



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, 2022**

## Message from the Chief Executive Officer, David Nelsen



*Dear ACERA Members,*

**AS WE PRESENT THIS** annual report for 2022, I would like to start by addressing a challenging year for investment returns. After a bull market that lasted for more than a decade, markets experienced a massive pullback in 2022, exemplified by the S&P 500's negative return of -18.11%. While our fund also experienced a negative return, through our prudent investment policies and practices we fared slightly better, with ACERA's total fund returning -11.62% net for 2022. Despite the challenging investment climate last year, we remain committed to providing retirement security through our investment portfolio designed for long-term returns.

Over the past 10 years, our portfolio has delivered an average annual return of 7.91%, even through market downturns such as the one we faced at the outset of the Covid pandemic. At ACERA, we prioritize managing risk while seeking out investment opportunities that can provide reliable, long-term returns, and we believe our portfolio is well-positioned to continue delivering retirement security to our members.

We're happy to announce that ACERA reopened its office five days a week in March of 2023. While we prioritize the safety of our staff and members amidst the ongoing pandemic, we encourage members to continue connecting virtually with ACERA through our virtual call center ([acera.org/contact](https://acera.org/contact)) and through Zoom for ready-to-retire counseling appointments ([acera.org/counseling](https://acera.org/counseling)) and seminars ([acera.org/seminars](https://acera.org/seminars)). ACERA has returned to in-person/virtual Board and Committee meetings, and we continue utilizing Zoom to allow members and the public to attend virtually ([acera.org/meetings](https://acera.org/meetings)).

We accomplished a lot administratively in 2022 including developing a 5-year strategic plan and advancing the implementation of our new pension administration software, scheduled to launch in 2024. Check out the accomplishments section on the next page.

As we look ahead to the coming year, we remain committed to delivering on our mission of providing retirement security to our members. Thank you for your continued trust in ACERA.

**Sincerely,**

A handwritten signature in black ink that reads "David Nelsen".

**David Nelsen,  
Chief Executive Officer**

Counseled **527**  
ready-to-retire  
members

Processed **519**  
members into  
retirement

# Board of Retirement

**Jaime Godfrey**  
**CHAIR**

Appointed by the Board of Supervisors

**Ophelia B. Basgal**  
**1<sup>ST</sup> VICE CHAIR**

Appointed by the Board of Supervisors

**Kellie Simon**  
**2<sup>ND</sup> VICE CHAIR**

Elected by General Members

**Cynthia Baron**  
**ALTERNATE RETIRED**

Alternate Elected 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

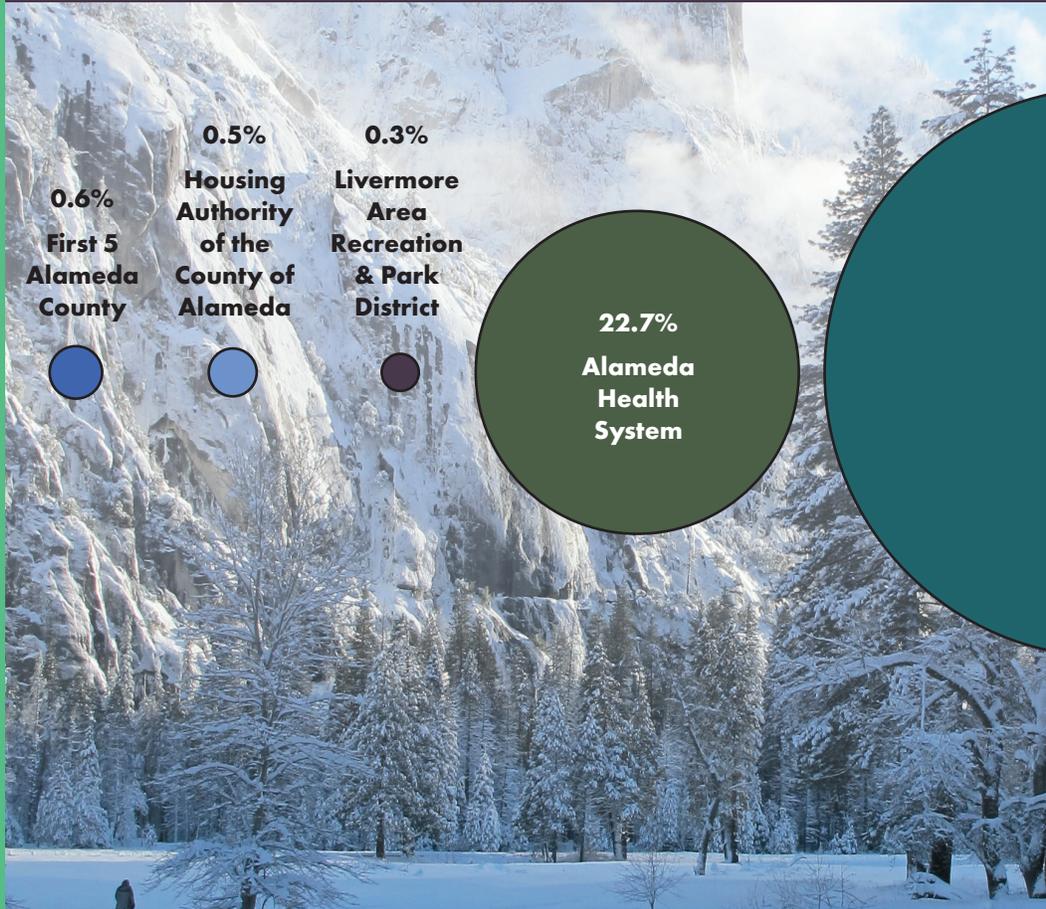
**Tarrell V. Gamble**  
Appointed by Board of Supervisors

