

# 2024 Popular Annual Financial Report

For Fiscal Year Ended June 30, 2024

San Mateo County Employees' Retirement Association  
Redwood City, State of California  
A Pension Trust Fund of the County of San Mateo and  
Participating Employers

yesterday. today. tomorrow.

# yesterday. today. tomorrow.



**CELEBRATING 80 YEARS: 1944-2024**

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This **Popular Annual Financial Report** (PAFR) is a condensed version of the San Mateo County Employees' Retirement Association's (SamCERA) Annual Comprehensive Financial Report (ACFR), which is prepared in accordance with generally accepted accounting principles in the United States of America.

The ACFR 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).

The PAFR can be viewed online at [www.samcera.org](http://www.samcera.org), and a hard copy is available upon request via e-mail at [samcera@samcera.org](mailto:samcera@samcera.org) or via writing to: 100 Marine Parkway, Suite 125, Redwood City, CA 94065.

# Message from the CEO

SamCERA has continued to prudently manage retirement benefits for our members and beneficiaries, ensuring long-term financial sustainability of the system. The system remains in strong financial standing, with a funded ratio of 87.6% as of June 30, 2024, reflecting careful stewardship and conservative assumptions. The funding ratio decreased slightly from the previous year, primarily due to demographic changes and the recognition of lower-than-expected investment returns from prior years. However, SamCERA continues to be one of the most actuarially conservative public pension systems in California.

Our investment portfolio grew to \$6.5 billion, with a portfolio return of 9.2% net of fees, exceeding the assumed rate of return of 6.25%. While our performance was just below the median of our peers and under our benchmark, it remained strong on an absolute basis compared to expectations.

Our strategic goals focus on financial soundness, prudent management of plan assets, and efficient service delivery to our members. This past year, SamCERA successfully enhanced its cybersecurity measures, established a redundant connectivity solution, and began the process of redesigning our website to work with our newly developed member portal and mobile app; all aimed at improving member experience and security.



In addition, a cost-of-living adjustment (COLA) between 2-4% was approved for most retirees, dependent on the COLA limit of each plan.



**Scott Hood**  
Chief Executive Officer

I am also proud to report that SamCERA has received multiple awards for excellence in financial reporting and plan management, demonstrating our commitment to transparency and fiscal responsibility.

As we reflect on the journey of our retirement system through the lens of "Yesterday, Today, Tomorrow," we are reminded of the profound impact of our collective efforts and the enduring value of our mission. Yesterday, we laid the groundwork for today's success; today, we strive for excellence and sustainability while preparing for a tomorrow that promises continued success and security for generations to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Hood". The signature is fluid and cursive.

Scott Hood  
Chief Executive Officer

# About SamCERA

**SamCERA** is a cost-sharing, multiple employer, defined pension plan established to provide 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, 2024, SamCERA had a total of 14,665 active, inactive, and retired members and their beneficiaries.



## Mission & Goals

### *Mission*

SamCERA exists to serve as a loyal fiduciary for its members and as a prudent administrator of the retirement system.

