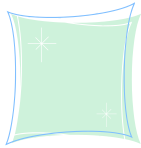




SCERA Benefits Overview

Trustee Gonce
Orientation



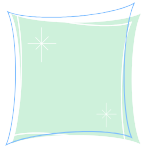
Basic Structure



- Sonoma County Board of Supervisors
 - Plan sponsor
 - Sets the benefit

- SCERA Board
 - Governs the plan
 - Invests trust assets

- SCERA staff
 - Manages day to day operations



The Retirement Board

Appointed

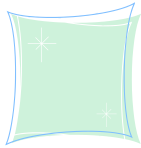
- 4 members appointed by the Board of Supervisors – qualified county electors not associated with county government
- One is a County Supervisor

Elected

- 4 members plus 1 alternate elected
- Two by Active members
- One by Safety members
- Two by Retired members (One is an alternate)

Ex-Officio

- The County Treasurer sits Ex-officio by virtue of his county office



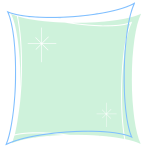
The Legal Context

California Constitution, Article 16, section 17 (Proposition 162, 1992).

The retirement board of a public pension or retirement system shall have the sole and exclusive fiduciary **responsibility over the assets** of the public pension or retirement system. The retirement board shall also have sole and exclusive **responsibility to administer the system** in a manner that will assure prompt **delivery of benefits and related services** to the participants and their beneficiaries. The assets of a public pension or retirement system are trust funds and shall be held for the **exclusive purposes of providing benefits** to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

* * *

A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.



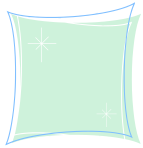
The Legal Context (con't.)

- County Employees Retirement Law of 1937 (CERL, aka The '37 Act), California Government Code §31450, et seq.;
- California Public Employees' Pension Reform Act of 2013 (CalPEPRA), California Government Code §7522, et seq.

These statutes effectively comprise the Plan.

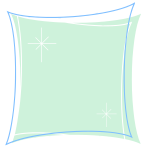
Some Plan terms are effectuated through MOU provisions.

Others are set by statutory language.



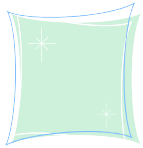
The Legal Context (con't.)

- Internal Revenue Code, §401(a).
 - SCERA is a tax deferred, §401(a) qualified governmental retirement system
 - SCERA has received a Determination Letter from the IRS confirming its status as a qualified plan
 - SCERA is not subject to ERISA



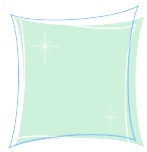
The Legal Context (con't.)

- Internal Revenue Code, §401(a)(17) and §415(b).
 - SCERA benefits are impacted by the Internal Revenue Code in a number of ways including:
 - §401(a)(17) which limits the annual compensation SCERA can use to calculate a retirement benefit (2024 limit is \$350,000)
 - §415(b) which limits the annual retirement benefits SCERA can pay to a member (2024 limit is \$280,000)

