

## TABLE OF CONTENTS

About SamCERA .....	3
A Message from the CEO .....	4
Financial Highlights .....	5
\$\$\$ Inflows and Outflows .....	6
Funding Status .....	6
Investments .....	7
Retiree Statistics .....	8



This Popular Annual Financial Report is a condensed version of the San Mateo County Employees' Retirement Association's (SamCERA) Comprehensive Annual Financial Report (CAFR), which is prepared in accordance with generally accepted accounting principles in the United States of America. The CAFR provides in-depth information about the financial, investment, actuarial, statistical, and compliance aspects of SamCERA and is available online at [www.samcera.org](http://www.samcera.org).

For the 16th consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada presented an award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) to SamCERA in recognition of its PAFR for the fiscal year ended June 30, 2018.

## About SamCERA

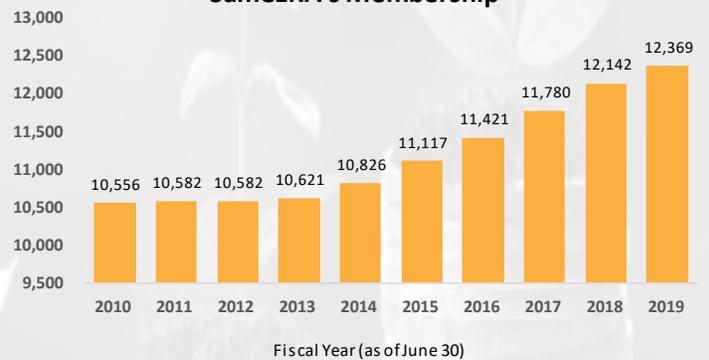
SamCERA is a cost-sharing multiple-employer, defined benefit pension plan established to provide pension benefits for all permanent employees of the County of San Mateo (the County), the Superior Court of the County of San Mateo, and the San Mateo County Mosquito and Vector Control District. As of June 30, 2019, SamCERA had a total of 12,369 active, inactive, and retired members.



## SamCERA's Governing Body

SamCERA is governed by the Board of Retirement (the Board) consisting of nine members. The Board is responsible for overseeing the pension plans for the best interest of its members and their beneficiaries via prudent asset management with due care and diligence.

SamCERA's Membership



**“As in all successful ventures, the foundation of a good retirement is planning.”**

**- Earl Nightingale**

## Mission & Goals

SamCERA serves as a loyal fiduciary for its members and as a prudent administrator of the retirement system with three primary goals:

- Provide professional services and information to members and other stakeholders
- Prudently manage the assets to ensure the ability to pay all earned benefits while minimizing the costs to employers
- Constantly improve the effectiveness of SamCERA's services and the efficiency of its operations



## A Message From The CEO

As SamCERA celebrates 75 years of providing services and benefits to our members and their eligible beneficiaries, we would like to take the opportunity to acknowledge those who came before us with the keen vision to establish and secure plan benefits for our past, present and future members. We would also like to recognize our partnership with and commitment by our plan sponsors: San Mateo County, the Superior Court of the County of San Mateo, and the San Mateo County Mosquito and Vector Control District.

For the fiscal year ended June 30, 2019, SamCERA's portfolio returned 5.4%, slightly below its policy benchmark return of 6.7%. This fiscal year performance resulted in near median performance relative to SamCERA's peers, as defined by large (greater than \$1 billion in assets) public plans. All five of SamCERA's asset class composites provided positive returns for the fiscal year.

SamCERA's fund increased to \$4.7 billion, despite lower returns from investments. During fiscal year 2018-19, the Board continued to implement its approved target policy portfolio and lowered the investment return assumption from 6.75% to 6.5%. The Board also focused its discussions on future cash flows as SamCERA is becoming a more mature plan, meaning there will be a larger number of retired participants receiving benefits versus active participants making contributions.

Like those who forged the way 75 years ago, SamCERA will continue to ensure benefits are met by serving as a loyal fiduciary for our members and as a prudent administrator of the retirement system.



