



San Jose Retirement Boards

Strategic Planning Update-Interview & Stakeholder Feedback

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Strategic Planning Principles

Seek input from all Trustees and Key Staff.

Appraise the organization's strengths and weaknesses.

Identify external opportunities and risks.

Engage in candid discussions regarding identified issues.

Exercise reasonableness and a practical mindset when setting priorities.

Commit to following the plan, work cooperatively and meet target dates.

Evaluate progress, milestones, successes and setbacks.

Maintain the strategic plan as a rolling 3–5-year road map.

Progress to Date

In accordance with the Strategic Planning Principles, completed items include:

- Trustees and Key Staff participation in one-on-one interviews
- Collected stakeholder survey feedback
- Conversations conducted regarding strengths, weaknesses, opportunities, threats

Today's Purpose and Objectives

Provide an update on progress made.

Gain Trustees' insights regarding interview and stakeholder feedback in order to develop recommended themes and goals for creation of the Strategic Plan.

Mission, Vision and Core Values

- General satisfaction with the current mission statement, relevant focusing on fiduciary responsibility, accurate benefit payments, and high-quality service. Minor refinements suggested (e.g., emphasizing member prioritization, more clarity).
- Some support for developing or reviewing a vision statement and core values, provided these do not introduce political or divisive elements. A few are skeptical about the value or risk of overcomplicating these statements.
- Potential core values include accountability, transparency, trust, integrity, fiduciary responsibility, stewardship, and putting members first.
- Trustees see value in aligning board, staff, and stakeholders around shared principles.

Stakeholder Feedback – P&F Board

Stakeholder comments in response to question-in one word, what comes to mind when you think about the Police & Fire Department Retirement Plan?

- Complete
- Good
- Grateful
- Thank you for monitoring the plan and keeping us informed
- Healthy
- Beneficial

Stakeholder comments regarding the Board/ORS's strengths:

- Strategic financial planning
- Researching each case that comes before them.
- Communication and timely information. I believe you act in our best interests.
- Service to retirees
- In person contact
- Customer service

Stakeholder ratings/comments regarding areas of improvement: member communication, technology and self-service tools, and governance and transparency.

Stakeholder Feedback – Fed Board

Stakeholder comments in response to question-in one word, what comes to mind when you think about the Federated City Employees Retirement System?

- Security
- Beneficial
- Behind the times

Stakeholder comments regarding the Board's strengths:

- Governance
- Service to retirees

Stakeholder ratings/comments regarding areas of improvement: technology and self-service tools, governance and transparency, and investment management.

Funding and Financial Health – P&F Board

- Achieving and maintaining a fully funded plan is a universal marker of success.
- Trustees emphasize balance to avoid underfunding or excessive overfunding.
- Heightened attention to external risks (financial markets, geopolitical factors, city politics) and prudent asset allocation.
- Stakeholder feedback believes top priority should be to grow the fund, with the need to maintain and improve financial stability.

Funding and Financial Health – Fed Board

- Achieving a higher funded ratio (targeting 80% or above) and eliminating unfunded liabilities are top priorities.
- External pressures include market volatility, political factors, and potential changes in pension plan structure (e.g., DC vs. DB plans, tiered membership, crypto/private equity pressures).
- Stakeholder feedback comment regarding the asset allocation and return being an ongoing issue, with the stated need for setting a steady course, rather than knee-jerk reaction to market events. Top priority should include progress toward 100% funding.

Member/Stakeholder Communications – P&F Board

- Desire for enhanced member communication.
- Stakeholder survey feedback indicates need for clearer information regarding health care/medical plans; better communication to retirees association when they lose a member due to death.

Member/Stakeholder Communications – Fed Board

- Trustees advocate for proactive communication, regular member surveys.
- Stakeholder survey feedback indicates request for more member-direct communications. Quarterly newsletters and ad hoc communications are effective but not stellar. Suggestion for more frequent newsletter, including staff photos and profiles.

Member Service – P&F Board

- Desire for improved member experiences, including timely responses

Stakeholder feedback:

- Approve disability retirements in a timely manner.
- Retirees' mental health assistance program
- Improve disability response of Intercare.
- Dissatisfaction with on-line process.

Member Service – Fed Board

- High customer satisfaction is a key success metric

Stakeholder feedback:

- Revitalization and aggressive marketing of the former Choices classes to better inform employees about the retirement benefits and about retirement planning. Consider adding another class for newer employees to market the value of the pension and help with employee retention.

ORS Staff

- Successful hiring and onboarding of a high-quality CIO is viewed as critical.
- Concerns about leadership transitions impacting investment performance and staff morale. Emphasis on smooth process and team stability.
- Retention and competitive compensation for investment staff are ongoing priorities.
- Calls for streamlined staff recruitment.
- Succession planning: ensuring smooth transitions for key roles (especially CIO and CEO) is a top priority.
- Stakeholder feedback indicates the need to increase staff and ensure ORS employees are appropriately trained. Additional feedback expressing belief that investment staff is overpaid.

Stakeholder Relationships

- City Relations and Political Dynamics: There is ongoing tension and the need for better collaboration with the City, especially regarding funding, independence, and governance. Trustees want more formal processes and regular meetings with City officials to strengthen relationships and advocacy.
- Maintaining Independence: There is anxiety about potential changes to board independence, especially if City or legal changes alter current structures.
- Emphasis on negotiating calmly and in good faith to avoid adversarial dynamics.
- Stakeholder survey feedback indicates concern regarding federal government's national debt, their need for additional revenue and how they might tap into the tax-favored status of retirement plans.

Technology

- Consensus on need for technology-driven service improvements, such as upgrading the website, member portal, automating processes, and leveraging AI for efficiency.
- Cybersecurity is a shared concern; calls for more internal expertise and education for managers.
- Better self-help tools and more efficient systems are seen as essential.
- Stakeholder survey feedback indicates external concerns regarding cyber hacks, cyber intrusions, and ORS looking scam emails, and need to focus on improving cybersecurity.

Board Governance

- Trustee education and materials-requests for more digestible materials, executive summaries, and glossaries to support trustee education.
- Education and Training: Ongoing fiduciary training, education on benefit administration, and networking with other boards are recurring suggestions.
- Operational challenges due to two-board structure; suggestions include more joint meetings.
- Board Dynamics: Issues include trustee turnover, need for more training (especially fiduciary), and the risk of the board being too “in the weeds” or divided. There’s a call for clearer roles, better delegation, and more effective governance.
- Board Cohesion: emphasize the need for unity and clear communication and recognition of differing styles.
- Governance Modernization: Trustees want more structured goal-setting, regular policy reviews, and modernization of board practices. There’s interest in benchmarking against peer systems and learning from best practices.

Next Steps

Aon to collaborate with Staff to develop recommended key themes and goals for the Boards' consideration, given interview and stakeholder feedback, as well as discussion from today's meeting.

The recommended key themes, goals and reaffirmation/discussion around mission statement, vision statement and core values will occur at the March Board Meetings. Once we have Board approval, Aon will work with Staff to develop objectives, action steps and workplan for implementation.

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