

SCERS

Strategic Management Plan

2024 ANNUAL REPORT



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Message from the Chief Executive Officer

As Chief Executive Officer, I am pleased to issue the Strategic Management Plan Annual Report on behalf of the Sacramento County Employees' Retirement System (SCERS).

The Strategic Management Plan lays out a set of initiatives that advance SCERS toward our strategic goals. The six goals of the framework guide our continuous improvement, and the following pages will highlight our progress in Customer Service and Experience, Stakeholder Communication and Outreach, Funding Integrity and Sustainability, Investment Planning and Growth, Organizational Development and Culture, and Enterprise Capability and Technology.

In 2024, we met many of our goals, with our focus remaining fixed on member responsiveness and the improvement of service-level performance.

Some of last year's accomplishments we are most proud of include:

- Rolling out the new MySCERS portal
- Participating in 15 outreach events
- Completing *Alameda* corrections

SCERS also remains focused on maintaining a sustainable pension program for the long term. At June 30, 2024, SCERS was 88.7% funded at the fair value of assets totaling \$13.3 billion, and the total pension liability totaling \$15.0 billion.

The funded status represents the percentage of future pension benefits covered by the System's assets. In general terms, this funded ratio means that as of June 30, 2024, SCERS had approximately 89 cents available for each dollar of anticipated future liability.

For the fiscal year ended June 30, 2024, SCERS' investments generated a 9.2% net return, or \$1.1 billion of net investment gain, and administrative expenses totaled \$12.4 million for the fiscal year.

For our members, this continued growth and cost containment allow SCERS to put more of its assets to work while providing more efficient customer service.

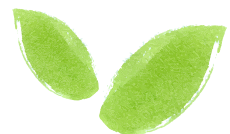
As we move into a new year, we are keeping our core values at the forefront of everything we do, and as you will see in the following pages, we have a lot planned.

With an eye toward the future, in 2025, we are embarking on a Strategic Vision Planning project to build a roadmap for what kind of retirement system SCERS wants—and needs—to be by the time we turn 100 years old in 2041.

I look forward to working hard on behalf of our members and employers in the coming year and keeping you informed of our future plans.

Respectfully submitted,

Eric Stern
Chief Executive Officer



Core Values



We are committed to:

Stewardship

by recognizing the trust members put in us to manage assets and resources prudently, to sustain SCERS for future generations.

Communicating

clearly and concisely, recognizing that members and employers expect us to act with integrity, transparency, and honesty.

Excellence

by taking pride in our work, maintaining high expectations, and focusing on results.

Responsibility

by taking ownership of work, following through, holding ourselves accountable, and embracing ethical behavior.

Solutions

by working with urgency to help one another succeed, fostering teamwork and collaboration, and asking for help when needed.

Strategic Framework

The SCERS Strategic Management Program revolves around six goals. In this report, specific long-term objectives further define each goal that helps guide annual business planning.





Goal 1

Customer Service and Experience

Customers satisfied with timely, friendly, convenient, and accurate pension administration services.

1.1 Deliver quality member and participant service and experience

1.2 Deliver quality employer service and experience

2024 Key Accomplishments

- ✓ Launched a new MySCERS portal
- ✓ Provided online access to retiree pay advices and 1099s
- ✓ Added self-scheduling appointment tool on website
- ✓ Improved retirement application processing time

2025 Key Initiatives

- Integrate Online Retirement Application into MySCERS portal
- Integrate secure-file upload feature into MySCERS portal
- Show continuous improvement with retirement application processing, service delivery
- Report performance metrics on other service areas
- Expand surveys to members in other service areas





Goal 2

Stakeholder Communication and Outreach

Transparent communication among stakeholders to support clear understanding of roles and responsibilities, and the value of defined-benefit pensions.

