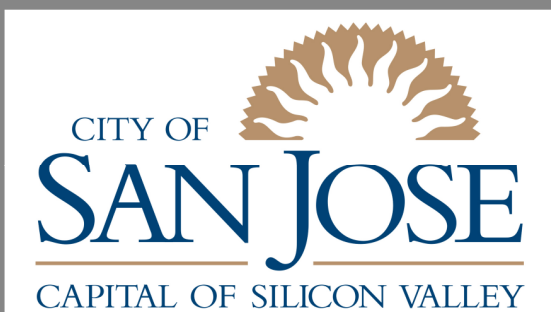


# **CITY OF SAN JOSE**

## **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, 2024

# WHAT'S INSIDE

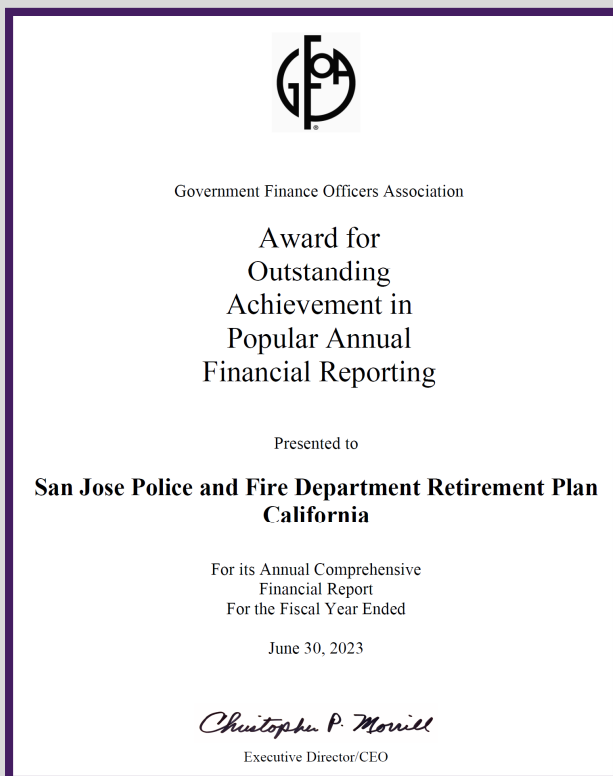
- 2 Meet the Board of Trustees
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- 4 Benefit Payments and Funding Progress
- 5 Membership
- 6 Investments
- 7 Growth of \$10,000



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 Police and Fire Department Retirement Plan (Plan) for its Popular Annual Financial Report for the fiscal year ended June 30, 2023. 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 last eight consecutive years (fiscal years ended 2016-2023). 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.



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

**City of San José**  
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

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# MEET THE BOARD OF TRUSTEES



**Franco Vado**  
Chair



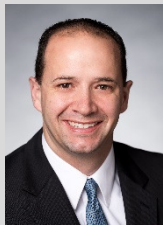
**Sunita Ganapati**  
Vice Chair



**John Flynn**  
Director  
Chief Executive Officer



**Richard Santos**  
Trustee



**Andrew Gardanier**  
Trustee



**David Kwan**  
Trustee



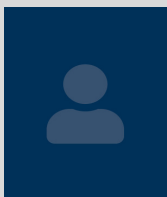
**Howard Lee**  
Trustee



**Eswar Menon**  
Trustee



**Dave Wilson**  
Trustee



**Vacant**  
Trustee



**Pam Foley**  
City Council  
Liaison

The 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, 2024. 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 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 a Postemployment Healthcare Plan. All regular, full time sworn City employees are eligible for Plan benefits. The Plan is administered by the Chief Executive Officer of the Office of Retirement Services (ORS), and a nine-member Board of Administration.

