

CITY OF SAN JOSÉ

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

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**

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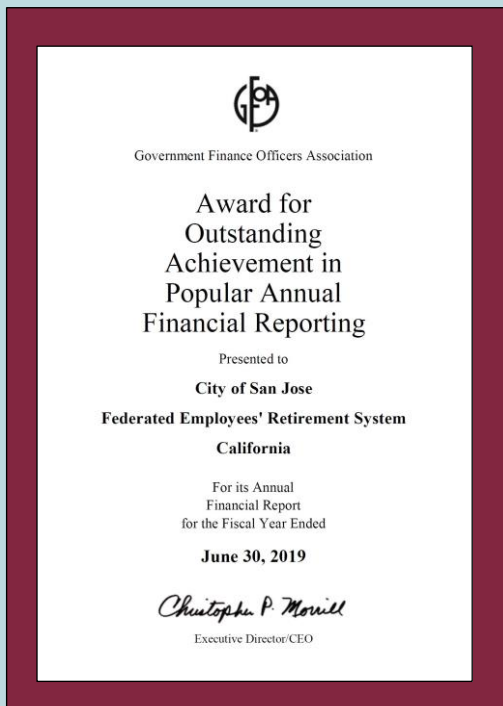
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Government Finance Officers Association of the United States and Canada (GFOA) has given an award for Outstanding Achievement in Popular Annual Financial Reporting to the System for its Popular Annual Financial Reporting for the fiscal year ended June 30, 2019. 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 Report, 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 System 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/>
City of San José

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Fax: 408-392-6732

BOARD OF ADMINISTRATION



Jay Castellano
Chair



Anurag Chandra
Vice Chair



Spencer Horowitz
Trustee



Qianyu Sun
Trustee



Mark Keleher
Trustee



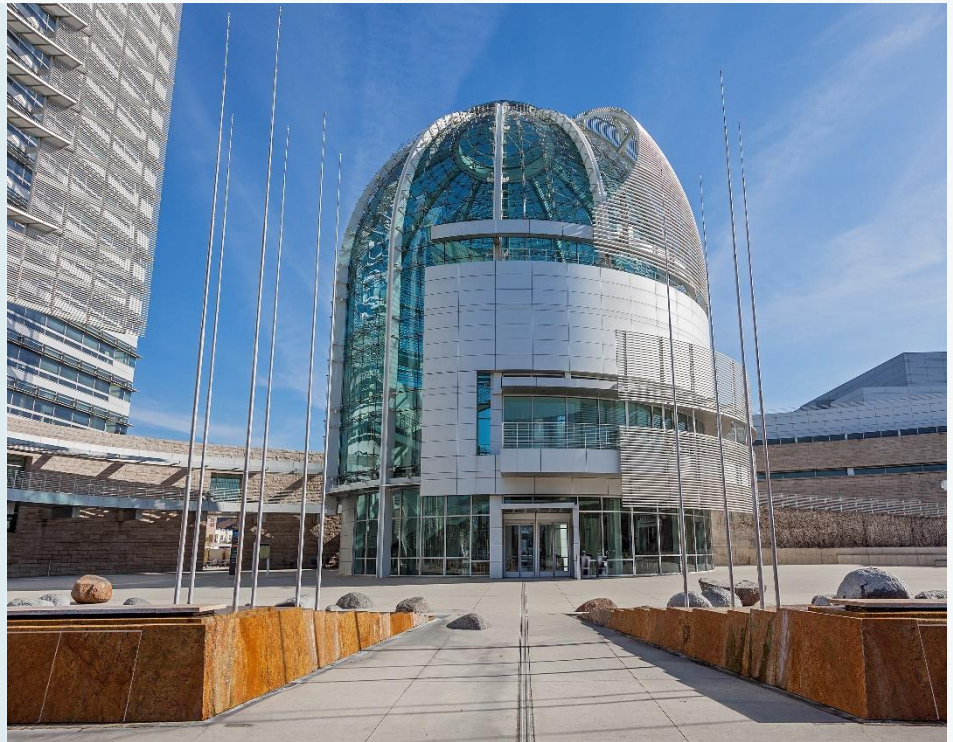
Elaine Orr
Trustee



Julie Jennings
Trustee



Devora "Dev" Davis
City Council Liaison



The Federated City Employees' Retirement System (System) 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 System's financial position, investment performance and key accomplishments throughout the fiscal year. The System 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 System's financial position and operating results. For more in-depth information, we encourage you to read the CAFR by visiting www.sjretirement.com and clicking on the Reports tab.

