

## RETIREMENT STATISTICS

Plan Year Ended June 30, 2024

The following tables and annotations provide statistical information regarding the types and demographics of the SFERS retirements processed during Plan Year 2023-24, as well as benefits payment summaries and comparisons.

The following table summarizes major activities of the SFERS Retirement Services Division during Plan Years 2023-24 and 2022-23:

Statistics	2023-2024	2022-2023
Responses to Email Inquiries	15,204	12,607
Calculator Visits	86,905	76,451
Retirement Appointments Attended	1,767	2,069
Service Purchase Appointments Attended	575	598
New Members Added:	4,502	4,111
Non-Safety New Hires	2,678	2,353
1040 Hours Membership	989	813
Non-Safety Rehires	527	577
Police	78	103
Fire	140	169
Sheriff & Misc. Safety	90	96
Retirement Planning Webinars Presented	24	31
Retirement Planning Webinars Registered Attendees	6,060	3,957

## DISABILITY RETIREMENT HEARING REPORT

A member or legal agent, acting on behalf of a member, can initiate a claim for disability retirement (ordinary and industrial) by filing an application with the SFERS. The Retirement System gathers medical documentation related to the claim and forwards the application with supporting medical documentation to the City Attorney's office for review. All such applications are adjudicated by an independent hearing officer, in accordance with the provisions of San Francisco Charter A8.518. The table below provides a summary of disability retirement hearings in the fiscal year ending June 30, 2024.

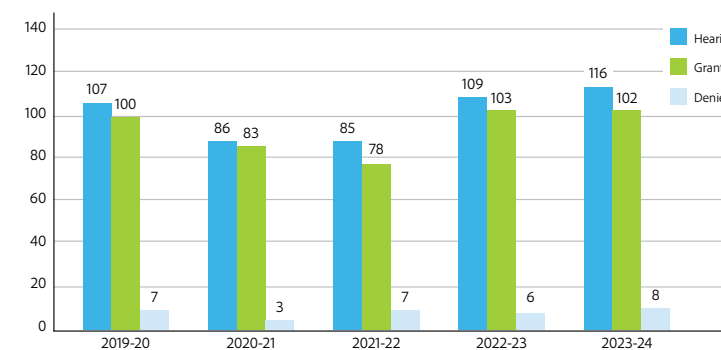
## HEARING OFFICER REPORT<sup>1</sup>

Fiscal Year Ended June 30, 2024

Cases	Total # of Hearings	Total # Granted	Total # Denied
Industrial Disability Retirements	71	67	3
Ordinary Disability Retirements	28	21	3
Death Benefits	2	2	0
Petitions For Rehearing	2	0	2
Calpers	13	12	0
<b>Total</b>	<b>116</b>	<b>102</b>	<b>8</b>

<sup>1</sup> The Hearing Officer Report represents cases processed in the period July 1, 2023 – June 30, 2024 and may reflect cases pending from prior periods.

## FIVE-YEAR COMPARISON



San Francisco City and County Employees' Retirement System

# Annual Report

For the Fiscal Year Ended June 30, 2024

## ABOUT SFERS

### THE RETIREMENT SYSTEM

Initially established by approval of City voters on November 2, 1920 and the California State Legislature on January 12, 1921, the San Francisco Employees' Retirement System ("Retirement System" or "SFERS") is deeply rooted in the history and culture of the City and County of San Francisco and is committed to serving the retirement needs of its members. Originally established as a fund to assist families and orphans of firefighters and police, today the Retirement System serves more than 81,175 active, vested and retired employees of the City and County of San Francisco and their survivors.

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

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

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

### OUR MISSION

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

### THE PENSION PLAN

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

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

### THE SAN FRANCISCO 457(B) DEFERRED COMPENSATION PLAN

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

### OUR MEMBERS

During the fiscal year, SFERS enrolled 4,502 new members and added 1,741 new retirees.