The Plan's Annual Comprehensive Financial Report for the year ended June 30, 2023, from which the information on pages 3, 4, and 5 has been drawn, was awarded the Certificate of Achievement for Excellence in Financial Reporting by Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such an Annual Comprehensive Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

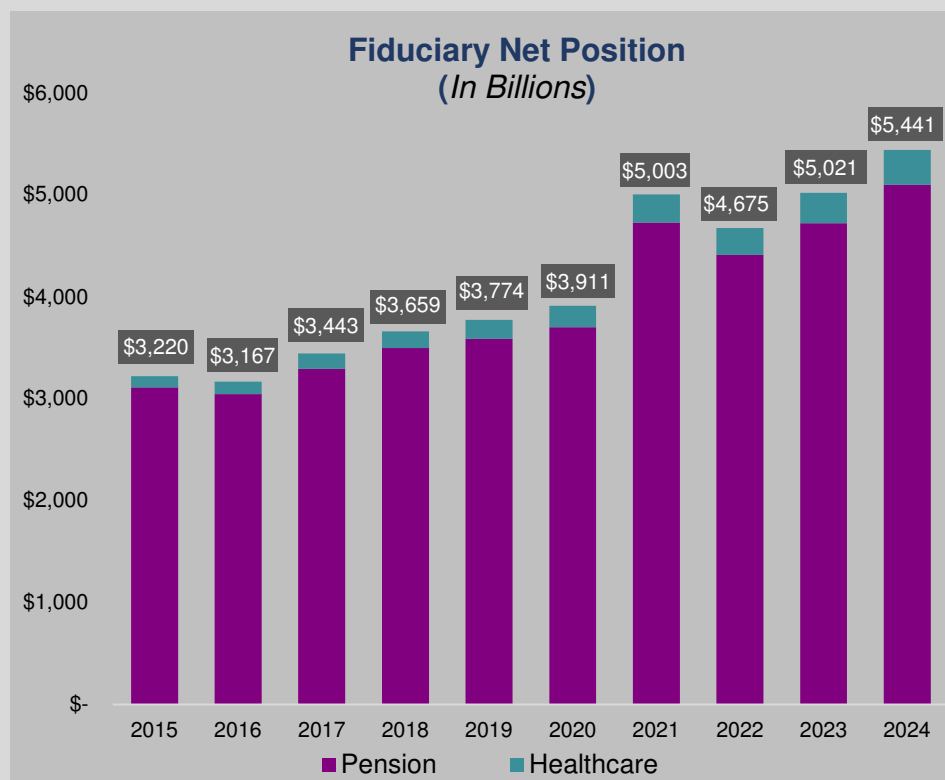
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

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 ACFR by visiting:

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



# 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 2023-2024 saw continued strong performance in the stock market. Both public equity and high yield bonds experienced double-digit returns. The Plan benefited from this positive performance, achieving results in line with the investment policy benchmark.

In Thousands	Net Position for the Defined Benefit Plan			Net Position for the Postemployment Healthcare Plan		
	2022	2023	2024	2022	2023	2024
As of June 30,						
Receivables	95,164	42,039	29,717	14,680	7,154	6,396
Investments at fair value	4,357,958	4,744,499	5,095,598	259,144	300,588	345,641
Other assets, net	3,311	2,710	2,209	51	41	16
<b>Total Assets</b>	<b>\$ 4,456,433</b>	<b>\$ 4,789,248</b>	<b>\$ 5,127,524</b>	<b>\$ 273,875</b>	<b>\$ 307,783</b>	<b>\$ 352,053</b>
Current liabilities	46,564	67,761	31,065	8,602	8,419	7,848
<b>Total Liabilities</b>	<b>\$ 46,564</b>	<b>\$ 67,761</b>	<b>\$ 31,065</b>	<b>\$ 8,602</b>	<b>\$ 8,419</b>	<b>\$ 7,848</b>
<b>Plan Net Position</b>	<b>\$ 4,409,869</b>	<b>\$ 4,721,487</b>	<b>\$ 5,096,459</b>	<b>\$ 265,273</b>	<b>\$ 299,364</b>	<b>\$ 344,205</b>