**Scott Hood**  
SamCERA  
Chief Executive Officer



**“2019 marks SamCERA’s 75th anniversary, and on this milestone, we remain committed in our mission: to serve as a loyal fiduciary to our members and as a prudent administrator of the retirement system.”**

**- Scott Hood  
SamCERA CEO**



# Financial Highlights

As of June 30, 2019, SamCERA's net position restricted for pensions reached \$4.7 billion, which is exclusively for meeting ongoing benefit obligations to its members and their beneficiaries.

**Additions to the retirement fund** consist mainly of member contributions, employer contributions, and investment income.

**Deductions from the retirement fund** mainly include benefit payments to retired members and eligible beneficiaries, refunds of contributions to terminated employees, and operating costs.



## Financial Summary

(Dollars in Millions)

	2019	2018	Change	
<b>Additions</b>				
Employer contributions	\$ 195	\$ 180	8%	(A)
Employer supplemental contributions	51	28	82%	(B)
Member contributions	67	64	5%	
Net investment income and other income	272	280	-3%	(C)
<b>Total additions</b>	<b>585</b>	<b>552</b>	<b>6%</b>	
<b>Deductions</b>				
Service retirement benefits	197	180	9%	(D)
Disability retirement benefits	25	24	4%	
Survivor, death and other benefits	2	1	100%	
Member refunds	4	4	0%	
Administrative expenses	6	6	0%	
Information Technology expenses	2	2	0%	
<b>Total deductions</b>	<b>236</b>	<b>217</b>	<b>9%</b>	
<b>Changes in net position</b>	<b>349</b>	<b>335</b>	<b>4%</b>	
<b>Net position restricted for pensions</b>				
Beginning of year	4,374	4,039	8%	
<b>End of year</b>	<b>\$4,723</b>	<b>\$4,374</b>	<b>8%</b>	

(A) Employer contributions went up after SamCERA lowered its assumed investment return by a quarter percent.

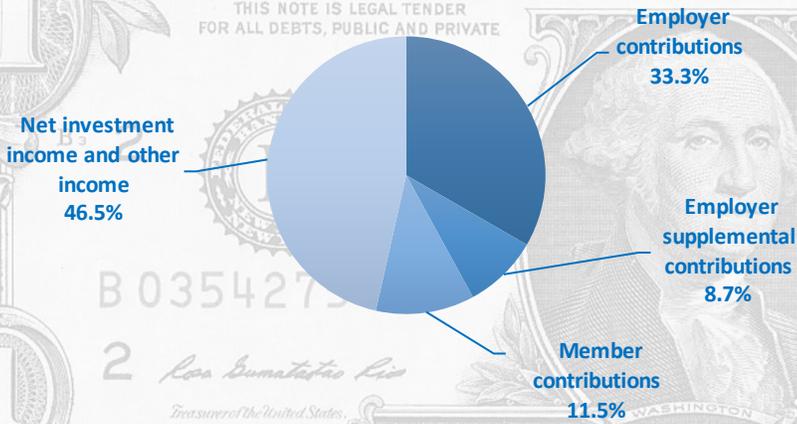
(B) Employer supplemental contributions was nearly doubled as the primary employer stepped up its effort to pay down its unfunded liability.

(C) Investment return slipped to 5.4% this year from 6.7% last year, due mainly to lower returns in certain investments.

