

Santa Barbara County Employees' Retirement System

Your partner for life.

Presentation to the Santa Barbara County Board of Supervisors

May 7, 2019

The value of service



“Without community service, we would not have a strong quality of life. It's important to the person who serves as well as the recipient. It's the way in which we ourselves grow and develop.”

- Dorothy Height

SBCERS members work hard every day to make our community a better place... and they succeed.

How SBCERS provides value to Santa Barbara

- Encourages public service and attracts the highest quality contributors.
- Strengthens the bond between community and contributor.
- Provides a pathway for advancement and development of our membership.
- Enables a dignified life after work, and continued contributions post – career.

Who we are

Gender Composition of all Members



43%
Male



57%
Female

SBCERS is an economic engine

About 68 cents of every dollar paid out by SBCERS is paid to a Santa Barbara County resident. In 2019, almost \$100 million will be invested back into our community.

Membership as of June 30, 2018



4,519



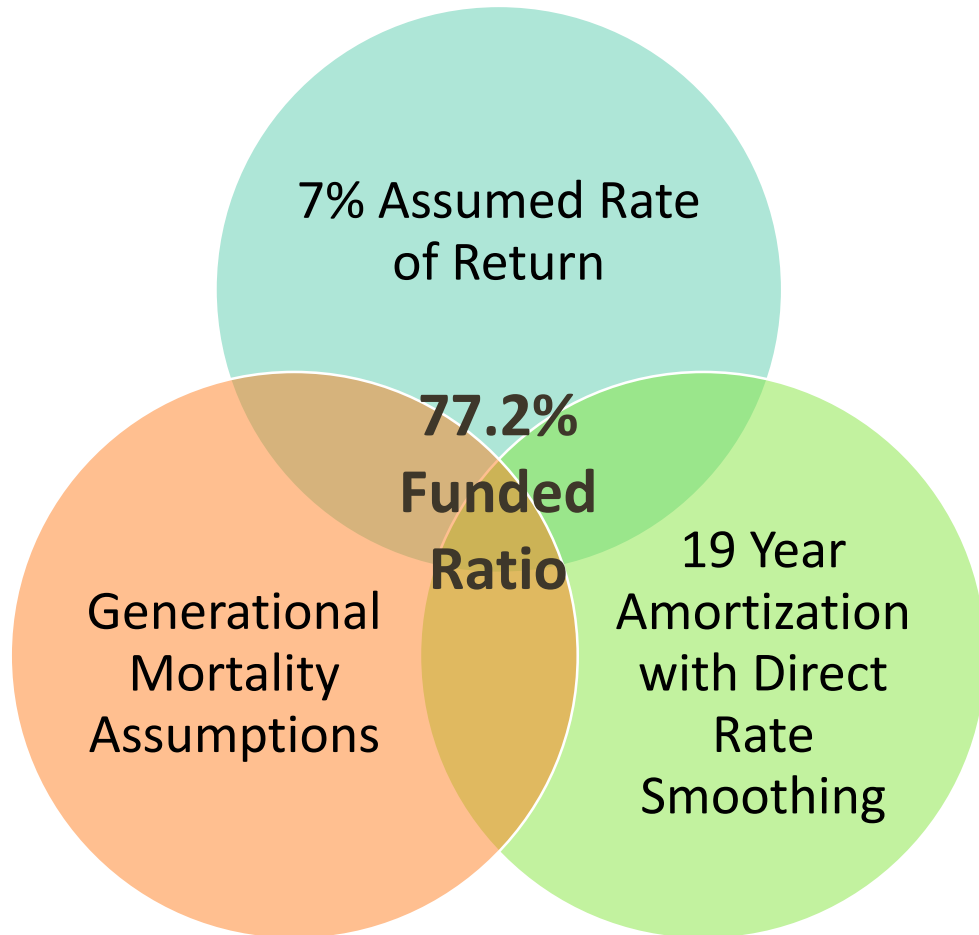
4,171



1,589

- **Retired Members & Beneficiaries**
 - Average Annual Benefit: \$38,676
 - Average Age at Retirement: 58.6
 - Average Age of Retired Member: 70.1
- **Active Members**
 - Average Annual Salary \$81,649
 - Average Age: 44.9
- **Deferred Members**
 - Average Age: 45.5