**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 **81%** of all members

Enrolled **19,760** so far in Web Member Services at [ACERA.ORG/WMS](https://www.acera.org/wms)

## Strengthening ACERA

### Accomplishment Highlights

#### 2022

##### REDESIGNED YOUR BENEFIT ESTIMATE •

Completed redesign of the Benefit Estimate in the Web Member Services member portal to make the estimate more user-friendly and to include a salary table to help members understand their salary projections.

##### CONTINUED WORK ON PENSION

**SOFTWARE REPLACEMENT •** We made considerable headway on our multi-year pension database software replacement project, completing benefit calculation automation, salary calculation configuration, and a staff training plan. Replacement will go live in 2024 and will deliver huge gains in efficiency through automation.

**ACERA ALSO...** Developed a five-year strategic plan; enhanced the dental PPO plan and visions plans; conducted a hearing aid benefits study; conducted a non-vested benefits survey; conducted a Board election; transitioned commercial banking to JP Morgan Chase; adopted \$624 million in new commitments to 8 privately placed funds; restructured the International Equity asset class; updated the Real Assets and Private Equity investment plans; amended the Emerging Investment Manager (EIM) Policy; and continued Silver&Fit free gym memberships for Kaiser Permanente Senior Advantage (Medicare) members for 2023.

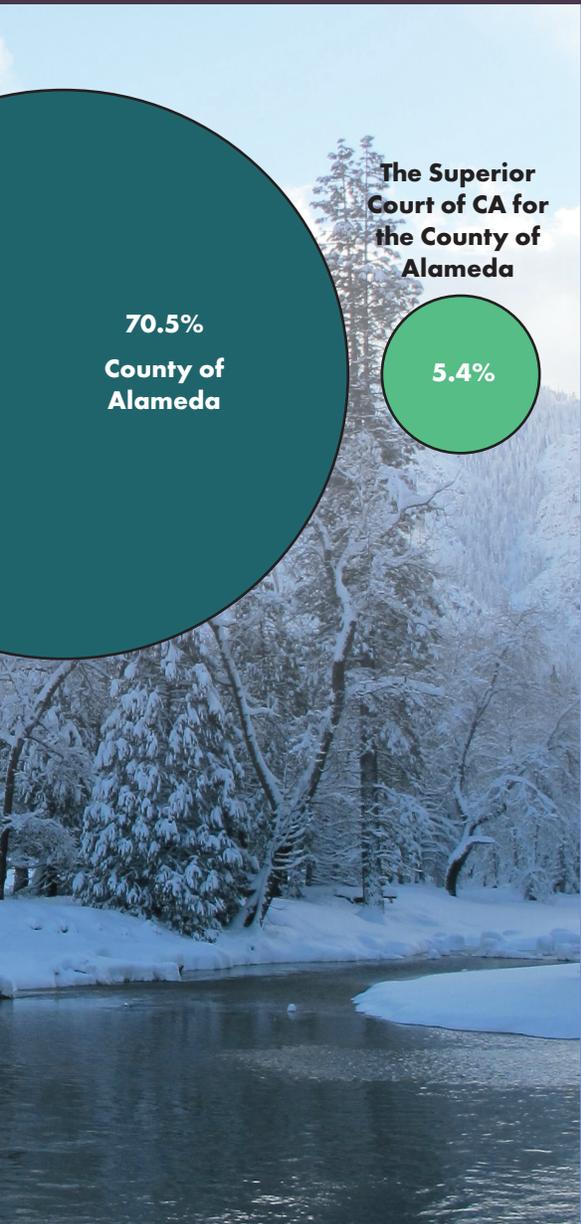
[acera.org/silverandfit](https://www.acera.org/silverandfit)

