

RETIREMENT STATISTICS

Plan Year Ended June 30, 2022

The following tables and annotations provide statistical information regarding the types and demographics of the SFERS retirements processed during Plan Year 2021-22, as well as benefits payment summaries and comparisons.

The following table summarizes major activities of the SFERS Retirement Services Division during Plan Years 2021-22 and 2020-21:

STATISTICS	2021-22	2020-21
Responses to Email Inquiries	10,322	7,257
Calculator Visits	66,515	51,072
Retirement Estimates Requests (prepared)	289	399
Retirement Appointments Scheduled	1,783	1,690
Retirement Appointments Attended	1,783	1,690
Buyback Appointments Scheduled	719	400
New Members Added:		
New Hires	1,702	857
1040 Hours Membership	845	741
Rehires	480	322
Police Recruits	50	95
Fire Recruits	243	47
Sheriff Recruits & Misc. Safety	48	58
Pre-retirement Webinars Presented	29	25
Pre-retirement Webinars Registered Attendees	6,014	5,448

DISABILITY RETIREMENT HEARING REPORT

A member or legal agent, acting on behalf of a member, can initiate a claim for disability retirement (ordinary and industrial) by filing an application with the SFERS. The Retirement System gathers medical documentation related to the claim and forwards the application with supporting medical documentation to the City Attorney's office for review. All such applications are adjudicated by an independent hearing officer, in accordance with the provisions of San Francisco Charter A8.518. The table below provides a summary of disability retirement hearings in the fiscal year ending June 30, 2022.

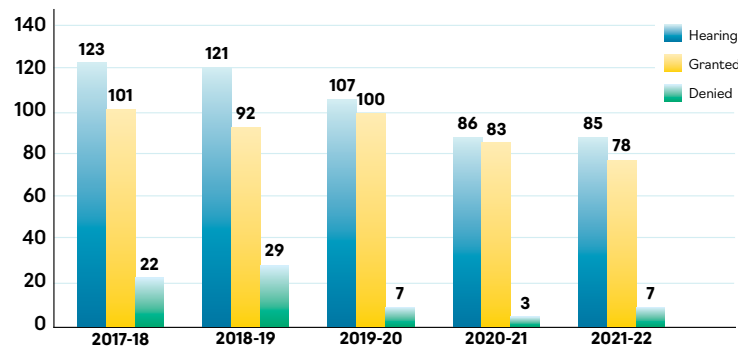
HEARING OFFICER REPORT¹

Fiscal Year Ended June 30, 2022

Cases	Total # of Hearings	Total # Granted	Total # Denied
Industrial Disability Retirements	36	35	1
Ordinary Disability Retirements	32	29	3
Death Benefits	1	1	0
Petitions For Rehearing	2	0	2
Calpers	14	13	1
Total	85	78	7

1. The Hearing Officer Report represents cases processed in the period July 1, 2021 – June 30, 2022 and may reflect cases pending from prior periods.

FIVE-YEAR COMPARISON



San Francisco Employees' Retirement System Annual Report

For the Fiscal Year Ended June 30, 2022



SFERS

San Francisco Employees' Retirement System



ABOUT SFERS

THE RETIREMENT SYSTEM

Initially established by approval of City voters on November 2, 1920 and the California State Legislature on January 12, 1921, the San Francisco Employees' Retirement System ("Retirement System" or "SFERS") is deeply rooted in the history and culture of the City and County of San Francisco and is committed to serving the retirement needs of its members. Originally established as a fund to assist families and orphans of firefighters and police, today the Retirement System serves more than 77,000 active, vested and retired employees of the City and County of San Francisco and their survivors.

Under the direction of the Chief Executive Officer and Chief Investment Officer, the System's management team administers two employee benefit programs for eligible City and County employees:

- City and County of San Francisco Employees' Retirement System pension plan, a defined benefit plan.
- San Francisco Deferred Compensation Plan, an IRC §457(b) deferred compensation plan.

Specific San Francisco City Charter sections and/or Administrative Code provisions mandate each of these benefit plans.

OUR MISSION

The San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits to the active and retired members of the City and County of San Francisco.

THE PENSION PLAN

The SFERS Pension Plan is a tax-qualified defined benefit plan that provides for the following benefits upon separation: service and disability retirement, refund or vesting allowance, and pre and post-retirement death benefits to beneficiaries. Defined benefit plans are funded through employee and employer contributions and investment earnings.

SFERS has a reciprocity agreement with CalPERS, California county retirement systems covered by the 1937 Act Retirement Law, and certain other local, independent retirement systems that have a reciprocity contract with CalPERS (listed on the CalPERS website).