### *Goals*

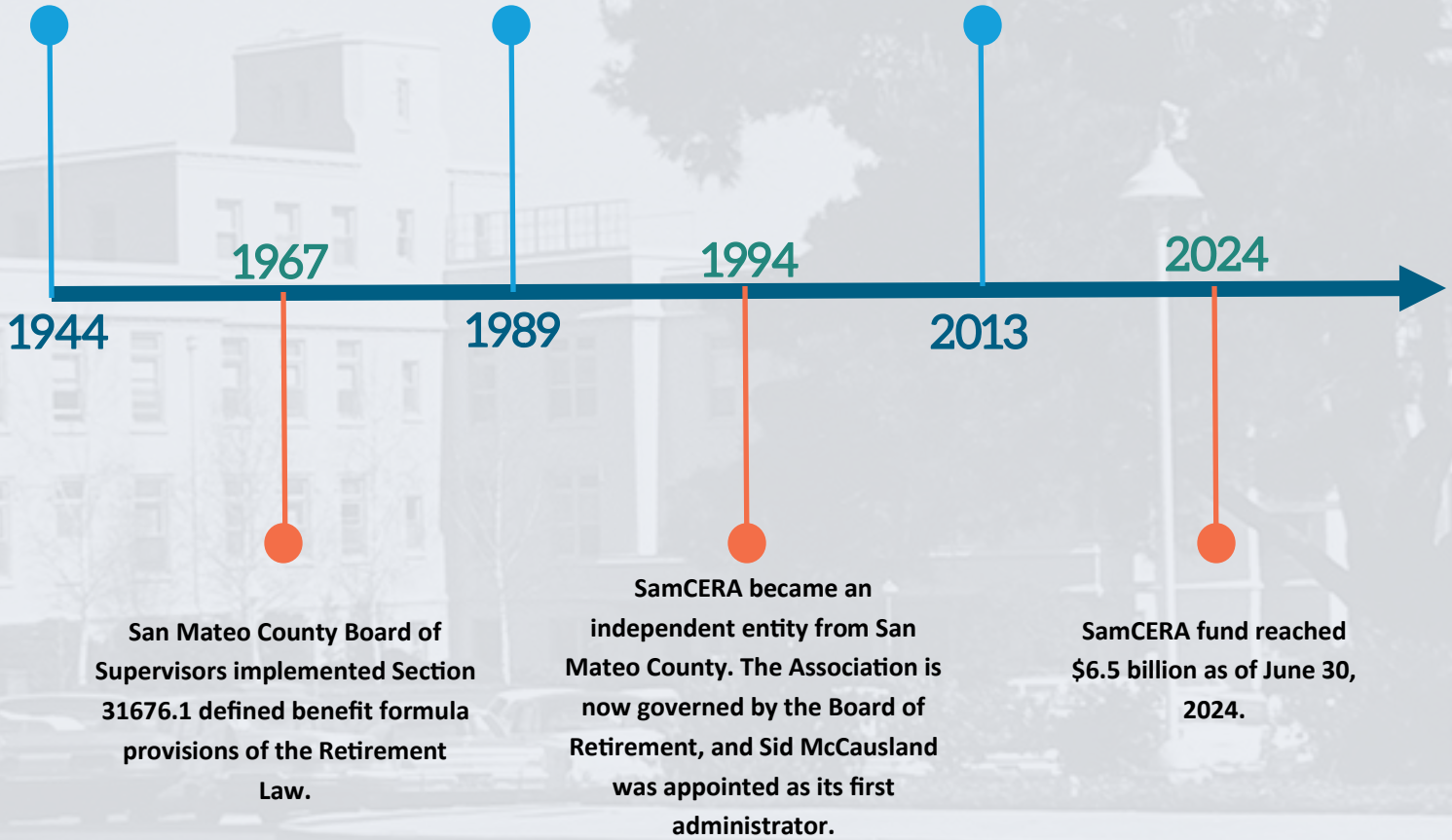
- Provide high quality services and information to members and other stakeholders.
- Manage assets prudently and cost-effectively to assure the retirement system is adequately funded and all earned benefits are paid timely.
- Improve operating efficiency and effectiveness to minimize cost.

# 80 Years : 1944–2024

San Mateo County Board of Supervisors established SamCERA pension for full-time permanent employees.

San Mateo County Board of Supervisors provided for the payment of member contributions on a pre-tax basis.

The California Public Employees' Pension Reform Act became effective.



**“Learn from yesterday, live for today, hope for tomorrow. The important thing is not to stop questioning.”**

**- Albert Einstein**

# Board of Retirement



**Mark Battey**  
**Chair**

Appointed by the  
Board of Supervisors  
Sixth Member



**Alma Salas**  
**Vice Chair**

Elected by the  
Retired Members  
Eighth Member



**Elaine Orr**  
**Secretary**

Appointed by the  
Board of Supervisors  
Fourth Member



**Sandie Arnott**  
**Board Member**

Ex. Officio per  
the 1937 Act  
First Member



**Katherine O'Malley**  
**Board Member**

Elected by the  
General Members  
Second Member



**Al David**  
**Board Member**

Elected by the  
General Members  
Third Member



**Kimathi Marangu**  
**Board Member**

Appointed by the  
Board of Supervisors  
Fifth Member



**Robert Raw**  
**Board Member**

Elected by the  
Safety Members  
Seventh Member



**Kurt Hofer**  
**Board Member**

Appointed by the  
Board of Supervisors  
Ninth Member



**Nicole McKay**  
**Board Member**

Elected by the  
Retired Members  
Retiree Alternate



**April DeCarsky**  
**Board Member**

Elected by the  
Safety Members  
Safety Alternate

**SamCERA's prime objective** is to meet long-term benefit obligations through investment income and contributions. The fiscal strength of the Retirement Fund improved modestly over the year as market conditions continued to thrive.