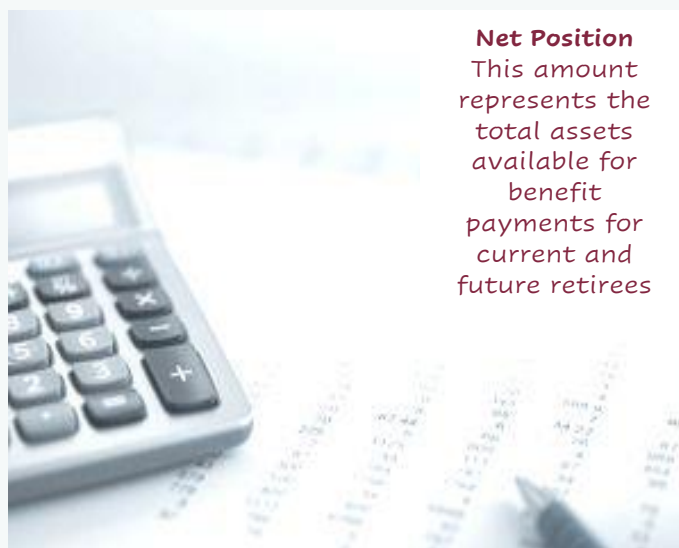
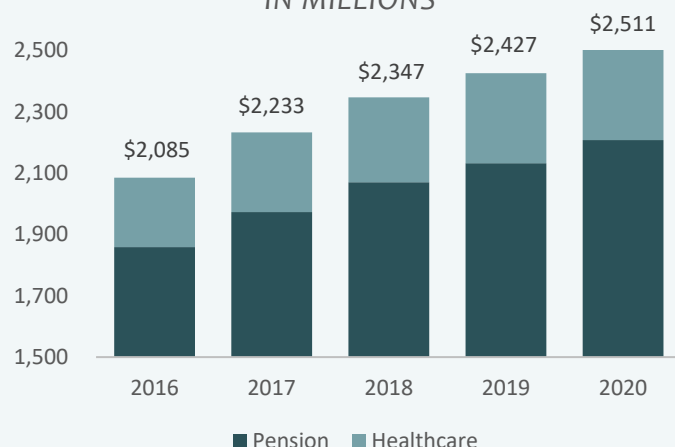


**Roberto Peña,
Director**

**Chief Executive
Officer**

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	72,657	17,753	11,476	4,109
Investments at fair value	2,150,627	2,115,800	299,491	290,963
Capital assets, net	3,348	2,937	197	55
Total Assets	\$ 2,226,632	\$ 2,136,490	\$ 311,164	\$ 295,127
Current liabilities	18,615	4,338	7,854	639
Total Liabilities	\$ 18,615	\$ 4,338	\$ 7,854	\$ 639
Plan Net Position	\$ 2,208,017	\$ 2,132,152	\$ 303,310	\$ 294,488

<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	25,082	22,606	10,692	10,578
Employer contributions	181,327	173,006	26,533	26,410
Net investment income	90,909	76,855	3,075	9,472
Total Additions	297,318	272,467	40,300	46,460
Retirement benefits	201,474	190,228		
Death benefits	14,389	13,719		
Refund of contributions	865	1,119		
Administrative expenses	4,725	4,582	686	384
Healthcare insurance premiums			30,779	28,826
VEBA transfer			13	19
Total Deductions	221,453	209,648	31,478	29,229
Net Increase in Plan Net Position	75,865	62,819	8,822	17,231
Beginning Net Position	\$ 2,132,152	\$ 2,069,333	\$ 294,488	\$ 277,257
Ending Net Position	\$ 2,208,017	\$ 2,132,152	\$ 303,310	\$ 294,488

Membership

As of June 30, 2020

Membership

As of June 30, 2019

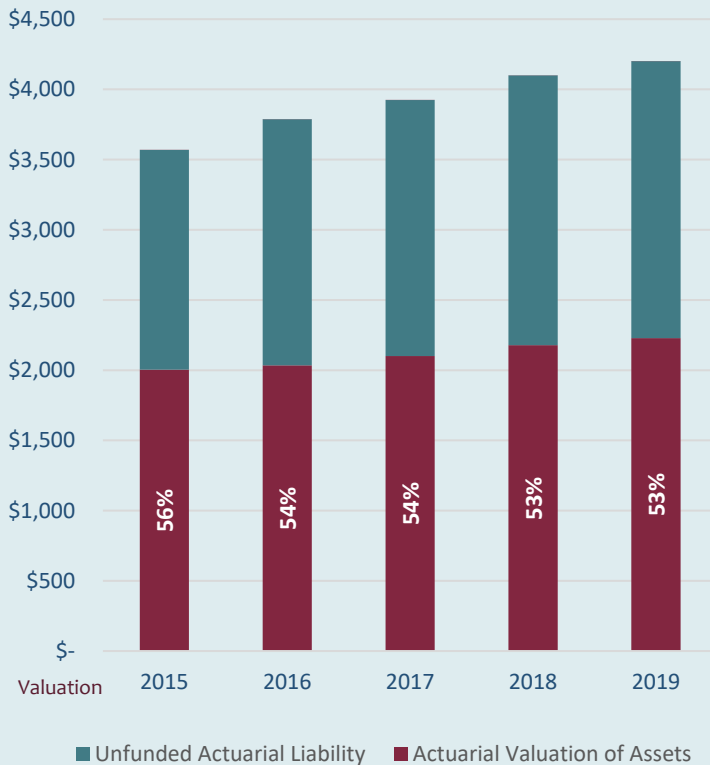
Retirees		Deferred		Active		Total	Retirees		Deferred		Active		Total
Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2		Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	
4,428	13	979	635	1,527	2,215	9,797	4,351	8	1,005	530	1,669	1,948	9,511