THE SAN FRANCISCO 457(B) DEFERRED COMPENSATION PLAN

The San Francisco Deferred Compensation Plan (SFDCP), a voluntary IRC §457(b) plan, was adopted in 1976, and allows eligible City employees to elect to voluntarily defer receipt and taxation of a portion of their regular earnings until after they retire or separate from service. The SFDCP also offers a Roth after-tax contribution option. These options offer eligible employees an opportunity to complement pension income during retirement.

OUR MEMBERS

During the fiscal year, SFERS enrolled 3,368 new members and added 1,484 new retirees.

SFERS members include eligible employees of the City and County of San Francisco, the San Francisco Unified School District, the San Francisco Community College District, and the San Francisco Trial Courts. Uniformed employees working for the City's Police and Fire Departments are covered by the SFERS Safety Plans. Eligible civilian (non-Safety) employees of the City are covered by the SFERS Miscellaneous Plan.

Sheriff, Undersheriff, and deputized personnel of the Sheriff's Department hired after January 7, 2012 are covered by the SFERS Sheriff's Plan. Probation Officers, District Attorney Investigators and Juvenile Court Counselors hired after January 7, 2012 are covered by the SFERS Miscellaneous Safety Plan.

RETIREMENT SERVICES DIVISION

Delivering professional, high-quality service to our members before and after retirement

SFERS AT A GLANCE

As of June 30, 2022

Plan Net Assets Market Value:	\$32.8 billion
Annualized Return on Total Fund:	-2.90%
Total Benefits Paid (during FY 2021-22):	\$1.738 billion
Employer Contribution Rate (during FY 2021-22):	24.41%
Average Member Contribution Rate:	7.62%

MEMBERSHIP

Total Membership 77,003

	Active	Retired	Inactive
Miscellaneous	29,266	26,554	11,609
Police	1,908	2,880	311
Fire	1,664	2,272	100
Miscellaneous Safety	102	10	30
Sheriff	259	3	35
Active Total	33,199	31,719	12,085

RETIREMENTS (during fiscal year 2021-22)

Total Retirements 1,484

	Retirement	Average Service Credit at Service Retirement	Average Age at Service Retirement
Miscellaneous	1,249	22.8 years	63.0 years
Police	131	24.2 years	55.2 years
Fire	102	26.2 years	57.2 years
Miscellaneous Safety	2	6.4 years	59.8 years
Sheriff	0	N/A	N/A
Active Total	1,484	23.1 years	61.8 years

ACTUARIAL ASSUMPTIONS AND METHOD

The main actuarial assumptions used to measure the System's liabilities for future benefits payments were:

Assumption	July 1, 2021	July 1, 2020
Investment Return	7.20% per year	7.40% per year
Wage Inflation	3.25% per year	3.25% per year
Price Inflation	2.50% per year	2.50% per year
Mortality	Adj. Pub-2010 Mortality Tables projected generationally with Scale MP 2019	Adj. Pub-2010 Mortality Tables projected generationally with Scale MP 2019

The actuarial funding methods used are as follows:

- entry age normal cost method
- unfunded liability due to benefit increases amortized as a level percentage of payroll over 15 years
- unfunded liability due to actuarial gains and losses, assumption changes and miscellaneous items amortized as a level percentage of payroll over 20 years
- assets valued using a 5-year smoothing of investment return greater than or less than the expected investment return

EMPLOYER (CITY AND COUNTY) CONTRIBUTION RATES

The unadjusted employer contribution rates are calculated at the valuation date prior to the fiscal year in which the contributions are paid. Employees will share in the cost of the employer rate depending on their pay rate at the beginning of the fiscal year:

Fiscal Year Contributions Due:	FY 2022-23 July 1, 2021	FY 2021-22 July 1, 2020
Normal Cost	18.31%	17.29%
Remaining Cost of Propositions	3.54%	3.56%
Other Unfunded Actuarial Liability	6.52%	10.58%
Employee Contributions	(7.62%)	(7.62%)
Administrative Expenses	0.60%	0.60%
Board Approved Employer Contribution Rate	21.35%	24.41%

BASIC FINANCIAL STATEMENTS STATEMENTS OF FIDUCIARY NET POSITION

June 30, 2022 and 2021

(Dollars in thousands)

