

CITY OF SAN JOSÉ

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

PENSION TRUST &
POSTEMPLOYMENT
HEALTHCARE TRUST
FUNDS OF THE CITY
OF SAN JOSÉ,
CALIFORNIA



POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



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Government Finance Officers Association of the United States and Canada (GFOA) has given an award for Outstanding Achievement in Popular Annual Financial Reporting to the Plan for its Popular Annual Financial Report for the fiscal year ended June 30, 2020. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The Plan has received this award for the fifth year for the fiscal year ended June 30, 2020. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

**City of San Jose Police & Fire Department Retirement Plan
California**

For its Annual Financial Report
for the Fiscal Year Ended
2020

Christopher P. Morrill
Executive Director/CEO

<https://www.sjretirement.com/>

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BOARD OF ADMINISTRATION



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Chair



Andrew Gardainer
Vice Chair



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Trustee



Nick Muyo
Trustee



Howard Lee
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Richard Santos
Trustee



Eswar Menon
Trustee



Sunita Ganapati
Trustee



Vacant
Trustee



Pam Foley
City Council Liaison



Roberto Peña,
Director

**Chief Executive
Officer**

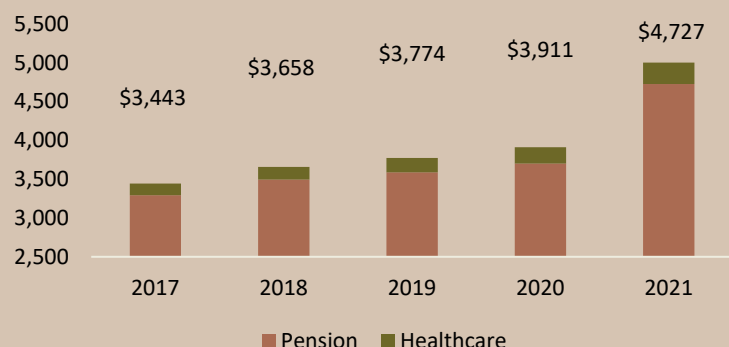
The Police and Fire Department Retirement Plan (Plan) is pleased to present the Popular Annual Financial Report (PAFR) which summarizes the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. The financial data presented in the PAFR is derived from the ACFR and is consistent with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP). The PAFR provides a concise summary of the Plan's financial position, investment performance and key accomplishments throughout the fiscal year. The Plan consists of a single employer Defined Benefit Pension Plan and a Postemployment Healthcare Plan.

This report is not intended to replace the ACFR, which provides a more complete overview of the Plan's financial position and operating results. For more in-depth information, we encourage you to read the Annual Report by visiting:

<https://www.sjretirement.com/investments-and-reports/investments-and-reports-police-and-fire/financial/>

FINANCIAL RESULTS

Total Net Position In Millions



Net Position

This amount represents the total assets available for benefit payments for current and future retirees



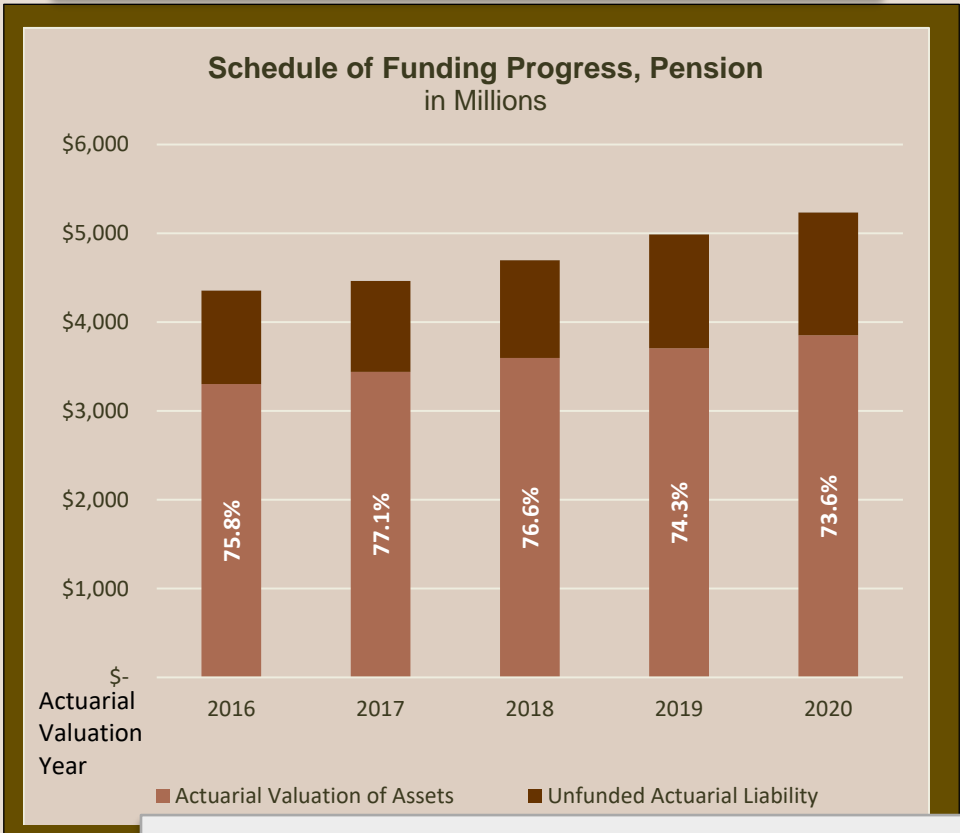
In Thousands As of June 30,	Net Position for the Defined Benefit Plan			Net Position for the Postemployment Healthcare Plans		
	2021	2020	2019	2021	2020	2019
Receivables	83,889	127,537	46,864	7,015	9,450	4,775
Investments at fair value	4,668,833	3,587,886	3,544,827	271,009	201,764	182,307
Other assets, net	3,871	3,494	3,031	54	51	46
Total Assets	\$ 4,756,593	\$ 3,718,917	\$ 3,594,722	\$ 278,078	\$ 211,265	\$ 187,128
Current liabilities	29,954	16,897	6,300	1,764	2,733	1,171
Total Liabilities	\$ 29,954	\$ 16,897	\$ 6,300	\$ 1,764	\$ 2,733	\$ 1,171
Plan Net Position	\$ 4,726,639	\$ 3,702,020	\$ 3,588,422	\$ 276,314	\$ 208,532	\$ 185,957

