

# CITY OF SAN JOSÉ

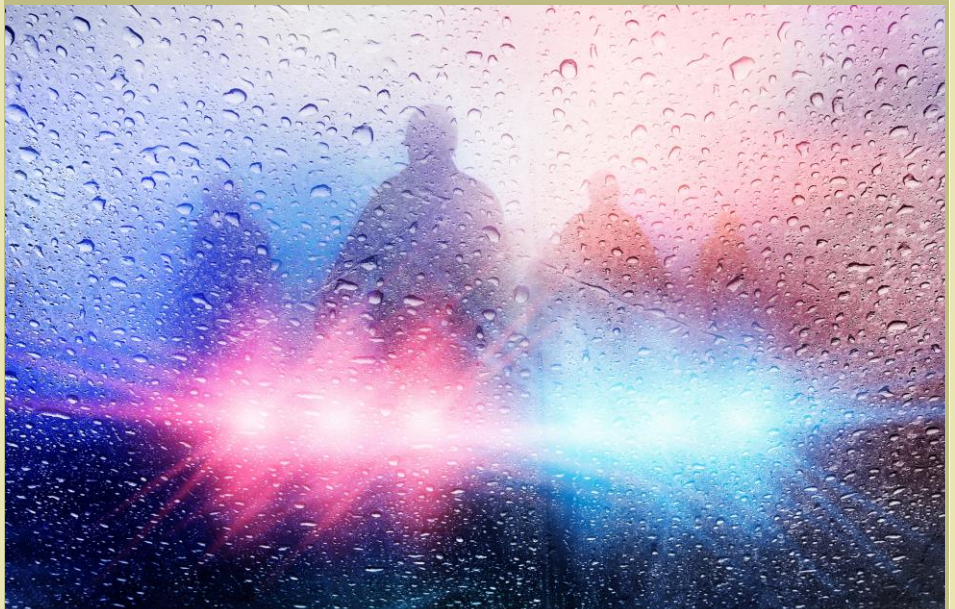
## POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

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



## POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



# TABLE OF CONTENTS

3 The Board

4 Financial Results

5 Membership & Funding

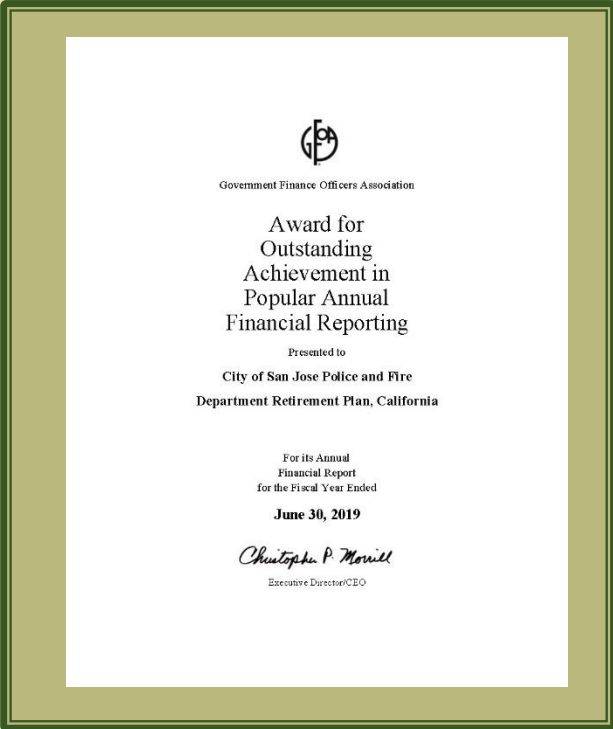
6 Investments

7 Growth of \$10,000



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 Reporting for the fiscal year ended June 30, 2019. The Award for Outstanding Achievement in Popular Annual Financial Reports 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 Reporting, 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 a Popular Award for the fourth year for the fiscal year ended June 30, 2019. 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.