	2022	2021
Assets:		
Deposits	\$ 131,252	\$ 49,724
Contributions receivable – members	21,690	19,837
Investment income receivable:		
Interest	9,434	9,578
Dividends	2,680	2,154
Securities lending	182	275
Receivable from brokers, general partners, others	34,026	248,940
Investments at fair value:		
Short-term investments	369,099	651,504
City investment pool	15,352	9,184
Debt securities:		
U. S. Government and agency securities	875,900	1,090,034
Other debt securities	846,696	1,094,046
Equity securities:		
Domestic*	7,485,899	9,126,749
International*	2,093,752	3,530,581
Real assets	5,113,451	4,182,366
Private credit	2,171,037	1,818,240
Private equity	10,338,629	10,280,363
Absolute return	3,511,019	3,656,388
Foreign currency contracts, net	(197)	69
Invested securities lending collateral	541,413	770,857
Total investments	33,362,050	36,210,381
Total assets	33,561,314	36,540,889
Deferred outflows of resources:		
Other postemployment benefits (OPEB)	2,092	2,255
Total assets and deferred outflows of resources	33,563,406	36,543,144
Liabilities:		
Payable to brokers	37,250	41,847
Custodian line of credit	120,000	-
Other	63,906	54,977
Payable to borrowers of securities	541,557	770,514
Total liabilities	762,713	867,338
Deferred inflows of resources:		
Other postemployment benefits (OPEB)	2,169	1,972
Total liabilities and deferred inflows of resources	764,882	869,310
Fiduciary net position – restricted for pension benefits	\$ 32,798,524	\$ 35,673,834

The accompanying Notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Years Ended June 30, 2022 and 2021

(Dollars in thousands)

	2022	2021
Additions:		
Member contributions		
Miscellaneous	\$ 352,731	\$ 338,135
Police	41,334	42,304
Fire	29,406	28,959
Total member contributions	423,471	409,398
Employer contributions:		
Miscellaneous	649,819	709,918
Police	70,116	73,398
Fire	48,528	53,243
Total employer contributions	768,463	836,559
Investment income (expenses)		
Interest	43,365	50,520
Dividends	106,986	84,514
Net appreciation (depreciation) in fair value of investments	(2,380,535)	9,372,334
Securities lending income	4,819	4,059
Investment expenses	(80,806)	(62,331)
Securities lending borrower rebates and expenses	(2,149)	(1,427)
Net investment income (loss)	(2,308,320)	9,447,669
Total additions	(1,116,386)	10,693,626
Deductions:		
Benefits	1,710,092	1,599,507
Refunds of contributions	27,658	20,254
Administrative expenses	21,364	20,995
Administrative expenses and offset - OPEB	(190)	(746)
Total deductions	1,758,924	1,640,010
Net increase (decrease) in fiduciary net position	(2,875,310)	9,053,616
Fiduciary net position – restricted for pension benefits		
Beginning of year	35,673,834	26,620,218
End of year	\$ 32,798,524	\$ 35,673,834

The accompanying Notes are an integral part of these financial statements.

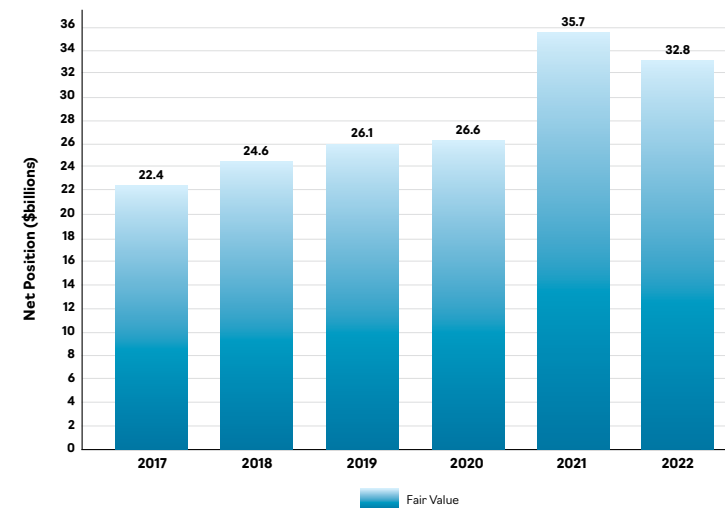
SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM SUMMARY OF INVESTMENTS

	2022		2021	
	Market Value (\$ thousands)	Weight (%)	Market Value (\$ thousands)	Weight (%)
Public Equity	9,923,302	29.9	13,031,825	37.7
Private Equity	10,811,985	32.6	9,533,064	27.5
GROWTH ASSETS	20,735,288	62.5	22,564,889	65.2
Real Assets	5,009,496	15.1	3,995,013	11.5
Absolute Return	3,510,514	10.6	3,662,820	10.6
DIVERSIFYING ASSETS	8,520,010	25.7	7,657,833	22.1
Fixed Income	2,363,533	7.1	2,103,425	6.1
Private Credit	2,175,105	6.6	1,775,379	5.1
INCOME GENERATING ASSETS	4,538,638	13.7	3,878,804	11.2
Cash*	-625,699	-1.9	436,319	1.3
TOTAL INVESTMENT PORTFOLIO	33,168,237	100.0	34,605,951	100.0

