



ALAMEDA COUNTY
EMPLOYEES' RETIREMENT
ASSOCIATION

A Pension Trust Fund of the
County of Alameda, Oakland, CA

Popular Annual Financial Report

For the Year Ended December 31, 2023



Message from the Chief Executive Officer, David Nelsen



Dear ACERA Members,

I'M PLEASED TO SHARE with you a snapshot of your pension fund's performance this past year and over time.

In 2023, our investments performed exceptionally well, with a 12.7% gross return. This strong performance increased our net position by \$980 million, bringing it to \$11.3 billion as of December 31, 2023.

At ACERA, ensuring your retirement security is our top priority. Even after outstanding years like 2023, we stay focused on long-term investing. Our portfolio is built to generate returns over decades, navigating the ups and downs of the market. For example, over the past 15 years, we've averaged a 9.7% annual return, even with significant market downturns during that period. You can learn more about our investments at acera.org/investments.

Since March 2023, our office has been open five days a week. As health officials believe Covid-19 will be with us indefinitely, we encourage you to connect with us virtually for your safety and convenience. Our virtual call center (acera.org/contact), Zoom ready-to-retire counseling appointments (acera.org/counseling), and Zoom seminars (acera.org/seminars) are all available to you. We also hold hybrid in-person/virtual Board and Committee meetings, with virtual attendance options via Zoom for members and the public (acera.org/meetings).

In 2023, we accomplished a lot! We adopted a new Advance Death Benefit Election that all active members should consider, we revamped our new member education process, and we're in the home stretch of our pension administration software replacement, a project five years in the making, which is set to launch later this year. Check out the accomplishments section on the next page for more details.

As we look forward to the coming year, we remain committed to providing you with retirement security. Thank you for your continued trust in ACERA.

Warm regards,

David Nelsen,
Chief Executive Officer

Counseled **566**
ready-to-retire
members

Processed **483**
members into
retirement

Board of Retirement

Ophelia B. Basgal
CHAIR

Appointed by the Board of Supervisors

Kellie Simon

1ST VICE CHAIR

Elected by General Members

Tarrell V. Gamble

2ND VICE CHAIR

Appointed by Board of Supervisors

Cynthia Baron

ALTERNATE RETIRED

Elected Alternate by Retired Members

Kevin Bryant

ALTERNATE SAFETY

Elected Alternate by Safety Members

Keith Carson

Appointed by and Member of
Board of Supervisors

Ross Clippinger

Elected by Safety Members

Jaime Godfrey

Appointed by the Board of Supervisors

Henry C. Levy

Ex-Officio Member
Treasurer-Tax Collector

Elizabeth Rogers

Elected by Retired Members

George Wood

Elected by General Members

Active Membership

That's **80%** of all members

Enrolled **21,083** so far in Web Member Services at ACERA.ORG/WMS

Strengthening ACERA

Accomplishment Highlights

2023

ENHANCED ACTIVE DEATH BENEFITS •

Adopted an Advance Death Benefit Election allowing member to potentially provide greater benefits for their beneficiaries if the member dies before retirement. All active members should consider making the election: acera.org/adv

