

CITY OF SAN JOSE

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

POPULAR ANNUAL FINANCIAL REPORT



**PENSION & POSTEMPLOYMENT HEALTHCARE
TRUST FUNDS OF THE CITY OF SAN JOSE, CA**
A fiduciary component unit of the City of San José, CA
For the Fiscal Year ended June 30, 2025

ABOUT THE SYSTEM



John Flynn, Director

Chief Executive Officer (CEO)



ORS Summer Picnic 2025

MISSION STATEMENT

Our mission is to ensure prompt, professional delivery of services and benefits to our members, and to collect, invest, and expend system assets in a prudent, fair, and timely manner.

OUR SERVICES

The Plan is a public retirement system that provides service retirement, disability, death, and survivor benefits to its members. The Plan consists of a single employer Defined Benefit Pension Plan and three Postemployment Healthcare Plans. All regular, full time sworn City employees are eligible for Plan benefits. The Plan is administered by the CEO of the Office of Retirement Services (ORS), and a nine-member Board of Administration. The Board is appointed by San José City Council.

Our goal is to provide quality services in delivering pension and related benefits while maintaining financially sound pension plans.

BOARD OF ADMINISTRATION

Franco Vado *Chair*
Andrew Gardanier *Vice-Chair*
Gretchen Flicker *Trustee*
Sunita Ganapati *Trustee*
David Kwan *Trustee*
Howard Lee *Trustee*
Eswar Menon *Trustee*
Richard Santos *Trustee*
David Woolsey *Trustee*
George Casey *City Council Liaison*

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Phone: 1-800-732-6477, 408-794-1000
Email: retirement.dept@sanjoseca.gov

Find us on Social Media!



ACCOMPLISHMENTS

Fiscal Year 2025 Highlights

- The Plan's total net position grew significantly, reaching **\$5.97 billion**, an increase of 9.7% from previous year
- Strong net investment return of **10.0%**, outperforming the actuarially assumed rate of return of 6.625%
- Successfully managed a key leadership transition with the appointment of a **new CEO** in August 2024. Maintained operational continuity and staffing levels throughout the year
- Guided **90** Police & Fire members through the retirement application process, ensuring a smooth transition into retirement
- Supported **833** members during Open Enrollment for ORS
- Processed **992** Medicare Part B reimbursement request for ORS
- Engaged with members through counseling sessions (**50** attendees) and workshops (**41** attendees) to provide valuable retirement information. Hosted annual Health Fair attended by approximately **200** members for ORS



2025 POPULAR ANNUAL FINANCIAL REPORT

This Popular Annual Financial Report (PAFR) summarizes the Annual Comprehensive Financial Report (ACFR), which is prepared in accordance with Generally Accepted Accounting Principles of 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. This report is not intended to replace the ACFR, which provides a complete overview of the Plan's financial position and operating results. For more in-depth information, we encourage you to read the ACFR by visiting:

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

AWARD FOR EXCELLENCE IN FINANCIAL REPORTING

For the ninth consecutive year, the Government Finance Officers Association (GFOA) has presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Police and Fire Department Retirement Plan (Plan) for its PAFR for the fiscal year ended June 30, 2024. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports and is valid for one year only. In order to receive this award, a government unit must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. 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

**San Jose Police and Fire Department Retirement Plan
California**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2024