## 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](https://www.acera.org/about).

### Membership Changes

2022	total members:	25,493
2021	total members:	25,010
<b>SERVICE RETIREES</b>		
8,463		
8,244		
<b>ACTIVE VESTED</b>		
7,661		
7,678		
<b>ACTIVE NON-VESTED</b>		
3,629		
3,609		
<b>DEFERRED</b>		
3,439		
3,216		
<b>BENEFICIARIES</b>		
1,298		
1,282		
<b>DISABILITY RETIREES</b>		
1,003		
981		



70.5%  
County of Alameda

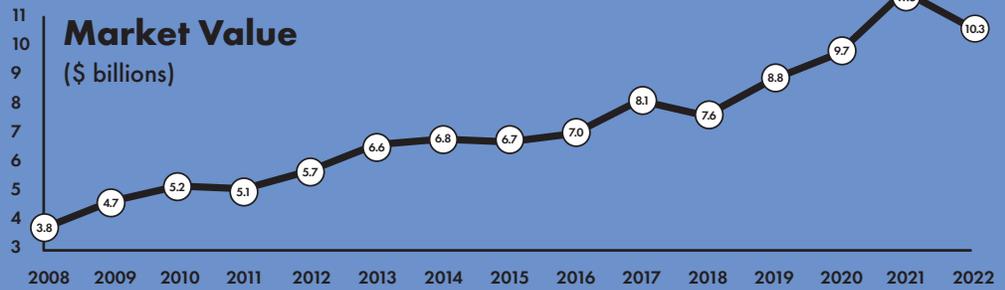
The Superior Court of CA for the County of Alameda

5.4%

## 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](http://www.acera.org/acfr).



### Financial Summary (Fiduciary Net Position Condensed)

(Dollars in millions)

	2022	2021	Increase (Decrease) Amount	Percent Change
<b>ADDITIONS</b>				
Net investment income + Misc. income	\$ -1,289.7	\$ 1,602.2	\$ -2,891.9	-180%
Employee & Employer contributions	402.3	1,227.7	-825.4	-67%
Reserve transfers	54.8	55.8	-1.0	-2%
<i>Total additions</i>	\$ -832.6	\$ 2,885.7	\$ -3,718.3	-129%
<b>DEDUCTIONS</b>				
Retirement benefit payments & refunds	\$ 591.3	\$ 556.3	\$ 35.0	6%
Postemployment medical benefits	46.7	45.9	0.8	2%
Administration	17.0	16.6	0.4	2%
Reserve transfers	54.8	55.8	-1.0	-2%
<i>Total deductions</i>	709.8	674.6	35.2	5%
Fiduciary net position at end of year	\$ 10,298.5	\$ 11,840.9	\$ -1,542.4	-13%

## 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 reach 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>				
<b>PLAIN ENGLISH:</b>	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
<b>2021</b>	\$ 9,453.1	\$ 10,929.9	\$ 1,476.8	86.5%
<b>2020</b>	7,984.3	10,484.2	2,499.9	76.2%*
<b>2019</b>	7,600.0	9,795.0	2,195.0	77.6%
<b>2018</b>	7,239.3	9,376.4	2,137.1	77.2%
<b>2017</b>	6,830.4	8,987.1	2,156.7	76.0%

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

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

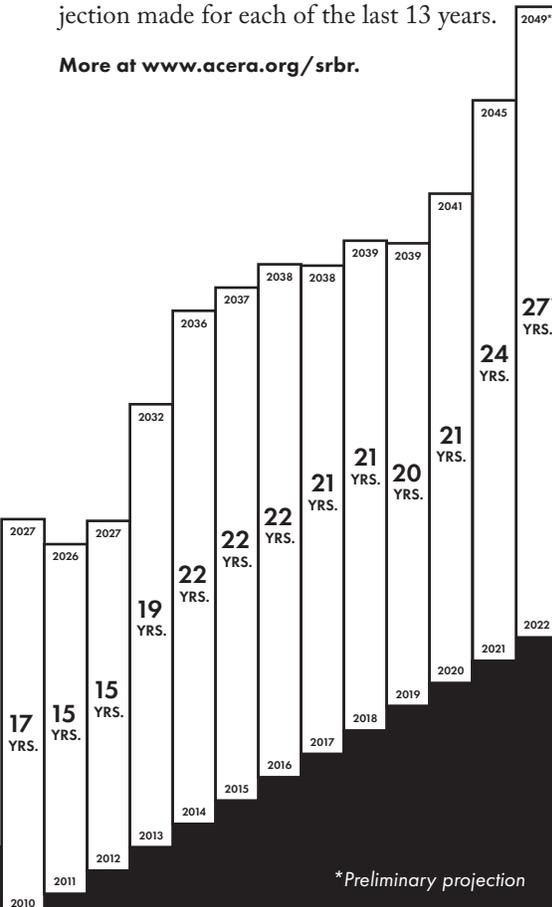
# Non-Guaranteed Benefits and the Supplemental Retiree Benefits Reserve (SRBR)