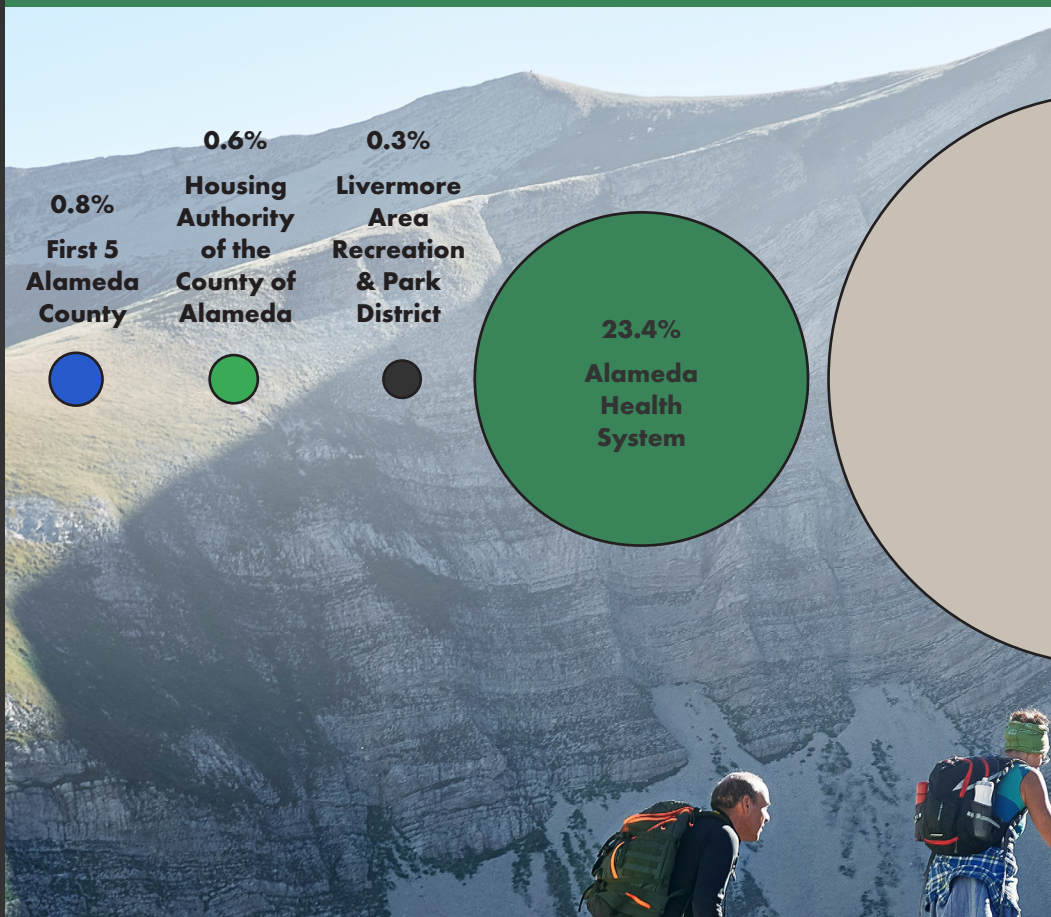
REDESIGNED NEW MEMBER ORIENTATION AND ONBOARDING PROCESS •

Redesigned process to enhance new employees' understanding of benefits with a new orientation video, new educational materials, and streamlined onboarding.

PENSION SOFTWARE REPLACEMENT •

Nearing completion of our 5-year pension database software replacement project, completing all major workstreams, automations, configurations, and staff training resources. Replacement will go live October 2024 and will deliver huge gains in efficiency through automation. Members will enjoy a redesigned online portal with additional tools.

ACERA ALSO... Increased the dental PPO annual max. from \$1,300 to \$1,900; adopted BoardEffect board-management software; hired a new Board election services vendor; hired NEPC as our new general investment consultant; adopted a new real estate investment plan; initiated an emerging markets equity manager search; adopted \$336 million in new commitments to 8 privately placed funds; conducted a benefits consultant RFP; and continued Silver&Fit free gym memberships for Kaiser Permanente Senior Advantage (Medicare) members for 2024: acera.org/silverandfit



ACERA's Membership

ACERA's members are current and former employees of six participating employers who collectively share the risks of supporting a multi-employer, cost-sharing, defined benefit retirement plan. [More at www.acera.org/about](http://www.acera.org/about).

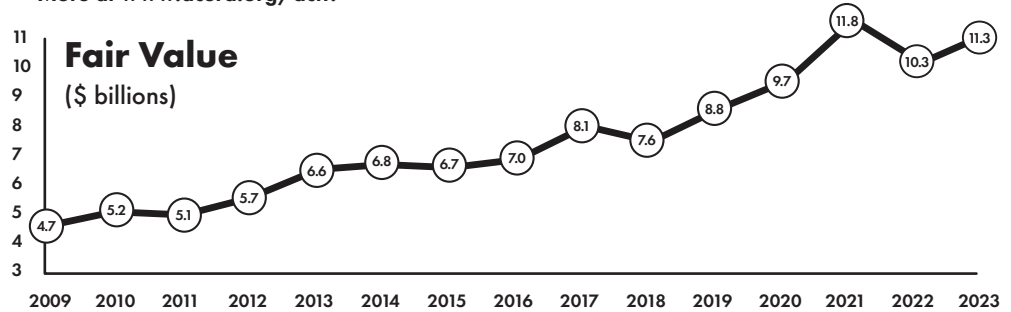
Membership Changes

| 2023 | total members: 26,342 |
|------------------------------------|-----------------------|
| 2022 | total members: 25,493 |
| SERVICE RETIREES | |
| 8,674 | 8,463 |
| ACTIVE VESTED | |
| 7,668 | 7,661 |
| ACTIVE NON-VESTED | |
| 3,827 | 3,629 |
| DEFERRED | |
| 3,843 | 3,439 |
| BENEFICIARIES AND SURVIVORS | |
| 1,325 | 1,298 |
| DISABILITY RETIREES | |
| 1,005 | 1,003 |

ACERA Financial Highlights

The funding sources that finance the retirement benefits are employee contributions, employer contributions, and investment income. ACERA's assets are primarily used for the payment of benefits to members and their beneficiaries, the refund of contributions to terminated employees, and the cost of administering the retirement system.