In Thousands	Changes in Plan Net Position for the Defined Benefit Plan			Changes in Plan Net Position for the Postemployment Healthcare Plan		
	2022	2023	2024	2022	2023	2024
For the Period Ended June 30,						
Employee contributions	31,660	32,661	34,439	12,109	11,299	10,820
Employer contributions	212,046	201,750	202,700	30,763	30,763	33,166
Net investment (loss) / income	(294,549)	359,863	437,637	(27,301)	19,659	31,685
<b>Total Additions</b>	<b>\$ (50,843)</b>	<b>\$ 594,274</b>	<b>\$ 674,776</b>	<b>\$ 15,571</b>	<b>\$ 61,721</b>	<b>\$ 75,671</b>
Retirement benefits	241,564	256,773	271,571			
Death benefits	16,938	18,386	19,464			
Refund of contributions	1,374	665	920			
Administrative expenses	6,051	6,832	7,849	154	102	131
Healthcare insurance premiums				26,458	27,528	30,699
<b>Total Deductions</b>	<b>\$ 265,927</b>	<b>\$ 282,656</b>	<b>\$ 299,804</b>	<b>\$ 26,612</b>	<b>\$ 27,630</b>	<b>\$ 30,830</b>
Net (Decrease) / Increase in Plan Net Position	(316,770)	311,618	374,972	(11,041)	34,091	44,841
<b>Beginning Net Position</b>	<b>\$ 4,726,639</b>	<b>\$ 4,409,869</b>	<b>\$ 4,721,487</b>	<b>\$ 276,314</b>	<b>\$ 265,273</b>	<b>\$ 299,364</b>
<b>Ending Net Position</b>	<b>\$ 4,409,869</b>	<b>\$ 4,721,487</b>	<b>\$ 5,096,459</b>	<b>\$ 265,273</b>	<b>\$ 299,364</b>	<b>\$ 344,205</b>

# BENEFIT PAYMENTS AND FUNDING PROGRESS



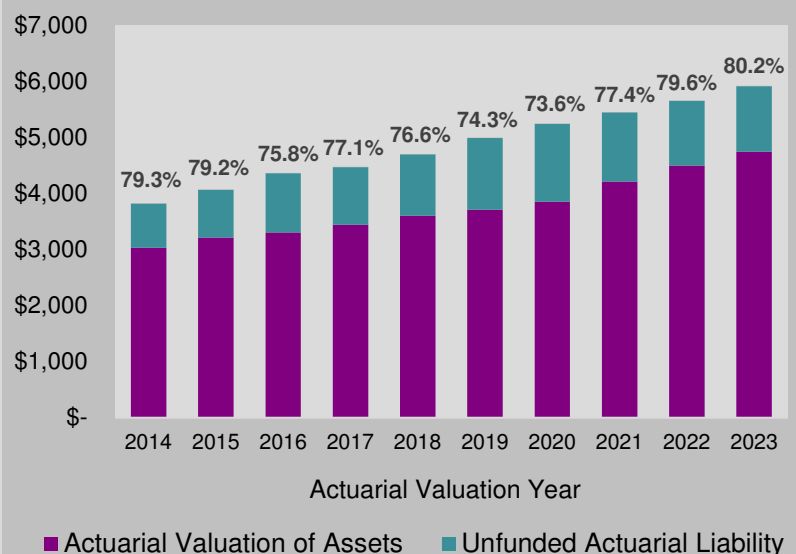
The Average Benefit Payment chart is a broad representation of average benefits paid to retirees and survivors. The Average Benefit Payment includes annual cost-of-living increases. All tiers are combined in the calculation. The chart includes all members who have retired through June 30, 2024.

Years of Credited Service	Average Monthly Final Average Salary	Average Monthly Benefit
0 - 5	\$ 9,296	\$ 2,429
6 - 10	\$ 7,236	\$ 4,383
11 - 15	\$ 8,455	\$ 5,297
16 - 20	\$ 10,000	\$ 6,950
21 - 25	\$ 10,790	\$ 9,635
26 - 30	\$ 10,611	\$ 12,286
31+	\$ 9,255	\$ 13,545



