

San Francisco City and County Employees' Retirement System

July 1, 2024

Actuarial Valuation Report

Produced by Cheiron

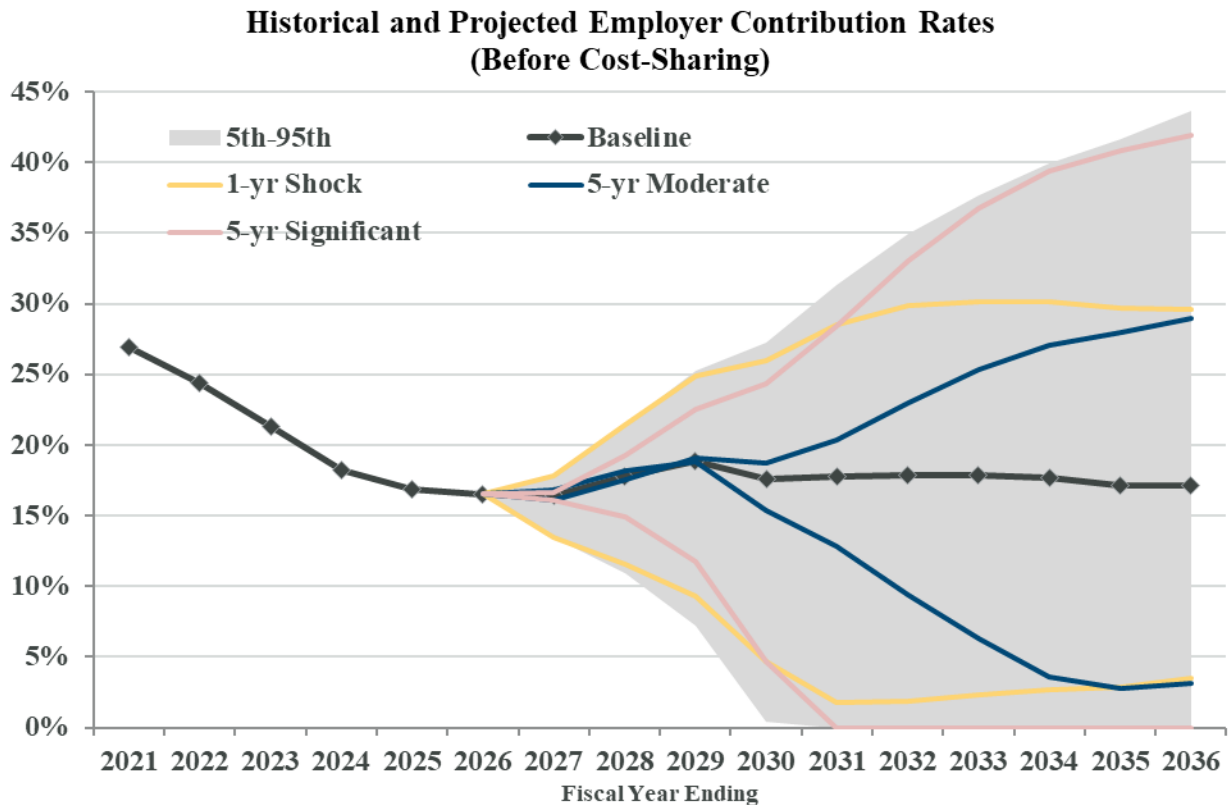
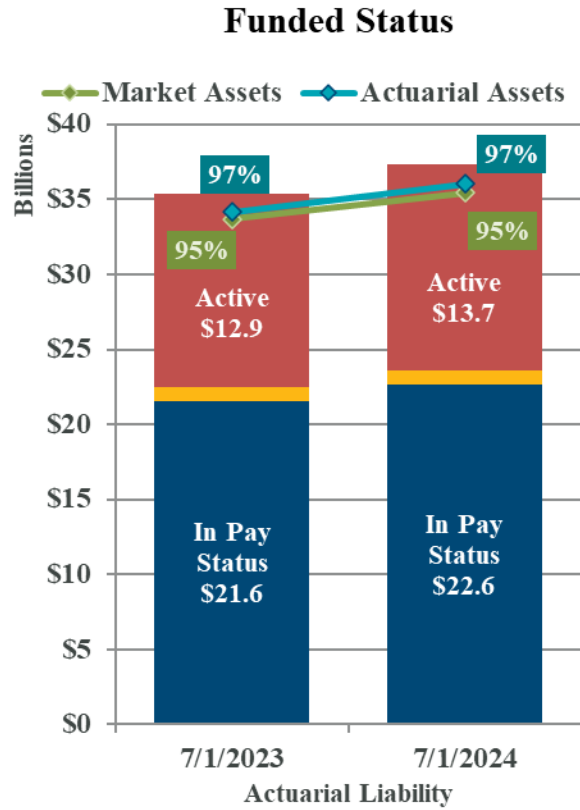
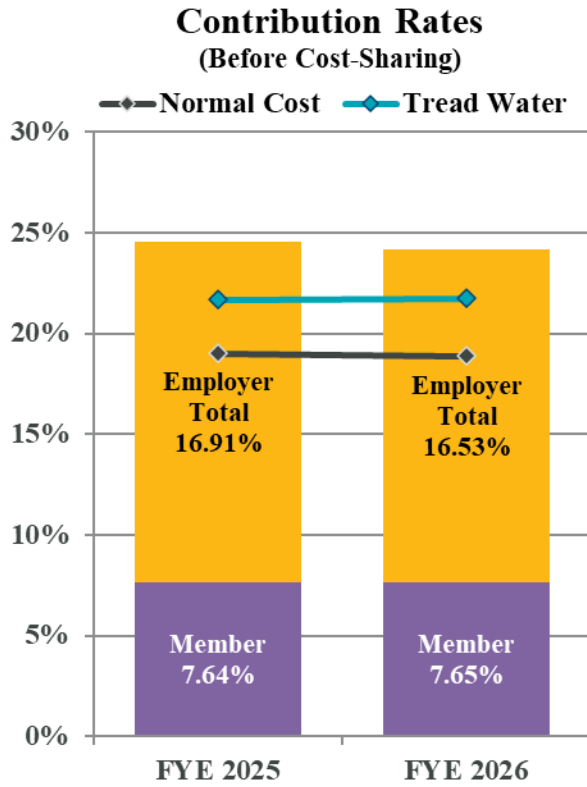
February 2025

TABLE OF CONTENTS

<u>Section</u>		<u>Page</u>
Section I	Board Summary	1
Section II	Assessment and Disclosure of Risk	12
Section III	Certification	33
Section IV	Assets	35
Section V	Measures of Liability	37
Section VI	Contributions.....	41
Section VII	Actuarial Section of the Annual Report.....	47
 <u>Appendices</u>		
Appendix A	Membership Information	50
Appendix B	Actuarial Assumptions and Methods	69
Appendix C	Summary of Plan Provisions.....	85
Appendix D	Projection Details.....	107
Appendix E	Glossary of Terms.....	110

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION I – BOARD SUMMARY



**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION I – BOARD SUMMARY

Key Findings of the July 1, 2024 Valuation

The key results of the July 1, 2024 actuarial valuation are as follows:

- The employer contribution rate decreased from 16.91% for FYE 2025 to 16.53% for FYE 2026 before any cost-sharing adjustments.¹ See Table I-4 for details on the components of the decrease in contribution rates. After the cost-sharing adjustments, the estimated employer contribution rate decreased from 15.27% to 14.87%. The actual aggregate employer contribution rates after cost-sharing adjustments will depend upon the proportion of the actual payroll for each employee group defined in the Charter. See Table VI-2 for more details.
- The average employee contribution rate after cost-sharing adjustments is estimated to be 9.31% of pay in FYE 2026 compared to 9.28% in FYE 2025, an increase of 0.03% of pay in FYE 2026.
- Based on the Market Value of Assets, the funded ratio decreased from 95.3% to 94.9%, and the Unfunded Actuarial Liability (UAL) increased from \$1.7 billion to \$1.9 billion. Based on the smoothed Actuarial Value of Assets, the funded ratio remained at 96.6%, and the Unfunded Actuarial Liability increased slightly from \$1.2 billion to \$1.3 billion.
- The return on the Market Value of Assets for the year ended June 30, 2024, was approximately 7.8%, resulting in an actuarial gain of about \$0.1 billion that will be recognized over the next five years. The return on the Actuarial Value of Assets was 8.1%, which recognizes 20% of the FYE 2024 gain as well as deferred investment gains and losses from previous years and results in an actuarial gain of about \$0.3 billion that is amortized over 20 years.
- Because actual investment returns were greater than expected, a Supplemental COLA was payable. However, the investment gains were only sufficient to pay a partial Supplemental COLA, increasing benefits for certain retirees and increasing the Actuarial Liability by approximately \$101 million. This increase is amortized over five years, increasing the contribution rate by 0.50% of pay.
- On November 5, 2024, voters approved propositions H and I that modified retirement benefits for some SFERS members. The impact of these changes is incorporated in this valuation, increasing the FYE 2026 contribution rate by 0.18% of pay. The details of the cost impact for each of the propositions can be found in Table I-5.

¹ The cost-sharing adjustments depend on the employer contribution rate, the employee group, and the level of pay based on the applicable table in the Charter. The FYE 2026 average cost-sharing adjustment is estimated to be 1.66%, details of the calculation can be found in Table VI-2 of this report.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION I – BOARD SUMMARY

Funded Status

This report measures assets and liabilities for funding purposes. Table I-1 below summarizes the Actuarial Liability, assets, and related ratios as of July 1, 2024 compared to July 1, 2023.

Table I-1					
Summary of Key Valuation Results					
(Amounts in millions)					
Valuation Date	July 1, 2023		July 1, 2024		% Change
Actuarial Liability	\$	35,352.0	\$	37,314.5	5.6%
Actuarial Value of Assets	\$	34,137.0	\$	36,038.3	5.6%
Unfunded Actuarial Liability (actuarial value)		1,215.0		1,276.2	5.0%
Funding Ratio (actuarial value)		96.6%		96.6%	0.0%
Market Value of Assets	\$	33,688.4	\$	35,417.7	5.1%
Unfunded Liability (market value)		1,663.6		1,896.8	14.0%
Funding Ratio (market value)		95.3%		94.9%	-0.4%
Expected Payroll	\$	4,258.6	\$	4,623.9	8.6%
Interest on UAL (MVA basis)	\$	115.7	\$	131.9	14.0%
Interest Cost as Percent of Payroll		2.7%		2.9%	0.2%

The Actuarial Liability increased by approximately \$2.0 billion. The Actuarial Value of Assets, used as the basis to set contribution rates, increased by approximately \$1.9 billion, reflecting smoothed investment returns and contributions offset by benefits and expenses paid during the year. The Unfunded Actuarial Liability increased by approximately \$0.1 billion based on the Actuarial Value of Assets.

The Market Value of Assets increased by approximately \$1.7 billion, and the UAL, based on the Market Value of Assets, increased by approximately \$0.2 billion.

The interest cost on the UAL – based on the Market Value of Assets – increased by \$16 million. As a result, approximately 2.9% of payroll is necessary to pay the interest on the UAL, a slight increase from the 2.7% of payroll in the prior year.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION I – BOARD SUMMARY

Contributions

The San Francisco City and County Employees' Retirement System (SFERS) funding policy sets employer contributions equal to the sum of:

- The employer normal cost under the Entry Age Normal Cost Method,
- The expected administrative expenses, and
- An amortization payment on the Unfunded Actuarial Liability.

The Charter requires employees to pay a portion of the employer contribution rate that varies, depending on the employer contribution rate, the employee group, and the employee's salary. Unless explicitly identified, the figures shown in this report are before applying the cost-sharing adjustments. Table I-2 summarizes the employer and member contribution rates before and after the cost-sharing adjustments.

Table I-2			
Summary Of Contributions			
(Amounts in millions)			
	FYE 2025	FYE 2026	Change
<u>Contribution Rates Before Adjustments</u>			
Net Employer Contribution Rate	16.91%	16.53%	-0.38%
Est. Aggregate Employee Contribution Rate	<u>7.64%</u>	<u>7.65%</u>	<u>0.01%</u>
Total Contribution Rate	24.55%	24.18%	-0.37%
Estimated Payroll	\$ 4,397.0	\$ 4,774.1	\$ 377.1
Estimated Net Employer Contributions	743.6	789.4	45.8
<u>Contribution Rates After Adjustments</u>			
Net Employer Contribution Rate	15.27%	14.87%	-0.40%
Est. Aggregate Employee Contribution Rate	<u>9.28%</u>	<u>9.31%</u>	<u>0.03%</u>
Total Contribution Rate	24.55%	24.18%	-0.37%
Estimated Payroll	\$ 4,397.0	\$ 4,774.1	\$ 377.1
Estimated Net Employer Contributions	671.4	709.9	38.5
<u>Total Contribution Rate</u>			
Normal Cost Rate	18.40%	18.29%	-0.11%
Administrative Expense Rate	0.60%	0.60%	0.00%
UAL Rate			
Interest on Market Value UAL	2.70%	2.90%	0.20%
Principal on UAL	<u>2.85%</u>	<u>2.39%</u>	<u>-0.46%</u>
Total UAL Rate	5.55%	5.29%	-0.26%
Total Contribution Rate	24.55%	24.18%	-0.37%

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION I – BOARD SUMMARY

Before applying the cost-sharing adjustments, the net employer contribution rate decreased 0.38% of payroll from 16.91% to 16.53% for the fiscal year ending June 30, 2026. The cost-sharing adjustment is estimated to decrease the employer contribution rate and increase the aggregate employee contribution rate by about 1.66% of payroll. Thus, the estimated employer contribution rate after cost-sharing is 14.87% for FYE 2026. The cost-sharing adjustments will remain at this level as long as the employer contribution rate before adjustment is between 15.01% and 17.50%.

SFERS Membership

As shown in Table I-3 below, SFERS membership increased by 3.1% overall. Active membership increased by 4.1%, terminated vested membership increased by 3.7%, and members receiving benefits increased by 1.7%. Total payroll increased by 8.5%. The average pay per active member increased by 4.2%.

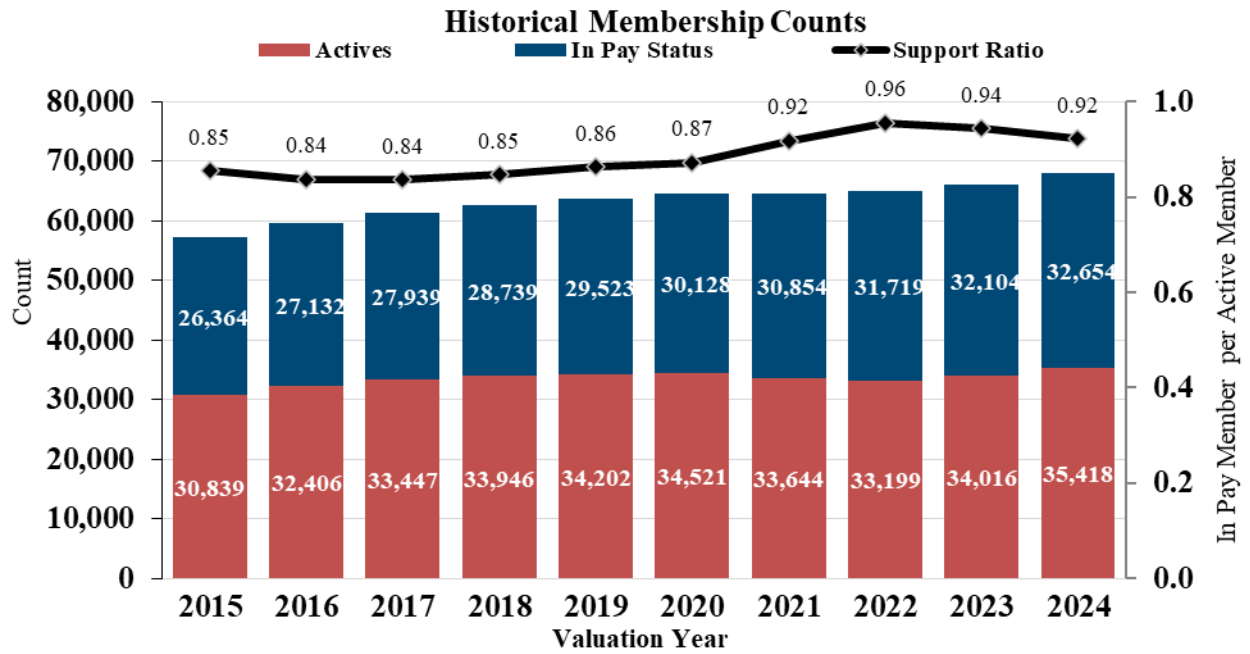
Table I-3 Membership Total				
	July 1, 2023	July 1, 2024	% Change	
Actives	34,016	35,418	4.1%	
Terminated Vested	12,641	13,103	3.7%	
Members Receiving Benefits	<u>32,104</u>	<u>32,654</u>	1.7%	
Total SFERS Members	78,761	81,175	3.1%	
Active Member Payroll (millions) ¹	\$ 4,260.0	\$ 4,620.0	8.5%	
Average Pay per Active	\$ 125,200	\$ 130,400	4.2%	

¹ Active member payroll is projected for the fiscal year beginning on the valuation date.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION I – BOARD SUMMARY

The chart below shows the trend in membership counts over the last 10 years. This trend can be an important indicator of growing plan maturity and sensitivity to investment returns, assumption changes, and other changes to the System. In particular, if the support ratio (the ratio of retirees to active members) grows, it indicates that any losses on retiree liabilities or assets are likely to place a relatively greater burden on employers and active members. For SFERS, the support ratio remained relatively stable before the pandemic but increased in 2021 and 2022 due to declining active membership. This trend has since reversed, and the support ratio has declined to 0.92 from a peak of 0.96.



**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION I – BOARD SUMMARY

Contribution Reconciliation

The SFERS contribution rate for FYE 2026 before cost-sharing adjustments decreased from 16.91% to 16.53% of payroll. Table I-4 shows sources for the change in the net employer contribution rate.

Table I-4 Net Employer Contribution Rate Reconciliation (Before Cost-Sharing Adjustment)			
	Normal Cost ¹	UAL Payment	Total
FYE 2025 Net Employer Contribution Rate	11.36%	5.55%	16.91%
Fully paid 2019 Supplemental COLA	0.00%	-0.87%	-0.87%
Fully paid 2004 Charter Amendment	0.00%	0.17%	0.17%
Payroll growth more than assumed	0.00%	-0.24%	-0.24%
Investment gain on actuarial value of assets	0.00%	-0.50%	-0.50%
Salary increases more than expected	0.00%	0.32%	0.32%
Other experience	-0.27%	0.33%	0.06%
Partial Supplemental COLA	0.00%	0.50%	0.50%
Charter Amendments	<u>0.15%</u>	<u>0.03%</u>	<u>0.18%</u>
FYE 2026 Net Employer Contribution Rate	11.24%	5.29%	16.53%

¹ Includes administrative expenses and is net of employee contributions.

- Amortization payments for the 2019 Supplemental COLA and the 2004 Charter amendment crediting employee contributions at a rate of 5.0% were completed, resulting in a 0.87% decrease and a 0.17% increase in the employer contribution rate, respectively.
- Payroll grew by 8.5%, more than the expected growth rate of 3.25%, resulting in a 0.24% reduction in the employer contribution rate. The dollar amount of amortization payments increases at the expected payroll growth rate. When payroll growth is more than assumed, the amortization payments decrease as a percentage of payroll.
- Investment gains on the smoothed Actuarial Value of Assets reduced the contribution rate by 0.50% of payroll.
- Salary increases for active members were higher than expected, especially for the Miscellaneous membership. As a result, the employer contribution rates increased by 0.32% of payroll.
- Other plan experience, including retirements, terminations, disabilities, and member mortality, somewhat offset by contribution experience, increased the contribution rate by 0.06% of payroll.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION I – BOARD SUMMARY

- A partial Supplemental COLA was payable as of July 1, 2024 because actual investment returns were greater than expected, but not sufficient to pay a full Supplemental COLA. The Actuarial Liability increased by about \$100 and is amortized over five years, increasing the contribution rate by 0.50% of pay.
- The impact of the Charter Amendments is shown in Table I-5 below.

Table I-5			
Charter Amendment Cost Impact			
(Amounts in millions)			
	Before	After	Change
Proposition H			
Firefighters Hired after January 1, 2012			
Normal Cost	\$ 48.5	\$ 50.8	\$ 2.3
Normal Cost as a % of Firefighter Prop C payroll	30.30%	31.71%	1.41%
Actuarial Liability	\$ 338.6	\$ 353.3	\$ 14.7
Proposition I			
Per Diem Nurse Retirement Credit			
Normal Cost	\$ 60.4	\$ 62.3	\$ 1.9
Normal Cost as a % of Nurses payroll	16.37%	16.88%	0.51%
Actuarial Liability	\$ 920.0	\$ 920.9	\$ 0.9
Public Safety Communications Personnel			
Normal Cost	\$ 3.4	\$ 6.1	\$ 2.7
Normal Cost as a % of Dispatcher payroll	14.28%	26.04%	11.76%
Actuarial Liability	\$ 67.6	\$ 67.6	\$ 0.0

- On November 5, 2024, voters approved Charter Amendment H, lowering the retirement age and increasing retirement factors for active firefighters hired on or after January 7, 2012. This change increased the Actuarial Liability by \$14.7 million. This increase is amortized over 15 years, increasing the contribution rate by 0.03%. In addition, this change increased the normal cost rate for Prop C firefighters by 1.41% of pay but only increased the System’s normal cost rate by 0.05% of SFERS payroll.
- On November 5, 2024, voters also approved Charter Amendment I, which allows registered nurses who meet certain criteria to purchase service credit for time previously worked as per diem nurses, up to a maximum of 3 years. This change increased the Actuarial Liability by \$0.9 million and the normal cost rate for nurses by 0.51% of pay. The System’s normal cost rate only increased by 0.04% of SFERS payroll.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION I – BOARD SUMMARY

- Charter Amendment I also moved 911 dispatchers, supervisors, and coordinators from the Miscellaneous Plans to the Miscellaneous Safety Plan for compensation earned on and after January 4, 2025. This change does not impact the Actuarial Liability since it only affects future service earned but significantly increases the normal cost rate for this group by 11.76% of pay. However, the System's normal cost rate only increases by 0.06% of SFERS payroll.

SECTION I – BOARD SUMMARY

Historical and Projected Trends

Each valuation is a snapshot of the long-term progress of a pension fund. It is important to judge a current year's valuation result in the context of historical and projected future trends. **The baseline projections on the next page include the cost and liability for assumed future Supplemental COLAs.**

Supplemental COLAs are granted if the actual return on the Market Value of Assets exceeds the expected return on the Actuarial Value of Assets. For members hired after Proposition C (Prop C) passed in 2012, the Supplemental COLA is only payable if the System was 100% funded based on the Market Value of Assets. For non-Prop C Retirees, the projections assume 50% of a full Supplemental COLA each year (0.75% for most members). For the Prop C Retirees, the probability is slightly lower than 50% in the short term since the System is only 95% funded based on the Market Value of Assets.

The top chart on page 11 compares the Market Value of Assets to the Actuarial Liability for the historical period from 2014 to 2024 and the projected period from 2025 to 2034, assuming all assumptions are met. The light gray bars represent the historical Actuarial Liability in years when no Supplemental COLA was paid, while the black bars represent the historical Actuarial Liability in years when a Supplemental COLA was paid. The medium gray bars represent the projected Actuarial Liability with an assumed level of Supplemental COLA. The gray bar with a black outline is the current valuation year.

The funding ratios based on the Market Value of Assets are shown at the top of the bars. The System was 94% funded as of July 1, 2014. Since then, investment returns and contributions, offset by some assumption changes and the impact of actual Supplemental COLAs, have slightly increased the funding ratio to 95% as of July 1, 2024.

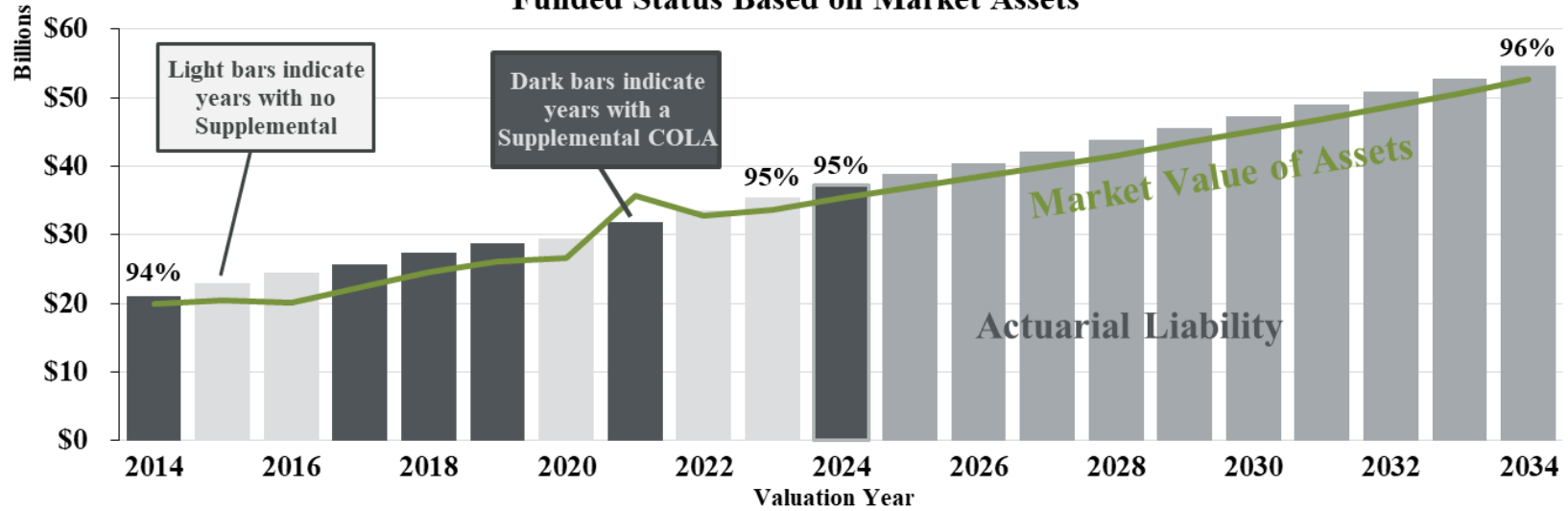
The bottom chart on page 11 shows historical and projected contribution rates for the fiscal years ending 2016 through 2036. The dark and light gray bars represent historical member and employer contribution rates, while the purple and gold bars represent member and employer contribution rates currently in effect and projected for the future. The rates determined by the current valuation are a darker shade. The blue line represents the baseline projection from the 2023 actuarial valuation.

Since 2021, the employer contribution rate has decreased primarily due to the completion of the amortization payments for certain charter amendments and investment returns on the Actuarial Value of Assets. In FYE 2028 and FYE 2029, employer contributions are expected to increase as deferred asset losses are recognized in the smoothed Actuarial Value of Assets and some amortization credits are fully amortized. After FYE 2030, employer contributions are expected to remain relatively level.