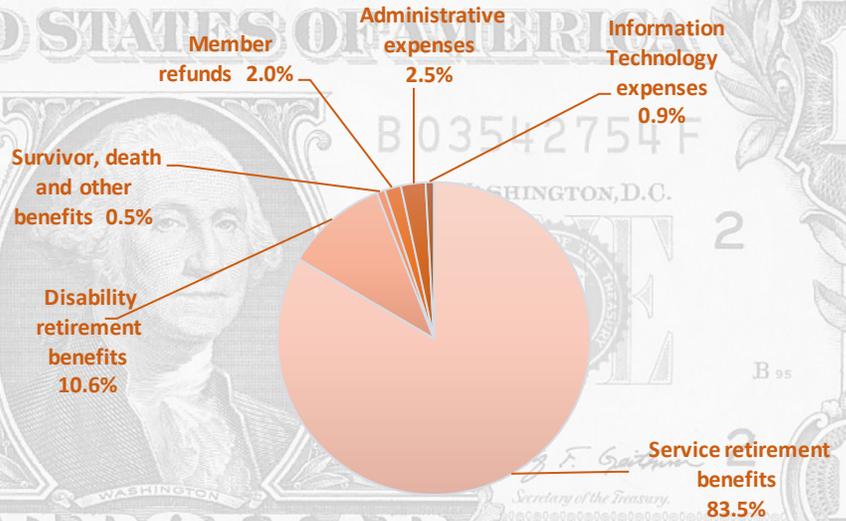
(D) Higher benefit payments were due to the cost of living adjustment and the increase in the number of retirees.



# \$\$\$ Inflows



# \$\$\$ Outflows

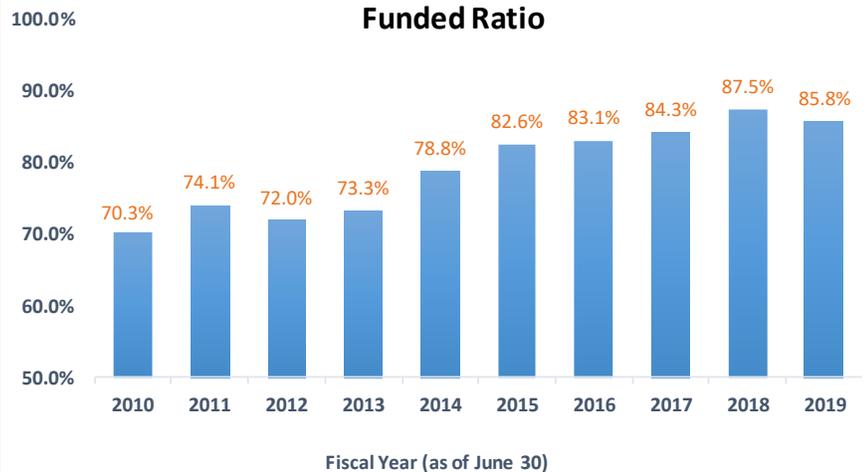


## Funding Status

The funding status is simply the ratio of plan assets to plan liabilities. The difference between these two amounts represents the unfunded liability.

As of June 30, 2019, SamCERA's funded ratio has declined by 1.7% to 85.8% compared to a year ago. The decline was mainly fueled by the change in the investment return assumption from 6.75% for the 2018 valuation to 6.50% for the 2019 valuation.

## Funded Ratio

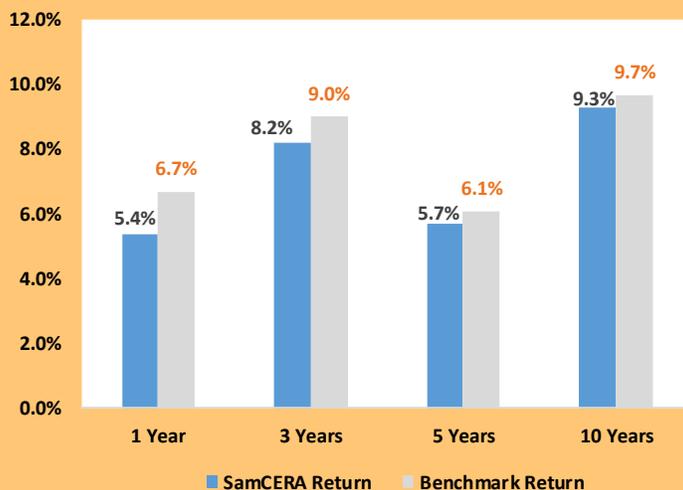


## Investment Performance

SamCERA's portfolio market value increased to \$4.72 billion as of June 30, 2019, as the net combination of portfolio appreciation and contributions, less total deductions (i.e., benefits paid, administrative expenses, etc.), added approximately \$349 million to the fund.