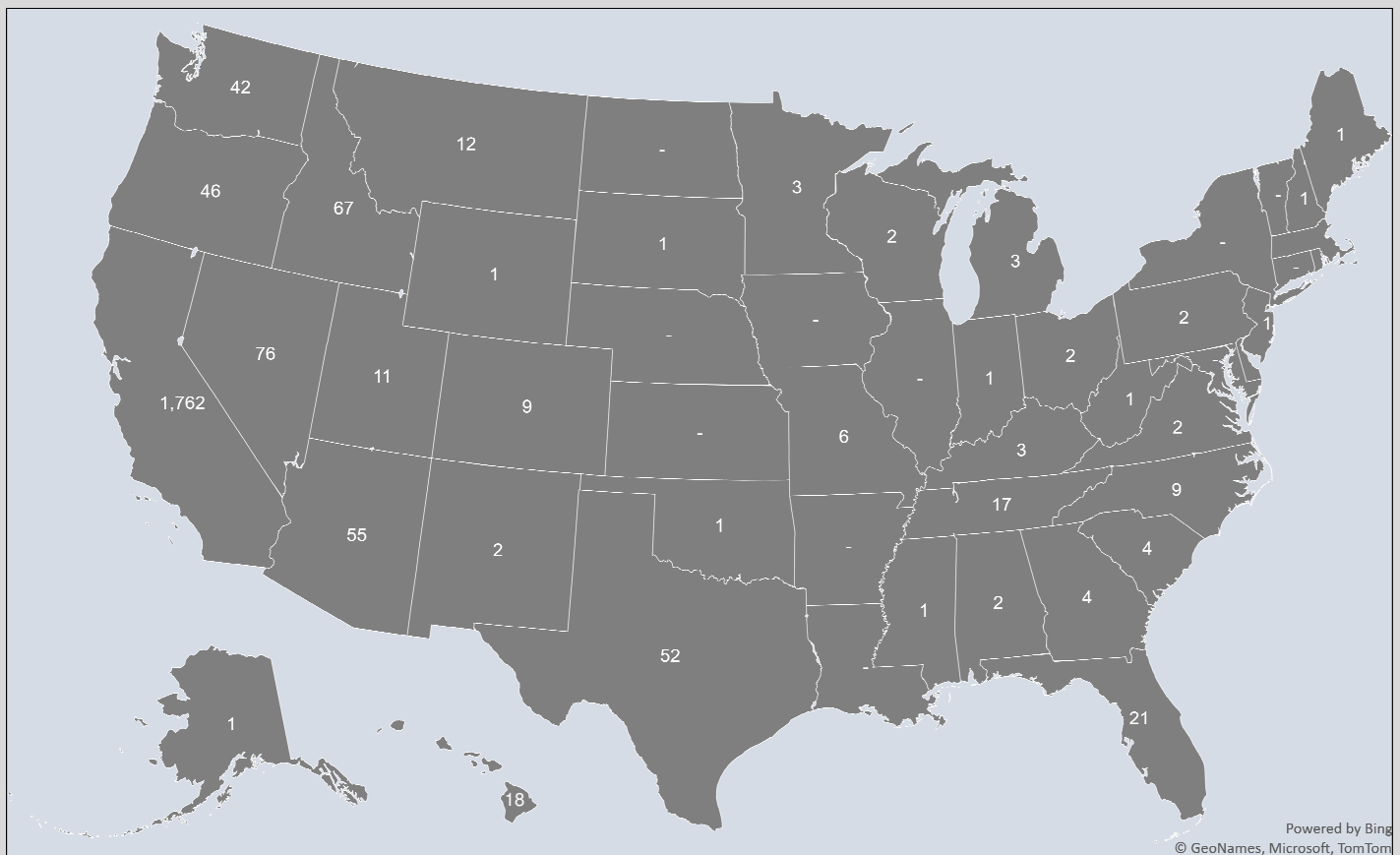
The Funding Progress ratio is a measurement of the funded status of the Plan. The Funded ratio is calculated by dividing the actuarial value of assets by the actuarial liabilities. The available difference is used to pay current and future retirement benefits. As the Plan becomes better funded, the ratio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

