



# Popular Annual Financial Report

For the Year Ended December 31, 2020

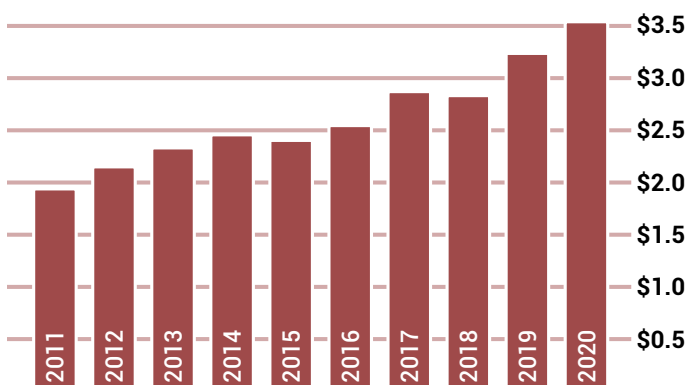


# Financial Review

## HISTORY OF FIDUCIARY NET POSITION

For the last ten fiscal years ended December 31

(DOLLARS IN BILLIONS)



## FIDUCIARY NET POSITION

The statement of Fiduciary Net Position is a snapshot of SJCERA's fund balance at year end.

The difference between assets and liabilities is the "net position", which represents the money available to pay retirement benefits. At December 31, 2020, SJCERA's net position was approximately \$3.5 billion.

## SJCERA FIDUCIARY NET POSITION

	2020	2019	2018
Cash and Receivables	\$ 244,626,021	\$ 135,994,035	\$ 224,623,198
Investments	3,389,474,004	3,158,399,420	2,701,518,859
Other Assets	276,901	261,827	297,261
Total Assets	3,634,376,926	3,294,655,282	2,926,439,318
Total Liabilities	87,664,677	50,293,455	85,397,242
<b>TOTAL FIDUCIARY NET POSITION</b>	<b>\$3,546,712,249</b>	<b>\$3,244,361,827</b>	<b>\$2,841,042,076</b>

## FUNDING PROGRESS

SJCERA's pension actuary performs an annual actuarial valuation and Government Accounting Standards Board (GASB) 67/68 Report. The GASB 67/68 Report states that during 2020, SJCERA's total pension liability was \$5.2 billion, our market value of assets was \$3.5 billion, resulting in net pension liability of \$1.7 billion. The January 1, 2020 valuation reported a funded ratio of 64.3 percent. In general, this indicates that for every dollar of benefits liability, SJCERA had about 64 cents in 2019. The January 1, 2021 actuarial valuation, which reflects the Plan's progress in 2020, will be available in August, after the publication of this report.

## CHANGES IN FIDUCIARY NET POSITION

The statement of Changes in Fiduciary Net Position provides information about SJCERA's financial activities during fiscal year 2020 in comparison to 2019 and 2018. For 2020, SJCERA received \$558 million in additional revenues, including employer and member contributions of \$281 million and investment income of \$277 million. From that, SJCERA paid \$256 million in benefits and administrative expenses. In summary, SJCERA started the year with \$3.2 billion and ended the year with \$3.5 billion.

	2020	2019	2018
<b>ADDITIONS:</b>			
Employers' Contributions	\$ 240,700,988	\$ 225,528,756	\$ 208,757,572
Member Contributions	40,568,995	38,098,688	35,377,951
Net Investment and Miscellaneous Income (Loss)	276,996,530	380,674,528	(56,397,598)
Transfer from Healthcare Agency Fund	172,041	299,014	324,269
<b>TOTAL ADDITIONS</b>	<b>\$ 558,438,554</b>	<b>\$ 644,600,986</b>	<b>\$ 188,062,194</b>
<b>DEDUCTIONS:</b>			
Retirement Benefit Payments	\$ 247,254,985	\$ 232,736,441	\$ 218,456,053
Death Benefits	808,150	668,768	622,901
Refund of Contributions	3,488,542	2,944,863	2,364,713
Administrative and Other Expenses	4,536,455	4,931,163	4,865,082
<b>TOTAL DEDUCTIONS</b>	<b>\$ 256,088,132</b>	<b>\$ 241,281,235</b>	<b>\$ 226,308,749</b>
<b>CHANGES IN FIDUCIARY NET POSITION</b>	<b>\$ 302,350,422</b>	<b>\$ 403,319,751</b>	<b>\$ (38,246,555)</b>
<b>FIDUCIARY NET POSITION:</b>			
BEGINNING OF YEAR	\$3,244,361,827	\$2,841,042,076	\$2,879,288,631
END OF YEAR	\$3,546,712,249	\$3,244,361,827	\$2,841,042,076

