*	$ 208,073,290	4.7%		2.0	0.6	-0.8	4.2	-1.3	1.7	6.5	Oct-90
BB Aggregate Bond Index						*1.7*	*0.0*	*-1.6*	*1.3*	*-3.1*	*-0.2*	*5.2*	
Difference:						0.3	0.6	0.8	2.9	1.8	1.8	1.2	
Loomis Sayles		*Core Fixed Income*	$ 94,307,386	2.1%		1.8	0.1	-1.4	1.5	--	--	-1.6	Mar-22
BB Aggregate Bond Index						*1.7*	*0.0*	*-1.6*	*1.3*	--	--	*-1.9*	
Difference:						0.1	0.1	0.2	0.2	--	--	0.3	
Crisis Risk Offset			**$ 495,083,328**	**11.2%**	**14.0%**	**-1.2**	**2.6**	**6.9**	**4.4**	**4.4**	**3.7**	**6.2**	**Jan-05**
CRO Custom Benchmark [2]						*0.4*	*0.7*	*1.4*	*2.4*	*1.1*	*3.1*	*4.7*	
Difference:						-1.6	1.9	5.5	2.1	3.2	0.6	1.5	
Long Duration			$ 109,544,154	2.5%		2.9	-1.8	-5.6	-6.3	-9.2	-4.1	-1.5	
BB US Long Duration Treasuries						*2.9*	*-2.2*	*-6.6*	*-7.2*	*-9.9*	*-4.3*	*-1.6*	
Difference:						0.0	0.4	0.9	0.8	0.8	0.3	0.1	
Dodge & Cox Long Duration		*Long Duration*	$ 109,544,154	2.5%		2.9	-1.8	-5.6	-6.3	-9.2	-4.1	-1.5	Feb-16
BB US Long Duration Treasuries						*2.9*	*-2.2*	*-6.6*	*-7.2*	*-9.9*	*-4.3*	*-1.6*	
Difference:						0.0	0.4	0.9	0.8	0.8	0.3	0.1	
Systematic Trend Following			$ 241,949,336	5.5%		-2.8	2.4	7.8	1.7	7.7	9.2	8.5	
BTOP50 Index						*-2.2*	*2.9*	*8.8*	*8.4*	*7.8*	*7.9*	*5.1*	
Difference:						-0.6	-0.5	-1.1	-6.7	-0.2	1.4	3.4	
Mt. Lucas Managed Futures - Cash		*Systematic Trend Following*	$ 117,053,345	2.7%		-4.6	-1.2	-1.8	-4.8	5.5	8.1	7.7	Jan-05
BTOP50 Index						*-2.2*	*2.9*	*8.8*	*8.4*	*7.8*	*7.9*	*5.1*	
Difference:						-2.5	-4.0	-10.6	-13.2	-2.3	0.2	2.6	
Graham Tactical Trend		*Systematic Trend Following*	$ 124,895,991	2.8%		-1.0	5.9	18.6	8.7	9.8	10.3	4.7	Apr-16
SG Trend Index						*-2.3*	*3.7*	*11.7*	*9.1*	*10.6*	*10.5*	*5.6*	
Difference:						1.3	2.3	6.9	-0.4	-0.8	-0.3	-0.8	
Alternative Risk Premia			$ 143,589,838	3.3%		-1.6	6.6	17.3	20.4	12.8	3.2	7.9	
5% Annual						*0.4*	*1.2*	*2.1*	*5.0*	*5.0*	*5.0*	*6.1*	
Difference:						-2.0	5.4	15.2	15.4	7.8	-1.8	1.8	
AQR Style Premia		*Alternative Risk Premia*	$ 78,957,747	1.8%		3.1	12.6	26.3	50.8	24.1	10.0	5.1	May-16
5% Annual						*0.4*	*1.2*	*2.1*	*5.0*	*5.0*	*5.0*	*5.0*	
Difference:						2.7	11.4	24.2	45.8	19.1	5.0	0.1	
PE Diversified Global Macro		*Alternative Risk Premia*	$ 64,632,091	1.5%		-6.9	0.1	7.8	-3.3	14.8	-0.6	2.2	Jun-16
5% Annual						*0.4*	*1.2*	*2.1*	*5.0*	*5.0*	*5.0*	*5.0*	
Difference:						-7.3	-1.1	5.8	-8.3	9.8	-5.6	-2.8	
Cash[3]			**$ 290,533,547**	**6.6%**	**0.0%**	**0.4**	**1.0**	**1.8**	**3.7**	**2.2**	**1.6**	**2.4**	**Sep-94**
US T-Bills						*0.5*	*1.4*	*2.2*	*5.5*	*2.9*	*2.1*	*2.4*	
Difference:						-0.1	-0.4	-0.4	-1.7	-0.7	-0.5	0.0	
Northern Trust STIF		*Collective Govt. Short Term*	$ 223,772,929	5.1%		0.5	1.3	2.1	4.8	2.6	1.8	2.6	Jan-95
US T-Bills						0.5	1.4	2.2	5.5	2.9	2.1	*2.4*	
Difference:						0.0	-0.1	-0.1	-0.7	-0.3	-0.3	0.2	
Parametric Overlay[4]		*Cash Overlay*	**$ 28,448,566**	**0.6%**		**0.0**	**0.0**	**0.0**	**0.0**	**--**	**--**	**0.0**	**Jan-20**

[1] Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

[2] Benchmark is (1/3) BB Long Duration Treasuries, (1/3) BTOP50 Index, (1/3) 5% Annual.

[3] Includes lagged cash.

[4] Given daily cash movement returns may vary from those shown above.

MEKETA

Economic and Market Update

April 2024 Report

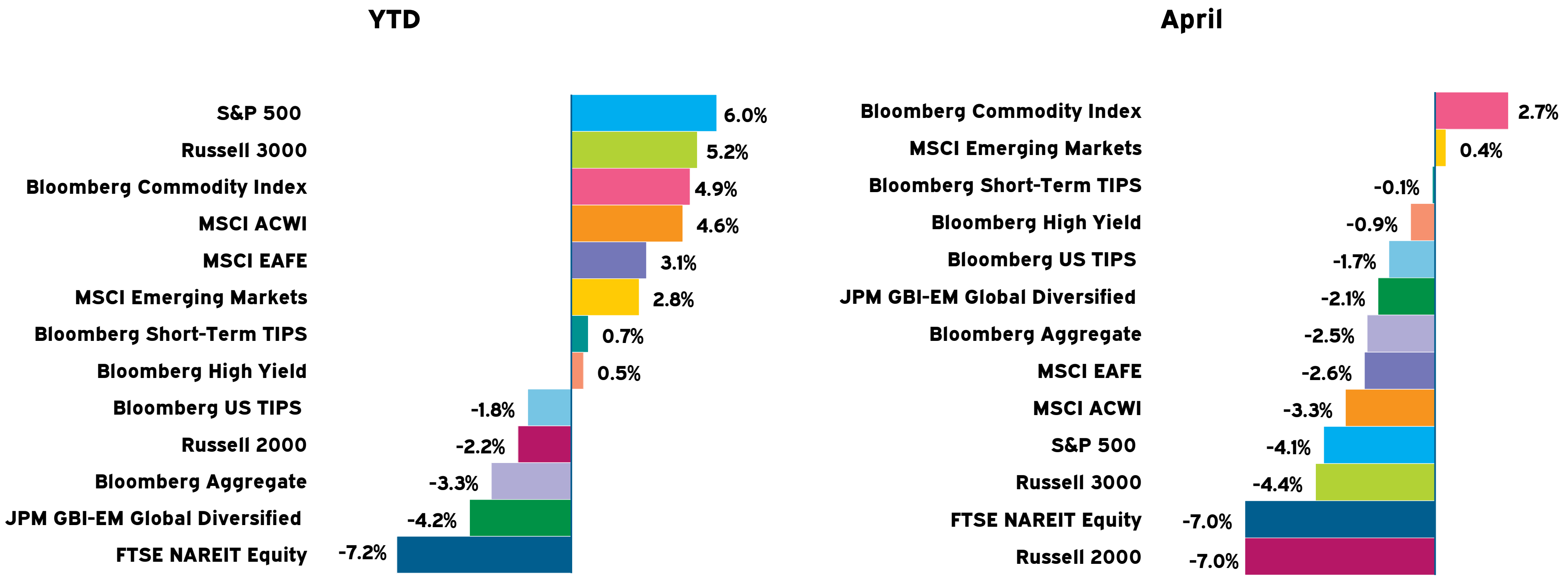
Commentary

→ Stronger than expected inflation and employment data in the US weighed on both stocks and bonds in April.

- Major central banks have largely paused interest rate hikes with expectations that many will still cut rates, but the uneven pace of falling inflation and economic growth could desynchronize the pace of rate cuts.
- Inflation pressures have eased in most countries from their pandemic peaks, but some uncertainty remains and levels are still above most central bank targets. Headline and core inflation measures in the US met expectations at 3.4% and 3.6% for April, respectively, and represented slight declines from the prior month.
- After rising 10% in the first quarter the US equity markets (Russell 3000 index) fell 4.4% in April. Except for utilities, most sectors, particularly those sensitive to interest rates, fell for the month.
- Non-US developed equity markets also fell in April (-2.6%) but by less than US equities. Local currency returns fared better in the month of April (0.9%) given the strengthening US dollar.
- Emerging market equities (+0.4%) beat developed market equities as coordinated buying of Chinese exchange traded funds (ETFs) by state-backed financial services companies helped boost Chinese stocks (+6.6%). The stronger dollar also hurt performance in emerging markets for US investors with returns in local currency terms 1.0% higher.
- Rising interest rates weighed on bonds, with the broad US bond market declining -2.5% in April.

→ Looking to the rest of this year, the paths of inflation and monetary policy, China's economic disorder and slowing economic growth, the many looming elections, and the wars in Ukraine and Israel will be key.

Index Returns[1]



→ After a strong start to the year in the first quarter most asset classes declined in April, particularly equities.

→ Higher than expected inflation data broadly weighed on markets and dashed hopes of near-term cuts in interest rates.

[1] Source: Bloomberg. Data is as of April 30, 2024.

Domestic Equity Returns[1]

Domestic Equity	April (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	-4.1	10.6	6.0	22.7	8.1	13.2	12.4
Russell 3000	-4.4	10.0	5.2	22.3	6.3	12.4	11.8
Russell 1000	-4.3	10.3	5.6	22.8	7.0	12.9	12.1
Russell 1000 Growth	-4.2	11.4	6.7	31.8	8.5	16.5	15.5
Russell 1000 Value	-4.3	9.0	4.3	13.4	5.2	8.6	8.4
Russell MidCap	-5.4	8.6	2.7	16.4	2.4	9.0	9.4
Russell MidCap Growth	-5.8	9.5	3.1	20.7	0.7	9.5	10.8
Russell MidCap Value	-5.2	8.2	2.6	14.1	3.3	8.1	7.9
Russell 2000	-7.0	5.2	-2.2	13.3	-3.2	5.8	7.2
Russell 2000 Growth	-7.7	7.6	-0.7	12.4	-5.9	5.0	7.6
Russell 2000 Value	-6.4	2.9	-3.7	14.0	-0.7	6.0	6.4

US Equities: The Russell 3000 fell 4.4% in April after a strong first quarter.

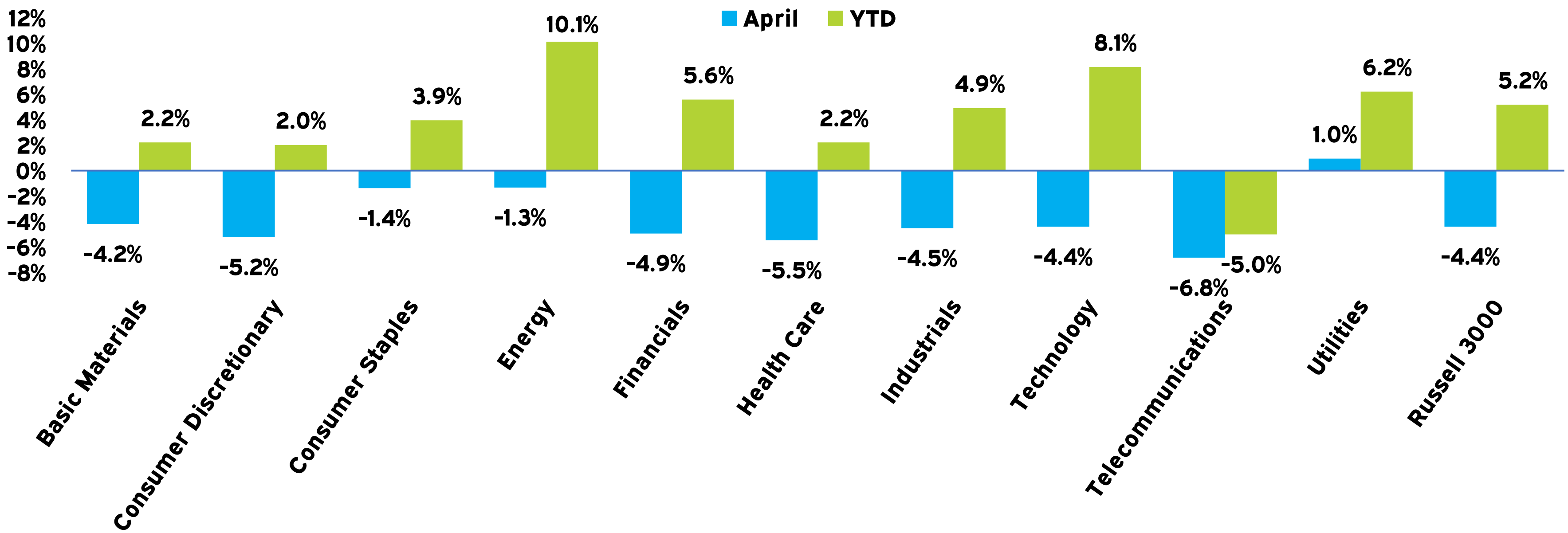
→ US stocks declined in April, given stronger than expected employment and inflation reports. The strong economic data weighed on hopes for the Federal Reserve to lower rates in the near term.

→ Large cap stocks outperformed small cap stocks for the month. Several large cap technology-related stocks reported strong Q1 earnings, including Alphabet and Microsoft, which partly drove the divergence.

→ After the "Magnificent 7" stocks fueled the performance of the US equity market in 2023, these stocks have deviated in 2024. Most notably, Tesla and Apple have significantly lagged the broader market this year.

[1] Source: Bloomberg. Data is as of April 30, 2024.

Russell 3000 Sector Returns[1]



→ Most sectors fell in April, particularly those most sensitive to interest rates. The defensive utilities sector was the only area to post a gain for the month.

→ Except for telecommunications, all sectors held onto positive returns for the year-to-date period despite the April declines. The energy sector (10.1%) is up the most this year given rising oil prices followed by the technology sector (8.1%) driven by artificial intelligence-related companies.

[1] Source: Bloomberg. Data is as of April 30, 2024.

Foreign Equity Returns[1]

Foreign Equity	April (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	-1.8	4.7	2.8	9.3	0.3	5.0	3.9
MSCI EAFE	-2.6	5.8	3.1	9.3	2.9	6.2	4.4
MSCI EAFE (Local Currency)	-0.9	10.0	9.0	15.2	8.6	8.4	7.5
MSCI EAFE Small Cap	-3.0	2.4	-0.6	5.1	-3.6	3.7	4.5
MSCI Emerging Markets	0.4	2.4	2.8	9.9	-5.7	1.9	3.0
MSCI Emerging Markets (Local Currency)	1.4	4.5	6.0	12.9	-2.4	4.1	5.9
MSCI EM ex. China	-1.6	4.0	2.3	17.6	0.6	5.6	3.9
MSCI China	6.6	-2.2	4.3	-6.8	-17.5	-5.5	2.1

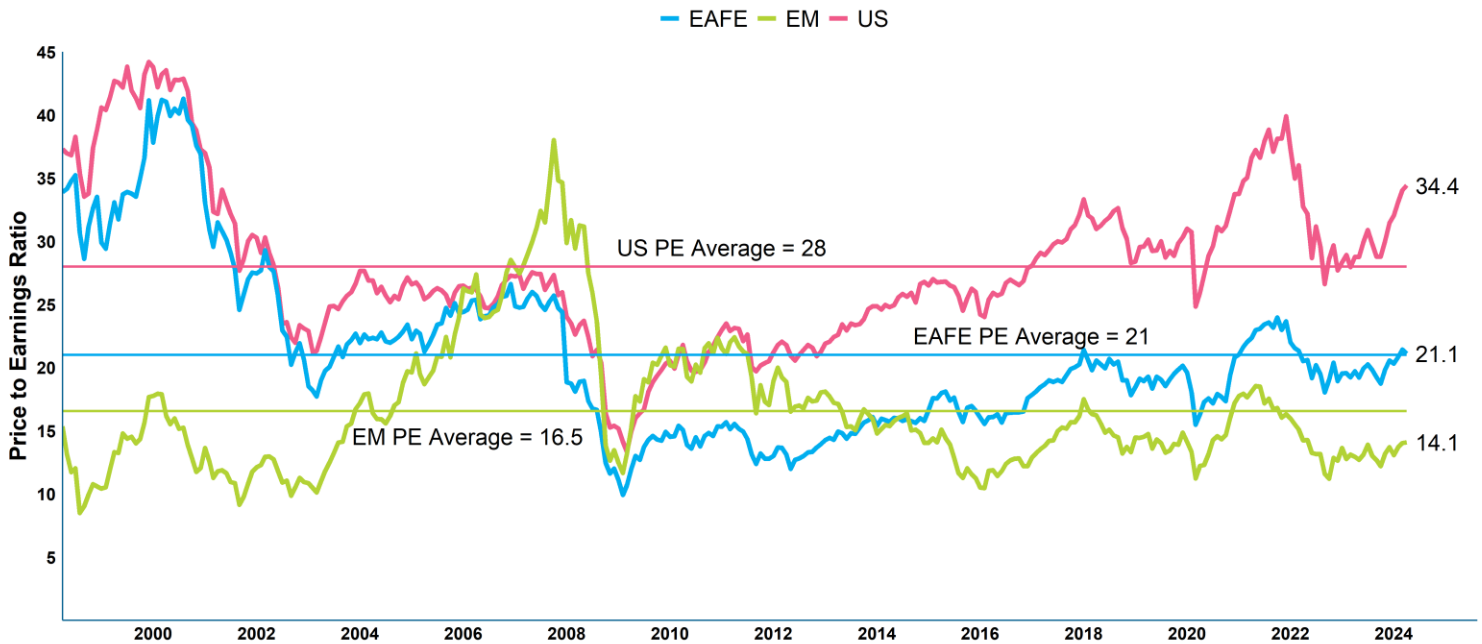
Foreign Equity: Developed international equities (MSCI EAFE) fell 2.6% in April while emerging market equities (MSCI EM) rose 0.4%.

→ Developed markets particularly in Eurozone countries saw losses in April driven in part by higher than expected US inflation numbers and hawkish comments from the Fed; UK equities outperformed given higher weights in value sectors. Japan equities saw a correction especially in the large cap space; the yen remained weak. The appreciation of the US dollar lowered returns for US investors by 1.7% for the month.

→ Emerging market equities were the only area to see positive performance for the month, driven by China's rebound. Emerging markets ex.-China posted losses but less than developed markets. China saw the highest performance for April, with positive developments (and easing restrictions) in the real estate sector and financial intervention in financial markets driving results. The appreciation of the US dollar also weighed on emerging market returns for US investors.

[1] Source: Bloomberg. Data is as of April 30, 2024.

Equity Cyclically Adjusted P/E Ratios[1]



→ Despite the sell-off in April, the US equity price-to-earnings ratio remained elevated and above its 21st century average.

→ International market valuations also fell in April and remain well below the US. In the case of developed markets, valuations are now close to the long-term average, while emerging market valuations remain well below its long-term average.

[1] US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of April 2024. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end respectively.

Fixed Income Returns[1]

Fixed Income	April (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-2.3	-0.5	-2.8	-0.3	-3.1	0.2	1.5	5.6	5.9
Bloomberg Aggregate	-2.5	-0.8	-3.3	-1.5	-3.5	-0.2	1.2	5.3	6.1
Bloomberg US TIPS	-1.7	-0.1	-1.8	-1.3	-1.6	2.1	1.9	5.0	6.7
Bloomberg Short-term TIPS	-0.1	0.8	0.7	2.8	1.9	3.1	2.0	5.1	2.5
Bloomberg High Yield	-0.9	1.5	0.5	9.0	1.5	3.7	4.3	8.1	3.7
JPM GBI-EM Global Diversified (USD)	-2.1	-2.1	-4.2	1.8	-3.0	-0.3	-0.6	6.8	5.0

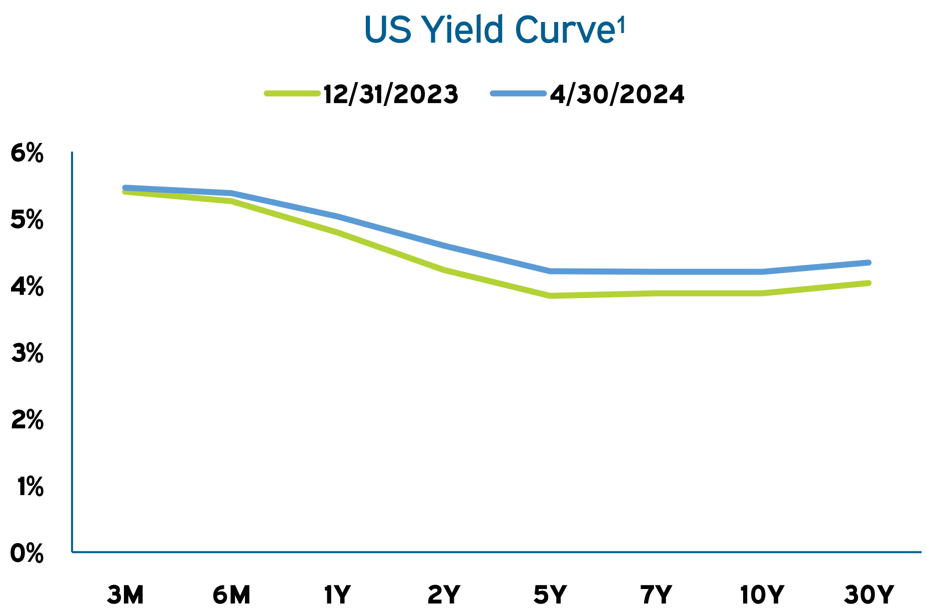
Fixed Income: The Bloomberg Universal index fell 2.3% in April.