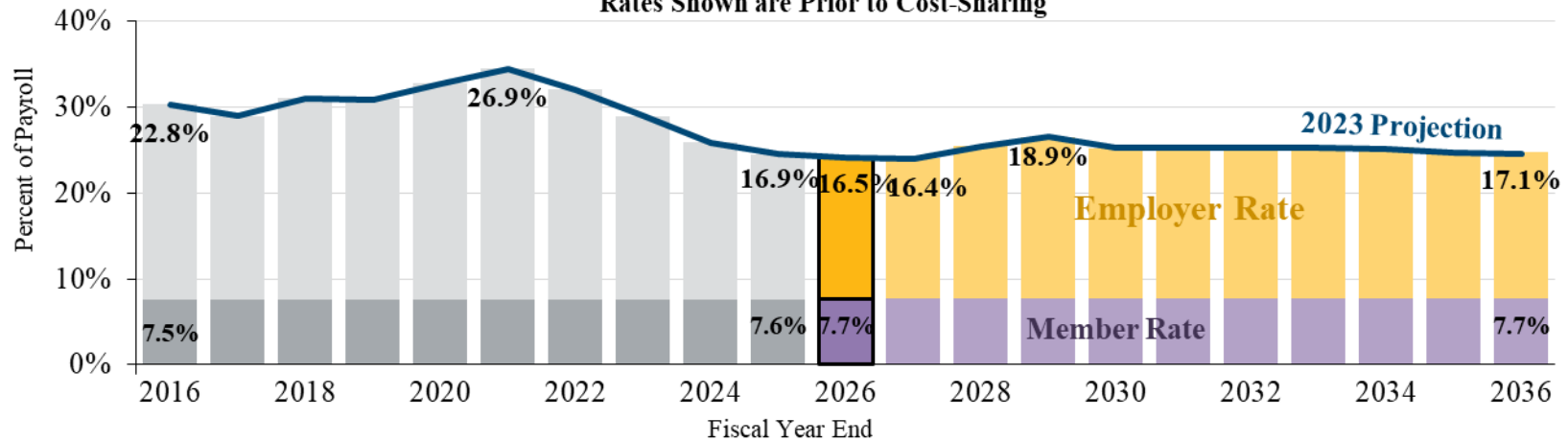
**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION I – BOARD SUMMARY

Funded Status Based on Market Assets



**Employer Contribution Rates
Rates Shown are Prior to Cost-Sharing**



SECTION II – ASSESSMENT AND DISCLOSURE OF 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 be significantly different. This section of the report is intended to identify the primary risks to the plan, provide some background information about those risks, and assess those risks.

Identification of Risks

The fundamental risk to the System is that the contributions needed to pay the benefits become unaffordable. While SFERS cannot determine on its own what contribution level is unaffordable, we can project expected contribution rates and illustrate the potential impact of key sources of risk on those contribution rates so the employers can assess affordability. While there are several factors that could lead to contribution amounts becoming unaffordable, we believe the primary risks for this System are:

- Investment risk,
- Interest rate risk, and
- Supplemental COLA risk.

Investment risk is the potential for investment returns to be different than expected. Interest rate risk is the potential for interest rates to be different than expected. For public plans, short-term fluctuations in interest rates have little or no effect, but longer-term trends can have a powerful effect on economic assumptions, particularly the discount rate. Supplemental COLA risk is the potential for the cost of future Supplemental COLAs to increase contribution rates.

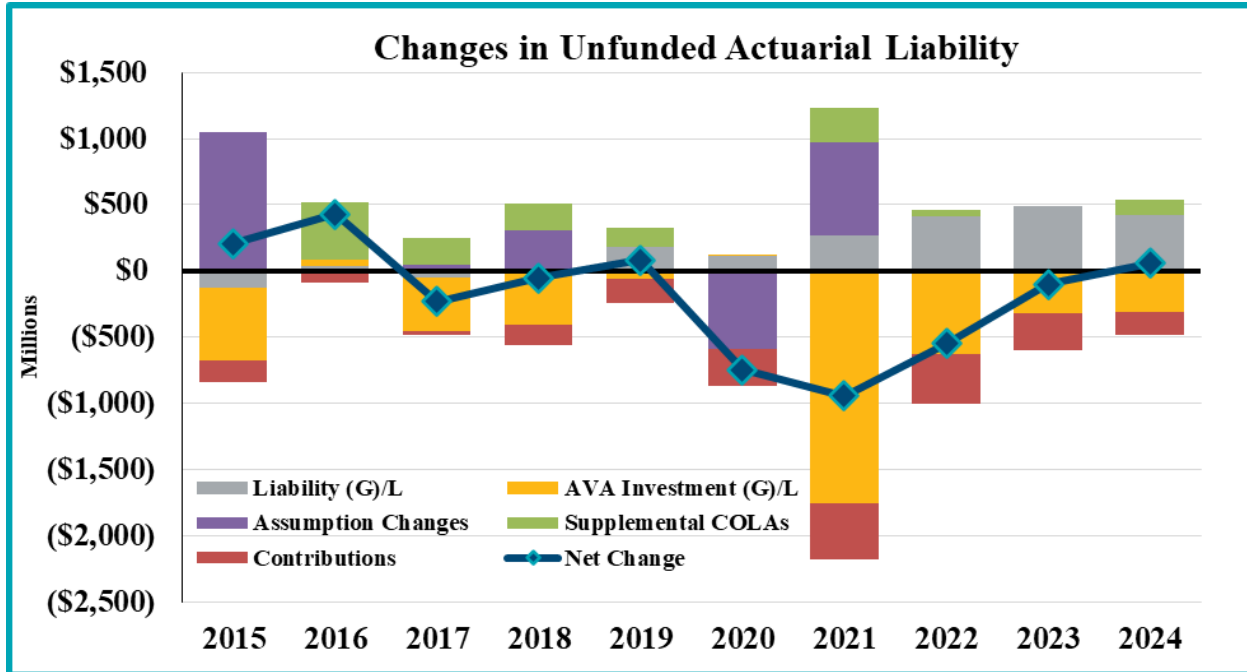
Other risks that we have not identified may also turn out to be important.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

The chart below shows the components of changes in the Unfunded Actuarial Liability for the last 10 years, including investment gains and losses on the Actuarial Value of Assets, liability gains and losses, assumption changes, benefit changes, and contributions compared to the tread water level of contributions (normal cost plus interest on the UAL, explained in more detail below). The dark blue line shows the net UAL change.

SFERS Historical Changes in UAL 2015-2024



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Discount Rate	7.50%	7.50%	7.50%	7.40%	7.40%	7.40%	7.20%	7.20%	7.20%	7.20%	
Source											
AVA (G)/L	\$ (546)	\$ 52	\$ (406)	\$ (409)	\$ (59)	\$ 6	\$ (1,750)	\$ (628)	\$ (323)	\$ (311)	\$ (4,372)
Liability (G)/L	(128)	35	(46)	7	185	112	270	413	493	425	1,767
Assumptions/Methods	1,048	0	50	298	0	(591)	702	0	0	0	1,507
Supplemental COLAs ¹	0	429	200	201	141	0	264	48	0	116	1,400
Contributions ²	(168)	(84)	(27)	(148)	(186)	(274)	(428)	(379)	(271)	(170)	(2,135)
Total UAL Change	\$ 207	\$ 432	\$ (228)	\$ (51)	\$ 82	\$ (747)	\$ (942)	\$ (546)	\$ (101)	\$ 61	\$ (1,834)

¹In 2024, the partial Supplemental COLA increased the UAL by \$100.7 million. Charter Amendments increased the UAL by \$15.6 million.

²Actual contributions (greater)/less than normal cost, administrative expenses and interest on the UAL; also includes rate implementation delay, payroll growth not as anticipated.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

The totals on the previous page illustrate the significant risk attributable to investment returns and the corresponding and offsetting risk of Supplemental COLAs. The risk attributable to interest rates is partially shown in the cost of assumption changes when the discount rate is reduced. More significant impacts due to the reduction in the discount rate predate the ten-year window shown in this chart. More recently, the impact of inflation on salary increases has driven liability losses in the last few years. We haven't identified inflation as a key risk for the System because it also has offsetting impacts, including the impact of higher interest rates on expected returns.

On a smoothed asset basis, recent market experience has produced gains in eight of the last 10 years. Over the 10-year period, investment gains reduced the UAL by approximately \$4.4 billion. The 10-year returns on the Actuarial Value and Market Value of Assets were 9.1% and 7.9%, respectively.

On the liability side (gray bars), gains early in the period have been offset by more recent losses primarily due to salary increases and Old Safety Basic COLAs with a net experience loss increasing the UAL by approximately \$1.8 billion over the 10-year period.

Assumption and method changes (purple bars) over the last 10 years have increased the UAL by about \$1.5 billion. The significant changes increasing the UAL have included reductions in the discount rate, decreases in mortality rates, and increases in retirement rates. The assumption changes lowering the UAL in 2020 were primarily due to reductions in wage inflation and assumed Old Safety COLAs. In 2021, the discount rate was reduced from 7.4% to 7.2%, which increased the UAL by about \$700 million.

Benefit changes (green bars) are almost all Supplemental COLAs. While our projections include an assumed level of Supplemental COLAs, the Actuarial Liability for determining contribution rates in each valuation does not. In 2016, the benefit increase is a result of the 2013 and 2014 retroactive Supplemental COLAs. The 2022 increase is due to Proposition A which increased pre-96 retiree benefits for prior Supplemental COLAs that were not granted due to SFERS not being 100% funded. In 2024, \$15.6 million of the increase is due to Propositions H and I, which increased benefits for certain members. Over the 10-year period, Supplemental COLAs and other benefit changes increased the UAL by about \$1.4 billion.

Over the 10-year period, contributions have consistently reduced the UAL by about \$2.1 billion in total. Each year, absent any contributions, the UAL is expected to increase for active member benefits attributable to the current year of service (the normal cost), administrative expenses, and interest on the UAL. This expected increase is referred to as the tread water level. If contributions exceed 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.

In general, the amortization methods used to determine contributions to the System are designed to collect more than the tread water level. However, the System may temporarily pay less than this threshold due to asset smoothing, the one-year delay between the valuation date and when contribution rates become effective, or unexpected reductions in payroll.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

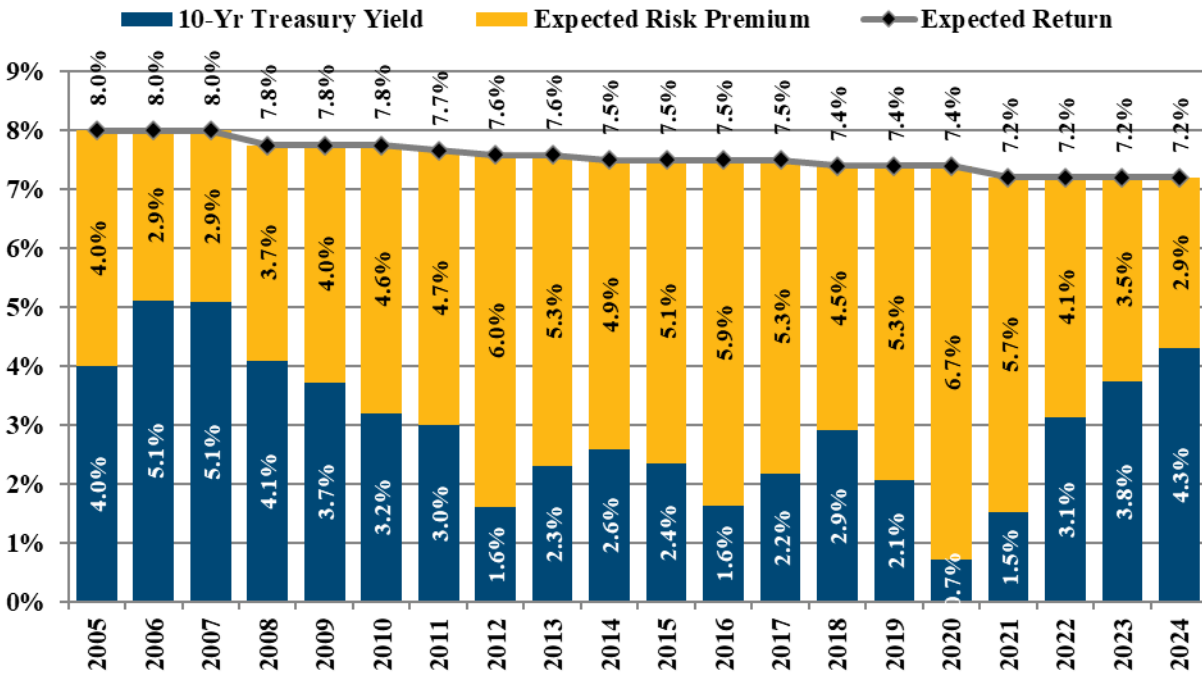
SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

The chart below shows the yield on a 10-year Treasury security compared to the System’s assumed rate of return. The difference is a simple measure of the investment risk premium. From 2007 to 2020, the yield on the 10-year Treasury declined from about 5.1% to 0.7%. During this period, the System reduced its expected rate of return from 8.0% to 7.2%. Meanwhile, its expected risk premium grew from 2.9% to 6.7%. As interest rates declined, the System faced a choice:

- maintain the same risk premium and reduce the expected rate of return;
- maintain the same expected rate of return and increase the risk premium; or
- some combination of the two strategies.

In the last three years, the yield on the 10-year Treasury has rebounded to 4.3% as the Federal Reserve increased rates to combat inflation. The expected risk premium has contracted to 2.9%, the lowest level since 2007. If interest rates remain at the current level, there will be less pressure to reduce the discount rate further.

San Francisco City & County Expected Risk Premium



SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

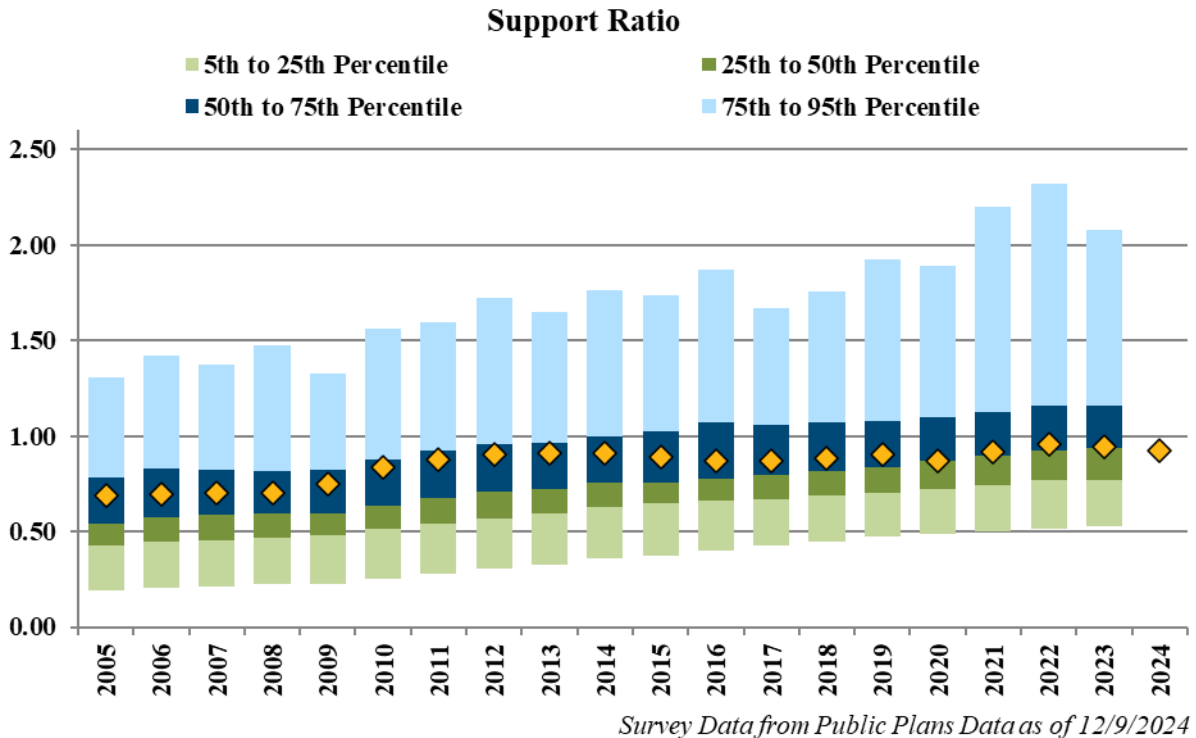
Plan Maturity Measures

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 SFERS compared to other public plans and how the maturity has changed over time.

Plan maturity can be measured in a variety of ways, but all of the measures 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 SFERS.

Support Ratio (Inactives per Active)

One simple measure of plan maturity is the ratio of the number of members receiving benefits to the number of active members. The revenue base supporting the plan is usually proportional to the number of active members, so a relatively high number of inactives compared to actives indicate a larger plan relative to its revenue base as well.

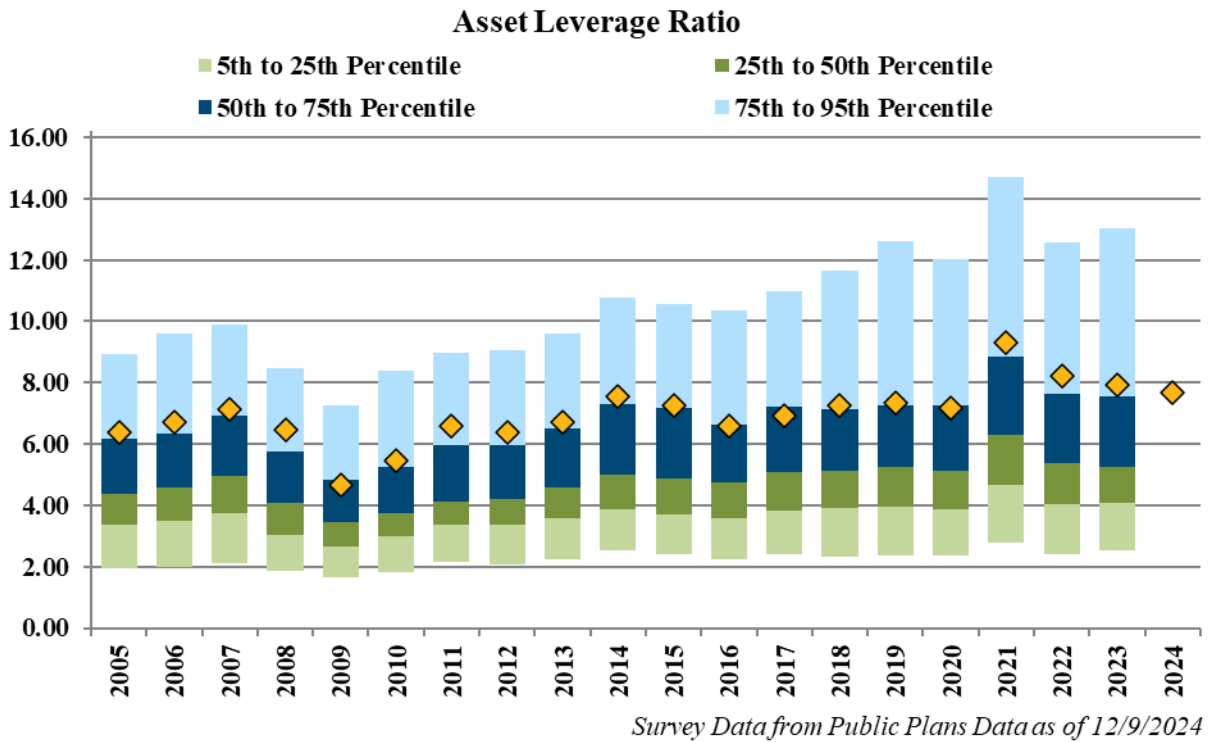


The chart above compares the distribution from the 5th to 95th percentile of support ratios for the plans in Public Plans Data to SFERS (yellow diamonds). Like many other plans, SFERS’s support ratio increased during the Great Recession, but it has stabilized in recent years while other plans have continued to increase. The support ratio for SFERS increased slightly in 2021 and 2022 due to declines in active membership but decreased slightly in 2023 and 2024.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

Leverage Ratios

Leverage or volatility ratios measure the size of the plan compared to its revenue base more directly. For example, an asset leverage ratio of 5.0 means that if the system experiences a 10% loss on assets compared to the expected return, the loss would be equivalent to 50% of payroll. The same investment loss for a system with an asset leverage ratio of 10.0 would be equivalent to 100% of payroll. Plans with higher asset leverage ratios are more sensitive to variations in investment returns.

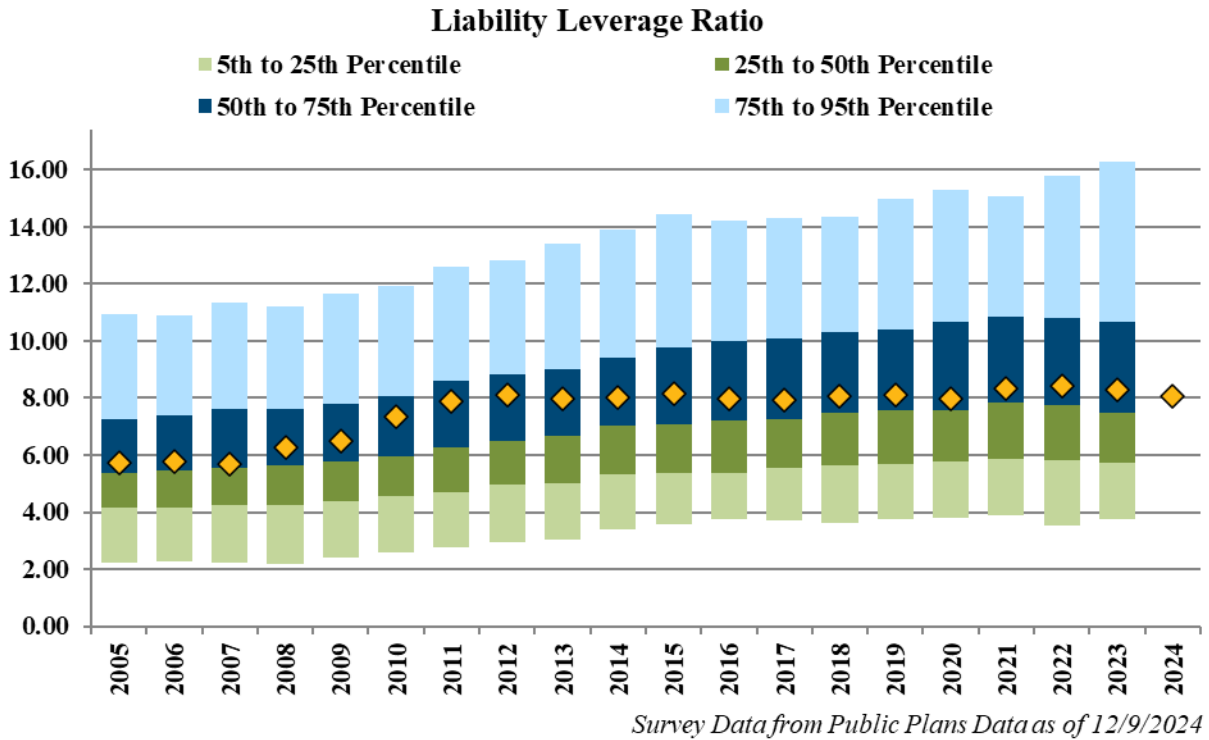


The chart above compares the distribution of asset leverage ratios from the 5th to 95th percentile for the plans in the Public Plans Database to SFERS (yellow diamonds).

SFERS’ asset leverage ratio has consistently been at the 75th percentile or above compared to other plans, while its absolute level has fluctuated with investment returns and the System's growth. It reached a low during this period of 4.7 in 2009, a peak of 9.3 in 2021, and has since decreased to 7.7 as of June 30, 2024. SFERS’ asset leverage ratio decreased in 2024 primarily because payroll increased more than expected. This level indicates that SFERS is more sensitive to investment returns than 75% of public plans. For example, an investment loss of 10% (compared to the assumed return) would increase SFERS UAL by about 77% of payroll compared to only 53% of payroll for the median plan in 2023.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK



The chart above compares the distribution of liability leverage ratios from the 5th to 95th percentile for the plans in the Public Plans Database to SFERS (yellow diamonds).

SFERS' Actuarial Liability leverage ratio has consistently been between the 50th and 75th percentiles and has recently held relatively constant, around 8.0, while other plans have been increasing. SFERS remains in the 50th to 75th percentile, which means that it is slightly more sensitive to the impact of assumption changes than most public plans. For example, an assumption change that increases the Actuarial Liability by 5% would add a liability equivalent to about 40% of payroll for SFERS compared to about 37% of payroll for the median plan in 2023.

Assessment of Risks

The fundamental risk to the System is that the contributions needed to fund the benefits become unaffordable. Assessing this risk, however, is complex because there is no bright line of what is unaffordable and the contribution amounts themselves are affected not just by the experience of the System, but also by the interaction of that experience and decisions by the Board related to assumptions, asset smoothing methods, and amortization periods.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

Investment Risk – Stress Testing

We developed six hypothetical scenarios to assess the potential impact of investment risk. The scenarios are balanced between positive and negative and are based on a lognormal distribution of one- and five-year expected returns, as shown in the table below, using the 10-year capital market assumptions from SFERS' investment consultant Wilshire (Geometric return = 7.0%, standard deviation = 13.4).

Table II-2		
Distribution of Expected Average Annual Returns		
Percentile	1 Year	5 Year
5%	-12.7%	-2.3%
25%	-1.5%	3.1%
50%	7.0%	7.0%
75%	16.4%	11.1%
95%	31.2%	17.3%

The scenarios include a one-year shock using the 5th and 95th percentile returns for one year, a five-year moderate scenario using the 25th and 75th percentile returns for five years, and a five-year significant scenario using the 5th and 95th percentile returns for five years. The table below summarizes the theoretical scenarios.