As of June 30, 2024, **SamCERA's net position** held in trust for pension benefits (total assets minus total liabilities) reached \$6.5 billion, an increase of \$0.5 billion or 8% compared to a year ago. This amount is exclusively restricted for the ongoing benefits to plan participants and their beneficiaries.



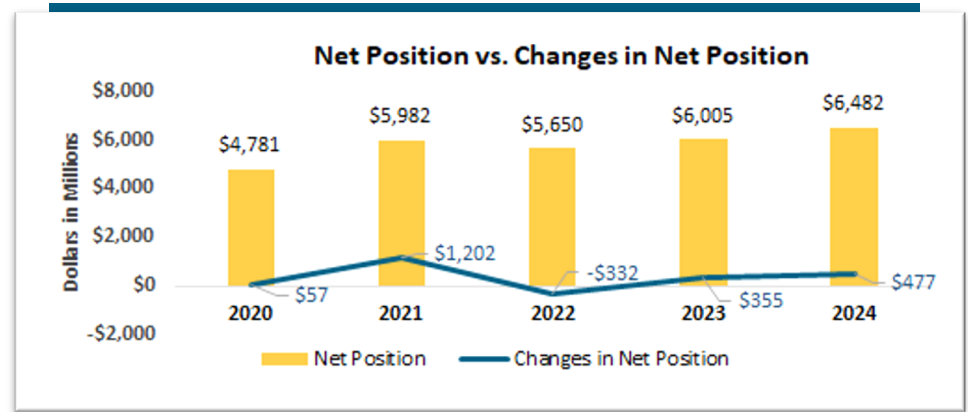
**Total additions** to the Retirement Fund were \$809 million, denoting a 21% increase from a year ago, mainly from investment income. The net return on investments was 9.2% versus 5.1% a year ago as the inflation picture ameliorated. Strong performance was seen in global equities, domestic stocks, and fixed income securities.

**Total deductions** from the Retirement Fund were \$332 million, reflecting a 6% increase from a year ago. The increase was mainly triggered by the annual cost-of-living adjustment (COLA) to pension benefits and the continued growth in the number of retired members.

June 30

Dollars in Millions

	2024	2023	2022	2021	2020
<b>Assets</b>					
Cash and cash equivalents	\$ 169	\$ 210	\$ 238	\$ 153	\$ 108
Cash management overlay	12	20	74	64	54
Securities lending cash collateral	4	4	4	5	2
Receivables	68	150	83	71	96
Investments at fair value	6,315	5,828	5,345	5,760	4,599
Capital assets, net	4	5	7	5	5
<b>Total assets</b>	<b>6,572</b>	<b>6,217</b>	<b>5,751</b>	<b>6,058</b>	<b>4,864</b>
<b>Liabilities</b>					
Investment management fees payable	2	2	2	3	2
Due to broker for investments purchased	76	202	90	66	78
Securities lending collateral due to borrowers	4	4	4	5	2
Lease liability	2	2	3	-	-
Other	6	2	2	2	1
<b>Total liabilities</b>	<b>90</b>	<b>212</b>	<b>101</b>	<b>76</b>	<b>83</b>
<b>Net position restricted for pensions</b>	<b>\$ 6,482</b>	<b>\$ 6,005</b>	<b>\$ 5,650</b>	<b>\$ 5,982</b>	<b>\$ 4,781</b>