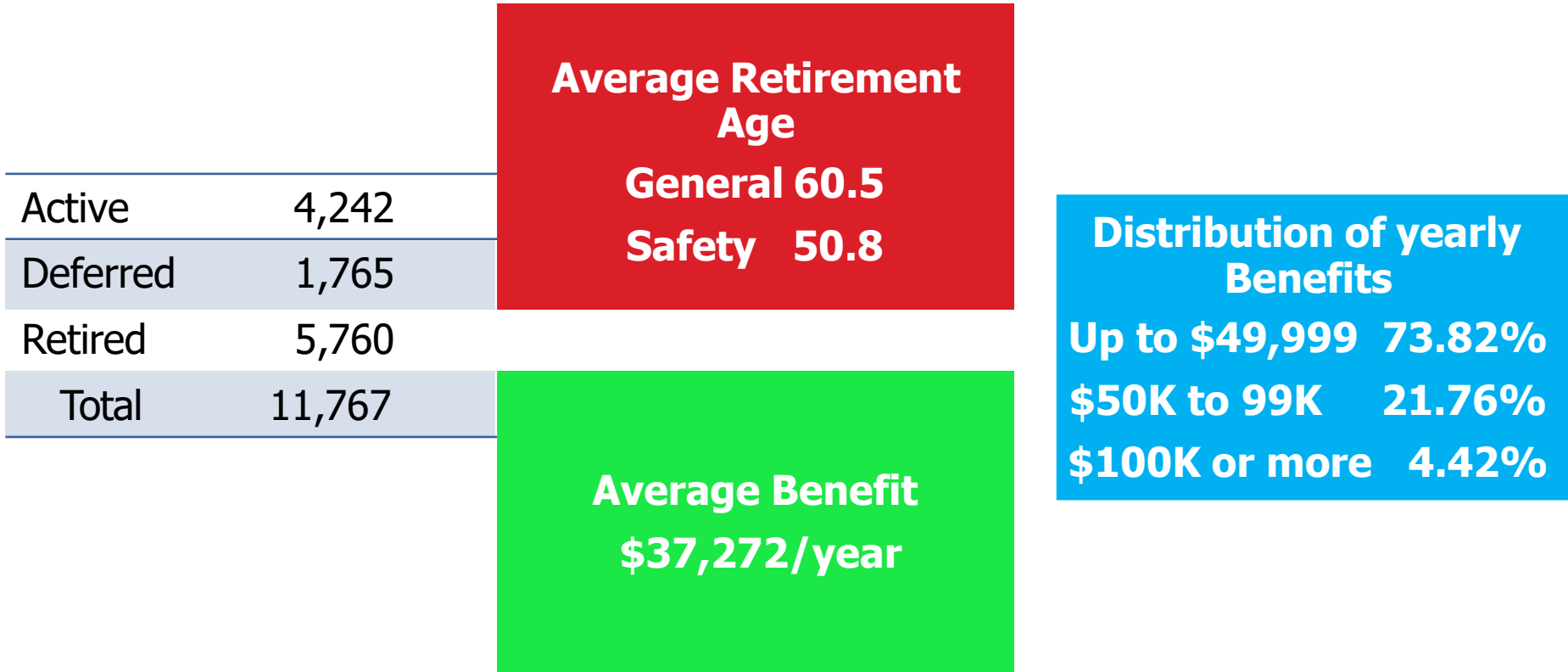


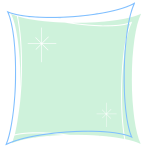
SCERA Plan Sponsors

- Sonoma County (4,242 active members)
 - General and Safety Members – Law Enforcement
- Superior Court of Sonoma County (166 active members)
 - General Members
- Sonoma Valley Fire District (65 active members)
 - General and Safety Members – Fire Suppression



Membership Characteristics





Benefit Tiers

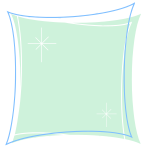
- As of 1-1-13 there are two benefit tiers in SCERA, Plan **A** and Plan **B**

Plan A (Legacy Plan)

- Entered SCERA before January 1, 2013
- Entered SCERA on or after January 1, 2013 and are eligible for reciprocity with prior system.
 - Entered reciprocal system prior to January 1, 2013

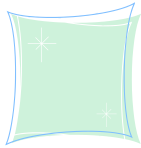
Plan B (PEPRA Plan)

- Entered SCERA on or after January 1, 2013 and
 - not eligible for reciprocity, or
 - entered reciprocal system after January 1, 2013.



Reciprocity

- Service in another California public retirement system
 - No more than 6 months between retirement systems
 - No overlapping time
- Systems are “joined together”
- Each system pays a benefit based on service in that system



Contributions

Plan A - Member

- % of salary based on age of member at entry
- Current average rates
 - General: 9.79%
 - ~6.89%@16 yrs - ~12.55%@51 yrs
 - Safety: 13.37%
 - ~8.47%@16yrs - ~13.06%@46 yrs
- Some members pay 3% or 3.03%

