

SBCERS

Annual Report



As of June 30, 2017
Updated for March 31, 2018

Active Membership

Average Pensionable Compensation of an SBCERS member was \$81,840 in FYE 2017.



General Members

3,315 Active

\$6,084 Average Monthly Compensation



Safety Members

949 Active

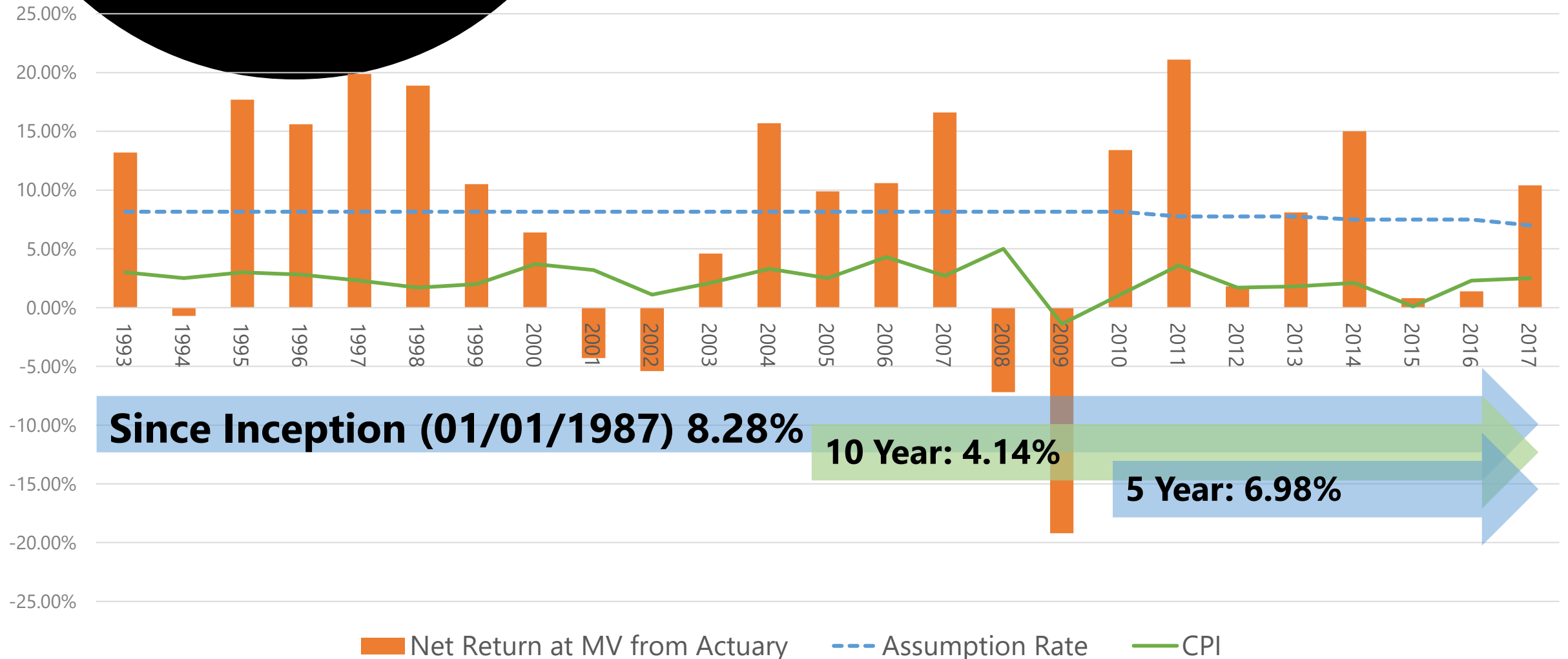
\$8,007 Average Monthly Compensation

Working every day to make our community a better place...

25 Year Performance

(Using Net Assets on June 30 Fiscal Year End)

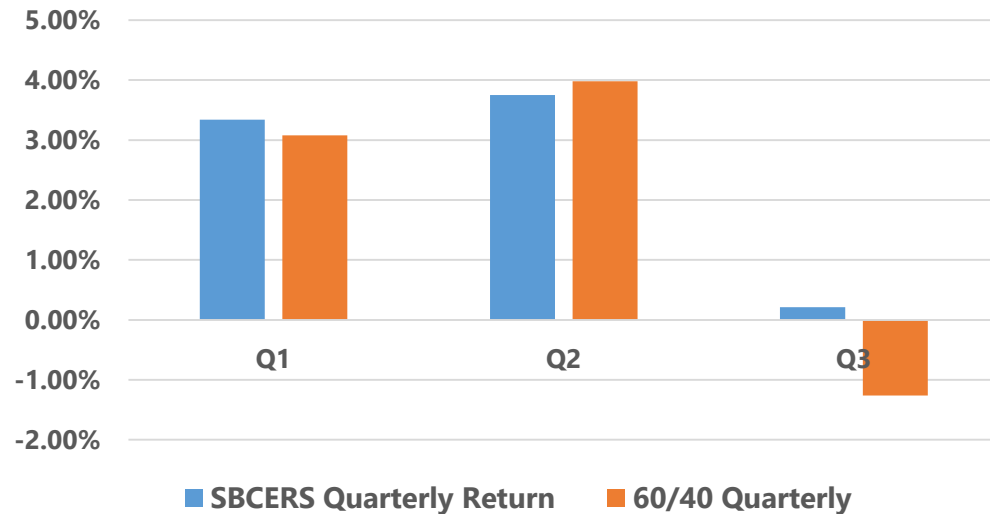
2017 was a strong investment year that resulted in a 10.4% return on plan assets.



