The Popular Annual Financial Report (PAFR) is a summary of the Annual Comprehensive Financial Report (ACFR) for the year ended **DECEMBER 31, 2021**

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.

We accomplished a lot administratively, and our investments performed extremely well. ACERA's fund experienced a 16.2% gross investment return. Boosted by an extraordinary advance of unfunded liability contributions of $800.0 million and $12.6 million made by Alameda County and Livermore Area Recreation and Park District respectively, ACERA's net position increased by $2.2 billion to $11.8 billion as of December 31, 2021.

Providing you with retirement security is central to our mission. Even after strongly performing years like 2021, it's important to remember that we're able to provide retirement security through long-term investing. We've 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 7.7% on our investments, a period which includes two major market downturns. Learn more at acera.org/investments.

While 2021 opened with the continuation of social hardships that began with the pandemic in 2020, optimism grew with Americans taking advantage of the newly available COVID-19 vaccines, bringing some welcome relief from the distancing, anxiety, and impact of the virus. During this time, we significantly expanded our ability to serve you remotely, but with our same standard of excellence.

Though we feel hopeful and the pandemic has somewhat eased, a top priority at ACERA remains the health and wellbeing of our members, our employees, and our families. In order to keep ensuring your safety while serving your retirement needs, we're encouraging members to continue connecting with us virtually whenever possible, thereby limiting visits to ACERA's office. We're regularly expanding our virtual services and 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 **502** ready-to-retire members

Processed **484** members into retirement

Board of Retirement

Jaime Godfrey
CHAIR
Appointed by the Board of Supervisors

Liz Koppenhaver
1ST VICE CHAIR
Elected by Retired Members

Ophelia B. Basgal
2ND VICE CHAIR
Appointed by the Board of Supervisors

Dale E. Amaral
Elected by Safety Members

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
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Kellie Simon
Elected by General Members

Darryl L. Walker, Sr.
ALTERNATE SAFETY
Elected by Safety Members

George Wood
Elected by General Members

The financial data in the Popular Annual Financial Report derive from the more detailed Annual Comprehensive Financial Report. Both are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board. You can find both reports online at **www.acera.org/financial**.

ACERA
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612

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Popular Annual Financial Report

For the Year Ended December 31 **2021**

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 2021.

Answered 16,507 telephone calls

Fulfilled 883 formal written requests

93% of callers spent less than 60 seconds on hold

Scanned & indexed 35,895 member documents

Subscribed 1,581 people to email news updates at **acera.org/subscribe**

Members generated 55,283 retirement estimates through Web Member Services **acera.org/wms**

Responded to 8,190 email messages

475 14th Street STE 1000 | Oakland, CA 94612 | www.acera.org

Enrolled **18,464** so far in Web Member Services at **ACERA.ORG/WMS**

That's **65%** of all members

Strengthening ACERA

Accomplishment Highlights

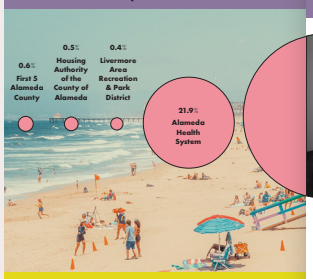
2021

LAUNCHED DOCUSIGN E-FORMS • We launched many of our common forms in DocuSign, a virtual document signing platform. Members can now submit forms electronically from any web-connected device without dealing with printers, paper, ink, scanners, mail, stamps, etc. Most significantly, we redesigned our Service Retirement Application from the bottom up, combining numerous forms into a single, easy-to-use DocuSign form.

CONTINUED WORK ON PENSION SOFTWARE REPLACEMENT • We made considerable headway on our multi-year pension database software replacement project, completing the employer reporting prototype, process management template, and automation configurations. Replacement will go live in 2024 and will deliver huge gains in efficiency through automation.

