



ALAMEDA COUNTY
EMPLOYEES' RETIREMENT
ASSOCIATION

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

**For the Year Ended
December 31, 2020**

**Popular Annual
Financial Report**



2020

**Resilient
Together**

Message from the Chief Executive Officer, David Nelsen



Dear ACERA Members,

THIS REPORT GIVES you a brief picture of the performance of your pension fund this past year and over time.

2020 was challenging. The COVID-19 worldwide pandemic caused tragic loss of life, diminished wellbeing, and economic hardship, while Americans simultaneously reckoned with profound social unrest and political division. But during it all, we witnessed extraordinary courage, generosity of spirit, and resilience as we worked through the extreme adversity.

Despite the precipitous stock market plunge at the onset of the pandemic, the market recovered throughout 2020, and ACERA's net position increased by \$0.8 billion to \$9.6 billion as of December 31, 2020, representing a robust 12.5% gross return.

Providing you with retirement security is central to our mission. Even after strongly performing years like 2020, it's important to remember that we're able to provide retirement security through long-term investing. We have built an investment portfolio designed to generate returns over decades—rather than days, weeks, or months of market ups and downs. Over the last 15 years, we've earned an average annual return of 7.6% on our investments, a period which includes two major market downturns. Learn more about our approach at acera.org/investments.

Our top priority at ACERA remains the health and wellbeing of our members, our employees, and our families. In order to keep ensuring your safety amid the ongoing pandemic while serving your retirement needs, we're asking members to continue connecting with us virtually and to limit visits to ACERA's office. We're regularly expanding our virtual educational resources to help you plan your retirement future. Visit acera.org to get started.

We wish you and your family health and safety, and we're excited to continue serving you.

Sincerely,

David Nelsen,
Chief Executive Officer

Counseled **452**
ready-to-
retire
members

Processed **495**
members into
retirement

Board of Retirement

Dale E. Amaral
CHAIR

Elected by Safety Members

Jaime Godfrey
1ST VICE CHAIR

Appointed by the Board of Supervisors

Liz Koppenhaver
2ND VICE CHAIR

Elected by Retired Members

Ophelia B. Basgal

Appointed by the Board of Supervisors

Keith Carson

Appointed by and member of the
Board of Supervisors

Tarrell V. Gamble

Appointed by the Board of Supervisors

Henry C. Levy

Ex-Officio Member, Treasurer-Tax Collector
County of Alameda

Nancy Reilly

ALTERNATE RETIRED

Elected by Retired Members

Elizabeth Rogers*

Elected by General Members

Darryl L. Walker, Sr.

ALTERNATE SAFETY

Elected by Safety Members

George Wood

Elected by General Members

*Elizabeth Rogers retired and resigned from
the Board on April 1, 2021.

Enrolled **17,083** so far
in Web Member Services
at ACERA.ORG/WMS

That's **70%** of
all members

Strengthening ACERA

Accomplishment Highlights

2020

COVID-19 RESPONSE • We transitioned nearly all staff to telework; implemented virtual board meetings, retirement counseling sessions, and retirement planning webinars over Zoom; implemented a virtual call center; created an electronic retirement packet; upgraded our member portal for secure document uploads; and processed all retirements and retirement payments on schedule.

REDESIGNED OUR WEBSITE • We relaunched acera.org using a responsive design that looks good on any sized device. Enhancements include web forms, video seminars, and totally redesigned content architecture and retirement planning content.

CONTINUED WORK ON PENSION SOFTWARE REPLACEMENT • We made considerable headway on the project we launched in 2018 to replace our pension database software, completing planning of a new employer reporting portal, electronic document management integration, and a new benefit estimator and service credit purchase estimator. Replacement will go live in 2023 and deliver huge gains in efficiency through automation.

ACERA ALSO... increased the 60-day retirement application window to 90 days; completed a retiree payroll deduction policy audit; conducted a Large Cap Value manager search; expanded the Emerging Managers program; adopted a new Real Assets asset class structure; revised our International Equity manager structure; and adopted \$335 million in new commitments to privately placed funds.