Fiscal Year to date Investment Performance

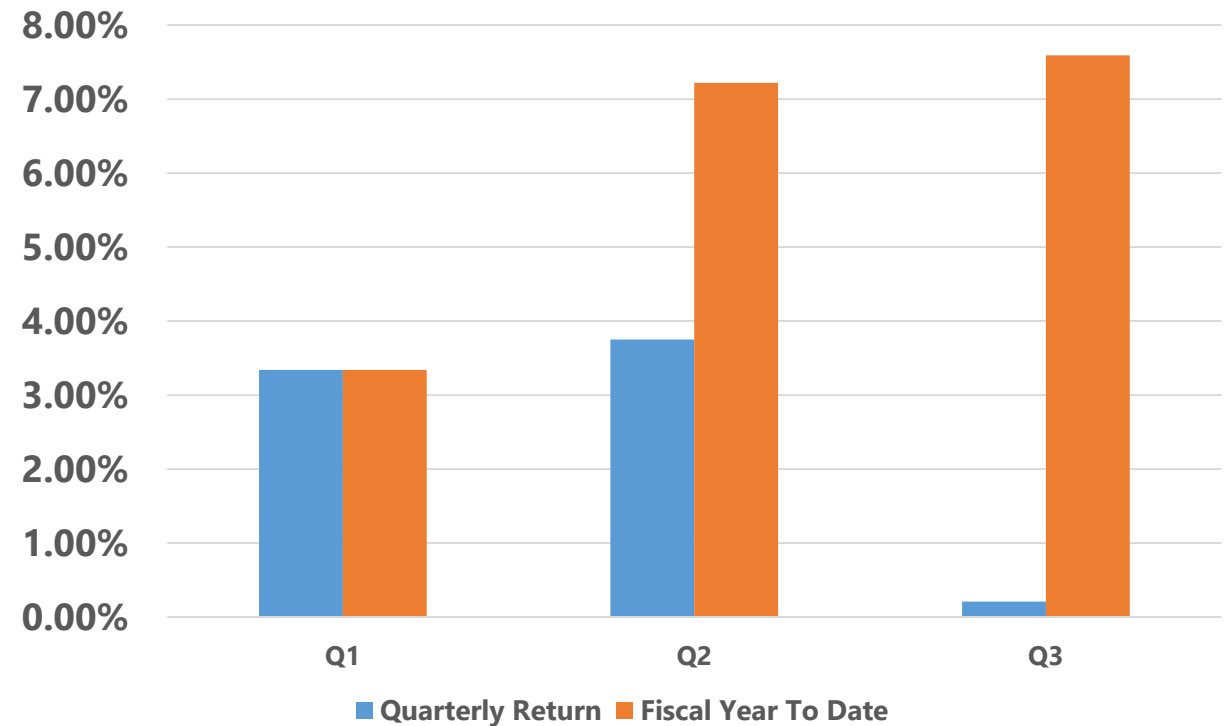
The new year has seen increased volatility.