Years of Credited Service	Average Monthly Final Average Salary	Average Monthly Benefit
0 - 5	\$ 7,171	\$ 1,071
6 - 10	\$ 6,149	\$ 1,748
11 - 15	\$ 6,182	\$ 2,822
16 - 20	\$ 6,296	\$ 3,869
21 - 25	\$ 6,785	\$ 5,309
26 - 30	\$ 6,680	\$ 6,507
31+	\$ 6,604	\$ 7,231

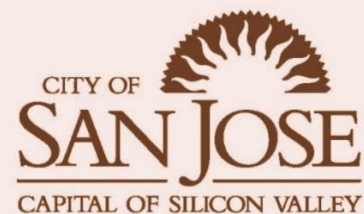
The Average Benefit Payment chart is a broad representation of average benefits paid to retirees and survivors. All tiers are combined in the calculation. The chart includes all members who have retired through June 30, 2020.



Schedule of Funding Progress, Pension
in Millions

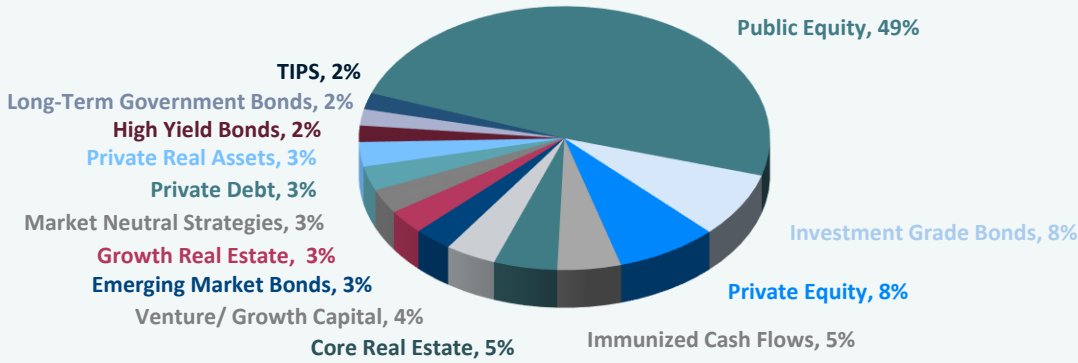


The Funding progress ratio is the ratio of the actuarial value of assets available to pay retirement benefits divided by the present value of anticipated future retirement benefit payments.



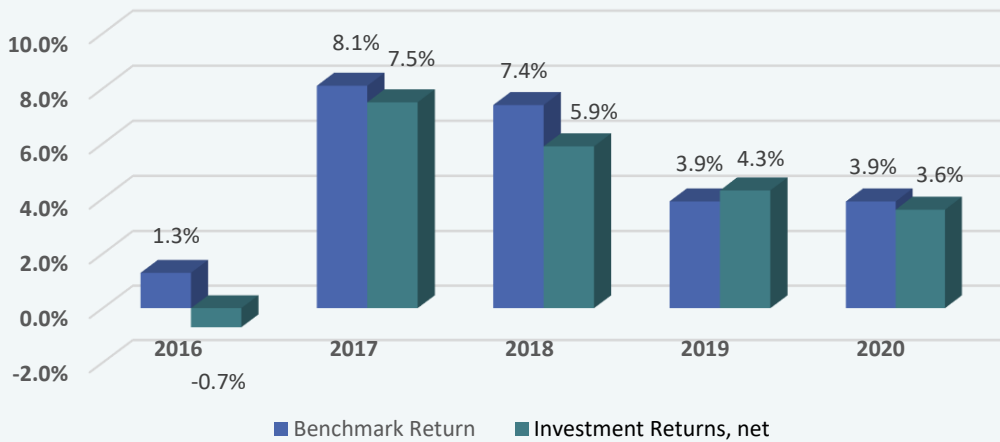
PENSION - ASSET ALLOCATION

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
- Private Markets Benchmark
- S&P Global Leveraged Loan Index +2%
- NCREIF Property Index
- 50% JPM EMBI GD/ 50% JPM GBI-EM
- BBgBarc US Corporate High Yield TR