<https://www.sjretirement.com/>  
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Office of Retirement Services  
1737 North First Street, Suite 600  
San José, CA 95112-4505  
Phone: 408 794-1000 or 800-732-6477  
Fax: 408 392-6732

## THE BOARD



Andrew Gardanier  
Chair



Andrew Lanza  
Vice Chair



Vincent Sunzeri  
Trustee



Nick Muyo  
Trustee



Franco Vado  
Trustee



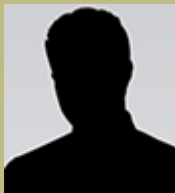
Richard Santos  
Trustee



Eswar Menon  
Trustee



Howard Lee  
Trustee



Vacant  
Trustee



Pam Foley  
City Council Liaison



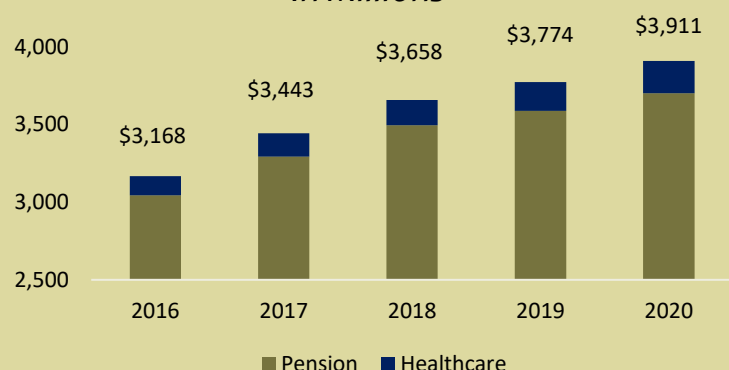
**Roberto Peña,**  
**Director**  
**Chief Executive**  
**Officer**

The Police and Fire Department Retirement Plan (Plan) is pleased to present the Popular Annual Financial Report (PAFR) which summarizes the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. The financial data presented in the PAFR is derived from the CAFR 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 CAFR, 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 CAFR by visiting [www.sjretirement.com](http://www.sjretirement.com) and clicking on the Reports tab.

# FINANCIAL RESULTS

## Total Net Position In Millions



## Net Position

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



<i>In Thousands</i> As of June 30,	Net Position for the Defined Benefit Plan		Net Position for the Postemployment Healthcare Plans	
	2020	2019	2020	2019
Receivables	127,537	46,864	9,450	4,775
Investments at fair value	3,587,886	3,544,827	201,764	182,307
Capital assets, net	3,494	3,031	51	46
<b>Total Assets</b>	<b>\$ 3,718,917</b>	<b>\$ 3,594,722</b>	<b>\$ 211,265</b>	<b>\$ 187,128</b>
Current liabilities	16,897	6,300	2,733	1,171
<b>Total Liabilities</b>	<b>\$ 16,897</b>	<b>\$ 6,300</b>	<b>\$ 2,733</b>	<b>\$ 1,171</b>
<b>Plan Net Position</b>	<b>\$ 3,702,020</b>	<b>\$ 3,588,422</b>	<b>\$ 208,532</b>	<b>\$ 185,957</b>

<i>In Thousands</i> 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	
	2020	2019	2020	2019
Employee contributions	27,645	24,811	13,135	13,315
Employer contributions	188,481	176,618	27,350	28,744
Net investment income	134,085	114,179	7,243	7,907
<b>Total Additions</b>	<b>350,211</b>	<b>315,608</b>	<b>47,728</b>	<b>49,966</b>
Retirement benefits	216,206	204,652		
Death benefits	14,238	13,162		
Refund of contributions	564	194		
Administrative expenses	5,605	5,369	122	126
Healthcare insurance premiums			25,031	26,403
<b>Total Deductions</b>	<b>236,613</b>	<b>223,377</b>	<b>25,153</b>	<b>26,529</b>
Net Increase in Plan Net Position	113,598	92,231	22,575	23,437
<b>Beginning Net Position</b>	<b>\$ 3,588,422</b>	<b>\$ 3,496,191</b>	<b>\$ 185,957</b>	<b>\$ 162,520</b>
<b>Ending Net Position</b>	<b>\$ 3,702,020</b>	<b>\$ 3,588,422</b>	<b>\$ 208,532</b>	<b>\$ 185,957</b>