- 2.1 Promote transparency, fairness, and compliance with laws and regulations
- 2.2 Communicate timely financial and actuarial information to stakeholders
- 2.3 Engage and educate members and employers
- 2.4 Collaborate with peer pension systems and organizations

2024 Key Accomplishments

- ✓ Re-instituted Employer Forum
- ✓ Implemented new email distribution for retiree outreach
- ✓ Participated in 15 outreach events
- ✓ Completed revisions to member forms

2025 Key Initiatives

- Register members on MySCERS
- Host Employer Forum
- Launch retirement planning presentation for early- and mid-career employees
- Refresh website





Goal 3

Funding Integrity and Sustainability

Prudent and effective funding policies and practices that assist in producing low contribution rate volatility and plan sustainability.

- 3.1 Promote plan sustainability and minimize funding volatility
 - 3.2 Minimize administrative expenses and demonstrate fiscal stewardship
 - 3.3 Promote responsible oversight to ensure accuracy and protect plan assets
-

2024 Key Accomplishments

- ✓ Completed *Alameda* corrections
- ✓ Proposed plan for internal compliance/audit effort to improve oversight of policies and procedures
- ✓ Helped facilitate transfer of pension assets and liabilities for SacSewer as a new employer

2025 Key Initiatives

- Conduct Actuarial Funding Risk Report (stress test scenarios)
- Improve collection efforts and processing unclaimed benefits
- Conduct “Alive and Well” outreach





Goal 4

Investment Planning and Growth

An investment program that meets SCERS' assumed rate of return over time and carefully manages investment risks.

- 4.1 Manage a diverse investment portfolio
- 4.2 Ensure liquidity sufficient to fund benefit payments and operations
- 4.3 Leverage external experts to maximize investment guidance and results
- 4.4 Ensure effective oversight of investment program

2024 Key Accomplishments

- ✓ Presented new Annual Investment Operations Report
- ✓ Conducted Asset Liability Modeling (ALM) study
- ✓ Provided Board education sessions to review asset classes
- ✓ Maintained pacing plan for new investment opportunities
- ✓ Updated Cash Management Policy

2025 Key Initiatives

- Finalize ALM study and revise Strategic Asset Allocation
- Maintain pacing plan for new investment opportunities
- Finalize procurement process for Custody Services
- Implement oversight initiatives





Goal 5

Organizational Development and Culture

A high-performance organizational structure and workforce that is not dependent on any one person.

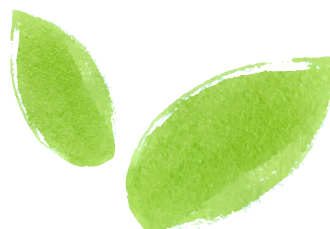
- 5.1** Organize to promote accountability and career progression
 - 5.2** Strengthen workforce with the capacity and skills needed to fulfill SCERS' mission
 - 5.3** Build on a supportive work environment and culture
 - 5.4** Promote strong Board-Staff partnership
-

2024 Key Accomplishments

- ✓ Maintained hiring pace for newly budgeted positions
- ✓ Built out procedure manuals, training guides to help onboard new employees
- ✓ Maximized office space; added additional workstations to support larger staff, more flexible telework options

2025 Key Initiatives

- Continue support for staff Engagement Committee events
- Conduct Compensation Study for SCERS-specific civil service classes





Goal 6

Enterprise Capability and Technology

Enterprise capabilities and technology platforms that are continuously enhanced to improve performance, productivity, and efficiency.

- 6.1** Leverage technology and creative solutions to enhance enterprise performance
- 6.2** Implement continuous improvements to business processes
- 6.3** Manage strategically with performance-based decision making
- 6.4** Ensure the continuity and security of benefit payments and service delivery

2024 Key Accomplishments

- ✓ Proposed detailed project plan for technology investments for near- and medium-term
- ✓ Finalized baseline dashboards for benefit delivery areas
- ✓ Implemented advanced workflow tracking tools
- ✓ Changed website to scers.gov

2025 Key Initiatives

- Determine implementation path for future technology projects
- Facilitate Strategic Vision Planning sessions and present plan for Board approval
- Complete operational risk assessment
- Present proposal for future audit/internal compliance work