In Thousands For the Period Ended June 30,	Changes in Plan Net Position for the Defined Benefit Plan			Changes in Plan Net Position for the Postemployment Healthcare Plans		
	2021	2020	2019	2021	2020	2019
Employee contributions	29,033	27,645	24,811	12,475	13,135	13,315
Employer contributions	201,370	188,481	176,618	28,397	27,350	28,744
Net investment income	1,044,290	134,085	114,179	52,994	7,243	7,907
Total Additions	\$ 1,274,693	\$ 350,211	\$ 315,608	\$ 93,866	\$ 47,728	\$ 49,966
Retirement benefits	228,491	216,206	204,652			
Death benefits	15,152	14,238	13,162			
Refund of contributions	667	564	194			
Administrative expenses	5,764	5,605	5,369	110	122	126
Healthcare insurance premiums				25,974	25,031	26,403
Total Deductions	\$ 250,074	\$ 236,613	\$ 223,377	\$ 26,084	\$ 25,153	\$ 26,529
Net Increase in Plan Net Position	1,024,619	113,598	92,231	67,782	22,575	23,437
Beginning Net Position	\$ 3,702,020	\$ 3,588,422	\$ 3,496,191	\$ 208,532	\$ 185,957	\$ 162,520
Ending Net Position	\$ 4,726,639	\$ 3,702,020	\$ 3,588,422	\$ 276,314	\$ 208,532	\$ 185,957

Membership As of June 30, 2021							Membership As of June 30, 2020						
Police							Police						
Retirees		Deferred		Active		Total	Retirees		Deferred		Active		Total
Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2		Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	
1,540		185	105	554	527	2,911	1,484		192	98	620	427	2,821
Fire							Fire						
Retirees		Deferred		Active		Total	Retirees		Deferred		Active		Total
Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2		Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	
903		36	6	499	158	1,602	896		38	7	524	138	1,603

Years of Credited Service	Average Monthly Final Average Salary	Average Monthly Benefit
0 - 5	\$ 6,306	\$ -
6 - 10	\$ 6,157	\$ 2,308
11 - 15	\$ 7,619	\$ 1,909
16 - 20	\$ 9,229	\$ 3,822
21 - 25	\$ 9,876	\$ 5,758
26 - 30	\$ 9,979	\$ 8,422
31+	\$ 9,054	\$ 9,522

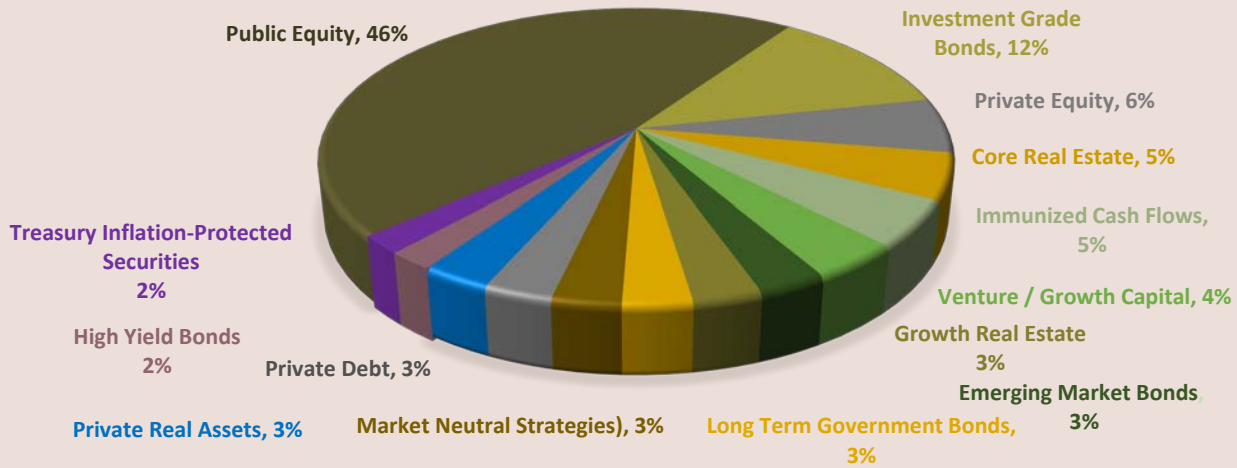
The Average Benefit Payment chart is a broad representation of average benefits paid to retirees and survivors. All tiers are combined in the calculation. The chart includes all members who have retired through June 30, 2021.