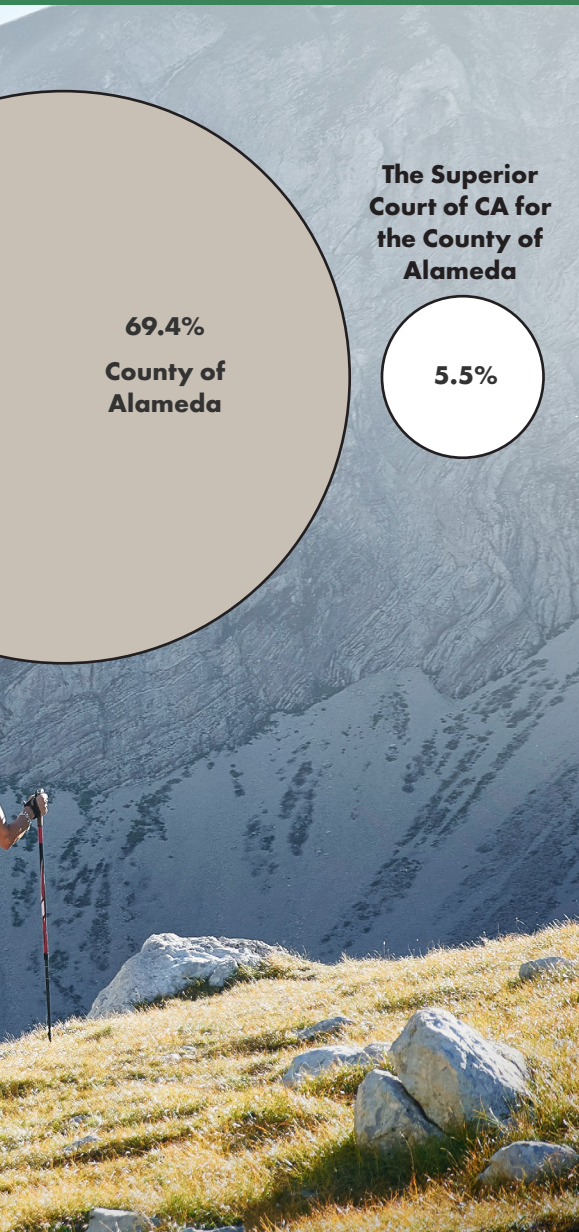
More at www.acera.org/acfr.



Financial Summary (Fiduciary Net Position Condensed)

(Dollars in millions)

| | 2023 | 2022 | Increase (Decrease) Amount | Percent Change |
|--|--------------------|--------------------|----------------------------|----------------|
| ADDITIONS | | | | |
| Net investment income + Misc. income | \$ 1,249.6 | \$ -1,289.7 | \$ 2,539.3 | 197% |
| Employee & Employer contributions | 415.1 | 402.3 | 12.8 | 3% |
| Reserve transfers | 58.8 | 54.8 | 4.0 | 7% |
| Total additions | \$ 1,723.5 | \$ -832.6 | \$ 2,556.1 | 307% |
| DEDUCTIONS | | | | |
| Retirement benefit payments & refunds | \$ 619.7 | \$ 591.3 | \$ 28.4 | 5% |
| Postemployment medical benefits | 47.1 | 46.7 | 0.4 | 1% |
| Administration | 17.6 | 17.0 | 0.6 | 4% |
| Reserve transfers | 58.8 | 54.8 | 4.0 | 7% |
| Total deductions | 743.2 | 709.8 | 33.4 | 5% |
| Fiduciary net position at end of year | \$ 11,278.8 | \$ 10,298.5 | \$ 980.3 | 10% |



69.4%
County of Alameda

The Superior Court of CA for the County of Alameda

5.5%

Pension Plan Funding Status

ACERA hires an independent actuary to conduct annual valuations of pension assets and expenses. The actuarial values are compared to determine the annual contribution rates that ACERA's members and employers are required to pay to meet pension obligations. You may notice that the actuarial value of assets and the net position differ; this is because gains and losses are mathematically "smoothed" over a 5-year period. This minimizes the effect of market volatility on contribution rates. Participating employers contributed 100% of the annual required contributions to the pension plan, which include additional contributions so ACERA can re-achieve 100% funding over time.