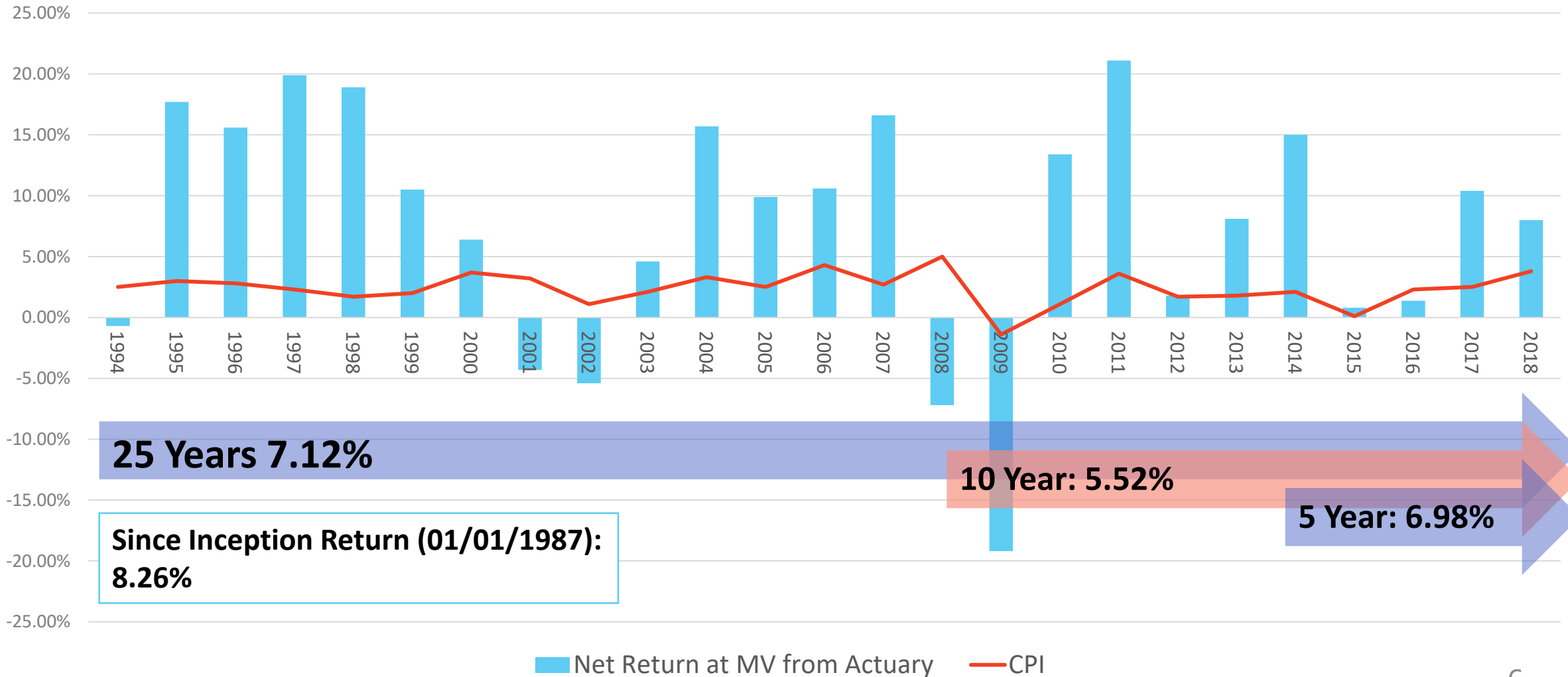
A sustainable fiduciary commitment



| | |
|--|--|
| Actuarial Liability: \$3,888,127,000 | |
| Market Value of Assets: \$3,002,019,000 | Unfunded Actuarial Liability (UAL): \$886,109,000 |

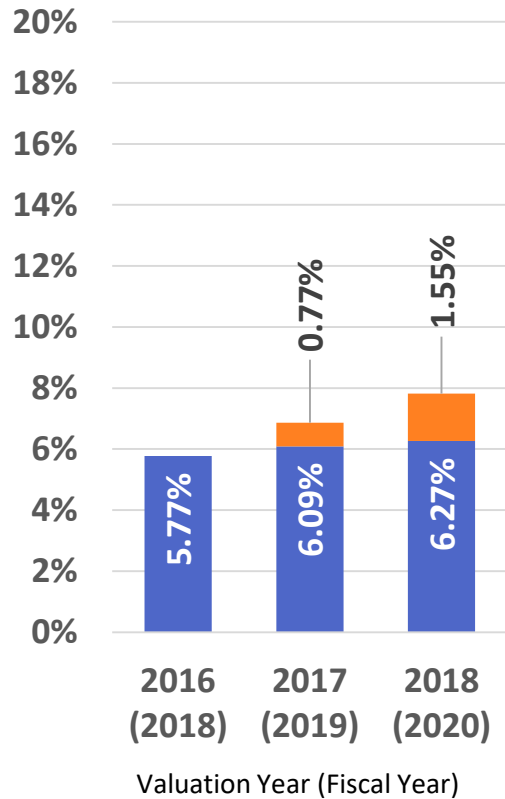
Note: There are many assumptions and methodologies incorporated into the development of a pension plan actuarial valuation, the diagram above only represents some of the major assumptions used.