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

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

## RETIREMENT SERVICES DIVISION

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

### SFERS PENSION PLAN AT A GLANCE

As of June 30, 2024

Fiduciary Net Position:	\$35.4 billion
Annualized Return on Total Fund:	7.99%
Total Benefits Paid (during FY 2023-2024):	\$1.9 billion
Employer Contribution Rate (during FY 2023-2024)	18.24% before cost-sharing
Average Member Contribution Rate:	7.63% before cost-sharing

### MEMBERSHIP

Total Membership 81,175

Membership	Active	Retired	Inactive
Miscellaneous	31,465	27,299	12,618
Police	1,781	2,956	316
Fire	1,733	2,366	99
Miscellaneous Safety	130	20	35
Sheriff	309	13	35
<b>Active Total</b>	<b>35,418</b>	<b>32,654</b>	<b>13,103</b>

### RETIREMENTS (during fiscal year 2023-24)

Total Retirements 1,741

Membership	Retirements	Average Service Credit at Service Retirement	Average Age at Service Retirement
Miscellaneous	1,462	23.6 Years	62.6 Years
Police	147	26.1 years	55.9 Years
Fire	120	25.3 years	51.6 Years
Miscellaneous Safety	5	5.8 years	58.1 Years
Sheriff	7	6.5 years	54.7 Years
<b>Total Retirement</b>	<b>1,741</b>	<b>23.8 Years</b>	<b>61.4 Years</b>

### ACTUARIAL ASSUMPTIONS AND METHOD

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

Assumption	July 1, 2023	July 1, 2022
Investment Return	7.20% per year	7.20% per year
Wage Inflation	3.25% per year	3.25% per year
Price Inflation	2.50% per year	2.50% per year
Mortality	Adj. Pub-2010 Mortality Tables projected generationally with Scale MP 2019	Adj. Pub-2010 Mortality Tables projected generationally with Scale MP 2019

The actuarial funding methods used are as follows:

- entry age normal cost method
- unfunded liability due to benefit increases amortized as a level percentage of payroll over 15 years (5 years for supplemental COLAs, retirement incentive programs and amendments for inactive members)
- unfunded liability due to actuarial gains and losses, assumption changes and miscellaneous items amortized as a level percentage of payroll over 20 years
- the increase in unfunded liability due to the 2022 Proposition A Charter amendment was amortized as a level percentage of payroll over 10 years
- assets valued using a 5-year smoothing of investment return greater than or less than the expected investment return

### EMPLOYER (CITY AND COUNTY) CONTRIBUTION RATES

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

Fiscal Year Contributions Due: Valuation Date:	FY 2024-25 July 1, 2023	FY 2023-24 July 1, 2022
Normal Cost	18.40%	18.33%
Remaining Cost of Propositions	2.40%	2.49%
Other Unfunded Actuarial Liability	3.15%	4.45%
Employee Contributions	(7.64%)	(7.63%)
Administrative Expenses	0.60%	0.60%
Board Approved Employer Contribution Rate	16.91%	18.24%

## BASIC FINANCIAL STATEMENTS

### Statements of Fiduciary Net Position

June 30, 2024 and 2023

(Dollars in thousands)

	2024	2023
Assets:		
Deposits	\$ 20,032	\$ 17,929
Contributions receivable – members	27,530	22,935
Contributions receivable – employers	4,799	-
Investment income receivable:		
Interest	22,703	13,996
Dividends	3,767	2,345
Securities lending	225	254
Receivable from brokers, general partners, others	130,971	122,854
Investments at fair value:		
Short-term investments	377,444	376,288
City investment pool	23,440	-
Debt securities:		
U. S. Government and agency securities	1,953,414	812,141
Other debt securities	1,051,622	1,023,119
Equity securities:		
Domestic*	8,592,515	8,397,002
International*	1,978,958	2,051,694
Real assets	5,208,475	5,207,943
Private credit	3,152,084	2,606,909
Private equity	10,029,898	10,101,396
Absolute return	3,046,230	3,056,626
Foreign currency contracts, net	(447)	(1,029)
Invested securities lending collateral	843,391	562,491
Total investments	36,257,024	34,194,580
<b>Total assets</b>	<b>36,467,051</b>	<b>34,374,893</b>
Deferred outflows of resources:		
Other postemployment benefits (OPEB)	2,379	2,366
Total assets and deferred outflows of resources	36,469,430	34,377,259
Liabilities:		
Payable to brokers	144,760	53,813
Other	61,702	70,732
Payable to borrowers of securities	843,380	562,408
Total liabilities	1,049,842	686,953
Deferred inflows of resources:		
Other postemployment benefits (OPEB)	1,922	1,878
Total liabilities and deferred inflows of resources	1,051,764	688,831
<b>Fiduciary net position – restricted for pension benefits</b>	<b>\$ 35,417,666</b>	<b>\$ 33,688,428</b>

