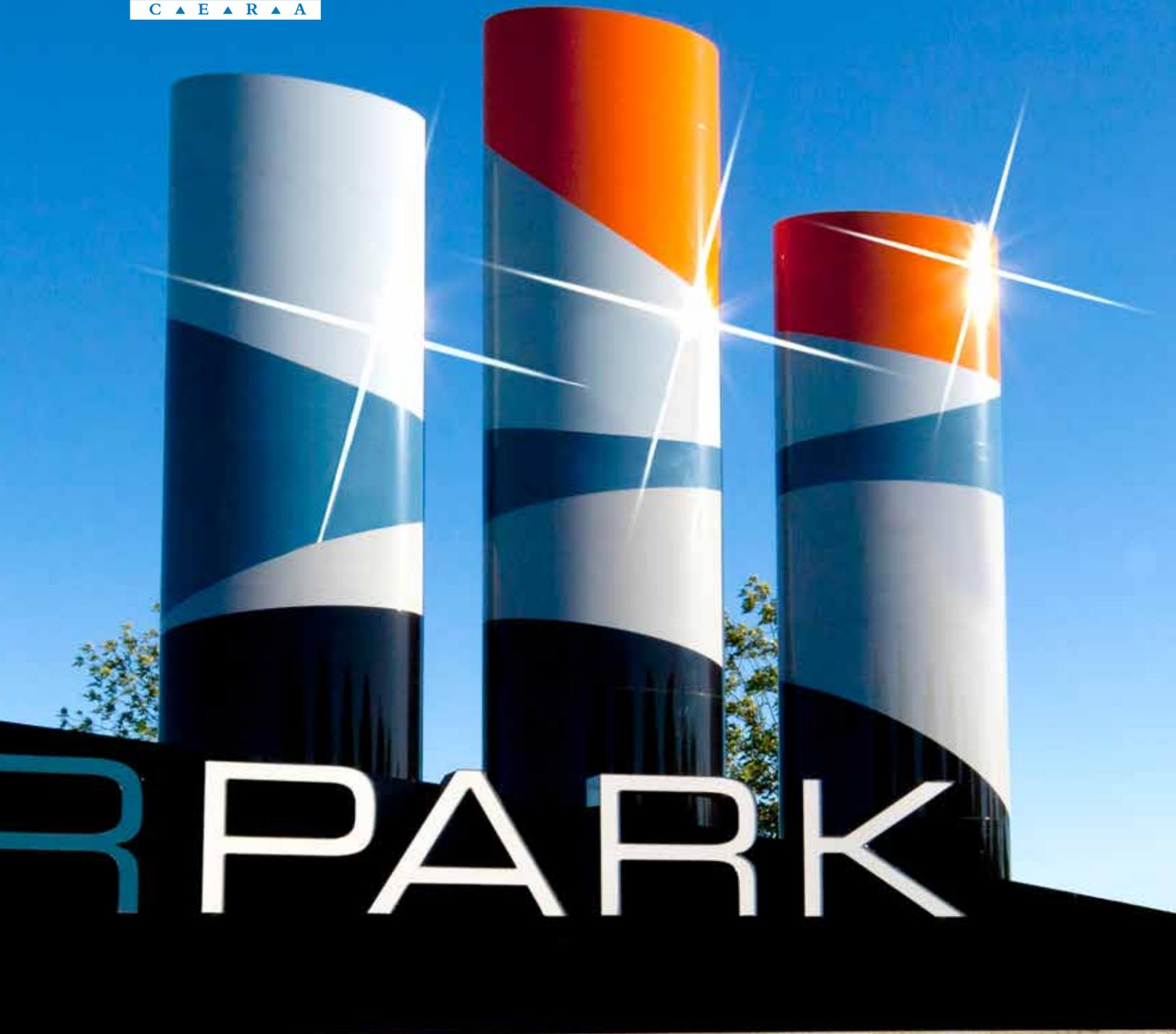




Popular Annual Financial Report

For the Year Ended December 31, 2021



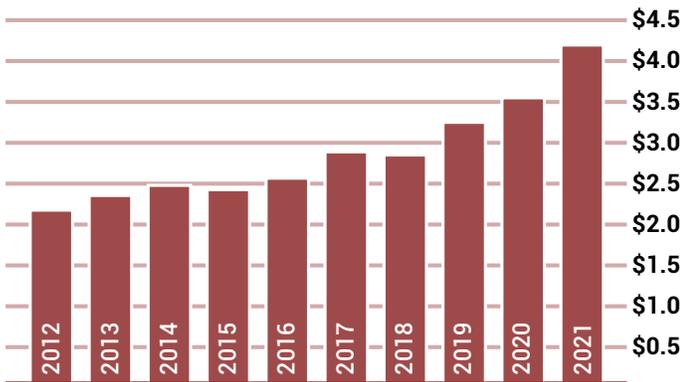
San Joaquin County Employees' Retirement Association
A Pension Trust Fund of San Joaquin County, CA

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, 2021, SJCERA's net position was approximately \$4.2 billion.

SJCERA FIDUCIARY NET POSITION

	2021	2020	2019
Cash and Receivables	\$ 469,732,200	\$ 244,626,021	\$ 135,994,035
Investments	3,893,690,230	3,389,474,004	3,158,399,420
Other Assets	254,019	276,901	261,827
Total Assets	4,363,676,449	3,634,376,926	3,294,655,282
Total Liabilities	164,888,445	87,664,677	50,293,455
TOTAL FIDUCIARY NET POSITION	\$4,198,788,004	\$3,546,712,249	\$3,244,361,827

FUNDING PROGRESS

SJCERA's pension actuary prepares an annual actuarial valuation and Government Accounting Standards Board (GASB) 67/68 Report. The 2021 Report states SJCERA's total pension liability was \$5.4 billion, our market value of assets was \$4.2 billion, resulting in net pension liability of \$1.2 billion. The January 1, 2021 valuation reported the Actuarial Value of Assets funded ratio was 67 percent and the Market Value of Assets funded ratio was 68.1 percent. Generally this means for every dollar of benefits liability, SJCERA had about 68 cents. The updated funded ratio reported in the January 1, 2022 valuation (available in August 2022), is expected to increase to about 77 percent on a MVA basis.