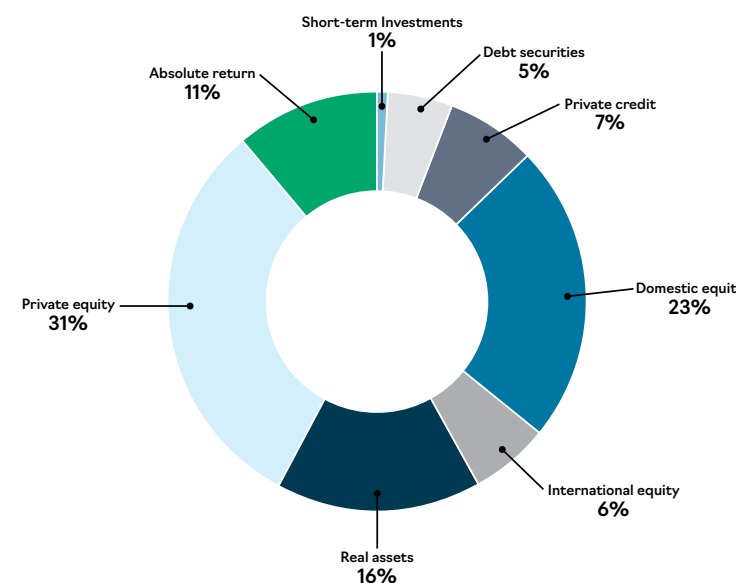
* Includes leverage exposure:

Note: Investment portfolio asset values shown here are net of management fees and expenses and based on valuation data available at the end of the fiscal year. This may differ from the SFERS audited financial statements, which takes into account information on Level 2 and Level 3 assets that becomes available during the audit.

PLAN NET POSITION AS OF JUNE 30 (\$BILLIONS)



INVESTMENT ALLOCATION AS OF JUNE 30, 2022 - FAIR VALUE



INVESTMENT PERFORMANCE

For the fiscal year ended June 30, 2022, the investment portfolio of the Retirement System returned -2.90%. The table below shows annualized returns for major categories of investments compared to benchmarks for various return periods.

INVESTMENT PORTFOLIO PERFORMANCE

Annualized Returns for the Periods ending June 30, 2022

(Net of fees and expenses)

Description	1 Year	10 Years	20 Years
Public Equity	-24.86	9.09	6.95
Public Equity Policy Benchmark ¹	-16.52	8.71	7.41
Private Equity	13.90	18.93	14.87
Private Equity Policy Benchmark ²	-12.66	16.10	13.33
Real Assets	28.92	11.94	8.82
Real Assets Policy Benchmark ³	30.90	7.68	8.60
Absolute Return	-1.48		
Absolute Return Policy Benchmark ⁴	5.20		
Fixed Income	-11.23	2.29	4.44
Fixed Income Policy Benchmark ⁵	-8.15	1.87	3.85
Private Credit	10.07	11.09	
Private Credit Policy Benchmark ⁶	-6.11	5.70	
Total Fund	-2.90	9.90	8.28
Total Fund Policy Benchmark⁷	-6.57	8.40	7.76

- The current Public Equity Policy (starting 10/1/2012) consists of 100% MSCI ACWI IMI (ND).
- The current Private Equity Policy (starting 1/1/2018) consists of 25% MSCI ACWI Ex-US (ND) and 75% Russell 3000 plus 300 bps.
- The current Real Assets Policy (starting 1/1/2018) consists of 67% NCREIF ODCE and 33% Cambridge Associates NR Quarter Lag.
- The Absolute Return Policy consists of the 90-day Treasury Bill plus 500 bps.
- The current Fixed Income Policy (starting 7/1/2019) consists of 45% Bloomberg Barclays US Aggregate and 55% Bloomberg Barclays Intermediate Treasury.
- The Private Credit Policy consists of 50% Bank of America Merrill Lynch US High Yield BB/B Constrained Index and 50% Credit Suisse Leveraged Loan Index plus 150bps.
- The current SFERS policy benchmark (starting 12/1/2020) consists of 37% Public Equity Policy, 6% Bloomberg Barclays Intermediate US Treasury, 5% Liquid Credit Policy Benchmark, 5% Private Credit Policy, 12% Real Assets Policy, 23% Private Equity Policy and 12% 90-day Treasury Bill plus 500 bps.