

## RETIREMENT STATISTICS

Plan Year Ended June 30, 2021

The following tables and annotations provide statistical information regarding the types and demographics of the SFERS retirements processed during Plan Year 2020-21, as well as benefits payment summaries and comparisons.

The following table summarizes major activities of the SFERS Retirement Services Division during Plan Years 2020-21 and 2019-20:

Activity	2020-21	2019-20
Retirement Estimates Requests	399	854
Retirement Appointments Scheduled	1,690	2,240
Retirement Appointments Attended	1,690	2,045
Buyback Appointments Scheduled	400	723
Personnel Transactions:		
New Members (New Hires)	857	1,736
New Members (1040 Hours Membership)	741	938
Rehires	322	335
Police Recruits	95	138
Fire Recruits	47	20
Sheriff Recruits & Misc. Safety	58	141
Pre-Retirement Seminars	--	16
Registered Attendees At Pre-Retirement Seminars	--	755
Pre-Retirement Webinars	25	3
Registered Attendees At Pre-Retirement Webinars	5,448	483

## 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, 2021.

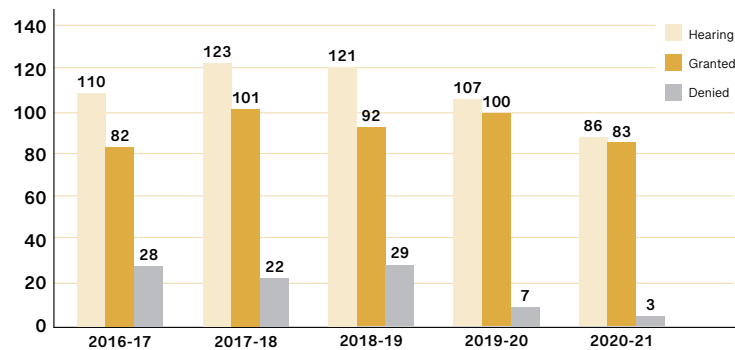
## HEARING OFFICER REPORT<sup>1</sup>

Plan Year Ended June 30, 2021

Cases	Total # Of Hearings	Total # Granted	Total # Denied
Industrial Disability Retirements	40	39	1
Ordinary Disability Retirements	29	28	1
Death Benefits	4	4	0
Petitions For Rehearing	3	2	1
Calpers	10	10	0
<b>Total</b>	<b>86</b>	<b>83</b>	<b>3</b>

1. The Hearing Officer Report represents cases processed in the period July 1, 2020 – June 30, 2021 and may reflect cases pending from prior periods.

## FIVE-YEAR COMPARISON



# ANNUAL REPORT

For Fiscal Year Ended  
June 30, 2021

100th Anniversary Report ~ 1921-2021



## 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 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).

As of June 30, 2021, the Fund was valued at \$34.6 billion returning an unprecedented 33.70% for the fiscal year, and significantly outperforming our peers' median return of 26.97%. SFERS annual benefit payments totaled \$1.62 billion paid to over 30,800 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 complement pension income during retirement.

### OUR MEMBERS

During the fiscal year, SFERS enrolled 3,308 new members and added 1,232 new retirees.

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

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

## RETIREMENT SERVICES DIVISION

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

### SFERS at a Glance As of June 30, 2021

Plan Net Assets Market Value:	\$34.6 billion
Annualized Return on Total Fund:	33.70%
Total Benefits Paid (during FY 2020-21):	\$1.620 billion
Employer Contribution Rate (during FY 2020-21):	26.90%
Average Member Contribution Rate:	7.61%

### Membership

Total Membership: 75,624

	Active	Retired	Inactive
Miscellaneous:	29,570	25,830	10,748
Police:	2,086	2,790	256
Fire:	1,599	2,223	84
Miscellaneous Safety	107	8	26
Sheriff	282	3	12
<b>Total</b>	<b>33,644</b>	<b>30,854</b>	<b>11,126</b>

### Retirements (during fiscal year 2020-21)

	Retirement	Average Service Credit at Service Retirement (in years):	Average Age at Service Retirement (in years):
Miscellaneous:	1,067	23.3	63.3
Police:	78	24.9	56.3
Fire:	82	25.7	56.3
Miscellaneous Safety	4	5.3	55.1
Sheriff	1	2.4	62.3
<b>Total</b>	<b>1,232</b>	<b>23.6</b>	<b>62.2</b>

## ACTUARIAL ASSUMPTIONS AND METHOD

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

Assumption	July 1, 2019	July 1, 2018
Investment Return	7.40% per year	7.40% per year
Wage Inflation	3.50% per year	3.50% per year
Price Inflation	2.75% per year	2.75% per year
Mortality	CalPERS 2009 Mortality Tables projected generational with modified Scale MP 2015	CalPERS 2009 Mortality Tables projected generational with modified Scale MP 2015