60/40 v.s. SBCERS Diversified Portfolio



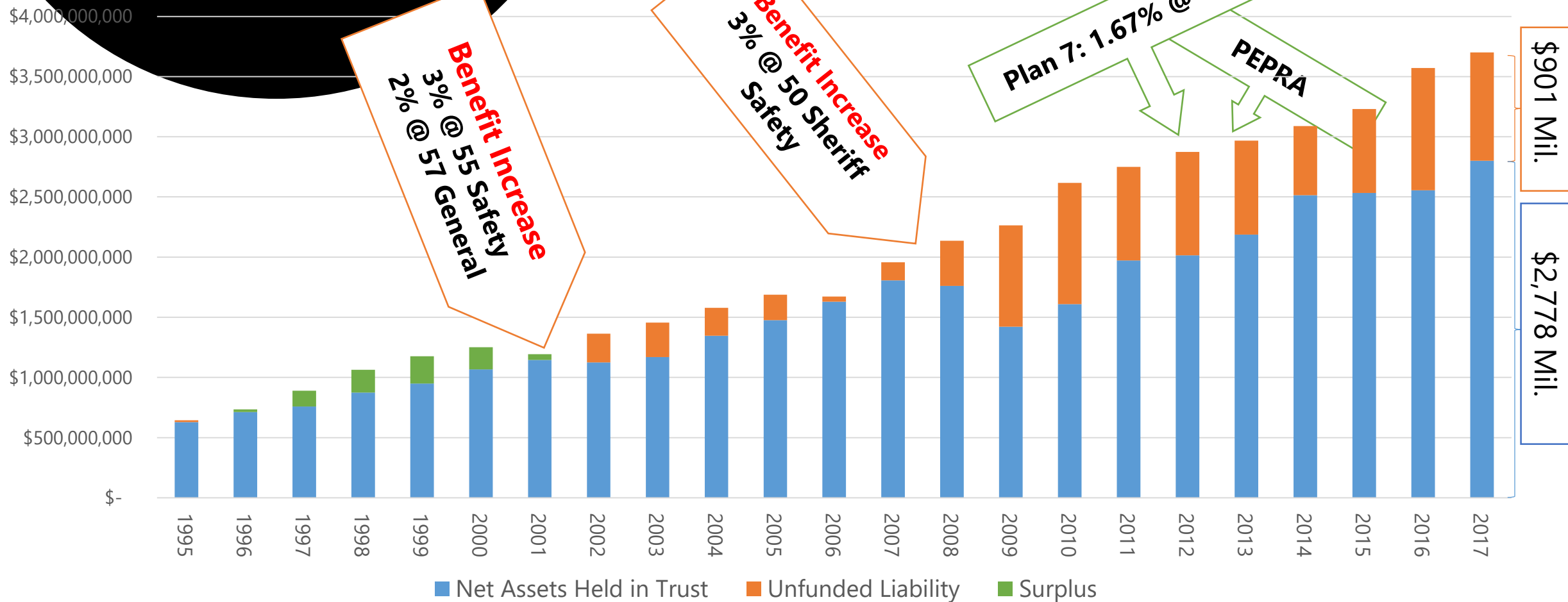
As of March 31, 2018, the Portfolio has returned 7.59% for the fiscal year.

SBCERS June 30, 2018 Quarterly and Fiscal Year Returns



23-Year Time Series Funded Position

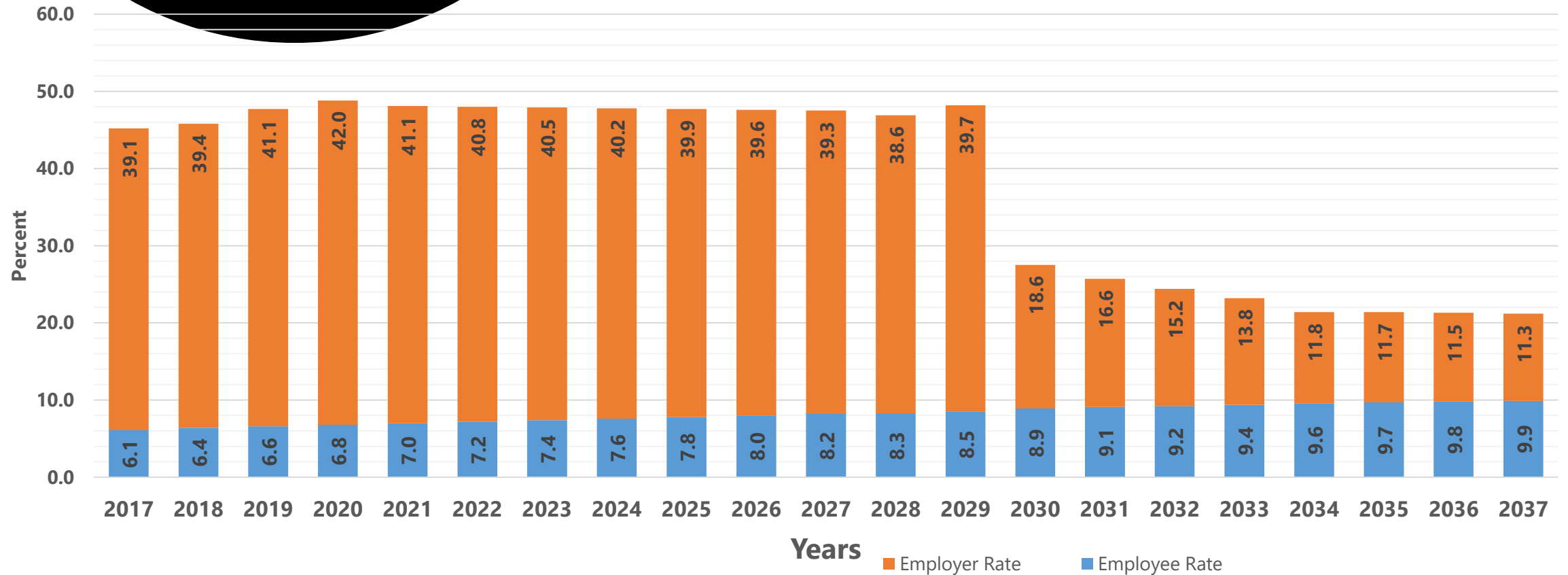
*The unfunded liability dropped
\$116 Million to \$901 Million.*



**Based on Net Assets Held in Trust compared to Actuarial Liability (e.g. does not use actuarial value of assets)*

Contribution Projections

Employer contributions are projected to decline in 12 years.



