The Hearing Officer Report represents cases processed in the period July 1, 2018 – June 30, 2019. The table below provides a summary of disability by an independent hearing officer, in accordance with the provisions of San Francisco Charter A8.518. All such applications are adjudicated by SFERS. The Retirement System gathers medical documentation related to the pre-Retirement Seminars 10 9
Sheriff Recruits & Misc. Safety 64 94
Registered Attendees At Pre-Retirement Seminars 785 816

New Members (1040 Hours Membership) 925 987
New Members (New Hires) 2,010 2,036
Personnel Transactions:
Total 121 92 29
Industrial Disability Retirement 181 183
Police 2,187 2,558 214
Sheriff 181 1 3
Average Age at Retirement: 62.7 Years
Average Age at Retirement: 63.5 Years
Police: 24.9 Years  Fire: 57.6 Years
Sheriff: 0 Miscellaneous Safety: 0

The San Francisco Deferred Compensation Plan (SFDCP), a voluntary IRC § 457(b) deferred compensation 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. The San Francisco Deferred Compensation Plan, an IRC §457(b) deferred compensation plan.

Sheriff: 0 Miscellaneous Safety: 0

Total # of Hearings 121 92 29
Annualized Return on Total Fund: 8.18%

Five-Year Comparison

Average Member Contribution Rate: 7.58%

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 pre-Retirement Seminars. The table below provides a summary of disability retirement hearings in the fiscal year ending June 30, 2019.

Hearing Officer Report – Plan Year Ended June 30, 2019

Cases

Total # of Hearings Total # of Granted Total # of Denied

Industrial Disability Retirements 45 34 11
Ordinary Disability Retirements 47 40 7
Death Benefits 3 3 0
Petitions For Rehearing 8 0 8
CalPERS 18 15 3

Total 121 92 29

1. The Hearing Officer Report represents cases processed in the period July 1, 2018 – June 30, 2019 and may reflect cases pending from prior periods.

The Retirement System

ABOUT SFERS
The Retirement System

Initially established by approval of City voters on November 2, 1920, and the California State Legislature on January 12, 1921, the San Francisco Employees’ Retirement System ("Retirement System” or “SFERS”) is deeply rooted in the history and culture of the City and County of San Francisco and is committed to serving the retirement needs of its members. Originally established as a fund to assist families and orphans of firefighters and police, today the Retirement System serves more than 74,000 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 protected benefits. 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).

As of June 30, 2019, the Fund was valued at $26.1 billion returning 8.18% for the fiscal year, significantly outperforming our peers’ median return, 5.39%. SFERS annual benefit payments totaled $14.4 billion paid to over 28,900 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 they retire or separate from service. The SFDCP also offers a Roth after-tax contribution option. These options allow eligible employees to have an opportunity to supplement pension income during retirement.

During the fiscal year, the Retirement Board selected Voya Financial to provide third party administration for the SFDCP. The Program transitioned to the new Third Party Administrator (TPA) in September 2019.

Our Members
During the fiscal year, SFERS enrolled 3,837 new members and added 1,362 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 Safety Plan.

Employer (City and County) Contribution Rates
The retirement contribution rates that will be paid by the City in Fiscal Years 2017-18 and 2018-19 as derived from the following actuarial valuation results:

SFERS at a Glance

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Employer Contributions</th>
<th>Average Member Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016-17</td>
<td>$11.47 billion</td>
<td>23.3%</td>
</tr>
<tr>
<td>FY 2017-18</td>
<td>$12.5 billion</td>
<td>22.9%</td>
</tr>
</tbody>
</table>

Notice of Filing:

The actuarial funding methods used are as follows:

- entry age normal cost method
- unfunded liability due to benefit increases amortized as a level percentage of payroll over 15 years
- unfunded liability due to actuarial gains and losses, assumption changes and miscellaneous items amortized as a level percentage of payroll over 25 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 retirement contribution rates 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
Remaining Cost of Provisions
Other Unfunded Actuarial Liability
Employee Contributions
Administrative Expenses
Board Approved City Contribution Rate

0.66%
13.5%
25.19%
23.33%
The accompanying Notes are an integral part of these financial statements.

### Statements of Fiduciary Net Position, Years Ended June 30, 2019 and 2018

**Dollars in thousands**

<table>
<thead>
<tr>
<th>Year</th>
<th>Pension benefits</th>
<th>Fiduciary net position – restricted for other postemployment benefits</th>
<th>Total liabilities and deferred inflows</th>
<th>Net investment earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$26,078,649</td>
<td>$1,093</td>
<td>$188,422</td>
<td>$15,518</td>
</tr>
<tr>
<td>2018</td>
<td>$24,557,966</td>
<td>119,045</td>
<td>$98,932</td>
<td>8,619</td>
</tr>
</tbody>
</table>

### Investment Allocation as of June 30, 2019 - Fair Value

![Investment Allocation Chart](chart_url)

**Description**

- **Public Equity**
  - 1-Year: 5.63%
  - 10-Year: 11.24%
  - 20-Year: 5.63%
- **Public Equity Policy Benchmark**
  - 1-Year: 16.39%
  - 10-Year: 15.54%
  - 20-Year: 12.25%
- **Private Equity**
  - 1-Year: 13.99%
  - 10-Year: 13.21%
  - 20-Year: 10.59%
- **Real Assets**
  - 1-Year: 9.32%
  - 10-Year: 7.30%
  - 20-Year: 7.87%
- **Absolute Return**
  - 1-Year: 3.03%
  - 10-Year: 7.37%
  - N/A

**Pension Fund Net Assets as of June 30, 2019 ($ billions)**

- **Total Fund**
  - 1-Year: 8.19
  - 10-Year: 10.43
  - 20-Year: 7.02

**Average Annualized Composite Returns (%)**

- SFERS Rolling 10-Year Returns (July 1, 1985 to June 30, 2019)
  - 1-Year: 10.43
  - 10-Year: 7.02
  - 20-Year: 6.43

**Source:** BNY Mellon.