Active Membership

0.6%
First 5
Alameda
County

0.5%
Housing
Authority
of the
County of
Alameda

0.4%
Livermore
Area
Recreation
& Park
District

21.7%
Alameda
Health
System

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

2020 total members: **24,480**

2019 total members: **24,262**

SERVICE RETIREES



ACTIVE VESTED



ACTIVE NON-VESTED



DEFERRED



BENEFICIARIES



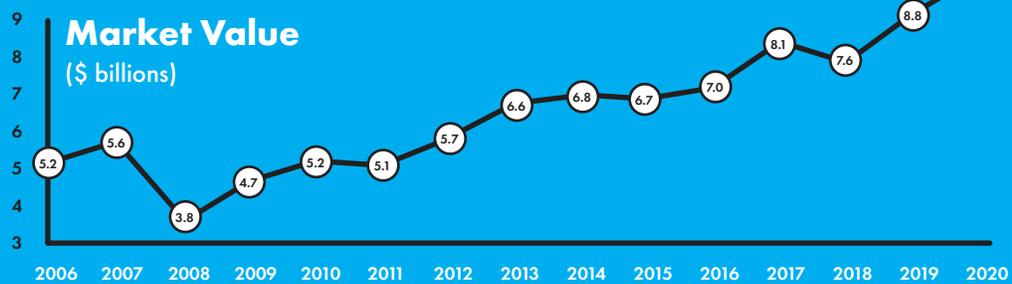
DISABILITY RETIREES



ACERA Financial Highlights

The funding sources that finance the retirement benefits are member 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/AnnualReport.



Financial Summary (Fiduciary Net Position Condensed)

(Dollars in millions)

	2020	2019	Increase (Decrease) Amount	Percent Change
ADDITIONS				
Net investment income + Misc. income	\$ 1,017.6	\$ 1,359.4	\$ -341.8	25%
Employee & Employer contributions	415.9	401.6	14.3	4%
Reserve transfers	53.3	53.2	0.1	0%
<i>Total additions</i>	<i>\$ 1,486.8</i>	<i>\$ 1,814.2</i>	<i>\$ -327.4</i>	<i>18%</i>
DEDUCTIONS				
Retirement benefit payments & refunds	\$ 530.8	\$ 504.1	\$ 26.7	5%
Postemployment medical benefits	46.0	43.6	2.4	6%
Administration	16.2	16.6	-0.4	-2%
Reserve transfers	53.3	53.2	0.1	0%
<i>Total deductions</i>	<i>646.3</i>	<i>617.5</i>	<i>28.8</i>	<i>5%</i>
Fiduciary net position at end of year	\$ 9,629.8	\$ 8,789.3	\$ 840.5	10%

The Superior Court of CA for the County of Alameda

71.0%
County of Alameda

5.8%

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
2019	\$ 7,600.0	\$ 9,795.0	\$ 2,195.0	77.6%
2018	7,239.3	9,376.4	2,137.1	77.2%
2017	6,830.4	8,987.1	2,156.7	76.0%*
2016	6,436.1	8,237.7	1,801.6	78.1%
2015	6,083.5	7,875.0	1,791.5	77.3%

*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.

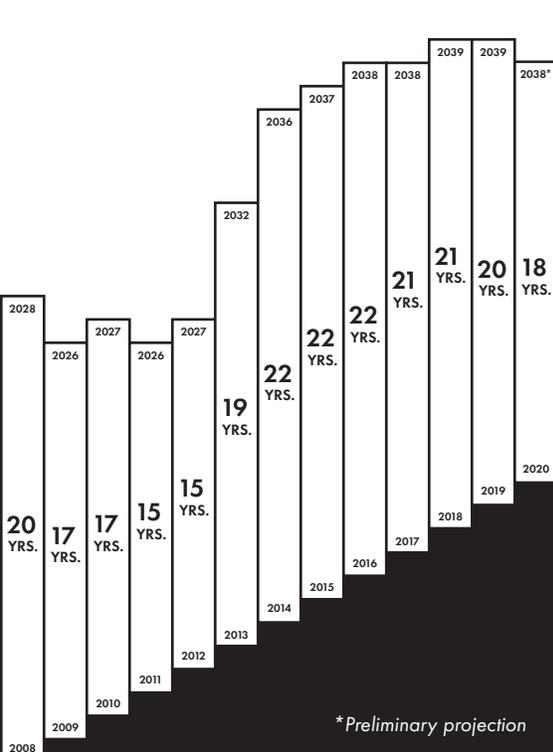
Non-Guaranteed Benefits and the Supplemental Retirees Benefits Reserve (SRBR)

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 Retirees Benefits Reserve (SRBR). The SRBR receives regular interest earnings and 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 projection made for each of the last 13 years.

More at www.acera.org/srbr.