Low Beta:

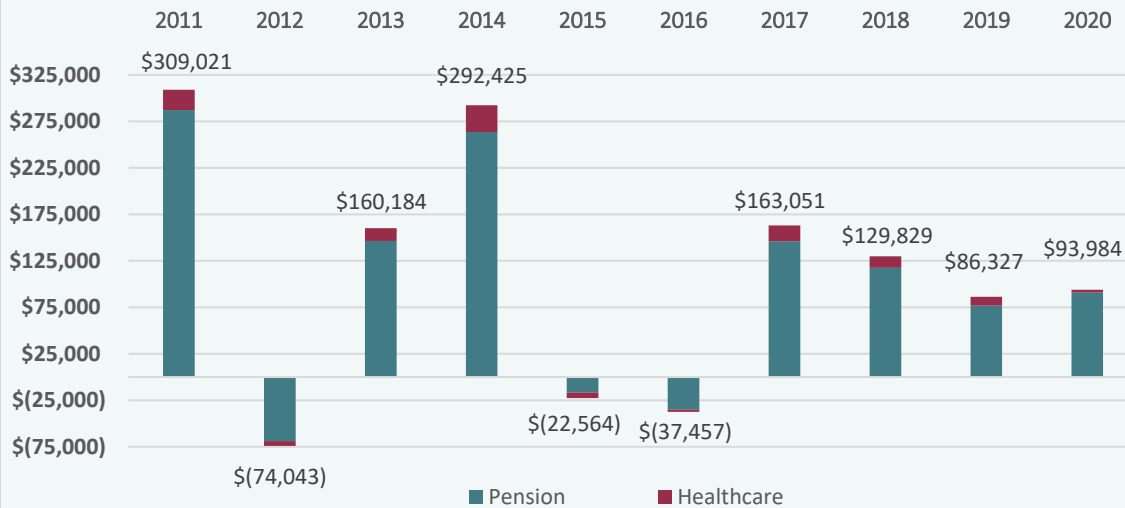
- Low Beta Benchmark
- ICE BofA 91 Days T-Bills TR

Other:

- BBgBarc US TIPS 0-5 Years
- NCREIF ODCE Equal Weighted (Net)
- BBgBarc US Govt Long TR

Investment Income, Net

in Thousands

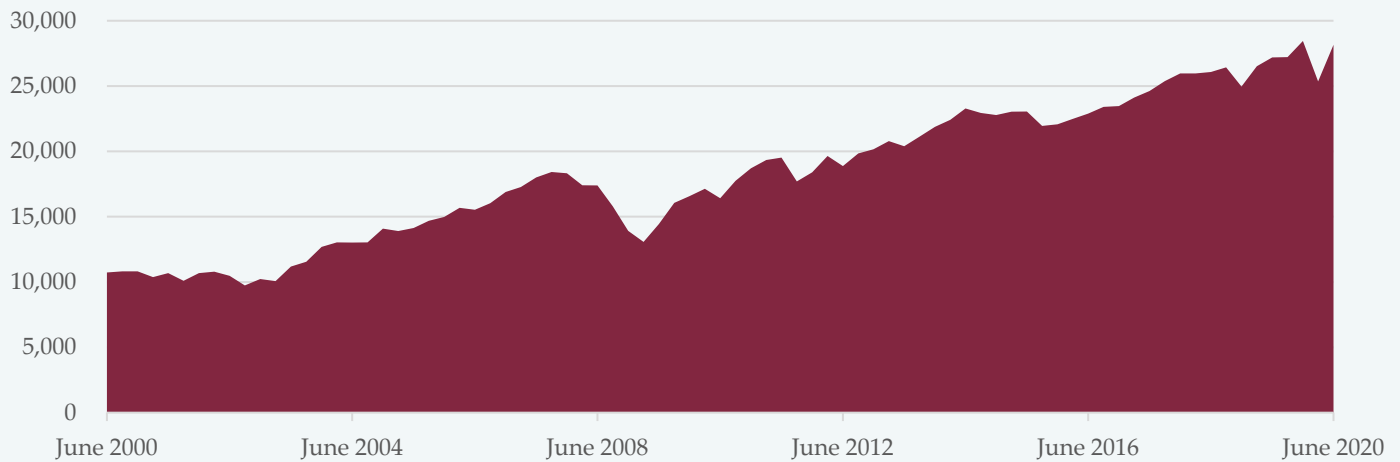




Growth of \$10,000 in the Long-term

These are graphic trends to show how much an initial investment of \$10,000 would be worth in the Retirement System's pension portfolio after 10 and 20 years. There is not enough data available to show 30 years.

Growth of \$10,000, 20 Years



Growth of \$10,000, 10 Years