Reliable absolute return that is market consistent



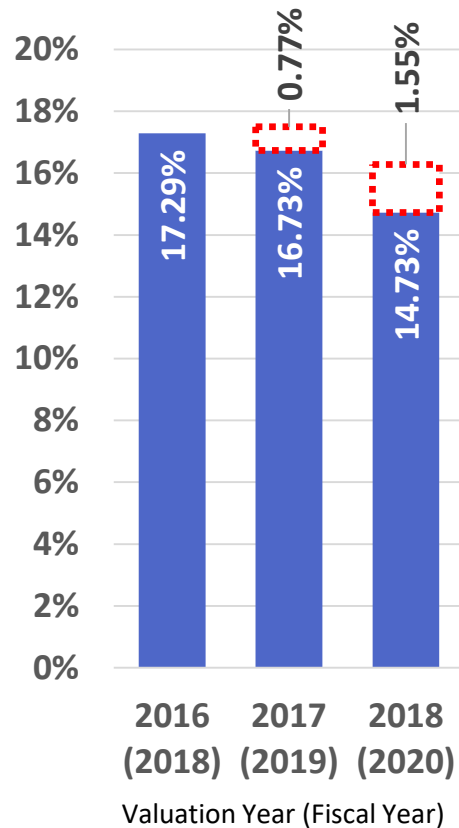
Contribution Rates as of June 30, 2018

Normal Cost Employee Contribution Trend



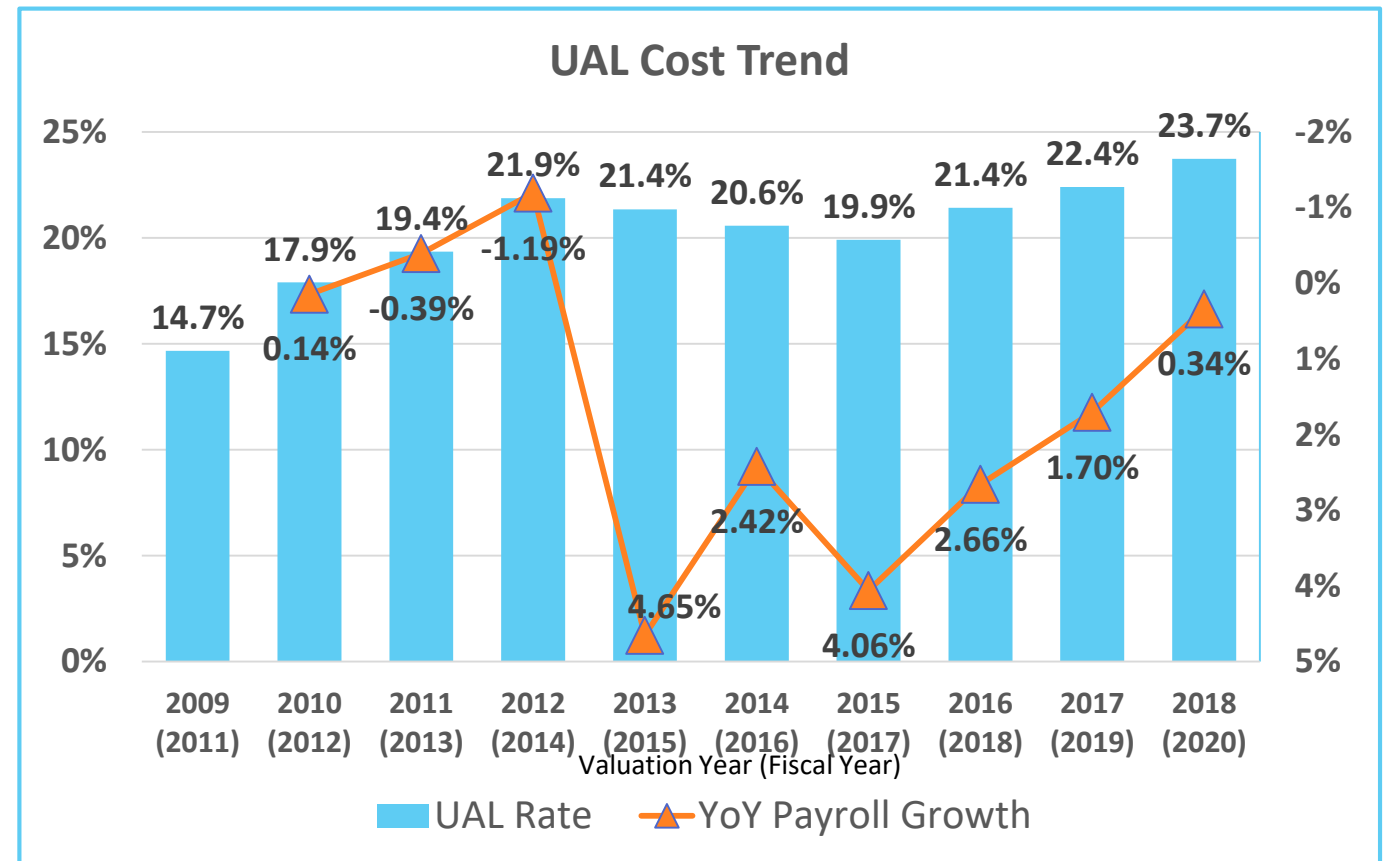
■ Avg. Employee Pick Up
■ Avg. Emp. Contribution Rate