The Funding progress ratio is the ratio of the actuarial value of assets available to pay retirement benefits divided by the present value of anticipated future retirement benefit payments. The ratio of funding progress is not yet finalized for the actuarial valuation year 2021

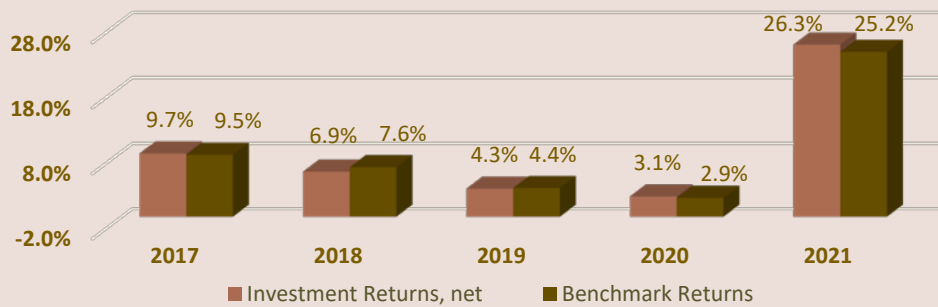
PENSION - TARGET ASSET ALLOCATION

AS OF JUNE 30, 2021



The Assets are structured to provide growth from capital gains and income, while maintaining sufficient liquidity to meet beneficiary payments.

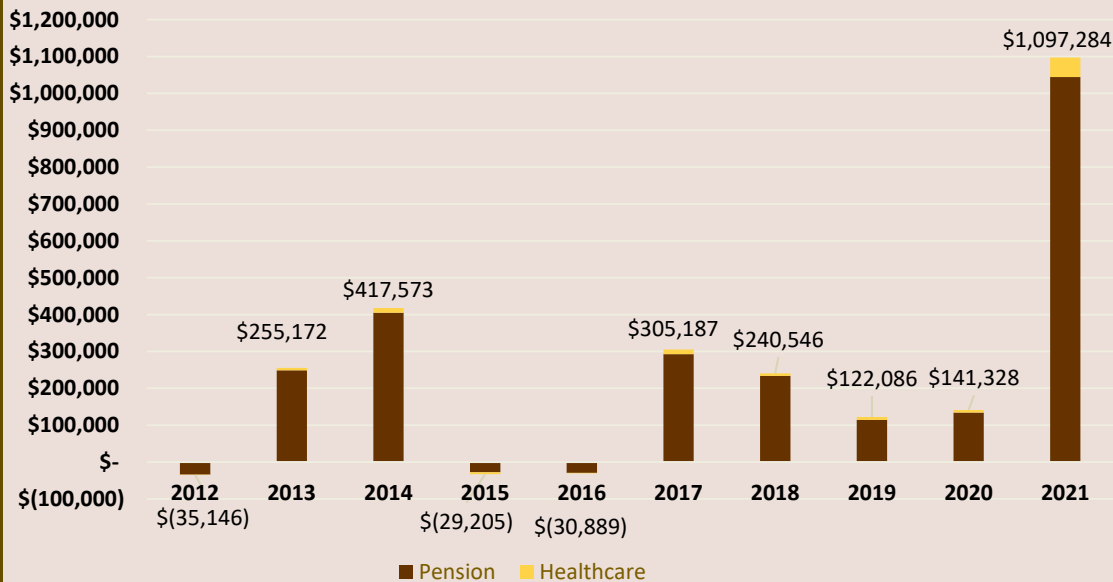
Investment Returns Compared to Benchmark



BENCHMARK INDICES

- Growth:**
 - Public Equity Benchmark
 - San José Custom Private Equity Benchmark
 - S&P Global Leveraged Loan + 2%
 - NCREIF ODCE Equal-Weighted
 - BBgBarc US Corporate High Yield TR
 - 50% JPM EMBI GD/50% JPM GBI-EM

Investment Income, Net In Thousands



- Low Beta:**
 - Immunized Cash Flow Benchmark
 - Market Neutral Strategies
 - ICE BofA 91 Days T-Bills TR

- Other:**
 - Core Real Estate Benchmark
 - BBgBarc US Treasury TIPS 0-5 YR TR
 - Custom IG Bonds Benchmark
 - Long-Term Government Bonds Benchmark

GROWTH OF \$10,000 IN THE LONG-TERM

These are graphic trends to show how much an initial investment of \$10,000 would be worth in the Retirement Plan's pension portfolio after 10, 20, and 30 years.