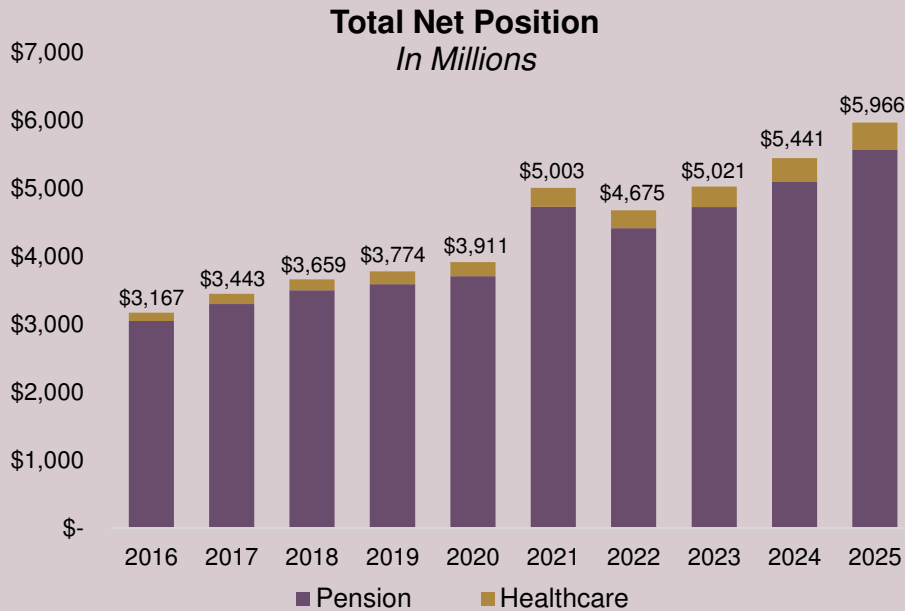
Christopher P. Morill

Executive Director/CEO

FINANCIAL RESULTS

Net Position

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



Financial Condition

The most significant financial change that occurred this year compared to last year was the appreciation in the fair value of investments. Fiscal Year 2024-2025 saw continued strong performance in the stock market. Both public equity and private real assets experienced double-digit returns. The Plan captured this positive performance effectively, slightly underperforming compared to the investment policy benchmark.

<i>In Thousands</i>	Net Position for the Defined Benefit Plan			Net Position for the Postemployment Healthcare Plan		
	2023	2024	2025	2023	2024	2025
As of June 30,						
Receivables	\$ 42,039	\$ 29,717	\$ 275,241	\$ 7,154	\$ 6,396	\$ 22,599
Investments at fair value	4,744,499	5,095,598	5,685,796	300,588	345,641	398,890
Other assets, net	2,710	2,209	2,706	41	16	16
Total Assets	4,789,248	5,127,524	5,963,743	307,783	352,053	421,505
Current liabilities	67,761	31,295	394,764	8,419	7,848	24,407
Total Liabilities	\$ 67,761	\$ 31,295	\$ 394,764	\$ 8,419	\$ 7,848	\$ 24,407
Plan Net Position	4,721,487	5,096,229	5,568,979	299,364	344,205	397,098

<i>In Thousands</i>	Changes in Plan Net Position for the Defined Benefit Plan			Changes in Plan Net Position for the Postemployment Healthcare Plan		
	2023	2024	2025	2023	2024	2025
For the Period Ended June 30,						
Employee contributions	\$ 32,661	\$ 34,439	\$ 35,806	\$ 11,299	\$ 10,820	\$ 10,707
Employer contributions	201,750	202,700	213,138	30,763	33,166	35,562
Net investment income	359,863	437,637	538,200	19,659	31,685	40,807
Total Additions	594,274	674,776	787,144	61,721	75,671	87,076
Retirement benefits	256,773	271,571	283,843			
Death benefits	18,386	19,464	20,732			
Refund of contributions	665	920	2,043			
Administrative expenses	6,832	7,879	7,776	102	131	107
Healthcare insurance premiums				27,528	30,699	34,076
Total Deductions	282,656	299,834	314,394	27,630	30,830	34,183
Net Increase in Plan Net Position	311,618	374,942	472,750	34,091	44,841	52,893
Beginning Net Position	4,409,869	4,721,487	5,096,229	265,273	299,364	344,205
Restatement for GASB 101		(200)				
Ending Net Position	\$ 4,721,487	\$ 5,096,229	\$ 5,568,979	\$ 299,364	\$ 344,205	\$ 397,098

BENEFIT PAYMENTS AND FUNDING

Years of Credited Service	Average Monthly Final Average Salary	Average Monthly Benefit
0 - 5	\$ 10,056	\$ 2,587
6 - 10	\$ 7,896	\$ 4,663
11 - 15	\$ 8,709	\$ 5,402
16 - 20	\$ 10,188	\$ 7,141
21 - 25	\$ 10,977	\$ 9,938
26 - 30	\$ 10,835	\$ 12,700
31+	\$ 9,250	\$ 13,938

The Average Benefit Payment chart is a broad representation of average benefits paid to retirees and survivors. The Average Benefit Payment includes annual cost-of-living increases. All tiers are combined in the calculation. The chart includes all members who have retired through June 30, 2025.