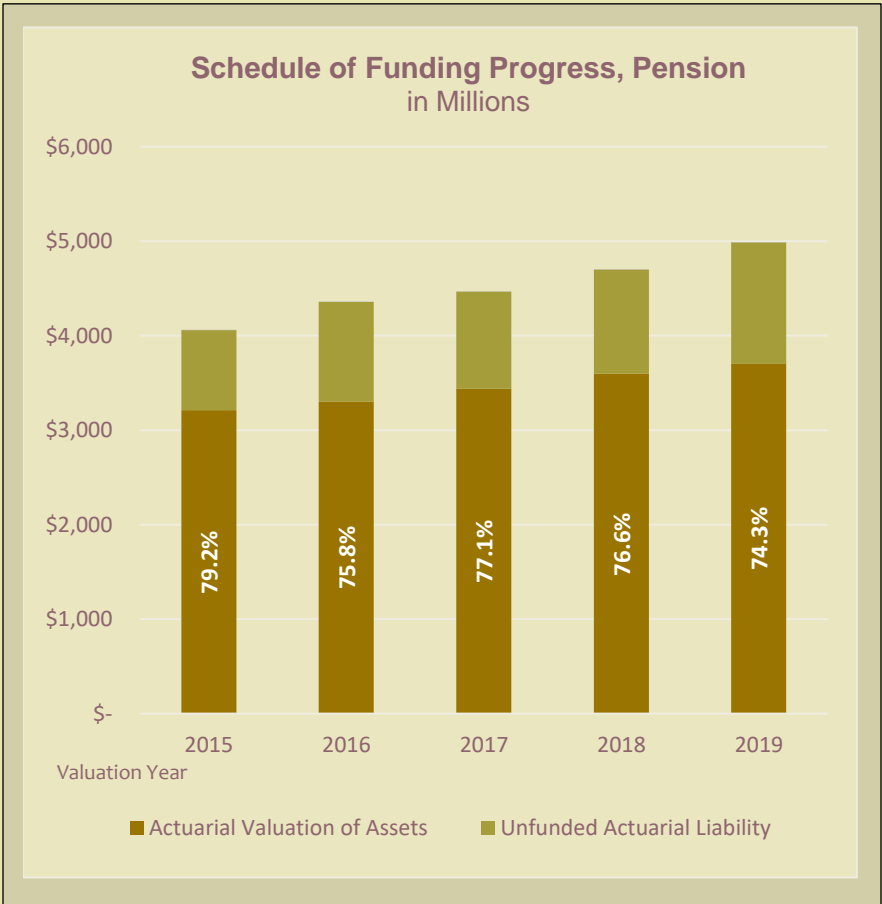
Membership As of June 30, 2020							Membership As of June 30, 2019						
Police							Police						
Retirees		Deferred		Active		Total	Retirees		Deferred		Active		Total
Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2		Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	
1,484		192	98	620	427	2,821	1,432		214	74	671	367	2,758
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	
896		38	7	524	138	1,603	886		40	5	541	121	1,593

Years of Credited Service	Average Monthly Final Average Salary	Average Monthly Benefit
0 - 5	\$ 7,827	\$ 2,208
6 - 10	\$ 5,869	\$ 3,882
11 - 15	\$ 7,518	\$ 4,756
16 - 20	\$ 9,124	\$ 6,112
21 - 25	\$ 9,753	\$ 8,451
26 - 30	\$ 9,619	\$ 10,839
31+	\$ 8,696	\$ 11,762

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, 2020.