Plan A - County

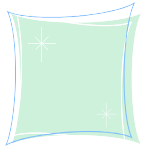
- General: 18.89%
- Safety: 33.04%

Plan B - Member

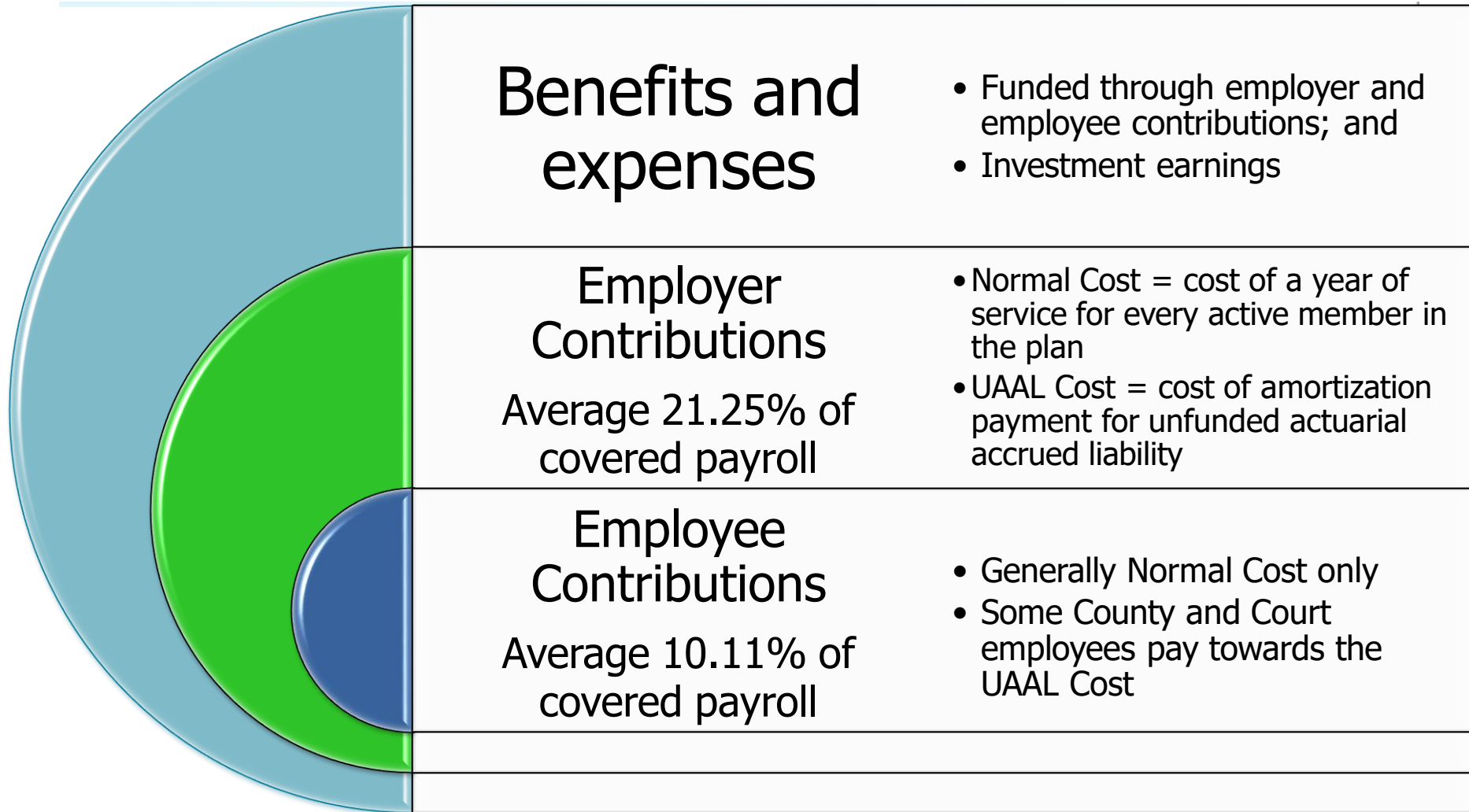
- Flat rate, regardless of age at joining SCERA
- Flat rate, regardless of age
 - General: 7.74%
 - Safety: 13.64%

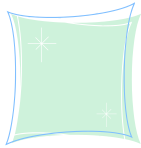
Plan B - County

- General: 16.50%
- Safety: 26.94%



How are benefits paid for?