Actuarial Values and Funded Ratio

| ACTUARIAL VALUATION AS OF DECEMBER 31 | ACTUARIAL VALUE OF ASSETS | ACTUARIAL ACCRUED LIABILITY | UNFUNDED ACTUARIAL ACCRUED LIABILITY | FUNDED RATIO |
|---------------------------------------|---------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| <i>(Dollars in millions)</i> | | | | |
| PLAIN ENGLISH: | How Much We Have Now | How Much We Owe, Now & in the Future | How Much More We'll Need | % of How Much We Owe That We Have Now |
| 2022 | \$ 9,923.0 | \$ 11,415.1 | \$ 1,492.1 | 86.9% |
| 2021 | 9,453.1 | 10,929.9 | 1,476.8 | 86.5% |
| 2020 | 7,984.3 | 10,484.2 | 2,499.9 | 76.2%* |
| 2019 | 7,600.0 | 9,795.0 | 2,195.0 | 77.6% |
| 2018 | 7,239.3 | 9,376.4 | 2,137.1 | 77.2% |

*Reduction in funded ratio primarily due to reduction in assumed annual rate of return

Check www.acera.org/actuarial for more information on pension plan funding and the Net Pension Liability calculation required by GASB 67.

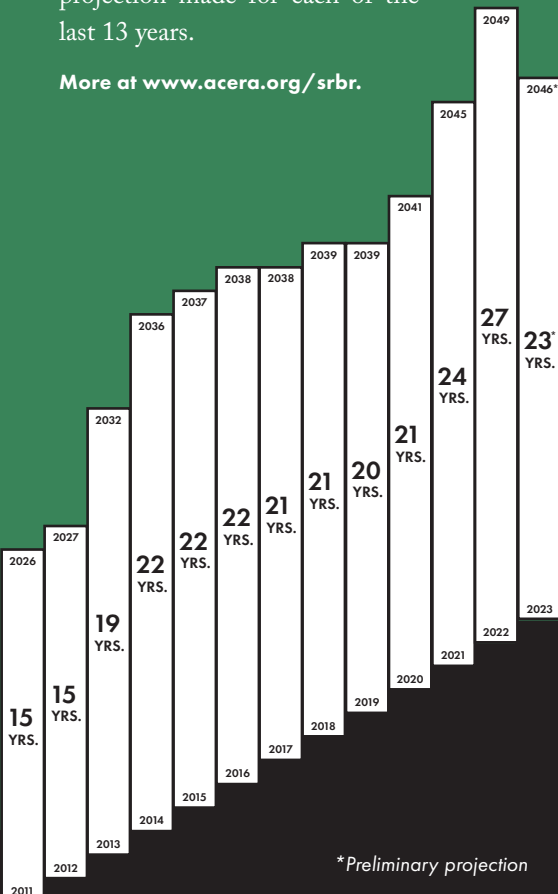
Non-Guaranteed Benefits and the Supplemental Retiree Benefits Reserve (SRBR)

NON-GUARANTEED BENEFITS CURRENTLY OFFERED

- Monthly Medical Allowance (MMA)
- Dental Coverage Subsidy
- Vision Coverage Subsidy
- Medicare Part B Reimbursement Plan
- Supplemental COLA
- Implicit Subsidy (Paid to County)

ACERA's non-guaranteed (non-vested) benefits are subject to available funds in ACERA's Supplemental Retiree Benefits Reserve (SRBR). The SRBR receives regular interest earnings and half of investment earnings above the assumed rate of return. Each year, our actuary projects how many years the SRBR will last at current benefit levels. ACERA aims to keep the SRBR above a projected 15-year sustainability level. The Board of Retirement may change or end non-guaranteed benefits to meet this goal. Below is the sustainability projection made for each of the last 13 years.

More at www.acera.org/srbr.