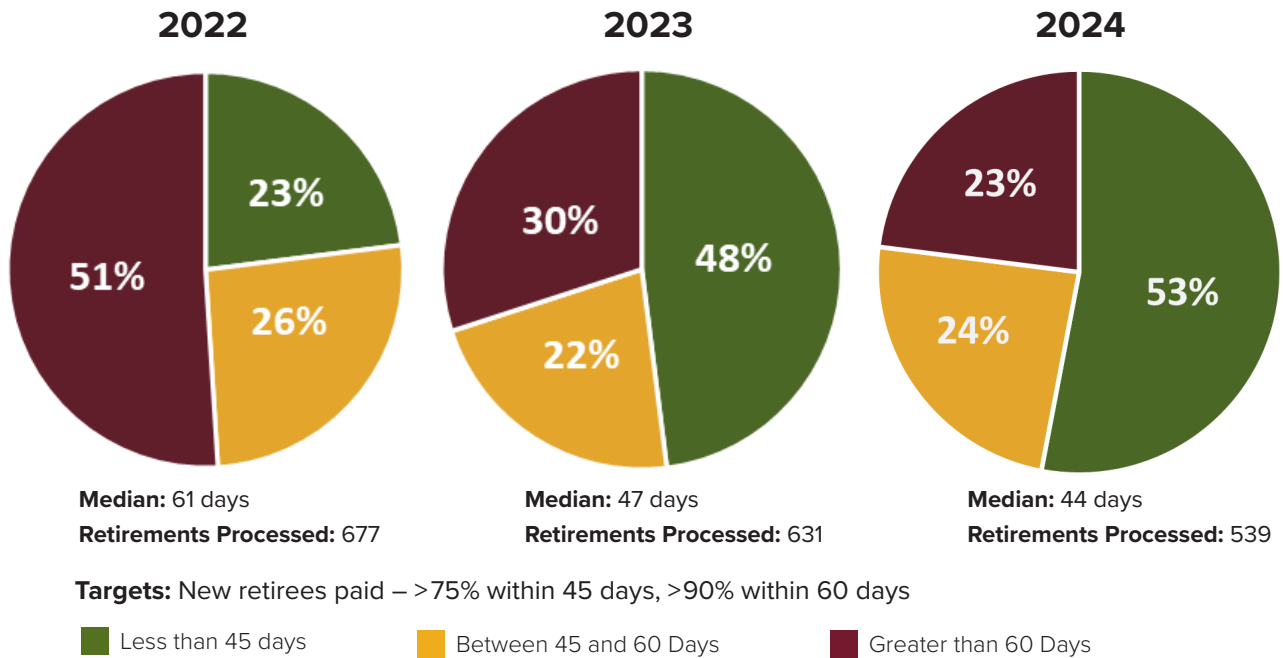




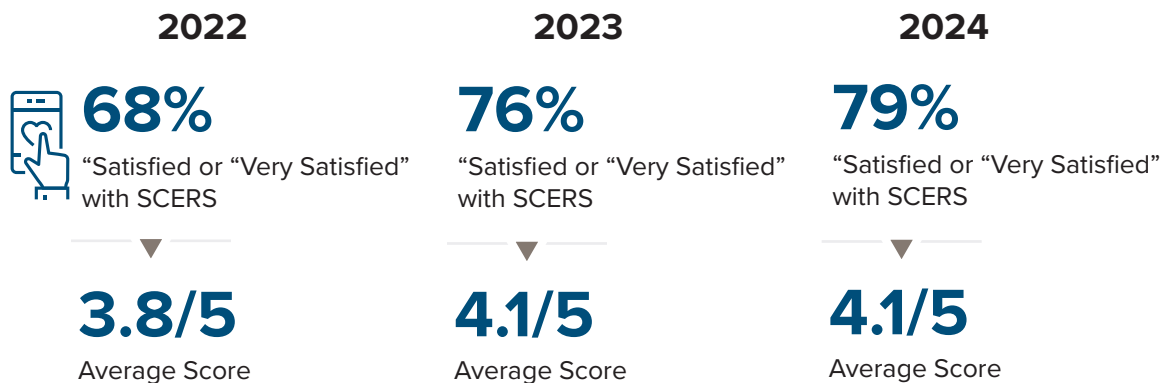
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Goal 1: Customer Service and Experience