***To the extent that the actual plan experience deviates from the underlying assumptions and the demographics of the plan membership changes, the results will vary accordingly. Any changes to the plan provisions would also affect the results.



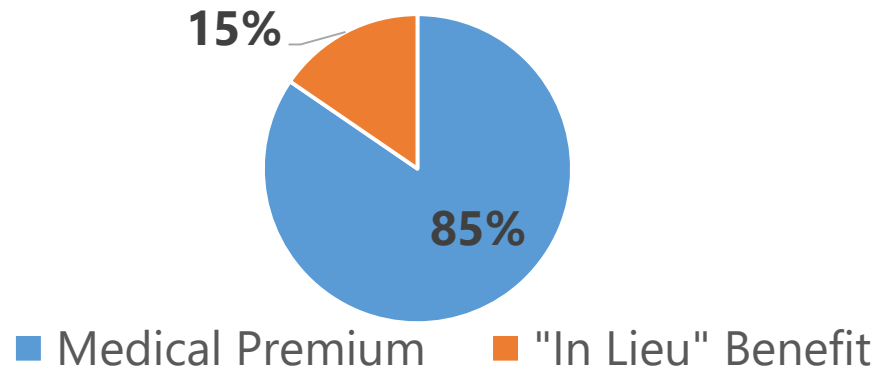
Other Post Employment Benefits (OPEB)

Benefit Distribution

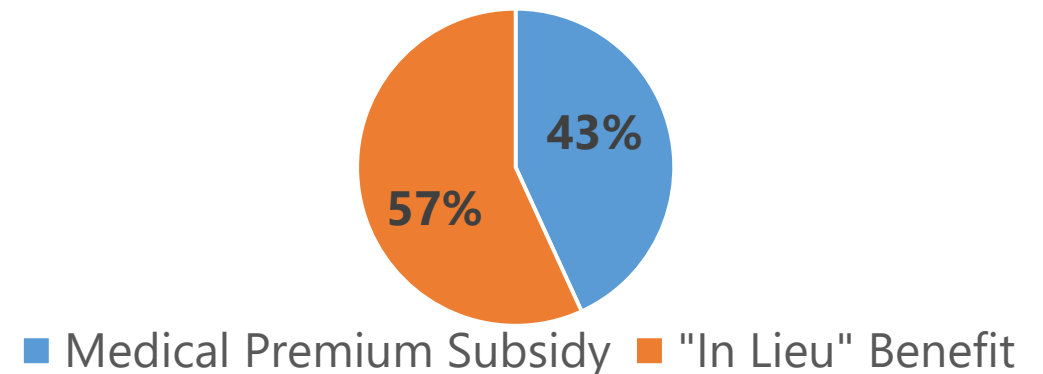
A variety of factors result in greater numbers of retirees choosing the \$4 "In Lieu" benefit.

	2017 Benefit Distribution	2017 Enrollees	2016 Benefit Distribution	2016 Enrollees
Medical Premium Subsidy (\$15/month)	\$7,598,010	1,744	\$7,591,359	1,768
"In Lieu" Benefit (\$4/month)	\$1,387,406	2,296	\$1,224,890	2,093
Total	\$8,985,416	4,040	\$8,816,249	3,861