Table II-3						
Theoretical Scenarios						
FYE	1-Yr Shock		5-Yr Moderate		5-Yr Significant	
	Neg	Pos	Neg	Pos	Neg	Pos
2025	-12.70%	31.20%	3.10%	11.10%	-2.30%	17.30%
2026	7.20%	7.20%	3.10%	11.10%	-2.30%	17.30%
2027	7.20%	7.20%	3.10%	11.10%	-2.30%	17.30%
2028	7.20%	7.20%	3.10%	11.10%	-2.30%	17.30%
2029	7.20%	7.20%	3.10%	11.10%	-2.30%	17.30%
2030+	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%

The charts on pages 21-26 show the projections under each of these theoretical scenarios. The contribution charts include a blue line representing the 2024 baseline projections shown in the Board Summary (on page 11) to facilitate the comparison between the scenario and the projections assuming all assumptions are met. Supplemental COLAs for future years, where the return differs from the assumption are calculated based on actual returns in excess of the expected return on the Actuarial Value of Assets. In years, where the return equals the assumed

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

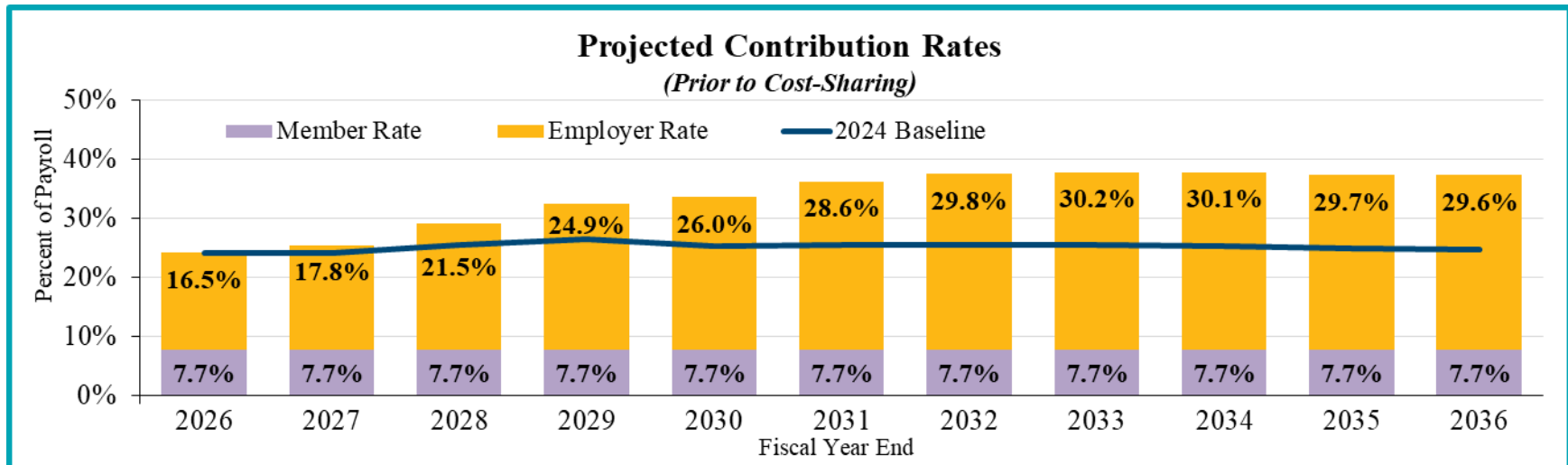
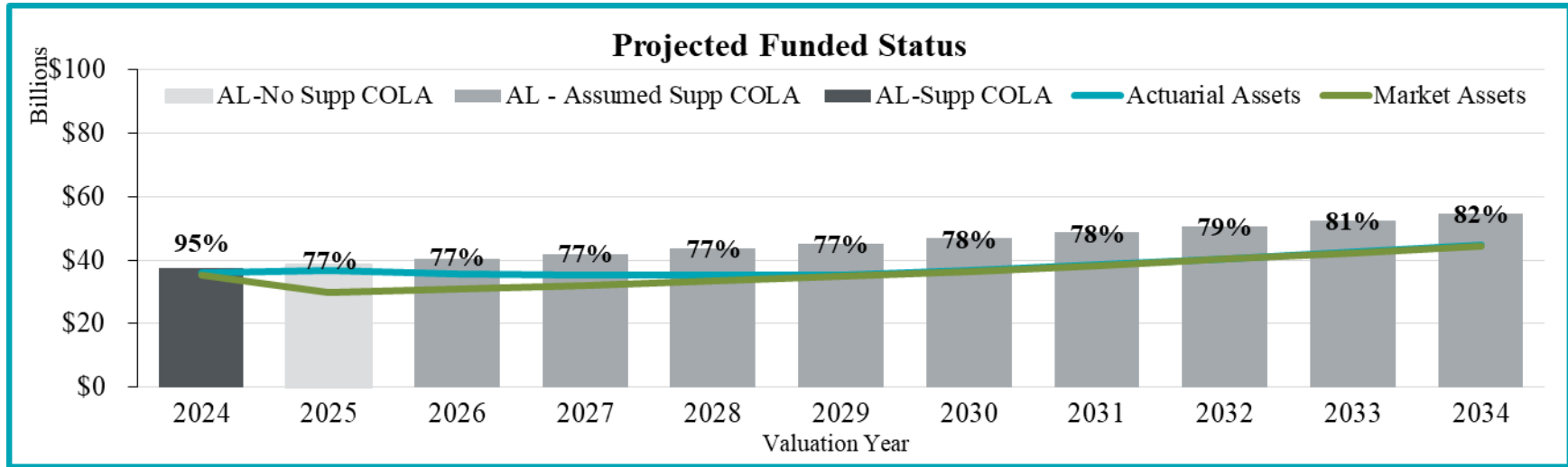
SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

return, a partial Supplemental COLA is assumed based on the probability of the return exceeding the amount necessary to generate a Supplemental COLA. The liability projections are shown as black bars in years a Supplemental COLA is payable, medium gray bars in years when a Supplemental COLA is assumed to be payable, and light gray bars in years when no Supplemental COLA is payable. The contribution rates are shown before any cost-sharing adjustments.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

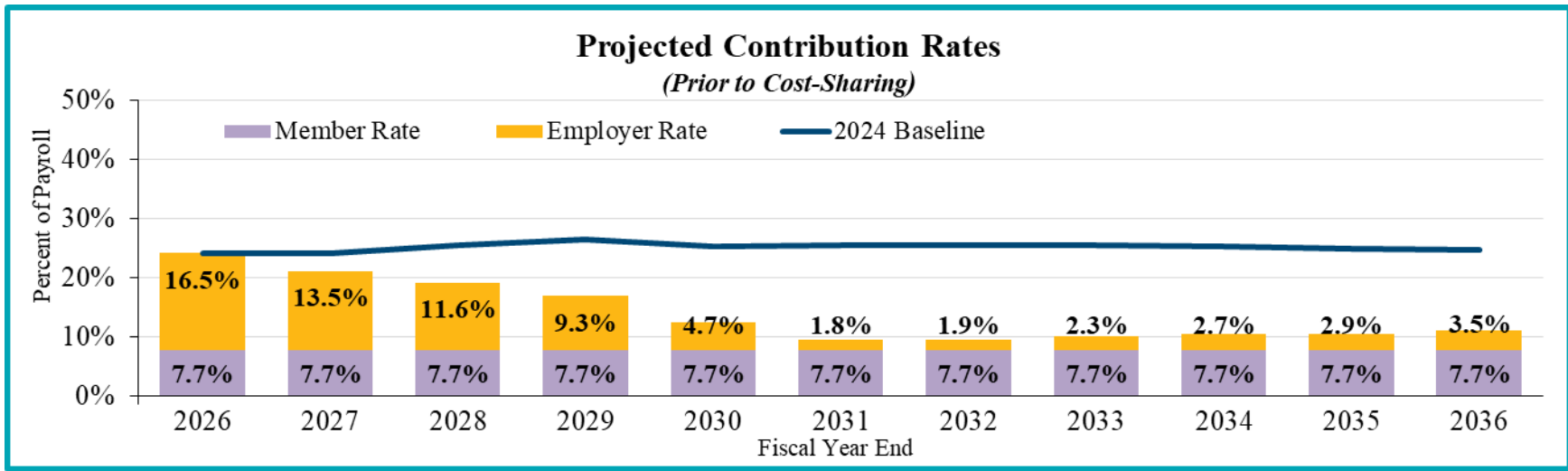
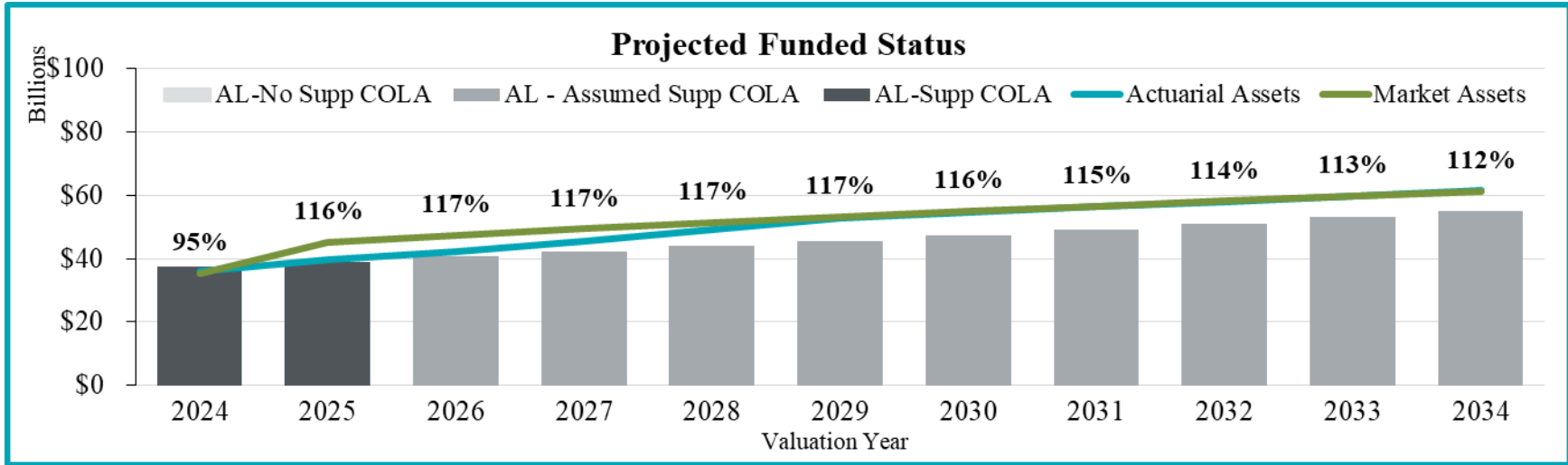
One-Year Negative Shock Scenario: -12.7% return FYE 2025, 7.2% thereafter



**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

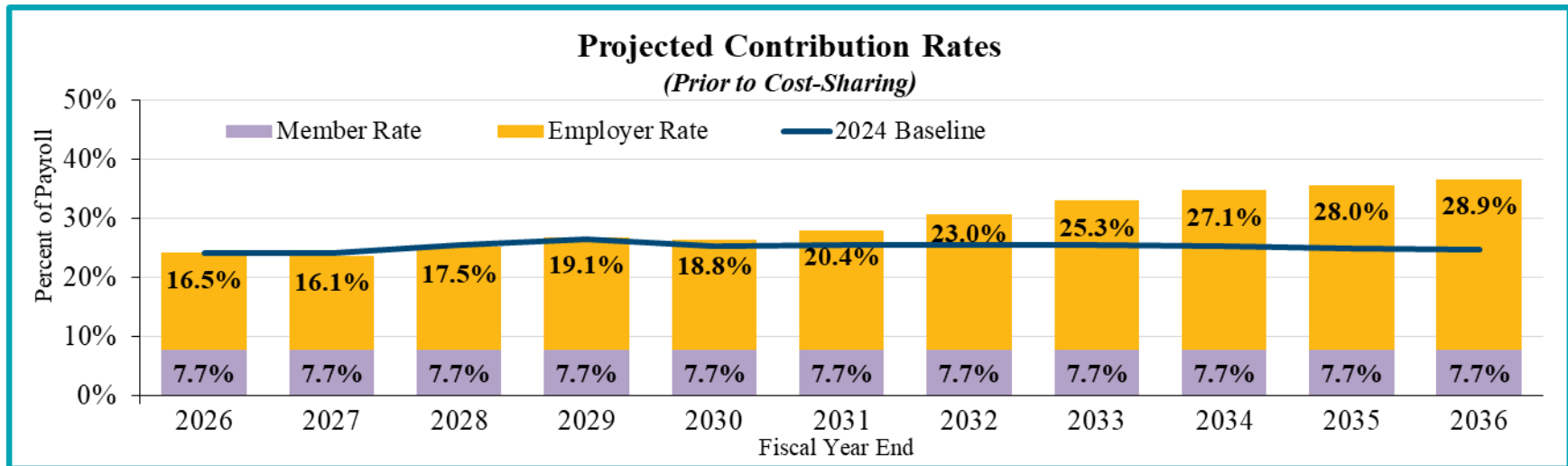
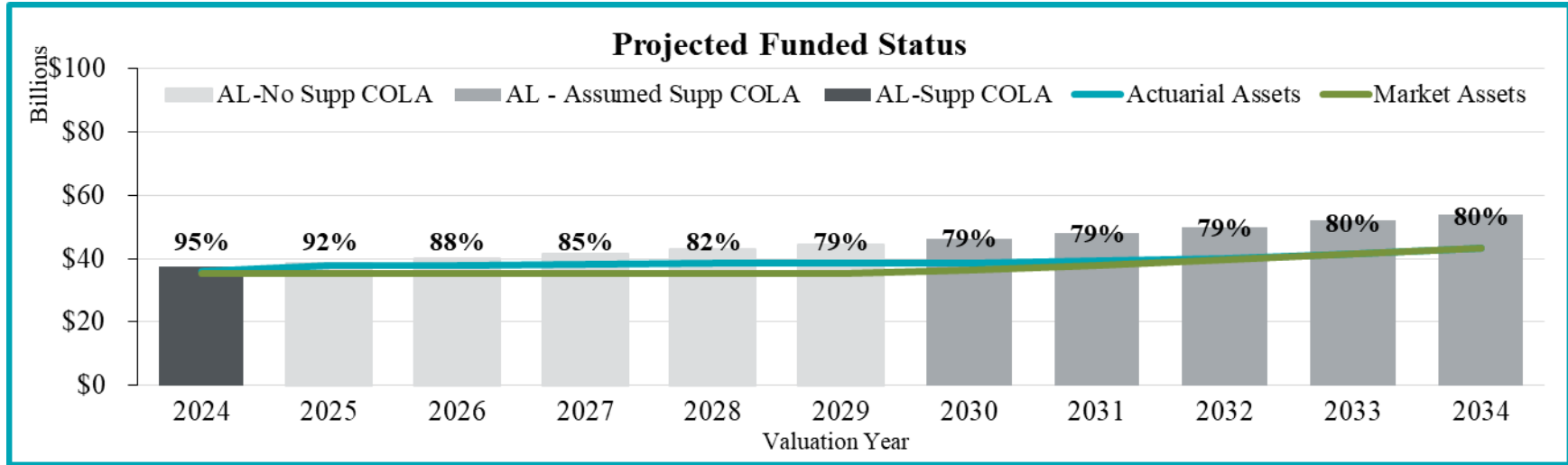
One-Year Positive Shock Scenario: 31.2% return FYE 2025, 7.2% thereafter



**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

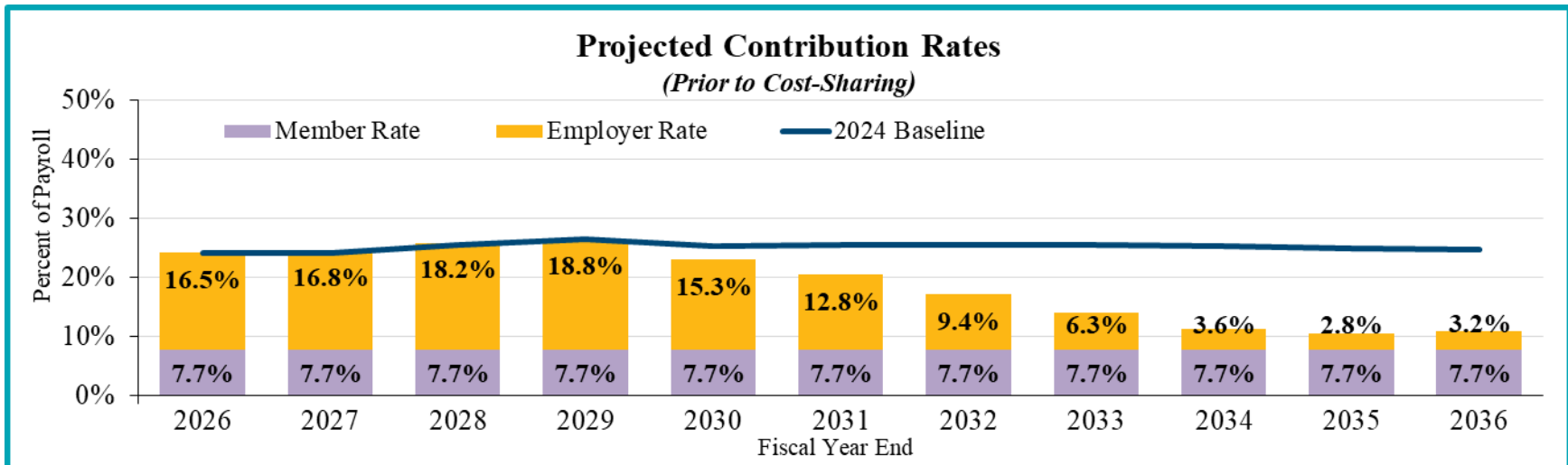
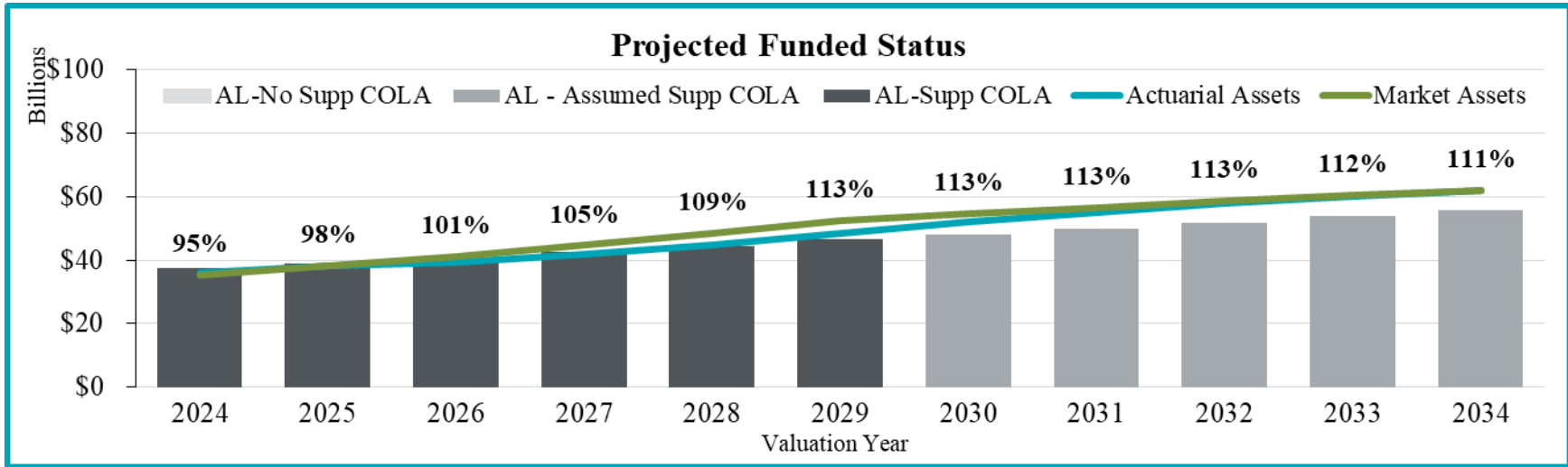
Five-Year Moderate Negative Scenario: 3.1% return FYE 2025-2029, 7.2% thereafter



**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

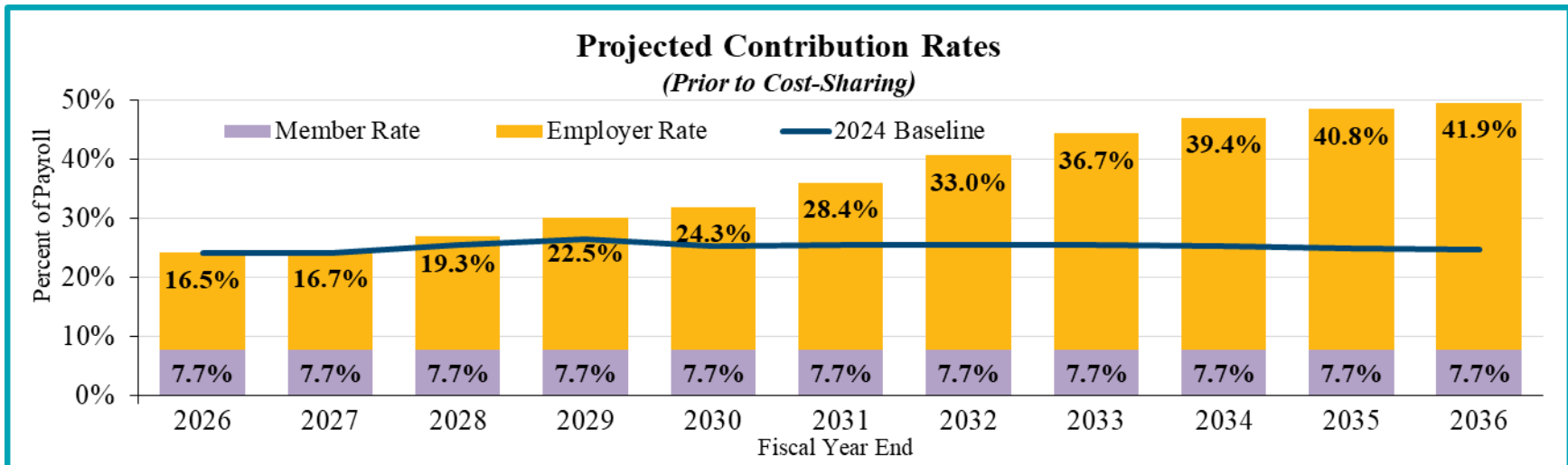
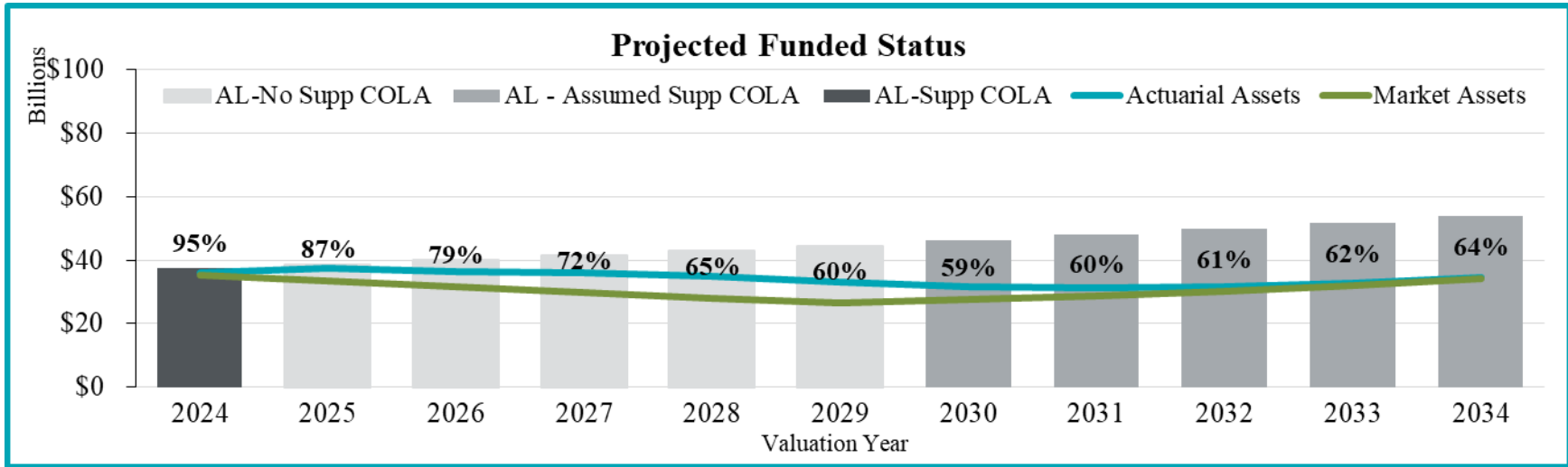
Five-Year Moderate Positive Scenario: 11.1% return FYE 2025-2029, 7.2% thereafter



**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

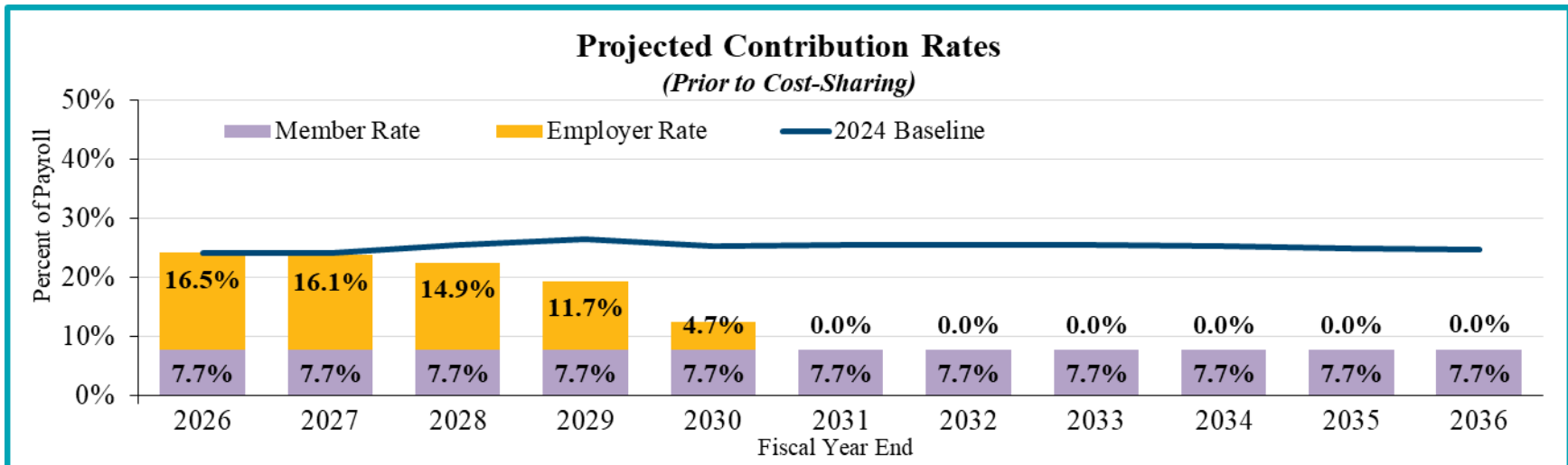
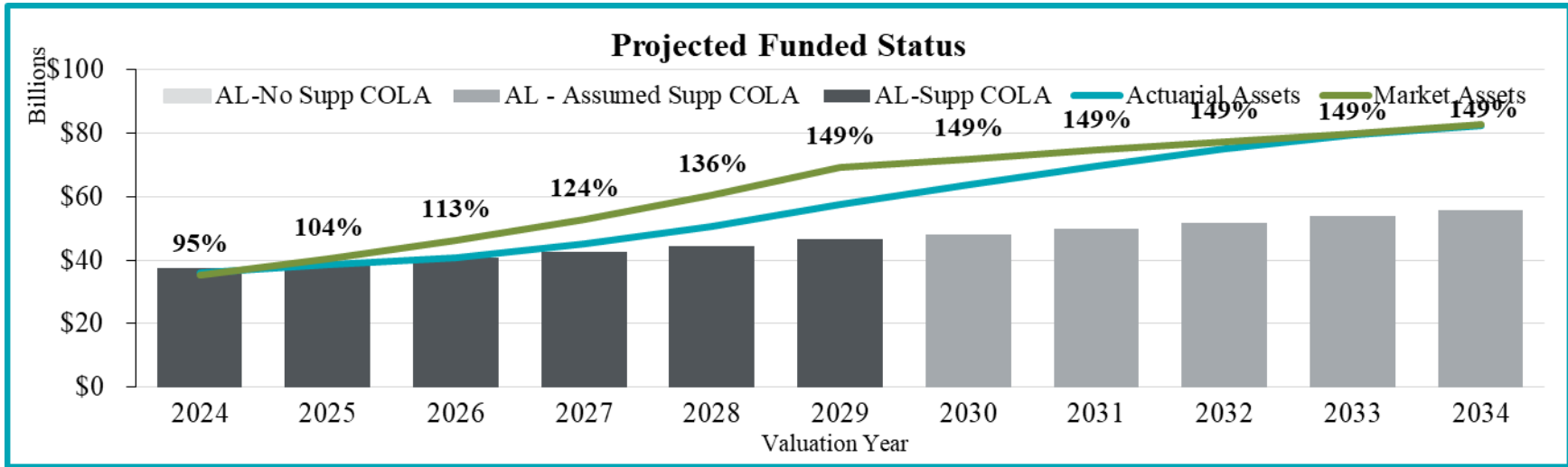
Five-Year Significant Negative Scenario: -2.3% return FYE 2025–2029, 7.2% thereafter



**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

Five-Year Significant Positive Scenario: 17.3% return FYE 2025-2029, 7.2% thereafter



SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

The scenarios show that actual future investment returns significantly impact future contribution rates.