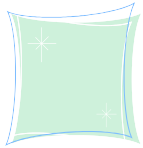
Retirement Eligibility

Plan A (Legacy Plan)

- General
 - Age 50 w/10 years
 - 30 years, regardless of age
 - Age 70, regardless of years
- Safety
 - Age 50 w/10 years
 - 20 years, regardless of age
 - Age 70, regardless of years

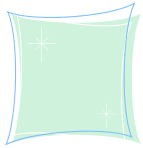
Plan B (PEPRA Plan)

- General
 - Age 52 w/5 years
 - Age 70, regardless of years
- Safety
 - Age 50 w/5 years
 - Age 70, regardless of years



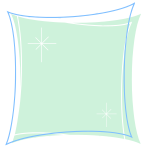
SCERA Pension Calculation

- The pension benefit is based on:
 - Formula % X Final Average Salary X Years of Service**
- Benefit formula depends on the date of SCERA membership, and the membership category –
 - Plan A or Plan B
 - General or Safety
- Plan A is a one and Plan B is a three year Final Average Salary period
 - Final Average Salary for Plan A capped at 100%
 - Final Average Salary for Plan B capped at Social Security wage base \$168,600 for 2024



Service Credit

- 1 year of service = 2087.12 hours worked
- Service credit includes:
 - Time worked as an employee for a SCERA employer
 - Purchased “service prior to membership”
 - Redeposited withdrawn contributions
 - Purchased LWOP time
 - Purchased “Public Service” time
 - Adds to your retirement benefit, but doesn’t count toward eligibility for retirement



Benefit Formula

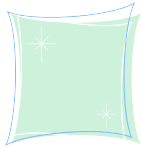
(Benefits vary according to age of retirement. There is no COLA.)

Plan A (Legacy Plan)

- General: 3% @ 60
 - 2% @ 50
 - 2.5% @ 55
- Safety: 3% @ 50
 - ~1.87% @ 41 (w/ 20 yrs)
 - ~2.34% @ 45 (w/ 20 yrs)

Plan B (PEPRA Plan)

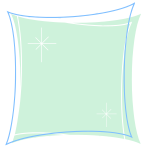
- General: 2.5% @ 67
 - 1% @ 52
 - 1.3% @ 55
 - 1.8% @ 60
 - 2.3 % @ 65
- Safety 2.7% @ 57
 - 2% @ 50
 - 2.5% @ 55



Survivor Benefits

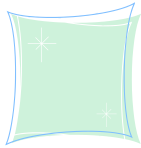
■ Survivor Benefits

- Active member death – Generally member contributions plus interest and lump sum
- Line of duty death – Additional benefits may be payable
- If member could have qualified for a disability or service retirement – continuance benefits may be payable
- After Retirement – depends on the Benefit Payment Option chosen at retirement



SCERA Average Annual Retirement Benefit and Years of Service 2023

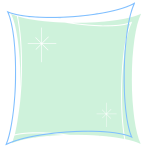
	Average Annual Benefit	Average Years of Service
New General Plan A	\$49,194	17.2
All General Plan A	\$41,864	17.3
All General Pre-Plan A	\$18,553	14.3
New General Plan B	\$17,074	7.9
All General Plan B	\$14,413	6.9
 		
New Safety Plan A	\$68,887	16.6
All Safety Plan A	\$61,345	18.2
All Safety Pre-Plan A	\$37,688	16.2
New Safety Plan B	\$46,163	6.4
All Safety Plan B	\$42,899	6.9



SCERA Reserves

Reserves that are credited with interest are as follows:

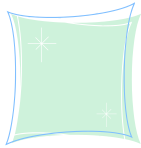
- **Member Contribution Reserve:** This reserve represents the member contributions and credited interest minus amounts transferred to the Annuitant reserve for service and disability retirement or refunds.
- **Employer Reserve:** This reserve represents employer contributions and credited interest minus amounts transferred to the Annuitant reserve for service and disability retirement or death benefits and to the COLA reserve.
- **Annuitant Reserve:** This reserve represents transfers from the Member Contribution and Employer reserves for retiring members minus amounts paid out as annuitant benefits.
- **Cost of Living (COLA) Reserve:** This reserve is the amount set aside to fund COLA's that have already been granted. It is funded from Unapportioned Earnings and the Employer Reserve.