First Payment for New Retirees



Member Satisfaction





Appendix

Goal 2: Stakeholder Communication and Outreach

Pension Planning Webinars



97%

“Good,” “Very Good” or “Excellent” on Presentation Effectiveness

4.1/5

Average Score*



Target: Effectiveness of presentations to active members; Satisfaction > 80%

Employer Forum



100%

“Agree” or “Strongly Agree” on Presentation Effectiveness

4.8/5

Average Score



Target: Effectiveness of presentations to members and employers; Satisfaction > 80%.

* Mar, Jun, Sep, and Dec 2024 pension planning webinars



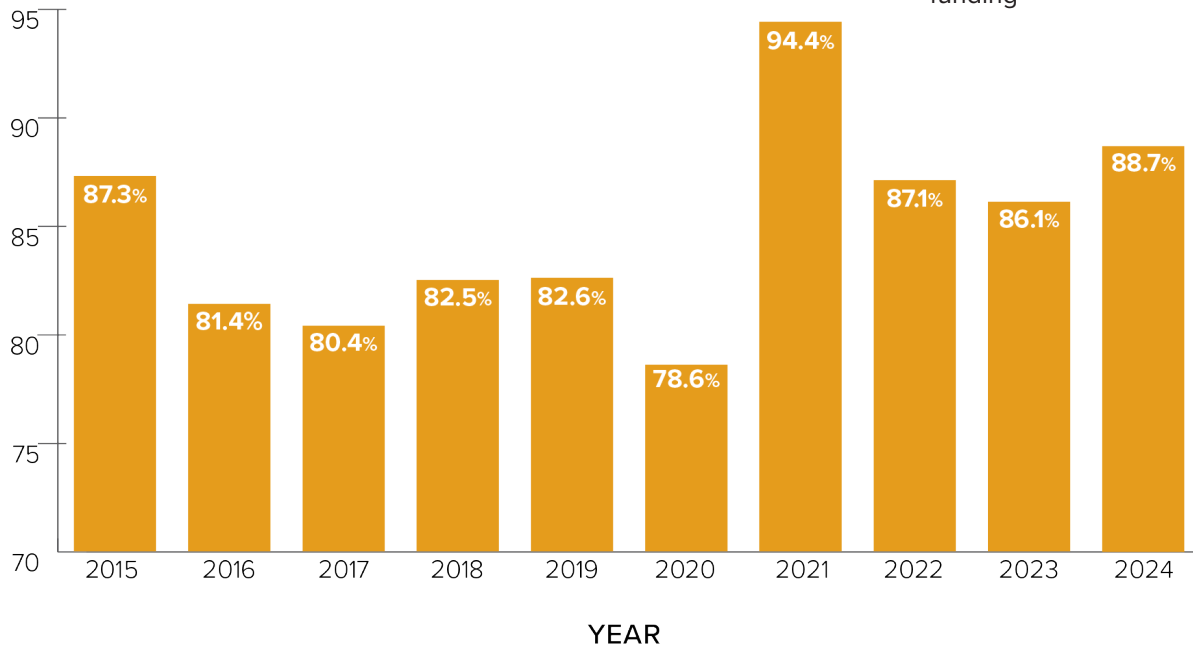
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Goal 3: Funding Integrity and Sustainability

Funded Status

Funding Ratio (2015-2024 – Ended June 30)

✓ On track for 100% funding



Target: 100% funded

Budget Status

5.5%

Increase for 2024-25

Target: Maintain operational budget at or below inflationary growth (excluding IT projects)