→ Bonds also felt pressure in April of above expectations economic data and the related shift in interest rate expectations. The anticipated start date of interest rate cuts has been pushed back as well as the number of cuts for 2024.

→ The broad US bond market (Bloomberg Aggregate) fell 2.5% with the broad TIPS market declining 1.7%. The less interest rate sensitive short-term TIPS index fell only slightly (0.1%) for the month.

→ High yield bonds (-0.9%) also declined, but by less than the broad market with spreads remaining relatively tight to Treasury equivalents.

[1] Source: Bloomberg. JPM GBI-EM data is from PARis. Data is as of April 30, 2024. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration respectively.



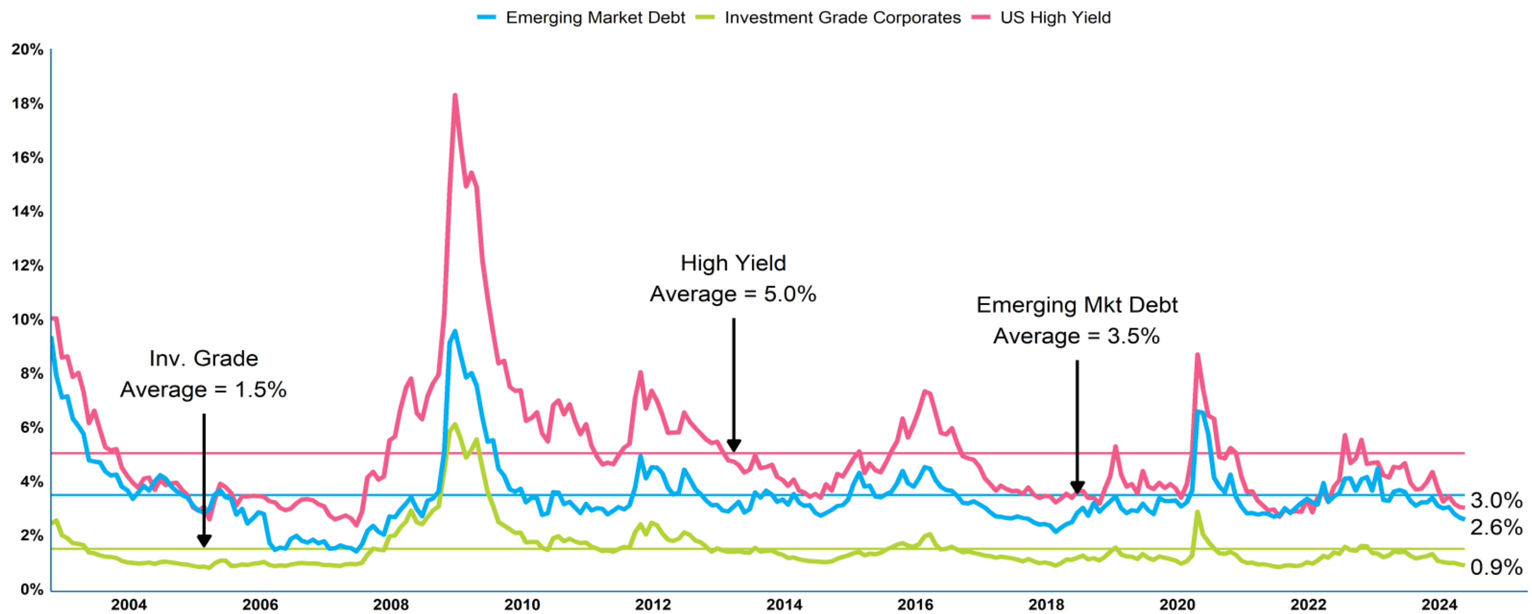
→ Interest rates moved significantly higher over the month due to the largely above expectations economic data, particularly inflation, and the related shifts in monetary policy expectations.

→ The more policy sensitive two-year Treasury yield rose by 42 basis points to just over 5.0%, while the ten-year Treasury yield increased by 48 basis points to a year-to-date high of 4.7%.

→ The yield curve remained inverted at month-end, with the spread between the two-year and ten-year Treasury at -35 basis points.

[1] Source: Bloomberg. Data is as of April 30, 2024.

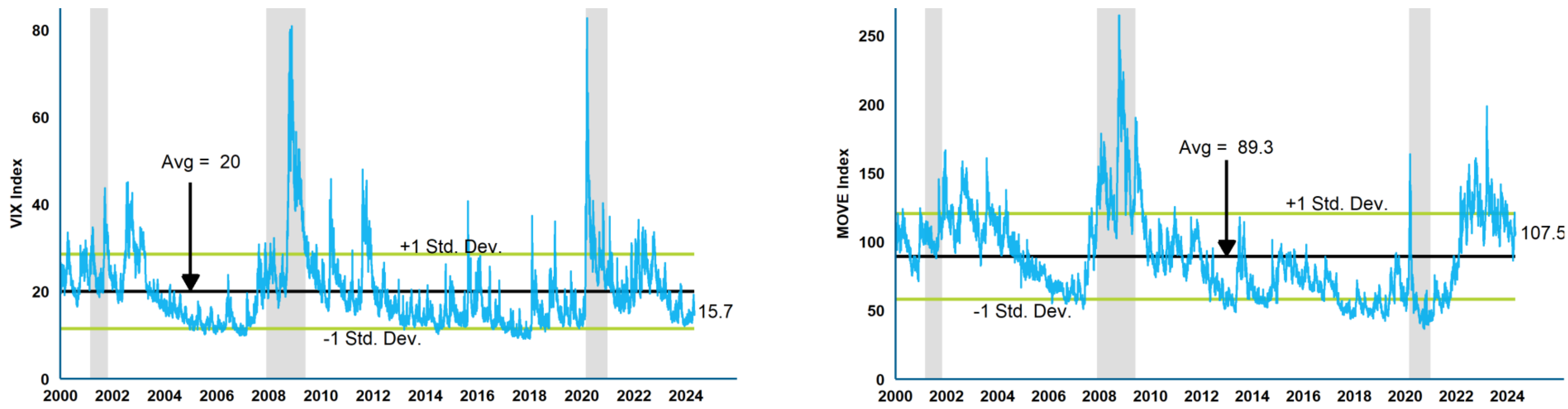
Credit Spreads vs. US Treasury Bonds[1]



- → A positive economic outlook along with expectations of slightly lower interest rates by year-end has led to an increased risk appetite. This has benefited credit, with spreads (the added yield above a comparable maturity Treasury) narrowing.
- → In April credit spreads were steady near post-pandemic lows with all spreads remaining below their respective long-run averages, particularly high yield.
- → Despite spreads being relatively tight, yields generally remain at above average levels compared to the last two decades, particularly for short-term issues.

[1] Source: Bloomberg. Data is as of April 30, 2024. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

Equity and Fixed Income Volatility[1]

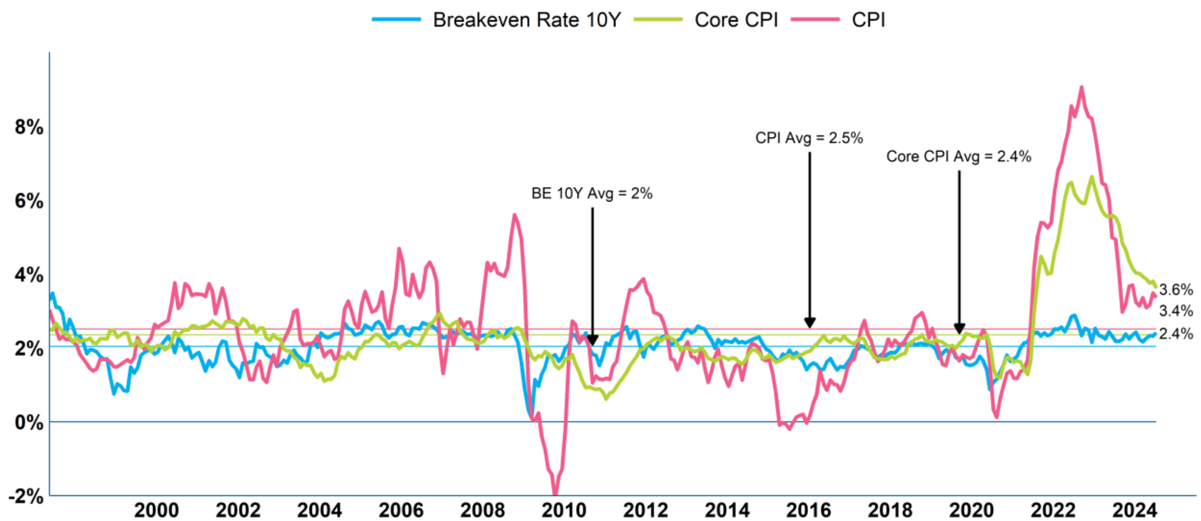


→ Strong economic data and the potential for policy rates to stay higher than previously anticipated drove volatility in the stock and bond markets in April. Both measures finished the month off their mid-month peaks though.

→ Volatility in equities (VIX) ended April below its long-run average while volatility in bonds (MOVE) rose above its long-run average.

[1] Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of April 2024. The average line indicated is the average of the VIX and MOVE values between January 2000 and April 2024.

US Ten-Year Breakeven Inflation and CPI[1]



→ Year-over-year headline inflation fell in April (3.5% to 3.4%) and met expectations.

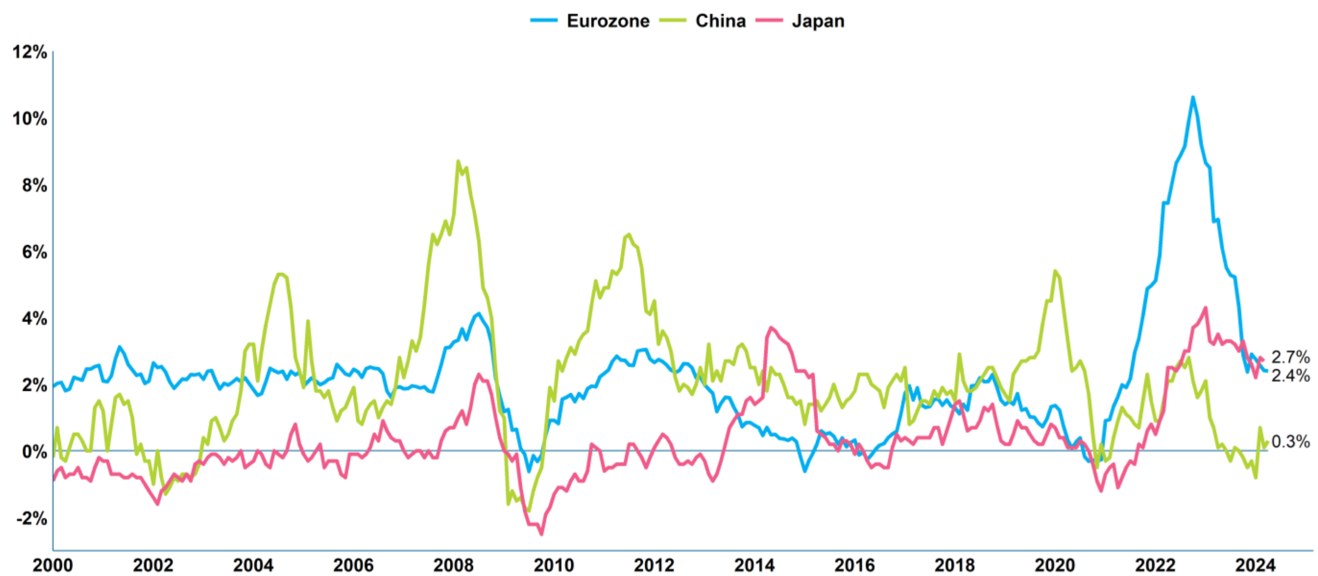
→ Month-over-month inflation rose 0.3% in April, slightly below the March gain of 0.4%. Energy (mainly gasoline) and shelter accounted for more than seventy percent of inflation gains in April, with food prices unchanged.

→ Core inflation (excluding food and energy) also fell in April (3.8% to 3.6%) and matched expectations. Shelter, transportation (particularly car insurance), and medical care services all rose for the month while new and used cars and furnishings fell.

→ Inflation expectations (breakevens) have remained relatively stable despite the significant volatility in inflation.

[1] Source: FRED. Data is as April 2024. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

Global Inflation (CPI Trailing Twelve Months)[1]



→ Outside the US, inflation is also easing across major economies from the recent peaks.

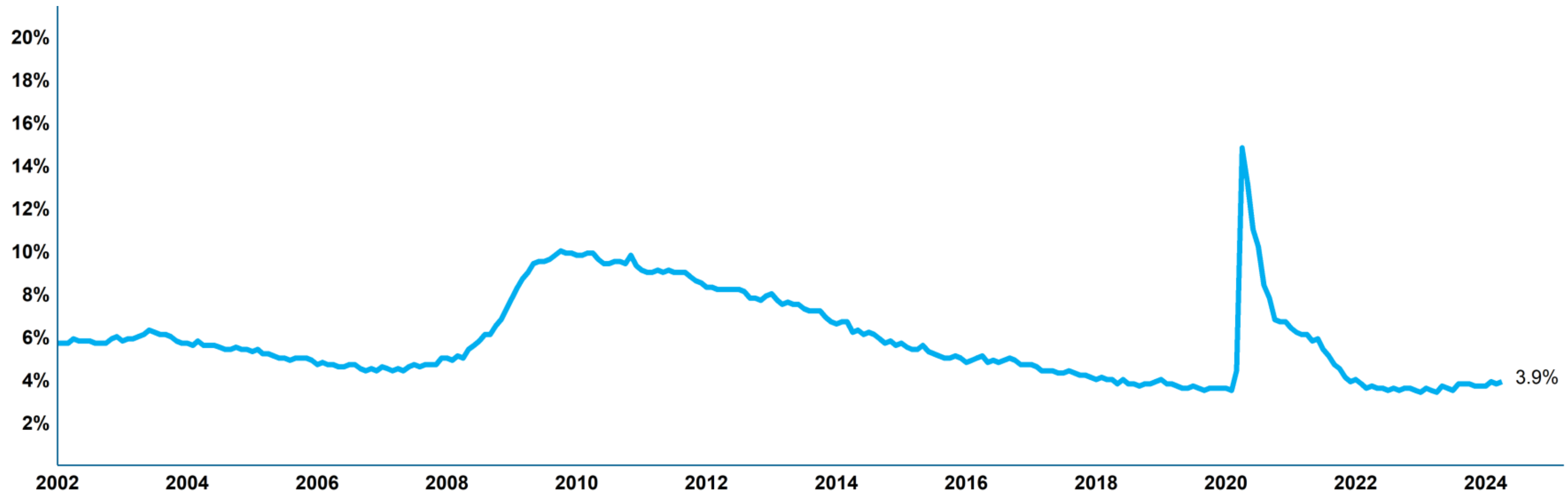
→ In the eurozone, inflation experienced a dramatic decline last year but remains above the central bank's 2% target. In April, inflation held steady at 2.4%, a level below the 3.4% year-over-year reading in the US.

→ Inflation in Japan has slowly declined from the early 2023 peak of 4.3%, but it remains near levels not seen in a decade. In the most recent reading, inflation fell slightly from 2.8% to 2.7%.

→ In China, inflation levels remain well below other major economies given slowing economic growth. Prices did rise in April though from 0.1% to 0.3% as policy stimulus and liquidity injections into banks helped ease financial conditions.

[1] Source: Bloomberg. Data is April 30, 2024, except Japan which is as of March 31, 2024.

US Unemployment[1]

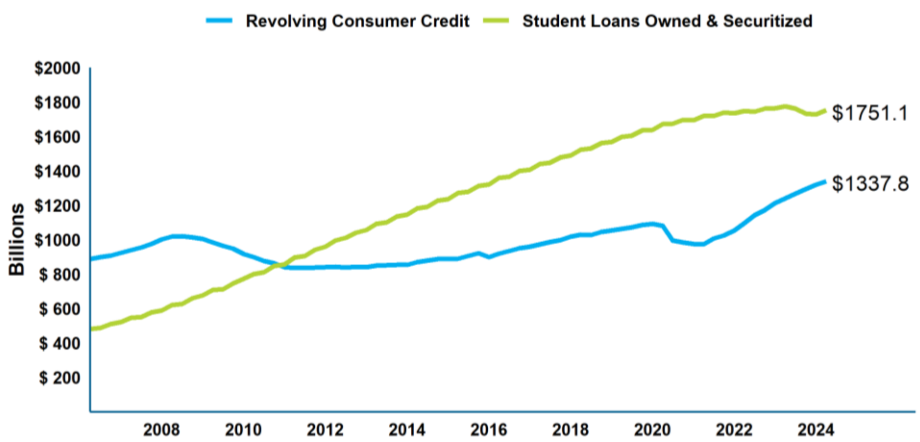


- → Overall, the US labor market remains healthy, with the unemployment rate low (3.9%), wage growth around 4% annually, and initial claims for unemployment staying subdued.
- → In April jobs added came in below expectations at 175,000 compared to 240,000, while the March number was revised upward (303,000 to 315,000). The healthcare sector added the most jobs followed by the social assistance, transportation and warehouse, and retail sectors.
- → The unemployment rate held steady at 3.9% and wage growth dropped slightly from 4.1% to 3.9% compared to a year prior, a level well off the 6.0% peak, but above inflation levels.
- → Quit rates have declined, and layoffs are stable, with 1.3 job openings per unemployed worker.

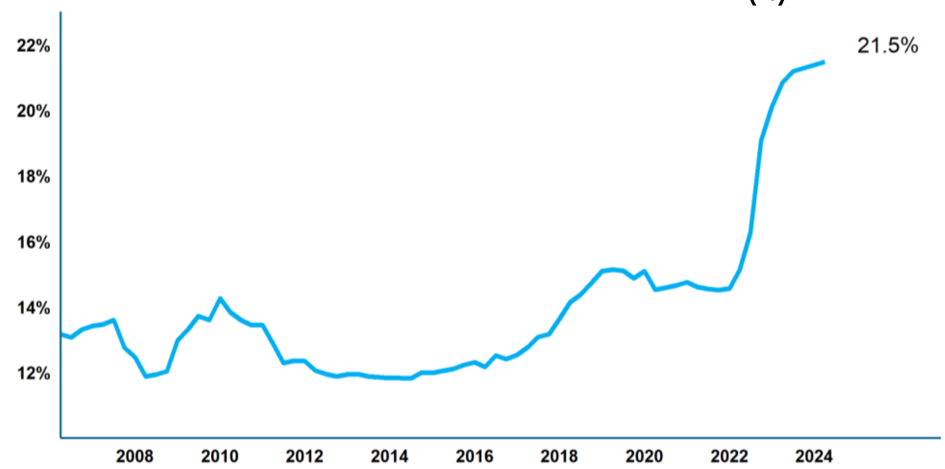
[1] Source: FRED. Data is as April 30, 2024.

US Consumer Under Stress?[1]

Revolving Consumer Credit & Student Loans ($B)



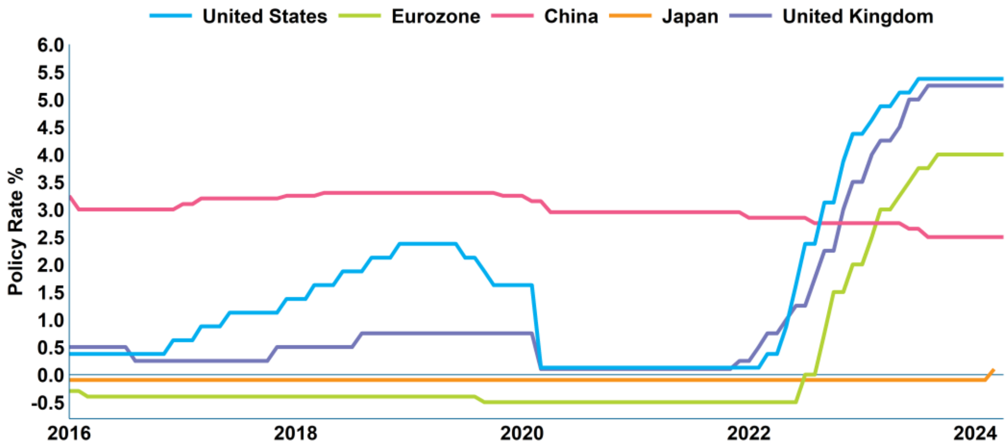
Consumer Credit Card Interest Rates (%)



- → Despite the strong labor market and higher wages, pressures have started to build on the US consumer. This is an important consideration as consumer spending has been a key driver of economic growth.
- → Revolving consumer credit surged to new highs in 2023 even as credit card interest rates hit levels not seen before (the prior peak was around 19% in the 1980s). Recently, we have also seen payment delinquencies on credit cards and auto loans start to increase, particularly for younger people.
- → The return of student loan repayments after a three-year pandemic-related reprieve could add to pressures on consumers' budgets. This might be partially mitigated by recently initiated repayment and forgiveness programs.
- → It is worth noting though that many people locked in low-rate fixed mortgages before rates increased and many corporations issued debt at very low levels, reducing the sensitivity to higher rates.