All positive economic scenarios produce Supplemental COLAs for all retirees and declining contribution rates.

- The one-year positive shock scenario (+31.2%) produces a Supplemental COLA for 2025 and immediate reductions in employer contribution rates through FYE 2031 as the investment gains are recognized in the Actuarial Value of Assets.
- The five-year moderate positive scenario (+11.1%) produces Supplemental COLAs for 2025 through 2029. Initially, the amortization of the investment gains just offset the amortization of the Supplemental COLAs, but as the full gain is recognized in the Actuarial Value of Assets and as the costs of the Supplemental COLAs are fully amortized, employer contribution rates decline from a peak in FYE 2029 to a low in FYE 2035.
- The five-year significant positive scenario (+17.3%) also produces Supplemental COLAs for 2025 through 2029. But the recognition of the investment gains in the Actuarial Value of Assets quickly overcomes the cost of the Supplemental COLAs and reduces employer contribution rates to 0.0% by FYE 2031, where they remain as the System is nearly 150% funded.

The five-year negative economic scenarios produce no Supplemental COLAs and increase employer contribution rates during the 10-year projection period.

- The one-year negative shock (-12.7%) shows employer rates increasing immediately and reaching a peak in FYE 2033 of 30.2%. The funded status declines but stays at or above 77% throughout the 10-year period.
- The five-year moderate negative scenario (+3.1%) produces no Supplemental COLA for five years, which almost completely offsets the amortization of the recognized investment losses until FYE 2030 after which employer contributions continue to increase to 28.9% in FYE 2036. The funded status remains at or above 79% throughout the 10-year period.
- The five-year significant negative scenario (-2.3%) produces a slight increase in the rate in FYE 2027 before the employer rate escalates quickly, reaching 41.9% in FYE 2036. The funded status declines significantly each year, dropping to 59% funded in 2030 before it gradually increases to 64% at the end of the 10-year period.

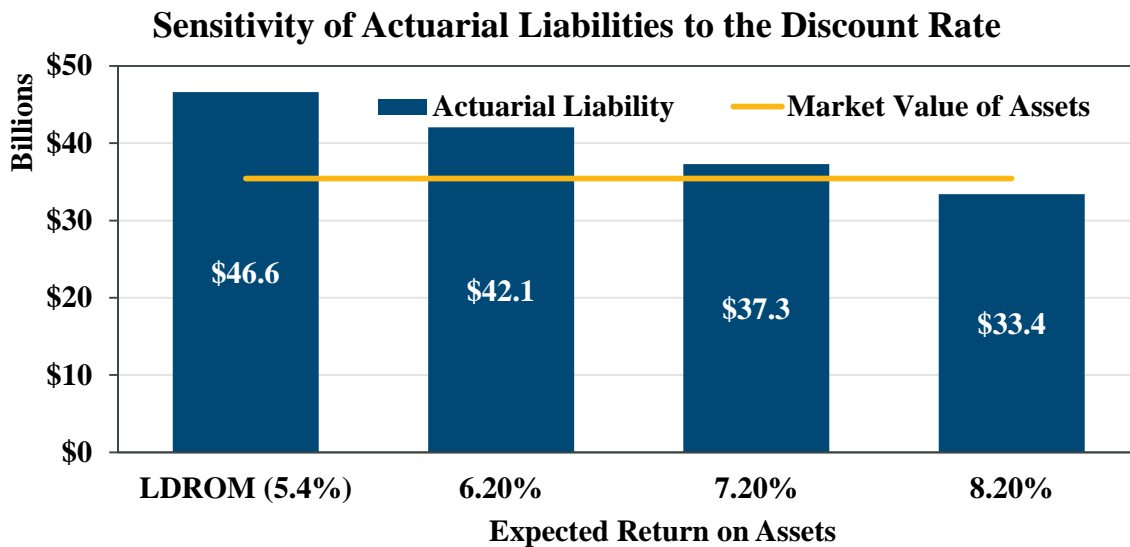
The investment returns used in the projections above were selected solely to illustrate the impact of investment volatility on the pattern of funded status and employer contribution rates. They are not intended to be predictive of actual future contribution rates or funded status or even to represent a realistic pattern of investment returns.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

Interest Rate and Discount Rate Change Risk – Sensitivity Testing

As shown above, assumption changes over the last decade have increased the UAL by approximately \$1.5 billion, primarily due to decreases in the discount rate from 7.50% to 7.20%. The reductions in discount rates were largely driven by declines in interest rates that affect expectations of future investment returns. If the recent rise in interest rates persists, it may ease the pressure to reduce discount rates. But if interest rates revert to the low levels reached during the pandemic or if there is a desire or need to reduce investment risk that reduces expected returns, the discount rate and expected returns may need to be reduced further.

The chart below compares the Market Value of Assets (gold line) to the Actuarial Liability (blue bar) using discount rates equal to the current expected rate of return and 100 basis points above and below the expected rate of return. In addition, the chart shows the low-default-risk obligation measure (LDROM), which 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.



SFERS invests in a diversified portfolio with the objective of maximizing investment returns at a reasonable level of risk. If investments return 7.20% annually, SFERS would need approximately \$37.3 billion in assets today to pay all benefits attributable to past service compared to current assets of \$35.4 billion. If investment returns are only 6.20%, SFERS would need approximately \$42.1 billion in assets today, and if investment returns are 8.20%, only \$33.4 billion in assets would be needed.

The lowest-risk portfolio for a pension plan with fixed cash flows would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of SFERS. As of June 30, 2024, using the FTSE Pension Liability Index (rounded to 10 basis points), we estimate that such a portfolio would have an expected return of 5.4%, and SFERS would need \$46.6 billion to pay all benefits attributed to past service. This amount is the

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

LDROM. The \$9.3 billion difference between the LDROM and the Actuarial Liability at 7.20% represents the expected savings from bearing the risk of investing in SFERS' diversified portfolio. Alternatively, it also represents the cost of eliminating the investment risk.

Because SFERS invests in a diversified portfolio rather than the LDROM portfolio, the reported funded status is higher and expected employer contributions are lower. Benefit security for SFERS members depends on a combination of the plan's assets, the investment returns generated on those assets, and the ability of employers to make any needed future contributions. An LDROM portfolio would generate more predictable but lower expected investment returns, potentially changing the level of reliance on future employer contributions to secure benefits.

Supplemental COLA Risk – Stress Testing

Supplemental COLA risk is the potential for the cost of future Supplemental COLAs to increase contribution rates. Supplemental COLAs are granted if actual returns on the Market Value of Assets exceed the expected return on Actuarial Value of Assets. For members hired after Proposition C passed in 2012, the Supplemental COLA is only payable if the System is also 100% funded.

In determining the Actuarial Liability in the funding valuation and whether the System is 100% funded, there are no future Supplemental COLAs assumed. In the projections, however, Supplemental COLAs are assumed to be granted each year in the future with a 50% probability (multiplied by the probability of being 100% funded for members with that requirement). If the Actuarial Liability were determined with the same assumption, it would affect the funded status, as shown in the table below.

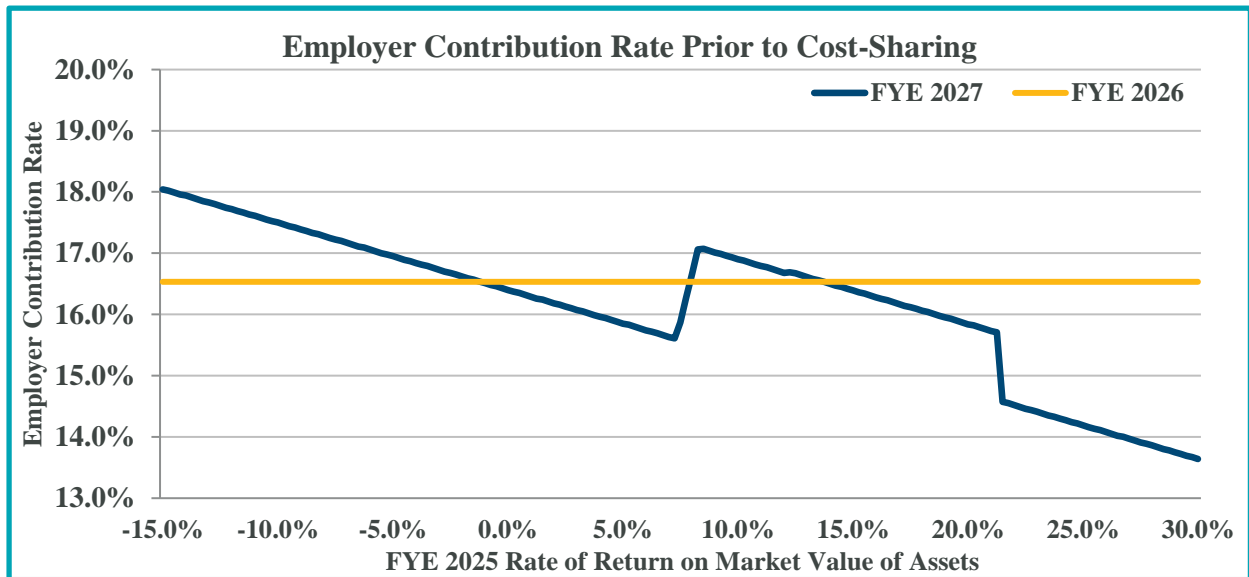
Table II-3				
Impact of Anticipating Future Supplemental COLAs				
(Amounts in millions)				
	Future Supplemental COLAs			
	None	Assumed	% Difference	
Actuarial Liability	\$ 37,314.5	\$ 39,938.2	7.0%	
Actuarial Value of Assets	\$ 36,038.3	\$ 36,038.3	0.0%	
Unfunded Actuarial Liability (actuarial value)	1,276.2	3,899.9	205.6%	
Funding Ratio (actuarial value)	96.6%	90.2%	-6.3%	
Market Value of Assets	\$ 35,417.7	\$ 35,417.7	0.0%	
Unfunded Liability (market value)	1,896.8	4,520.5	138.3%	
Funding Ratio (market value)	94.9%	88.7%	-6.2%	

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

While current contributions rates do not anticipate any future Supplemental COLAs, when a Supplemental COLA is granted, the increase in Actuarial Liability is amortized over five years, increasing contribution rates. The higher-than-expected investment returns that generate a Supplemental COLA are smoothed into the Actuarial Value of Assets over five years and then amortized over 20 years, reducing contribution rates. In most cases, the gain from the investment returns is sufficient to offset the loss due to the Supplemental COLA in contribution rates. However, the worst situation for near-term contribution rates is for investment returns to be just large enough to generate a Supplemental COLA. Then, the five-year amortization of the Supplemental COLA creates an increase in contribution rates that is not entirely offset by the investment gains until after the five-year period.

To illustrate the impact of the Supplemental COLA on the employer contribution rate, the chart below shows the estimated FYE 2027 contribution rate, assuming actual rates of investment return vary from -15% to 30% with all other actuarial assumptions being met. The expected employer contribution rate for FYE 2027 ranges from 13.6% to 18.0%, a relatively narrow range compared to the extremely wide range of investment returns.

As shown in the chart, a return of approximately 7.4% starts to generate a Supplemental COLA, and a return of approximately 8.3% or greater generates a full Supplemental COLA for the non-Prop C retirees. A return of 21.4% reaches 100% funding based on the Actuarial Value of Assets, which extends the amortization of the Supplemental COLA from five years to 20 years.



The impact of future Supplemental COLAs on contribution rates and funded status is the worst when the investment returns are just large enough to generate a Supplemental COLA. To illustrate this potential risk and how the amortization method manages it, the projections on the following page assume 8.3% returns each year, which produces a full Supplemental COLA in each year.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

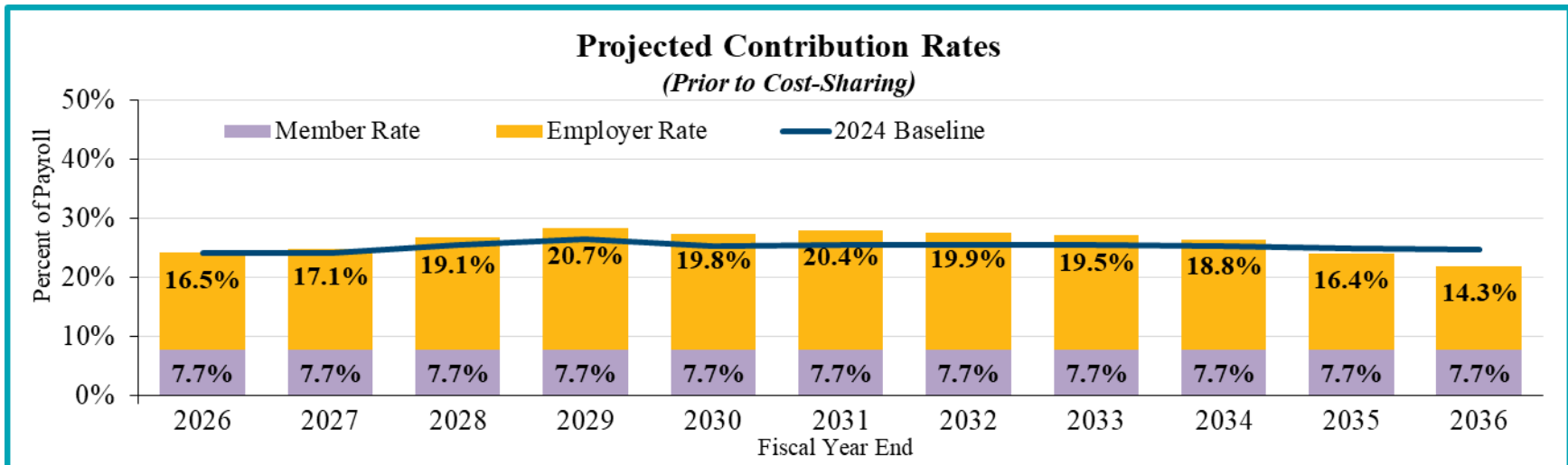
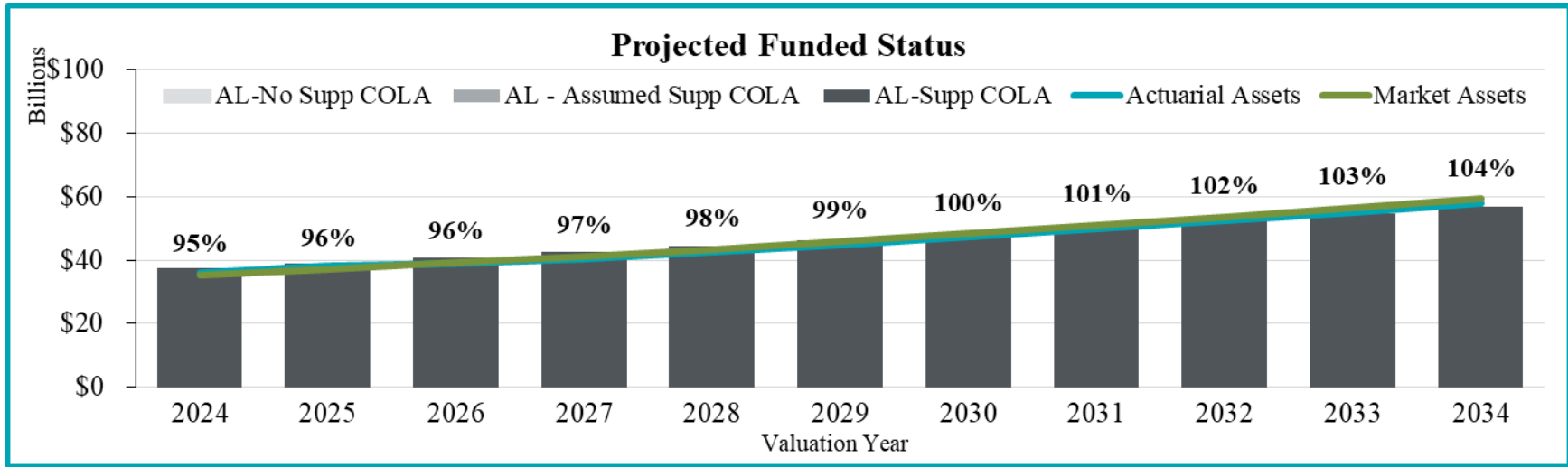
SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

These projections illustrate that the five-year amortization period manages the risk of future Supplemental COLAs relatively well. The contributions remain very close to the baseline level, and the funded status also remains relatively stable.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

Supplemental COLA Risk Stress Test: 8.3% return FYE 2025-2034



**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION III – CERTIFICATION

The purpose of this report is to present the July 1, 2024 Actuarial Valuation of the San Francisco City and County Employees' Retirement System (SFERS or the System). This report is for the use of the System and its auditors in setting contribution levels and preparing financial reports in accordance with applicable law and annual report requirements.

In preparing our report, we relied on information, some oral and some written, supplied by the System. 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 the Actuarial Standard of Practice No. 23.

All demographic assumptions and the price and wage inflation assumptions were adopted at the December 9, 2020 Board meeting based on our recommendations. Please refer to the demographic experience study report dated August 2020 for the rationale for the demographic assumptions and the December 9, 2020 Board presentation for the rationale for the economic assumptions. The discount rate and amortization policy changes were adopted at the November 10, 2021 Board meeting. We believe all the assumptions are reasonable for the purposes of the measurement.

The measures, including funding ratios, in this report are for the purpose of establishing contribution rates. These measures are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic 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 projections in this report were developed using P-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 System. P-scan uses standard roll-forward techniques that implicitly assume a stable active population. Assumed Supplemental COLAs are included in these projections.

Stochastic projections in this presentation were developed using R-scan, our proprietary tool for assessing the probability of different outcomes based on the range of potential investment returns. We relied on Cheiron colleagues for the development of the model. The stochastic projections of investment returns assume that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. The

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION III – CERTIFICATION

standard deviation used in the stochastic projection of investment returns was provided by the System's investment consultant.

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.

This report was prepared for the System for the purposes described herein and for the use by the plan auditor in 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.



William R. Hallmark, ASA, EA, MAAA, FCA
Consulting Actuary



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

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION IV – ASSETS

SFERS uses and discloses two different asset measurements: the Market Value and the Actuarial Value of Assets. The market value represents the value of the assets if they were liquidated on the valuation date. The Actuarial Value of Assets is a value that attempts to smooth annual investment return performance over multiple years to reduce the impact of investment volatility on SFERS contribution rates.

This section includes the following information on SFERS assets:

- Statement of changes in the Market Value of Assets during the year,
- Development of the Actuarial Value of Assets, and
- Discussion of investment performance for the year.

Changes in the Market Value of Assets

Table IV-1			
Change in Market Value of Assets			
(Amounts in thousands)			
		FYE 2023	FYE 2024
1.	Market Value, Beginning of Year	\$ 32,798,524	\$ 33,688,428
2.	Additions		
a.	Employer Contributions	672,651	672,618
b.	Member Contributions	<u>413,916</u>	<u>427,512</u>
c.	Total Additions: (2a. + 2b.)	\$ 1,086,567	\$ 1,100,130
3.	Net Investment Income	1,670,666	2,587,698
4.	Benefits and Administrative Expenses	<u>(1,867,329)</u>	<u>(1,958,590)</u>
5.	Net Increase/(Decrease): (2c.+3.+4.)	\$ 889,904	\$ 1,729,238
6.	Market Value, End of Year	\$ 33,688,428	\$ 35,417,666
7.	Estimated Rate of Return on Market Value	5.2%	7.8%

Actuarial Value of Assets

To determine ongoing contribution requirements, most pension funds utilize an Actuarial Value of Assets that differs from the Market Value of Assets. The Actuarial Value of Assets is intended to smooth year-to-year investment returns to reduce the volatility of contribution rates.

The actuarial value is calculated by recognizing 20% of the variance of each of the prior five years of actual investment returns compared to the expected return on the Actuarial Value of Assets. The expected return on the Actuarial Value of Assets is determined using SFERS actual cash flows and the assumed rate of return. See Appendix B for further explanation of the asset valuation method.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION IV – ASSETS

Table IV-2	
Development of Actuarial Value of Assets for 7/1/2024	
(Amounts in thousands)	
	Total
1. Actuarial Value of Assets (AVA) as of 7/1/2023	\$ 34,137,005
2. Non-Investment Cash Flow for FYE 2024	(858,460)
3. Expected Return on AVA for FYE 2024	<u>2,449,128</u>
4. Expected Actuarial Value as of 7/1/2024: (1+2+3)	\$ 35,727,673
5. Actual Return on Market Value of Assets in FYE 2024	2,587,698
6. Actual Return Above Expected in 2023-2024: (5 - 3)	138,570
7. Recognition of Returns Above / (Below) Expected	
a. 2023-2024 (20% of 6.)	27,714
b. 2022-2023	(129,834)
c. 2021-2022	(895,904)
d. 2020-2021	1,491,276
e. 2019-2020	<u>(182,627)</u>
f. Total: (7a. + 7b. + 7c. + 7d. + 7e.)	\$ 310,625
8. Actuarial Value as of 7/1/2024: (4 + 7f.)	\$ 36,038,298
9. Market Value as of 7/1/2024	\$ 35,417,666
10. Ratio of Actuarial Value to Market Value: (8 / 9)	101.8%
11. Estimated Rate of Return on Actuarial Value	8.1%

Investment Performance

The internal rate of return on the Market Value of Assets, net of investment expenses, was 7.8% for the plan year ending June 30, 2024. This return compares to an assumed rate of return of 7.20% and resulted in actual investment returns that are approximately \$139 million more than the expected return on the Actuarial Value of Assets.

On an Actuarial Value of Assets basis, the return for the plan year ending June 30, 2024, was 8.1% compared to the assumed return of 7.20%. This return produced an investment gain on the Actuarial Value of Assets of \$311 million for the plan year ending June 30, 2024.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION V – MEASURES OF LIABILITY

This section presents detailed information on liability measures for SFERS for funding purposes, including:

- Present value of future benefits,
- Normal cost,
- Actuarial Liability, and
- Analysis of changes in the Unfunded Actuarial Liability during the year.

These measures are developed to establish contribution rates and are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.

Present Value of Future Benefits

The present value of future benefits represents the amount of money today that is expected to be needed to pay all benefits of SFERS; both earned as of the valuation date and those to be earned in the future by current plan members under the current plan provisions if all assumptions are met. Table V-1 below shows the present value of future benefits as of July 1, 2023 and July 1, 2024.

Table V-1			
Present Value of Future Benefits			
<small>(Amounts in thousands)</small>			
	July 1, 2023	July 1, 2024	% Change
Present Value of Future Benefits			
Actives	\$ 19,984,387	\$ 21,451,340	7.3%
Terminated Vested	888,810	950,813	7.0%
Members Receiving Benefits	<u>21,580,088</u>	<u>22,637,693</u>	4.9%
Total	\$ 42,453,285	\$ 45,039,846	6.1%

Normal Cost

Under the Entry Age Actuarial Cost Method, the present value of future benefits for each individual is spread over the individual's expected working career as a level percentage of the individual's expected pay. The normal cost is the amount attributed to the next year of service. Table V-2 on the next page shows the normal cost as of the valuation date separately for each tier of benefits for Police, Fire, and Miscellaneous employees.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION V – MEASURES OF LIABILITY

Table V-2				
Normal Cost by Group as of July 1, 2024				
(Amounts in thousands)				
	Police	Fire	Miscellaneous	Total
Normal Cost by Benefit Tier				
New	\$ 49,527	\$ 32,317	\$ 226,775	\$ 308,619
Prop D	910	2,976	28,909	32,795
Prop C	64,505	52,556	387,381	504,442
Total	\$ 114,942	\$ 87,849	\$ 643,065	\$ 845,856

Actuarial Liability

The Actuarial Liability is calculated by taking the present value of all future benefits and subtracting the present value of future normal costs as determined under the Entry Age Actuarial Cost Method. The Actuarial Liability represents the amount of money today that is expected to be needed to pay for benefits attributed to service prior to the valuation date if all assumptions are met. Table V-3 below shows the Actuarial Liability as of the valuation date separately for Police, Fire, and Miscellaneous employees.

Table V-3				
Actuarial Liability by Group as of July 1, 2024				
(Amounts in thousands)				
	Police	Fire	Miscellaneous	Total
Actuarial Liability				
Actives	\$ 2,046,735	\$ 1,428,539	\$ 10,250,724	\$ 13,725,998
Terminated Vested	56,068	22,048	872,697	950,813
Members Receiving Benefits				
Retirees	2,930,440	2,124,151	13,299,809	18,354,400
Disabled	1,011,508	1,117,691	479,941	2,609,140
Beneficiaries	455,193	373,926	845,034	1,674,153
Total Members Receiving Benefits	4,397,141	3,615,768	14,624,784	22,637,693
Total Actuarial Liability	\$ 6,499,944	\$ 5,066,355	\$ 25,748,205	\$ 37,314,504

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION V – MEASURES OF LIABILITY

Changes in Unfunded Actuarial Liability

The Unfunded Actuarial Liability (UAL) is the difference between the Actuarial Liability and the Actuarial Value of Assets. The UAL of any retirement plan is expected to change at each subsequent valuation for various reasons. Table V-4 below presents key changes in the UAL since the last valuation.