## HISTORY OF FUNDING PROGRESS

Funded ratio based on Actuarial Value of Assets for the fiscal years ended December 31

ACTUARIAL VALUATION DATE	FUNDED RATIO
January 1, 2020	64.3%
January 1, 2019	64.5%
January 1, 2018	64.8%
January 1, 2017	64.6%
January 1, 2016	65.0%

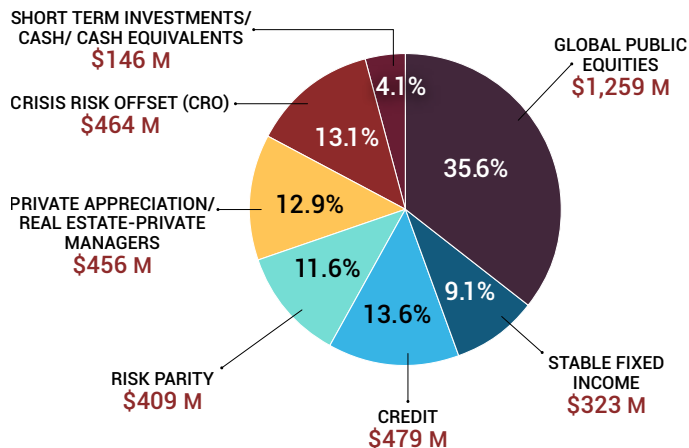
# Investments

For calendar year 2020, SJCERA's investment portfolio's net investment return was 8.3 percent. This is 1.3 percent higher than the actuarial assumption of 7.0 percent.

SJCERA's strategic asset allocation is designed to ensure diversification across asset classes and achieve SJCERA's objective of earning a return that, coupled with projected contributions, is projected to sufficiently fund the benefits over the long term.

## ACTUAL ASSET ALLOCATION

As of December 31, 2020



## INVESTMENT PORTFOLIO PERFORMANCE

As of December 31, 2020

	ANNUALIZED			
	CURRENT YEAR	3-YEAR	5-YEAR	10-YEAR
Global Public Equities	8.8%	7.4%	11.1%	8.3%
Stable Fixed Income	3.0	4.6	4.5	5.1
Credit	2.2	3.5	4.8	6.0
Risk Parity	12.0	8.1	9.6	3.3
Private Appreciation / Real Estate-Private Managers	5.9	10.8	10.7	14.7
Crisis Risk Offset (CRO)	5.7	3.3	1.9	8.8
Short Term Investments/Cash/Cash Equivalents	0.3	1.1	1.0	0.5
TOTAL FUND (GROSS OF FEES)	8.8%	6.9%	8.1%	6.8%
TOTAL FUND (NET OF FEES)	8.3%	6.3%	7.4%	6.0%
POLICY BENCHMARK	11.3%	8.0%	9.0%	7.1%

**TOTAL ASSETS UNDER MANAGEMENT:  
\$3.5 BILLION**

Dear SJCERA Members:

This Popular Annual Financial Report summarizes the Comprehensive Annual Financial Report for the fiscal year ended December 31, 2020. Derived from the more detailed Comprehensive Annual Financial Report, the Popular Annual Financial Report's financial data are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board. Both the Comprehensive and the Popular reports are available on [www.sjcera.org](http://www.sjcera.org) under [Financials](#).

SJCERA's diversified strategic asset allocation is designed to achieve the goal of earning a return that, coupled with expected contributions, is projected to sufficiently fund the benefits over the long term. SJCERA hires external expert management firms, and on a regular basis monitors each firm's strategy, philosophy, personnel, fees and performance. The results of the monitoring are reported to the Board quarterly. For the year ended December 31, 2020, the portfolio gained 8.3 percent net of fees, which exceeded the actuarial assumed 7.0 percent return. As of December 31, 2020, SJCERA's five-year annualized net return was 7.4 percent; SJCERA implemented its current investment approach four years ago.