2017 Benefit Distribution

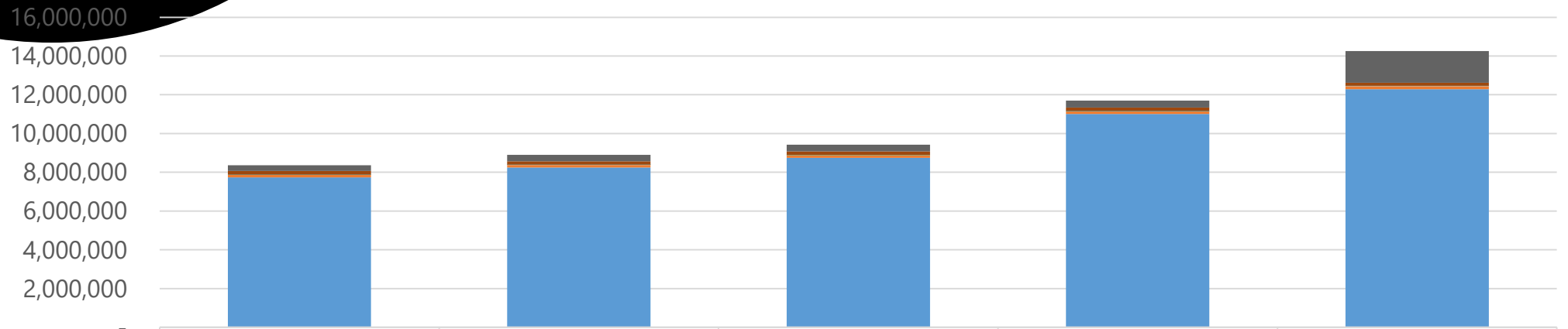


2017 Enrollees



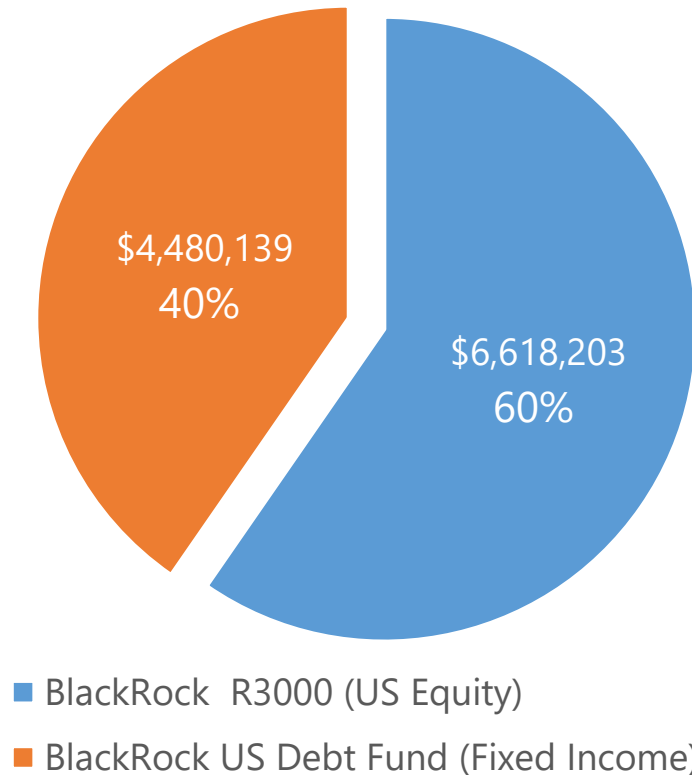
Contributions

Contributions from the County still comprise the vast majority of plan contributions.



	2013	2014	2015	2016	2017
■ Courts	282,594	329,508	342,653	355,038	1,635,654
■ Air Pollution Control District	187,091	169,005	179,046	172,939	157,255
■ Carpinteria Cemetery	2,073	2,179	2,179	2,179	2,179
■ Summerland Sanitary	1,445	3,376	4,755	4,755	4,614
■ SB County Association of Governments	4,555	7,437	4,671	3,771	3,637
■ Goleta Cemetery	4,316	3,848	1,507	1,507	2,455
■ Santa Maria Cemetery	11,677	11,677	13,774	17,299	17,299
■ Carpinteria-Summerland FPO	121,184	122,222	124,420	126,273	146,542
■ Santa Barbara County	7,742,665	8,252,513	8,747,951	11,014,316	12,289,959

Total Fund Value



The Plan Funded Ratio improved (County):

- Funding increased from 5.7% (4.92%) to 9.5% (8.7%)

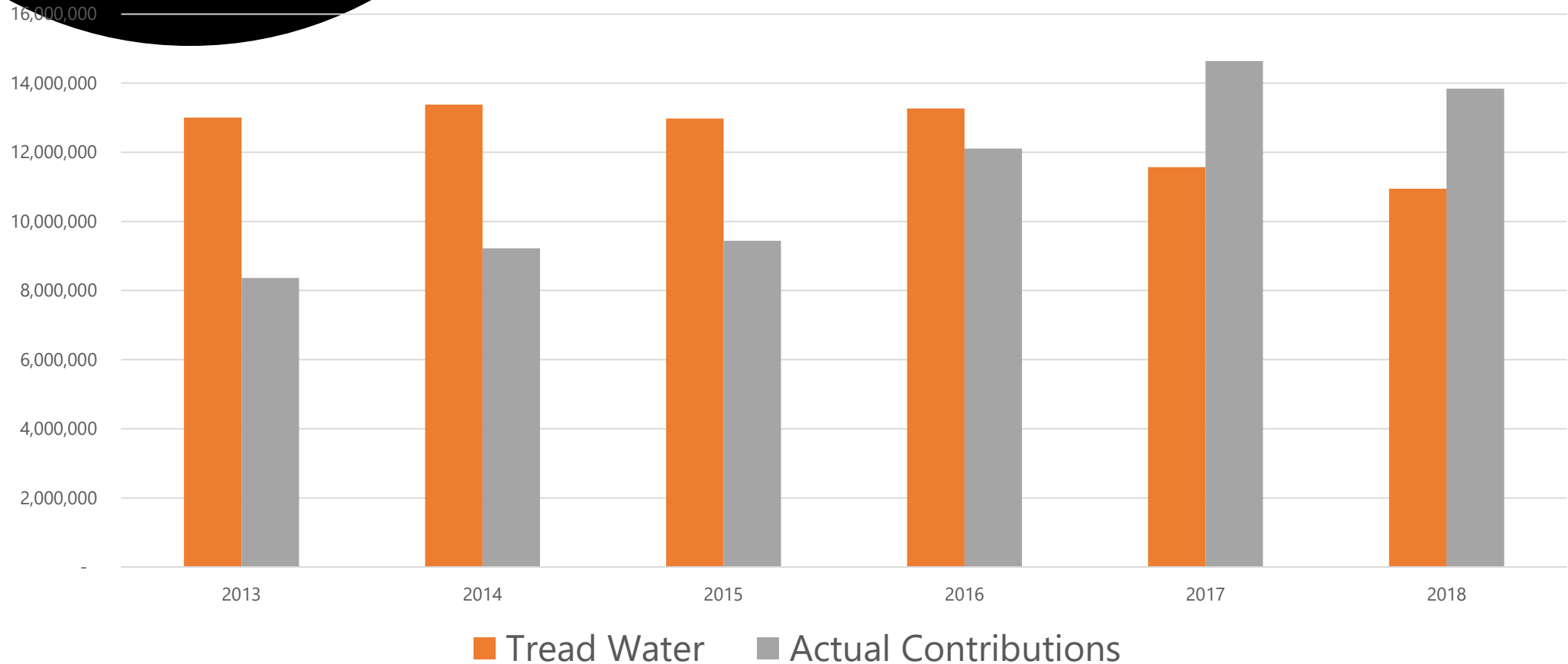
Invested in Passive Blackrock Index Funds:

- 60% Russell 3000 Index (non-lendable)
- 40% US Debt Index (non-lendable)

Total Invested Balance as of June 30, 2017: \$11,098,342

Moody's Tread Water Analysis

Plan contributions exceeded the Moody's "Tread Water" indicator, a sign that liabilities are being paid down.





Appendix

Retired Membership

The average annual retirement benefit is \$37,152.

Their commitment built our community and kept us safe...

SBCERS' commitment is to ensure the promised benefit.



General Members

3,275 Retired

\$2,510 Average Monthly Benefit



Safety Members

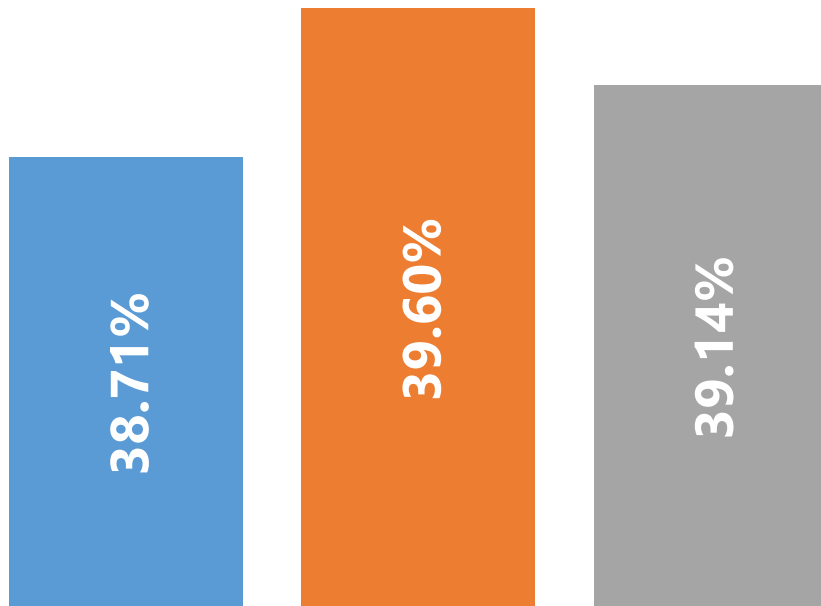
1,039 Retired

\$4,948 Average Monthly Benefit

Contributions

Strong investment returns and modest experience gains have resulted in lower than expected contributions.

■ 2016 Actual ■ 2017 Expected ■ 2017 Actual



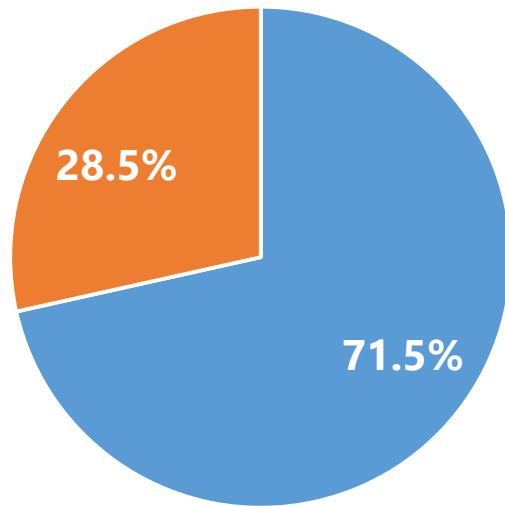
- **2017 resulted in lower than expected contributions.**
- **Rates increased about half as much as projected.**
- **On a \$360 million payroll, positive experience results in contributions that are estimated to be \$1.7 million less than originally expected.**

Funded Position

Year over year funding has improved significantly by 4.2%.