Table V-4	
Development of 2024 Experience Gain/(Loss)	
(Amounts in millions)	
Item	Cost
1. Unfunded Actuarial Liability (UAL) at July 1, 2023	\$ 1,215.0
2. Middle of year expected actuarial liability payment	(227.7)
3. Interest to end of year on 1. and 2.	<u>79.4</u>
4. Expected UAL at July 1, 2024 (1+2+3)	\$ 1,066.7
5. Actual Unfunded Liability at July 1, 2024	1,276.2
6. Charter Amendments	<u>15.6</u>
7. Experience Gain/(Loss): (4-5+6)	\$ (193.9)
8. Portion of difference due to:	
a. Investment experience on actuarial value	\$ 310.6
b. Partial Supplemental COLA	(100.7)
c. Salaries more than expected	(196.0)
d. Old Safety Basic COLA more than expected	(24.5)
e. Retirements, terminations, mortality, and disability experience	(146.0)
f. New entrants	(55.3)
g. Other experience	<u>18.0</u>
h. Total gain/(loss)	\$ (193.9)

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION V – MEASURES OF LIABILITY

Table V-5 below shows a five-year history of sources of liability gain and loss. Higher salary increases than expected, new entrants, terminations, and retirements have been the primary sources of losses.

Table V-5						
Historical Sources of Liability (Gain) or Loss						
(Amounts in Thousands)						
Source	Year Ending June 30,					Total
	2020	2021	2022	2023	2024	
Salary Increases	\$ 114,500	\$ 169,789	\$ 240,602	\$ 209,096	\$ 196,010	\$ 929,997
Retirement	3,918	39,765	52,504	34,733	54,391	185,311
Termination	19,838	29,126	(5,829)	18,789	30,683	92,607
Mortality	4,590	(1,492)	12,143	(25,459)	36,763	26,545
Disability	10,327	16,369	9,370	38,251	24,147	98,464
New Entrants	45,006	24,142	34,713	56,841	55,278	215,980
Old Safety COLAs	(86,577)	(19,826)	83,279	13,674	24,463	15,013
Other	691	12,171	(13,886)	32,255	3,745	34,976
Total	\$ 112,293	\$ 270,044	\$ 412,896	\$ 378,180	\$ 425,480	\$ 1,598,893

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION VI – CONTRIBUTIONS

The contribution allocation procedure employed by SFERS has three components to the total contribution: the normal cost determined under the Entry Age Actuarial Cost Method, administrative expenses, and the contribution toward the Unfunded Actuarial Liability.

The normal cost shown in the prior section is divided by the projected payroll for the year for each benefit tier to determine the normal cost rate for that tier. The aggregate normal cost rate is the weighted average of the normal cost rate for each tier based on the expected payroll for that tier for the fiscal year to which the contribution rate applies. Finally, the normal cost rate is reduced by the member contribution rate to produce the employer normal cost rate.

Assumed administrative expenses of 0.60% of payroll are added to the contribution rate.

The difference between the Actuarial Liability determined under the Entry Age Actuarial Cost Method and the Actuarial Value of Assets is the Unfunded Actuarial Liability (UAL). The UAL is made up of the unamortized portion of prior Charter amendments, plus the impact of accumulated experience, assumption changes, and method changes.

Table VI-1 on the following page develops the employer's contribution rate for FYE 2026 prior to any cost-sharing adjustments. The employer pays the composite contribution rate on the payroll for all employees. The contribution rates shown for Police, Fire, and Miscellaneous are for illustrative purposes only.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION VI – CONTRIBUTIONS

Table VI-1					
Development of the Net Employer Contribution Rate as of July 1, 2024 for FYE 2026					
(Amounts in millions)					
	FYE 2026			FYE 2025	
	Police	Fire	Misc.	TOTAL	TOTAL
1. Total Normal Cost Rate	28.59%	30.73%	16.32%	18.29%	18.40%
2. Member Contribution Rate	<u>8.45%</u>	<u>8.52%</u>	<u>7.50%</u>	<u>7.65%</u>	<u>7.64%</u>
3. Employer Normal Cost Rate (1 - 2)	20.14%	22.21%	8.82%	10.64%	10.76%
4. UAL Components					
a. Proposition balance	\$ 29.5	\$ 37.8	\$ 350.1	\$ 417.4	\$ 469.9
b. Other UAL balance	<u>74.8</u>	<u>53.6</u>	<u>730.4</u>	<u>858.8</u>	<u>745.1</u>
c. Total UAL (4a+4b)	\$ 104.3	\$ 91.4	\$ 1,080.5	\$ 1,276.2	\$ 1,215.0
5. Amortization Payments					
a. Propositions	1.91%	2.74%	2.51%	2.47%	2.40%
b. Other UAL	<u>2.82%</u>	<u>2.82%</u>	<u>2.82%</u>	<u>2.82%</u>	<u>3.15%</u>
c. Total Amortization (5a+5b)	4.73%	5.56%	5.33%	5.29%	5.55%
6. Administrative Expenses	<u>0.60%</u>	<u>0.60%</u>	<u>0.60%</u>	<u>0.60%</u>	<u>0.60%</u>
7. Net Employer Contribution Rate (3+ 5c+6)	25.47%	28.37%	14.75%	16.53%	16.91%

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION VI – CONTRIBUTIONS

Table VI-2 shows the estimated member and employer contributions adjusted for the cost-sharing provisions under Proposition C. The adjustments are based on the applicable table in the Charter for an employer contribution rate of 16.53% and the hourly pay rates shown in the table below.

Table VI-2								
Employee and Employer Contribution Rates By Employee Group for FYE 2026								
(Amounts in thousands)								
Hire Date	Hourly Pay	Estimated Payroll FYE 2026	Base Rates		Adjusted Rates		Cost Sharing Adjustment	
			Employee	Employer	Employee	Employer		
Police and Fire								
11/2/1976 - 6/30/2010	All	\$ 247,577	7.50%	16.53%	9.50%	14.53%	2.00%	
> 6/30/2010	< \$69	288,295	9.00%	16.53%	10.50%	15.03%	1.50%	
> 6/30/2010	>= \$69	177,601	9.00%	16.53%	11.00%	14.53%	2.00%	
Miscellaneous								
>= 11/2/1976	< \$35	\$ 198,596	7.50%	16.53%	7.50%	16.53%	0.00%	
>= 11/2/1976	\$35 - \$69	2,137,983	7.50%	16.53%	9.00%	15.03%	1.50%	
>= 11/2/1976	>= \$69	1,724,076	7.50%	16.53%	9.50%	14.53%	2.00%	
Estimated Total Plan		\$ 4,774,129	7.65%	16.53%	9.31%	14.87%	1.66%	
Estimated Contribution Amounts			\$ 365,221	\$ 789,164	\$ 444,471	\$ 709,913	\$ 79,251	

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION VI – CONTRIBUTIONS

Table VI-3 below provides the amortization schedules for the changes to the Actuarial Liability due to Charter amendments. Amendments before 2014 are amortized over 20 years from the date it was first recognized in the valuation. After 2014, any changes to active member benefits are amortized over 15 years, and any changes to inactive or retired member benefits, including Supplemental COLAs shown in Table VI-4, are amortized over five years. However, the Board elected to amortize the change due to Proposition A over a 10-year period. All amortization payments increase each year at the ultimate assumed wage inflation rate.

Table VI-3									
Development of the Proposition Amortization Rate as of July 1, 2024 for FYE 2026									
(dollars in thousands)									
Propositions	Remaining Period	Police		Fire		Miscellaneous		Total	
		Balance	Payment	Balance	Payment	Balance	Payment	Balance	Payment
2004 Prop E - New Safety LOD Bfts	1	\$ 827	\$ 917	\$ 1,160	\$ 1,289	\$ 0	\$ 0	\$ 1,987	\$ 2,206
2003 Prop F - Misc 3+3 Early Ret Bfts	1	0	0	0	0	2,500	2,775	2,500	2,775
Liability of 2003 Prop F (extended) - Misc 3+3 Early Ret Bfts	2	0	0	0	0	2,729	1,543	2,729	1,543
Liability of 2003 Prop F (extended) - Misc 3+3 Early Ret Bfts	3	0	0	0	0	1,737	667	1,737	667
2008 Prop B	4	18,349	5,382	14,975	4,392	317,084	92,999	350,408	102,773
2022 Prop A Pre96 Supplemental COLAs	8	10,312	1,626	6,930	1,092	25,204	3,973	42,446	6,691
2024 Props H/I Firefighters/Nurses	15	0	0	14,728	1,399	855	81	15,583	1,480
Proposition Total		\$ 29,488	\$ 7,925	\$ 37,793	\$ 8,172	\$ 350,109	\$ 102,038	\$ 417,390	\$ 118,135
Expected FYE 2026 Payroll Amortization Rate			\$ 415,667		\$ 297,806		\$ 4,060,656		\$ 4,774,129
			1.91%		2.74%		2.51%		2.47%

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION VI – CONTRIBUTIONS

Effective July 1, 2014, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a closed, layered 20-year period. In addition, the UAL as of July 1, 2013, not attributable to Propositions was re-amortized over a closed 19-year period as of July 1, 2014.

Effective with the July 1, 2021 valuation, the remaining amortization periods for assumption changes prior to July 1, 2021, and all prior actuarial gains and losses (including the gain for 2021) were reduced to five years. Furthermore, if the System becomes fully funded based on the Actuarial Value of Assets, any unexpected changes in the surplus would be amortized over a rolling 20-year period.

Table VI-4 on the next page shows all the Non-Proposition amortizations under the new amortization policy. All amortization schedules are determined on a level percent of pay basis, which means that for the duration of the amortization schedule, the payment amount increases each year at the assumed wage inflation rate.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION VI – CONTRIBUTIONS

Table VI-4			
Development of the Non-Proposition Amortization Rate as of July 1, 2024 for FYE 2026			
(dollars in thousands)			
Amortization Bases	Remaining Period	Outstanding Balance	Amortization Payment
2013 Non-Proposition UAL	2	\$ 1,114,977	\$ 630,384
2014 Actuarial Gain	2	(375,735)	(212,432)
2014 Assumption Change	2	66,467	37,579
2015 Actuarial Gain	2	(341,593)	(193,129)
2015 Assumption Change	2	540,440	305,552
2013 Supplemental COLA	9	161,284	23,005
2016 Actuarial Loss	2	12,388	7,004
2017 Actuarial Gain	2	(180,494)	(102,047)
2017 Assumption and Method Change	2	22,881	12,936
2018 Actuarial Gain	2	(180,341)	(101,961)
2018 Assumption Change	2	136,919	77,411
2019 Actuarial Loss	2	80,084	45,278
2020 Actuarial Loss	2	72,293	40,873
2020 Assumption Changes	2	(274,527)	(155,211)
2021 Actuarial Gain	2	(741,246)	(419,084)
2021 Supplemental COLA	2	122,859	69,461
2021 Assumption Change	17	689,969	59,812
2022 Actuarial Gain	18	(341,212)	(28,407)
2023 Actuarial Loss	19	79,430	6,370
2024 Actuarial Loss	20	93,294	7,226
2024 Supplemental COLA	5	100,679	24,058
Total Non-Proposition UAL		\$ 858,816	\$ 134,678
Expected FYE 2026 Payroll			\$ 4,774,129
Amortization Rate			2.82%

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION VII – ACTUARIAL SECTION OF THE ANNUAL REPORT

The Government Finance Officers Association (GFOA) maintains a checklist of items to be included in a System's Annual Comprehensive Financial Report in order to receive recognition for excellence in financial reporting. We understand that SFERS includes these exhibits in their Annual Report. The following Tables VII-1 through VII-3 are exhibits listed by the GFOA, and they recommend showing 10 years of experience in each of these exhibits. Table VII-1 presents an Analysis of Financial Experience for the valuation year, Table VII-2 presents the Schedule of Funded Liabilities by Type, Table VII-3 shows the Schedule of Funding Progress, and Table VII-4 shows the Retirees added and removed from the Rolls.

In the table below, non-recurring items include changes in assumptions and methods, Supplemental COLAs, and changes in plan provisions.

Table VII-1						
Analysis of Financial Experience						
(Amounts in thousands)						
	(A)	(B)	(C)	(D)	(E)	(F)
Gain or (Loss) for Year Ending	Investment Income	Contribution Income ¹	Combined Liability Experience	(A)+(B)+(C) Gain or (Loss) From Experience	Non- Recurring Items ²	(D)+(E) Composite Gain or (Loss) During Year
July 1, 2024	\$ 310,625	\$ 85,173	\$ (425,480)	\$ (29,682)	\$ (116,262)	\$ (145,944)
July 1, 2023	322,456	91,497	(378,180)	35,773	(115,426)	(79,653)
July 1, 2022	628,041	128,903	(412,896)	344,048	(48,037)	296,011
July 1, 2021	1,750,143	113,249	(270,044)	1,593,348	(965,694)	627,654
July 1, 2020	(6,409)	(37,023)	(112,293)	(155,725)	591,355	435,630
July 1, 2019	58,561	(46,222)	(185,408)	(173,069)	(140,998)	(314,067)
July 1, 2018	408,925	19,028	(35,783)	392,170	(498,554)	(106,384)
July 1, 2017	405,685	(55,038)	45,496	396,143	(250,285)	145,858
July 1, 2016	(51,452)	58,461	(34,514)	(27,505)	(429,336)	(456,841)
July 1, 2015	545,506	97,444	127,610	770,560	(1,048,350)	(277,790)

¹ Due to Payroll Changes, One-Year Lag, and Expenses.

² Includes Assumption, Method, and Benefit Changes as well as Supplemental COLAs.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION VII – ACTUARIAL SECTION OF THE ANNUAL REPORT

Table VII-2									
Schedule of Funded Liabilities by Type									
(Amounts in millions)									
Valuation Date July 1,	(A)	(B)	(C)	Actuarial Value of Assets	Portion of Actuarial Liabilities Covered by Reported Assets				
	Active Member Contributions	Retirees, Beneficiaries, and Inactives	Remaining Active Members' Liabilities		(A)	(B)	(C)		
2024	\$ 4,675	\$ 23,589	\$ 9,051	\$ 36,038	100%	100%	86%		
2023	4,437	22,469	8,446	34,137	100%	100%	86%		
2022	4,232	21,512	7,847	32,275	100%	100%	83%		
2021 ¹	4,104	20,228	7,573	30,043	100%	100%	75%		
2020 ²	3,916	18,621	6,963	26,696	100%	100%	60%		
2019	3,675	18,074	7,050	25,248	100%	100%	50%		
2018 ¹	3,496	17,024	6,816	23,866	100%	100%	49%		
2017 ³	3,325	15,847	6,535	22,185	100%	100%	46%		
2016 ⁴	3,175	14,941	6,288	20,655	100%	100%	40%		
2015 ⁵	2,995	13,931	6,045	19,653	100%	100%	45%		

¹ Reflects revised discount rate.

² Reflects revised demographic and wage inflation assumptions.

³ Reflects revised wage inflation assumption.

⁴ Reflects 2013 and 2014 Retroactive Supplemental COLA benefits for Post96 Retirees.

⁵ Reflects revised demographic assumptions.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

SECTION VII – ACTUARIAL SECTION OF THE ANNUAL REPORT

Table VII-3
Schedule of Funding Progress
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AL)	Unfunded AL	Funded Ratio	Covered Payroll	Unfunded AL as a % of Covered Payroll
July 1, 2024	\$ 36,038,298	\$ 37,314,504	\$ 1,276,206	97%	\$ 4,623,854	28%
July 1, 2023	34,137,005	35,351,967	1,214,962	97%	4,258,568	29%
July 1, 2022	32,275,474	33,591,565	1,316,091	96%	3,984,150	33%
July 1, 2021	30,043,222	31,905,275	1,862,053	94%	3,828,797	49%
July 1, 2020	26,695,844	29,499,918	2,804,074	90%	3,703,103	76%
July 1, 2019	25,247,549	28,798,581	3,551,032	88%	3,549,936	100%
July 1, 2018	23,866,027	27,335,417	3,469,390	87%	3,385,517	102%
July 1, 2017	22,185,244	25,706,090	3,520,846	86%	3,242,468	109%
July 1, 2016	20,654,703	24,403,882	3,749,179	85%	3,062,422	122%
July 1, 2015	19,653,338	22,907,892	3,254,554	86%	2,820,968	115%

Table VII-4
Schedule of Retirees and Beneficiaries Added to and Removed from Retirement Payroll

FYE	Added to Rolls		Removed from Rolls		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Member Count ¹	Annual Allowance	Member Count ¹	Annual Allowance	Member Count ¹	Annual Allowance		
2024	1,554	\$ 94,311,036	1,004	\$48,961,571	32,654	\$1,987,942,237	5.3%	\$60,879
2023	2,044	103,581,459	1,543	61,862,676	32,104	1,888,105,484	5.2%	58,812
2022	1,872	103,981,941	1,007	45,948,001	31,719	1,795,472,441	6.1%	56,606
2021	1,722	97,495,262	996	43,909,238	30,854	1,691,633,291	6.5%	54,827
2020	1,470	74,777,425	816	34,764,875	30,128	1,587,981,080	4.9%	52,708
2019	1,770	83,661,179	957	36,959,870	30,778	1,513,436,081	6.3%	49,173
2018	1,797	84,574,963	959	36,284,323	29,965	1,424,324,641	6.9%	47,533
2017	1,769	80,214,008	928	35,082,179	29,127	1,332,430,263	6.8%	45,746
2016	1,657	72,049,646	856	30,384,191	28,286	1,247,230,245	7.8%	44,094
2015	1,564	63,136,134	931	29,314,643	27,485	1,157,081,680	4.8%	42,099

¹ Member count as of FYE 2020 reflects combining records for members who have both a Safety and Miscellaneous benefit. Member count as of FYE 2023 reflects combining records for beneficiaries and QDROs who have both a Safety and Miscellaneous benefit.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-1			
Active Member Data - By Group			
	July 1, 2023	July 1, 2024	% Change
Total			
Count	34,016	35,418	4.1%
Average Current Age	47.2	47.1	-0.1
Average Service	11.0	10.7	-0.3
Annual Pensionable Earnings	\$ 4,038,465,958	\$ 4,398,687,240	8.9%
Average Pensionable Earnings	\$ 118,723	\$ 124,194	4.6%
Police			
Count	2,221	2,397	7.9%
Average Current Age	41.5	41.9	0.4
Average Service	13.2	13.3	0.1
Annual Pensionable Earnings	\$ 343,677,600	\$ 385,941,427	12.3%
Average Pensionable Earnings	\$ 154,740	\$ 161,010	4.1%
Fire			
Count	1,699	1,733	2.0%
Average Current Age	42.5	42.0	-0.5
Average Service	12.1	11.8	-0.3
Annual Pensionable Earnings	\$ 258,174,078	\$ 273,595,062	6.0%
Average Pensionable Earnings	\$ 151,956	\$ 157,874	3.9%
Miscellaneous			
Count	30,096	31,288	4.0%
Average Current Age	47.9	47.8	-0.1
Average Service	10.8	10.5	-0.3
Annual Pensionable Earnings	\$ 3,436,614,280	\$ 3,739,150,751	8.8%
Average Pensionable Earnings	\$ 114,188	\$ 119,508	4.7%

Charter Amendment I transferred 177 Public Safety Communications members from Miscellaneous to Police.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-2		
Active Member Data - By Charter		
July 1, 2024		
	Counts	Annual Pensionable Earnings
Total		
Old	4	\$ 499,978
New	11,572	1,589,852,445
Prop D	1,351	167,341,134
Prop C	<u>22,491</u>	<u>2,640,993,683</u>
Total	35,418	\$ 4,398,687,240
Police		
Old	0	\$ 0
New	883	170,172,059
Prop D	15	2,747,140
Prop C ^{1,2}	<u>1,499</u>	<u>213,022,228</u>
Total	2,397	\$ 385,941,427
Fire		
Old	1	\$ 191,814
New	553	110,189,332
Prop D	49	8,565,391
Prop C	<u>1,130</u>	<u>154,648,525</u>
Total	1,733	\$ 273,595,062
Miscellaneous		
Old	3	\$ 308,164
New	10,136	1,309,491,054
Prop D	1,287	156,028,603
Prop C ²	<u>19,862</u>	<u>2,273,322,930</u>
Total	31,288	\$ 3,739,150,751

¹ Police includes Sherriffs Plan (Charter A8.608) and Miscellaneous Safety Plan (Charter A8.610) members.

² Reflects transfer of Public Safety Communications members to Miscellaneous Safety by Charter Amendment I.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-3			
Non-Active Member Data - Total System			
	July 1, 2023	July 1, 2024	Change
Retired			
Count	25,379	25,864	1.9%
Average Age	71.9	72.2	0.3
Average Annual Benefit ¹	\$ 59,601	\$ 61,580	3.3%
Disabled			
Count	2,507	2,505	-0.1%
Average Age	69.8	69.9	0.1
Average Annual Benefit ¹	\$ 78,892	\$ 82,500	4.6%
Beneficiaries			
Count	4,218	4,285	1.6%
Average Age	78.1	78.3	0.2
Average Annual Benefit ¹	\$ 42,128	\$ 44,009	4.5%
Total Payees			
Count	32,104	32,654	1.7%
Average Age	72.6	72.8	0.2
Average Annual Benefit ¹	\$ 58,812	\$ 60,879	3.5%
Inactives			
Count	12,641	13,103	3.7%
Average Age	48.1	48.6	0.5
Total Contribution Balance with Interest	\$ 466,779,572	\$ 503,006,354	7.8%
Average Contribution Balance with Interest	\$ 36,926	\$ 38,389	4.0%

¹ Benefits provided in June 30 valuation data, plus estimated Basic COLAs effective July 1, 2024 and January 4, 2025 for Old Safety payees, and estimated Supplemental COLA effective July 1, 2024. If applicable, limited by Section 415(b) of the Internal Revenue Code.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-4 Non-Active Member Data - Old Safety						
Charter Section	July 1, 2024				July 1, 2023	Change
	Prop H	8.559/ 8.585	8.595/ 8.596	Total		
Retired						
Count	3	483	304	790	826	-4.4%
Average Age	91.7	82.7	76.1	80.2	79.5	0.7
Average Annual Benefit ¹	\$ 32,431	\$ 114,103	\$ 162,274	\$ 132,329	\$ 126,321	4.8%
Disabled						
Count	20	295	135	450	483	-6.8%
Average Age	86.3	82.2	76.7	80.7	80.1	0.6
Average Annual Benefit ¹	\$ 56,315	\$ 116,758	\$ 168,122	\$ 129,481	\$ 123,428	4.9%
Beneficiaries						
Count	73	568	73	714	719	-0.7%
Average Age	84.3	82.9	73.7	82.1	81.8	0.3
Average Annual Benefit ¹	\$ 44,693	\$ 107,741	\$ 139,375	\$ 104,530	\$ 98,318	6.3%
Payee Total						
Count	96	1,346	512	1,954	2,028	-3.6%
Average Age	84.9	82.7	75.9	81.0	80.4	0.6
Average Annual Benefit ¹	\$ 46,731	\$ 112,000	\$ 160,551	\$ 121,515	\$ 115,704	5.0%
Inactives						
Count	0	0	2	2	2	0.0%
Average Age	N/A	N/A	78.5	78.5	77.5	1.0
Total Contribution	N/A	N/A	\$ 3,278	\$ 3,278	\$ 3,152	4.0%
Balance with Interest	N/A	N/A	\$ 1,639	\$ 1,639	\$ 1,576	4.0%

¹ Benefits provided in June 30 valuation data, plus estimated Basic COLAs effective July 1, 2024 and January 4, 2025 for Old Safety payees, and estimated Supplemental COLA effective July 1, 2024. If applicable, limited by Section 415(b) of the Internal Revenue Code.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-5			
Non-Active Member Data - New Safety (includes Prop D and C)			
	July 1, 2023	July 1, 2024	Change
Retired			
Count	2,275	2,370	4.2%
Average Age	64.5	65.0	0.5
Average Annual Benefit ¹	\$ 121,771	\$ 125,206	2.8%
Disabled			
Count	766	825	7.7%
Average Age	64.2	64.3	0.1
Average Annual Benefit ¹	\$ 121,516	\$ 125,179	3.0%
Beneficiaries			
Count	184	206	12.0%
Average Age	65.4	66.7	1.3
Average Annual Benefit ¹	\$ 79,352	\$ 81,092	2.2%
Payee Average			
Count	3,225	3,401	5.5%
Average Age	64.5	65.0	0.5
Average Annual Benefit ¹	\$ 119,290	\$ 122,527	2.7%
Inactives			
Count	494	483	-2.2%
Average Age	42.0	42.5	0.5
Total Contribution Balance with Interest	\$ 38,358,210	\$ 37,445,422	-2.4%
Average Contribution Balance with Interest	\$ 77,648	\$ 77,527	-0.2%

¹ Benefits provided in June 30 valuation data, plus estimated Supplemental COLA effective July 1, 2024
If applicable, limited by Section 415(b) of the Internal Revenue Code.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-6			
Non-Active Member Data - Miscellaneous			
	July 1, 2023	July 1, 2024	Change
Retired			
Count	22,278	22,704	1.9%
Average Age	72.4	72.7	0.3
Average Annual Benefit ¹	\$ 50,779	\$ 52,476	3.3%
Disabled			
Count	1,258	1,230	-2.2%
Average Age	69.2	69.6	0.4
Average Annual Benefit ¹	\$ 35,840	\$ 36,686	2.4%
Beneficiaries			
Count	3,315	3,365	1.5%
Average Age	78.0	78.2	0.2
Average Annual Benefit ¹	\$ 27,875	\$ 28,897	3.7%
Payee Average			
Count	26,851	27,299	1.7%
Average Age	72.9	73.2	0.3
Average Annual Benefit ¹	\$ 47,251	\$ 48,858	3.4%
Inactives			
Count	12,145	12,618	3.9%
Average Age	48.4	48.8	0.4
Total Contribution Balance with Interest	\$ 428,418,210	\$ 465,557,654	8.7%
Average Contribution Balance with Interest	\$ 35,275	\$ 36,896	4.6%

¹ Benefits provided in June 30 valuation data, plus estimated Supplemental COLA effective July 1, 2024
If applicable, limited by Section 415(b) of the Internal Revenue Code.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-7												
Distribution of Active Members as of July 1, 2024												
Count By Age/Service - Total System												
Age	Years of Service										Total	
	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 and up		
Under 25	123	156	2	0	0	0	0	0	0	0	0	281
25 to 29	404	962	188	0	0	0	0	0	0	0	0	1,554
30 to 34	470	1,396	1,261	107	0	0	0	0	0	0	0	3,234
35 to 39	411	1,435	2,067	858	123	0	0	0	0	0	0	4,894
40 to 44	329	1,178	1,873	1,126	658	84	2	0	0	0	0	5,250
45 to 49	249	942	1,391	963	826	478	92	1	0	0	0	4,942
50 to 54	207	786	1,145	807	844	769	504	66	0	0	0	5,128
55 to 59	143	575	964	686	696	789	661	271	48	2	2	4,835
60 to 64	82	346	707	534	553	508	455	230	73	28	28	3,516
65 to 69	17	109	287	249	221	182	128	70	44	34	34	1,341
70 and up	10	27	81	78	76	57	49	19	20	26	26	443
Total Count	2,445	7,912	9,966	5,408	3,997	2,867	1,891	657	185	90	90	35,418