CHANGES IN FIDUCIARY NET POSITION

The statement of Changes in Fiduciary Net Position provides information about SJCERA's financial activities during fiscal year 2021 in comparison to 2020 and 2019. For 2021, SJCERA received \$922 million in additional revenues, including employer and member contributions of \$350 million and investment income of \$572 million. From that, SJCERA paid \$270 million in benefits and administrative expenses. In summary, SJCERA started the year with \$3.5 billion and ended the year with \$4.2 billion.

	2021	2020	2019
ADDITIONS:			
Employers' Contributions	\$ 306,662,635	\$ 240,700,988	\$ 225,528,756
Member Contributions	43,455,640	40,568,995	38,098,688
Net Investment and Miscellaneous Income (Loss)	572,291,948	276,996,530	380,674,528
Transfer from Healthcare Agency Fund	270,570	172,041	299,014
TOTAL ADDITIONS	\$ 922,680,793	\$ 558,438,554	\$ 644,600,986
DEDUCTIONS:			
Retirement Benefit Payments	\$ 261,371,770	\$ 247,254,985	\$ 232,736,441
Death Benefits	608,396	808,150	668,768
Refund of Contributions	3,985,433	3,488,542	2,944,863
Administrative and Other Expenses	4,639,439	4,536,455	4,931,163
TOTAL DEDUCTIONS	\$ 270,605,038	\$ 256,088,132	\$ 241,281,235
CHANGES IN FIDUCIARY NET POSITION	\$ 652,075,755	\$ 302,350,422	\$ 403,319,751
FIDUCIARY NET POSITION:			
BEGINNING OF YEAR	\$3,546,712,249	\$3,244,361,827	\$2,841,042,076
END OF YEAR	\$4,198,788,004	\$3,546,712,249	\$3,244,361,827