The actuarial funding methods used are as follows:

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

## EMPLOYER (CITY AND COUNTY) CONTRIBUTION RATES

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

Fiscal Year Contributions Due: Valuation Date	FY 2020-21 July 1, 2019	FY 2019-20 July 1, 2018
Normal Cost	17.72%	17.71%
Remaining Cost of Propositions	4.74%	4.80%
Other Unfunded Actuarial Liability	11.45%	9.67%
Employee Contributions	(7.61%)	(7.59%)
Administrative Expenses	0.60%	0.60%
<b>Board Approved Employer Contribution Rate</b>	<b>26.90%</b>	<b>25.19%</b>

## BASIC FINANCIAL STATEMENTS

### Statements of Fiduciary Net Position June 30, 2021 and 2020 (Dollars in thousands)

	2021	2020
Assets:		
Deposits	\$ 49,724	\$ 44,386
Contributions receivable – members	19,837	17,959
Investment income receivable:		
Interest	9,578	10,931
Dividends	2,154	2,482
Securities lending	275	490
Receivable from brokers, general partners, others	248,940	463,531
Investments at fair value:		
Short-term investments	651,504	526,053
City investment pool	9,184	32,391
Debt securities:		
U. S. Government and agency securities	1,090,034	1,094,201
Other debt securities	1,094,046	958,424
Equity securities:		
Domestic	9,126,749	6,204,312
International	3,530,581	2,402,026
Real assets	4,182,366	3,840,427
Private credit	1,818,240	1,291,763
Private equity	10,280,363	6,105,532
Absolute return	3,656,388	3,702,667
Foreign currency contracts, net	69	(116)
Invested securities lending collateral	770,857	547,047
Total investments	36,210,381	26,704,727
Total assets	36,540,889	27,244,506
Deferred outflows of resources:		
Other postemployment benefits	2,255	1,587
Total assets and deferred outflows of resources	36,543,144	27,246,093
Liabilities		
Payable to brokers	41,847	35,774
Other	54,977	41,833
Payable to borrowers of securities	770,514	547,029
Total liabilities	867,338	624,636
Deferred inflows of resources:		
Other postemployment benefits	1,972	1,239
Total liabilities and deferred inflows of resources	869,310	625,875
Fiduciary net position – restricted for pension benefits	\$ 35,673,834	\$ 26,620,218

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

### Statements of Changes in Fiduciary Net Position Years Ended June 30, 2021 and 2020 (Dollars in thousands)

	2021	2020
Additions:		
Member contributions		
Miscellaneous	\$ 338,135	\$ 330,197
Police	42,304	41,514
Firefighter	28,959	28,938
Total member contributions	409,398	400,649
Employer contributions:		
Miscellaneous	709,918	630,730
Police	73,398	65,059
Firefighter	53,243	47,196
Total employer contributions	836,559	742,985
Investment income (expenses):		
Interest	50,520	80,729
Dividends	84,514	108,344
Net appreciation (depreciation) in fair value of investments	9,372,334	822,342
Securities lending income	4,059	1,313
Investment expenses	(62,331)	(46,671)
Securities lending borrower rebates and expenses	(1,427)	225
Net investment income	9,447,669	966,282
Total additions	10,693,626	2,109,916
Deductions:		
Benefits	1,599,507	1,531,041
Refunds of contributions	20,254	17,036
Administrative expenses	20,995	19,670
Other administrative expenses and offset – other postemployment benefit	(746)	600
Total deductions	1,640,010	1,568,347
Net increase in net fiduciary position	9,053,616	541,569
Fiduciary net position – restricted for pension benefits:		
Beginning of year	26,620,218	26,078,649
End of year	\$ 35,673,834	\$ 26,620,218

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

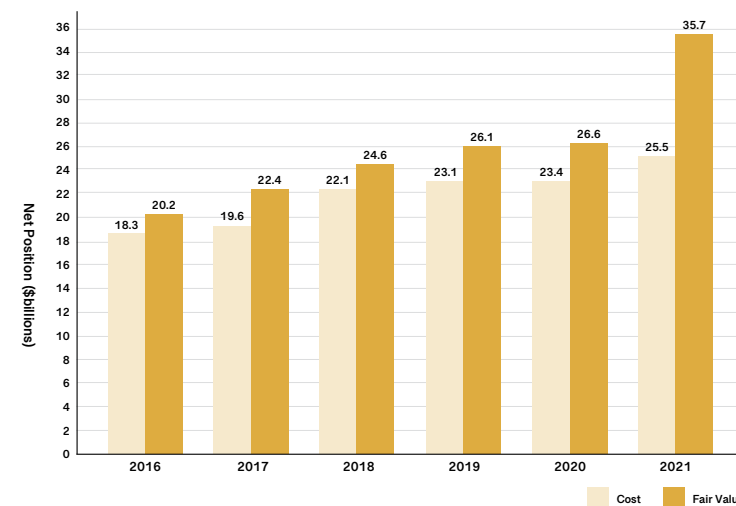
## SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM SUMMARY OF INVESTMENTS