[1] Source: FRED. Data is as of March 31, 2024. Revolving Consumer Credit data is seasonally adjusted to remove distortions during the holiday season.

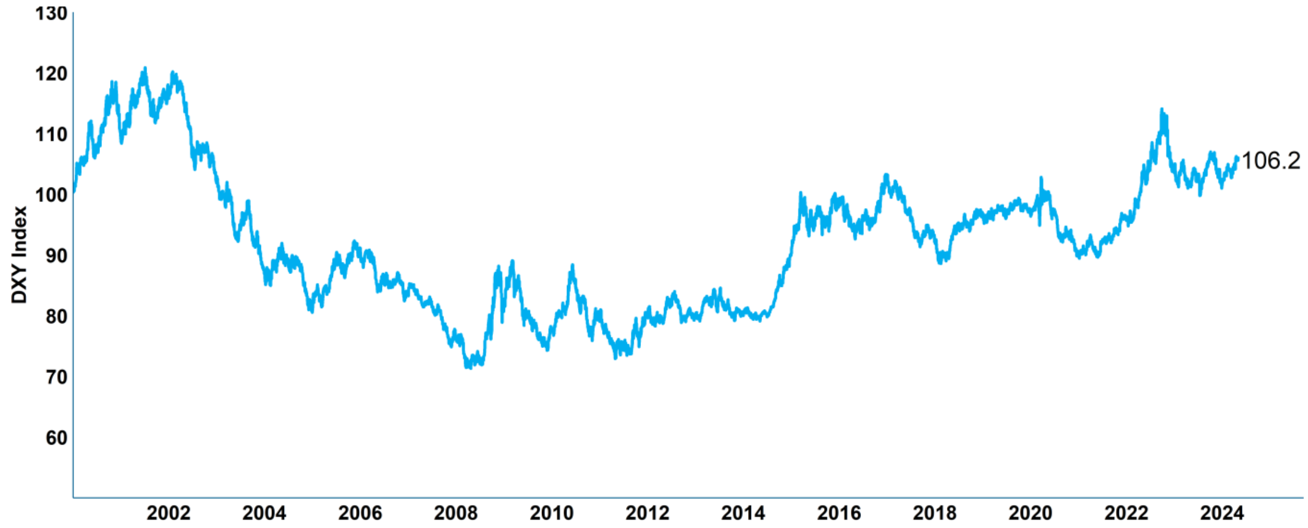
Policy Rates[1]



- → The Fed has been on hold since July 2023 when it raised rates to a range of 5.25%-5.50%. Markets are now pricing in fewer than two rate cuts this year, down from close to seven late last year, as inflation has not reached their inflation target and the labor market remains relatively strong.
- → The European and UK central banks also recently paused their rate increases on slowing inflation. It appears that the European Central Bank could be one of the first central banks to cut rates with expectations over 95% for a June cut.
- → Given the return of inflation driven by wage growth the Bank of Japan (BOJ) recently ended the final negative interest rate policy, stopped purchasing exchange traded funds (ETFs), and moved away from its yield curve control.
- → The central bank in China has maintained interest rates at record low levels and continues to inject liquidity into the banking system, as weaker-than-expected economic data appears to indicate a widespread slowdown.

[1] Source: Bloomberg. Data is as of April 30, 2024.

US Dollar vs. Broad Currencies[1]



→ The dollar continued to appreciate in April versus a basket of currencies of major trading partners.

→ Strong economic data in the US may delay policy rate cuts this year, which could contribute to continued upward pressure on the dollar as other countries pivot to rate cuts.

[1] Source: Bloomberg. Data as of April 30, 2024.

Summary

Key Trends:

→ According to the International Monetary Fund (IMF), global growth this year is expected to match the 2023 estimate at around 3.1% with most major economies predicted to avoid a recession. Continued strong economic growth does run the risk of inflation and interest rates staying higher for longer.

→ Key economic data in the US has recently started to come in below forecasts with expectations continuing to evolve for the timing and pace of interest rate cuts.

→ Outside the US we could see other central banks start cutting rates ahead of the Fed, with the European Central Bank (ECB) particularly in focus. The risk of policy errors remains elevated as central banks try to further reduce inflation toward targets while not tipping their economies into recession.

→ US consumers could feel pressure as certain components of inflation (e.g., shelter and insurance) remain high, borrowing costs are elevated, and the job market may weaken.

→ A focus for US equities going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will be important.

→ Equity valuations remain lower in emerging and developed markets, but risks remain, including China's economic uncertainty and on-going weakness in the real estate sector which could spill over into key trading partners' economies. Japan's recent tightening of monetary policy along with changes in corporate governance in the country could influence relative results.

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San Joaquin County Employees' Retirement Association

July 12, 2024

The Art of Patient Investing

Introduction

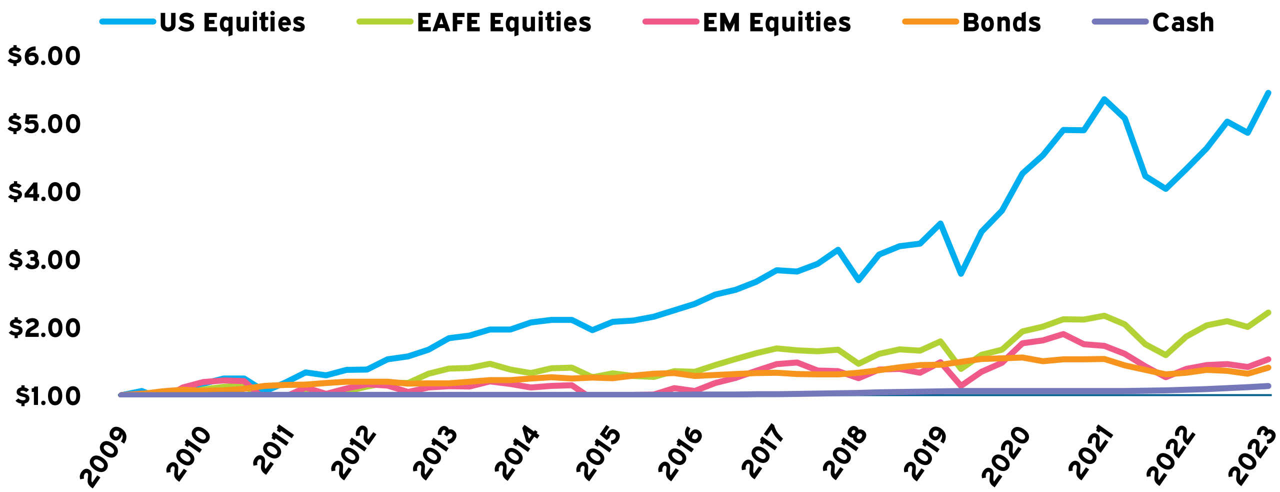
→ Large cap US stocks and private equity have dramatically outperformed most asset classes in recent years.

- Almost every other asset class has served as a drag on portfolio returns.
- This is testing many investors' patience with diversification.

→ This presentation is intended to remind investors why they should take a patient approach to investing.

- The first half focuses on the long-term case for a diversified portfolio.
- The second half explores different areas where investors may want to remain patient in the current market.

Growth of $1 Invested in Public Markets Since 2010[1]



[1] Represents the period from January 2010 through December 2023. Benchmarks used are as follows: Russell 3000 for US Equities, MSCI EAFE for EAFE Equities, MSCI EM for EM Equities, Bloomberg US Aggregate for Bonds, and Bloomberg 1-3 Month US T-Bills for cash.

Diversification, Endpoint Bias, and Patience

Why Diversify?

→ Diversification allows an investor to build a portfolio with a better expected risk-return tradeoff.

- The right combination of asset classes may smooth out the dips without sacrificing potential returns.
  - This is because different asset classes do not always move in sync with each other.

→ An undiversified portfolio often represents a bet, intentional or not, on very specific market conditions.

→ Predicting the direction of the markets with any consistency is particularly challenging.

- Even though investors may feel confident that they know the direction the markets will take in the near term, unexpected events often occur.
  - For example, major events such as wars, pandemics, or financial crises could quickly reverse the dominant economic regime.

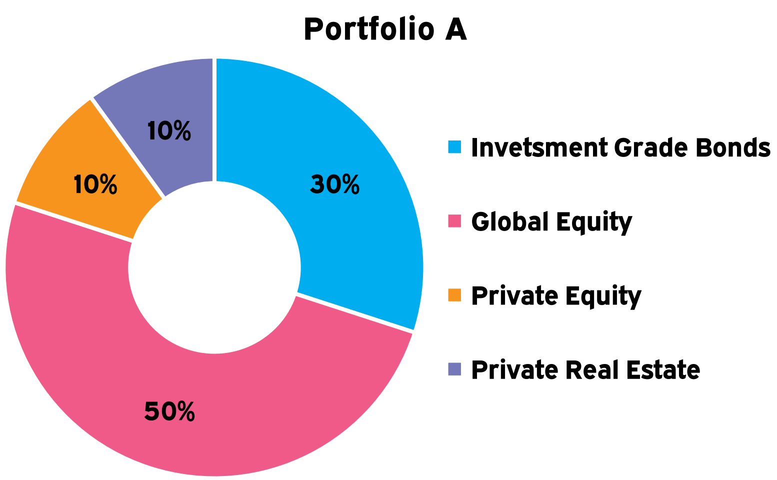
→ This argues for a portfolio that is designed to weather almost all possible scenarios, not just benefit from the current environment, even if an investor believes it is likely to persist.

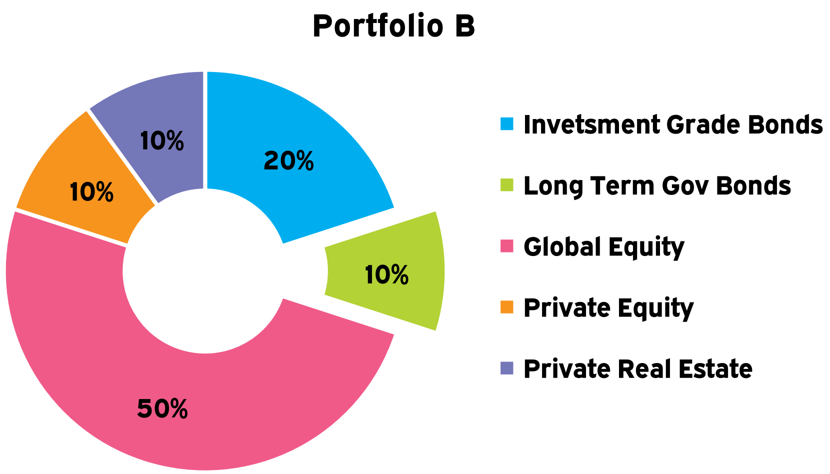
Diversification Example: Improving Expected Returns While Reducing Risk[1]

→ By diversifying, an investor can construct a portfolio with similar risk but a higher expected target return.

→ Adding assets that are not correlated with the primary assets in a portfolio may decrease risk.

- This can even be true for assets that are riskier on a standalone basis, especially if they tend to be negatively correlated with the rest of the portfolio.





	Portfolio A	Portfolio B
Expected Return	8.1%	8.2%
Standard Deviation	11.9%	11.8%
Sharpe Ratio	0.47	0.48

[1] Note: Portfolio return and risk projections shown are based on proprietary 20-year expected return and standard deviation inputs of Meketa's Asset Allocation Tool and Meketa's 2024 Capital Markets Expectations.

Each Asset Class Should Play a Specific Role

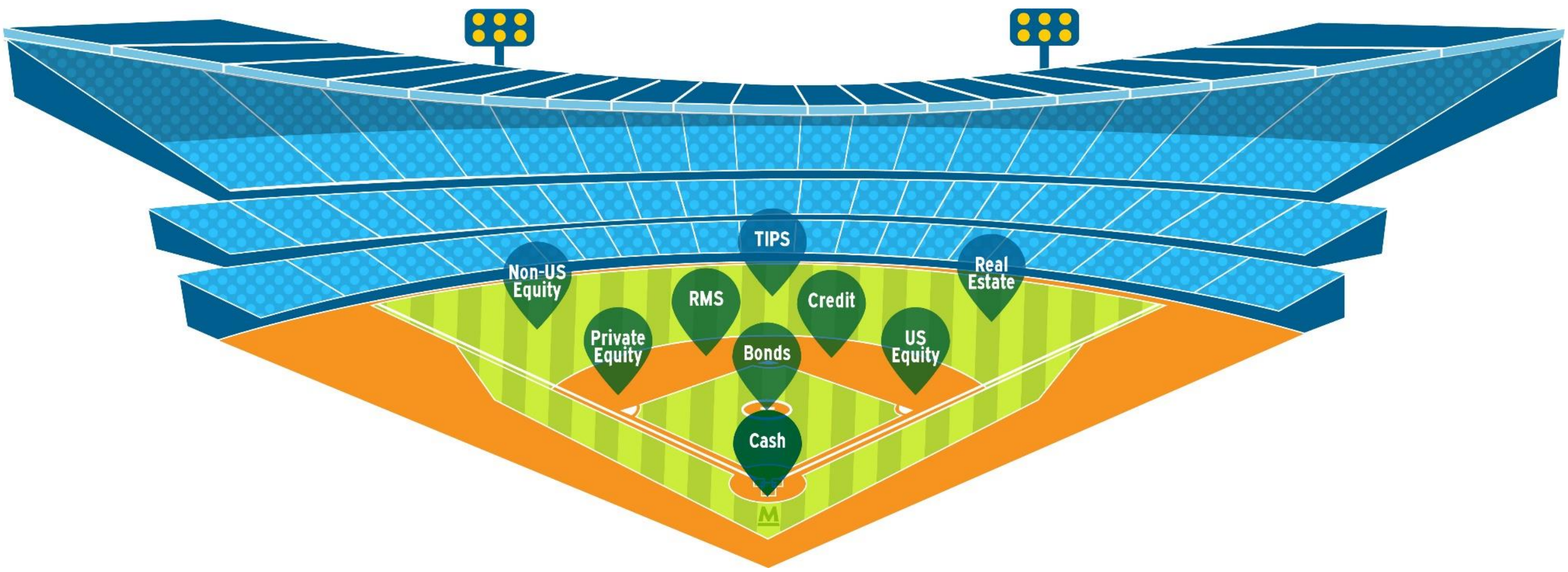
→ To be a successful baseball team, you cannot just have nine players in the shortstop position on the field.

- You need a *team* where each position plays a different and important role.

→ The same concept applies to portfolios: different asset classes should operate like a well-rounded team.

→ And like players on a baseball team, some assets may have periods of "slumps" or "hot streaks."

- Having a diverse team of different asset classes makes it possible for other assets to "pick up the slack" during slumps so that the overall portfolio is more protected from the volatile swings of slumps and hot streaks.



Market Cycles and Diversification

→ It is common for markets to move in cycles.

- This includes rotations in leadership that can last for very long periods.
- One asset class or style can be the best, even for 10+ years, but it can also be the worst for 10+ years.

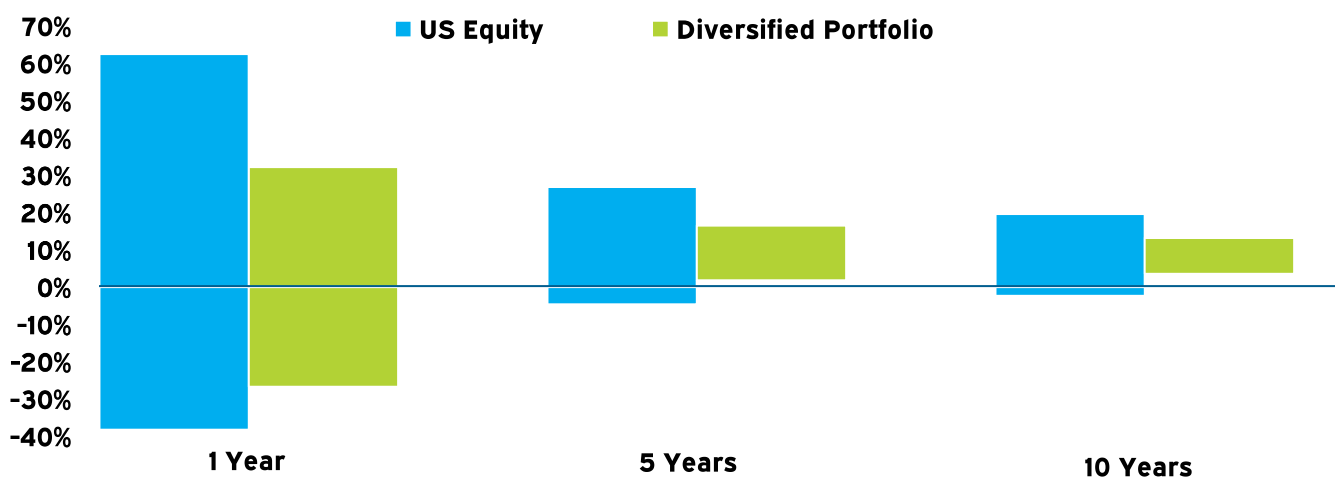
→ Reversals/rotations in market leadership are often not widely anticipated in advance.

- Trying to predict or time such changes can be difficult, risky, and even dangerous.

→ By being diversified, the portfolio is less likely to get whipsawed when a change in leadership occurs.

- A diversified portfolio will lead to greater certainty in the outcome, especially over a longer horizon.

Historical Range of Annualized Returns[1]



[1] Data Source: InvMetrics as of March 31, 2024. The "Diversified Portfolio" is proxied by 30% Russell 3000, 15% MSCI EAFE, 5% MSCI EM, 10% CA Private Equity, 10% NCREIF ODCE Equal-Weighted, and 30% Bloomberg Aggregate.

How does diversification work? Smoothing out the dips

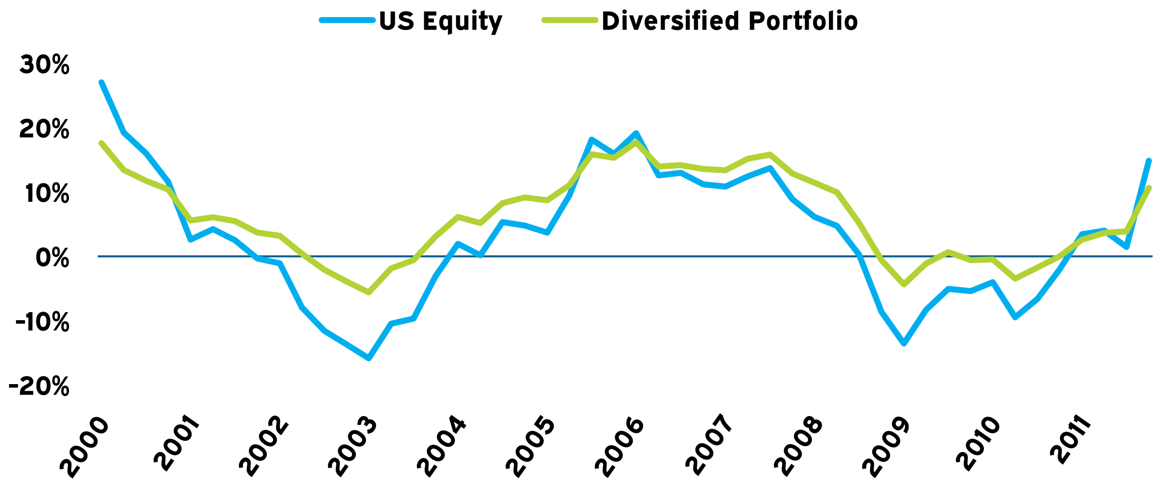
→ Diversification increases the likelihood of having some exposure to the best performing markets.

- Between 1999 and 2010, average returns were 2.8% for US stocks, 14.7% for EM, and 13.0% for private equity.[1]
  - Reliance on US equities alone would likely have left many investors well short of their objective.

→ Diversification likewise may prevent investors from having excessive exposure to the worst markets.

- A portfolio dominated by stocks would have suffered more during the GFC or popping of the dot-com bubble.
  - Having investments in bonds mitigated these losses and provided assets to rebalance into cheaper equities.

Rolling 3-Year Returns[2]



[1] Source: Data from Investment Metrics. Represents average annualized returns. Indices used are Russell 3000 index, MSCI Emerging Markets index, and CA Private Equity composite via IHS Markets.
[2] US Equity is proxied by the Russell 3000. The diversified portfolio is proxied by 30% Russell 3000, 15% MSCI EAFE, 5% MSCI EM, 10% CA Private Equity, 10% NCREIF ODCE Equal-Weighted, and 30% Bloomberg Aggregate.