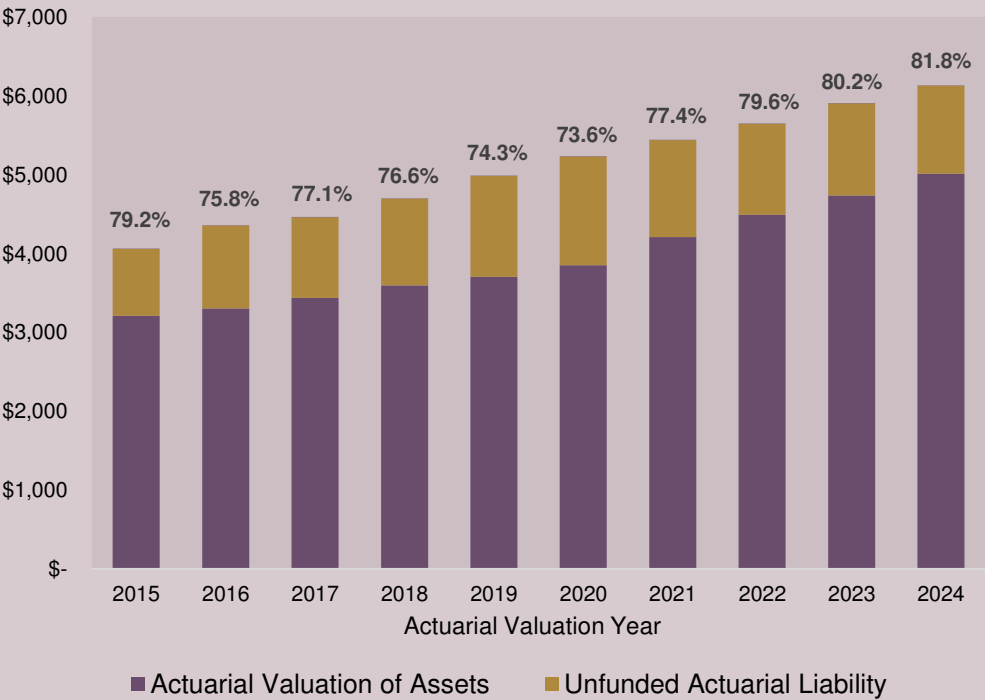


WHERE DOES THE MONEY COME FROM?

The Plan has three revenue sources: earnings from Investments, Employer contributions from the City, and Employee contributions from active members. Contribution rates are determined annually by the Actuary.



Schedule of Funding Progress, Pension In Millions



FUNDING

The Plan's funding objective is to be able to meet long-term future pension payments and benefit obligations. The funding status is calculated each year.

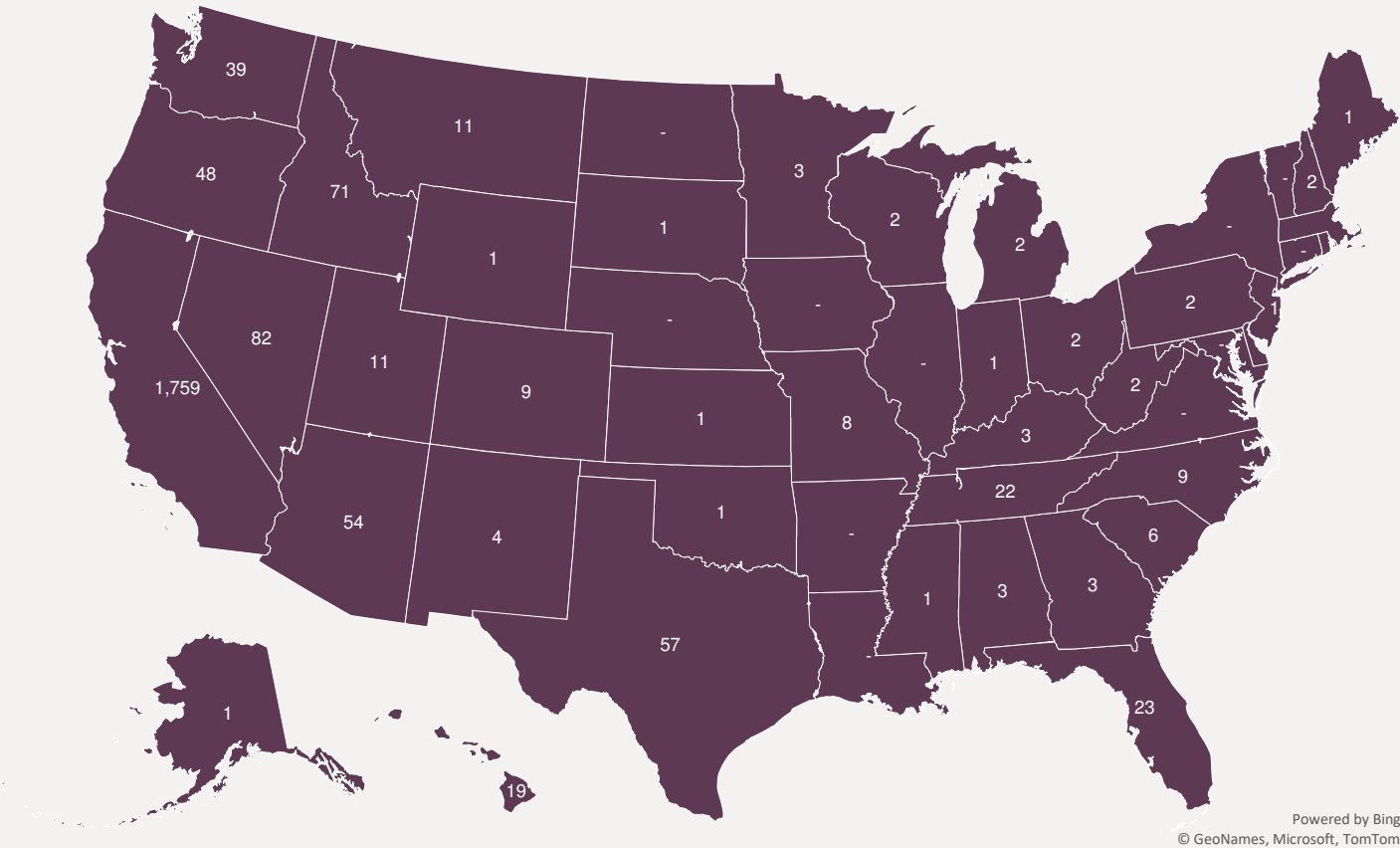
The Schedule of Funding Progress ratio shows the measurement of the funded status. The Funded ratio is calculated by dividing the actuarial value of assets by the actuarial liabilities. The available difference is used to pay current and future retirement benefits. As the Plan becomes better funded, the ratio will increase.