Normal Cost Employer Contribution Trend

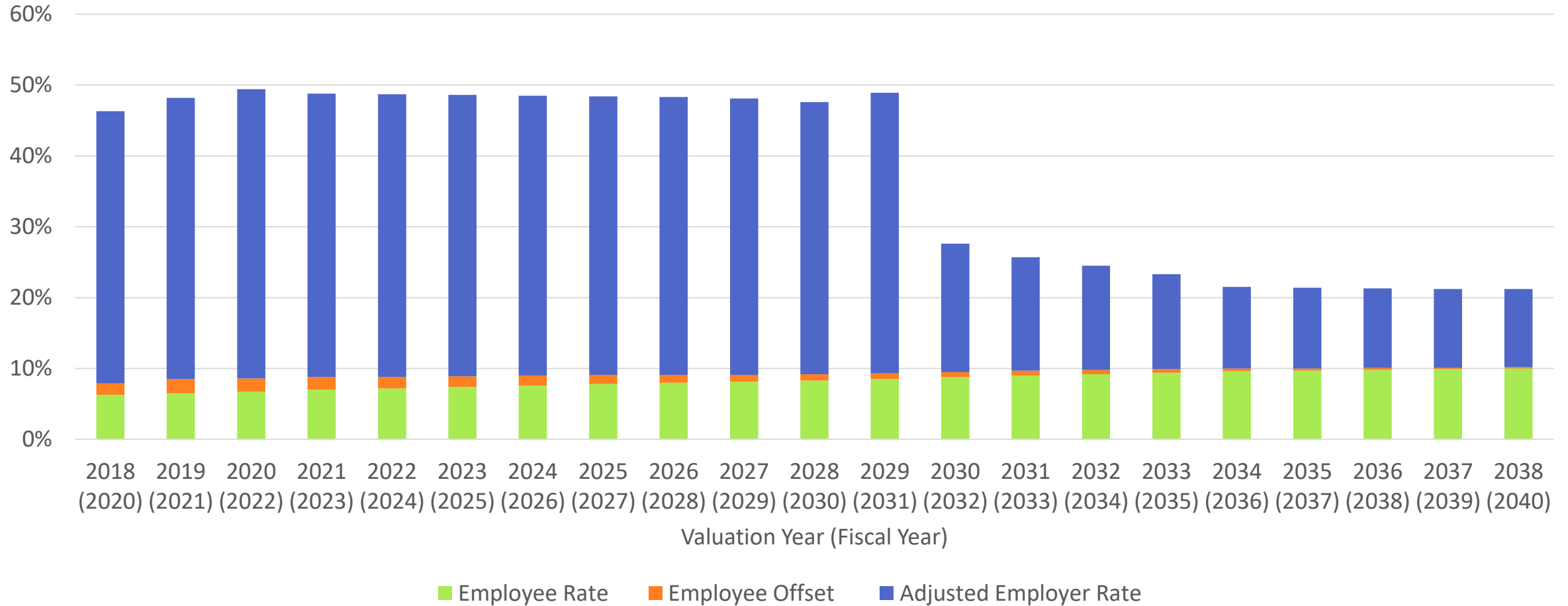


■ Employer Normal Cost
■ Avg. Employee Pick Up

Total Composite Employer Contribution Rate for FY 2020: 38.47%

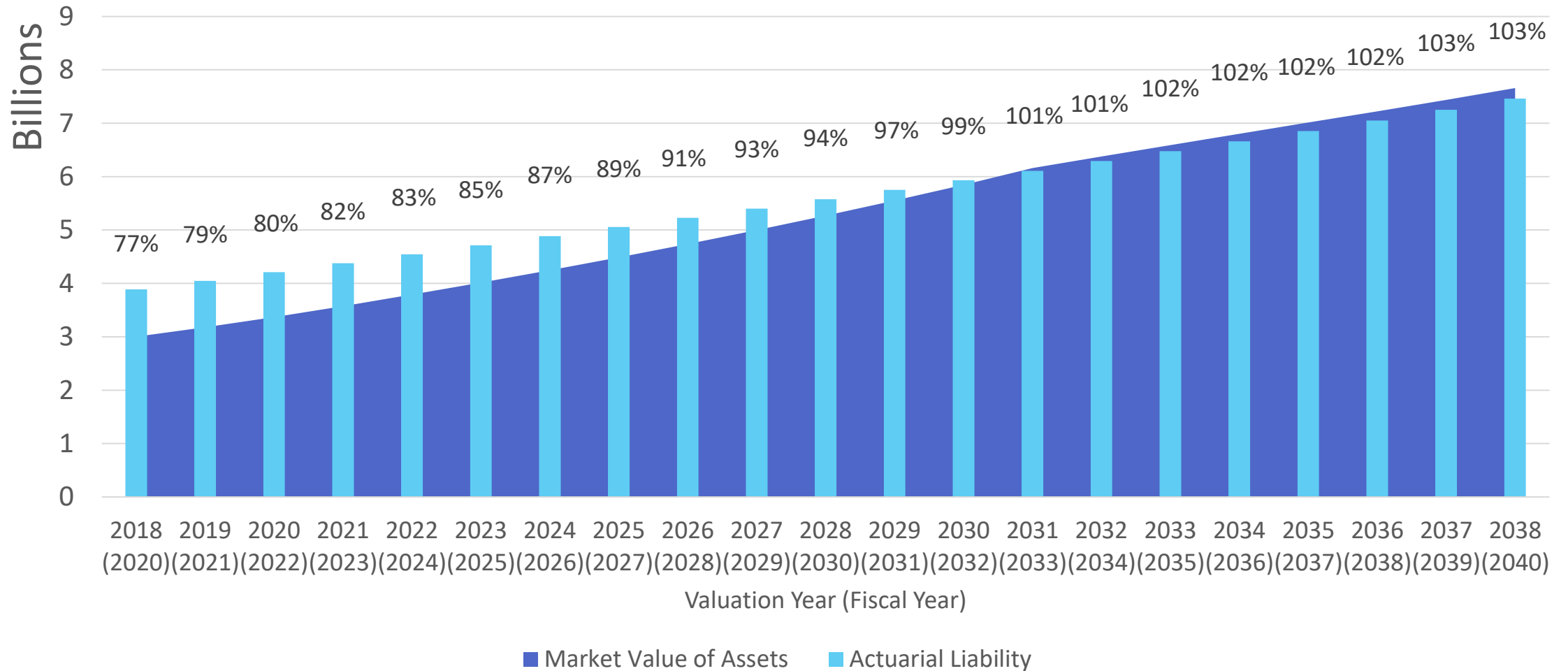


Contribution Projections



**Projections assume all actuarial assumptions are met. Employee offsets decline over time as attrition occurs and “legacy” tier membership is reduced. Employees hired after December 31, 2012 have higher base contribution rates and do not pay the offset. Contribution declines in 2029 are the result of completing amortization of losses from the “great recession” (2008-2009)*