**Schedule of Funding Progress, Pension**  
*In Millions*



# MEMBERSHIP

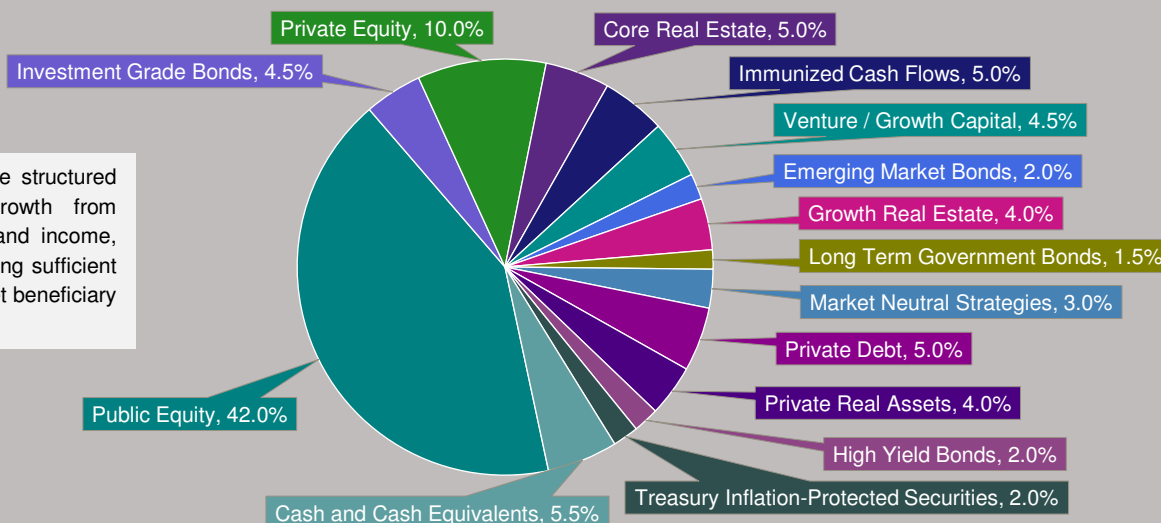
As of June 30, 2024							As of June 30, 2023						
Police							Police						
Retirees and Beneficiaries		Terminated Members Deferred Vested		Active Members		Total	Retirees and Beneficiaries		Terminated Members Deferred Vested		Active Members		Total
Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2		Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	
1,683	2	163	192	387	612	3,039	1,647	1	164	153	440	607	3,012
Fire							Fire						
Retirees and Beneficiaries		Terminated Members Deferred Vested		Active Members		Total	Retirees and Beneficiaries		Terminated Members Deferred Vested		Active Members		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	
965	1	42	15	386	255	1,664	950	0	35	10	422	226	1,643



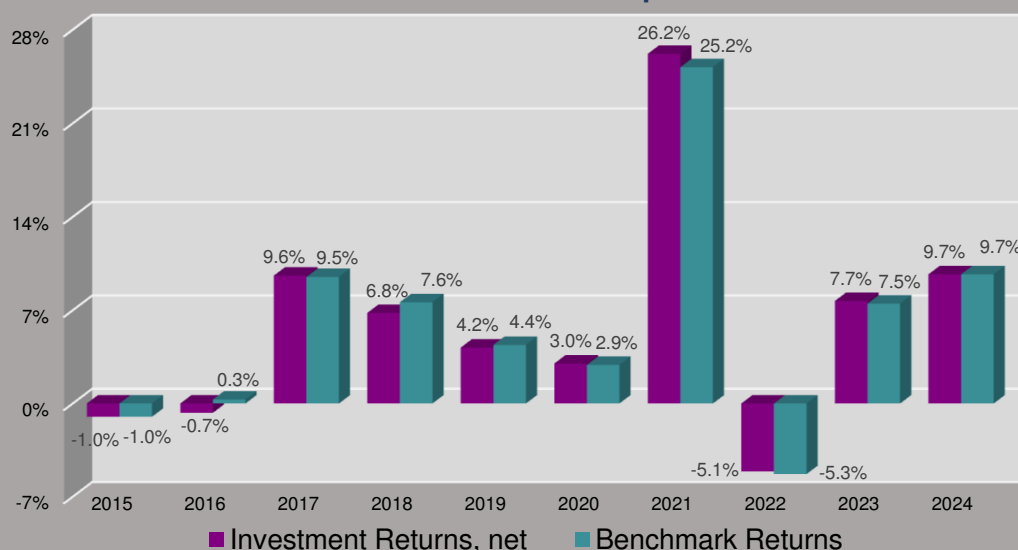
The map above is an approximate representation of where all the retirees reside within the U.S. as of June 30, 2024. There are several retirees living abroad.