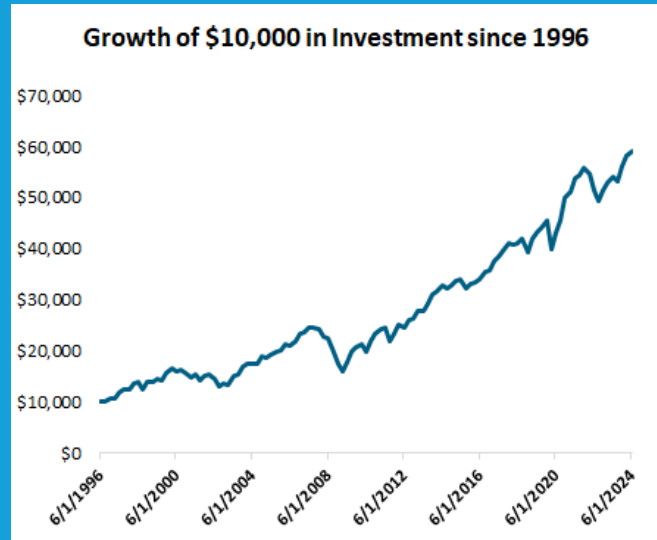
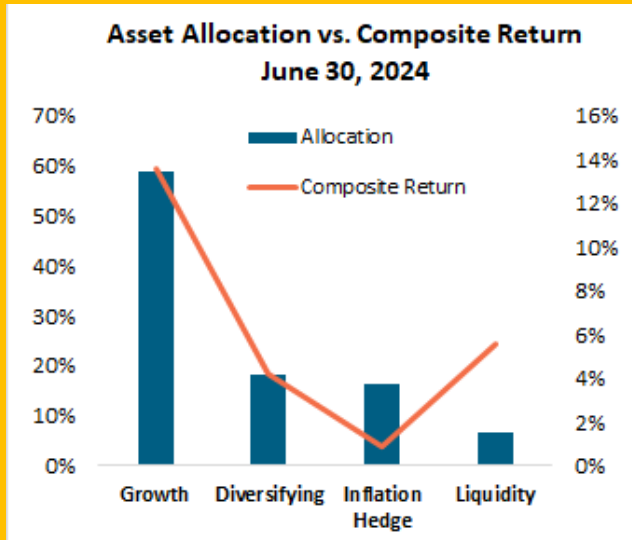
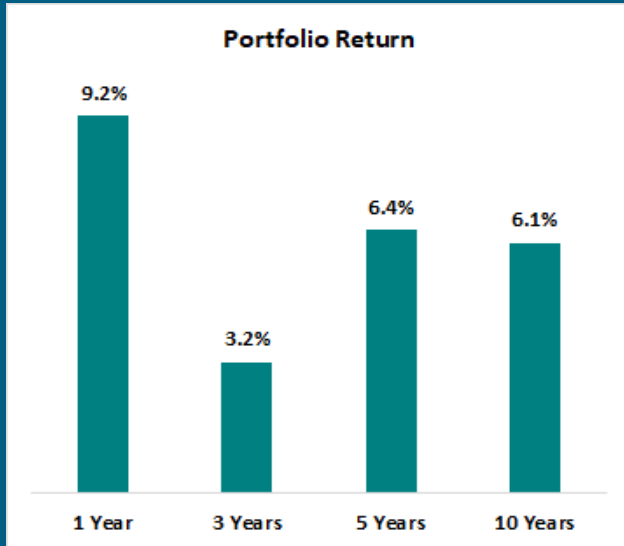
Fiscal Years Ended June 30

Dollars in Millions

	2024	2023	2022	2021	2020
<b>Additions</b>					
Employer Contributions	\$176	\$239	\$235	\$225	\$199
Employer Supplemental Contributions	10	10	15	40	-
Member Contributions	82	78	74	74	71
<b>Total Contributions</b>	<b>268</b>	<b>327</b>	<b>324</b>	<b>339</b>	<b>270</b>
Investment Income (Loss), net of Expenses	541	341	(367)	1,133	42
<b>Total Additions</b>	<b>809</b>	<b>668</b>	<b>(43)</b>	<b>1,472</b>	<b>312</b>
<b>Deductions</b>					
Retiree Benefits	317	299	277	259	242
Member Refunds	5	4	4	3	4
Administrative Expenses	8	8	7	7	7
Information Technology Expenses	2	2	1	1	2
<b>Total Deductions</b>	<b>332</b>	<b>313</b>	<b>289</b>	<b>270</b>	<b>255</b>
<b>Changes in Pension Plan Net Position</b>	<b>\$477</b>	<b>\$355</b>	<b>(\$332)</b>	<b>\$1,202</b>	<b>\$57</b>

## Investments

**SamCERA's Portfolio Performance.** SamCERA's portfolio fair value increased to \$6.5 billion as of June 30, 2024, as the net combination of portfolio appreciation and contributions, less total deductions (i.e., benefits paid, administrative expense, etc.), added approximately \$477 million to the fund. All four composites (Growth, Diversifying, Inflation Hedge, and Liquidity ) had positive returns for the fiscal year. Growth was the best performing composite and returned 13.6%, while Inflation Hedge returned 0.9% and was the lowest returning composite. Liquidity returned 5.6%, while Diversifying returned 4.2%.