## 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](http://www.acera.org/srbr).



\*Preliminary projection

# Investment Performance

## GROSS RESULTS

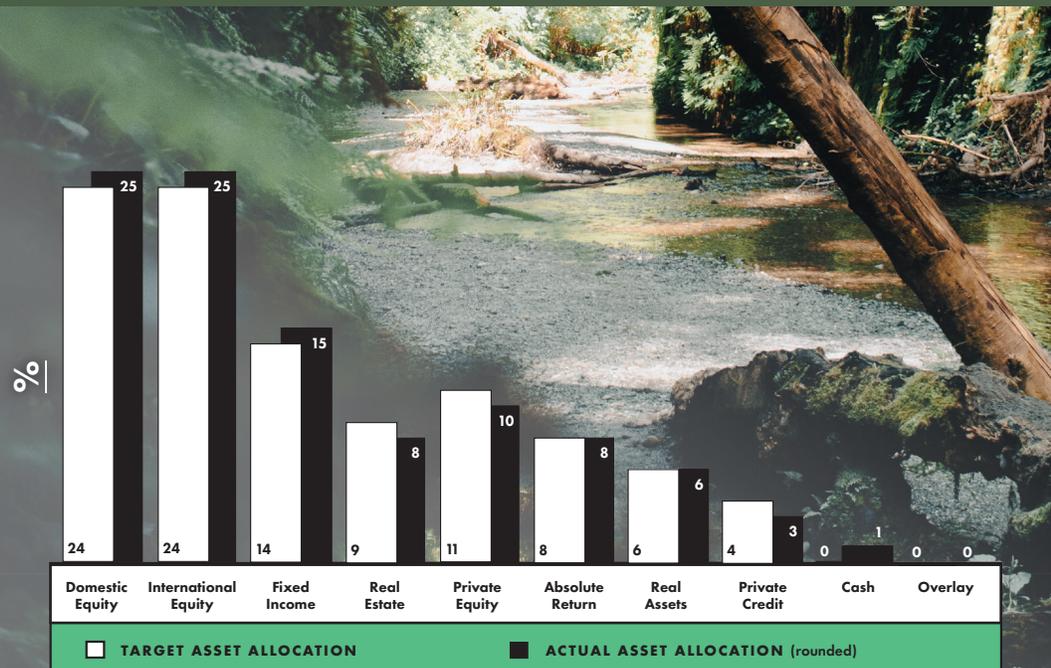
The Board of Retirement has the fiduciary responsibility to prudently invest ACERA's funds to minimize overall risk and maximize returns.

More at [www.acera.org/investments](http://www.acera.org/investments).

## Investment Fund Performance Highlights (Gross Results)

Description		2022 Return	Ranking in a universe of public funds over \$1 billion*
<b>TOTAL FUND</b>			
Total fund return	ACERA fund return	-11.5%	55th percentile
Policy index return	Benchmark	-10.1%	39th percentile
Median return	Peer group return	-11.1%	50th percentile
Annualized 5 years	Average return over 5 years	5.7%	53rd percentile
Annualized 10 years	Average return over 10 years	7.9%	28th percentile
Annualized 15 years	Average return over 15 years	6.2%	22nd percentile
<b>INDIVIDUAL ASSET CLASSES</b>			
		<b>\$ Value in billions</b>	
Domestic equity	U.S. Stocks	-19.5%	\$ 2.52
International equity	International Stocks	-18.7%	2.53
Fixed income	Bonds/debt	-13.5%	1.56
Real estate	Real, tangible properties	6.6%	0.81
Private equity	Non-public companies	-2.0%	0.98
Absolute return	Stable, positive returns	6.2%	0.85
Real assets	Inflation hedge	7.5%	0.62
Private credit	Private, non-bank lending	4.0%	0.26
Cash	Cash	1.4%	0.09
Overlay		N/A	0.01
<b>TOTAL</b>			<b>\$ 10.25</b>

\* 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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# Popular Annual Financial Report

For the Year Ended  
**December 31 2022**

## *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 2022.

<p><b>Answered</b> <b>16,837</b> telephone calls</p>	<p><b>97%</b> of callers spent less than <u>60 seconds</u> on hold</p>	<p><b>Fulfilled</b> <b>980</b> formal written requests</p>
<p><b>Scanned &amp; indexed</b> <b>30,274</b> member documents</p>	<p><b>Subscribed</b> <b>8,886</b> people to email news updates at <a href="https://www.acera.org/subscribe">acera.org/subscribe</a></p>	<p><b>Members generated</b> <b>34,699</b> retirement estimates through Web Member Services <a href="https://www.acera.org/wms">acera.org/wms</a></p>
<p><b>Responded to</b> <b>9,799</b> email messages</p>		