SJCERA's pension actuary performs an annual actuarial valuation and Governmental Accounting Standards Board (GASB) 67/68 Report. The GASB 67/68 Report states that during 2020, SJCERA's total pension liability was \$5.2 billion, our market value of assets was \$3.5 billion, resulting in a net pension liability of \$1.68 billion. The January 1, 2020 valuation reported a funded ratio of 64.3 percent on an Actuarial Value of Assets (AVA) basis

(64.7 percent on a Market Value of Assets (MVA) basis). The January 1, 2021 valuation, which will include an updated funded ratio, is expected to be available in August 2021, after the publication of this report. Preliminary calculations indicate the funded ratio will increase to 68 percent on an MVA basis.

Results from the 2020 action plan goals included reallocating about one-third of the portfolio's assets into more efficient index funds, hiring new investment managers within private markets, increasing member's access to retirement planning education by offering online seminars, and expanding employer education and resources by creating a new Employer Notices web page. In July, the California Supreme Court issued the Alameda Decision, perhaps the most significant, pension-related decision in nearly 20 years. SJCERA anticipates completing the benefit and contributions changes resulting from Alameda in 2021.

Finally, I want to recognize the Board of Retirement for their leadership, SJCERA's advisors for their efforts to ensure SJCERA's successful operation, and our resilient and resourceful staff whose dedication to members and our mission allowed SJCERA to continue full operations throughout the pandemic while keeping members and SJCERA staff safe.

Sincerely,

Johanna Shick, Chief Executive Officer

# Member Statistics

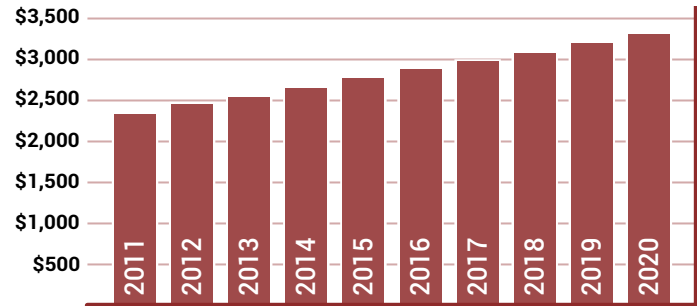
## HISTORY OF MEMBERSHIP

2016-2020

	2020	2019	2018	2017	2016
Active Members	6,417	6,424	6,455	6,229	6,102
Deferred Members	2,113	1,908	1,636	1,615	1,509
Retired Members	6,352	6,208	6,053	5,822	5,628
<b>TOTAL MEMBERS</b>	<b>14,882</b>	<b>14,540</b>	<b>14,144</b>	<b>13,666</b>	<b>13,239</b>

## AVERAGE MONTHLY BENEFIT

For 2020, the average monthly benefit was \$3,301.



## ABOUT SJCERA

SJCERA is a California public retirement system that provides retirement, disability, and survivors' benefits to more than 14,800 current and former eligible General and Safety employees of the County of San Joaquin and nine other participating employers.

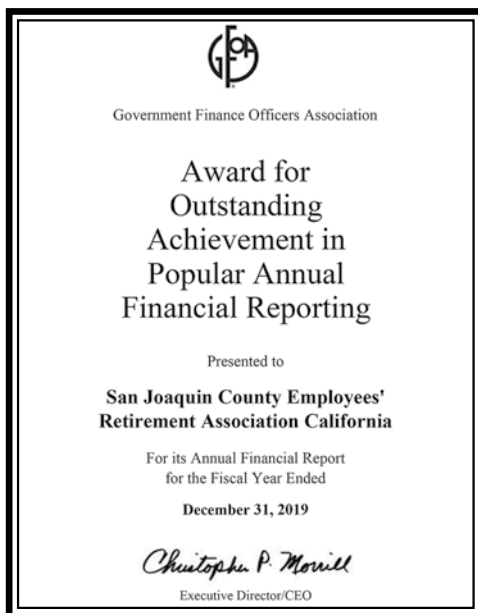
## MISSION

We are trusted financial stewards committed to providing excellent service and lifetime retirement benefits to our members.

## BOARD OF RETIREMENT

Michael Restuccia **Chair**  
 Michael Duffy **Vice Chair**  
 Raymond McCray **Secretary**  
 Chanda Bassett  
 Jennifer Goodman

Phonxay Keokham  
 Katherine Miller  
 Emily Nicholas  
 Margo Praus (Alternate)  
 Adrian Van Houten



SJCERA was awarded the Certificate of Achievement for Excellence in Financial Reporting—a national award.



The Public Pension Coordinating Council honored SJCERA for meeting the professional standards for plan, design and administration.