**Market Review.** The U.S. economy has continued to show impressive resiliency, especially the job market. This resulted in equity markets rallying aggressively, especially in the second half of the fiscal year.

The U.S. Federal Reserve last hiked short-term rates in July, and then paused for the remainder of the fiscal year to assess market conditions. The Fed began cutting rates starting in September 2024. The current Fed Funds upper range is 5.5%, which is the highest rate in over 22 years.

**Looking Forward.** SamCERA continues to maintain a primary emphasis on risk control and ensuring that it has sufficient liquidity available to meet its benefit payments. With the establishment of a dedicated opportunistically cash-flow match strategy, SamCERA will be better able to take advantage of return-seeking opportunities across the portfolio during market volatility. As always, we will use our long-term investment policy to guide us through these dynamic times.



# Portfolio Activities



## Growth Category

SamCERA continued building out and further diversifying its opportunistic credit portfolio. First, we added a new \$60 million dedicated securitized credit strategy funded from cash. In addition, we also added a new \$60 million dedicated emerging market debt strategy, funded via a combination of rebalancing from other opportunistic credit managers (\$20 million) and the balance from cash (\$40 million). SamCERA also made commitments worth \$111 million to five new private equity partnerships. SamCERA has \$847.5 million in total commitments in its private equity program across venture capital, buyouts, and special situations.

## Diversifying Category

SamCERA restructured and downsized its absolute return portfolio. One of the strategies in the portfolio closed and returned money to investors. We took the opportunity to reallocate a portion of the proceeds to the remaining three strategies within absolute return, with the remainder going into defensive fixed income (also within Diversifying). The net result is we are slightly overweight to defensive fixed income and underweight to absolute return.

## Inflation Hedge Category

SamCERA made commitments worth \$80 million to three new infrastructure partnerships in its private real assets program, bringing total commitments to \$499.8 million within private real assets. In addition, SamCERA's board approved a \$35 million commitment to Beach Point Capital Real Estate Debt Fund for its real estate portfolio.

## Liquidity Category

SamCERA evaluates potential cash flow match replenishment on an annual basis after its actuarial valuation is completed for the most recent fiscal year end. This annual evaluation is expected to take place during the 4<sup>th</sup> quarter.

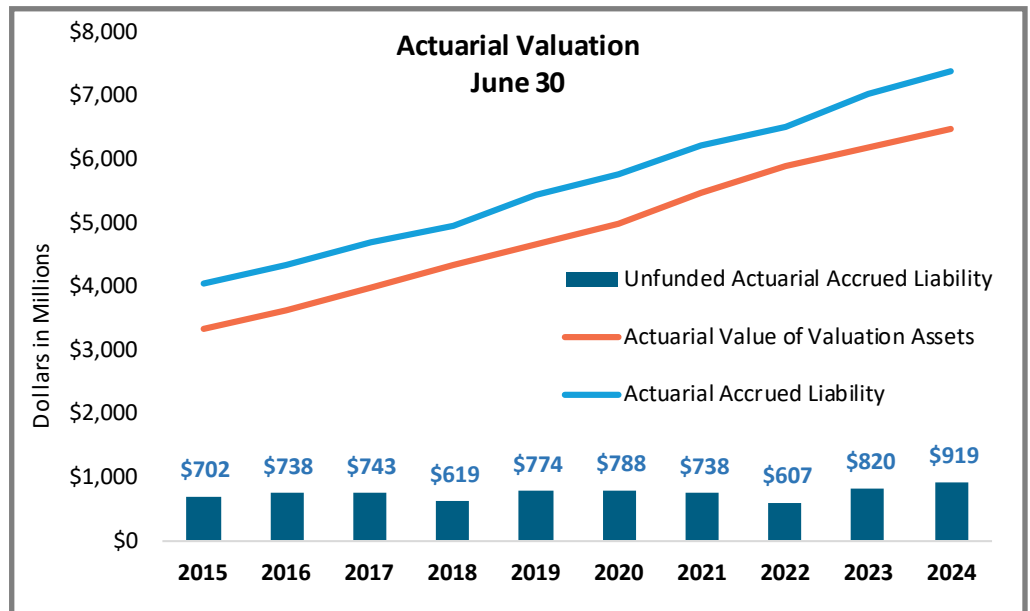
“An investment in knowledge pays the best interest.”

