

Welcome to The Retirement Connection!

Message from CEO Roberto L. Peña



It's that time of year when we can report on progress toward full funding of both Funds via the Annual Comprehensive Financial Report (ACFR). In this issue you will find that we continue to make steady progress toward that goal of full funding, projected to be achieved in about 20 years

– especially related to the pension benefit side of things. Funding the benefits programs continues to be a challenge virtually all public pension plans are working hard to accomplish. The mission to meet our long term obligations to you, our members both active and retired, requires incredible financial expertise to guide investments, discipline, and patience. Thankfully, our members are represented by highly intelligent and dedicated Board members on both the Police & Fire and the Federated Board.

Meanwhile, I want to congratulate retiring Police & Fire Board Member Drew Lanza and thank him for his exemplary service for more than 12 years. He has served in many roles, including chair of the Board twice. Recruitment was underway to fill that position as of this writing. It is the only Police and Fire Public Board Member seat that is selected by the eight other Board members and approved by the City Council.

After eleven years with ORS, I have decided that the time is right to retire. I will do so within the next few months when we can be sure that the transition will be smooth. It has been my joy and privilege to lead this talented staff and work with a remarkable group of trustees on both Boards. I will leave with great satisfaction about the work we have done together. As of this writing, the Boards had approved a contract with a recruitment firm to conduct a nationwide search for my replacement. I'm sure we will be able to update you further about both my departure and the progress toward filling the position in our Summer issue of Retirement Connection.

Annual Comprehensive Financial Report (ACFR) Reports out; Reflect progress toward full funding

This year's Annual Comprehensive Financial Report is out, and as we do each year, we want to share a few vital financial findings from these detailed documents.

- The Reports covering the fiscal years ending in June, 2022 and June, 2023 show both the Police & Fire and the Federated Funds slowly but surely increasing their funding status toward the goal of 100 percent of needed funds to pay for long-term needs.
 - Total net assets as of June 30, 2023 for the Police & Fire Fund were \$5 billion, including \$4.7 billion in Pension funds and \$299.4 million in Healthcare Benefits funds. These constitute an increase in funding available to pay pension costs from 77.4 percent to 79.6 percent. The funding available to meet Police healthcare benefit obligations decreased from 37.4 percent to 36 percent. The funding available to meet Fire healthcare benefit obligations decreased from 34.8 percent to 34 percent. There remains an unfunded liability in the pension Fund of \$1.15 billion.
 - Total assets as of June 30, 2023 for the Federated Employees Fund were \$3.3 billion, including \$2.9 billion in Pension funds and \$374.6 million in the Healthcare Benefits Fund. These constitute an increase in funding to pay pension costs from 55.1 percent to 57 percent. The funding available to meet the Federated healthcare benefit obligations decreased from 58 percent to 53.7 percent.
 - For Police & Fire, the above totals represents an increase of \$346 million or 7.3 percent in Police & Fire funding - primarily due to gains realized from investments.
 - For Federated, the above totals represent an increase of \$225 million or 7.4 percent in the Federated funding - primarily due to gains realized from investments.
- One factor that affects these totals and the long-term obligations of the Funds is the change in workforce. While our Tier 2 employment numbers continue to increase, there is a continual decrease in Tier 1 active membership.

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Like other public pension plans, we continue to strive for policies and investment strategies to eventually reach 100 percent funding – likely to occur in about 20 years. Those interested in reviewing these reports in full detail can find them on the website at www.sjretirement.com.

Former P&F Chairperson Drew Lanza Honored



Congratulations to former Chair of the Police & Fire Board of Trustees, Drew Lanza (left), who retired from the Board late last year after 12 years on the Board and to our public safety members. Presenting Drew with a commendation for his stellar service is current P&F Chair Franco Vado. Drew was Vice Chair of the Board in 2020 and Chair from 2015-16 and again from 2021-2023. He served in many roles

over the years: Chair of the Joint Personnel Committee (JPC), member of the Disability Committee, and Chair of the Audit Committee. He also served on a long list of ad-hoc committees to help guide everything from our investment policies to governance standards and strategic planning. His fellow Board members and ORS Administration and staff are grateful to Drew for his dedication to the work and for his adherence to high standards of quality, ethics and integrity for the Board. We wish him well.

Need Your Retiree Payroll Information?

At ORS, we work every day to make members' lives easier and vital information accessible. Remember that you can go to your MemberDirect portal to view a variety of documents and



information related to your pay and benefits. For example, you can find and download your 1099 form for tax preparation. The portal will also provide a summary of your benefits, pay-related notices, withholding selections, direct deposit status, beneficiaries, and archived correspondence.

Quarterly Question

Q: I'm confused about the rules regarding my retirement benefits if I get a divorce. Can you explain how it works?

A: This is an important question that unfortunately, many members face. Our answer will take more space than most questions, but still will not address your individual situation. For that, a member needs to seek advice from their divorce attorney or mediator.

First and foremost, let's be clear about the general bottom line: Benefits earned through your City employment during the time you are married are community property – they belong equally to you and your spouse. Benefits you may have accrued prior to the marriage are NOT generally community property. Note: "Marriage" and "divorce" also apply to the start or dissolution of a registered domestic partnership, with the date of registration substituted for the marriage date.

The San José Municipal Code (SJMC) establishes the requirements for a Plan-Approved Domestic Relations Order (PADRO). ORS can comply only with court orders that meet the requirements of the SJMC. Pension benefits cannot be paid if a court order does not comply with the SJMC.