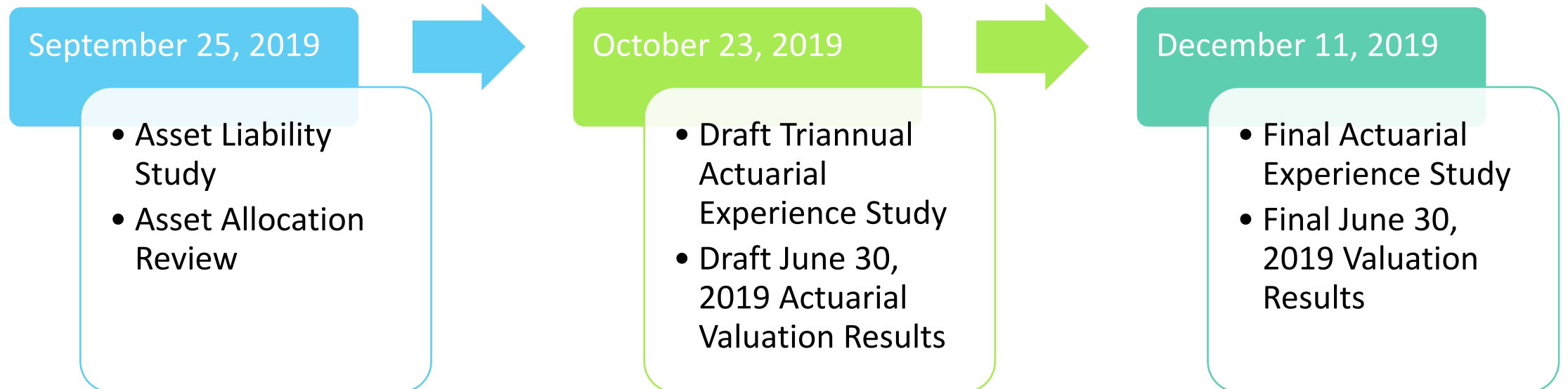
Funding Projection



**Projection assumes all actuarial assumptions are met, including investment returns of 7% and mortality assumptions. Actual performance may vary.*

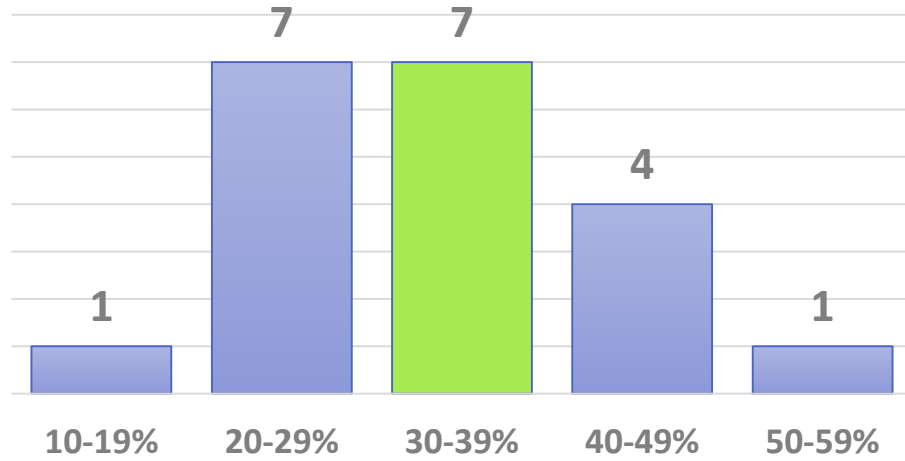
Looking forward to Fall 2019

In accordance with best practices for pension administration, every three years SBCERS completes an integrated study of its assets and liabilities along with an investigation of the actuarial experience of the plan in accordance with its adopted assumptions (economic and demographic). The scheduled process is already underway and culminates over the course of three public meetings this fall.