- Benjamin Franklin

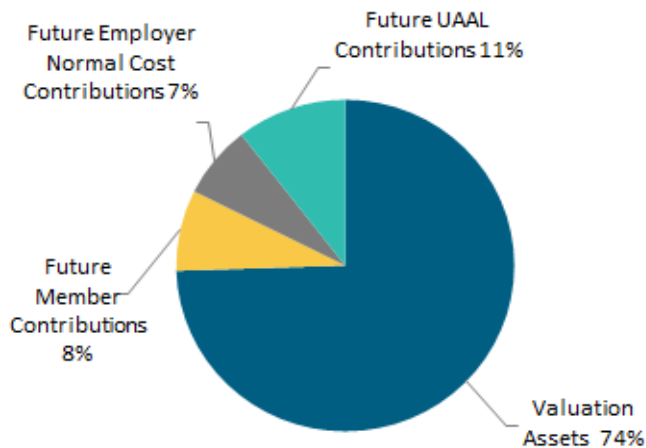
# Actuarial Valuation

## Actuarial Valuation

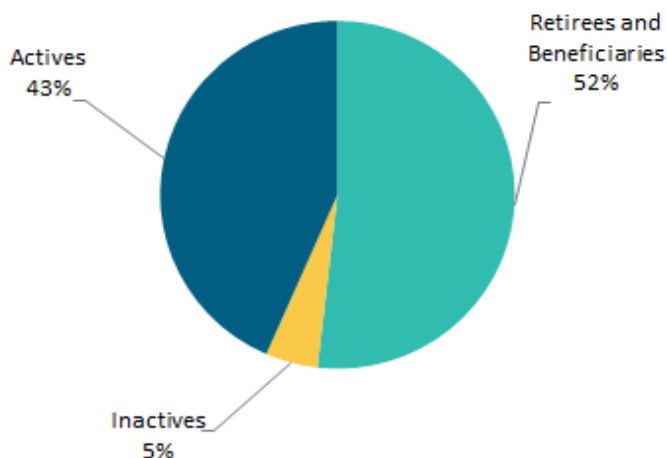
The purpose of the annual valuation is to determine employer and member contribution rates (as a level percentage of payroll) that will provide sufficient resources to pay all expected future benefits not funded by current assets.



**SamCERA's Resources June 30, 2024**

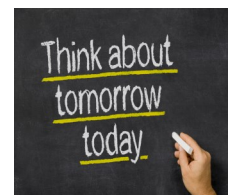


**SamCERA's Liabilities June 30, 2024**



**“The best preparation for tomorrow is doing your best today.”**

- H. Jackson Brown, Jr.