ACERA ALSO... updated our portfolio asset allocation, moderately increasing private investments by 5 percentage points; adopted an integrated approach to Environmental, Social, and Governance (ESG) investments; adopted $495 million in new commitments to privately placed funds; upgraded our enterprise resource planning software to the cloud; conducted an RFP and replaced our commercial banking service provider; conducted an RFI for medical advisor / disability case manager; and added Silver&Fit free gym memberships for Kaiser Permanente Senior Advantage (Medicare) members on a trial basis for 2022. **acera.org/silverandfit**

Active Membership



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.***

Membership Changes

2021	total members:	**25,010**
2020	total members:	**24,480**

	2021	2020
SERVICE RETIREES	8,514	8,071
ACTIVE VESTED	7,475	7,490
ACTIVE NON-VESTED	2,449	3,592
DEFERRED	3,264	3,302
BENEFICIARIES	1,313	1,327
DISABILITY RETIREES	995	1,018

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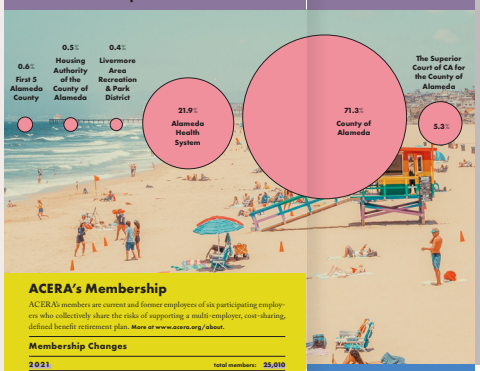

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Pension Plan Funding Status

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 reachieve 100% funding over time.

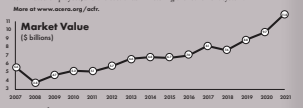
ACERA Financial Highlights

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/acfr.

Market Value

($ billions)



Financial Summary *(Fiduciary Net Position Condensed)*

(Dollars in millions)

ADDITIONS	2021	2020	Increase (Decrease) Amount	Percent Change
Net investment income + Misc. income	$ 1,802.2	$ 1,017.6	$ 584.6	57%
Employee & Employer contributions	1,227.7	415.9	811.8	195%
Reserve transfers	55.8	53.3	2.5	5%
Total additions	$ 2,885.7	$ 1,486.8	$ 1,398.9	94%

DEDUCTIONS	2021	2020	Increase (Decrease) Amount	Percent Change
Retirement benefit payments & refunds	$ 556.3	$ 530.8	$ 25.5	5%
Postemployment medical benefits	45.9	46.0	-0.1	0%
Administration	16.6	16.2	0.4	2%
Reserve transfers	55.8	53.3	2.5	5%
Total deductions	674.6	646.3	28.3	4%
Fiduciary net position at end of year	$11,840.9	$ 9,629.8	$ 2,211.1	23%

Actuarial Values and Funded Ratio

(Dollars in millions)

ACTUARIAL VALUATION AS OF DECEMBER 31	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACTUARIAL ACCRUED LIABILITY	FUNDED RATIO
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
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%
2017	6,830.4	8,987.1	2,156.7	76.0%*
2016	6,436.1	8,237.7	1,801.6	78.1%

*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.

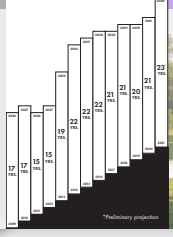
Non-Guaranteed Benefits and the Supplemental Retirees Benefits Reserve (SRBR)

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.



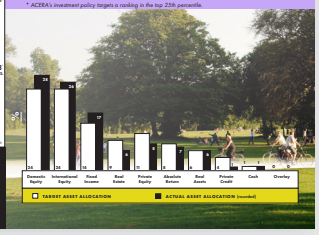
Investment Performance

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	2021 Return	Ranking in a universe of public funds over "1 billion"
TOTAL FUND			
Total fund return	ACERA fund return	16.2%	28th percentile
Policy index return	Benchmark	15.0%	47th percentile
Median return	Peer group return	14.9%	50th percentile
Annualized 5 years	Average return over 5 years	12.2%	19th percentile
Annualized 10 years	Average return over 10 years	10.8%	22nd percentile
Annualized 15 years	Average return over 15 years	7.7%	22nd percentile
INDIVIDUAL ASSET CLASSES			**$ Value in billions**
Domestic equity	Stocks	26.5%	$ 3.22
International equity	Stocks	8.1%	3.07
Fixed income	Bonds/debt	-1.3%	2.01
Real estate	Real, tangible properties	22.3%	0.75
Private equity	Non-public companies	32.4%	0.94
Absolute return	Diversifying returns	15.8%	0.77
Real assets	Inflation-sensitive investments	16.7%	0.75
Private credit	Loans to private companies	9.2%	0.16
Cash	Cash	0.5%	0.12
Overlay	Overlay	0.5%	0.01
TOTAL			$ 11.88

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