Recovering from (and Mitigating) Downturns

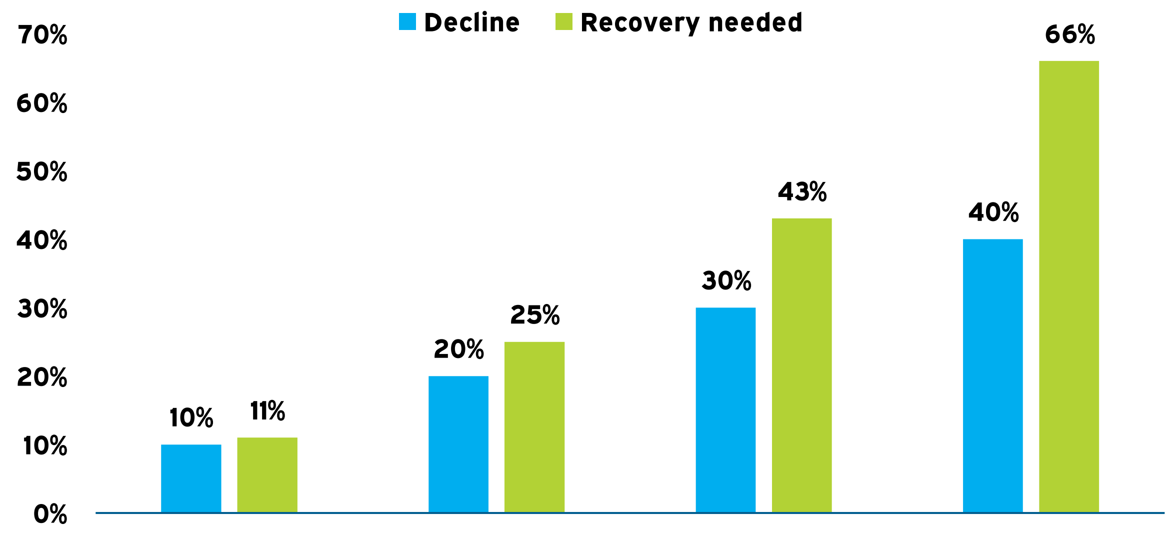
→ Investors routinely take on more risk in the hope of achieving higher returns.

- Taking on risk means that investors will likely, from time to time, lose money.

→ The rebound needed to recover from a loss grows exponentially with the size of the loss.

- Hence most investors seek to mitigate this risk via a diversified portfolio.

Recovery Needed to Return to Previous Value After a Loss



Why Should Investors Care about Reducing Volatility?

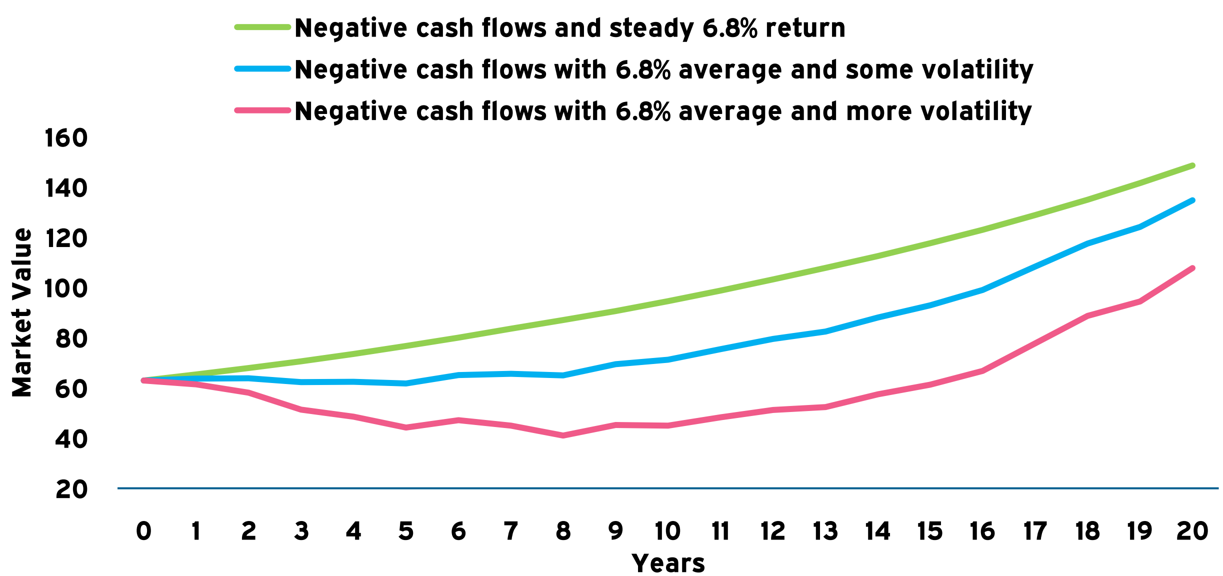
→ Negative cash flows make it much harder for an investor to recover after a market downturn.

- The larger the cash outflows and volatility are, the more severe the impact.

→ In other words, an investor could earn their target rate of return over 20 years, but still find themselves short of their target market value.

- Diversified portfolios reduce the level of volatility that would otherwise amplify this shortfall.

Example Impact of Volatility and Cash Flows on Returns[1]



[1] All three paths will generate the same average annualized return over 20 years. For the "some volatility" path, the first 10 years will earn an annualized return approximately equal to the 25th percentile return for the selected asset mix over 10 years, and the second 10 year will earn an annualized return equal to the 75th percentile. For the "more volatility" path, the average returns are at the 5th and 95th percentile, respectively.

Endpoint Bias

→ Historical returns may present a biased or incomplete picture, depending on the time period chosen, as this represents a single "snapshot" of time.

- Often, this results from typical market cyclicality.
- Sometimes, the data is so extreme that it creates true anomalies.

→ Endpoint bias refers to the inclusion or exclusion of data that significantly skews results.

- That is, if the recent past (or the starting period) witnessed unusually high or low returns, then long-term results can change considerably.

→ Relying solely on data that is biased in this fashion can result in investors making flawed decisions.

- The last decade is replete with trends that are affecting long-term data, and hence may skew the way investors' decisions are framed.
- Looking at rolling-period analysis may help, since it treats the endpoint as a single data point.

→ It can be easy to give up on certain asset classes and load up on the asset class that has been in favor recently.

- Doing so has been costly historically when regimes change.

Endpoint Bias Example 1: Market Cycles

→ Value and growth stocks tend to move in cycles of relative outperformance.

→ As of March 2000, the Russell 1000 Growth index outperformed its Value counterpart over all trailing periods, fueled by impressive recent performance.

Annualized Returns as of March 2000[1]

As of 03/31/2000	1 YR (%)	5 YR (%)	10 YR (%)	20 YR (%)	Since Inception (%)
Russell 1000 Growth	34.1	31.8	21.6	18.5	18.3
Russell 1000 Value	6.3	21.0	16.0	17.2	16.8

→ From this data, investors might conclude that growth stocks offer a long-term premium relative to value stocks.

→ However, just one year later, with the bursting of the dot-com bubble, the premium had reversed.

Annualized Returns as of March 2001

As of 03/31/2001	1 YR (%)	5 YR (%)	10 YR (%)	20 YR (%)	Since Inception (%)
Russell 1000 Growth	-42.7	11.6	12.7	13.2	14.5
Russell 1000 Value	0.3	14.2	15.2	15.3	16.0

[1] Source: Data is from Bloomberg. Inception for both Russell 1000 Growth and Russell 1000 Value indices was January 1979.

Endpoint Bias Example 2: Anomalies

→ For the twenty-year period ending February 2008, the US stock market had earned 3.4% more annually than the core bond index.

- This was only slightly below the long-term premium observed for stocks over bonds.

→ However, when measured one year later, investment grade bonds outperformed stocks by an annualized 0.2% over the twenty-year period.

- Note that this relationship (of bonds outperforming stocks) only lasted for one month.

Annualized Returns[1]

	20 Years As of 2/2008 (%)	20 Years As of 2/2009 (%)	20 Years As of 2/2024 (%)
Russell 3000	10.8	7.1	9.8
Bloomberg Aggregate	7.4	7.3	3.0

[1] Source: Data is from Investment Metrics.

Human Behavior and Performance Chasing

→ Many investors suffer from behavioral biases that may result in performance-chasing behavior.

- They are often fearful when the market declines and hence get more conservative at an inopportune time.
- They may also chase returns by investing in risky assets after a period of strong investment gains.

→ Succumbing to these mistakes may lead to poor decisions, and hence poor outcomes.

- Return chasing often leads to buying high and selling low.

→ Evidence shows that investors' performance lags actual fund performance due to performance chasing.

The Performance Gap by Asset Class (10-Year Returns)[1]

US Category Group	Investor Return (%)	Total Return (%)	Gap
Allocation	5.98	6.44	-0.46
International Equity	3.30	4.89	-1.59
Nontraditional Equity	2.10	4.16	-2.06
Sector Equity	6.42	10.8	-4.38
Taxable Bond	0.20	1.57	-1.36
US Equity	10.99	11.77	-0.79
Overall	6.04	7.71	-1.68

[1] Source: Morningstar. "Mind the Gap 2022." https://www.morningstar.com/funds/bad-timing-cost-investors-one-fifth-their-funds-returns. Morningstar updates the study annually, with roughly similar results each year, showing that the returns that investors experience is below the returns that the funds produce because of the manner in which investors tend to move in and out of funds in each category.

Why Be Patient?

→ In general, investors should be patient with underperforming asset classes because market cycles can cause fluctuations in performance, and asset classes that are currently underperforming often rebound over time.

- Patience often allows investors to ride out the volatility and potentially benefit from the long-term growth that these asset classes may offer.

→ Additionally, having a long-term perspective is typically beneficial.

- Investors frequently profit by suppressing the urge to always "do something."
  - Often the best course of action is to take no short-term action at all, especially if they are inclined to chase performance.
- If an investor truly has a long-term horizon, they are generally best served by acting as a long-term investor.

→ Having discussions about and setting appropriate expectations around market cycles is an important aspect of effectively managing the situation if underperformance happens.

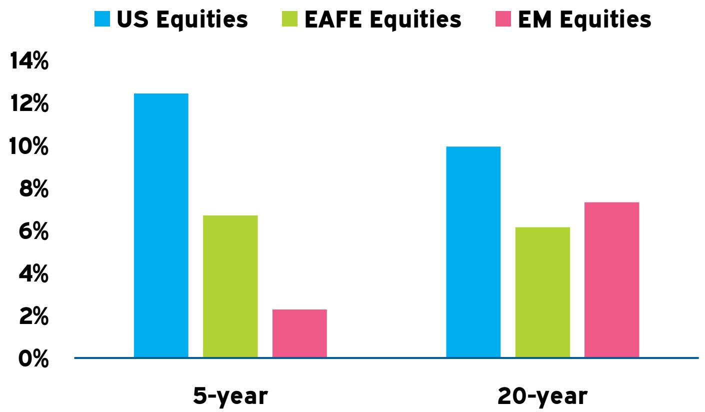
- This might include scenario analysis and stress testing.
- This preparation for, and understanding of, risk can contribute to the patience needed to stay the course with underperforming asset classes.

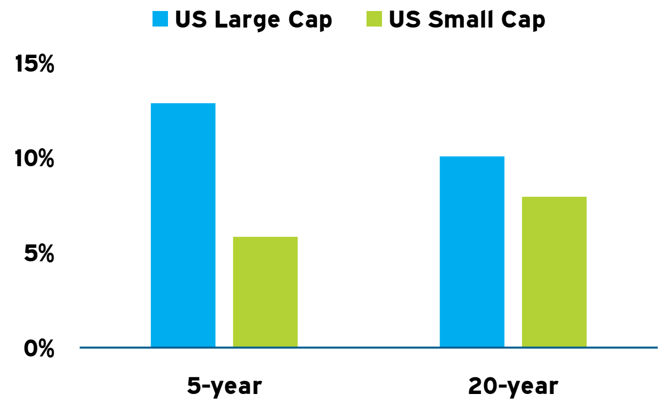
Current Markets

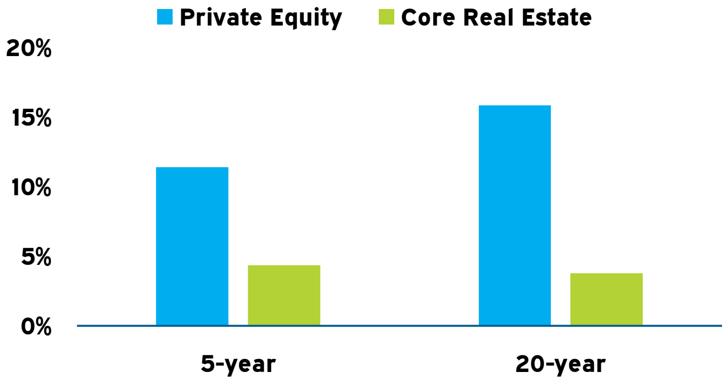
Recent Years Are Full of Winners and Losers

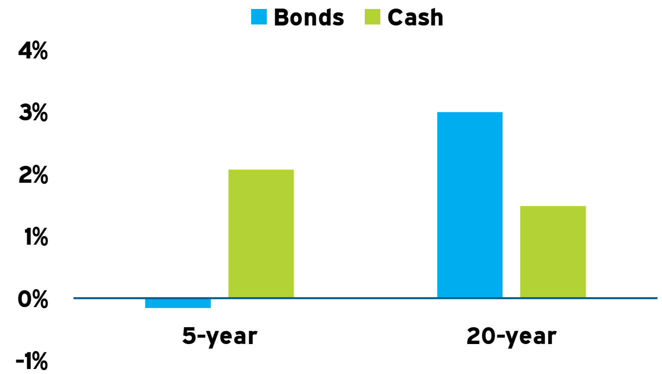
→ In many cases, the differences are so extreme that they are impacting even very long-term returns.

Average Annualized Returns[1]









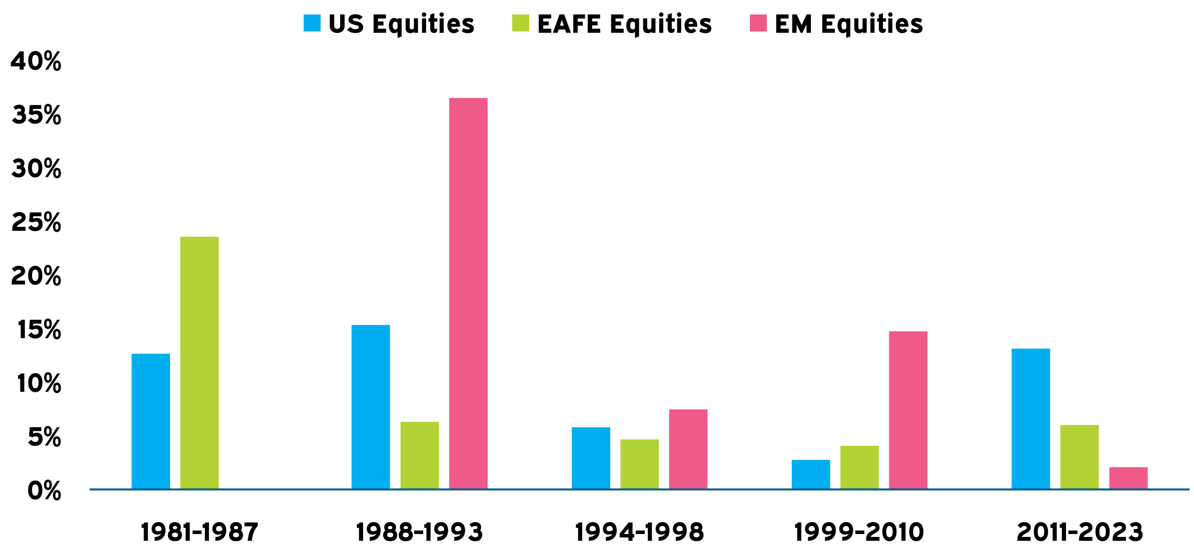
[1] Represents the period ending April 2024 for public markets and December 2023 for private markets. Data is from Investment Metrics. Benchmarks used are: Russell 3000 for US Equities, MSCI EAFE for EAFE Equities, MSCI EM for EM Equities, Russell 1000 for US Large Cap, Russell 2000 for US Small Cap, CA Private Equity for Private Equity, NCREIF ODCE Equal-Weighted for Core Real Estate, Bloomberg US Aggregate for Bonds, and Bloomberg 1-3 Month US T-Bills for cash.

Cyclicality in Regional Equity Markets

→ Over the last forty years, we have seen ~five super cycles in global equity markets.

- EAFE equities, elevated by Japanese stocks, led the way for much of the 1980s.
- EM equities dominated for most of the next twenty years.
  - This was punctuated by significant outperformance in 1988-93 and again in the 2000s.
- Since 2011, US equities have outperformed by a wide margin.

Annualized Average Returns for Global Equities[1]



[1] Data is from Investment Metrics. Benchmarks used are as follows: Russell 3000 for US Equities, MSCI EAFE for EAFE Equities, MSCI EM for EM Equities.

Relative Valuations in Equity Markets

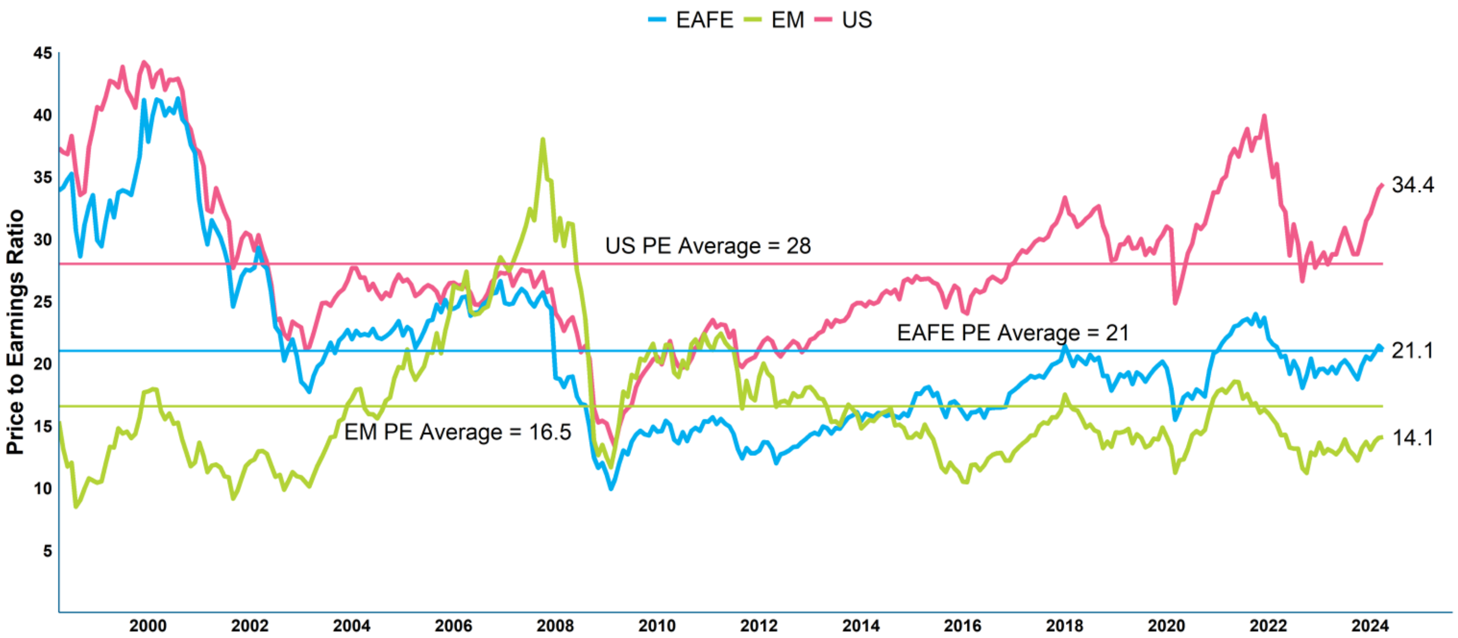
→ The US stock market is trading at a much higher valuation than the other major global stock indices.

- The US market is also trading well above its long-term average, but it is trading below its two previous peaks.

→ EAFE and EM equities are trading near or below their historical averages.

→ This data implies relative optimism for US markets and pessimism on overseas stocks.

Price-Earnings Ratio for Global Equity Markets[1]



[1] US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of April 2024. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month end respectively.