## Funding Policy

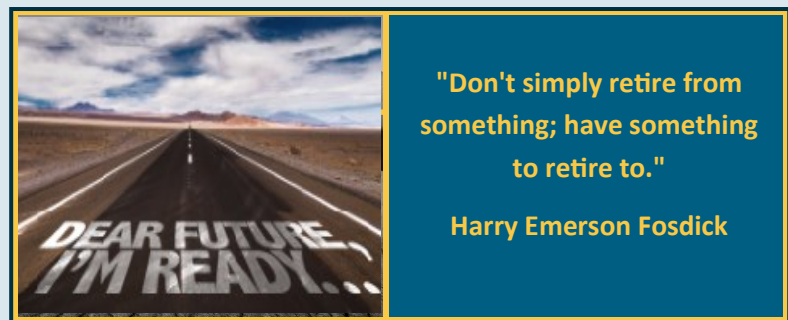
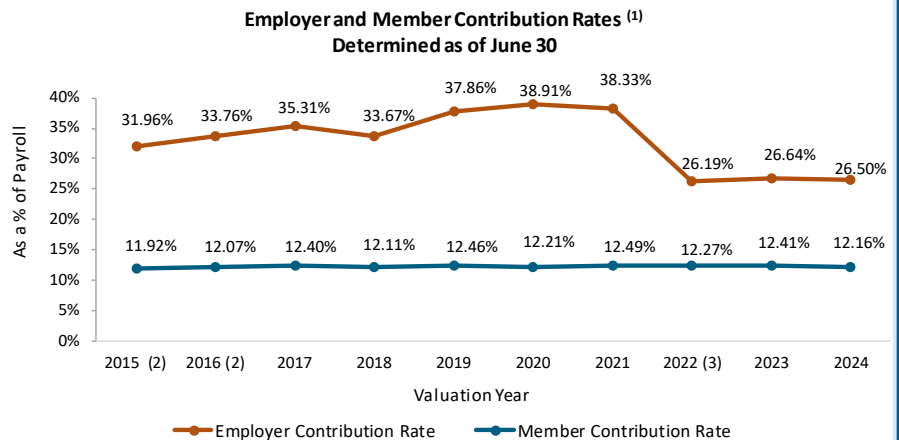
- The County Employees’ Retirement Law of 1937 establishes the basic obligations for employers and members to the pension plan.
- The Board of Retirement (the Board) is responsible for establishing and maintaining the funding policy by adopting contribution rates recommended by its actuary through the annual valuation of SamCERA’s assets and liabilities.
- Participating employers and members are responsible for making contributions to the cost of benefits each year (commonly known as normal cost). The portion of the normal cost not funded by member contributions is the employer responsibility (commonly known as the employer normal cost).
- Employers are responsible for funding any shortfalls in accrued liability for the past service arising from changes in economic and demographic assumptions. The employers’ contribution towards the funding shortfalls is commonly known as the Unfunded Actuarial Accrued Liability (UAAL) contribution.

## Contribution Rates

(1) **Contribution rates** determined as of the valuation date will become effective a year later. For example, contribution rates determined as of June 30, 2024, will become effective on July 1, 2025.

(2) Statutory Contribution Rates reflect changes in member rates negotiated subsequent to the 2015 and the 2016 valuations.

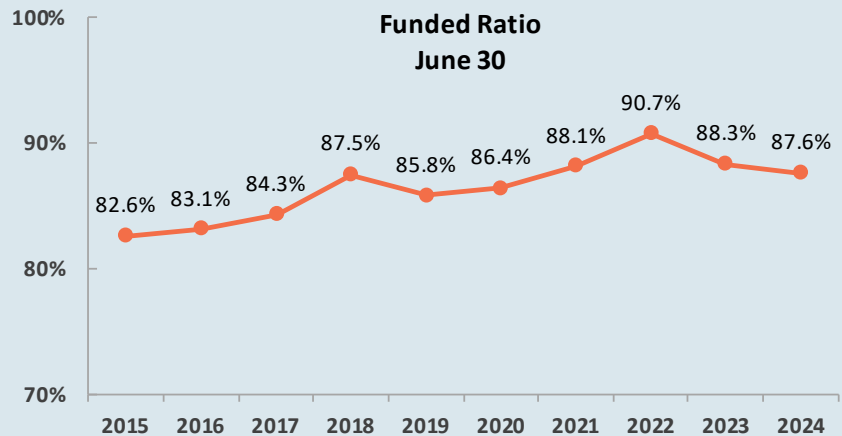
(3) The decrease in employer contribution rate is primarily due to the full amortization of the unfunded actuarial accrued liability layer established as of June 30, 2008.