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

### Statements of Changes in Fiduciary Net Position

June 30, 2024 and 2023

(Dollars in thousands)

	2024	2023
Additions:		
Member contributions		
Miscellaneous	\$ 356,880	\$ 344,055
Police	40,220	40,242
Fire	30,412	29,619
<b>Total member contributions</b>	<b>427,512</b>	<b>413,916</b>
Employer contributions:		
Miscellaneous	573,971	570,992
Police	55,920	60,248
Fire	42,727	41,411
<b>Total employer contributions</b>	<b>672,618</b>	<b>672,651</b>
Investment income (expenses)		
Interest	103,757	66,501
Dividends	96,293	94,883
Net appreciation (depreciation) in fair value of investments	2,441,921	1,560,025
Securities lending income	38,775	29,305
Investment expenses	(57,095)	(53,819)
Securities lending borrower rebates and expenses	(35,953)	(26,229)
Net investment income (loss)	2,587,698	1,670,666
<b>Total additions</b>	<b>3,687,828</b>	<b>2,757,233</b>
Deductions:		
Benefits	1,905,845	1,820,269
Refunds of contributions	26,201	24,096
Administrative expenses	25,447	23,687
Administrative expenses and offset - OPEB	1,097	(723)
<b>Total deductions</b>	<b>1,958,590</b>	<b>1,867,329</b>
Net increase (decrease) in fiduciary net position	1,729,238	889,904
Fiduciary net position – restricted for pension benefits		
Beginning of year	33,688,428	32,798,524
<b>End of year</b>	<b>\$ 35,417,666</b>	<b>\$ 33,688,428</b>

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

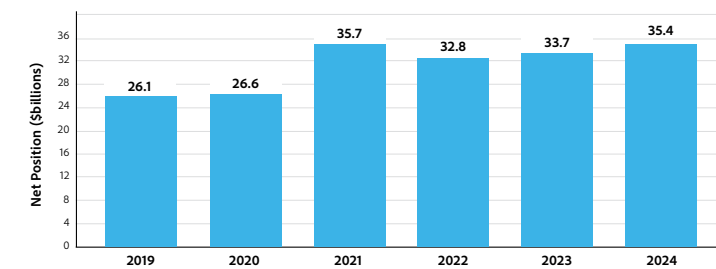
## SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM SUMMARY OF INVESTMENTS

	2024		2023	
	Market Value (\$ thousands)	Weight (%)	Market Value (\$ thousands)	Weight (%)
Public Equity	10,706,838	30.3	10,732,035	31.9
Private Equity	10,069,153	28.5	10,032,254	29.8
GROWTH ASSETS	20,775,991	58.7	20,764,289	61.7
Real Assets	5,187,437	14.7	5,253,239	15.6
Absolute Return	3,049,382	8.6	3,123,227	9.3
DIVERSIFYING ASSETS	8,236,819	23.3	8,376,466	24.9
Fixed Income	2,685,486	7.6	1,796,842	5.3
Private Credit	3,100,876	8.8	2,571,611	7.6
INCOME GENERATING ASSETS	5,786,362	16.4	4,368,453	13.0
Cash*	587,503	1.7	138,904	0.4
<b>TOTAL INVESTMENT PORTFOLIO</b>	<b>35,386,675</b>	<b>100.0</b>	<b>33,648,112</b>	<b>100.0</b>