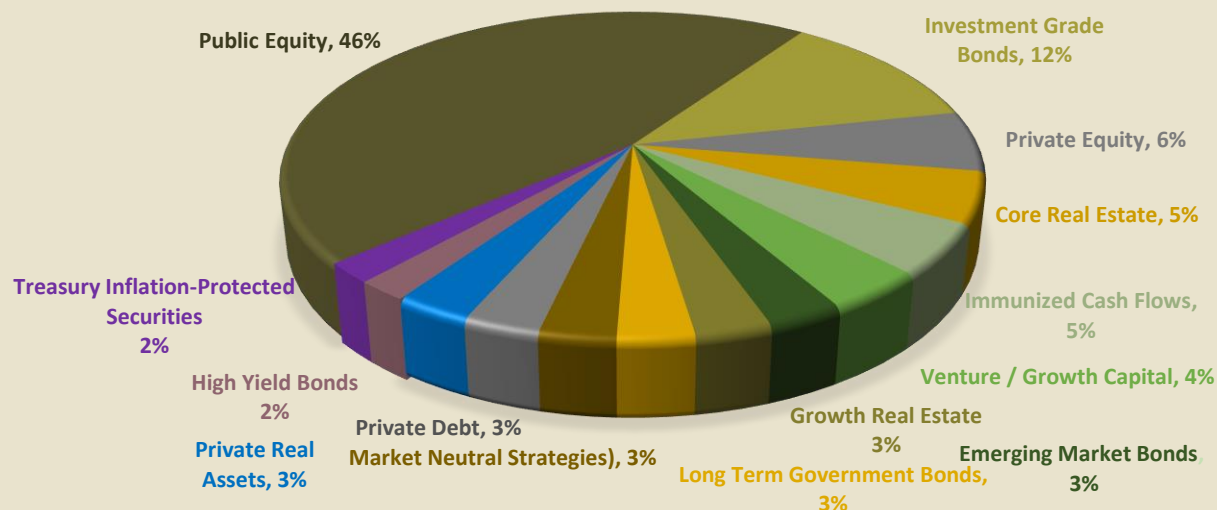


The Funding progress ratio is the ratio of the actuarial value of assets available to pay retirement benefits divided by the present value of anticipated future retirement benefit payments.



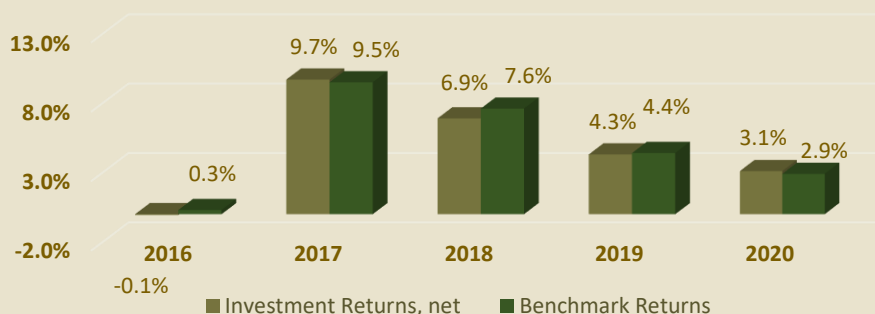
# PENSION - ASSET ALLOCATION

AS OF JUNE 30, 2020



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

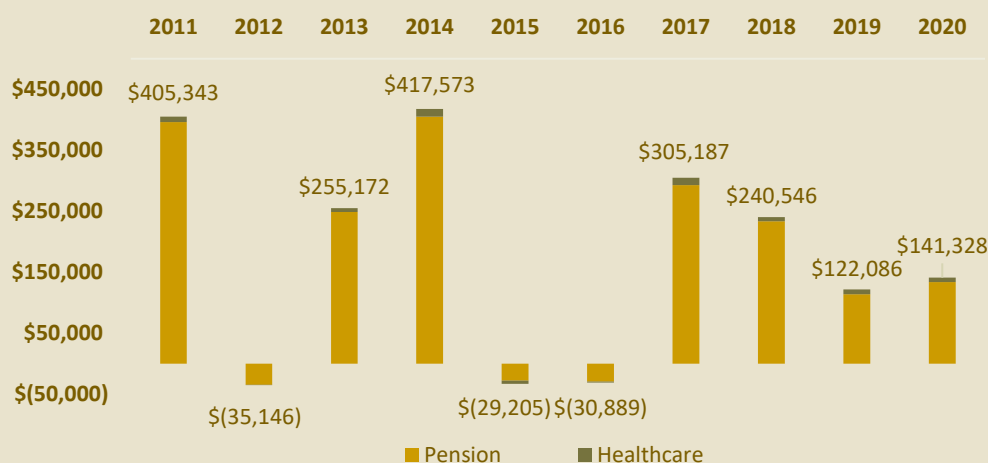


### BENCHMARK INDICES

#### Growth:

- Custom Public Equity Benchmark
- MSCI ACWI IMI
- MCSI USA IMI NR USD
- MSCI World ex USA IMI NR USD
- MSCI Emerging Market IMI net
- Private Markets 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
- HFRI Macro (Total) Index
- HFRI Relative Value (Total) Index
- ICE BofA 91 Days T-Bills TR