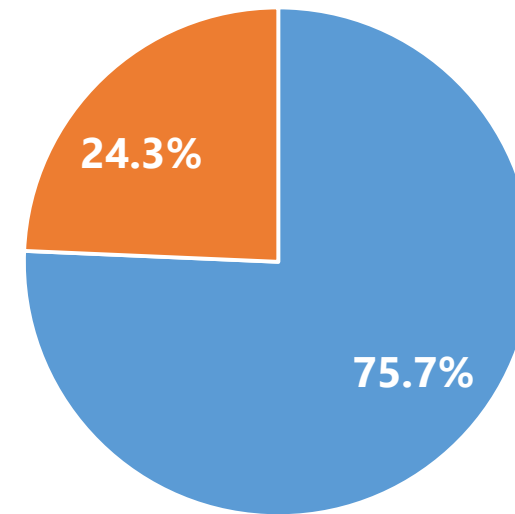
2016 Funded Position

■ Net Assets Held in Trust ■ Unfunded Liability



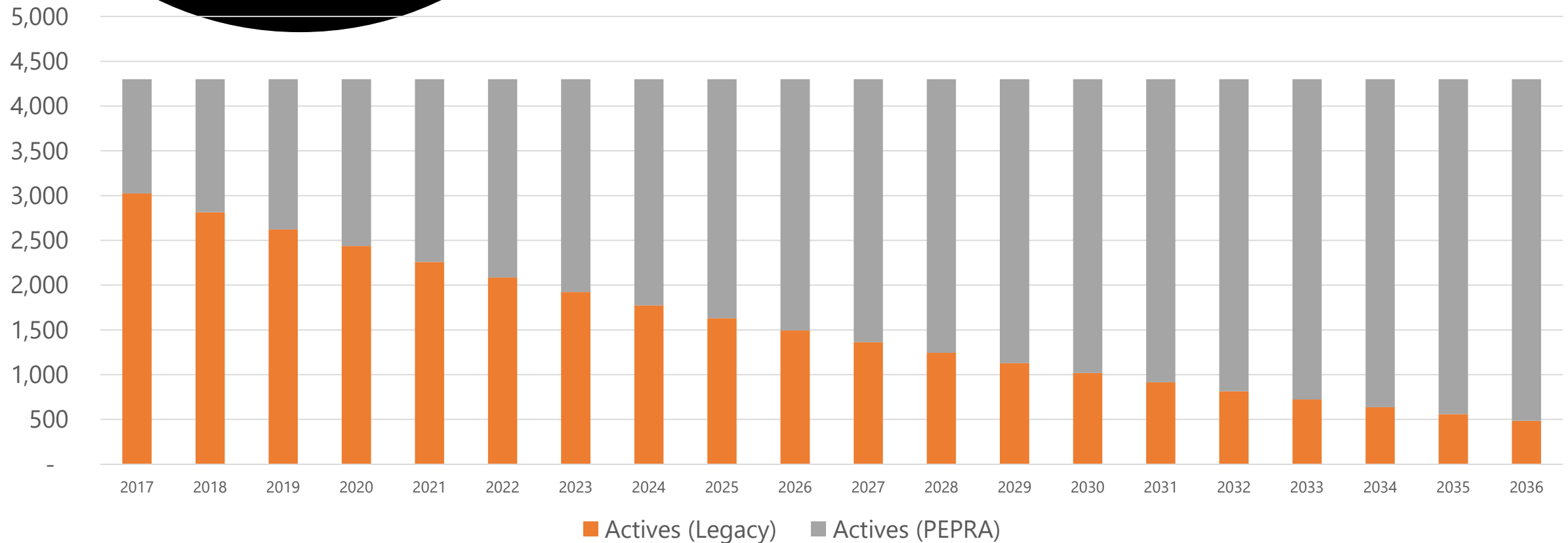
2017 Funded Position

■ Net Assets Held in Trust ■ Unfunded Liability



Plan Member projections

The County workforce continues to transition participation to PEPPRA.



***To the extent that the actual plan experience deviates from the underlying assumptions and the demographics of the plan membership changes, the results will vary accordingly. Any changes to the plan provisions would also affect the results.

Plan Sponsors

Serving over 8,500 retired and active difference makers.

Participating Agencies

County of Santa Barbara

Carpinteria Cemetery District

Goleta Cemetery District

Oak Hill Cemetery District

Santa Barbara County Association of Governments

Summerland Sanitary District

Santa Barbara County Superior Court (excluding Judges)

Carpinteria – Summerland Fire Protection District

Mosquito & Vector Management District of Santa Barbara County

Santa Barbara County Air Pollution Control District

Santa Maria Cemetery District

Board of Retirement

Experienced, Representative Leadership.

1 Ex Officio

- **Harry Hagen**, Santa Barbara County Treasurer Tax-Collector

6 Members Elected

- **Pancho Occiano**, General Member
- **Laura Robinson**, General Member
- **Fred Tan**, Safety Member
- **Ryan Sullivan**, Safety Alternate Member
- **Zandra Cholmondeley**, Retired Member
- **Gary Blair**, Retired Alternate Member

4 Members Appointed

- **Trent Benedetti**, Community Member
- **Michael Vidal**, Community Member
- **Ted Sten**, Community Member
- **Janet Wolf**, County Supervisor



Appendix
Other Post
Employment Benefits
(OPEB)

Santa Barbara plan benefit provisions







OPEB is the technical term for retiree healthcare plans and other benefits provided in addition to the core pension benefit.