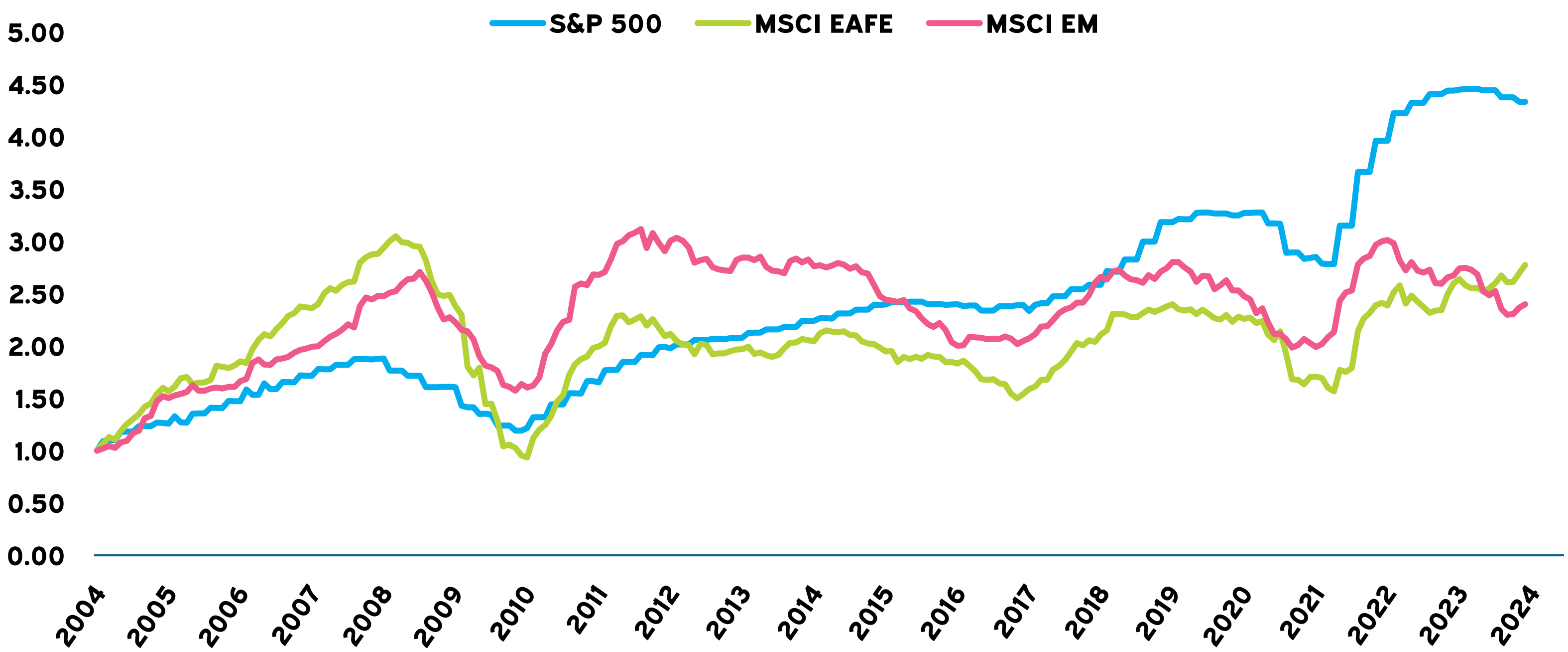
Is Optimism Warranted?

→ Earnings Per Share ("EPS") growth for the EAFE and EM indices has been essentially flat since 2011.

- Meanwhile, US EPS growth has been strong over the past two decades.

→ There has been a meaningful difference in EPS growth for the US versus other global markets, and it has not been due to a difference in GDP growth.

20-Year EPS Growth, indexed to $1[1]



[1] Source: Meketa analysis of MSCI and Bloomberg data. Series uses Trailing 12-month earnings per share in local currency. As of December 31, 2023.

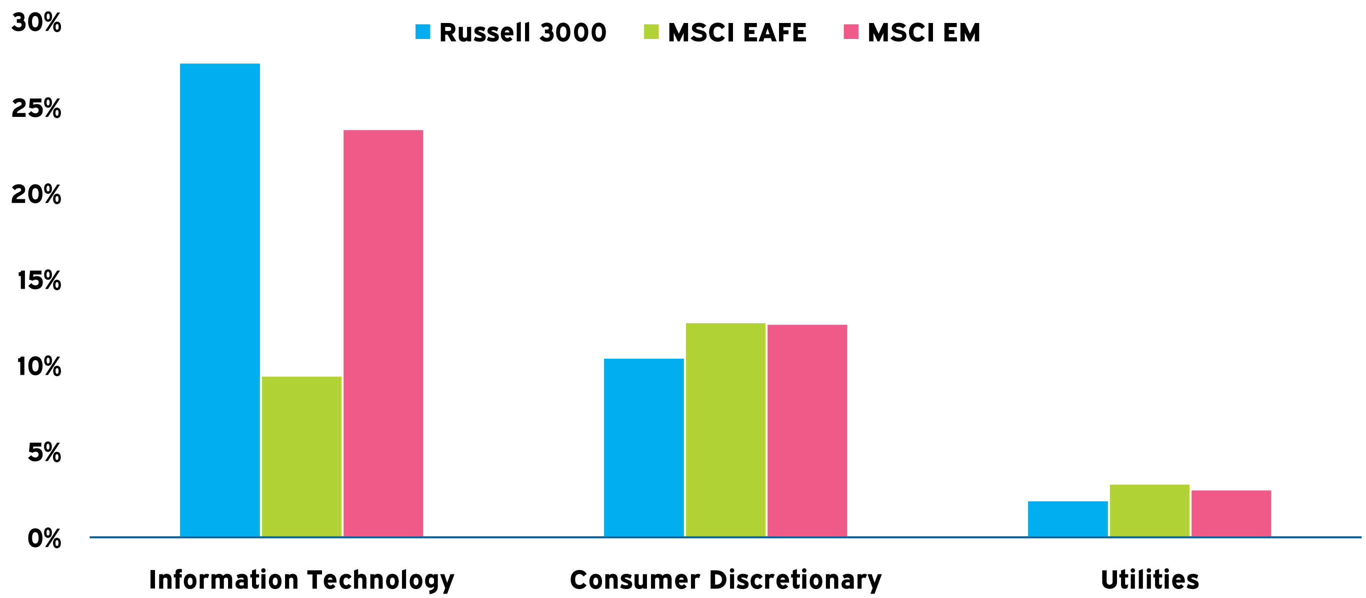
Leading the Way: Tech and AI

→ Post-COVID, the fuel for US earnings growth has been primarily the technology and related sectors.

- Most recently it is being driven by companies linked to AI.

→ The US market has higher allocations to the technology sector and many leading AI companies.

Sector Allocations[1]

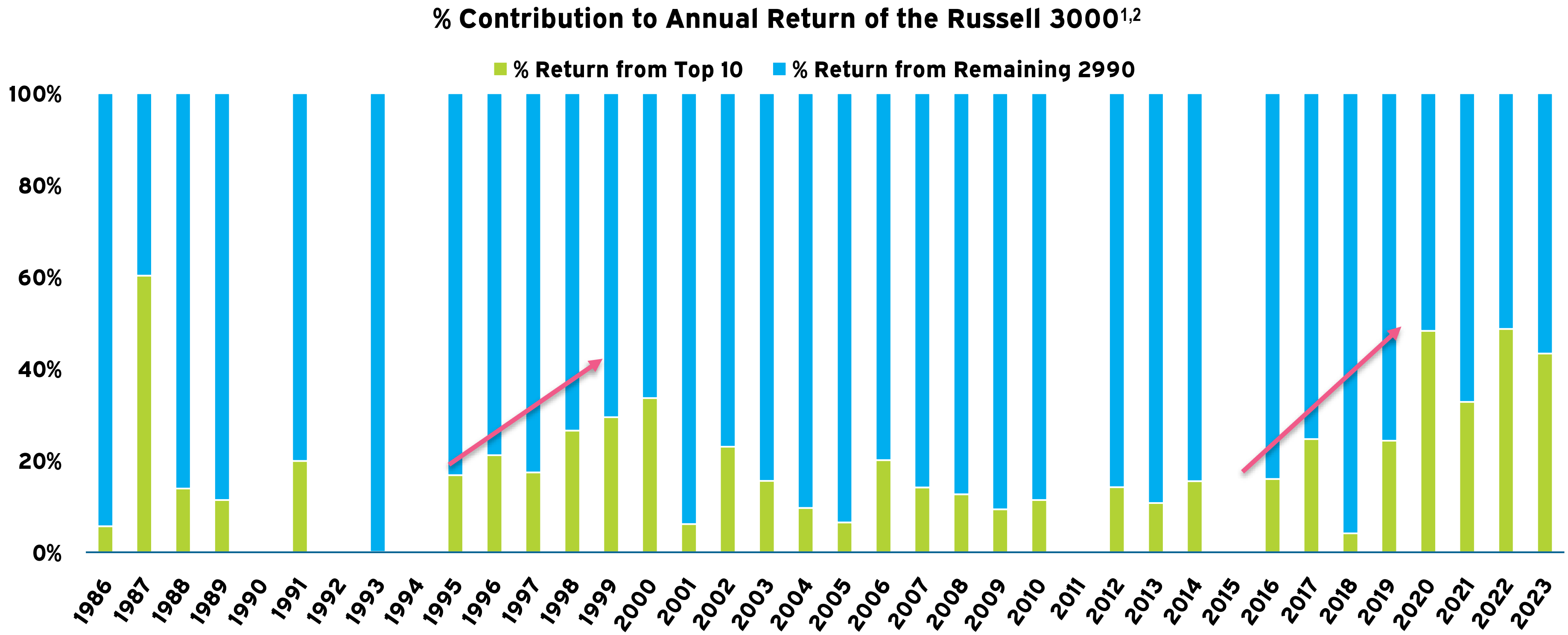


[1] Source: Data is from FactSet, as of March 31, 2024. Note that Amazon is in the Consumer Discretionary sector. Utilities and data centers have recently outperformed due to a "picks and shovels" thesis (i.e., AI needs will cause a high demand for electricity and data centers for training LLMs).

US Market Concentration

Moreover, returns have been driven by a handful of US companies.

→ The dot-com bubble was the last time the top ten's influence on returns was this high for a sustained period.



[1] Source: FactSet, as of December 31, 2023. Note that Alphabet Class A and C were combined into one category for this analysis.
[2] In years 1990, 1992, 1994, 2011, and 2015, the top 10 and the rest moved in opposite directions, making the stacked column not meaningful; hence they were excluded from the chart.

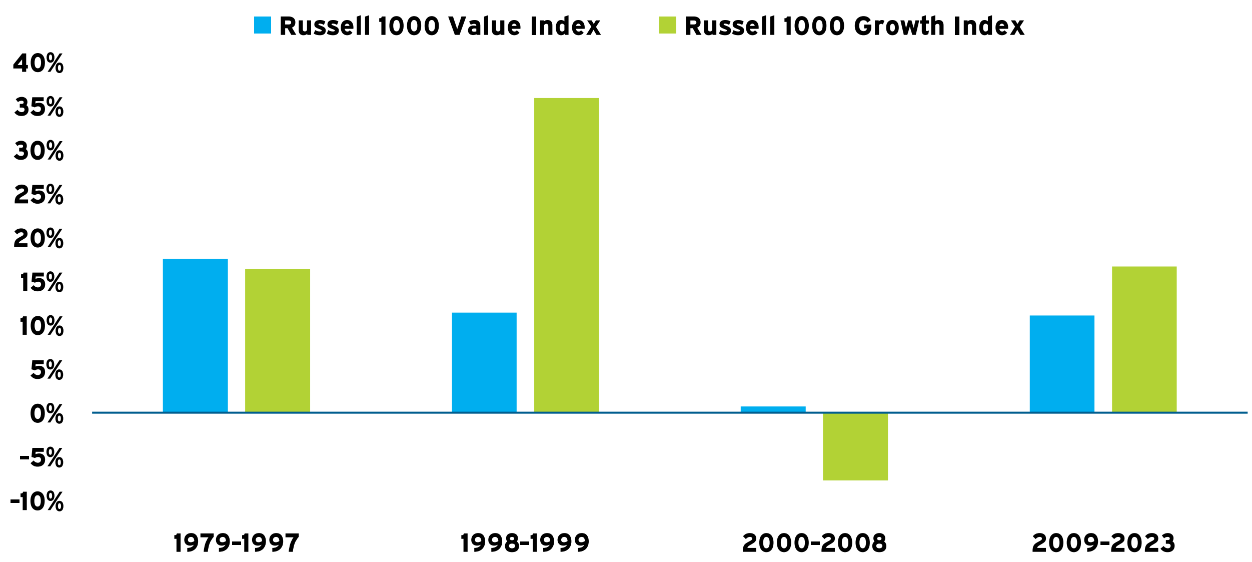
Impact within the US Equity Market: Growth vs Value

→ Large growth stocks have outperformed value stocks by a wide margin since the GFC.

- The recent focus on large tech-related stocks has widened this gap.
  - This has erased the long-term outperformance (since 1979) that value stocks held over growth stocks.[1]

→ Note that the last period of significant growth outperformance (the dot-com bubble) did not end well.

Annualized Average Returns for US Growth and Value[2]



[1] From 1979 through 2023, the average annualized return for the Russell 1000 Value is 11.6%, and for the Russell 1000 Growth is 12.0%.
[2] Benchmarks used are as follows: Russell 1000 Value for US Value and Russell 1000 Growth for US Growth.

Impact within the US Equity Market: Small vs Large

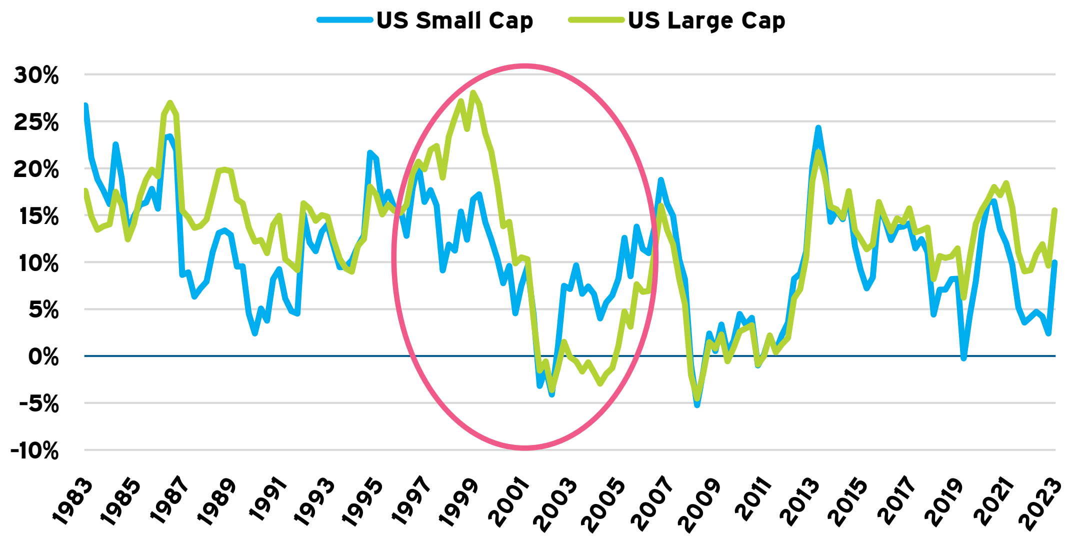
→ Large cap has outperformed small cap since the GFC, with the gap widening over the past five years.

- This has likewise erased the long-term outperformance (since 1979) that small cap held over large cap stocks.[1]

→ Such outperformance has reversed historically, though sometimes it was not for a very long period.

- The last major reversal was related to the popping of the dot-com bubble.

Rolling Five-Year Annualized Returns[2]



[1] From 1979 through 2023, the average annualized return for the Russell 1000 is 12.0%, and for the Russell 2000 is 11.0%.
[2] Benchmarks used are as follows: Russell 1000 for US Large and Russell 2000 for US Small.

Relative Valuations in US Stocks

→ Value stocks appear cheap and growth stocks appear expensive by historical standards.

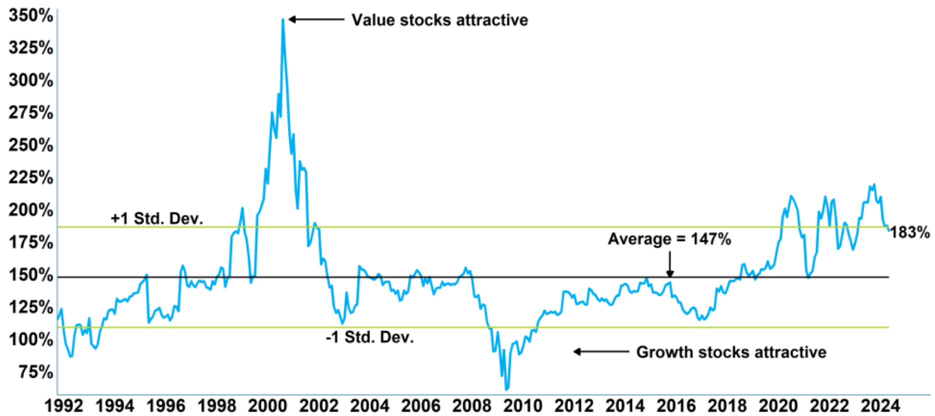
- While relative pricing is not as extreme as it was during the dot-com bubble, it is far from the average.

→ Similarly, small stocks appear inexpensive and large stocks look pricy based on history.

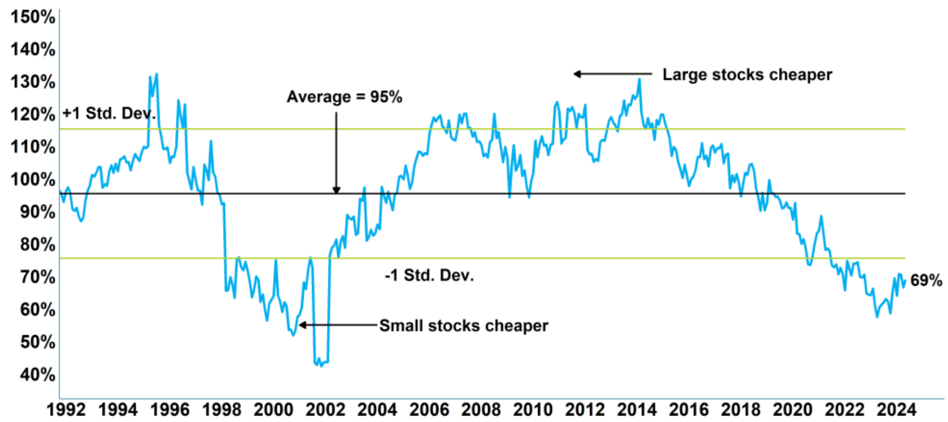
- Again, relative pricing has not hit its extreme, but it is not near the historical averages.

→ This implies willingness to pay a premium for the higher presumed growth of large cap and growth stocks.

Growth P/E vs. Value P/E[1]



Small Cap P/E vs. Large Cap P/E[2]



[1] Growth P/E (Russell 3000 Growth Index) vs. Value (Russell 3000 Value Index) P/E - Source: Russell Investments, Bloomberg, and Meketa Investment Group. Earnings figures represent 12-month "as reported" earnings.
[2] Small Cap P/E (Russell 2000 Index) vs. Large Cap P/E (Russell 1000 Index) - Source: Russell Investments, Bloomberg, and Meketa Investment Group. Earnings figures represent 12-month "as reported" earnings.

The Current Equity Market

→ Investors who are relying on the continued outperformance of US equities are making a number of bets, consciously or not, that may include:

- The Fed will lower interest rates later this year, and short-term rates will continue to decline thereafter.
- Inflation will continue to decline and settle in near the Fed's long-term target.
- Unemployment will remain low.
- The US economy will grow faster than its developed market peers.
- The profitability of a select number of large cap growth companies will outpace the broader market.
- This will be fueled by productivity growth and spending that is primarily attributable to AI.
- US companies will maintain their dominant position in the AI ecosystem.

→ While the probability of some of these outcomes playing out is high, the likelihood of all of them occurring strains traditional economic theory.

- And this ignores the potential for an unexpected geopolitical or market event.

Bonds

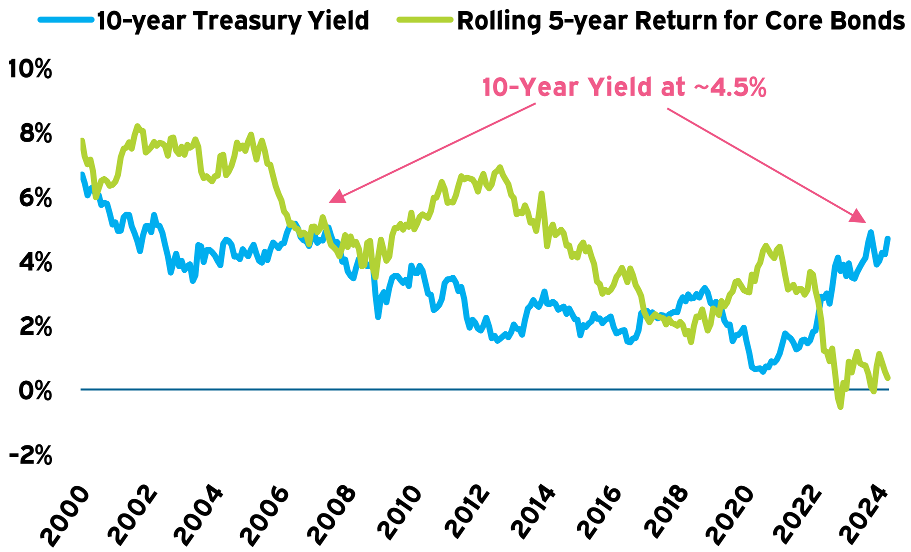
→ Bond returns have been poor – even negative – due to the rise in interest rates since 2020.

- Yet this is good news for investors on a forward-looking basis.