Investment Performance

GROSS RESULTS

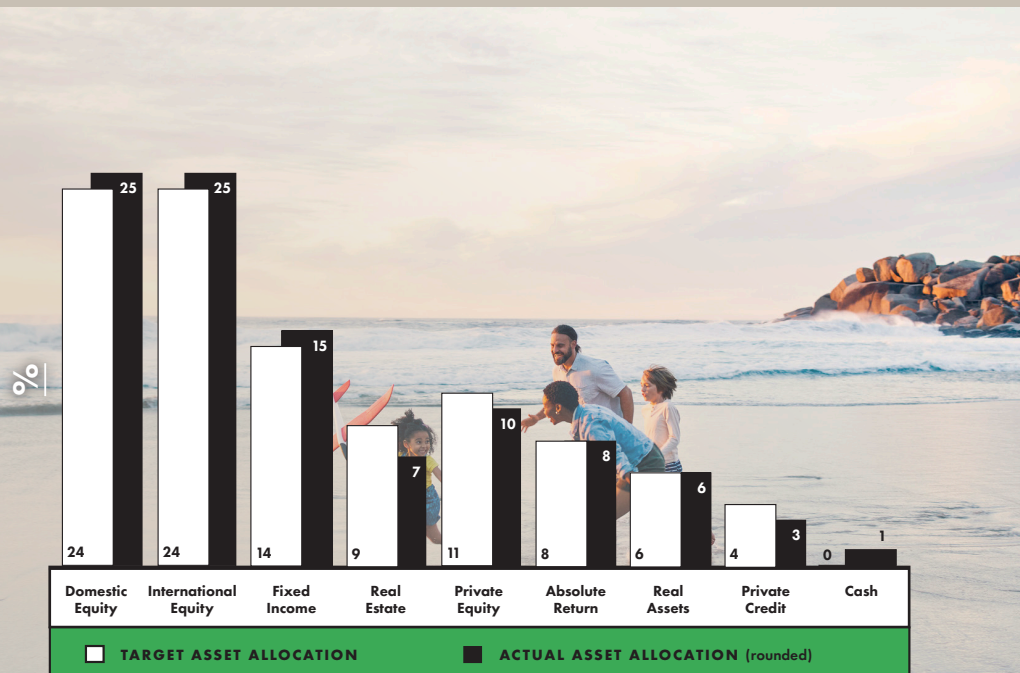
The Board of Retirement has the fiduciary responsibility to prudently invest ACERA's funds to minimize overall risk and maximize returns.

More at www.acera.org/investments.

Investment Fund Performance Highlights (Gross Results)

| Description | | 2023 Return | Ranking in a universe of public funds over \$1 billion* |
|---------------------------------|------------------------------|-----------------------------|---|
| TOTAL FUND | | | |
| Total fund return | ACERA fund return | 12.7% | 28th percentile |
| Policy index return | Benchmark | 11.4% | 50th percentile |
| Median return | Peer group return | 11.4% | 50th percentile |
| Annualized 5 years | Average return over 5 years | 9.2% | 25th percentile |
| Annualized 10 years | Average return over 10 years | 7.2% | 29th percentile |
| Annualized 15 years | Average return over 15 years | 9.7% | 7th percentile |
| INDIVIDUAL ASSET CLASSES | | | |
| | | \$ Value in billions | |
| Domestic equity | U.S. stocks | 25.8% | \$ 2.9 |
| International equity | International stocks | 17.2% | 2.8 |
| Fixed income | Bonds/debt | 7.3% | 1.7 |
| Real estate | Real, tangible properties | -10.8% | 0.8 |
| Private equity | Non-public companies | 9.3% | 1.1 |
| Absolute return | Stable, positive returns | 6.7% | 0.9 |
| Real assets | Inflation hedge | 4.3% | 0.7 |
| Private credit | Private, non-bank lending | 10.1% | 0.3 |
| Cash | Cash | 5.6% | 0.1 |
| TOTAL | | | \$ 11.3 |

* ACERA's investment policy targets a ranking in the top 25th percentile.



*Totals may not equal 100% due to rounding.



**Alameda County Employees'
Retirement Association**

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For the Year Ended
December 31 2023

Serving You

OUR MISSION AT ACERA is to provide members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services. We've been doing this since our establishment in 1947 under the County Employees Retirement Law of 1937 (CERL). ACERA is one of the few county retirement organizations that has adopted Article 5.5 of the CERL. This means that our members also receive non-guaranteed benefits such as healthcare.

Our dedicated and diverse team at ACERA uses its expertise to provide these benefits to you, our members. On the following pages you can see some of the ways we've improved our service in 2023.

| | | |
|--|--|--|
| <p>Answered 17,161 telephone calls</p> | <p>96% of callers spent less than <u>60 seconds</u> on hold</p> | <p>Fulfilled 890 formal written requests</p> |
| <p>Scanned & indexed 26,249 member documents</p> | <p>Subscribed 10,474 people to email news updates at acera.org/subscribe</p> | <p>Members generated 23,076 retirement estimates through Web Member Services acera.org/wms</p> |
| <p>Responded to 9,201 email messages</p> | | |