3% inflation as of June 30, 2024

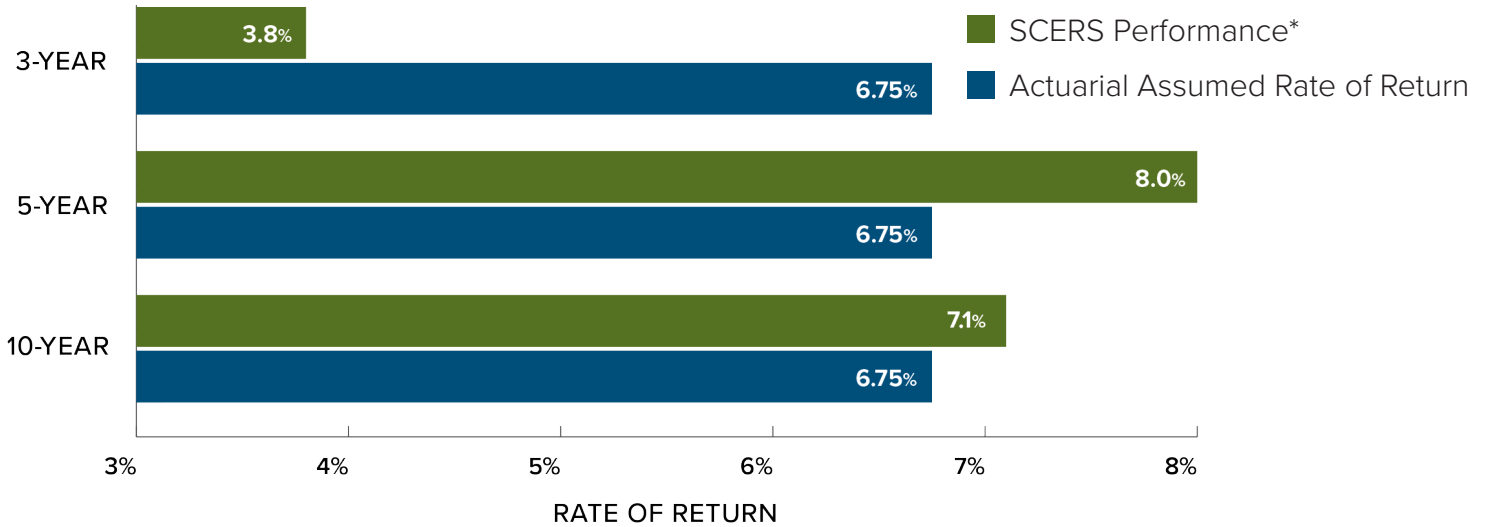


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Goal 4: Investment Planning and Growth

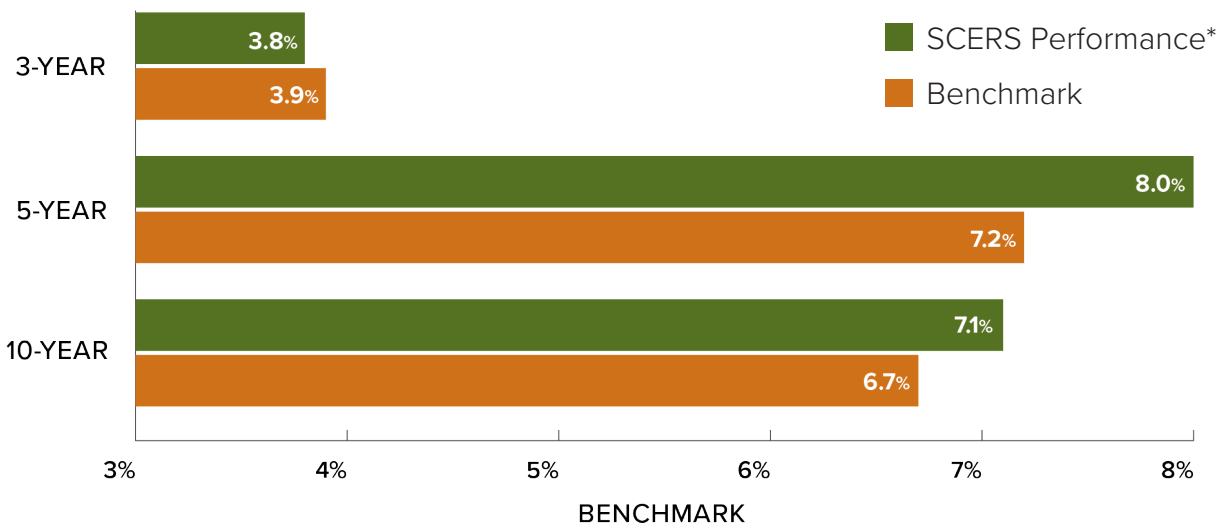
Rate of Return (Over 3-, 5-, 10-year periods)