Investment Performance

GROSS RESULTS

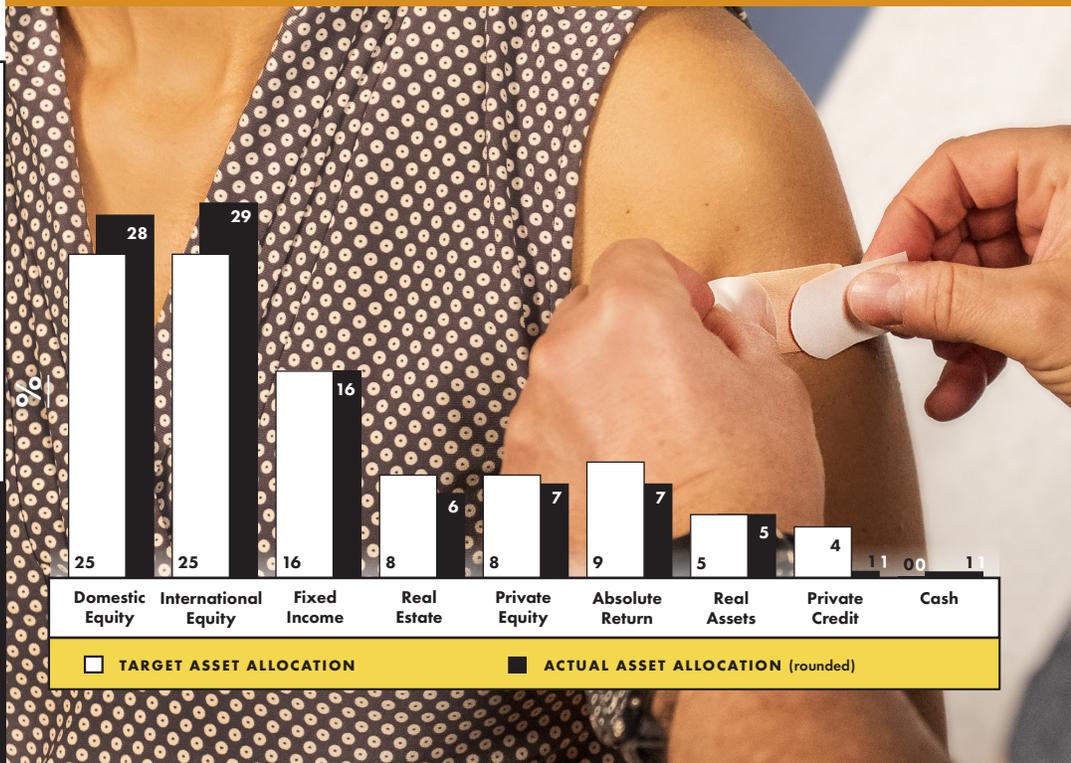
The Board of Retirement has the fiduciary responsibility to prudently invest ACERA's funds to minimize overall risk and maximize returns.

More at www.acera.org/investments.

Investment Fund Performance Highlights (Gross Results)

Description		2020 Return	Ranking in a universe of public funds over \$1 billion*
TOTAL FUND			
2020 Total fund return	ACERA fund return	12.5%	39th percentile
2020 Policy index return	Benchmark	12.3%	41st percentile
2020 Median return	Peer group return	11.5%	50th percentile
Annualized 5 years	Average return over 5 years	10.4%	23rd percentile
Annualized 10 years	Average return over 10 years	9.1%	20th percentile
Annualized 15 years	Average return over 15 years	7.6%	19th percentile
INDIVIDUAL ASSET CLASSES			
<i>\$ Value in billions</i>			
Domestic equity	Stocks	20.3%	\$ 2.71
International equity	Stocks	15.1%	2.79
Fixed income	Bonds/debt	12.3%	1.56
Real estate	Real, tangible properties	1.8%	0.61
Private equity	Non-public companies	11.6%	0.72
Absolute return	Diversifying returns	-1.1%	0.67
Real assets	Inflation-sensitive investments	-2.2%	0.47
Private credit	Loans to private companies	0.8%	0.06
Cash	Cash	0.6%	0.06
TOTAL			\$ 9.65

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





**Alameda County Employees'
Retirement Association**

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Oakland, CA 94612

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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 2020.

Answered
14,257
telephone calls

Fulfilled
674
formal written requests

96%
of callers spent less than 60 seconds on hold

Scanned & indexed
23,671
member documents

Subscribed
1,543
people to email news updates at acera.org/subscribe

Members generated
23,270
retirement estimates through Web Member Services
acera.org/wms

Responded to
8,360
email messages