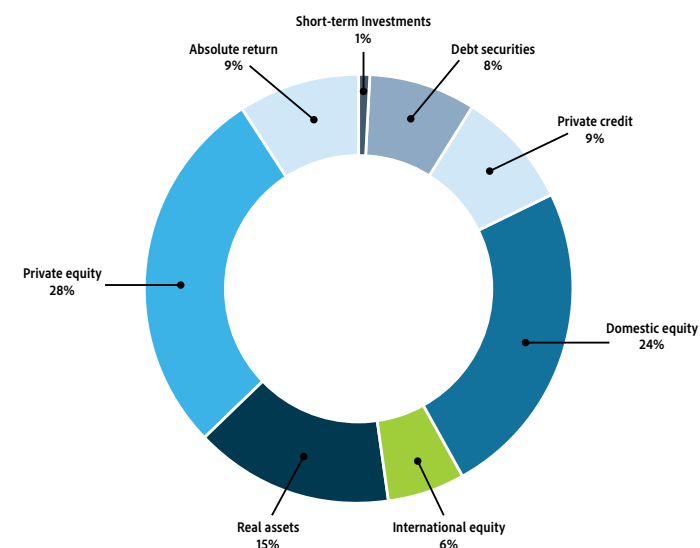
\* Includes Leverage exposure:

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

## FIDUCIARY NET POSITION AS OF JUNE 30 (\$BILLIONS)



## INVESTMENT ALLOCATION AS OF JUNE 30, 2024 - FAIR VALUE



## INVESTMENT PERFORMANCE

For the fiscal year ended June 30, 2024, the investment portfolio of the Retirement System returned 7.99%. The table below shows annualized returns for major categories of investments compared to benchmarks for various return periods.

### INVESTMENT PORTFOLIO PERFORMANCE

Annualized Returns for the Periods ending June 30, 2024

(Net of fees and expenses)

	1 Year	10 Years	20 Years
Public Equity	18.56	8.31	7.93
<i>Public Equity Policy Benchmark<sup>1</sup></i>	18.40	8.17	8.02
Private Equity	2.56	13.93	14.03
<i>Private Equity Policy Benchmark<sup>2</sup></i>	23.79	14.96	14.05
Real Assets	-3.38	9.20	8.15
<i>Real Assets Policy Benchmark<sup>3</sup></i>	0.06	6.02	7.44
Absolute Return	10.76		
<i>Absolute Return Policy Benchmark<sup>4</sup></i>	8.79		
Fixed Income	6.50	1.76	3.91
<i>Fixed Income Policy Benchmark<sup>5</sup></i>	5.52	2.09	3.65
Private Credit	10.04	9.05	
<i>Private Credit Policy Benchmark<sup>6</sup></i>	12.28	6.03	
<b>Total Fund</b>	<b>7.99</b>	<b>8.03</b>	<b>7.98</b>
<b><i>Total Fund Policy Benchmark<sup>7</sup></i></b>	<b>14.60</b>	<b>8.06</b>	<b>8.15</b>

- The current Public Equity Policy (starting 10/1/2012) consists of 100% MSCI ACWI IMI (ND).
- The current Private Equity Policy (starting 1/1/2023) consists of 25% MSCI ACWI Ex-US IMI (ND) and 75% Russell 3000 plus 300 bps.
- The current Real Assets Policy (starting 1/1/2024) consists of 14.64% NCREIF NFI-ODCE Value Weighted Index, 38.46% Cambridge Associates Real Estate, 33.00% Cambridge Associates Natural Resource Index, 13.90% Cambridge Associates Infrastructure Index.
- The current Absolute Return Policy (starting 7/1/2023) consists of the 90-day Treasury Bill plus 300 bps.
- The current Fixed Income Policy (starting 7/1/2022) consists of 45.45% of Liquid Credit Policy and 54.55% of Bloomberg Barclays Intermediate US Treasuries Index. Liquid Credit Policy is 33.34% Bloomberg Barclays US Corporate Bond Index, 33.33% US Corporate High Yield Index and 33.33% J.P. Morgan EMBI Global Diversified Index.
- The Private Credit Policy consists of 50% Bank of America Merrill Lynch US High Yield BB/B Constrained Index and 50% Credit Suisse Leveraged Loan Index plus 150bps.
- The current SFERS policy benchmark (starting 10/1/2022) consists of 37% Public Equity Policy, 6% Bloomberg Barclays Intermediate US Treasury, 5% Liquid Credit Policy Benchmark, 7% Private Credit Policy, 12% Real Assets Policy, 23% Private Equity Policy and 10% Absolute Return Policy Index.