If the court finds that you and your former spouse will divide your retirement benefits, the PADRO must include one of the following options as to methods of payment:

1. You can establish separate retirement accounts at ORS into which your respective shares of the benefits will be deposited. This is only available to a member who is an active City employee at the time the DRO is filed.
2. You can have a combined account. Under this method, the years of service and contributions are not divided into separate accounts. The ex-spouse's share is taken as a deduction from the member's account. This is the only option available to members who are retired or deferred vested at the time the DRO is filed.

The most common reason for delays in new retirees' first pension payments is divorce documents that do not comply plan requirements. If you or your spouse files for divorce, be sure to notify ORS, including any changes to your contact information as soon as possible. And go to the ORS website to find information on the dissolution of Marriage Guidelines, including sample PADROs, under the Life Events/Divorce menu selection.

Profile:

Yanira Hernandez Senior Office Specialist



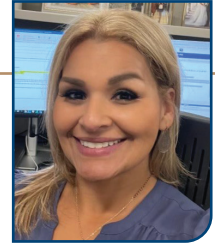
- Q:** Tell us about your background and your ties to the San Jose community.
- A:** I was born in Central America and came to San Jose with my family at the age of 10. I attended West Valley College. I first joined the Office of Retirement Services in 2022, hired by a temp agency, I later applied for a full time permanent position, and starting working as a full time employee in October, 2023.
- Q:** You've had a varied professional career, right?
- A:** Yes, it's been quite a path to this position. I studied Cosmetology, then went back to school to become a medical assistant. But prior to coming here, I worked in Customer Service for State Farm Insurance for more than 15 years.
- Q:** What are your duties and challenges here at ORS? What is the most rewarding aspect?
- A:** My job title is Senior Office Specialist, and generally, my duties include whatever tasks it takes to keep the office running smoothly. The challenge is staying on top of so many things. I find the opportunities for professional development and the friendships you build along the way most rewarding. Representing the office well with our members makes me happy.
- Q:** What makes you happy in your off-duty life?
- A:** I like to travel, try new restaurants, and spend time with friends and family.

CEO Roberto Peña to Retire Search Started for Replacement

The Retirement System's CEO Roberto Peña informed both Fund Boards early in the year that he intends to retire sometime this coming Summer after 11 years heading the Office of Retirement Services. Retirement Connection will celebrate Roberto's outstanding service to members in our next issue.

As of this writing, the Boards had approved a contract with a recruitment firm to do a nationwide search for a qualified replacement to succeed Roberto. Again, we expect to have more information available in Summer.

Melissa Lopez Benefits Analyst



- Q:** Can you share a bit of your background with us?
- A:** I was born in San Jose and moved to Morgan Hill in middle school. I graduated from both Notre Dame San Jose, and San Jose State University. My last job was in the Financial Aid Dept. at Gavilan College in Gilroy.
- Q:** How did you come to work at ORS? What are your duties?
- A:** I've worked for the City before in the Human Resources Dept. in Benefits, and the City Clerk's Office. The work I did at both departments prepared me for my duties on ORS's Benefits Team, focused on the pension plans.
- Q:** What is most rewarding and/or challenging about the job?
- A:** Most rewarding is setting up a member's pension benefit so they get their first check as soon as possible. Our staff are experts at helping with the paperwork and preventing delays or snags in the retirement process.
- Q:** Any goals you'd like to share?
- A:** I want to learn as much as I can so I can help with any situation or question that comes up. My team is pretty smart, and I have a goal to get near their level! There is a lot to learn.
- Q:** Who is Melissa when she's not at work?
- A:** My husband and I have a one-year-old son, so most of our time is with him. Family is very important to us. We love playing at the park with our son and our Chihuahua. We have traveled to Hawaii and would like to return. On Saturdays, I try to sneak out for an early morning workout at a local gym.

Staffing Updates

- **Houman Boussina**, Internal Auditor, left ORS to pursue other opportunities.
- **Han Van**, Senior Benefits Analyst, left ORS to pursue other opportunities.

Welcome to ORS:

- **Melissa Lopez**, Benefit Analyst
- **Veronica Solorio**, Benefit Analyst





The Retirement Connection

1737 N. First Street, Suite 600, San José, CA 95112

Executive Editor: Barbara Hayman

Editors: Cynthia Ayala & Linda Alexander

GO GREEN!

Send ORS an email to retirement.dept@sanjoseca.gov if you would like to receive your copy of the newsletter electronically, via email or if you prefer to access the newsletter online at our website www.sjretirement.com

PLEASE KEEP US INFORMED

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Upcoming Board Meetings

Meetings are being held hybrid in person at City Hall Wing 118-120 or by teleconference. Please check our website for the latest information.

Police and Fire Board meetings are held on the 1st Thursdays of each month at **9:00 a.m.** except in July. Upcoming meetings will be held on the following dates:
May 2 • June 6 • July no meeting

Federated Board meetings are held on the 3rd Thursdays of each month at **8:30 a.m.** except in July. Upcoming meetings will be held on the following dates:
May 16 • June 20 • July no meeting

BOARD UPDATES

The P&F Board is expected to select a candidate to replace departing Board member Drew Lanza by next month.

The Board vacancies for recruitment are posted on the City Clerk's website at: <https://sanjose.granicus.com/boards/w/923860ac785826ef>

All meetings unless otherwise posted on the Agenda, are at City Hall, 200 E. Santa Clara Street, Wing Rooms 118-120. Meetings are also live-streamed on our website at www.sjretirement.com

Upcoming City Closures

April 1st - César Chávez Day
May 27th - Memorial Day
June 19 - Juneteenth

CONTACT US!

408-794-1000 or 1-800-732-6477
Our staff directory can be found on our website at: www.sjretirement.com
Click on "About us"/"Office Staff" or email us at retirement.dept@sanjoseca.gov