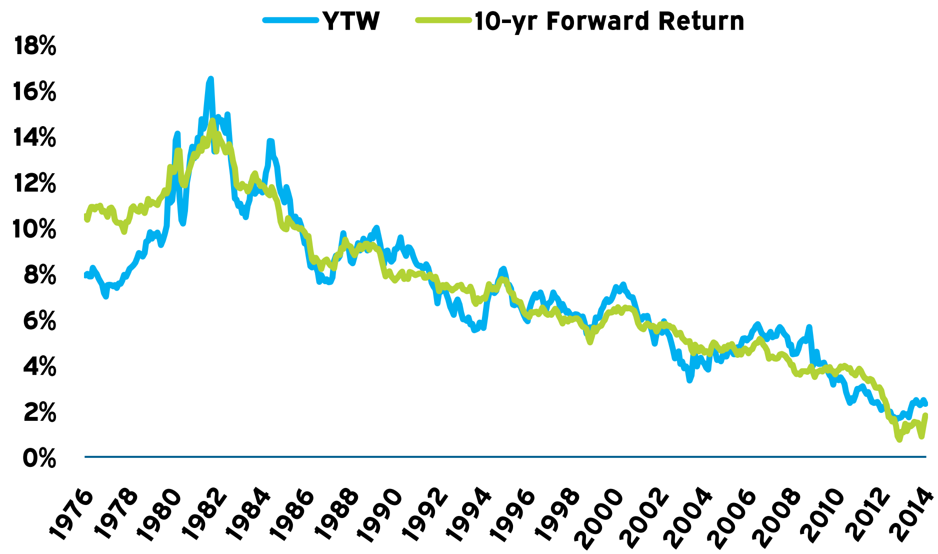
→ The best predictor of future returns for investment grade bonds is their current yield.

- Rising rates have elevated yields to levels last seen prior to the GFC.
- Higher yields may give investors more options than they have had in more than 15 years.

Treasury Yields and Core Bond Returns[1]



YTW and Forward Returns for Core Bonds



[1] Data source is FRED for the 10-year Treasury yield, Investment Metrics for Core Bond performance, and Bloomberg for yield-to-worst. The Bloomberg Aggregate index was used for Core Bonds. Data is as of April 2024 in the first chart and December 2023 in the second chart.

Summary

→ Diversification is an important component of investing.

- A well-diversified portfolio may improve expected risk-return tradeoffs and is less reliant on specific market conditions.

→ Market cycles can cause dramatic fluctuations in performance.

- The duration of such cycles can be painfully long.
- Yet such extended periods of out- and underperformance is normal in most markets.

→ Investors should be mindful of endpoint bias and behavioral biases.

- Investors tend to place undue significance on recent events and extrapolate the recent past into the future.

→ By being aware of such biases, investors may minimize the likelihood of making potentially flawed investment decisions.

- This includes selling underperforming assets at the wrong time.

→ Distinguishing between secular changes and cyclical trends is challenging, at best.

- Investors who develop a long-term plan and stick with it will likely avoid the worst outcomes.

→ The combination of patience and diversification will likely help investors avoid being adversely affected by shifts in market leadership.

Appendix

Changes in Market Leadership: The Periodic Table of Investment Performance[1]

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real Estate 14.3%	Emerging Equity 18.2%	US Equity 32.4%	Private Equity 13.8%	Real Estate 13.3%	High Yield 17.1%	Emerging Equity 37.3%	Private Equity 12.3%	US Equity 31.5%	Private Equity 29.1%	Private Equity 41.9%	Commodities 16.1%	US Equity 26.3%
TIPS 13.6%	EAFE Equity 17.3%	Private Equity 23.5%	US Equity 13.7%	Private Equity 10.2%	Private Equity 12.3%	EAFE Equity 25.0%	Real Estate 6.7%	EAFE Equity 22.0%	US Equity 18.4%	US Equity 28.7%	Real Estate 5.5%	EAFE Equity 18.2%
Private Equity 10.7%	Emerging Markets Debt 17.2%	EAFE Equity 22.8%	Real Estate 11.8%	US Equity 1.4%	US Equity 12.0%	US Equity 21.8%	Cash 1.9%	Emerging Equity 18.4%	Emerging Equity 18.3%	Commodities 27.1%	Cash 1.5%	High Yield 13.4%
Bonds 7.8%	US Equity 16.0%	Real Estate 11.0%	Bonds 6.0%	Bonds 0.5%	Commodities 11.8%	Private Equity 20.5%	Bonds 0.0%	Private Equity 18.4%	Hedge Funds 11.8%	Real Estate 17.7%	Hedge Funds -4.1%	Emerging Markets Debt 11.9%
High Yield 5.0%	High Yield 15.8%	Hedge Funds 9.1%	TIPS 3.6%	Cash 0.0%	Emerging Equity 11.2%	Emerging Markets Debt 12.7%	TIPS -1.3%	High Yield 14.3%	TIPS 11.0%	EAFE Equity 11.3%	Private Equity -4.2%	Emerging Equity 9.8%
Emerging Markets Debt 2.8%	Private Equity 14.6%	High Yield 7.4%	Hedge Funds 3.0%	EAFE Equity -0.8%	Emerging Markets Debt 10.2%	Hedge Funds 8.6%	High Yield -2.1%	Emerging Markets Debt 14.3%	EAFE Equity 7.8%	Hedge Funds 10.2%	High Yield -11.2%	Hedge Funds 8.1%
US Equity 2.1%	Real Estate 10.5%	Cash 0.0%	High Yield 2.5%	Hedge Funds -1.1%	Real Estate 8.0%	High Yield 7.5%	US Equity -4.4%	Hedge Funds 10.4%	Bonds 7.5%	TIPS 6.0%	TIPS -11.8%	Private Equity 6.2%
Cash 0.0%	TIPS 7.0%	Bonds -2.0%	Emerging Markets Debt 0.7%	TIPS -1.4%	Hedge Funds 5.4%	Real Estate 7.0%	Hedge Funds -4.7%	Bonds 8.7%	High Yield 7.1%	High Yield 5.3%	Bonds -13.0%	Bonds 5.5%
Hedge Funds -5.3%	Hedge Funds 6.4%	Emerging Equity -2.6%	Cash 0.0%	High Yield -4.5%	TIPS 4.7%	Bonds 3.5%	Emerging Markets Debt -5.2%	TIPS 8.4%	Emerging Markets Debt 4.0%	Cash 0.0%	EAFE Equity -14.5%	Cash 5.0%
EAFE Equity -12.1%	Bonds 4.2%	Emerging Markets Debt -7.1%	Emerging Equity -2.2%	Emerging Markets Debt -7.1%	Bonds 2.6%	TIPS 3.0%	Commodities -11.2%	Commodities 7.7%	Real Estate 1.6%	Bonds -1.5%	Emerging Markets Debt -14.8%	TIPS 3.9%
Commodities -13.3%	Cash 0.1%	TIPS -8.6%	EAFE Equity -4.9%	Emerging Equity -14.9%	EAFE Equity 1.0%	Commodities 1.7%	EAFE Equity -13.8%	Real Estate 6.4%	Cash 0.5%	Emerging Equity -2.5%	US Equity -18.1%	Real Estate -7.9%
Emerging Equity -18.4%	Commodities -1.1%	Commodities -9.5%	Commodities -17.0%	Commodities -24.7%	Cash 0.3%	Cash 0.9%	Emerging Equity -14.6%	Cash 2.1%	Commodities -3.1%	Emerging Markets Debt -5.3%	Emerging Equity -20.1%	Commodities -7.9%

[1] Benchmarks used: CA US Private Equity, S&P 500, NCREIF Property Index, Bloomberg US Aggregate, Bloomberg US TIPS, HFRI Fund-Weighted Composite, Bloomberg US High Yield, 90-day T-Bills, MSCI EAFE, MSCI EM, Bloomberg Commodity, 50/50 JPM GBI-EM Global Diversified and JPM EMBI Global Diversified.

Endpoint Bias Example: Short Time Periods

→ Measured over a shorter period of five years ending March 2000, the Russell 2000 Growth index outperformed its Value counterpart by 10.8% on average, per year.

→ Twelve months later, small cap value stocks beat small cap growth stocks over the trailing five-year period.

Annualized Returns[1]

	5 Years As of 3/2000 (%)	5 Years As of 3/2001 (%)
Russell 2000 Growth	31.8	11.6
Russell 2000 Value	21.0	14.2

→ For both the five- and twenty-year periods examined, endpoint bias was significant for growth and value stocks due to the extraordinary rise and fall of technology stocks.

[1] Source: Bloomberg.

Endpoint Bias Example: Regional Cyclicality

→ For the ten-year period ending December 1989, the MSCI EAFE index earned 4.5% more than the S&P 500 index, annually.

→ When measured ten years later, the situation was reversed: US equities exhibited an annualized ten-year outperformance of 11.2%.

- Foreign equity returns were led by dramatic increases in the Japanese equity market in the 1980s.
- Japanese stocks were then responsible for dragging down performance for foreign equity through the 1990s.
  - Over the following decade, the roles reversed again, and international equities outperformed domestic for the period ending December 2009.

Annualized Returns[1]

	10 Years As of 12/1989 (%)	10 Years As of 12/1999 (%)	10 Years As of 12/2009 (%)	10 Years As of 12/2019 (%)
MSCI EAFE	22.0	7.0	1.2	5.5
S&P 500	17.5	18.2	-1.0	13.6

→ This trend reversed once again, with US equities significantly outperforming foreign equities over the subsequent ten years.

[1] Source: Bloomberg.

Examining the Performance of Value (and underperforming markets generally)

→ The value risk premium has significantly underperformed expectations post-GFC.

→ Multiple factors have contributed to recent poor performance.

- Increasing intangible investment not accurately captured in accounting book value.
- Low interest rates may impact investor preferences / boosted growth returns.
- Significant outperformance and strong relative fundamental growth of the technology sector.
- Persistent sector biases impacted performance of some strategies.

→ Value is cheap relative to history, but this does not tell us if or when it will work again.

→ As long as the investors continue to accept / pay current multiples, they can stay elevated, regardless of many fundamental metrics.

→ Evidence is mixed at best on investors' ability to time exposure to value.

→ There is no clear evidence that the value risk premium has disappeared.

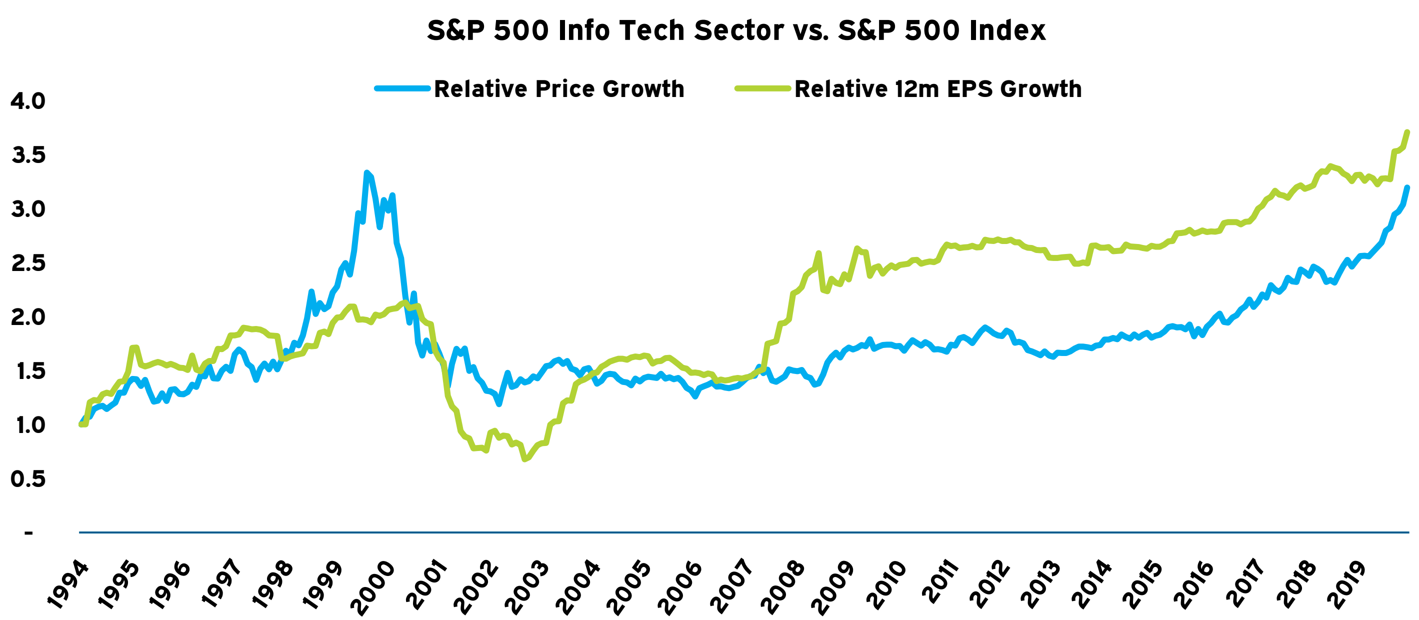
Technological Revolution

→ The weight of technology within the market has increased significantly since the GFC.

→ Earnings in the tech sector have been steadily outpacing the broad index and rising in-line with performance gains, unlike the tech bubble.

- This supports the argument that today's companies are better than decades past, justifying higher valuations.

→ The primary question is whether this is a secular change.



Why These Stocks? Why Now?

→ The common theme of the Magnificent Seven has been technology.

- These companies are on the leading edge of figuring out how best to use emerging technology to provide services for their customers.
- Importantly, many have built diverse business models and/or shown an ability to adapt to change.

→ The COVID-19 pandemic further boosted the demand for these stocks.

- Many of these companies offered solutions for remote work, e-commerce, entertainment, and communication in a socially distanced world.

→ The release of ChatGPT in late 2022 made generative AI an overnight sensation.

- It has ignited the race for companies to develop and bring their own, unique generative AI products to market.
- It has also sent investors looking for stocks/sectors that would benefit from a "picks & shovels" approach to AI.

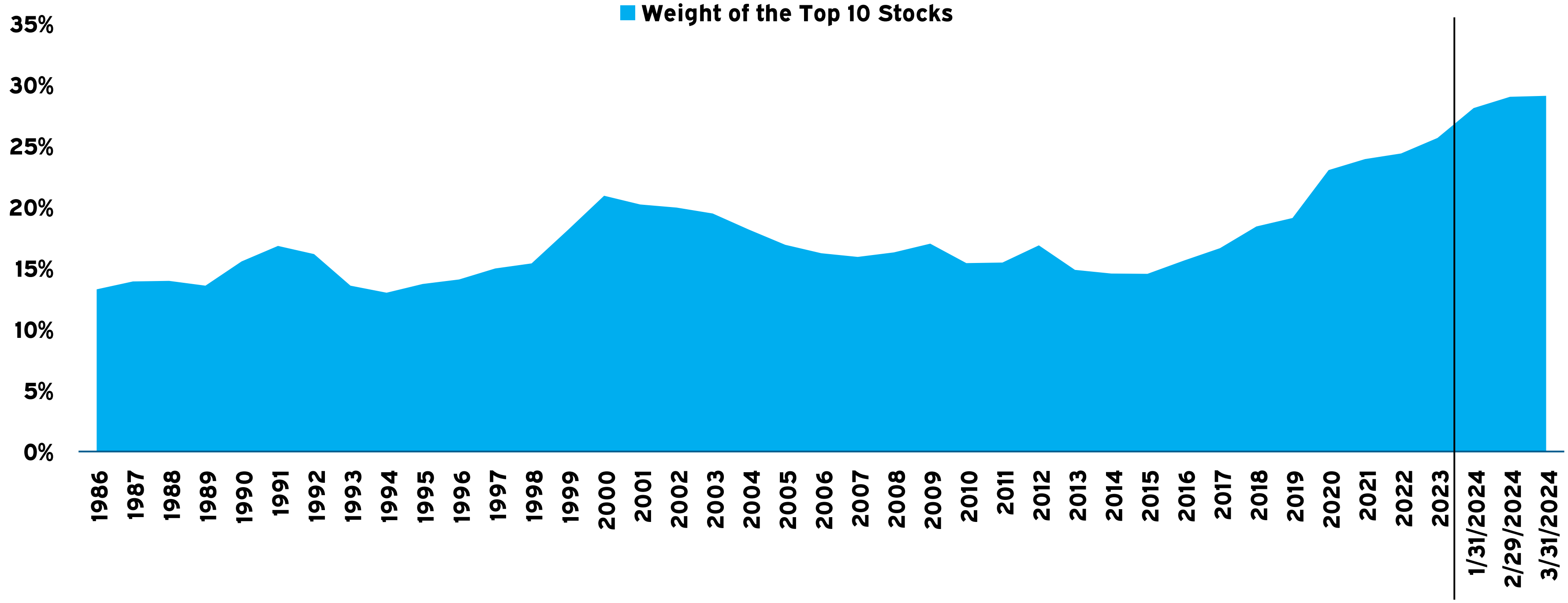
How Concentrated is the Market in Historical Context?

→ The index weight of the ten largest constituents has been cyclical, with periods of both peaks and troughs.

→ Since 1986, the average combined weight of the ten largest constituents in the Russell 3000 is ~17%.

→ There have only been two periods above this average: 1999 to 2004 and 2018 to 1Q 2024.

Historical Total Weight of the Russell 3000's Top 10 Constituents[1]



[1] Source: FactSet, as of March 31, 2024. Based on market capitalization. Average is based on weight at end of each calendar year. Note that Alphabet Class A and C were combined into one category for this analysis.

Might History be Repeating Itself?

→ Might this period resemble the dot-com period, where many of the most-hyped stocks were ultimately not those who benefitted the most from emergent technology?

→ Or might the current market leaders maintain their growth trajectory by continuing to evolve and adapt to use new technologies?

Dot-Com Bubble	Today
→ The unprecedented growth in widespread internet adoption led to exponential demand for online services and products. → This benefited firms who provided these internet services. → It also benefited those companies who were building the "infrastructure" needed for the internet, such as Cisco, Intel, IBM, and Microsoft. → The bubble burst when many smaller internet-based companies failed to generate profits or revenues, and investors lost confidence in their future.	→ Generative AI is a potentially transformative technology, like the internet. → This benefits firms who make generative AI tools, such as Microsoft, Meta, and Alphabet. → It also benefits companies who make the components necessary for AI, like Nvidia, the largest US designer of the high-end chips needed to power AI.

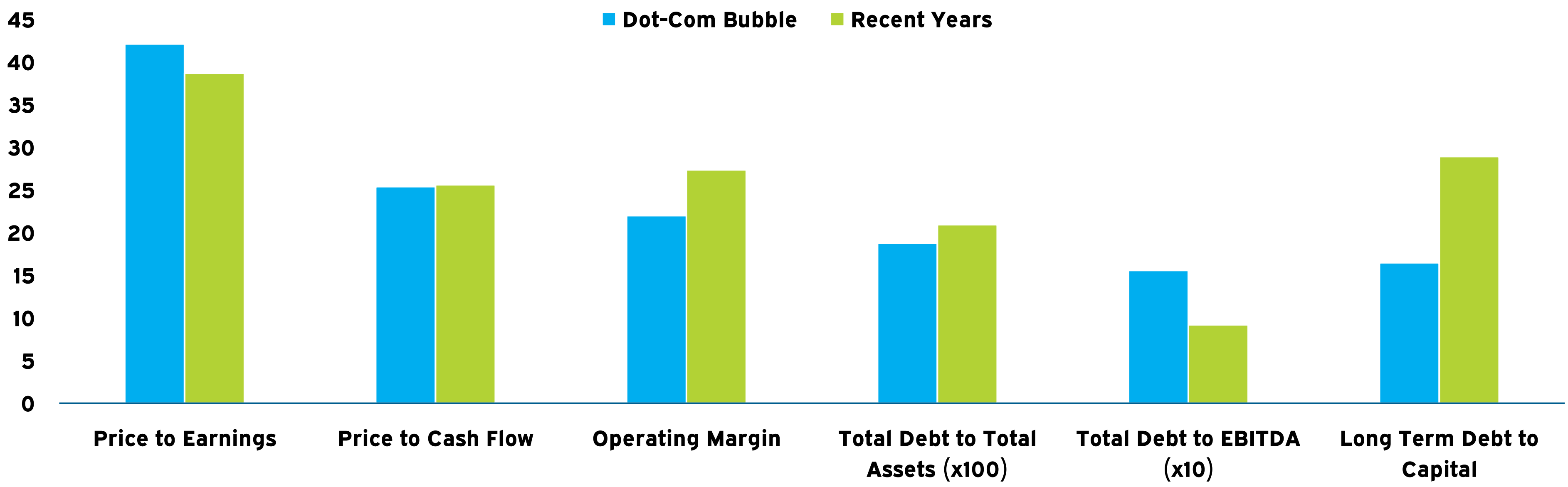
How do the Financials Match Up?

→ When comparing several key financial ratios of the ten largest stocks during the dot-com bubble to those of recent years, they are relatively in line with each other.

→ One key takeaway is both periods have a similar debt to assets, but recent years have a lower debt to income.

- This may signify that the top ten companies are more financially stable now than during the dot-com bubble.

Average Financial Metrics of the Top 10 Stocks in the Russell 3000[1]



[1] Source: FactSet. Period for the Dot-Com Bubble is 1998 to 2002. Period for Recent Years is 2018 to 2023. Total Debt to Total Assets and Total Debt to EBITDA are multiplied by 100 and 10, respectively, for the purposes of viewing this chart. Price to Earnings, Price to Cash Flow, and Operating Margin are as of September 30, 2023. All other ratios are as of December 31, 2023.

What is the Risk?

→ If history is any guide, only a few of the largest stocks will continue to outperform.

- The inherent "creative destruction" of capitalism has a history of dethroning the largest companies.[1]

→ Some will be among the "winners" who learn how to adapt to and benefit from emerging technological trends.