#### Other:

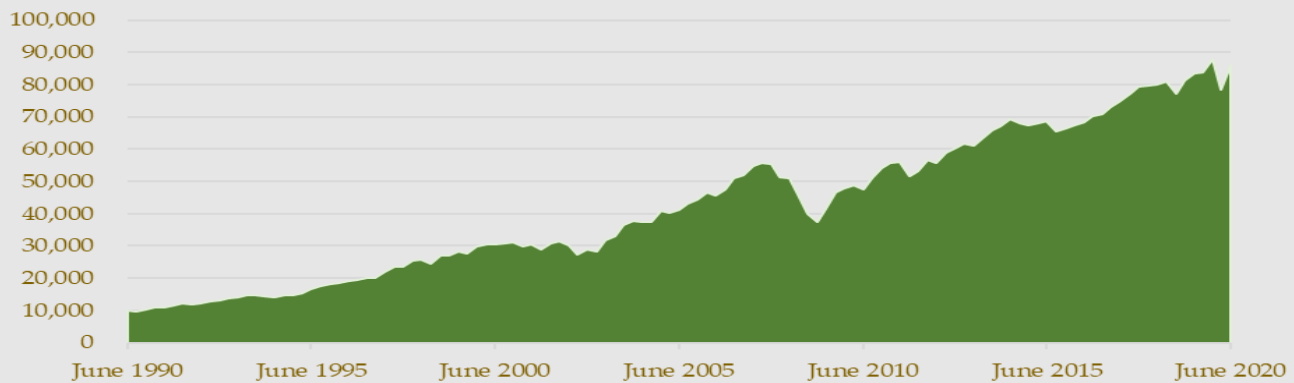
- NCREIF ODCE Equal Weighted (Net)
- NCREIF ODCE Value-Weighted
- BBgBarc US Treasury TIPS 0-5 TR
- Custom IG Bonds Benchmark
- Long Term Government Bonds Benchmark



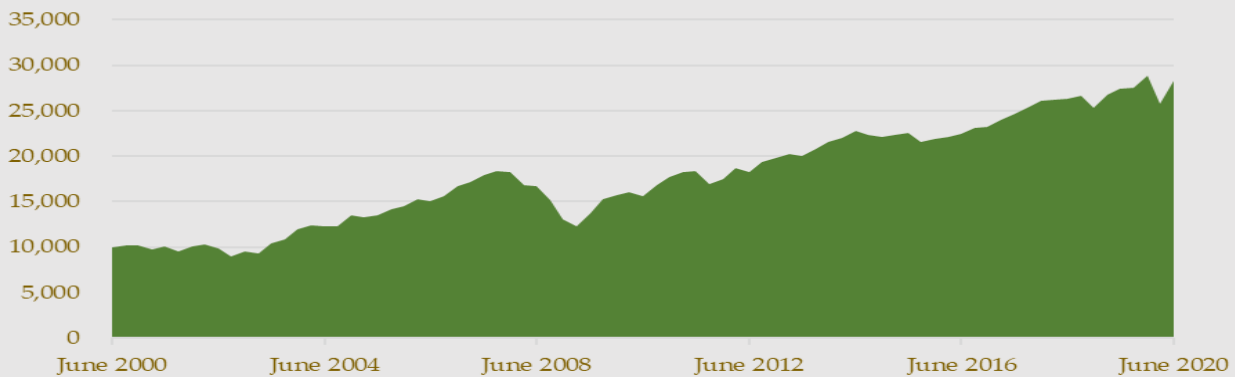
## GROWTH OF \$10,000 IN THE LONG-TERM

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.

### Growth of \$10,000, 30 Years



### Growth of \$10,000, 20 Years



### Growth of \$10,000, 10 Years