SCERA Reserves

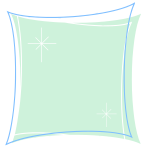
Reserves that are NOT credited with interest are as follows:

- **Interest Fluctuation Reserve:** This reserve is set by the CERL at 1% of the fair value of assets to provide funds to offset future deficiencies in interest earnings, losses on investments or other contingencies. It is not counted as a valuation reserve.
- **Market Stabilization Reserve:** This reserve is the difference between the current fair market value of assets and the smoothed actuarial value of assets. This reserve results from the use of a smoothed actuarial value of assets over a five-year period.
- **Negative Contingency Reserve:** This historical reserve was used to track interest crediting shortfalls resulting from investment returns less than the assumed rate and was used by SCERA's actuary in developing the valuation value of assets. In 2024 the Board accounted for the negative balance in the Employer Reserve and now tracks investment earnings or shortfalls in the Interest Fluctuation Reserve.



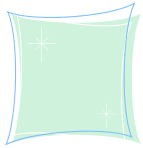
SCERA Ad hoc COLA

- No ongoing COLA program adopted
 - No employee or employer contributions paid
 - COLA determination made each year
 - 2008 was last COLA granted
 - COLA Policy amended in 2023 to restore collaboration between SCERA and the County to determine whether and how a COLA can be recommended by SCERA and approved by the BOS



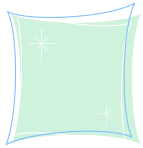
Payment Options at Retirement

- **Unmodified:** Life monthly + 60% monthly to spouse/registered domestic partner (if none, to minor children to age 18 or 22 if single and in school)
- **Option 1:** Reduced monthly for life + lump sum of remaining contributions to designated beneficiary
- **Option 2:** Reduced monthly for life + matching amount monthly for life of a designated beneficiary (if living). Reduction is based on the life expectancy of member and beneficiary
- **Option 3:** Reduced monthly for life + 50% reduced amount monthly for life of a designated beneficiary (if living). Reduction is based on the life expectancy of member and beneficiary
- **Option 4:** Reduced monthly for life + chosen percentage for one or more designated beneficiaries (if living). Reduction is based on the percentage chosen and on the life expectancy of member and beneficiary



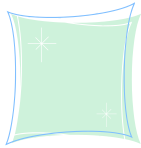
Disability Retirement

- Disability retirement is granted when a member is permanently incapable of performing his/her job duties
- It can be service connected or non-service connected
- Both kinds entitle a member to a retirement benefit with a continuance to an eligible surviving spouse/minor child or beneficiary



Disability Retirement

- **Non-Service Connected:**
 - No age requirement
 - Years of service requirement – 5 years
 - Not caused by the job
 - Approximately 1/3 of final compensation with a 60% continuance to a spouse/domestic partner or minor child if the member did not choose a modified payment option
 - Taxable
 - Example – Parkinson's Disease



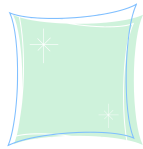
Disability Retirement

■ Service Connected

- No age requirement
- No years of service requirement
- Must be a work-related injury

“The member's incapacity is a result of injury or disease **arising out of and in the course of** the member's employment, and such employment **contributes substantially to such incapacity....**” Government Code §31720(a).

- 50% of final compensation or equal to service retirement benefit, if more. Tax exempt up to 50% of final compensation
- 100% continuance to spouse/domestic partner or minor children if the member did not choose a modified payment option



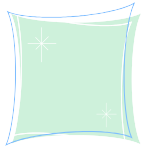
Key Disability Questions

■ Permanent Incapacity/Service Connection

- Is the member physically or mentally incapable of performing the job?
- Is the incapacity permanent?
- Is the job a “real and measurable” cause of the incapacity?