- Microsoft is worth more than 6x its peak value from the dot-com era.

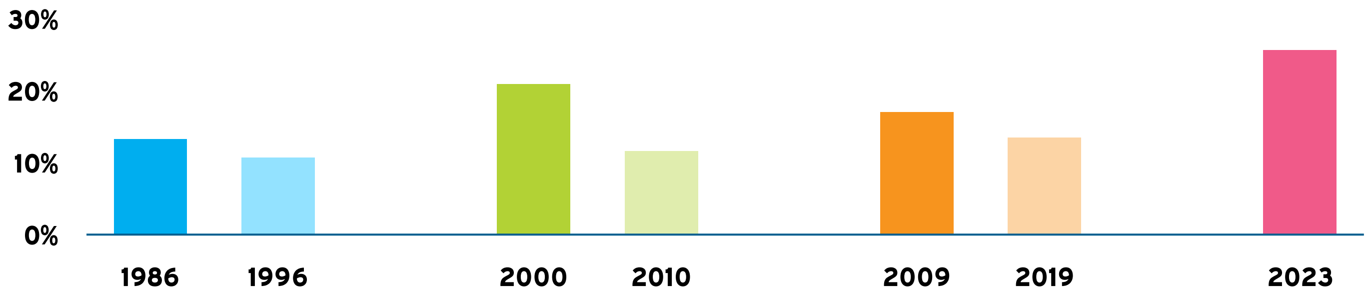
→ Others will fail to evolve or execute, and they will likely fall behind.

- Cisco Systems has never regained its peak value from 2000.

→ With so much of the market concentrated in such a small number of stocks, the decline of even a few would be painful for all investors in the stock market.

→ Yet investors have survived many past cycles of concentration and changes in market leadership.

Weight of the Top 10 Largest Stocks in the Russell 3000 and Weight of Same 10 Stocks a Decade Later[2]



[1] According to MSCI, only one-quarter of stocks have historically kept pace with the market after reaching the top ten.
[2] Source: FactSet, as of December 31, 2023. Note that Alphabet Class A and C were combined into one category for this analysis.

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

MEKETA

2175 NW Raleigh Street
Suite 300A
Portland, OR 97210

503.226.1050
Meketa.com

MEMORANDUM

TO: SJCERA Board of Retirement (SJCERA)
FROM: Meketa Investment Group (Meketa)
DATE: July 12, 2024
RE: Preliminary 2024 Roundtable Overview

Discussion and Overview:

In preparation for the upcoming SJCERA 2024 Roundtable on October 10th, Meketa and SJCERA staff have developed several topics that we would like you to consider in these discussions.

→ **Emerging market Investing (Equities and Bonds)** – What are some of the benefits of investing into the Emerging Markets. Globalization or nationalism? The US equity markets have dominated investment returns since the GFC. Are we going to see a reversal? Are international markets more attractive over the next ten years? Where do the Chinese markets fit within this structure?

→ **Inflation and Stagflation** – When will it stop and what does it mean? The Global economy has been faced with historically high inflation that has leveled off, but slower economic growth is now a reality. Will we see normalized economic markets in the next three years? What investment trends make sense given the flat/falling interest rates?

→ **Equities and Bonds** – Higher interest rates have led to higher bond yields. How much farther can the equities market increase given valuations? How should investors, such as SJCERA, think about the public markets relative to economic conditions.?

→ **Real Estate, Private Equity and Private Credit** – Have Private markets reached a bottom? Can Real Estate bounce back? What does private market investing entail given higher rates and borrowing costs?

Format:

Similar to previous Roundtables, Meketa and staff would like to once again utilize a keynote speaker, have educational panels and a Q&A discussion session with Board trustees, managers, and advisors.

As we put together the roundtable discussion, our aim is to make the meeting useful for the SJCERA board members. Meketa and SJCERA staff seek your input into these topics. Meketa will work with staff to further develop the roundtable and make this a productive event for everyone involved.

2024 - 2025 CONFERENCES AND EVENTS SCHEDULE

2024 EVENT DATES		EVENT TITLE	EVENT SPONSOR	LOCATION	REG. FEE	WEBLINK FOR MORE INFO	EST. BOARD EDUCATION HOURS
Jul 14	Jul 17	SACRS/UC Berkeley Program	SACRS	Berkeley, CA	$3000	sacrs.org	24*
Jul 22	Jul 24	Advanced Investment Management	Wharton	San Francisco	$6150	www.ifebp.org	24
Aug 18	Aug 20	2024 Public Pension Funding Forum	NCPERS	Boston, MA	$745	ncpers.com	10
Aug 26	Aug 29	Principles of Pension Governance for Trustees	CALAPRS	Tiburon,CA	$3000	calaprs.org	18
Sep 9	Sep 11	IREI Americas Fall Editorial Advisory Board	IREI	Half Moon Bay	$0	irei.com	*8
Sep 13	Sep 13	Attorneys Roundtable	CALAPRS	San Jose, CA	$300	calaprs.org	*6
Sep 17	Sep 19	Fiduciary Investors Symposium	top1000funds	Stanford	$1900	top1000funds.com	TBD
Sep 25	Sep 27	Administrators Institute	CALAPRS	Carmel	$2500	calaprs.org	N/A
Oct 10	Oct 10	SJCERA Investment Roundtable	SJCERA	Lodi, CA	$0	SJCERA	7
Oct 11	Oct 11	Trustee Roundtable	CALAPRS	San Jose, CA	$300	calaprs.org	6
Oct 14	Oct 18	Investment Strategies and Portfolio Mgmt.	Wharton	Philadelphia, PA	$13250	executiveeducation.wharton.upenn.edu	40
Oct 15	Oct 16	7th Annual Private Equity San Francisco Forum	Markets Group	San Francisco	$0	marketsgroup.com	TBD
Oct 17	Oct 18	2024 Pensions, Benefits & Investments Fiduciaries' Forum	NOSSAMAN	Berkeley, CA	$750	lclumpus@nossaman.con	TBD
Nov 12	Nov 15	SACRS Fall Conference	SACRS	Monterey, CA	TBD	sacrs.org	TBD
2025 EVENT DATES		**EVENT TITLE**	**EVENT SPONSOR**	**LOCATION**	**REG. FEE**	**WEBLINK FOR MORE INFO**	**EST. BOARD EDUCATION HOURS**
Jan 27	Jan 29	IREI, VIP Americas	IREI	Dana Point, CA	$0	irei.com	TBD

** Estimates based on prior agendas*

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF PENDING TRUSTEE AND EXECUTIVE STAFF TRAVEL

2024-2025 Event Dates	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	BOR Approval Date
Jul 14-17	SACRS/UC Berkeley Program	Berkeley	R. Ostrander	$6,400	N/A
Jul 22-24	Wharton Advanced Investment Mgmt.	San Francisco	B. McKelvey	$7,553	3/8/2024
Aug 26-29	Principles of Pension Governance for Trustees	Tiburon, CA	S. Kaisch	$3,200	N/A
Sep 9-11	IREI Americas Editorial Advisory Board	Half Moon Bay, CA	M. Restuccia	$1,000	Pending
Sep 9-11	Stockbridge 2024 Annual Meeting	Boca Raton,	P. Ba	$140	Pending
Sep 25-27	CALAPRS Administrators Institute	Carmel, CA	R. Ostrander	$3,500	N/A
Jan 27-29, 2025	IREI - VIP Americas	Dana Point, CA	M. Restuccia	$2,500	6/7/2024

Institutional Real Estate
Americas

Editorial Advisory Board Meetings

IREI's goal for these meetings is to be a valuable and trusted source for investors, consultants and investment managers to ***build relationships, stay connected and stay informed***.

By participating in these sessions, you will be helping us to identify and define the trends and issues that are shaping the institutional property investment market, which will allow us to deliver a valuable, insightful *Institutional Real Estate Americas* publication.

FORMAT:

- No panels or presentations. Strict no-marketing event.
- Roundtable and group discussions where everyone in attendance partakes in the conversation, exchanges information and has a chance to learn from their industry peers.
- Everything is off-the-record and meant to only benefit those in attendance.
- Mix of educational and networking activities.

UPCOMING DATES AND LOCATIONS:

- 2024 Americas Fall Editorial Advisory Board Meeting – September 9th-11th, 2024 (Half Moon Bay, CA)

COST TO ATTEND:

- IREI provides all attendees with complimentary group refreshments, group meals and group activities during the board meeting.
- Investment Managers – invite-only. Limited to our *Americas* publication sponsors. Contact Chase McWhorter at c.mcwhorter@irei.com for more information.
- Consultants, sovereign wealth funds and family offices – complimentary registration. Responsible for paying your own travel and hotel expenses. However, IREI will book a room for you at our group rate with the hotel.
- Investors (corporate, public, foundation, endowment, Taft-Hartley and insurance firms) – complimentary registration. IREI will provide complimentary lodging for the two nights of the board meeting.
    - IREI can help reimburse travel expenses as well. Please contact events@irei.com for more details.

TESTIMONIALS:

- "I have consistently served on the Americas Editorial Advisory Board because this smaller meeting always allows for honest, interactive and engaging conversations across the room on topics that are front of mind for investors and managers alike." –Christina Scarlato, The World Bank Pension Fund

- "The Editorial Advisory Board Meetings are a great way to connect with many of my colleagues in the industry in the same place at the same time. I have not attended a more focused and relevant gathering of so many unique perspectives willing to exchange ideas in a professional manner." –Joe Delaney, RVK

Institutional Real Estate Americas

Editorial Advisory Board Meetings

PAST ATTENDEES:

Joining you on the *Americas* Editorial Advisory Board are representatives from leading pension funds, foundations, family offices, insurance companies, endowments, government agencies and Taft-Hartleys who focus on real estate investments. Other Editorial Advisory Board members include real estate investment consultants and senior members of the investment management firms that help underwrite this publication.

Below are some organization names that usually participate. You can view a full list of 2023 Americas Editorial Board Members here.

Consultants
Callan
Meketa
Mercer
NEPC
ORG Portfolio Management
RCLCO Fund Advisors
Townsend
Verus

Investors
Alaska Electrical Pension Fund
Boston Foundation
CalSTRS
Liberty Mutual Group
Mass PRIM
Meiji Yasuda America
MIT Investment Management Co.
Oregon State Treasury
PSP Investments
Smithsonian Institution
Utah Retirement System
University of Texas Investment Management Co.

Managers
AEW Capital Management
Affinius Capital
Argosy Real Estate
Barings
CBRE Investment Management
CIM Group
DWS
GEM Realty Capital
Hines
Lionstone Investments
Marcus Partners
Principal Asset Management
Rockwood
Walton Street

AGENDA:

First Night
6:30pm-7:30pm Welcome Reception
7:30pm-9:30pm Dinner

Main Day
7:30am-8:30am *Networking Breakfast*
8:30am-9:15am *Welcome & Attendee Introductions*
9:15am-10:15am *Investor Sentiment Discussion*
10:15am-10:45am *Break*
10:45 am-12:30 pm *Roundtable Group/Food For Thought*
12:30pm-1:30pm *Lunch*
1:30pm-2:30pm *Food For Thought Discussions Continue*
3:00pm-5:00pm *Group Activity*
5:00pm-6:00pm *Free Time*
6:00pm-7:00pm *Networking Reception*
7:00pm-8:30pm *Dinner*
8:30pm-10:00pm *Optional After-Dinner Networking*

Last Morning
8:00am-9:00am *Networking Breakfast*
9:00am-9:05am *Board Meeting Resumes*
9:05am-11:20am *Food For Thought Discussions Continue*
11:20am-11:25am *Farewell Wrap-Up*
11:30am *Grab and Go Refreshments*

COMMON QUESTIONS:

1. **What is "Food For Thought"?**
   We ask each attendee to anonymously submit three questions/concerns they want to discuss with their peers at the board meeting. IREI groups the submitted questions into several different topics we can then cover over the three-day meeting.

2. **Do I have to attend the full meeting?**
   IREI asks that you commit to attending the full meeting. We want to make sure every board member maximizes the value derived from the meeting.

3. **I am a consultant. Do I have to pay to receive the *Institutional Real Estate Americas* publication?**
   Consultants normally have to pay, but a benefit of serving on our editorial board and helping shape the content of the publication is that you receive a complimentary one-year subscription to *Americas*. Investors are eligible to receive the publication complimentary already.

4. **Can more than one person attend from a firm?**
   Yes, you are welcome to send more than one person from your firm if you would like.

STOCKBRIDGE

2024 Annual Meeting

September 9 - 11, 2024

Boca Raton, Florida

Know Before You Go...

ACCOMMODATIONS

The Boca Raton

501 E Camino Real
Boca Raton, FL 33432

(561) 447-3000

www.thebocaraton.com

**Guestrooms are located in the Cloister*

TRAVEL

The resort is easily accessible via three international airports (FLL, PBI, and MIA)

FLL - 25 Miles / 30 Minutes

PBI - 28 Miles / 35 Minutes

MIA - 45 Miles / 55 Minutes

CLIMATE & ATTIRE

The weather in September can range from the mid-70s to low-90s, with occasional afternoon showers.

Business casual attire is recommended.

QUESTIONS

Please contact marketing@stockbridge.com

STOCKBRIDGE

Itinerary

MONDAY, SEPTEMBER 9

3:00 - 5:00 PM	Smart Markets Fund Property Tour
4:00 PM	Check-In
6:00 - 9:00 PM	Welcome Reception

TUESDAY, SEPTEMBER 10

7:30 - 8:30 AM	Breakfast
8:30 - 8:45 AM	Opening Remarks
8:45 - 10:15 AM	Smart Markets Fund Annual Presentation *Tuba Malinowski & Mac Johnson*
10:45 - 12:15 PM	Value Fund Series Annual Presentation *Doug Sturiale & Lizzie Kirley*
12:15 - 1:15 PM	Lunch
1:15 - 2:15 PM	Niche Logistics Fund Annual Presentation *David Egan*
3:00 - 5:00 PM	Niche Logistics Fund Property Tour
3:00 - 6:00 PM	Value Fund V Property Tour
6:00 - 9:00 PM	Dinner

WEDNESDAY, SEPTEMBER 11

8:00 - 10:00 AM	Breakfast
11:00 AM	Check-Out

STOCKBRIDGE

STOCKBRIDGE

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SUMMARY OF COMPLETED TRUSTEE AND EXECUTIVE STAFF TRAVEL

Event Dates 2024	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	Actual Cost	Event Report Filed
Jan 22-24	IREI '2024 Visions, Insights & Perspectives - Americas	Carlsbad, CA	M. Restuccia, JC Weydert	$1,500	$1134	MR: 02-09-2024 JC: 05-03-2024
Mar 2-5	General Assembly 2024	Rancho Mirage	B. McKelvey	$1,100	$1002	N/A
Apr 15-18	PIMCO Institute Educational Seminar	Newport Beach, CA	P. Ba	$2,200	$1,516	5/3/2024
Apr 15-18	Pension Bridge	Half Moon Bay, CA	M. Duffy, JC Weydert	$1,540	Pending	MD: Pending JC: Pending
May 6	SACRS CEO & Administrators Forum (Pre Spring Conf)	Santa Barbara, CA	R. Ostrander	$700	$606	N/A
May 7-10	SACRS Spring Conference	Santa Barbara, CA	R. McCray, P. Ba, R. Ostrander, JC Weydert, A. Zaheen	$7,800	$7228	N/A
May 6-9	Wharton Portfolio Concepts and Mgmt.	Wharton, PA	B. McKelvey	$9,501	$8494	6/7/2024
May 15-16	2024 AEW Client Conference & Annual Fund Meeting	Boston, MA	P. Ba	$0	$52	6/7/2024
May 30	Lightspeed Annual Meeting	Napa, CA	P. Ba	$96	$94	Pending
Jun 17-19	NCPERS CEO Summit	Nashville, TN	R. Ostrander	$1,800	$1,847	Pending
June 21	Administrators Roundtable - CALAPRS	San Jose, CA	R. Ostrander	$700.00	$724	N/A

Board Member	Travel (not including SACRS & CALAPRS)	Dates	Amount used of $4500:	Balance of $4500
RESTUCCIA	IREI	1/22-24/24	$531.27	$3,968.73
BASSETT				
DING				
DUFFY	Pension Bridge	4/15/-17/24		
KAISCH				
KEOKHAM				
MCCRAY				
NICHOLAS				
WEYDERT	IREI; Pension Bridge	1/22-24/24; 4/15-17/24	$602.87	$3,897.13
MOORE				

July 12th, 2024

TO: Board of Retirement

FROM: Paris Ba
Retirement Investment Officer

SUBJECT: Lightspeed Annual Investor Meeting

Thank you for the opportunity for me to attend the Lightspeed Annual Investor Meeting on May 30, 2024. The event was very well organized and well attended by investors, giving me with the opportunity to gain insight into Lightspeed's investment process, as well as their demonstration of cutting-edge technology. Additionally, I had the privilege of meeting the other Limited Partners (LPs) from across the globe.

Lightspeed is a growth-stage Venture Capital manager, which sits under the "Aggressive Growth" bucket in SJCERA's portfolio. SJCERA made a $40 million commitment to their Fund V in June 2022.

Lightspeed focuses their investments on Fintech, Consumer, Enterprise and Healthcare, leveraging their technology expertise. One trend in the Consumer space is the rise of gaming, for example, 77% of millennials play video games with an average of 7.2 hours played per week, while 81% of Gen Z play videos games with an average of 6.5 hours played per week. This is a strong secular shift from older generations.

Another very apparent trend is the rise of artificial intelligence (AI). Lightspeed believes that AI has ignited the next golden age of value creation across public and private markets. Using the Generative AI video model, Gen AI can create a vivid video costing $0.03-0.05 dollar in less than one minute, whereas it would cost a human being ~$1000 dollars and 2-3 weeks to create the same video. One of Lightspeed's portfolio company is a music creation company, and Lightspeed showed investors how they can quickly create a new song on the spot with a simple instruction such as "Write a soulful pop song about Lightspeed being excited to host their LPs for their 2024 Annual Meeting".

In terms of Enterprise investment, AI represents the next generational shift in security. Hackers leverage AI to launch sophisticated, personalized campaigns at a faster speed nowadays. And becoming a scammer just became easier. Lightspeed believes the number of cyber-attacks and security alerts today can no longer be addressed by humans alone, which is why they have invested in several AI security companies.

Last but not least, they showcased a video of a dancing robot from one of the portfolio companies – he/she/it definitely got more swag than me! 😊

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

Agenda Item 12.03-01

July 12, 2024

SUBJECT: Pending Member Accounts Receivable – 2nd Quarter

SUBMITTED FOR: ___ CONSENT __ ACTION __X_ INFORMATION

RECOMMENDATION

This report is submitted for the Board's information.

PURPOSE

To report the quarterly summary of pending accounts receivables for SJCERA retired or deferred members as of June 30, 2024.

DISCUSSION

This quarter's Pending Accounts Receivable Report, below, includes all receivables owed by either retirees, beneficiaries or deferred members.

QUARTERLY SUMMARY REPORT OF PENDING ACCOUNTS RECEIVABLE - SJCERA MEMBERS

2nd Quarter - April through June 2024

	Action Date	Total Receivable	Payments Began	Current Balance	Current Payment	Payment Description	Payment End Date	First Reported To Board
1	07/15/09	$11,475.48	05/01/11	$2,720.93	$163.00	Fixed Dollar Amount	10/01/25	Jul-11
2	05/19/02	$35,537.23	11/01/15	$8,642.69	$301.93	Fixed Dollar Amount	12/01/27	Jul-21
3	12/31/22	$25,062.14	02/01/23	$14,776.63	$607.05	Fixed Dollar Amount	12/01/26	Apr-23
4	04/03/23	$8,494.56	04/03/23	$4,955.16	$235.96	Fixed Dollar Amount	04/01/26	Jul-23
5	02/01/24	$13,317.48	02/01/24	$11,467.83	$369.93	Fixed Dollar Amount	02/01/27	Apr-24
6	02/01/24	$8,695.73	02/01/24	$4,938.68	$751.41	Fixed Dollar Amount	02/01/25	Apr-24
7	04/01/24	$644.52	05/01/24	$429.68	$107.42	Fixed Dollar Amount	10/02/24	Jul-24

Total Accounts Receivable as of 6/30/2024 **$47,931.60**

One receivable completed repayment and One new receivable created in the first quarter of 2024.

BRIAN MCKELVEY
Asst. Chief Executive Officer

Pending Disability Application Statistics
2nd Quarter 2024
Open Cases

SJCERA received 4 disability applications during Q2 2024

Time Elapsed From Application Date	
01 - 03 Months	4
04 - 06 Months	2
07 - 09 Months	1
10 - 12 Months	1
13 - 15 Months	1
16 - 18 Months	0
19 - 21 Months	0
22 - 24 Months	0
Over 24 Months	1
Total	**10**

Break Down By Application Type	
Service-Connected	10
Nonservice Connected	0
Service & Nonservice Connected	0
Total	**10**

Breakdown By Department	Service	Nonservice	Service & Nonservice	Total	SJCERA Members	Ratio
District Attorney	1	0	0	1	268	0.37%
Human Services Agency	2	0	0	2	1,242	0.16%
Mental Health	1	0	0	1	603	0.17%
Sheriff	6	0	0	2	758	0.26%
Totals	10	0	0	6	2,871	0.21%
Total SJCERA Active Members For All Departments As of 6/30/2024					**6,735**	**0.09%**
Total Number of Department Groups					**4**	

2024 Total Cases Resolved = 3

Goal #1 - 100% of applications that do not require a hearing will go to the Board within 9 months
Goal #2 - 80% of applications requiring a hearing will go to the Board within 18 months

Goal #1 50% Completed within 9 months
Goal #2 0% Completed with Hearing within 18 months

Of the three cases that were resolved in the second quarter of 2024, one case was dismissed and of the other two cases, one was completed within the 9 month goal. No cases requiring hearing were resolved in the second quarter of 2024. Staff and our disability attorney meet twice per month and continue to take action to ensure all cases move through the process timely.