## Funded Ratio

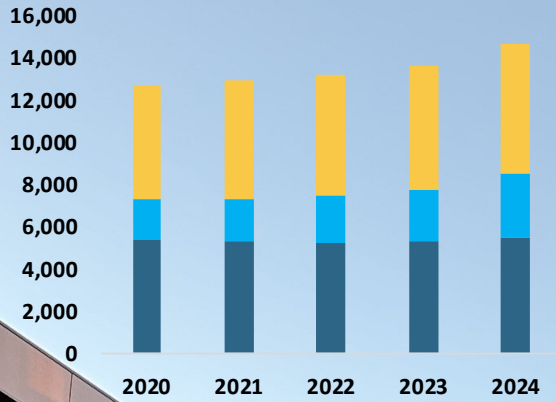
- **The Retirement Fund was 87.6% funded as of June 30, 2024**, posting a slight decrease of 0.7% from 88.3% a year ago. The decrease in funded ratio was due mostly to demographic changes and the recognition of prior year investment losses (which were partially offset by this year's investment gains).
- As of June 30, 2024, the actuarial accrued asset and actuarial accrued liability of the Retirement Fund amounted to \$6.5 billion and \$7.4 billion, respectively. Their difference of \$919 million represented the unfunded actuarial accrued liability that will be fully funded through employer contributions in years to come.

The **funded ratio** reflects a pension fund's current financial position, expressing the ratio between available assets and liabilities. It shows whether the pension fund holds enough reserves to pay out pension benefits to its current and future members. The funding ratio is expressed as a percentage.



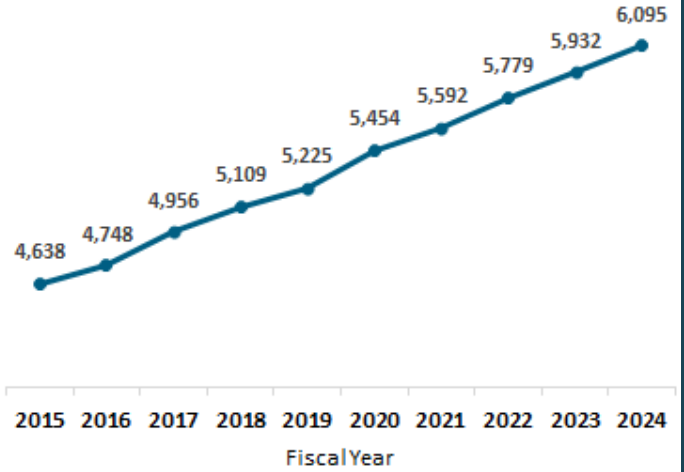
# Member Data

## Membership

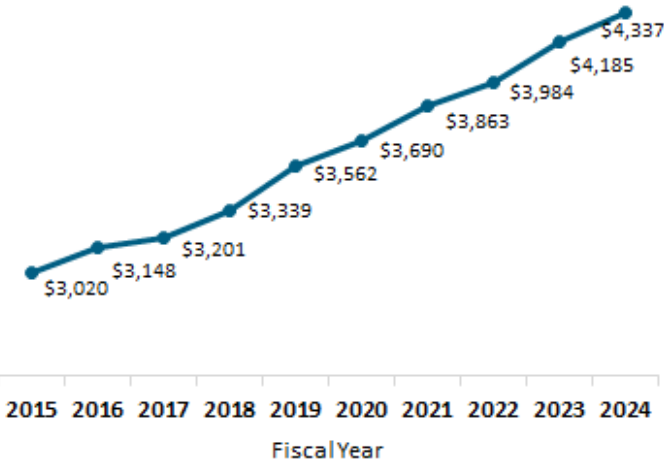


	2020	2021	2022	2023	2024
Retirees and Beneficiaries	5,454	5,592	5,779	5,932	6,095
Inactive	1,882	1,986	2,224	2,424	3,042
Active	5,400	5,356	5,249	5,334	5,528

## Number of Retirees and Beneficiaries Receiving Benefits June 30



## Average Monthly Benefit to Retirees and Beneficiaries Fiscal Years Ended June 30



“Often when you think you’re at the end of something, you’re at the beginning of something else.” - Fred Rogers

# SamCERA's Album

## Yesterday



## Today



## Tomorrow

“Yesterday is history.  
Tomorrow’s a mystery.”  
- Justin Timberlake

“The future starts today,  
not tomorrow.”  
- Pope John Paul II

“Be better today than you  
were yesterday, and be  
better tomorrow than  
you are today.”  
- Lorenzo Snow



For the 21st 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, 2023.



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

**San Mateo County Employees' Retirement Association  
California**

For its Annual Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Merrill*

Executive Directors/CEO



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Redwood City, CA 94065  
[www.samcera.org](http://www.samcera.org)