Target: Meet or exceed actuarial assumed rate of return over 3-, 5-, and 10-year periods



Benchmarks (Over 3-, 5-, 10-year periods)

Target: Meet or exceed benchmarks over 3-, 5-, and 10-year periods



* As of 6/30/2024

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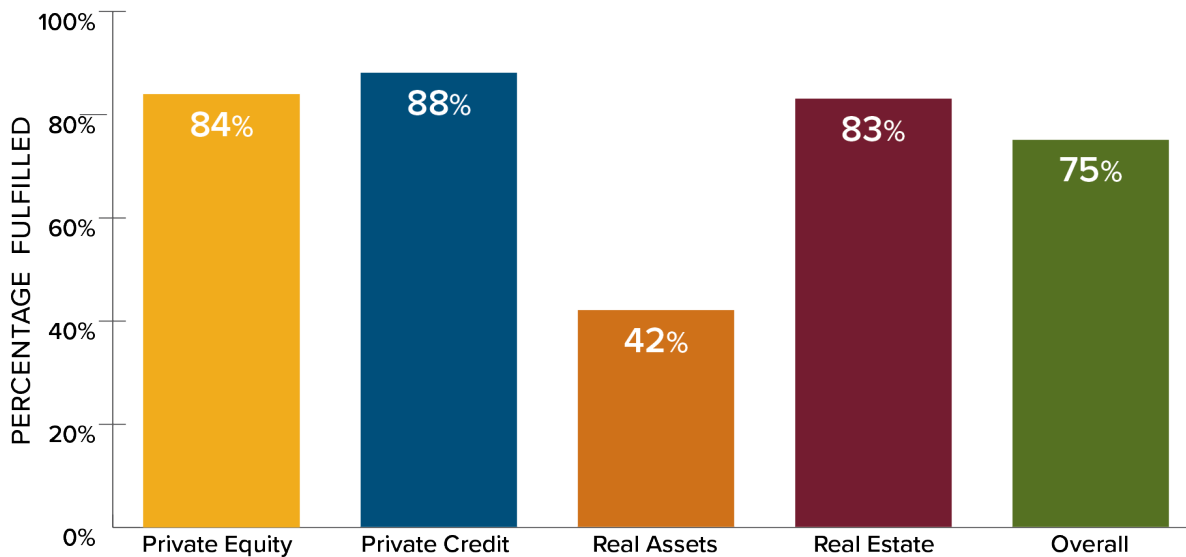


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Goal 4: Investment Planning and Growth

Investment Plan Fulfillment*

Target: Maintain responsible pacing of new investment commitments in line with Investment Annual Plan



Rankings

Target: Rank in the top half of a competitive, after-fee peer universe over 3-, 5-, and 10-year periods**



* As of 12/31/2024




** As of 6/30/2024

InvMetrics Public DB > \$1B Gross Median



Appendix

Goal 5: Organizational Development and Culture

 20.7% Average Staff Vacancy Rate*	◀ Target: Staff vacancy rate < 10%
 79% Employee Satisfaction	◀ Target: Overall satisfaction of employees surveyed > 80%
 8 Board Education Sessions	◀ Target: Conduct at least one Board educational presentation a quarter to improve effective oversight

* As of 12/31/2024