The Plan's funding progress continues to increase each year, reaching 81.8% as of 2024 actuarial valuation year.

MEMBERSHIP

Our membership consists of Retirees, Deferred members, and Active members. Retirees consist of former employees who have retired and their beneficiaries. Deferred members are former employees who left City service after becoming vested (eligible for future benefits). Active members are current full-time, sworn City of San José employees.

	Police Tier 1	Police Tier 2	Fire Tier 1	Fire Tier 2	Total
Retirees and Beneficiaries					
2025	1,700	6	969	1	2,676
2024	1,683	2	965	1	2,651
Terminated Members - Deferred Vested					
2025	148	214	36	17	415
2024	163	192	42	15	412
Active Members					
2025	355	629	375	269	1,628
2024	387	612	386	255	1,640
Grand Total					
2025	2,203	849	1,380	287	4,719
2024	2,233	806	1,393	271	4,703

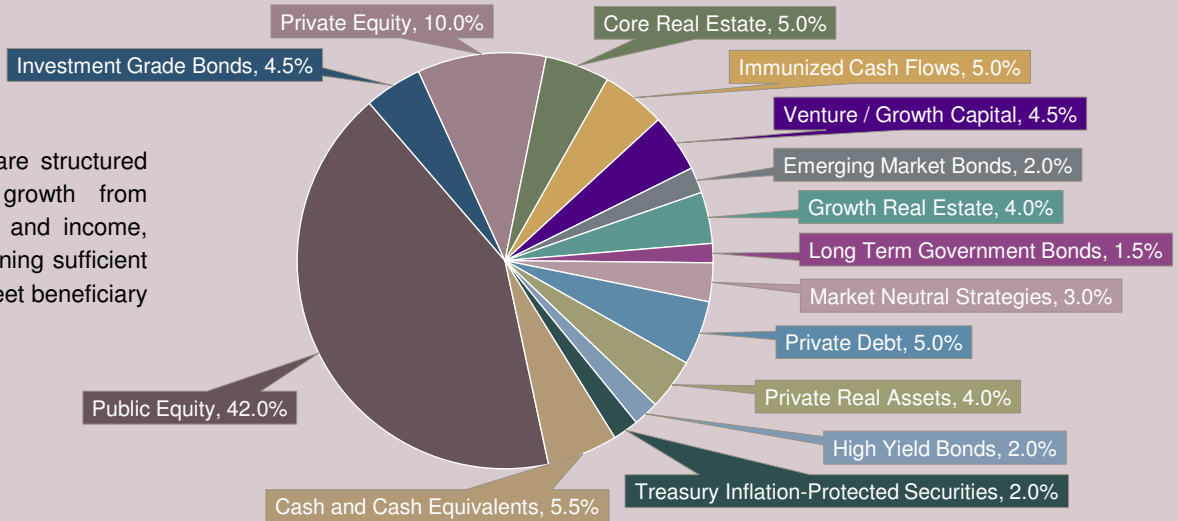


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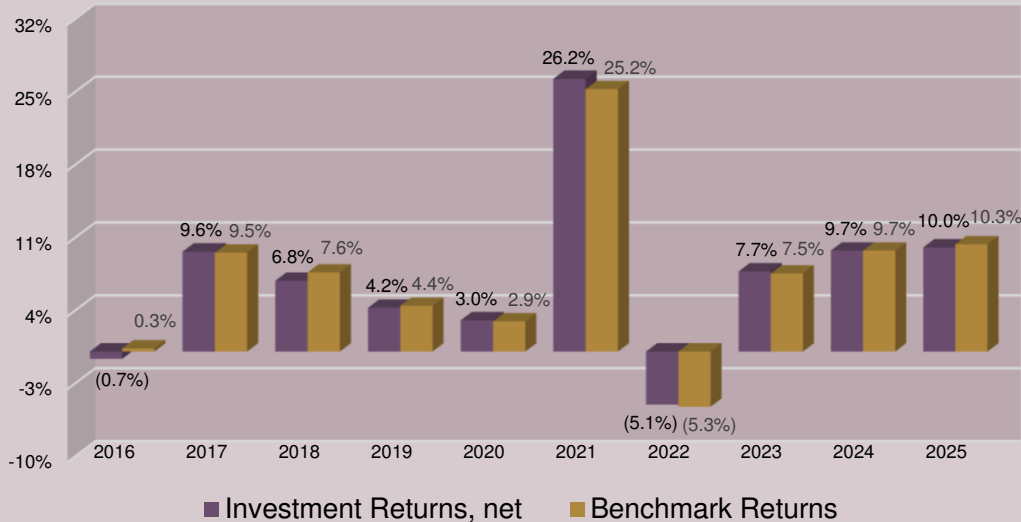
The map above is an approximate representation of where all the retirees reside within the U.S. as of June 30, 2025. There is one retiree living abroad.

INVESTMENTS

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



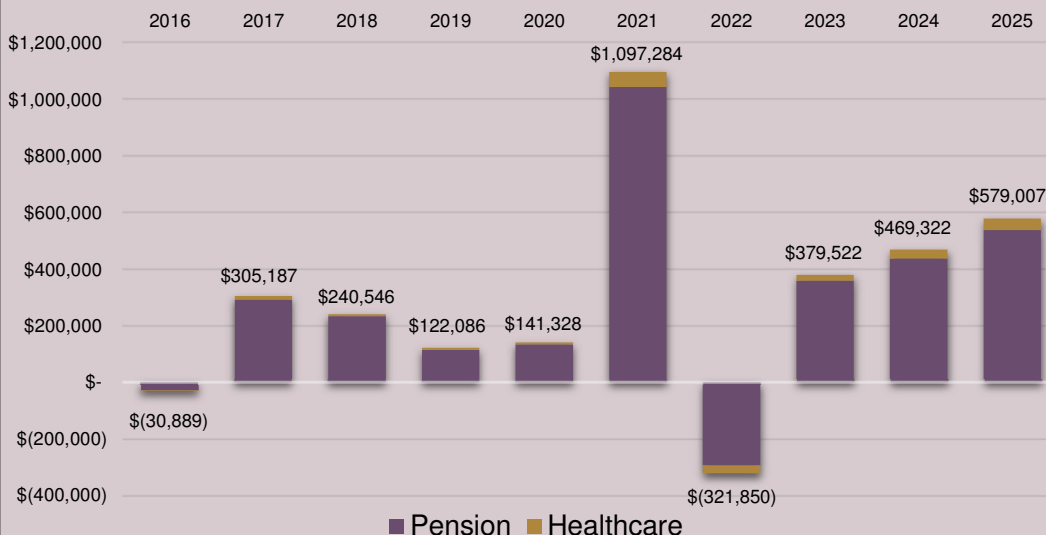
Pension - Investment Returns Compared to Benchmark



How well did the Plan's investments perform?

The Plan's time-weighted rate of return, net of investment fees, was 10.0% for the fiscal year 2025, compared to a 10.3% return for its policy benchmark and a 10.3% return for the Investment Metrics universe net median of public funds greater than \$1 billion.