Table A-8												
Distribution of Active Members as of July 1, 2024												
Average Salary By Age/Service - Total System												
Age	Years of Service										Total	
	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 and up		
Under 25	\$ 88,454	\$ 74,117	\$ 116,506	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80,695
25 to 29	96,929	94,279	121,441	0	0	0	0	0	0	0	0	98,254
30 to 34	105,680	106,443	125,562	132,940	0	0	0	0	0	0	0	114,664
35 to 39	109,228	112,856	125,152	138,629	149,799	0	0	0	0	0	0	123,192
40 to 44	109,705	110,340	126,785	141,135	153,357	156,443	151,943	0	0	0	0	128,917
45 to 49	108,568	108,949	122,023	136,730	145,353	154,813	156,392	137,556	0	0	0	129,433
50 to 54	108,634	105,263	119,994	128,529	142,423	150,856	170,524	164,859	0	0	0	132,484
55 to 59	104,755	100,701	115,141	119,062	133,460	138,308	155,690	150,881	156,932	185,003	185,003	128,081
60 to 64	111,824	103,670	114,401	115,296	124,283	127,862	136,325	149,104	123,557	128,905	128,905	122,333
65 to 69	109,111	96,986	108,615	108,417	119,615	118,949	123,059	135,721	137,631	128,463	128,463	115,104
70 and up	69,710	92,362	111,355	103,866	109,696	115,608	127,709	135,984	126,115	130,917	130,917	112,881
Avg. Salary	\$ 105,079	\$ 105,534	\$ 122,090	\$ 130,515	\$ 139,102	\$ 141,426	\$ 152,081	\$ 149,597	\$ 135,840	\$ 130,566	\$ 130,566	\$ 124,194

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-9												
Distribution of Active Members as of July 1, 2024												
Count By Age/Service - Police												
Age	Years of Service										Total	
	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 and up		
Under 25	5	10	2	0	0	0	0	0	0	0	0	17
25 to 29	8	89	56	0	0	0	0	0	0	0	0	153
30 to 34	11	77	305	24	0	0	0	0	0	0	0	417
35 to 39	6	34	235	171	46	0	0	0	0	0	0	492
40 to 44	6	16	111	104	179	14	0	0	0	0	0	430
45 to 49	2	12	37	34	118	99	13	0	0	0	0	315
50 to 54	8	5	16	17	71	86	109	9	0	0	0	321
55 to 59	4	6	13	8	19	56	62	23	1	0	0	192
60 to 64	1	1	3	5	3	9	18	5	1	1	1	47
65 to 69	0	0	1	1	0	2	2	1	0	2	2	9
70 and up	0	0	0	0	1	0	2	1	0	0	0	4
Total Count	51	250	779	364	437	266	206	39	2	3	3	2,397

Table A-10												
Distribution of Active Members as of July 1, 2024												
Average Salary By Age/Service - Police												
Age	Years of Service										Total	
	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 and up		
Under 25	\$ 109,229	\$ 110,314	\$ 116,506	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,723
25 to 29	110,093	112,503	135,730	0	0	0	0	0	0	0	0	120,879
30 to 34	118,821	118,436	145,061	150,272	0	0	0	0	0	0	0	139,752
35 to 39	104,618	116,308	144,639	159,068	179,547	0	0	0	0	0	0	150,472
40 to 44	100,433	111,568	142,078	163,545	180,735	195,799	0	0	0	0	0	163,395
45 to 49	125,280	118,200	144,585	154,926	177,234	189,186	201,529	0	0	0	0	173,171
50 to 54	137,407	164,231	153,520	158,310	175,242	184,299	209,596	244,613	0	0	0	188,185
55 to 59	107,141	163,255	169,182	160,239	181,061	184,856	209,356	223,460	222,559	0	0	192,832
60 to 64	137,756	158,128	267,941	157,157	160,234	192,946	188,231	208,245	225,130	221,495	0	191,036
65 to 69	0	0	111,815	45,000	0	127,761	174,016	233,450	0	149,495	0	143,645
70 and up	0	0	0	0	194,109	0	172,749	204,964	0	0	0	186,142
Avg. Salary	\$ 115,301	\$ 117,409	\$ 144,749	\$ 159,031	\$ 178,676	\$ 186,708	\$ 206,445	\$ 226,172	\$ 223,845	\$ 173,495	\$ 173,495	\$ 161,010

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

**Table A-11
Distribution of Active Members as of July 1, 2024
Count By Age/Service - Fire**

Age	Years of Service										Total	
	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 and up		
Under 25	10	16	0	0	0	0	0	0	0	0	0	26
25 to 29	26	112	11	0	0	0	0	0	0	0	0	149
30 to 34	20	139	105	2	0	0	0	0	0	0	0	266
35 to 39	9	93	161	57	3	0	0	0	0	0	0	323
40 to 44	0	39	99	92	40	16	0	0	0	0	0	286
45 to 49	1	13	40	67	36	50	15	0	0	0	0	222
50 to 54	0	2	11	27	31	90	76	8	0	0	0	245
55 to 59	0	0	9	7	17	42	65	21	1	0	0	162
60 to 64	0	0	1	5	4	12	13	8	0	0	0	43
65 to 69	0	0	0	0	2	3	2	1	0	1	1	9
70 and up	0	1	0	0	0	0	0	0	0	1	1	2
Total Count	66	415	437	257	133	213	171	38	1	2	2	1,733

**Table A-12
Distribution of Active Members as of July 1, 2024
Average Salary By Age/Service - Fire**

Age	Years of Service										Total	
	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 and up		
Under 25	\$ 79,199	\$ 95,039	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,947
25 to 29	79,144	99,740	148,475	0	0	0	0	0	0	0	0	99,744
30 to 34	86,492	107,628	152,595	149,904	0	0	0	0	0	0	0	124,106
35 to 39	86,455	112,441	155,514	170,044	173,994	0	0	0	0	0	0	143,924
40 to 44	0	118,101	157,781	177,151	189,981	204,259	0	0	0	0	0	165,704
45 to 49	45,000	112,524	147,928	169,870	187,295	193,072	188,275	0	0	0	0	171,291
50 to 54	0	111,147	159,310	173,874	187,246	192,877	210,686	242,770	0	0	0	195,050
55 to 59	0	0	161,167	174,562	181,697	183,501	218,419	230,241	238,590	0	0	202,094
60 to 64	0	0	204,003	174,290	181,708	195,266	211,061	259,235	0	0	0	208,446
65 to 69	0	0	0	0	220,103	193,782	171,034	191,901	0	220,983	1	197,389
70 and up	0	45,000	0	0	0	0	0	0	0	191,814	1	118,407
Avg. Salary	\$ 81,859	\$ 107,096	\$ 154,778	\$ 172,994	\$ 187,401	\$ 192,076	\$ 211,224	\$ 237,974	\$ 238,590	\$ 206,398	\$ 206,398	\$ 157,874

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

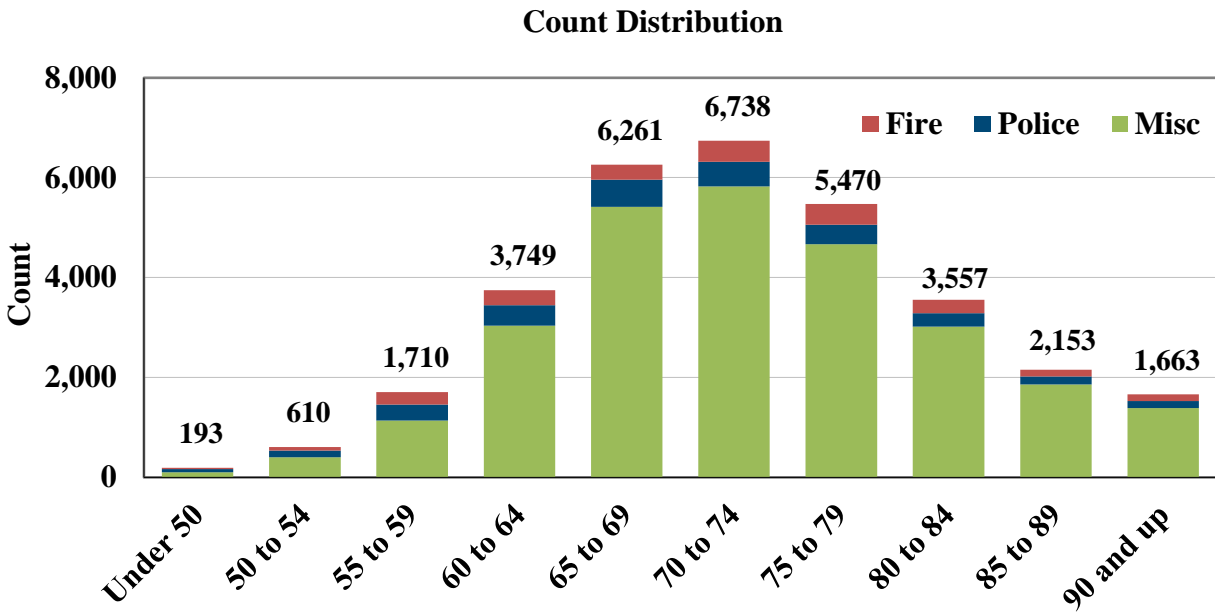
Table A-13												
Distribution of Active Members as of July 1, 2024												
Count By Age/Service - Miscellaneous												
Age	Years of Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	108	130	0	0	0	0	0	0	0	0	0	238
25 to 29	370	761	121	0	0	0	0	0	0	0	0	1,252
30 to 34	439	1,180	851	81	0	0	0	0	0	0	0	2,551
35 to 39	396	1,308	1,671	630	74	0	0	0	0	0	0	4,079
40 to 44	323	1,123	1,663	930	439	54	2	0	0	0	0	4,534
45 to 49	246	917	1,314	862	672	329	64	1	0	0	0	4,405
50 to 54	199	779	1,118	763	742	593	319	49	0	0	0	4,562
55 to 59	139	569	942	671	660	691	534	227	46	2	2	4,481
60 to 64	81	345	703	524	546	487	424	217	72	27	27	3,426
65 to 69	17	109	286	248	219	177	124	68	44	31	31	1,323
70 and up	10	26	81	78	75	57	47	18	20	25	25	437
Total Count	2,328	7,247	8,750	4,787	3,427	2,388	1,514	580	182	85	85	31,288

Table A-14												
Distribution of Active Members as of July 1, 2024												
Average Salary By Age/Service - Miscellaneous												
Age	Years of Service										Total	
	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 and up		
Under 25	\$ 88,349	\$ 68,758	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,648
25 to 29	97,894	91,344	112,371	0	0	0	0	0	0	0	0	95,312
30 to 34	106,225	105,521	115,238	127,386	0	0	0	0	0	0	0	109,578
35 to 39	109,816	112,796	119,486	130,240	130,326	0	0	0	0	0	0	118,259
40 to 44	109,878	110,053	123,919	135,066	138,856	132,072	151,943	0	0	0	0	123,327
45 to 49	108,691	108,777	120,599	133,436	137,508	138,656	139,751	137,556	0	0	0	124,195
50 to 54	107,477	104,869	119,127	126,261	137,410	139,629	147,605	137,490	0	0	0	125,205
55 to 59	104,686	100,042	113,955	117,992	130,847	131,789	141,823	136,186	153,730	185,003	185,003	122,631
60 to 64	111,504	103,512	113,618	114,334	123,665	124,998	131,830	143,682	122,146	125,475	125,475	120,310
65 to 69	109,111	96,986	108,604	108,673	118,697	117,581	121,464	133,458	137,631	124,122	124,122	114,350
70 and up	69,710	94,184	111,355	103,866	108,571	115,608	125,793	132,152	126,115	128,482	128,482	112,185
Avg. Salary	\$ 105,513	\$ 105,035	\$ 118,441	\$ 126,066	\$ 132,181	\$ 131,864	\$ 138,004	\$ 138,658	\$ 134,309	\$ 127,267	\$ 127,267	\$ 119,508

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-15				
Distribution of Retirees, Disabled Members, and Beneficiaries as of July 1, 2024				
Age	Count			Total
	Police	Fire	Misc	
Under 50	78	24	87	189
50 to 54	127	64	359	550
55 to 59	326	258	1,124	1,708
60 to 64	401	317	2,996	3,714
65 to 69	536	312	5,292	6,140
70 to 74	503	406	5,881	6,790
75 to 79	433	402	5,072	5,907
80 to 84	274	306	3,171	3,751
85 to 89	179	145	1,917	2,241
90 and up	132	132	1,400	1,664
Total	2,989	2,366	27,299	32,654



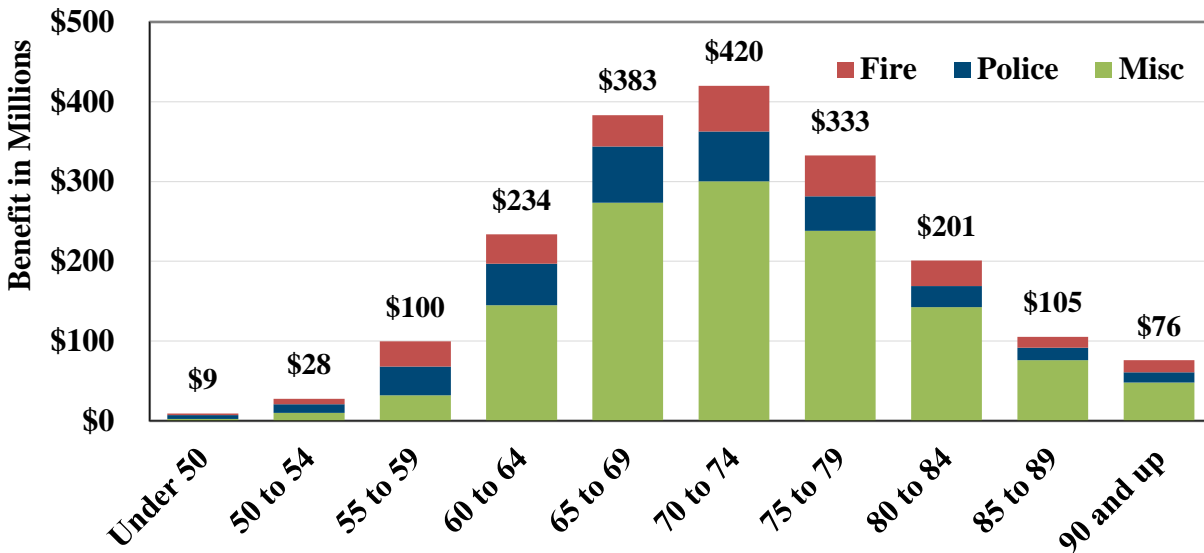
**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-16				
Distribution of Retirees, Disabled Members, and Beneficiaries as of July 1, 2024				
Annual Benefit¹				
Age	Police	Fire	Misc	Total
Under 50	\$ 5,881,111	\$ 1,679,605	\$ 2,401,384	\$ 9,962,101
50 to 54	11,302,522	5,462,505	9,251,375	26,016,402
55 to 59	37,538,323	33,685,540	33,008,530	104,232,393
60 to 64	49,270,492	40,824,411	149,179,035	239,273,939
65 to 69	71,975,248	40,812,123	275,512,447	388,299,818
70 to 74	65,681,785	56,946,163	308,508,700	431,136,649
75 to 79	52,580,032	51,533,087	266,948,755	371,061,874
80 to 84	29,452,566	37,775,090	155,848,236	223,075,892
85 to 89	17,927,796	16,185,581	83,760,931	117,874,307
90 and up	13,231,720	14,410,298	49,366,845	77,008,863
Total	\$ 354,841,595	\$ 299,314,402	\$ 1,333,786,239	\$ 1,987,942,236

¹ Benefits used in the July 1, 2024 actuarial valuation

Benefit Distribution



**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-17 Summary and Reconciliation of Participant Data Total System								
	Active	Vested Terminated	Reciprocal	Non-Vested Terminated	Disabled	Retired	Beneficiaries	Totals
Participants as of 7/1/2023	34,016	3,106	1,180	8,355	2,507	25,379	4,214	78,757
New Entrants	3,662	0	0	2	0	0	0	3,664
Returned to Work	314	(82)	(14)	(215)	0	(3)	0	0
Vested Terminations	(398)	398	0	0	0	0	0	0
Reciprocals	(18)	(28)	49	(3)	0	0	0	0
Non Vested Terminations	(892)	(2)	0	894	0	0	0	0
Refund/Withdrawal	(247)	(49)	(1)	(251)	0	0	0	(548)
Changes in Inactive Status	0	(48)	23	25	0	0	0	0
Retirements	(969)	(127)	(54)	(2)	0	1,152	0	0
Disabilities	(19)	(4)	(2)	(1)	92	(66)	0	0
Benefit Ceased ¹	(31)	(11)	(8)	(14)	(95)	(666)	(233)	(1,058)
Benefits Condensed ²	0	0	0	(13)	0	0	0	(13)
New Continuants & Dissolutions	0	0	0	0	0	48	304	352
New Split Benefits	0	0	0	0	0	16	0	16
Other Adjustments	0	0	0	0	1	4	0	5
Participants as of 7/1/2024	35,418	3,153	1,173	8,777	2,505	25,864	4,285	81,175

¹ Includes deaths and benefits that were terminated or suspended

² Miscellaneous benefits for Safety members who had previously commenced their Safety benefit but had not been eligible to commence their Miscellaneous benefit

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-18

**Summary and Reconciliation of Participant Data
Police**

	Active	Vested Terminated	Reciprocal	Non-Vested Terminated	Disabled	Retired	Beneficiaries	Totals
Participants as of 7/1/2023	2,221	141	58	199	595	1,830	511	5,555
New Entrants	71	0	0	0	0	0	0	71
Returned to Work	8	(2)	(1)	(5)	0	0	0	0
Vested Terminations	(9)	9	0	0	0	0	0	0
Reciprocals	(1)	(6)	10	(3)	0	0	0	0
Non Vested Terminations	(12)	(2)	0	14	0	0	0	0
Refund/Withdrawal	(6)	0	(1)	(4)	0	0	0	(11)
Changes in Inactive Status	0	0	0	0	0	0	0	0
Retirements	(60)	(8)	0	(1)	0	69	0	0
Disabilities	(15)	(2)	0	(1)	44	(26)	0	0
Benefit Ceased ¹	0	(5)	0	0	(16)	(35)	(27)	(83)
New Continuants & Dissolutions	0	0	0	0	0	6	35	41
New Split Benefits	0	0	0	0	0	1	0	1
Transferred In (From Fire)	0	0	0	0	0	0	0	0
Transferred In (From Misc)	202	0	0	1	1	1	0	205
Transferred Out (To Fire)	(1)	0	0	0	0	0	0	(1)
Transferred Out (To Misc)	(1)	(2)	0	(3)	0	0	0	(6)
Other Adjustments	0	0	0	0	0	0	0	0
Participants as of 7/1/2024	2,397	123	66	197	624	1,846	519	5,772

¹ Includes deaths and benefits that were terminated or suspended

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-19

**Summary and Reconciliation of Participant Data
Fire**

	Active	Vested Terminated	Reciprocal	Non-Vested Terminated	Disabled	Retired	Beneficiaries	Totals
Participants as of 7/1/2023	1,699	39	18	41	654	1,271	392	4,114
New Entrants	68	0	0	0	0	0	0	68
Returned to Work	0	0	0	0	0	0	0	0
Vested Terminations	(6)	6	0	0	0	0	0	0
Reciprocals	0	0	0	0	0	0	0	0
Non Vested Terminations	(4)	0	0	4	0	0	0	0
Refund/Withdrawal	(6)	0	0	(4)	0	0	0	(10)
Changes in Inactive Status	0	(1)	0	1	0	0	0	0
Retirements	(66)	(4)	(1)	0	0	71	0	0
Disabilities	(1)	0	0	0	22	(21)	0	0
Benefit Ceased ¹	0	0	0	0	(25)	(21)	(18)	(64)
New Continuants & Dissolutions	0	0	0	0	0	14	27	41
New Split Benefits	0	0	0	0	0	0	0	0
Transferred In (From Misc)	49	0	0	0	0	0	0	49
Transferred In (From Police)	1	0	0	0	0	0	0	1
Transferred Out (To Misc)	(1)	0	0	0	0	0	0	(1)
Transferred Out (To Police)	0	0	0	0	0	0	0	0
Other Adjustments	0	0	0	0	0	0	0	0
Participants as of 7/1/2024	1,733	40	17	42	651	1,314	401	4,198

¹ Includes deaths and benefits that were terminated or suspended

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-20

**Summary and Reconciliation of Participant Data
Miscellaneous**

	Active	Vested Terminated	Reciprocal	Non-Vested Terminated	Disabled	Retired	Beneficiaries	Totals
Participants as of 7/1/2023	30,096	2,926	1,104	8,115	1,258	22,278	3,311	69,088
New Entrants	3,523	0	0	2	0	0	0	3,525
Returned to Work	293	(74)	(13)	(203)	0	(3)	0	0
Vested Terminations	(383)	383	0	0	0	0	0	0
Reciprocals	(17)	(22)	39	0	0	0	0	0
Non Vested Terminations	(876)	0	0	876	0	0	0	0
Refund/Withdrawal	(235)	(49)	0	(243)	0	0	0	(527)
Changes in Inactive Status	0	(47)	23	24	0	0	0	0
Retirements	(843)	(115)	(52)	(1)	0	1,011	0	0
Disabilities	(3)	(2)	(1)	0	25	(19)	0	0
Benefit Ceased ¹	(31)	(6)	(8)	(14)	(54)	(610)	(188)	(911)
New Continuants & Dissolutions	0	0	0	0	0	28	242	270
New Split Benefits	0	0	0	0	0	15	0	15
Transferred In (From Fire)	1	0	0	0	0	0	0	1
Transferred In (From Police)	3	0	0	3	0	0	0	6
Transferred Out (To Fire)	(47)	0	0	(6)	0	0	0	(53)
Transferred Out (To Police)	(193)	(4)	(2)	(15)	0	0	0	(214)
Other Adjustments	0	0	0	0	1	4	0	5
Participants as of 7/1/2024	31,288	2,990	1,090	8,538	1,230	22,704	3,365	71,205

¹ Includes deaths and benefits that were terminated or suspended

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

Data Assumptions and Methods

In preparing our valuation results, we relied on information supplied by the SFERS staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. Our methodology for obtaining the data used for the valuation is based upon the following assumptions and practices:

- Valuation Salary for the fiscal year ending June 30, 2024 is equal to “Cvd Pay” reported for full-time members hired before the beginning of the previous plan year, and the maximum of “Cvd Pay” and “Calc Pay,” which is an annualized pay rate, reported for new hires. A minimum of \$45,000 annual pay is used for all active members. Valuation Salary from the prior two years is used in determining Final Compensation if greater than current Valuation Salary. Valuation Salary projected forward is the Valuation Salary for the prior fiscal year increased for merit according to our assumptions and for wage inflation in accordance with the latest Memorandum of Understanding (MOUs) shown in Table B-1.
- Salary used to determine benefit amounts for active part-time members (“Sch” = “P”) is calculated as the greater of “Cvd Pay” and “Calc Pay.” The annual projected service for part-time members is the same as the service accrual in the previous year. For all other members, Valuation Salary is used to determine benefit amounts.
- Service for members on the “Active” data file was calculated using the field “Yrs Svc.” Any service available for buyback is added to the “Yrs Svc” field and is reflected in the projected benefit.
- Benefits in the valuation data for members in pay status for the Miscellaneous and New Safety Charters include the Basic COLAs effective July 1, 2024.
- The Basic COLAs effective July 1, 2024, and January 4, 2025, for the Old Safety Charter retirees were estimated based on data provided by SFERS and included in the July 1, 2024 benefit.
- Supplemental COLA benefits were granted as of July 1, 2024, for members who were hired prior to January 7, 2012. There was an adjustment made to the benefits provided in the valuation data for a Supplemental COLA of 0.5% of the June 30, 2024, monthly benefit for Miscellaneous and New Safety Charters and varying amounts for the Old Safety Charter so that the total benefit increase was 2.5% unless the Basic COLA was greater than 2.5%.
- Records on the “Active” data file are considered to be Active if they have a status of “AM” or “RT,” which means active, no “Job End Date” or the “Job End Date” is after 6/30/2024, and do not have a retiree record and their “Cvd Pay” is greater than \$0.
- For accounts having duplicate records based on Social Security Number in the “Active” data file, the records are added together for fields “Cvd Pay,” “Contribs,” “Interest,” “Shortage,”

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

“Short Int,” and “Yrs Svc.” The other data in the record is determined by the record which is considered open (“Plan Stat” = “O”) with the most recent “Membership Date.”

- Records on the “Active” data file are considered to be Inactive if they have a status of “VM,” which means vested or they have a status of “AM” but their “Job End Date” is prior to 6/30/2024, or their “Cvd Pay” is \$0. If these inactive members have less than five years of service (non-vested), they are assumed to receive a lump sum distribution on the valuation date. If these inactive members have five or more years of service (vested), they are assumed to have elected a deferred benefit and to retire at age 55 for non-reciprocal Miscellaneous and Safety Prop C members. The assumed retirement age for reciprocal Miscellaneous members is 60. The assumed retirement age for Safety non-Prop C members is 51.
- For Safety members, the deferred benefit is estimated using Final Average Compensation multiplied by years of service (including service purchased) multiplied by the appropriate age factor. For Miscellaneous members, the deferred benefit at retirement is 200% of the member’s contribution account balance with interest as of the valuation date projected with the assumed interest crediting rate to the assumed retirement age and then divided by the appropriate annuity factor from Table 12 of the Operating Tables. When there are deferred vested Miscellaneous Prop C members, their deferred benefit will be calculated the same except 200% will be replaced by 150%.
- Members on the “Inactive” data file are assumed to have elected a refund and receive a lump sum distribution on the valuation date if their “Withdrawal Date” is on or after the valuation date. If their “Withdrawal Date” is before the valuation date, they are assumed to have taken a full refund prior to the valuation date.
- Records on the “Retiree” file are considered in pay status if their benefit is not suspended or terminated.
- Members may retire and receive benefits under multiple Charter sections (e.g., a police officer can have two benefits, one for the service during the academy training which is considered Miscellaneous service and a second benefit for all other service as a police officer). For retired or disabled members, as well as beneficiaries and alternate payees, who are reported with a Safety benefit and a Miscellaneous benefit with less than two years of service, their benefits are added together and valued as a single record under the Safety Charter section. For all other members who are reported with multiple benefits, we value each component of the member’s benefit separately under the applicable Charter section. Consequently, the in-pay member counts reported in this valuation are slightly higher than the actual number of members due to some individual members being reported under multiple groups.
- We assume any member reported in last year’s “Retiree” file and not in this year’s file is deceased without a beneficiary and is removed from the valuation data.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX A – MEMBERSHIP INFORMATION

- We assume all deceased members with payments continuing to a beneficiary have been reported in the “Retiree” file.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

All demographic assumptions and the price and wage inflation assumptions were adopted at the December 9, 2020 Board meeting based on our recommendations. Please refer to the demographic experience study report dated August 2020 for the rationale for the demographic assumptions and the presentation dated December 9, 2020 for the rationale for the price and wage inflation assumptions. The discount rate was adopted at the November 10, 2021 Board meeting. Please refer to the October 13, 2021 Board presentation for the rationale for the discount rate. We believe all assumptions are reasonable for the purpose of the measurement.

1. Discount Rate

SFERS assets are assumed to earn 7.20% net of investment expenses.