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, 2021	67.0%
January 1, 2020	64.3%
January 1, 2019	64.5%
January 1, 2018	64.8%
January 1, 2017	64.6%

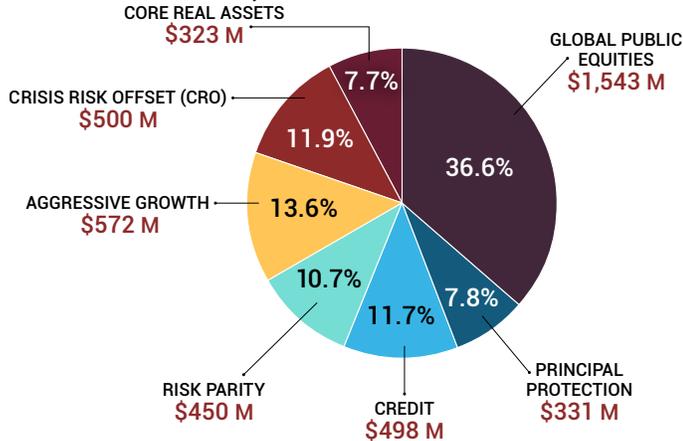
Investments

For calendar year 2021, SJCERA's investment portfolio's net investment return was 13.6 percent. This is 6.6 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 long-term objective of earning a long-term return that coupled with projected contributions, is projected to sufficiently fund the benefits over the long term.

ACTUAL ASSET ALLOCATION

As of December 31, 2021



INVESTMENT PORTFOLIO PERFORMANCE

As of December 31, 2021

	ANNUALIZED			
	CURRENT YEAR	3-YEAR	5-YEAR	10-YEAR
Traditional Growth	20.7%	18.0%	12.8%	11.4%
Principal Protection	0.4	3.9	3.6	4.6
Stabilized Growth	10.1	10.5	8.4	5.8
Aggressive Growth	43.4	19.5	18.0	15.3
Crisis Risk Offset	1.5	3.8	3.0	6.1
Short Term Investments/Cash/Cash Equivalents	0.1	0.8	0.9	0.5
TOTAL FUND (GROSS OF FEES)	14.2%	12.4%	9.5%	8.2%
TOTAL FUND (NET OF FEES)	13.6%	11.7%	8.8%	7.3%
POLICY BENCHMARK	11.3%	11.5%	9.3%	7.8%

TOTAL ASSETS UNDER MANAGEMENT: \$4.2 BILLION

Dear SJCERA Members:

This *Popular Annual Financial Report* (PAFR) summarizes the *Annual Comprehensive Financial Report* (ACFR) for the fiscal year ended December 31, 2021. Derived from the more detailed *Annual Comprehensive Financial Report*, the PAFR's financial data are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board. Both the PAFR and the ACFR reports are available on the Financials page at www.sjcera.org.

SJCERA's diversified strategic asset allocation is designed to achieve a long-term return, which (when 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, 2021, the portfolio gained 13.6 percent net of fees, nearly double the actuarial assumed rate of return of 7.0 percent. As of December 31, 2021, SJCERA's five-year annualized net return was 8.8 percent; SJCERA implemented its current investment approach five years ago.

SJCERA's pension actuary prepares the annual actuarial valuation and Governmental Accounting Standards Board (GASB) 67/68 Report. The GASB 67/68 Report states SJCERA's total pension liability in 2021 was \$5.4 billion, and the market value of assets was \$4.2 billion, resulting in a net pension liability of \$1.2 billion. The January 1, 2021 valuation reported a funded ratio of 68.1 percent on a Market Value of Assets (MVA) basis. The updated funded ratio included in the January 1, 2022 valuation (available in August 2022), is expected to increase to about 77 percent on an MVA basis.