Calendar Year Comparison
1/1 to 12/31

	2019	2020	2021	2022	2023	2024
New	13	7	16	14	14	6
Granted	19	10	8	12	13	2
Denied	2	4	3	3	3	0
Dismissed	6	2	0	0	1	1
Withdrawn	4	0	0	2	1	0
Rejected					3	0
Total Closed	31	16	11	17	21	3

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

Agenda Item 12.03-03

Q2 2024 - Pension System Project Status Report

	Overall Project Status
	Tegrit project schedule shifted 6 months due to data availability. No cost impact.
	Scope
	There have been no changes to project scope.
	Schedule
	Tegrit's updated completion date of February 2027 (6-month schedule shift)
	Risks / Issues
	No additional identifiable or foreseeable Risks or Issues.

LEGEND
- On track with no risk to schedule, scope, or cost
- Identified potential risk to schedule, scope, or cost
- Known delay or risk resulting in delay to schedule, change to project scope, or impact to cost

Schedule & Milestones

Phase 3 – PAS Implementation – Expected Completion August 2026 (March 2026)

- September 2024 — Organization and Participation Maintenance (60%)
- November 2024 — Purchase Calculators (40%); Accounting and GL (20%)
- February 2025 — Service Retirement Calculator (100%); Organization and Participation Maintenance (40%)
- April 2025 — Purchase Calculators (60%)
- July 2025 — Employer Reporting (100%); Disability and Death Calculators (100%)
- November 2025 — Active / Deferred Workflow and Processes (100%)
- March 2026 — Retiree Payroll (100%)
- May 2026 — Retiree Workflows and Processes (100%)
- August 2026 — Accounting and GL (80%)

Phase 4 – Imaging Integration – August 2026 (August 2025)

Phase 5 – Member Portal – November 2026 (May 2026)

Phase 6 – Partner Portal – November 2026 (May 2026)

Phase 7 – System Readiness – January 2027 (July 2026)

Go-Live – February 2027 (August 2026)

Post Go-Live Warranty Support – February 2028 (August 2027)

Activities Completed (Q2 – 2023)

1. Completed Data Cycle 5
2. Complete User Acceptance Testing (UAT) for Release 3 (April 2024)
3. Completed Business Systems Requirements (BSR) documents approval for Release 3
4. Postponed Design "To-Be" Processes and Workflows with Linea Solutions to be included the Target Operating Model document.
5. Initiated work with employers on Employer Reporting requirements, file changes, and data validations.

Activities Planned (Q3 – 2024)

1. Complete Data Cycle 6 – July 26 – All CORE-37 tables mapped, scripted, and delivered. Two
2. Complete User Acceptance Testing (UAT) for Release 4 (August 2024)
3. Continue working with employers on Employer Reporting and Portal requirements, file specification, new workflow process, and shortening implementation schedule.
4. Work with Tegrit, Linea, MBS on reducing implementation schedule. Items that will be reviewed include resource allocation across teams, increasing parallel activities, and will deliver updated schedule during Q4 update.

Brian P. McKelvey
Assistant Chief Executive Officer

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

Agenda Item 12.03-04

Q2 2023 – Operational Metrics

As part of SJCERA's efforts to make data-based decisions, the Retirement Services and IT units formalized its initial data collection in August 2023. This report represents the second full quarter we have data to report. The data is already useful for workload allocation and training decisions. As our data collection and analysis matures, we will analyze and report on trends over time.

Retirement Services

Completed Activities	Apr	May	June	Q2 Totals	Monthly Average[1]
Retirements	64	39	13	116	39
Deaths	6	4	13	23	8
Refunds	19	29	28	76	25
New Employees	117	75	79	271	90
Deferred	41	42	51	134	45
Terminations	66	56	61	183	61
Estimates	35	40	23	98	33
Service Purchases	24	31	24	79	26

Information Technology

Completed Activities	Apr	May	June	Q2 Totals	Monthly Average[1]
IT Support	236	184	322	742	247
Ongoing Production	198	272	202	672	224
Cybersecurity & Infrastructure Maintenance	57	72	46	175	58
Move related	222	197	119	538	179
Projects	94	69	103	266	89

Brian P. McKelvey
Assistant Chief Executive Officer

[1] Monthly Average values rounded to nearest whole number.

2024 LEGISLATION

Last Updated: 6/26/2024

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	SPONSOR
Legislation Impacting SJCERA:					
AB 739	Lackey	This bill would increase the PEPRA condition for suspending contributions to a defined benefit plan from 120% funded to 130% funded.	02/01/24	Assembly Filed with Chief Clerk pursuant to Joint Rule 56	
AB 817	Pacheco, Wilson	This bill, until January 1, 2026, would authorize a subsidiary body that serves exclusively in an advisory capacity, to use similar alternative teleconferencing provisions and would impose requirements for notice, agenda, and public participation.	06/05/24	Senate Failed passage in Committee. Reconsideration granted.	
AB 2183	Jones-Sawyer	This bill would make nonsubstantive changes to PEPRA provisions.	02/08/24	Assembly From Printer.	
AB 2284	Grayson	This bill would allow a system who has not defined "grade" to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related groups.	06/13/24	Senate Hearing postponed by Committee	
AB 2404	Lee	This bill would provide that it is not unlawful or a cause for discipline against an employee to refuse to enter property that is site of a primary strike, perform work for employer involved in the strike, or work behind strike line.	05/16/24	Assembly Held under submission	
AB 2474	Lackey	This bill would authorize **LACERA** to permit monthly benefits to be delivered to a prepaid account. This bill would also define the “account of the retired member or survivor of a deceased retired member” to include an account held in a living trust or an income-only trust, and other considerations. This bill would also consider a retiree's retirement allowance an overpayment subject to collection if the retiree works beyond the 960 hour limit and continues to receive their monthly benefit payment. The bill would not preclude the retirement system from taking additional action to reinstate the person as a member of the system or terminate or suspend their retirement allowance.	06/20/24	Assembly Concurrence in Senate amendments pending	
AB 2715	Boerner	This bill would authorize a closed session to consider/evaluate matters related to cybersecurity, provided that any action taken on those matters is done in open session.	06/05/24	Senate Jud. Comm.	

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	SPONSOR
AB 2770	Committee on Public Employment and Retirement	This bill would extend the PTSD presumption repeal from January 1, 2025 to January 1, 2029.	06/20/24	Enrolled and presented to Governor	
AB 3025	Valencia	This bill would require a retirement system, upon determining that compensation reported is disallowed, to require the employer to discontinue reporting the disallowed compensation.	06/12/24	Senate Jud. Comm.	
SB 1189	Limon	This bill would modify CERL to authorize the Board of Retirement to appoint a chief technology officer.	06/20/24	Assembly Ordered to Consent Calendar	
Other Bills of Interest:					
SB 300	Seyarto	This bill would require the Legislative Analyst to prepare a pension fiscal impact on any PERS bill introduced on or after January 1, 2024.	02/01/24	Senate Returned to Secretary of Senate pursuant to Joint Rule 56	
Federal Legislation:					
None to report.					

2024 TENTATIVE State Legislative Calendar	
Feb 16	Last day for new bills to be introduced
Mar 21 - Apr 1	Spring Recess begins upon adjournment
May 24	Last day for bills to be passed out of the house of origin
Jun 15	Budget Bill must be passed by midnight
Jul 3 - Aug 5	Summer Recess upon adjournment provided budget bill passed
Aug 23	Last day to amend bills on the floor
Aug 31	Last day for each house to pass bills; Final Recess begins upon adjournment
Sept 30	**Last day for Governor to sign or veto bills.**

San Joaquin County Employees'
Retirement Association

July 5, 2024

TO: Board of Retirement

FROM: Renee Ostrander
Chief Executive Officer

SUBJECT: Chief Executive Officer Report

Strengthen the long-term financial health of the Retirement Plan

Optimize the investment manager lineup
Evaluate the Portfolio for investment efficiency. Paris Ba attended the Walton Street Real Estate Fund VI Annual Investor Meeting virtually in June. The fund had a total fund commitment of $1.93 billion and has thus far distributed $2 billion back since inception. The fund is in its disposition phase, with 65 of the 69 investments having been realized or substantially realized to date. Walton Street has stopped collecting management fees since 2024, given it is in the final liquidation stage. The Net IRR currently stood at 7.9% as of 1Q 2024.

BlackRock Direct Lending Fund is scheduled to end on June 30, 2024. Given current market conditions, they believe that it is in the best interest of the Fund to extend the Investment Period by 12 months in order to take advantage of the favorable environment, and to recycle proceeds for an additional year. As provided in the Fund's documents, the investment manager is able to extend the Investment Period for an additional 12 months at their discretion. Over the course of 2023 and 2024 thus far, the Fund has benefited from an elevated base rate environment, which has contributed to a weighted average total coupon of approximately 12% since inception. The SJCERA team and our investment consultant have no concern over this extension, as we believe the Fund will continue to benefit from this environment, which investors will experience in the form of higher quarterly coupon payments.

Crestline OFII requested SJCERA's consent to dispose our position in the Quadris Environmental Forestry Fund, which is an investment in Brazilian teak wood valued at approximately $440,000, as of December 31, 2023. SJCERA has subsequently granted the consent. The investment manager believes there is no remaining value for the investment, and the cost of maintaining the investment is approximately $10,000 per year, which exceeds any expected future recovery value. Paris Ba and David Sancewich of Meketa had a meeting with Crestline, and we believe this is the best course of action, given the cost of maintaining the investment and our non-senior position in this investment.

Modernize the operations infrastructure

Implement Pension Administration System (PAS)
Complete data mapping of 2024 planned processes. All planned data conversion from our current system CORE37 has successfully been mapped and scripted to our new system PRIME as of June 30. Data Cycle 6 will include the remaining 4 tables that were completed in June and is scheduled to be completed by the end of July in time for PRIME Release 4 and user acceptance testing in August. Remaining data

cycles will ensure that member data is as clean as possible before we launch PRIME and the Member and Employer portals simultaneously.

Deliver project milestones as scheduled on PAS project plan. As shown in the PAS update, we have tentatively extended the schedule for issues related to data conversion and the difficulties we have experienced in prepping current data to map into the new system. We are reassessing the schedule to consider whether other changes can be made to bring the date back to the original implementation date (or potentially forward).

Maintain functionality of legacy PAS until new PAS is implemented and stabilized. Benefits and IT teams have finalized the Annual Member Statement content and are finishing their analysis and testing of member data. We expect Annual Member Statements to be mailed to active and deferred members in late July.

<u>Enhance the member experience</u>
Identify and implement effective marketing strategy for SJCERA's online resources. Meetings have been established with RPESJC to consider additional means that SJCERA can provide education and relevant resources to its retirees. While we anticipate developing online communication related to the rollout of PRIME, we will also be looking at other avenues to provide valuable and relevant information to our retirees.

<u>Improve technology for business operations</u>
Adopt industry standard business processes wherever possible-explore transitioning the administration of retiree Health and Life Insurance back to the employer that sponsors those benefits. Conversations with the county have been initiated and ongoing meetings are scheduled. We are anticipating an outcome later in the year.

<u>Improve employer experience</u>
Initiate planning and preparation for Employer Portal implementation. Renee, Brian, and Melinda met with county payroll leadership. We discussed how we can partner together to help reduce the amount of data corrections going forward. Ongoing 0meetings have been established so we can continue to solve payroll reporting problems together. We also discussed the upcoming changes with the new system implementation, including employer reporting changes and new Employer Portal. They provided SJCERA with a list of county personnel that will be needed for the implementation of the new Employer Portal and payroll reporting changes.

Expand Employer information resources and tools. After several communications between CalPERS and SJCERA and collaborative dialogue with the county related to SJCERA members being able to use their county salaries for their service credit at CalPERS, we have been able to successfully identify a mutually agreeable resolution. The anticipated result is our shared members receiving the benefit they have earned without significant issue or delay.

Align resources and organizational capabilities

<u>Enhance education and development across all levels of the organization</u>
Regularly inform staff of available training opportunities. Training announcements, such as county opportunities or association-related training announcements are shared with leadership so they may direct training to the appropriate staff.

Renee Ostrander attended the NCPERS CEO Summit in Nashville, TN. Ron Banez has completed the second course of CALAPRS Management Academy and we anticipate his graduation in July. In addition, multiple team members attended the in-person CALAPRS Roundtables for June: Brian McKelvey-Communications; Margarita Arce-Benefits; Renee Ostrander-Administrators. Elaina Petersen attended ISD/Payroll online training for the updates coming on the PeopleSoft system.

Implement practices to support Board continuity and evolution

Develop training plan for incoming trustees. The training plan has been reviewed and finalized and the Trustee Education policy (included in the Board materials) has been amended to reflect this new schedule. The training plan includes a suggested progression for a trustee's first two terms of office, considering the content in classes and the required education every board member must meet biannually.

Develop exit interviews with outgoing trustees. The exit interview questions have been reviewed and tentatively finalized. The intention of the document is to provide an opportunity for the exiting trustee to provide feedback to continually improve the efficiency and effectiveness of SJCERA. Based on feedback and outcome, we will make further refinements and memorialize for future use.

Seamlessly manage move to new location

Hold open house to familiarize members, employers, and stakeholders to the new location. The SJCERA open house was held the afternoon of June 7, 2024, after the board meeting. The SJCERA team and trustees hosted retirees, employers including county department heads, and several County Board Supervisors. The SJCERA Board of Retirement Chair Restuccia led the ribbon cutting. Former SJCERA Trustee and current San Joaquin County Supervisor Rickman presented SJCERA a Certificate of Recognition. The SJCERA team provided tours of the new space, and light refreshments were available for visitors.

Maintain Business Operations

Employee of the Month

Congratulations to our dual Employees of the Month, Greg Frank and Elaina Petersen. Despite SJCERA's team being brought together in our new building, the final stretch to open our building to the public and close out our pop-up location proved to be a herculean effort. Greg worked diligently to make this happen. He aptly handled contractors, subcontractors, parking, vendors, movers and staff needs, all while completing his regular duties. Greg even made himself available when on vacation to deal with an issue. Thank you, Greg, for making this move smooth for everyone else.

Our second Employee of the Month is Elaina Petersen. She has worked tirelessly on organizing several efforts. For the team and trustees, our recent conference travel appeared seamless, but that was wholly the result of Elaina's efforts, first in securing rooms for our team and then in resolving numerous billing discrepancies. She also organized the open house, including securing the materials for the ribbon cutting and the refreshments for the open house though she was quick to recognize the Party Planning Committee for their creativity in décor and layout for the event.

Financial Reporting
The Finance team completed the publication of the 2023 Annual Comprehensive Financial Report (ACFR), Popular Annual Financial Report (PAFR), and the State Controllers Report (SCO) **ahead** of the June 30, 2024 deadline. These annual reports take months of preparation including design; accumulating the financial, actuarial, and statistical data; updating content; and shepherding it through multiple review cycles with multiple stakeholders. Congratulations to Carmen Murillo and Marissa Smith for a job well done completing these project deliverables two weeks ahead of the deadline! The reports can be found on our website.

Interest Posting
In compliance with Government Code Section 31591, SJCERA credits interest semiannually, as of June 30 and December 31, to all contributions in the retirement fund that have been on deposit for six months immediately prior to such date. SJCERA's Reserve policy requires semiannual interest be credited to the Member Reserve before any other reserve using the rate which, when compounded, produces the annual actuarial assumed rate of investment return. The current assumed rate of return is 6.75 percent, and the semiannual rate is 3.32 percent.

Election
The current election cycle is in the final stages. Both Trustee Weydert and Trustee Moore ran unopposed in their current roles, Eighth (retired) and Alternate (retired) seats respectively. The election for our Third seat, elected by active, general members, has successfully concluded with Sam Kaisch receiving the most votes. The County Board of Supervisors is scheduled to approve these election results on July 9th, just prior to our meeting on the 12th.

The Fourth seat, currently filled by Trustee Duffy, is appointed by the Board of Supervisors. The current term was set to expire by June 30th; however, the County Board of Supervisors has extended the term and is anticipated to confirm re-appointment within the next couple months.

Provide Excellent Customer Service
A few quotes from our members:
"After asking to meet Andrea (Bonilla) to turn in a form in person, Andrea provided instructions over the phone and offered to accept my form by email. This offer and instruction made me more at ease and saved me a trip to the office. I appreciate the option Andrea offered and got it done!"

"Leonor (Sonley) was very professional, friendly and my request was handled promptly!"

"Margarita Arce, professional, great customer service, quick response to my request."

Conclusion

During the last month, I've had the opportunity to represent SJCERA in multiple venues. First, I was able to attend the annual RPESJC picnic. My responsibility in attending was to swear in the newly elected board. The picnic was also attended by Trustee Weydert and several of the county Supervisors, including our own Supervisor Ding. I've included a picture from the event. It was enjoyable to spend time with our retirees and hear firsthand how they are enjoying their well-earned retirement. It provided a reminder of the responsibilities that we owe to our retirees every day in our role as SJCERA team members.

I was also able to attend the Chief Officers Summit organized by NCPERS. The three-day event covered several topics including cyber security, operational metrics, and future economic outlook. While all the topics were helpful and very relevant, I found the most inspiring moments to be during the small group, networking sessions where we were able to openly share different issues we were tackling in our own systems and engage with our peers about potential solutions. Being new to my role, I appreciated the opportunity to engage with others and draw from their experience; fortunately, I was able to reciprocate by sharing some of my own experiences.

Finally, I'm happy to share my experience with attending the City of Mountain House's cityhood celebration. On Monday, July 1st, I attended the commemorative swearing in of the new City Council. Originally a department with the county, then its own community services district, to now the 483rd city in California. The audience was filled with federal, state, county, and local officials, including the County's Treasurer and our trustee, Phonxay Keokham. The positive energy in the room was inspiring. To sit in the room and represent the retirement system for this new city and its employees brought me a great sense of pride.

As we move into the second half of the year, my focus is squarely on accomplishing the remainder of the 2024 Action Plan, confirming the implementation schedule for the pension administration system, and identifying efforts that will continue to move us forward in the best interests of our members and employers.

2024 - SJCERA BOARD OF RETIREMENT MEETING CALENDAR

MONTH	DATE	Periodic Items / Other Events
JAN	**12**	**Board Meeting**
		Earnings Code Ratification
		Fourth Quarter Operations Reports*
		Trustee Education Compliance Report
		Action Plan Results
FEB	**9**	**Board Meeting**
		Notice of CPI/Set Retiree COLA
		Declining ER Payroll Report
		Assumptions & CMAs
	8	**CEO Performance Review Committee**
MAR	**8**	**Board Meeting**
		Fourth Quarter Inv Reports
		Asset-Liability Education
	8	**Audit Committee Meeting**
	2-5	CALAPRS General Assembly
	27-29	CALAPRS Advanced Principles of Pension Governance for Trustees, UCLA
APR	**12**	**Board Meeting**
		First Quarter Operations Reports*
		Asset-Liability Education
	N/A	**CEO Performance Review Committee**
MAY	**3**	**Board Meeting**
		Asset-Liability Education
	17	**Audit Committee Meeting**
	7-10	SACRS Spring Conf
JUN	**7**	**Board Meeting**
		First Quarter Inv Reports
		Auditor's Annual Report / CAFR
		Mid Year Action Plan Results
		CEO Performance - Mid Year
		Asset-Liability Study Draft
	7	**Administrative Committee Meeting**
	13	RPESJC Picnic
JUL	**12**	**Board Meeting**
		Mid-Year Administrative Budget Report
		Second Quarter Operations Reports*
		Election of Board Officers
		Annual Policy Review
	14-17	SACRS UC Berkeley
AUG	**9**	**Board Meeting**
		Adoption of Plan Contribution Rates &
		Actuarial Experience Study
		Board Committee Assignments
		Investment Fee Transparency Report
	26-29	CALAPRS Principles of Pension Governance for Trustees, Pepperdine
SEP	**13**	**Board Meeting**
		Second Quarter Inv Reports
OCT	**9**	**Board Meeting**
		Adoption of Board Calendar for next year
		Third Quarter Operations Reports*
		2025 Action Plan
	9	**Investment Roundtable Dinner**
	10	**Special Meeting - Investment Roundtable**
NOV	**1**	**Board Meeting**
		Consultants and Actuaries Evaluations
	TBD	**Administrative Committee Meeting**
	12-15	SACRS Fall Conference
DEC	**13**	**Board Meeting**
		Third Quarter Inv Reports
		Annual Administrative Budget
	TBD	RPESJC Holiday Lunch

Unless otherwise noted on the agenda, Board Meetings convene at 9:00 a.m.

* Disability App Status Report and Pending Retiree Accounts Receivable Report

Notes: May meeting is on the first Friday due to the SACRS Spring Conference.
June meeting is on the first Friday due to BOS meeting schedule.
October meeting is on the second Wednesday due to the Investment Roundtable.
November meeting is on the first Friday due to the SACRS Fall Conference.