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 ("SFERS") is deeply rooted in the history and culture of the City and County of San Francisco and is committed to among 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 73,000 active, vested and retired employees of the City and County of San Francisco and their survivors.

Under the direction of the Executive Director, the System’s management team administers two employee benefit programs for eligible City and County employees:

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

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

Our Mission

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

The Pension Plan

The SFERS Pension Plan is a tax-qualified defined benefit plan that provides for the following benefits upon separation:

- service and disability retirement, refund or vesting allowance, and pre and post-retirement death benefits to beneficiaries.

Defined benefit plans are funded through employee and employer contributions and investment earnings.

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

As of June 30, 2018, the Fund was valued at $24.3 billion returning 11.4% for the fiscal year, significantly outperforming our peers’ median return, 8.0%. SFERS annual benefit payments totaled $1.35 billion paid to over 29,900 retirees and their beneficiaries.

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 supplement pension income during retirement.

During Fiscal Year 2017-18, the SFDCP made changes to the core investment options and eliminated four fund options, improving overall diversification. The changes were implemented in March 2018.

Additionally, to align with the core investment changes mentioned above, the Retirement Board approved adjustments to the SFDCP Target Date Funds glide path, including a modest increase in the glide path exposure for those currently in or close to retirement.

Our Members

During the fiscal year, SFERS enrolled 3,784 new members and added 1,263 new retirees.

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

Sheriff, Undersheriff, and deputized personnel of the Sheriff’s Department hired after January 7, 2012 are covered by the SFERS Miscellaneous Plan.

Probation Officers, District Attorney Investigators and Juvenile Court Counselors hired after January 7, 2012 are covered by the SFERS Miscellaneous Safety Plan.

Retirement

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Actuarial Assumptions and Method

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

- Assumption at Retirement:
  - 24.2 Years
  - 62.5 Years
- Average Age at Retirement:
  - 62.5 Years
- Mortality:
  - CoPERS Mortality Table
  - CoPERS Mortality Table
- Investment Return:
  - 7.50% per year
- Price Inflation:
  - 3.00% per year

The actuarial funding methods used are as follows:

- entropy normal cost method
- unfunded liability due to benefit increases amortized as a level percentage of payroll over 15 years
- unfunded liability due to actuarial gains and losses, assumption changes and miscellaneous items amortized as a level percentage of payroll over 20 years
- AASIMA standard run using a maximum growth of benefit return greater than or less than the expected investment return.

Employer (City and County) Contribution Rates

The retirement contribution rate that will be paid by the City in Fiscal Years 2017-18 and 2018-19 as derived from the following actuarial valuation results:

- Normal Cost:
  - FY 2018-19:
  - FY 2017-18:
- Remaining Cost of Pensions:
  - FY 2018-19:
  - FY 2017-18:
- Other Unfunded Actuarial Liability:
  - FY 2018-19:
  - FY 2017-18:
- Employee Contributions:
  - FY 2018-19:
  - FY 2017-18:
- Administrative Expenses:
  - FY 2018-19:
  - FY 2017-18:
- Board Approved City Contribution Rate:
  - FY 2018-19:
  - FY 2017-18:
The accompanying Notes are an integral part of these financial statements.