Results from the 2021 action plan goals include the Board of Retirement taking steps to enhance portfolio performance

including restructuring the Principal Protection class to address volatility and reduce costs, eliminating the value bias within the portfolio, reviewing and modifying benchmarks, and continuing to enhance the private markets portfolio. In addition, the Board adopted the 2022-2026 Strategic Plan and modified its definition of pensionable compensation to include base pay only for employees first becoming SJCERA Tier 2 members on or after January 1, 2022. Staff conducted Cybersecurity and Actuarial audits and, by year end, had all but completed implementing the benefit and contribution changes required by the California Supreme Court's *Alameda* decision.

SJCERA posted its first video (*Retirement Benefit Calculator Tutorial*) and a Cost of Living Adjustment (COLA) page to its website giving members information at their fingertips. Staff continued online retirement planning education reaching more than 2,500 members through virtual training events. SJCERA continues to receive very positive customer satisfaction ratings: In 2021, 96 percent of respondents reported they were satisfied with the service they received from SJCERA.

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 staff whose dedication to our members and our mission continues to impress. I am honored to be a part of such an outstanding organization.

Sincerely,

Johanna Shick, Chief Executive Officer

Member Statistics

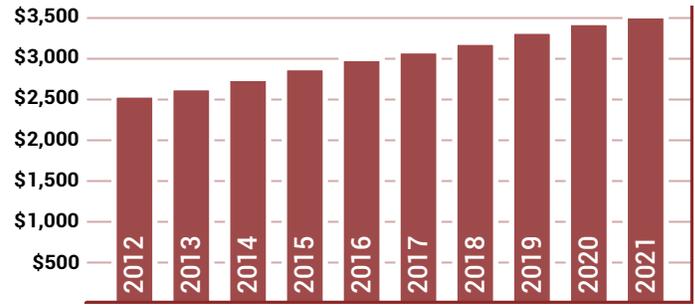
HISTORY OF MEMBERSHIP

2017-2021

	2021	2020	2019	2018	2017
Active Members	6,347	6,417	6,369	6,455	6,229
Retired Members	6,529	6,352	6,208	6,051	5,821
Deferred Members	2,487	2,113	1,946	1,636	1,615
TOTAL MEMBERS	15,363	14,882	14,523	14,142	13,665

AVERAGE MONTHLY BENEFIT

For 2021, the average monthly benefit was \$3,380.



ABOUT SJCERA

SJCERA is a California public retirement system that provides retirement, disability, and survivors' benefits to more than 15,300 current and former eligible General and Safety employees of the County of San Joaquin and nine other participating employers.

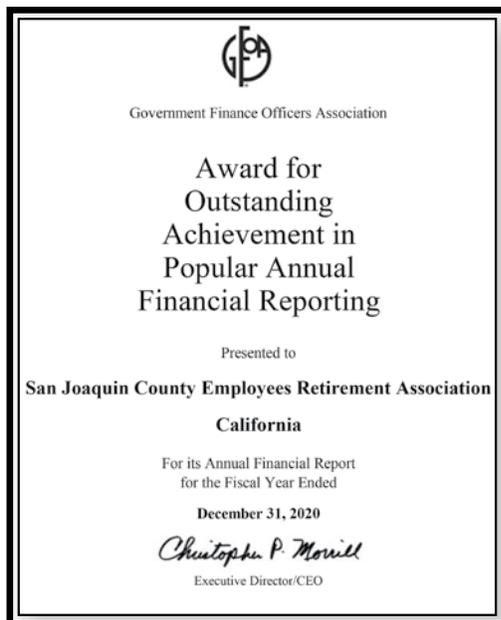
MISSION

Administering pensions to provide members a secure retirement benefit.

2021 BOARD OF RETIREMENT

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

Phonxay Keokham
 Katherine Miller
 Steve Moore (Alternate)
 Emily Nicholas
 J.C. Weydert



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.