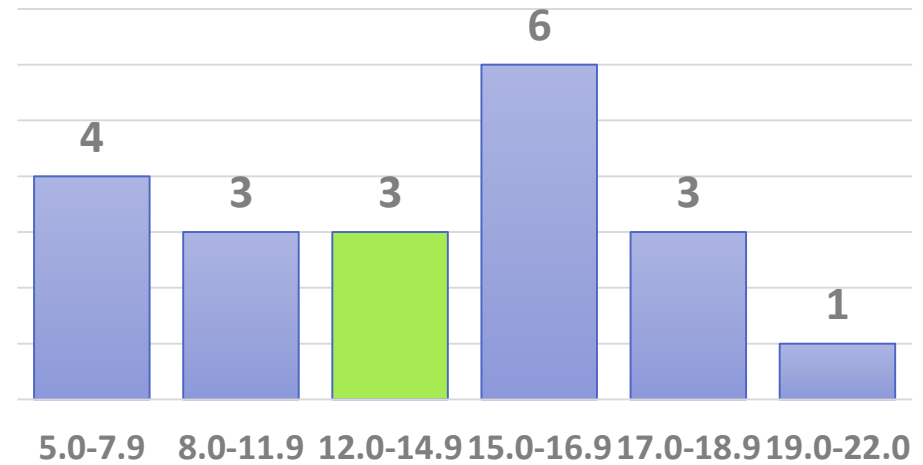


Peer Comparison

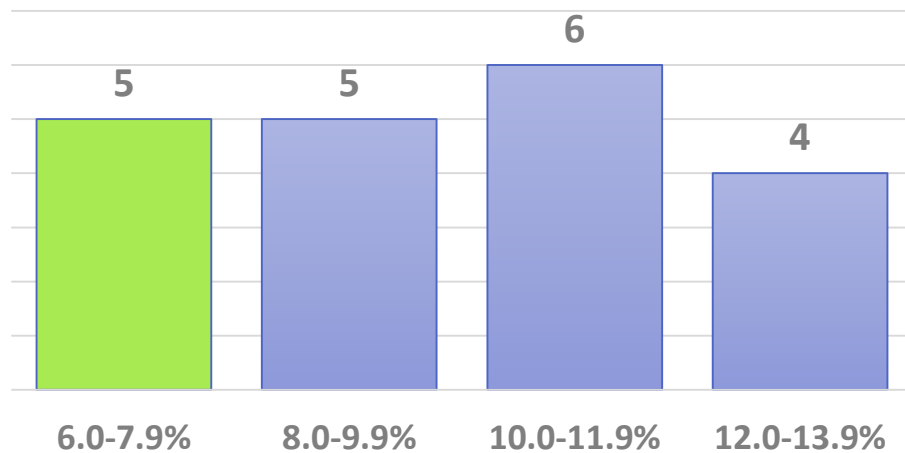
Employer Contribution Rate



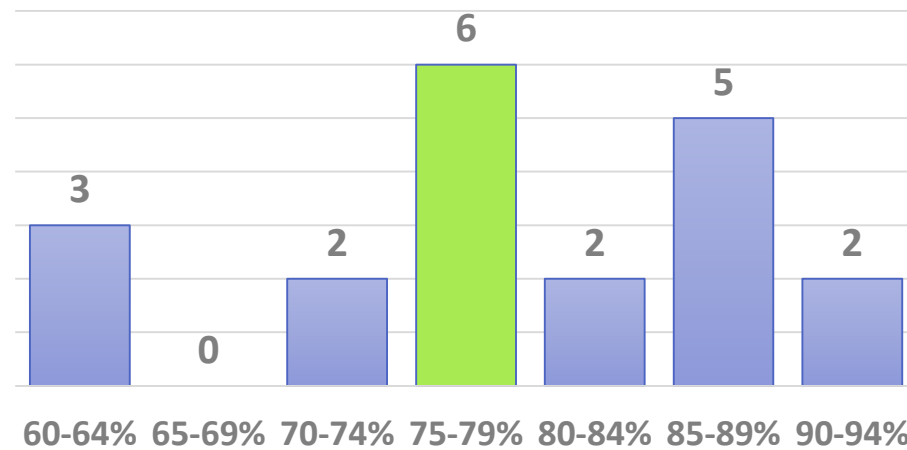
Single Equivalent Amortization Period



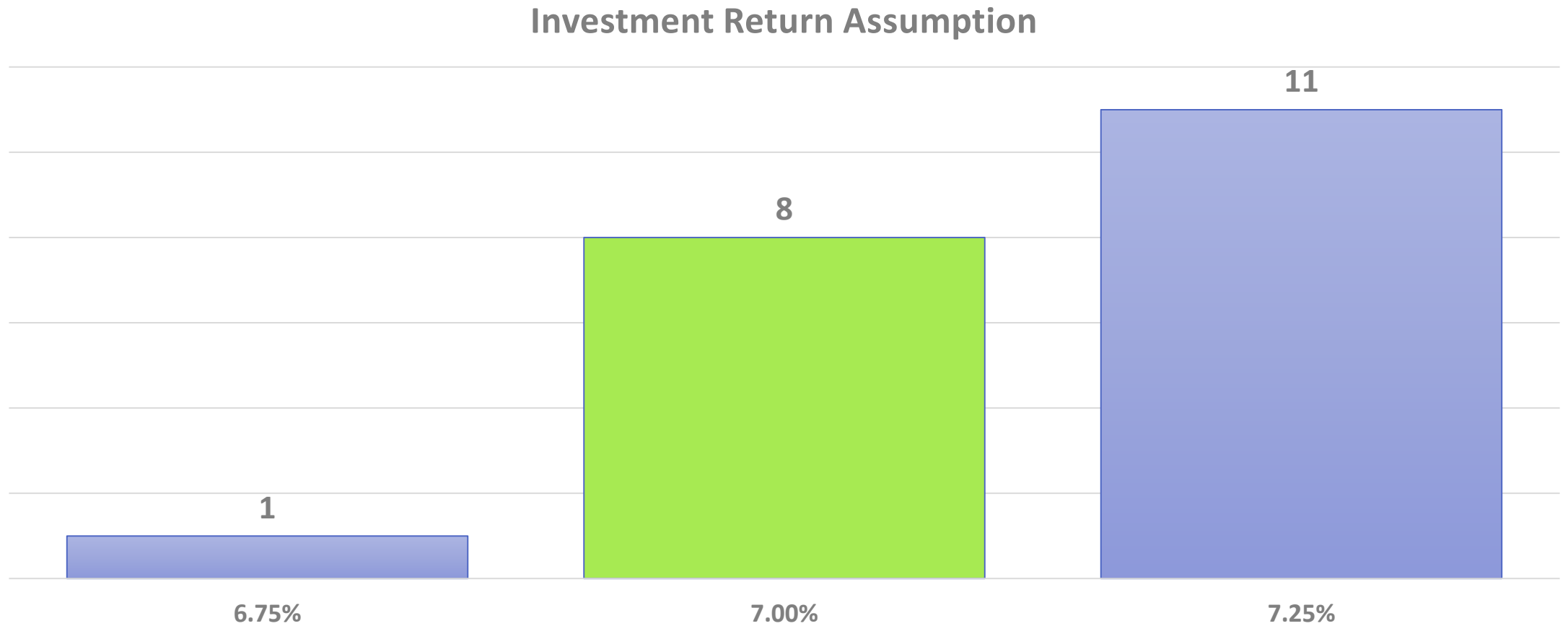
Average Member Rate



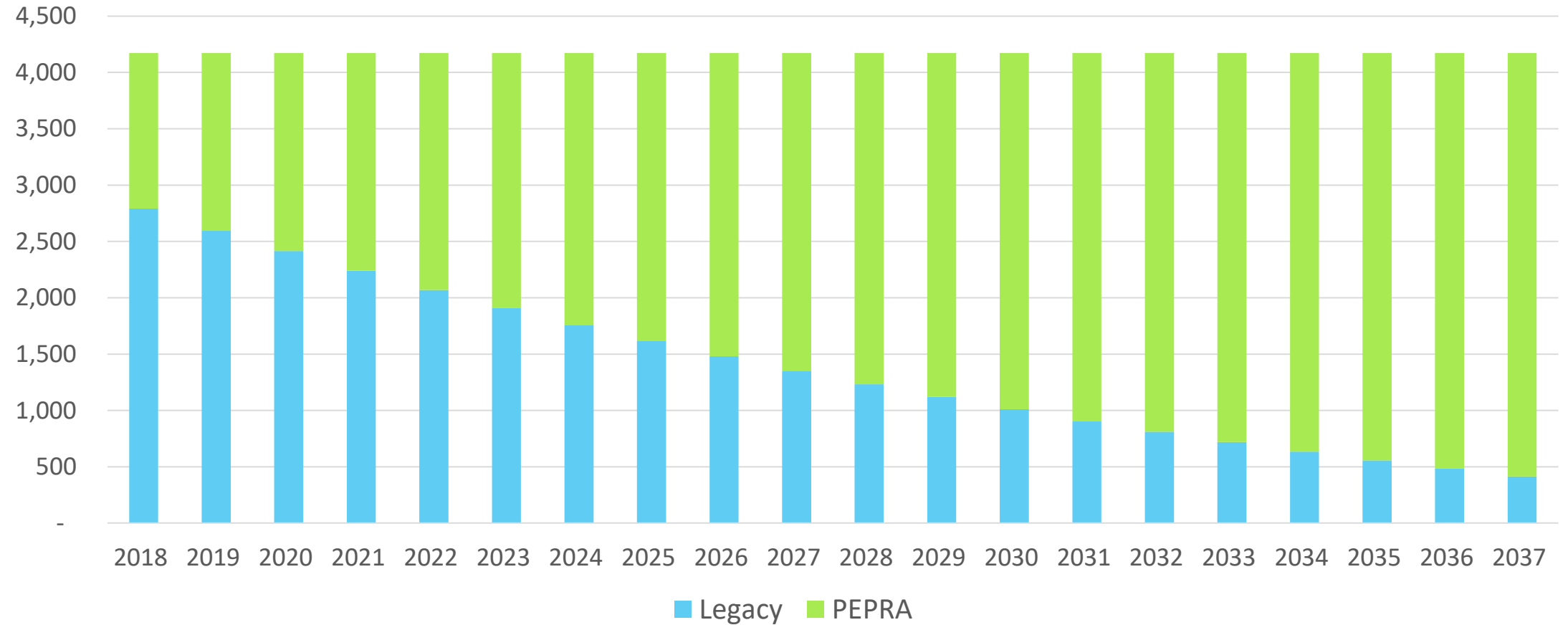
Funded Ratio



Investment Return Assumption



Member Composition



Daily Practice

At SBCERS, we strive to be:

Compassionate and Responsive

- The decisions that we help individuals make are difficult.
- Active feedback strengthens trust and builds confidence.

Knowledgeable and Forthright

- We empower individuals to make better decisions.
- We communicate honestly and clearly.

Efficient and Innovative

- We are open to new ideas and solutions.
- Our approach to process improvement is continuous and thoughtful.

Our Member Contract