Investment Income, Net (In Thousands)



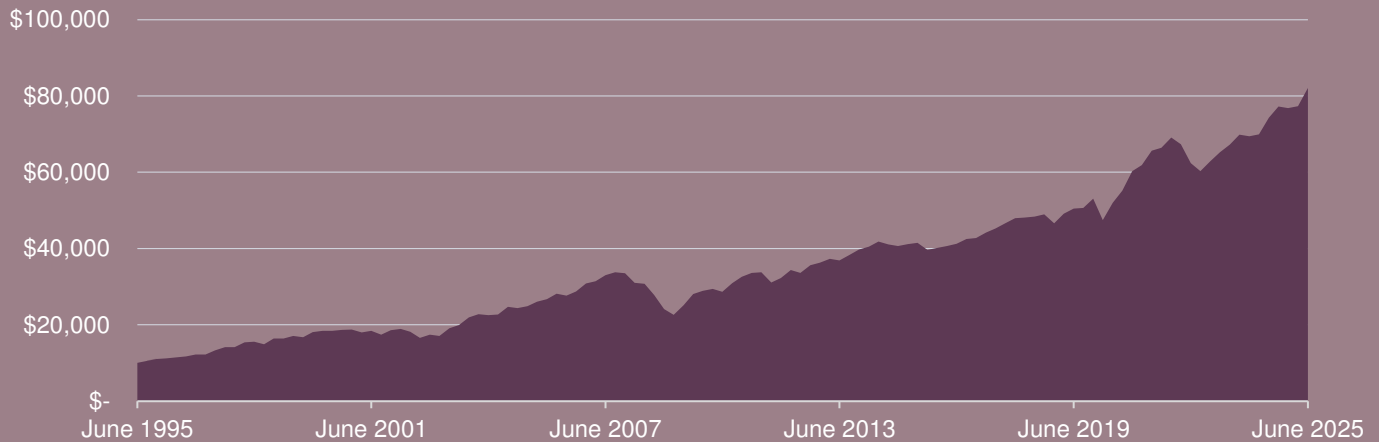
Investment Earning

Investment performance directly impacts the total funds available to pay benefits. The Plan continues to capture strong return from positive market conditions, earning \$579 million in net income during the fiscal year 2025. Positive investment income is crucial for growing the Plan's assets and ensuring long-term financial health.

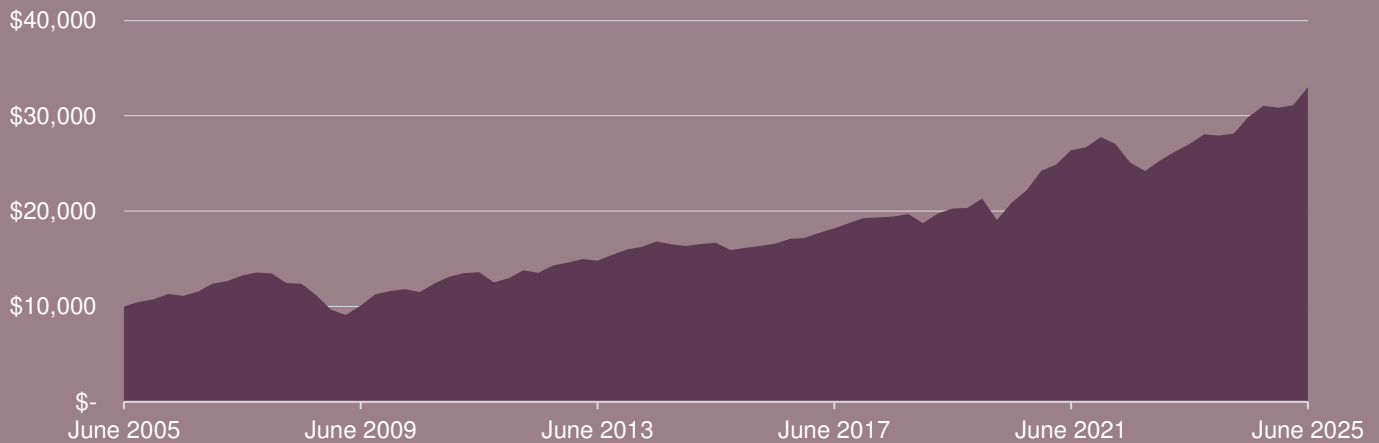
GROWTH OF \$10,000

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