# 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



## BENCHMARK INDICES

### Growth:

Public Equity Benchmark  
U.S. Private Equity Benchmark  
Morningstar LSTA U.S. Leveraged Loan Index +2%  
NCREIF Property Index  
Russell 3000 Index  
Bloomberg US Corporate High Yield Index  
50% JPM EMBI GD / 50% JPM GBI-EM

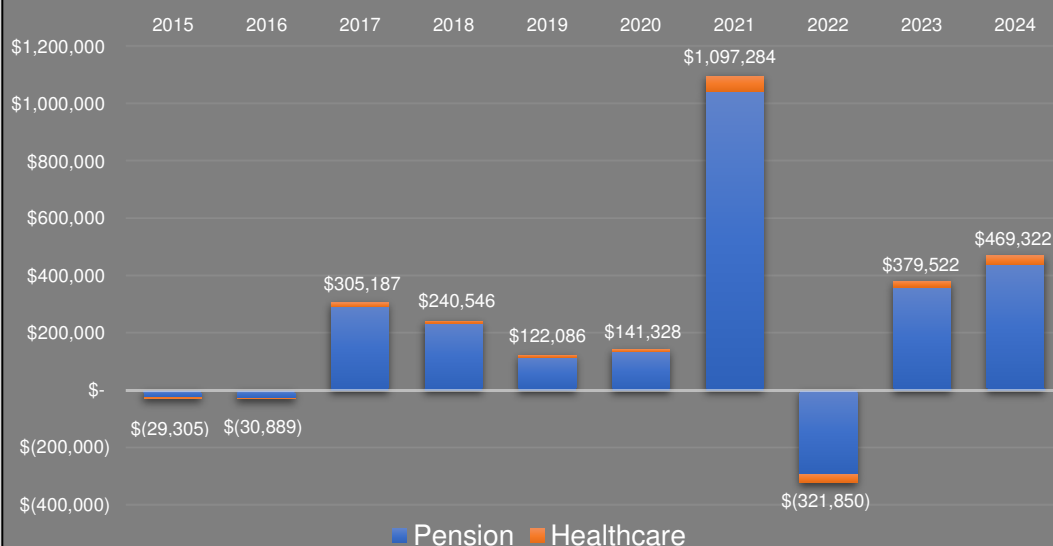
### Low Beta:

Immunized Cash Flow Benchmark  
Market Neutral Strategies Benchmark  
90 Day U.S. Treasury Bills

### Other:

Core Real Estate Benchmark  
Bloomberg U.S. TIPS 0-5 Year  
Custom IG Bonds Benchmark  
Long-Term Government Bonds Benchmark

## Investment Income, Net (In Thousands)



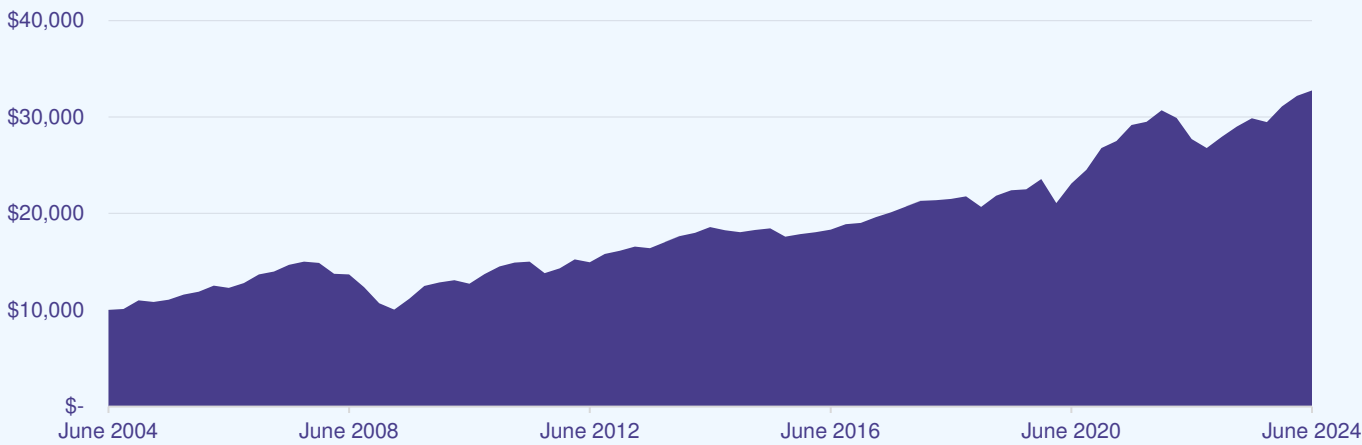
# GROWTH OF \$10,000

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