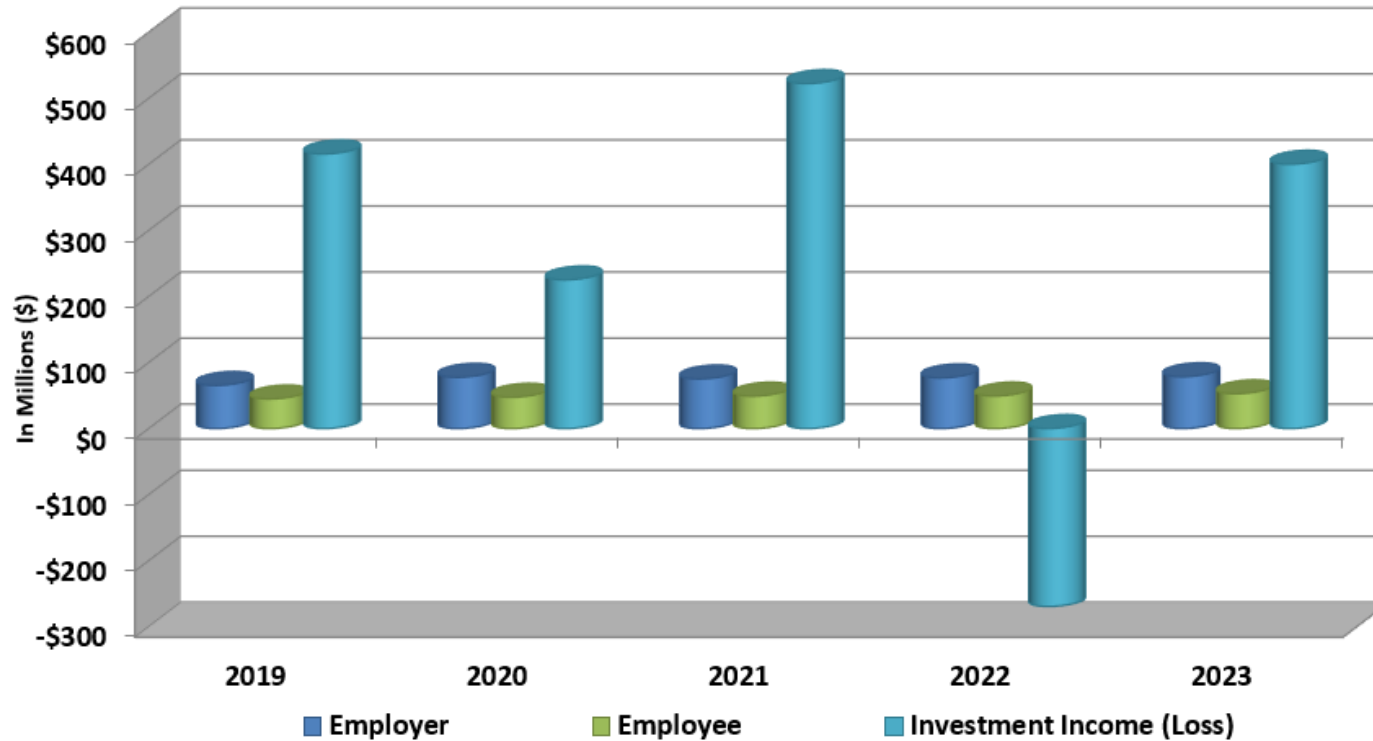
The statutory phrase “**contributes substantially**” means more than ‘any’ and less than ‘[principal].’ Beyond this rough bracketing, however, the Legislature provided no clear guide to interpret ‘contributes substantially.’

* * * ... while **the causal connection** between the [job] stress and the disability may be a small part of the causal factors, it **must nevertheless be real and measurable.** There must be **substantial evidence of some connection between the disability and the job.**” Bowen vs. Board of Retirement, 42 Cal. 3d 572; 724 P.2d 500 (1986).