2. Price Inflation

Consumer Price Inflation: 2.50% compounded annually.

3. Wage Inflation

Bargained future increases as of July 1, 2024, followed by 3.25% compounded annually thereafter.

4. Amortization Payment Increase Rate

Amortization payments increase at the rate of 3.25% compounded annually.

5. Administrative Expenses

Administrative expenses are assumed to equal 0.60% of payroll.

6. Interest Credited to Member Contributions

4.50%, compounded annually.

7. 401(a)(17) Maximum Compensation Limit

The compensation limit in Section 401(a)(17) of the Internal Revenue Code is assumed to increase with price inflation. In the valuation, compensation limits are only applied to members of new plans created by Proposition C for whom compensation is limited to a percentage of the 401(a)(17) compensation limit.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

8. 415(b) Maximum Benefit Limit

The 415(b) limits have been applied to active members' current and future benefits. The 415(b) limit is assumed to increase with price inflation. The 415(b) limit has also been applied to the retiree members who were in excess of the 415(b) limit in 2024. The projected increase in the 415(b) limit for retirees is the same increase as their Basic COLA which depends on their Charter.

9. Salary Increase Rate

Bargained increases as of July 1, 2024, followed by 3.25% wage inflation compounded annually thereafter, plus an additional merit component based on service. The table below shows the bargained wage increases reflected in this valuation. Miscellaneous Safety and the Sheriff's Department are included with Police members, and Muni Drivers and Craft are included with Miscellaneous members.

Table B-1 Current Bargained Wage Increases			
Date of Increase	Police	Fire	Misc
7/1/2024			1.50%
1/4/2025	3.00%	3.00%	1.50%
6/30/2025			1.00%
7/1/2025	3.00%	3.00%	1.00%
1/3/2026	n/a	n/a	1.50%
6/30/2026	n/a	n/a	2.00%
1/2/2027	n/a	n/a	2.00%
6/30/2027	n/a	n/a	2.50%

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The additional merit component:

Table B-2					
Salary Merit Increases - Sample Rates					
Years of Service	Police	Fire	Muni Drivers	Craft	Misc
0	7.50%	14.00%	16.00%	3.75%	5.50%
1	6.75	10.00	11.00	3.00	4.50
2	6.00	8.00	6.50	2.40	3.75
3	5.25	6.00	3.50	1.80	3.25
4	4.50	5.00	1.75	1.50	2.75
5	3.75	4.00	1.25	1.20	2.25
10	1.50	1.50	0.30	0.50	1.10
15	0.50	0.50	0.00	0.50	0.55
20 & over	0.50	0.50	0.00	0.50	0.30

Extra covered wages in the last year before service retirement are assumed to be as follows:

Table B-3	
Safety	3.0%
Muni Drivers	4.5%
Craft Workers	3.0%
Miscellaneous	2.0%

10. Cost-of-Living Increase in Benefits

Basic COLA

Old Plans – Miscellaneous	2.0% per year
New Plans – Safety and Miscellaneous	2.0% per year
Old Plans – Police and Fire, Charters 8.559 and 8.585	3.6% per year
Old Plans – Police and Fire, Charters 8.595 and 8.596	2.5% per year
Old Plans – Police and Fire, pre-7/1/75 dates of retirement	1.9% per year

Old Safety COLA assumptions are based on the following formula rounded up to one decimal place:

$$(\text{Wage Inflation} + \text{Ultimate Merit}) \div 2 \times \text{Factor}$$

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

For retirements after 6/30/75, the Factor represents the ratio of the average salary for the last position held to the average pension benefit.

For Charters 8.559 and 8.585, the factor is 1.9
 For Charters 8.595 and 8.596, the factor is 1.3
 For pre-7/1/75 dates of retirement, the factor is 1.0

Supplemental COLA

For purposes of the actuarial valuation and the determination of contribution rates for FYE 2025, future Supplemental COLAs are assumed to be 0%.

For purposes of the projections, in years when the return equals the assumption, future Supplemental COLAs are assumed to be granted approximately:

- 50% of the time for members who are eligible for a Supplemental COLA regardless of the System’s funded status, and
- 33.3% of the time for members who are eligible for a Supplemental COLA only if the System is also 100% funded.

In years when the return differs from the assumption, Supplemental COLAs are estimated based on the investment return.

11. Rates of Termination of Employment

Sample rates of termination by age and service for Miscellaneous members are shown below.

Table B-4			
Misc. Rates of Termination by Age and Service Years			
Service	Age		
	Under 30	30 to 39	40 & over
0	38.00%	24.00%	20.00%
1	20.00	12.00	9.00
2	14.00	9.00	6.00
3	10.00	7.00	4.80
4	7.50	6.50	4.60
5	6.75	6.00	4.40
10	3.75	3.75	3.75
15	2.25	2.25	2.25
20+	1.00	1.00	1.00

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Sample rates of termination by service for Police, Fire, Muni Drivers, and Craft members are shown below. Miscellaneous Safety and the Sheriff's Department are included with Police members.

Table B-5 Rates of Termination				
Service	Police	Fire	Muni Drivers	Craft
0	8.00%	2.50%	12.00%	9.50%
1	5.00	1.00	5.00	6.50
2	2.00	1.00	4.00	5.75
3	1.50	1.00	3.50	4.50
4	1.00	1.00	3.25	3.50
5	1.00	1.00	3.00	3.25
10	0.75	0.50	2.50	1.75
15	0.50	0.25	2.50	1.75
20+	0.50	0.25	2.50	1.75

When members are eligible to retire, their termination rates are assumed to be zero. Twenty percent of Miscellaneous, Muni Drivers, and Craft and forty percent of Safety terminating employees are assumed to subsequently work for a reciprocal employer and receive pay increases equal to the wage inflation assumption.

In estimating termination benefits for Miscellaneous members, it is assumed that employee contribution rates are, on average, not changed by the floating contribution rate provisions of Proposition C.

12. Member Refunds

Non-vested terminated members are assumed to receive a refund of their contributions with interest. Sample rates of refund for terminated vested members are shown below. Miscellaneous Safety and the Sheriff's Department are included with Safety members, and Muni Drivers and Craft members are included with Miscellaneous members.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-6 Vested Terminated Rates of Refund		
Service	Police & Fire	Miscellaneous
5	24.0%	20.0%
6	20.0	15.0
7	16.0	12.0
8	12.0	10.0
9	8.0	9.0
10	4.0	8.5
15	0.0	6.0
20	0.0	0.0

In estimating refund amounts, it is assumed that future employee contribution rates are, on average, not changed by the floating contribution rate provisions of Proposition C.

13. Rates of Disability

Sample disability rates of active participants are provided below. 100% of safety and 0% of Muni Driver, Craft, and Miscellaneous disabilities are assumed to be duty-related. Miscellaneous Safety and the Sheriff's Department are included with Police members.

Table B-7 Rates of Disability at Selected Ages						
Age	Police	Fire	Muni Drivers	Craft	Misc Females	Misc Males
30	0.05%	0.04%	0.01%	0.01%	0.01%	0.01%
35	0.14	0.09	0.06	0.06	0.04	0.04
40	0.35	0.24	0.11	0.11	0.07	0.08
45	0.44	0.42	0.17	0.20	0.15	0.11
50	0.90	0.84	0.45	0.40	0.40	0.28
55	3.30	3.50	1.35	0.75	0.55	0.45
60	5.75	7.30	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00

Table B-8 Level of duty disability benefits (if projected to be disabled before service retirement eligibility)	
Police	55% of pay
Fire	55% of pay

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

14. Base Rates of Mortality for Healthy Lives

The mortality rates used in the valuation are developed from a base table that is projected generationally from the base year of that table using the mortality projection scale described on the following page. Base mortality tables are developed by multiplying a published table by an adjustment factor that was developed in the experience study for the period ending June 30, 2019. The base mortality tables for healthy lives are described on the following page.

Table B-9			
	Published Table	Adjustment Factor	
		Male	Female
Non-Annuitants			
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979
Retirees			
Miscellaneous	PubG-2010 Retiree	1.031	0.977
Safety	PubS-2010 Retiree	0.947	1.044
Beneficiaries			
Miscellaneous	PubG-2010 Retiree	1.031	0.977
Safety	PubG-2010 Retiree	1.031	0.977

Muni Drivers and Craft members are included with Miscellaneous members for mortality assumptions. For active members, 25% of Safety deaths and 0% of Miscellaneous (including Muni Drivers and Craft) deaths are assumed to be duty related.

15. Base Rates of Mortality for Retired Disabled Lives

For disabled annuitant mortality, separate base tables are developed for males and females and for Miscellaneous (including Muni Drivers and Craft) and Safety members by multiplying a published table by an adjustment factor that was developed in the experience study for the period ending June 30, 2019. The base mortality tables for disabled annuitant lives are described below.

Table B-10			
	Published Table	Adjustment Factor	
		Male	Female
Disabled Annuitants			
Miscellaneous	PubG-2010 Disabled	1.045	1.003
Safety	PubS-2010 Disabled	0.916	0.995

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

16. Mortality Projection Scale

The mortality rates shown in the base tables above are projected generationally from the base year using the MP-2019 projection scale.

17. Rates of Retirement

Rates of retirement are based on age and service according to the tables on the following pages. Separate rates are used for members hired on or after January 7, 2012 under Charter Sections A8.603 and above (Prop C). Miscellaneous Safety and the Sheriff's Department are included with Police Prop C members.

Table B-11						
Police Rates of Retirement						
Age	Other than Prop C			Prop C		
	Years of Service			Years of Service		
	< 25	25 - 29	30 +	< 25	25 - 29	30 +
50	1.50%	5.00%	5.00%	1.50%	5.00%	5.00%
51	1.50	5.00	15.00	1.50	5.00	10.00
52	2.00	7.50	20.00	2.00	7.50	20.00
53	5.00	20.00	40.00	5.00	15.00	25.00
54	7.50	22.00	50.00	7.50	17.50	30.00
55	7.50	35.00	50.00	7.50	20.00	35.00
56	7.50	26.00	40.00	7.50	24.00	35.00
57	10.00	28.00	45.00	10.00	26.00	40.00
58	10.00	30.00	45.00	10.00	35.00	60.00
59	15.00	25.00	45.00	15.00	25.00	45.00
60	20.00	34.00	45.00	20.00	34.00	45.00
61	10.00	36.00	40.00	10.00	36.00	40.00
62	15.00	36.00	40.00	15.00	36.00	40.00
63	12.50	36.00	40.00	12.50	36.00	40.00
64	12.50	36.00	40.00	12.50	36.00	40.00
65 & over	100.00	100.00	100.00	100.00	100.00	100.00

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-12			
Fire Rates of Retirement			
All Tiers			
Years of Service			
Age	< 25	25 - 29	30 +
50	2.00%	5.00%	5.00%
51	1.00	5.00	5.00
52	2.00	5.00	5.00
53	3.00	5.00	15.00
54	7.50	20.00	35.00
55	7.50	25.00	35.00
56	7.50	20.00	35.00
57	12.50	20.00	35.00
58	12.50	20.00	25.00
59	12.50	25.00	25.00
60	15.00	25.00	35.00
61	15.00	40.00	40.00
62	15.00	40.00	40.00
63	15.00	20.00	25.00
64	20.00	20.00	25.00
65 & over	100.00	100.00	100.00

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-13						
Muni Drivers Rates of Retirement						
Age	Other than Prop C			Prop C		
	Years of Service			Years of Service		
	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	1.00%	1.50%	0.00%	0.00%	0.00%
51	0.00	1.00	1.50	0.00	0.00	0.00
52	0.00	1.00	1.50	0.00	0.00	0.00
53	0.00	1.00	1.50	0.00	1.00	1.50
54	0.00	1.00	1.50	0.00	1.00	1.50
55	0.00	4.00	5.00	0.00	1.00	5.00
56	0.00	4.00	5.00	0.00	1.00	5.00
57	0.00	4.00	5.00	0.00	2.00	5.00
58	0.00	4.00	5.00	0.00	2.00	5.00
59	0.00	4.00	5.00	0.00	2.00	5.00
60	10.00	10.00	20.00	5.00	10.00	15.00
61	12.50	25.00	30.00	7.50	12.50	20.00
62	20.00	32.50	35.00	10.00	15.00	30.00
63	15.00	30.00	30.00	10.00	20.00	25.00
64	15.00	30.00	30.00	10.00	25.00	25.00
65	27.50	30.00	35.00	27.50	30.00	40.00
66	27.50	30.00	35.00	27.50	30.00	35.00
67	27.50	30.00	35.00	27.50	30.00	35.00
68	27.50	30.00	35.00	27.50	30.00	35.00
69	27.50	30.00	35.00	27.50	30.00	35.00
70 & over	100.00	100.00	100.00	100.00	100.00	100.00

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-14						
Craft Rates of Retirement						
Age	Other than Prop C			Prop C		
	Years of Service			Years of Service		
	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	1.50%	1.50%	0.00%	0.00%	0.00%
51	0.00	1.50	1.50	0.00	0.00	0.00
52	0.00	1.50	1.50	0.00	0.00	0.00
53	0.00	2.50	4.00	0.00	1.50	1.50
54	0.00	2.50	4.00	0.00	1.50	1.50
55	0.00	2.50	5.00	0.00	1.50	2.50
56	0.00	3.00	5.00	0.00	1.50	2.50
57	0.00	3.00	5.00	0.00	2.00	2.50
58	0.00	3.00	5.00	0.00	2.00	5.00
59	0.00	8.00	20.00	0.00	2.00	10.00
60	7.50	12.00	32.50	5.00	7.50	15.00
61	10.00	20.00	35.00	7.50	12.50	20.00
62	20.00	30.00	37.50	17.50	25.00	30.00
63	10.00	25.00	30.00	10.00	17.50	25.00
64	17.50	25.00	30.00	10.00	17.50	25.00
65	25.00	27.50	30.00	25.00	30.00	40.00
66	27.50	30.00	32.50	27.50	30.00	32.50
67	27.50	30.00	32.50	27.50	30.00	32.50
68	15.00	25.00	30.00	15.00	25.00	30.00
69	15.00	25.00	30.00	15.00	25.00	30.00
70 & over	100.00	100.00	100.00	100.00	100.00	100.00

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-15						
Miscellaneous Rates of Retirement						
Age	Other than Prop C			Prop C		
	Years of Service			Years of Service		
	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	2.75%	3.50%	0.00%	0.00%	0.00%
51	0.00	2.50	3.50	0.00	0.00	0.00
52	0.00	2.50	3.50	0.00	0.00	0.00
53	0.00	3.25	3.50	0.00	3.25	3.25
54	0.00	4.00	4.00	0.00	4.00	4.00
55	0.00	4.00	5.50	0.00	4.00	4.00
56	0.00	4.25	6.75	0.00	4.25	4.25
57	0.00	4.50	8.75	0.00	4.50	4.50
58	0.00	5.00	10.00	0.00	5.00	7.50
59	0.00	8.75	20.00	0.00	8.75	10.00
60	9.00	11.50	30.00	7.50	10.00	12.50
61	13.25	20.00	35.00	10.00	15.00	15.00
62	20.00	30.00	35.00	17.50	25.00	25.00
63	16.00	22.50	30.00	12.50	17.50	20.00
64	16.00	22.50	30.00	12.50	17.50	20.00
65	20.00	30.00	30.00	25.00	40.00	40.00
66	25.00	30.00	35.00	25.00	30.00	35.00
67	25.00	30.00	35.00	25.00	30.00	35.00
68	20.00	30.00	30.00	20.00	30.00	30.00
69	20.00	30.00	30.00	20.00	30.00	30.00
70	25.00	25.00	30.00	25.00	25.00	30.00
71	25.00	25.00	30.00	25.00	25.00	30.00
72	25.00	25.00	30.00	25.00	25.00	30.00
73	25.00	25.00	30.00	25.00	25.00	30.00
74	25.00	25.00	30.00	25.00	25.00	30.00
75 & over	100.00	100.00	100.00	100.00	100.00	100.00

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The assumed retirement age for inactive terminated vested members and actives who are expected to terminate is shown below. Miscellaneous Safety and the Sheriff's Department are included with Safety Prop C members, and Muni Drivers and Craft members are included with Miscellaneous members.

Table B-16		
Deferred Retirement Age		
	Non-Prop C	Prop C
Safety	51	55
	Non-Reciprocal	Reciprocal
Miscellaneous	55	60

18. Family Composition

The percentage assumed to be married (including assumption for Domestic Partners, 1994 Proposition H) is shown below. Spouses of male members are assumed to be three years younger than the member and spouses of female members are assumed to be two years older than the member. Miscellaneous Safety and the Sheriff's Department are included with Safety members, and Muni Drivers and Craft members are included with Miscellaneous members.

Table B-17	
Percentage Married	
Safety Males	80%
Safety Females	60
Miscellaneous Males	75
Miscellaneous Females	55

19. Deferred Member Benefit Amount

The benefit was estimated based on information provided by SFERS staff. The data used to estimate the deferred benefit were date of birth, date of hire, date of termination, and last pay. Based on the data provided, service credit, highest average salary, and deferred retirement age were estimated. The estimates were used to compute the retirement benefit, upon which the liabilities are based. For those members without sufficient data or service, accumulated member contribution balances, with interest, were used as the Actuarial Liability.

20. Timing of Contributions

Employer and employee contributions are made throughout the year.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

21. Changes Since Last Valuation

Prop C Fire retirement rates were increased to the same rates as the non-Prop C Fire members due to Proposition H benefit changes for the Prop C Fire members.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

B. 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. All components of the contribution allocation procedure were established prior to the July 1, 2008 actuarial valuation except the amortization method, which was most recently modified by the Board at their November 10, 2021 meeting.

1. Actuarial Cost Method

The Entry Age Actuarial Cost Method was used for active employees, whereby the normal cost is computed as the level annual percentage of pay required to fund the retirement benefits between each member's date of hire and assumed termination of employment. The normal costs calculated relate only to current member payroll. The Actuarial Liability is the difference between the present value of future benefits and the present value of future normal cost.

2. Asset Valuation Method

For the purposes of determining the Employer's contribution to SFERS, we use a smoothed Actuarial Value of Assets to dampen the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

The actuarial value is calculated by recognizing 20% of each of the past five years of actual investment returns compared to the expected return (7.20% for the years ending 2022-2024, 7.40% for the years ending 2020-2021) on the actuarial asset value. The expected return on Actuarial Value of Assets is determined using SFERS actual cash flows and the assumed return. The balance of the actual investment experience is recognized in a similar fashion in future years.

This asset smoothing method started with the market value as of July 1, 2004.

3. Amortization Method

Any Charter change prior to July 1, 2014 has been amortized over 20 years from the date it was first recognized in the valuation. After July 1, 2014, any changes to active member benefits are amortized over a closed 15-year period, and any new changes to inactive or

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

retired member benefits, including Supplemental COLAs, are amortized over a closed five-year period.

The UAL not attributable to Charter changes as of July 1, 2013, was amortized over a closed 19-year period as of July 1, 2014. Any sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over closed, layered 20-year periods.

If the System becomes 100% funded based on the Actuarial Value of Assets, any subsequent unexpected changes in the UAL are amortized over a rolling 20-year period until the System is no longer 100% funded.

Effective with the July 1, 2021 valuation, the remaining amortization periods for assumption changes prior to July 1, 2021, and all prior actuarial gains and losses (including the gain for 2021) were reduced to five years.

All amortization payment amounts increase each year at the assumed wage inflation rate.

4. Changes Since Last Valuation

None.

SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(OLD POLICE AND FIRE)**

I. Old Police and Fire Members – Charter Sections 8.559 and 8.595 (Police) and 8.585 and 8.596 (Fire)

1. Membership Requirement

Charter Sections 8.559 and 8.585

Police Officers and Firefighters who became members before November 2, 1976 and retired on or before December 31, 2002 without electing membership in another Section.

Charter Sections 8.595 and 8.596

Active members on November 5, 2002 in Section 8.559 (Police) or Section 8.585 (Fire) who elected to switch to Section 8.595 (Police) or Section 8.596 (Fire) by December 31, 2002.

2. Final Compensation

Monthly salary earnable at the final rank held at termination date, or monthly salary at next lower rank if final rank held for less than one year.

3. Credited Service

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked.

4. Member Contributions

a. Member:

7.0% of salary, excluding overtime and most premium pay. These contributions are credited with interest annually as determined by the Board.

Charter Sections 8.585, 8.595, and 8.596

Depending on the employer contribution rate, the member contribution rate can increase or decrease by up to 6% of pay.

b. Employer:

The Employer contributes the remaining amounts necessary to maintain the soundness of the Retirement System. Any decrease in the member contribution rate is paid by the City.

SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(OLD POLICE AND FIRE)**

5. Service Retirement

Eligibility

Age 50 with 25 years of Credited Service.

Benefit – Member

Charter Sections 8.559 and 8.585

55% of Final Compensation plus an additional 4% of Final Compensation for each year of credited service in excess of 25 years, subject to a maximum of 75% of Final Compensation.

Charter Sections 8.595 and 8.596

A specified percentage of Final Compensation based on the member's age at retirement (factors shown in Table C-1 below) for each year of Credited Service, subject to a maximum of 90% of Final Compensation.

Table C-1 Service Retirement Factors Sections 8.595 (Police) and 8.596 (Fire)	
Retirement Age	Retirement Factors
50	2.40%
51	2.52%
52	2.64%
53	2.76%
54	2.88%
55 or above	3.00%

Benefit – Survivor

75% of the service retirement benefit paid to a qualified survivor.

SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT

APPENDIX C – SUMMARY OF PLAN PROVISIONS
(OLD POLICE AND FIRE)

6. Non-Industrial Disability

Eligibility

10 years of Credited Service.

Benefit – Member

At least 10 but less than 25 years of Credited Service:

1.5% of Final Compensation for each year of Credited Service between 10 and 25 years, subject to a minimum of 33.3% and a maximum of 75% of Final Compensation for Charter Sections 8.559 and 8.585 or 90% of Final Compensation for Charter Sections 8.595 and 8.596.

At least 25 years of Credited Service:

Service retirement benefit determined at date of disability.

Benefit – Survivor

75% of the disability retirement benefit paid to a qualified survivor.

7. Industrial Disability

Eligibility

No age or service requirement.

Benefit – Member

If Not Eligible for Service Retirement:

Final Compensation times a percentage of disability, subject to a minimum of 50% and a maximum of 90%, as determined by the Workers' Compensation Appeals Board. Once the member becomes eligible for service retirement, assuming that member earned service and salary increases during the period of disability, the benefit is recalculated using the service and salary rate for the current rank held. The recalculated benefit is based on a minimum of 55% of Final Compensation.

If Eligible for Service Retirement:

Service retirement benefit determined at date of disability, but not less than 55% of Final Compensation.

APPENDIX C – SUMMARY OF PLAN PROVISIONS
(OLD POLICE AND FIRE)

Benefit – Survivor

If Not Eligible for Service Retirement:

100% of the disability retirement benefit paid to a qualified survivor. Once the member would have become eligible for service retirement, assuming that member earned service and salary increases from the date of disability to the eligible service retirement date, the benefit is recalculated at 100% of the service retirement benefit, using the service and salary at the eligible service retirement date, not less than 55% of Final Compensation.

If Eligible for Service Retirement:

100% of the disability retirement benefit paid to a qualified survivor, not less than 55% of Final Compensation.

8. Death while an Active Employee

If Death is due to a Non-Work-Related Cause:

- a. Less than 10 Years of Credited Service, or No Qualified Survivor – Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months' salary to a designated beneficiary.
- b. At least 10 but less than 25 years of Credited Service – Monthly continuation allowance to a qualified survivor equal to the non-industrial disability benefit the member would have been entitled to on the date of death, subject to a minimum of 33.3% of compensation at the time of death.
- c. At Least 25 Years of Credited Service but Less than Age 50 – Monthly continuation allowance to a qualified survivor equal to 75% of the monthly service retirement benefit the member would have received had the member been age 50 and retired on the date of death.
- d. Eligible for Service Retirement – Monthly continuation allowance to a qualified survivor equal to 75% of the monthly service retirement benefit the member would have received had the member been retired on the date of death.

If Death is due to a Work-Related Cause:

- a. No Qualified Survivor – Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months' salary to a designated beneficiary. If the death is of a violent nature, an additional lump sum equivalent benefit equal to 12 months' salary is payable.

SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(OLD POLICE AND FIRE)**

- b. Qualified Survivor and Not Eligible for Service Retirement – Monthly continuation allowance to a qualified survivor equal to the salary at the date of death. Once the member would have become eligible for service retirement, assuming that member earned service and salary increases from the date of death to the eligible service retirement date, the benefit is recalculated at 100% of the service retirement benefit, using the service and salary at the eligible service retirement date, such allowance shall not be less than 55% of Final Compensation.
- c. Qualified Survivor and Eligible for Service Retirement – Monthly continuation allowance to a qualified survivor equal to 100% of the monthly service retirement benefit the member would have received had the member been retired on the date of death, but such allowance shall not be less than 55% of Final Compensation.

9. Withdrawal Benefits

Less than five years of Credited Service:

Lump sum benefit equal to the accumulated employee contributions with interest.

Five or more years of Credited Service:

The member may choose one of the following:

- a. Lump sum benefit equal to the accumulated employee contributions with interest.
- b. **Charter Sections 8.559 and 8.585:** Retirement benefit first payable at age 50 equal to 55% of Final Compensation at termination, multiplied by a service fraction, the numerator being the Credited Service of the member at termination, and a denominator of 25.

Charter Sections 8.595 and 8.596: A specified percent of Final Compensation based on the member's age at retirement (factors shown in Table C-1) for each year of Credited Service, subject to a maximum of 90% of Final Compensation.

Cost-of-living adjustments are prorated if the member's accrued service is less than 25 years. COLA will be multiplied by a fraction where the denominator is 25 and the numerator is equal to service at date of termination.

10. Additional Post-retirement Death Benefit

A death benefit payable as a lump sum equal to \$100 for each full year of Credited Service, subject to a maximum of \$3,000, will be paid to a qualified survivor upon the member's death.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(OLD POLICE AND FIRE)**

11. Post-retirement Cost-of-Living Benefit

Basic

Monthly benefits are adjusted by 50% of the actual dollar increase or decrease (50% of the percentage increase or decrease, applied to the monthly benefits excluding Supplemental COLA amounts, for members under Proposition H) in the salary rank or position the member's Final Compensation used to calculate the monthly benefit was based on. A member's monthly benefit will never decrease below its original amount.

Supplemental

Effective July 1 of each fiscal year, if the Retirement System was fully funded based on the Market Value of Assets for the previous year and there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA above. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of 0.5% up to a maximum of 3.5%. For members who worked after November 6, 1996, and before Proposition C passed in 2012, the Supplemental COLA is payable if there are "excess" investment earnings regardless of whether or not the System was fully funded.

12. Changes in this Valuation

None.

SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(NEW POLICE AND FIRE)**

II. New Police and Fire Members – Charter Sections (Police) 8.586, 8.597, 8.602, and 8.605; (Fire) 8.588, 8.598, 8.601, and 8.604; (Sheriff's Department) 8.608; (Miscellaneous Safety) 8.610; (Public Safety Communications Personnel) 8.611

1. Membership Requirement

Charter Sections 8.586 and 8.588

Police Officers and Firefighters who became members on or after November 2, 1976.