SamCERA's portfolio returned 5.4% net of investment management fees for the fiscal year ended June 30, 2019, underperforming SamCERA's policy benchmark return by 1.3%. This fiscal-year performance resulted in near median performance relative to SamCERA's peers, as defined by large (greater than \$1 billion in assets) public plans.

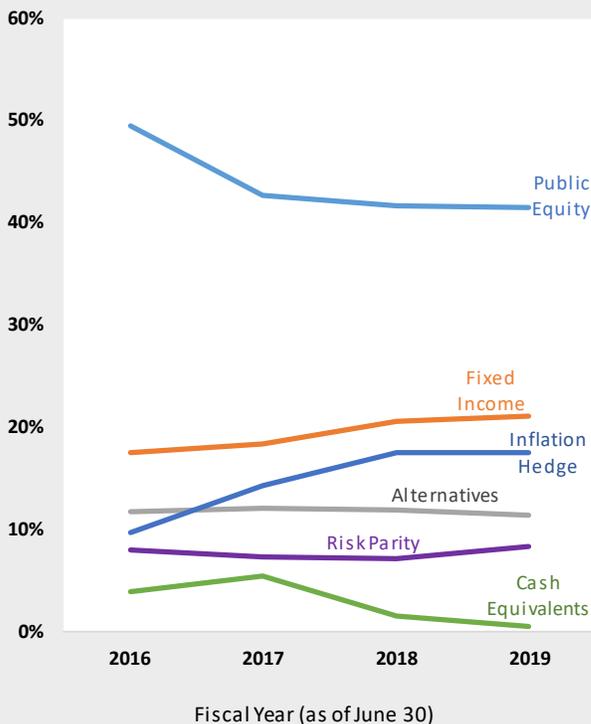
## Investment Performance



## Growth of Investments - Pension Plan (Dollars in Millions)



## Asset Allocation



## Investment Portfolio Rebalancing

With the backdrop of potentially more divergent growth prospects (and the resulting divergent policy responses) across the globe, SamCERA continues to be mindful of higher potential return volatility caused by a potential policy misstep.

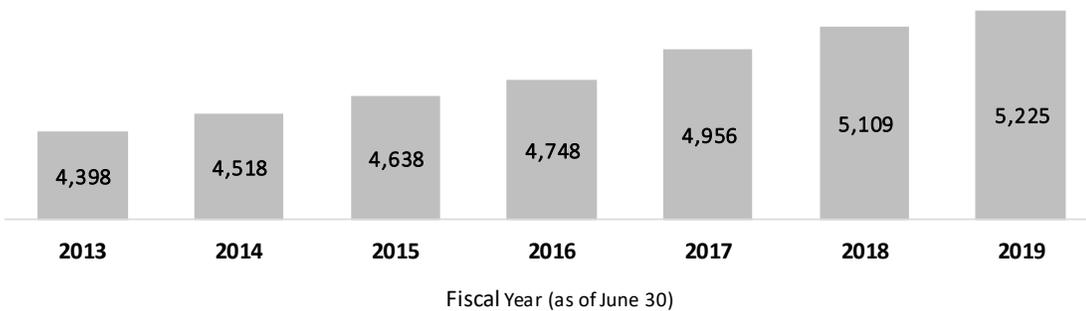
Moreover, given that we are most likely in the late stages of the economic cycle, and with record high equity prices in the U.S., we believe that it is extremely important in this environment to understand the risks investors are taking in generating the return stream they are receiving from their portfolio. With that thought in mind, SamCERA continues to actively rebalance the portfolio to its long-term policy asset allocation weights to keep a balanced risk posture without relying too much on any single asset, strategy, or return stream.



## Celebrating 75th Anniversary

San Mateo County Board of Supervisors presents a resolution in recognition of SamCERA's 75th anniversary

Number of Retirees



**"You are never too old to set a new goal or dream a new dream."**

**- C.S. Lewis**

Average Monthly Retiree Benefit

**"The question isn't at what age I want to retire, it's at what income."**

**- George Foreman**