Monthly stipend based on years of service and whether or not member participates in County Health Insurance Plan.

- Monthly Premium Subsidy: \$15.00/month per year of service if you participate in the County health insurance.
- “In lieu” benefit for not participating in County Insurance: \$4.00/month per year of service.

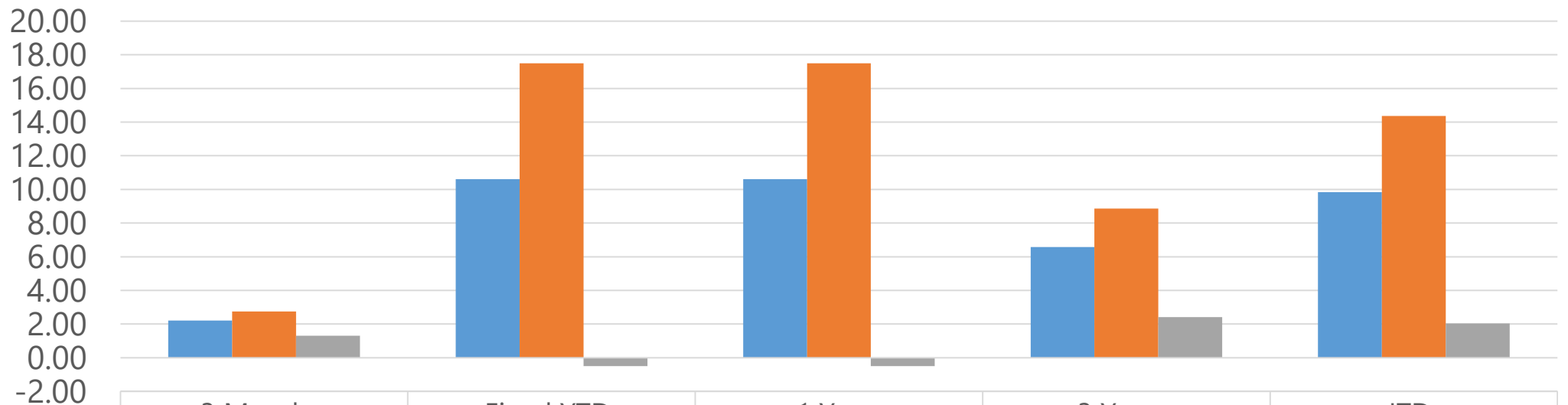
Respective Roles and Responsibilities

SBCERS is the plan administrator, but the plan design and funding is the responsibility of the plan sponsor.

Area	SBCERS	Plan Sponsor
Accounting		
Communications		
Investments (Fiduciary)		
Plan Design (benefit level, eligibility)		
Funding Level		
Liability		

Investment Performance

2017 was a strong investment year that resulted in a 10.61% investment return.



	3 Months	Fiscal YTD	1 Year	3 Years	ITD
■ Total Portfolio	2.21	10.61	10.61	6.58	9.84
■ BlackRock R3000	2.75	17.50	17.50	8.86	14.36
■ BlackRock US Debt Fund	1.30	-0.50	-0.50	2.42	2.03

Funded Position at June 30, 2017

The funding policy adopted in 2016 is resulting in an improved financial position.

	Santa Barbara County	Air Pollution Control District	Other Sponsors	Total
Actuarial Value of Assets	\$11,414,118	\$1,313,666	\$1,259,929	\$13,987,713
Actuarial Accrued Liabilities	\$130,459,724	\$1,477,243	\$14,914,706	\$146,851,673
Unfunded Actuarial Liabilities	\$119,045,606	\$163,577	\$13,654,777	\$132,863,960
Funded Ratio	8.75%	88.93%	8.45%	9.53%
Annual Covered Payroll	\$235,572,598	\$2,014,363	\$20,331,384	\$257,918,345
UAL as Percentage of Covered Payroll	50.53%	8.12%	67.16%	51.51%

Changes in Financial Position as of June 30, 2017

	Santa Barbara County	Other Sponsors	Air Pollution Control District	Total
Market Value of Assets June 30, 2016	\$6,876,750	\$1,154,114	(\$268)	\$8,030,596
Employer Contributions	\$12,289,959	\$157,255	\$1,812,380	\$14,259,594
Interest and Investment Income	\$589,251	\$93,589	\$0	\$682,840
Administrative Expenses	(\$352,257)	(\$5,617)	(\$22,087)	(\$379,961)
Benefit Payments	(\$8,341,842)	(\$91,292)	(\$552,282)	(\$8,985,416)
Administrative Expenses	\$352,257	\$5,617	\$22,087	\$379,961
Market Value of Assets June 30, 2017	\$11,414,118	\$1,313,666	\$1,259,830	\$13,987,614
Change in Financial Position	\$4,537,368	\$159,552	\$1,260,098	\$5,957,018