	Market Value (\$thousands)	Weight (%)
Public Equity	13,031,825	37.7
Private Equity	9,533,064	27.6
<b>GROWTH ASSETS</b>	<b>22,564,889</b>	<b>65.3</b>
Real Assets	3,995,013	11.6
Absolute Return	3,662,820	10.6
<b>DIVERSIFYING ASSETS</b>	<b>7,657,833</b>	<b>22.2</b>
Fixed Income	2,103,425	6.1
Private Credit	1,775,379	5.1
<b>INCOME GENERATING ASSETS</b>	<b>3,878,804</b>	<b>11.2</b>
Cash	436,319	1.3
<b>Total Investment Portfolio</b>	<b>34,537,845</b>	<b>100.0</b>

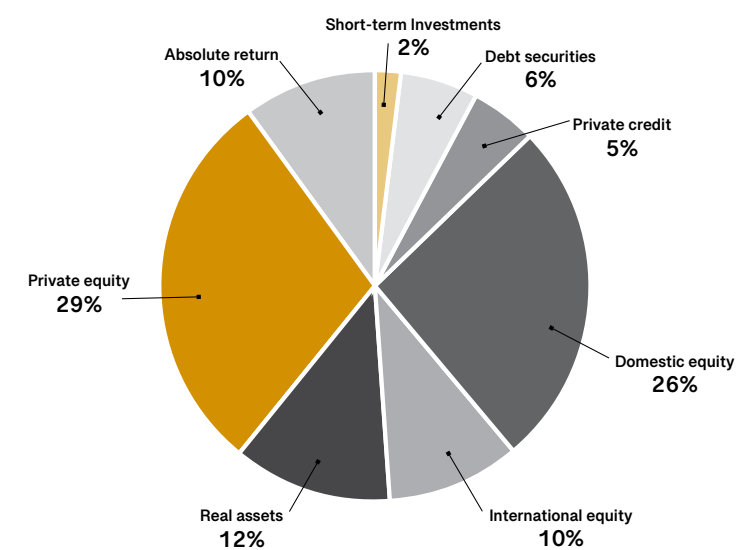
Investment portfolio totals are net of management fees and expenses and therefore does not track to pension net assets reported in SFERS audited financial statements.

Source: BNY Mellon.

### Fiduciary Net Position as of June 30, 2021 (\$billions)



### Investment Allocation as of June 30, 2021 - Fair Value



## INVESTMENT PERFORMANCE

For the fiscal year ended June 30, 2021, the investment portfolio of the Retirement System returned 33.70%. 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, 2021  
(Net of fees and expenses)

Description	1 Year Return (%)	10 Years Return (%)	20 Years Return (%)
<b>Total Fund</b>	33.70	10.41	8.19
<b>Peer Median</b>	26.97	8.18	6.85
<b>Value Added vs Peers</b>	6.73	2.23	1.34
Public Equity	43.75	11.68	8.14
Peer Median	41.81	10.29	7.40
Value Added vs Peers	1.94	1.39	0.74
Private Equity	67.45	17.47	13.34
Peer Median	45.58	13.29	8.01
Value Added vs Peers	21.87	4.18	5.33
Real Assets	9.59	11.15	7.77
Peer Median	17.42	5.17	N/A
Value Added vs Peers	-7.83	5.98	N/A
Absolute Return	14.14		
Peer Median	17.38		
Value Added vs Peers	-3.24		
Private Credit	18.74	10.69	
Peer Median	17.60	8.31	
Value Added vs Peers	1.14	2.38	
Fixed Income	3.05	4.25	5.48
Peer Median	5.42	4.33	5.50
Value Added vs Peers	-2.37	-0.08	-0.02

Source: BNY Mellon for SFERS returns; NEPC for median peer returns and rankings.

Notes: Peer universe for Real Assets is the InvMetrics Total Funds Public and Private Real Estate Universes. Peer Universe for Private Equity is the InvMetrics Total Funds Private Equity Universe. Peer Universe for Private Credit is the InvMetrics All DB Plans greater than \$1.0 bn Fixed Income Universe. Peer universe for all other asset classes and the Total Fund are their respective universes within the InvMetrics All DB Plans greater than \$1.0 bn group

### SFERS Rolling 10-Year Returns (July 1, 1985 to June 30, 2021)



Source: BNY Mellon.