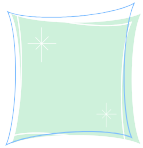


SCERA - Revenues

SCERA Revenue

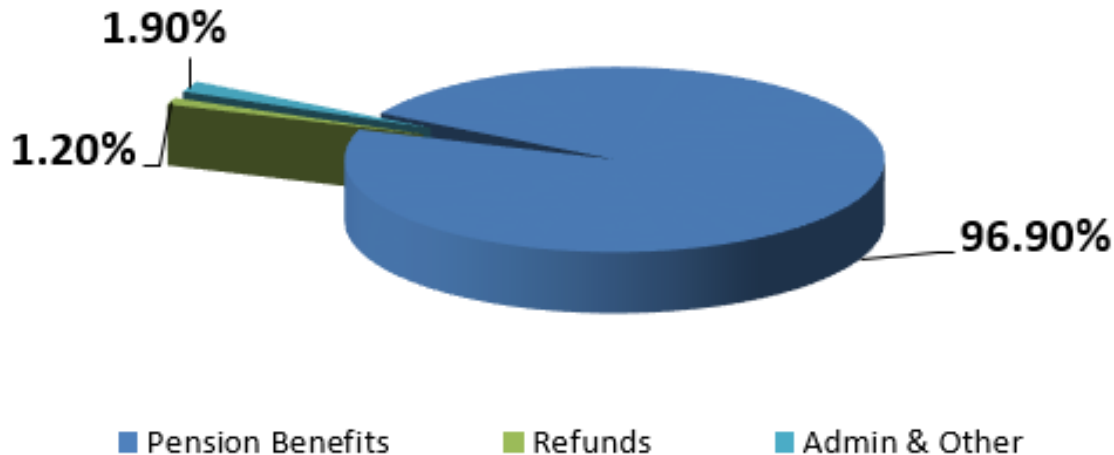


2023	
Employer	77,506,000
Employee	47,364,000
Invest.	225,020,000

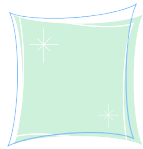


SCERA - Expenses

SCERA Expenses

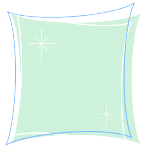


2023	
Benefits	212,793,000
Refunds	2,623,000
Admin Exp.	4,170,000



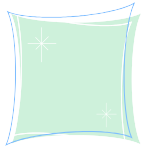
SCERA Funded Status as of 12/31/23

- Accrued Actuarial Liability = \$3,730,227,000
 - Market Value of Assets = \$3,481,146,000
 - Market value funded status = 93.3%
-
- Accrued Actuarial Liability = \$3,730,227,000
 - Valuation Value of Assets = \$3,500,687,000
 - Valuation value funded status = 93.8%
 - Valuation value – Instead of realizing gains and losses each year, which is the market value approach, SCERA realizes gains and losses over a 5 year period in 20% increments to smooth out the impact of those gains/losses



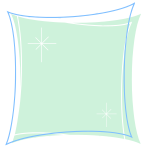
SCERA - Managing Risk

- Board engages an actuary and auditor
 - Actuary recommends and Board adopts assumptions to try and predict our plan experience and adopts an actuarial valuation each year
 - Auditor audits plan operations every year
- Board makes investment decisions based on sound investment policy
 - Single most important decision is long-term asset allocation
 - SCERA is very fee sensitive
 - Investment managers are continuously monitored as are market developments



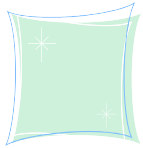
SCERA - Managing Risk

- Board adopts policies and charters
- Board/Committees meet regularly
 - Regular Board meetings occur monthly to discuss administrative and benefit operations
 - Investment Committee meetings occur monthly to discuss investment operations
 - Other Committee meetings occur as needed to conduct business – Audit, Admin-Benefits, Disability
 - Annual offsite strategic Planning Session



Resources

- Website: <http://www.scretire.org/>
- [Plan Summaries: http://scretire.org/Retirement-Planning](http://scretire.org/Retirement-Planning)
- Staff
- State Association of County Retirement Systems:
■ <http://www.sacrs.org/>
- California Association of Public Employee Retirement Systems: <http://www.calaprs.org/>



SCERA Information

■ General Information

- www.scretire.org
- Julie Wyne, Chief Executive Officer (707) 565-8103
- Cristina Hess, Asst. Chief Executive Officer/Chief Legal Counsel (707) 565-8113
- Jim Failor, Chief Investment Officer (707) 565-8112
- 433 Aviation Blvd., Ste. 100
Santa Rosa, CA 95403
- (707) 565-8100 General Info.

Meetings:

- Retirement Board –
Generally 3rd Thursday of each month
- Investment Committee -
Generally 4th Thursday of each month
- Planning Session –
October 8 and 9
- Meeting dates, minutes and agendas posted on our website