Charter Sections 8.597 and 8.598

Active members on January 1, 2003, in Section 8.586 (Police) or Section 8.588 (Fire) who had elected to switch to Section 8.597 (Police) or Section 8.598 (Fire) by December 31, 2002; or new members becoming active on or after January 1, 2003, in Section 8.597 (Police) or Section 8.598 (Fire).

Charter Sections 8.601 and 8.602

Persons who become members of the fire or police department on or after July 1, 2010, and prior to January 7, 2012.

Charter Sections 8.604 and 8.605

Persons who become members of the fire or police department on or after January 7, 2012.

Charter Section 8.608

Sheriff, undersheriffs, and all deputized personnel of the sheriff's department hired on or after January 7, 2012.

Charter Section 8.610

Miscellaneous Safety members hired on or after January 7, 2012.

Charter Section 8.611

Public Safety Communications Personnel for service on or after January 4, 2025, regardless of hire date.

2. Final Compensation

Charter Sections 8.586, 8.588, 8.597, and 8.598

Average monthly total compensation earnable during any 12 months of Credited Service which average compensation is the highest.

(Pre 1998 – three- year average of monthly compensation)

SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(NEW POLICE AND FIRE)**

Charter Sections 8.601 and 8.602

Average monthly total compensation earnable during the higher of any two consecutive fiscal years of earnings or the twenty-four months of earnings immediately prior to retirement.

Charter Sections 8.604, 8.605, 8.608, 8.610, and 8.611

Average monthly total compensation earnable during the higher of any three consecutive fiscal years of earnings or the thirty-six months of earnings immediately prior to retirement. Compensation for any fiscal year shall not include remuneration that exceeds 75% of the IRC 401(a)(17) compensation limit.

3. Credited Service

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked.

4. Member Contributions

a. Member:

Charter Sections 8.586, 8.588, 8.597, and 8.598

7.5% of salary, excluding overtime and most premium pay. These contributions are credited with interest annually as determined by the Board.

Depending on the employer contribution rate, the member contribution rate can increase or decrease by up to 6% of pay.

Charter Sections 8.601, 8.602, 8.604, 8.605, 8.608, 8.610, and 8.611

9.0% of salary, excluding overtime and most premium pay. These contributions are credited with interest annually as determined by the Board.

Depending on the employer contribution rate, the member contribution rate can increase or decrease by up to 4% of pay if the base pay rate is less than \$48 per hour or up to 5% of pay if the base pay rate is at or greater than \$48 per hour.

b. Employer:

The Employer contributes the remaining amounts necessary to maintain the soundness of the Retirement System. Any decrease in the member contribution rate is paid by the City.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(NEW POLICE AND FIRE)**

5. Service Retirement

Eligibility

Age 50 with five years of Credited Service. (*Pre 1998 – 50 with 25 years of Credited Service*)

Benefit – Member

Charter Sections 8.586 and 8.588

The monthly service retirement benefit is the greater of i) and ii) below, subject to a maximum of 75% of Final Compensation (*Pre 1998 – 70%*)

- i) 2% of Final Compensation for each of the first 25 years of service plus an additional 3% of Average Compensation for each year of Credited Service in excess of 25 years; (*Pre 1998 – benefit is calculated under i) only*);
- ii) A specified percentage of Final Compensation based on the member’s age at retirement (factors shown in Table C-2 below) for each year of Credited Service.

Table C-2 Service Retirement Factors Sections 8.586 (Police) and 8.588 (Fire)	
Retirement Age	Retirement Factors
50	2.00%
51	2.14%
52	2.28%
53	2.42%
54	2.56%
55 or above	2.70%

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(NEW POLICE AND FIRE)**

Charter Sections 8.597, 8.598, 8.601, 8.602, and 8.604

A specified percentage of Final Compensation based on the member's age at retirement (factors shown in Table C-3 below) for each year of Credited Service, subject to a maximum of 90% of Final Compensation.

Table C-3 Service Retirement Factors Sections 8.597 and 8.602 (Police), 8.598, 8.601, and 8.604 (Fire)	
Retirement Age	Retirement Factors
50	2.40%
51	2.52%
52	2.64%
53	2.76%
54	2.88%
55 or above	3.00%

Charter Sections 8.605 and 8.608

A specified percentage of Final Compensation based on the member's age at retirement (factors shown in Table C-4 below) for each year of Credited Service, subject to a maximum of 90% of Final Compensation.

Table C-4 Service Retirement Factors Sections 8.605 (Police) and 8.608 (Sheriff's Department)	
Retirement Age	Retirement Factors
50	2.20%
51	2.30%
52	2.40%
53	2.50%
54	2.60%
55	2.70%
56	2.80%
57	2.90%
58 and above	3.00%

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(NEW POLICE AND FIRE)**

Charter Sections 8.610 and 8.611

A specified percentage of Final Compensation based on the member’s age at retirement (factors shown in Table C-5 below) for each year of Credited Service, subject to a maximum of 90% of Final Compensation. Public Safety Communications Personnel are subject to the provisions of Section 8.610 through A8.610-16 for service on or after January 4, 2025.

Table C-5 Service Retirement Factors Section 8.610 and 8.611 (Miscellaneous Safety)	
Retirement Age	Retirement Factors
50	1.800%
51	1.912%
52	2.020%
53	2.132%
54	2.244%
55	2.356%
56	2.468%
57	2.590%
58 or above	2.700%

Benefit – Survivor

50% of the service retirement benefit paid to a qualified survivor.

6. Non-Industrial Disability

Eligibility

10 years of Credited Service.

Benefit – Member

1.5% of Average Compensation for each year of Credited Service, subject to a minimum of 33.3% of Final Compensation, subject to a maximum of 75% of Final Compensation for Charter Sections 8.586 and 8.588 or 90% of Final Compensation for all other Charter Sections.

Benefit – Survivor

50% of the disability retirement benefit paid to a qualified survivor.

APPENDIX C – SUMMARY OF PLAN PROVISIONS
(NEW POLICE AND FIRE)

7. **Industrial Disability**

Eligibility

No age or service requirement.

Benefit – Member

Less than age 50 with 25 Years of Service:

Final Compensation times a percentage of disability, subject to a minimum of 50% and a maximum of 90%, as determined by the Workers' Compensation Appeals Board. If the member is age 50 with five years of service, the disability benefit is the service retirement allowance, but not less than 50% of Final Compensation. Once the member becomes eligible for qualified service retirement, assuming that member earned service and salary increases during the period of disability, the benefit is recalculated using the service and salary rate for the rank held at retirement. The recalculated benefit is based on a minimum of 50% of Final Compensation (not to exceed 90% of Final Compensation for Charter Sections 8.597, 8.598, 8.601, 8.602, 8.608, and 8.610).

Age 50 with 25 Years of Service:

The service retirement allowance, but not less than 50% of Final Compensation.

Benefit – Survivor

75% of the disability retirement benefit paid to a qualified survivor.

8. **Death while an Active Employee**

If Death is Due to a Non-Work-Related Cause:

- a. Less than 10 Years of Credited Service, or No Qualified Survivor – Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months' salary to a designated beneficiary.
- b. At least 10 but less than 25 years of Credited Service – Monthly continuation allowance to a qualified survivor equal to the non-industrial disability benefit the member would have been entitled to on the date of death, subject to a minimum of 33.3% of Average Compensation at the time of death.
- c. At Least 25 Years of Credited Service but Less than Age 50 – Monthly continuation allowance to a qualified survivor equal to 50% of the monthly service retirement benefit the member would have received had the member been age 50 and retired on the date of death.

SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(NEW POLICE AND FIRE)**

- d. Age 50 with 25 Years of Credited Service – Monthly continuation allowance to a qualified survivor equal to 50% of the monthly service retirement benefit the member would have received had the member been retired on the date of death.

If Death is Due to a Work-Related Cause:

- a. No Qualified Survivor – Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months' salary to a designated beneficiary. For Charter Sections 8.586 and 8.588, if the death is of a violent nature, an additional lump sum equivalent benefit equal to 12 months' salary is payable.
- b. Qualified Survivor and Less than Age 50 with 25 Years of Service – Monthly continuation allowance to a qualified survivor equal to 100% (*Pre 1998 – 75%*) of Final Compensation at the date of death. Once the member would have completed 25 years of service and attained age 50, assuming that member earned service and salary increases from the date of death to the eligible service retirement date, the benefit is recalculated at 100% of the service retirement benefit, using the service and salary at the eligible service retirement date. Such allowance shall not be less than 50% of Final Compensation (For Chapter Sections 8.597, 8.598, 8.601, 8.602, 8.608, and 8.610 not to exceed 90% of Final Compensation).
- c. Qualified Survivor and Age 50 with 25 Years of Service – Monthly continuation allowance to a qualified survivor equal to 100% (*Pre 1998 – 75%*) of the monthly service retirement benefit the member would have received had the member been retired on the date of death, not less than 50% of Final Compensation.

9. Withdrawal Benefits

Less than five years of Credited Service:

Lump sum benefit equal to the accumulated employee contributions with interest.

Five or more years of Credited Service:

The member may choose one of the following:

- a. Lump sum benefit equal to the accumulated refund all of employee contributions with interest.
- b. **Charter Sections 8.586 and 8.588:** Retirement benefit first payable at age 50 equal to 2% of Final Compensation at termination for each year of credited service of the member at the date of termination.

Charter Sections 8.597, 8.598, 8.601, 8.602, 8.604, 8.605, 8.608, 8.610, and 8.611: A specified percent of Final Compensation at termination based on the member's age at retirement (factors shown in Table C-3, C-4, and C-5) for each year of Credited Service, subject to a maximum of 90% of Final Compensation, payable at age 50.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(NEW POLICE AND FIRE)**

10. Additional Post-retirement Death Benefit

A death benefit payable as a lump sum equal to \$100 for each full year of Credited Service, subject to a maximum of \$3,000, will be paid to a qualified survivor upon the member's death.

11. Post-retirement Cost-of-Living Benefit

Basic

Monthly benefits are increased or decreased each July 1 by a maximum of 2% per year of the initial monthly benefit. A member's monthly benefit will never decrease below its original amount. Effective July 1, 2009, monthly benefits are increased or decreased by a maximum of 2% of the prior year's monthly benefit.

Supplemental

Effective July 1 of each fiscal year, if the Retirement System was fully funded based on the Market Value of Assets for the previous year and there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA above. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of 0.5% up to a maximum of 3.5%. For members who worked after November 6, 1996, and before Proposition C passed in 2012, the Supplemental COLA is payable if there are "excess" investment earnings regardless of whether or not the System was fully funded.

12. Changes in this Valuation

Firefighters hired after January 7, 2012 (Charter Section 8.604) had their age factor percentages for benefit calculations increased under Proposition H.

For service after January 4, 2025, Public Safety Communications Personnel are classified as Miscellaneous Safety and subject to the provisions under A8.610 through A8.610-16.

SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(MISCELLANEOUS)**

III. Miscellaneous Members – Charter Sections 8.509, 8.587, 8.600, and 8.603

1. Membership Requirement

Charter Section 8.509

Employees and Officers, other than Police Officers or Firefighters, who became members before November 2, 1976 and continued as a member without interruption.

Charter Section 8.587

Active Employees and Officers, other than Police Officers or Firefighters, who were members under Section A8.584, and members under A8.587, whose accumulated contributions were in the retirement fund on November 7, 2000 and were not retired. After November 7, 2000, all full-time employees, certified Civil Service employees, or temporary employees who work more than 1,040 hours in any 12-month period; excluding all Police Officers and Firefighters.

Charter Section 8.600

Employees and Officers, other than Police Officers or Firefighters, who become employed on or after July 1, 2010, and prior to January 7, 2012.

Charter Section 8.603

Employees and Officers, other than Police Officers or Firefighters, who become employed on or after January 7, 2012.

2. Average Final Compensation

Charter Sections 8.509 and 8.587

Average monthly compensation earned during any year of Credited Service which average compensation is the highest.

Charter Section 8.600

Average monthly compensation earned during the higher of any two consecutive fiscal years of earnings or the twenty-four months of earnings immediately prior to retirement.

Charter Section 8.603

Average monthly compensation earned during the higher of any three consecutive fiscal years of earnings or the 36 consecutive months of earnings immediately prior to retirement. Compensation for any fiscal year shall not include remuneration that exceeds 85% of the IRC 401(a)(17) compensation limit.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(MISCELLANEOUS)**

3. Credited Service

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked. (Exception: for Charter 8.509 members, in the year of retirement, the denominator in the fraction is equal to 12).

4. Member Contributions

a. Member:

Charter 8.509
8.0% of salary.

Charter 8.587, 8.600, and 8.603
7.5% of salary, excluding overtime and most premium pay.

Depending on the employer contribution rate and the base rate of pay of the member beginning on July 1, 2012, the member contribution rate can increase or decrease by up to maximum percentage of pay shown in the following table:

Hourly Rate of Pay*	Maximum Increase / Decrease in Contribution Rate
< \$24	0%
\$24 - \$48	4%
>= \$48	5%

**Adjusted each fiscal year by the percentage increase in the cost of living during the previous calendar year, based on the San Francisco-Oakland-San José CPI-U Index, but not to exceed 3.5%.*

These contributions are credited with interest annually as determined by the Board.

If the member elects Social Security, the contributions to the System may be reduced by the amount contributed to Social Security (excluding the Medicare portion). Retirement benefits are actuarially reduced by the shortage, which is the difference between contributions paid at the 8%/7.5% rate and contributions actually paid, plus plan interest.

b. Employer:

The Employer contributes the remaining amounts necessary to maintain the soundness of the Retirement System. Any decrease in the member contribution rate is paid by the City.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(MISCELLANEOUS)**

5. Service Retirement

Eligibility

Charter Section 8.509, 8.587, and 8.600

Age 50 with 20 years of Credited Service, or age 60 with 10 years of Credited Service.

Charter Section 8.603

Age 53 with 20 years of Credited Service, age 60 with 10 years of Credited Service, or age 65.

Benefit – Member

Charter Section 8.509, 8.587, and 8.600

The monthly service retirement benefit is the greater of i), subject to a maximum of 75% of Average Final Compensation, and ii) below.

- i) A specified percentage of Average Final Compensation based on the member's age at retirement (factors shown in Table C-6 below) for each year of Credited Service, effective January 11, 2009.

Table C-6			
Service Retirement Factors			
Section 8.509, 8.587, and 8.600			
Retirement Age	Retirement Factors	Retirement Age	Retirement Factors
50	1.0%	57	1.7%
51	1.1%	58	1.8%
52	1.2%	59	1.9%
53	1.3%	60	2.1%
54	1.4%	61	2.2%
55	1.5%	62 or above	2.3%
56	1.6%		

- ii) The actuarial equivalent of twice the member's accumulated contributions with interest.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(MISCELLANEOUS)**

Charter Section 8.603

The monthly service retirement benefit is a specified percentage of Average Final Compensation based on the member's age at retirement subject to a maximum of 75% of Average Final Compensation (factors shown in Table C-7 below).

Table C-7 Service Retirement Factors Section 8.603			
Retirement Age	Retirement Factors	Retirement Age	Retirement Factors
53	1.000%	60	1.756%
54	1.108%	61	1.864%
55	1.216%	62	1.972%
56	1.324%	63	2.080%
57	1.432%	64	2.188%
58	1.540%	65 or above	2.300%
59	1.648%		

Benefit – Survivor

50% of the service retirement benefit paid to a qualified survivor.

6. Disability

Eligibility

10 years of Credited Service.

Benefit – Member

1.8% of Average Final Compensation for each year of Credited Service, maximum of 75% of Average Final Compensation. If the benefit is less than 40% of Average Final Compensation, additional Credited Service had the member worked to age 60 can be added to the current Credited Service, in order to adjust the benefit to 40% of Average Final Compensation.

Benefit – Survivor

50% of the disability retirement benefit paid to a qualified survivor.

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(MISCELLANEOUS)**

7. Death while an Active Employee

If Not Eligible for Service Retirement:

Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months' salary to a designated beneficiary. If the death is of a violent nature and job-related, an additional lump sum equivalent benefit equal to 12 months' salary is payable.

If Eligible for Service Retirement:

A qualified spouse may elect i) or ii) below:

- i) Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months' salary to a designated beneficiary.
- ii) A benefit equal to 50% of the service retirement benefit the member would have received had the member retired for service on the date of death.

8. Withdrawal Benefits

Charter 8.509 members with less than 10 years of Credited Service or less than \$1,000 in accumulated contributions and Charter 8.587, 8.600, and 8.603 members with less than five years of Credited Service:

Lump sum benefit equal to the accumulated employee contributions with interest.

Charter 8.509 members with 10 or more years of Credited Service or accumulated contributions exceeding \$1,000 and Charter 8.587 and 8.600 members with five or more years of Credited Service:

The member may choose one of the following:

- i) Lump sum benefit equal to the accumulated refund all of employee contributions with interest.
- ii) A deferred retirement benefit payable on or after age 50 equal to the actuarial equivalent of twice the member's accumulated contributions with interest as of the retirement date.

Charter 8.603 members with five or more years of Credited Service:

The member may choose one of the following:

- i) Lump sum benefit equal to the accumulated refund all of employee contributions with interest.
- ii) A deferred retirement benefit payable on or after age 53 equal to the actuarial equivalent of 150% of the member's accumulated contributions with interest as of the retirement date.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(MISCELLANEOUS)**

9. Additional Post-retirement Death Benefit

A death benefit payable as a lump sum equal to \$100 for each full year of Credited Service, subject to a maximum of \$3,000, will be paid to a qualified survivor upon the member's death.

10. Post-retirement Cost-of-Living Benefit

Basic

Monthly benefits are adjusted each July 1 by the accumulated change in the Consumer Price Index to the nearest 1%, with a maximum increase or decrease of 2% per year of the prior year's monthly benefit. A member's monthly benefit will never decrease below its original amount.

Supplemental

Effective July 1 of each fiscal year, if the Retirement System was fully funded based on the Market Value of Assets for the previous year and there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA above. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of 0.5% up to a maximum of 3.5%. For members who worked after November 6, 1996, and before Proposition C passed in 2012, the Supplemental COLA is payable if there are "excess" investment earnings regardless of whether or not the System was fully funded.

11. Changes in this Valuation

Registered nurses are allowed to purchase up to three years of service credit for time previously worked as per diem nurses.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(COST SHARING PROVISIONS)**

IV. Cost Sharing Provisions – Adjusted Contribution Rates

The table below shows the adjustment to the employee contribution rate based on the calculated net employer contribution rate. There are three different adjustment schedules which apply to different groups of employees.

Net Employer Contribution Rate	Adjustment to Employee Contribution Rate		
	Group 1	Group 2	Group 3
0.00% – 0.00%	-4.00%	-5.00%	-6.00%
0.01% – 1.00%	-4.00%	-4.50%	-5.00%
1.01% – 2.50%	-3.75%	-4.25%	-4.75%
2.51% – 4.00%	-3.50%	-4.00%	-4.50%
4.01% – 5.50%	-2.50%	-3.00%	-3.50%
5.51% – 7.00%	-2.00%	-2.50%	-3.00%
7.01% – 8.50%	-1.50%	-2.00%	-2.00%
8.51% – 10.00%	-1.00%	-1.50%	-1.50%
10.01% – 11.00%	-0.50%	-0.50%	-0.50%
11.01% – 12.00%	0.00%	0.00%	0.00%
12.01% – 13.00%	0.50%	0.50%	0.50%
13.01% – 15.00%	1.00%	1.50%	1.50%
15.01% – 17.50%	1.50%	2.00%	2.00%
17.51% – 20.00%	2.00%	2.50%	3.00%
20.01% – 22.50%	2.50%	3.00%	3.50%
22.51% – 25.00%	3.50%	4.00%	4.50%
25.01% – 27.50%	3.50%	4.00%	4.50%
27.51% – 30.00%	3.75%	4.25%	4.75%
30.01% – 32.50%	3.75%	4.25%	4.75%
32.51% – 35.00%	4.00%	4.50%	5.00%
35.01% +	4.00%	5.00%	6.00%

Group 1: Miscellaneous members earning between \$24 per hour and \$48 per hour, and Police or Fire members hired after June 30, 2010, earning less than \$48 per hour.

Group 2: Miscellaneous members earning \$48 per hour or more, and Police or Fire members hired after June 30, 2010, earning \$48 per hour or more.

There is no adjustment for Miscellaneous members earning less than \$24 per hour.

The hourly rates shown above are for the fiscal year ending 2013. Each fiscal year these hourly rates are adjusted by the percentage increase, not to exceed 3.5%, in the cost-of-living during the previous calendar year determined by the CPI-U for San Francisco-Oakland-Hayward, CA.

Group 3: Police and Fire members hired before July 1, 2010.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS
(COST SHARING PROVISIONS)**

Note: The summary of major plan provisions is designed to outline principal plan benefits. If the SFERS staff should find the plan summary not in accordance with the actual provisions, the actuary should immediately be alerted so the proper provisions are valued.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX D – PROJECTION DETAILS

Historical and Projected Employer Contribution Rates By Scenario Before Cost-Sharing Adjustments							
FYE	Baseline	1-Year Shock		5-Year Moderate		5-Year Significant	
		Negative	Positive	Negative	Positive	Negative	Positive
2016	22.80%						
2017	21.40%						
2018	23.46%						
2019	23.31%						
2020	25.19%						
2021	26.90%						
2022	24.41%						
2023	21.35%						
2024	18.24%						
2025	16.91%						
2026	16.53%	16.53%	16.53%	16.53%	16.53%	16.53%	16.53%
2027	16.41%	17.79%	13.51%	16.06%	16.78%	16.65%	16.14%
2028	17.80%	21.45%	11.57%	17.52%	18.20%	19.28%	14.89%
2029	18.85%	24.88%	9.26%	19.09%	18.80%	22.53%	11.74%
2030	17.56%	25.96%	4.68%	18.76%	15.34%	24.31%	4.70%
2031	17.79%	28.55%	1.76%	20.38%	12.81%	28.42%	0.00%
2032	17.83%	29.83%	1.86%	23.03%	9.40%	33.01%	0.00%
2033	17.85%	30.15%	2.31%	25.34%	6.31%	36.74%	0.00%
2034	17.69%	30.14%	2.72%	27.07%	3.57%	39.40%	0.00%
2035	17.17%	29.68%	2.86%	28.00%	2.78%	40.84%	0.00%
2036	17.10%	29.61%	3.46%	28.94%	3.15%	41.90%	0.00%

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX D – PROJECTION DETAILS

Historical and Projected Funded Ratio Based on Market Assets By Scenario							
Valuation	Baseline	1-Year Shock		5-Year Moderate		5-Year Significant	
		Negative	Positive	Negative	Positive	Negative	Positive
2014	94.3%						
2015	88.9%						
2016	82.6%						
2017	87.2%						
2018	89.8%						
2019	90.6%						
2020	90.2%						
2021	111.8%						
2022	97.6%						
2023	95.3%						
2024	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%
2025	94.9%	77.4%	116.0%	91.6%	98.0%	86.8%	103.6%
2026	94.9%	76.9%	116.6%	88.4%	101.3%	79.1%	113.2%
2027	94.9%	76.5%	116.8%	85.0%	104.7%	71.8%	123.9%
2028	95.0%	76.6%	116.8%	81.9%	108.5%	65.3%	135.9%
2029	95.3%	77.0%	116.6%	79.0%	112.7%	59.5%	148.9%
2030	95.4%	77.5%	115.9%	78.8%	113.1%	59.4%	149.2%
2031	95.6%	78.4%	114.8%	78.8%	113.2%	59.7%	149.1%
2032	95.8%	79.5%	113.7%	79.1%	112.9%	60.6%	148.9%
2033	96.0%	80.6%	112.6%	79.6%	112.3%	61.9%	148.8%
2034	96.2%	81.7%	111.6%	80.4%	111.4%	63.6%	148.7%

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
JULY 1, 2024 ACTUARIAL VALUATION REPORT**

APPENDIX D – PROJECTION DETAILS

Historical and Projected UAL Based on Market Assets By Scenario							
<i>(Amounts in millions)</i>							
FYE	Baseline	1-Year Shock		5-Year Moderate		5-Year Significant	
		Negative	Positive	Negative	Positive	Negative	Positive
2014	1,202						
2015	2,543						
2016	4,249						
2017	3,296						
2018	2,777						
2019	2,720						
2020	2,880						
2021	(3,769)						
2022	793						
2023	1,664						
2024	1,897	1,897	1,897	1,897	1,897	1,897	1,897
2025	1,964	8,740	(6,245)	3,231	769	5,115	(1,388)
2026	2,051	9,301	(6,732)	4,668	(512)	8,393	(5,381)
2027	2,147	9,838	(7,104)	6,220	(2,007)	11,713	(10,211)
2028	2,173	10,217	(7,399)	7,792	(3,805)	14,948	(15,979)
2029	2,136	10,425	(7,588)	9,374	(5,902)	18,062	(22,741)
2030	2,156	10,568	(7,528)	9,836	(6,309)	18,826	(23,754)
2031	2,156	10,547	(7,277)	10,227	(6,602)	19,392	(24,554)
2032	2,142	10,417	(6,992)	10,474	(6,712)	19,697	(25,390)
2033	2,115	10,224	(6,690)	10,577	(6,631)	19,756	(26,262)
2034	2,084	9,980	(6,370)	10,549	(6,356)	19,602	(27,172)

APPENDIX E – GLOSSARY OF TERMS

1. Actuarial Liability

The Actuarial Liability is the difference between the present value of all future system benefits and the present value of total future normal costs. This is also referred to by some actuaries as the “accrued liability” or “actuarial accrued liability.”

2. Actuarial Assumptions

Estimates of future experience with respect to rates of mortality, disability, turnover, retirement rate or rates of investment income, and salary increases. Demographic actuarial assumptions (rates of mortality, disability, turnover, and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

3. Accrued Service

Service credited under the System which was rendered before the date of the actuarial valuation.

4. Actuarial Equivalent

A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

5. Actuarial Cost Method

A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of a retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

6. Actuarial Gain (Loss)

The difference between actual experience and actuarial assumption anticipated experience during the period between two actuarial valuation dates.

7. Actuarial Present Value

The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment.

APPENDIX E – GLOSSARY OF TERMS

8. Amortization

Paying off an interest-discounted amount with periodic payments of interest and principal – as opposed to paying off with a lump sum payment.

9. Normal Cost

The actuarial present value of retirement system benefits allocated to the current year by the actuarial funding method.

10. Unfunded Actuarial Liability (UAL)

The Unfunded Actuarial Liability represents the difference between Actuarial Liability and valuation assets. This value is sometimes referred to as “unfunded actuarial accrued liability.”

Most retirement systems have Unfunded Actuarial Liabilities. They typically arise each time new benefits are added and each time experience losses are realized.

The existence of unfunded actuarial accrued liability is not in itself an indicator of poor funding. Also, Unfunded Actuarial Liabilities do not represent a debt that is payable today. What is important is the ability of the plan sponsor to amortize the Unfunded Actuarial Liability and the trend in its amount (after due allowance for devaluation of the dollar).



Classic Values, Innovative Advice