



ORS

Office of Retirement Services

State of the Pension Fund

Federated City Employees' Retirement System

CEO, John Flynn
September 2025

Agenda

- 2025 Federated Retreat
- Fundamental Law of Pension Funds
- A 10+ Year Look Back
- Strategic Planning – Food for Thought
- Questions

2025 Federated Retreat - Mission

Our mission is to:

- Govern and manage the System in accordance with applicable fiduciary standards;
- Provide accurate, timely benefits and high-quality service to our members and beneficiaries; and
- Collect, invest, and expend system assets in a cost-effective manner.

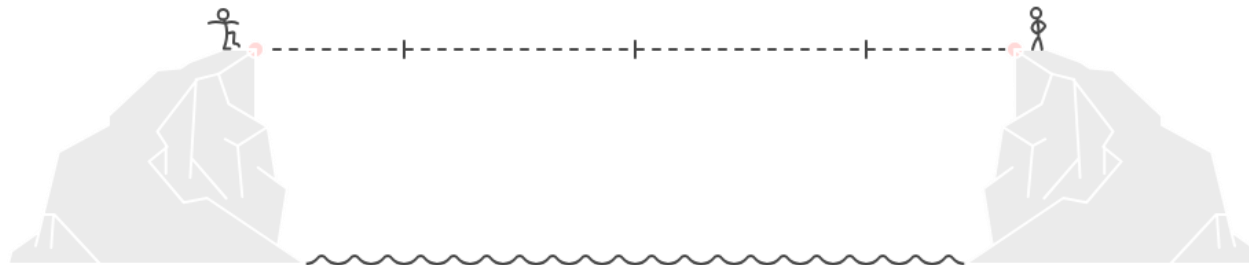
Accurate pension checks, on time ... for life!

2025 Federated Retreat

Today is meant to be a day of discussion and conversation, not a day of presentations.

Use this time to raise questions, challenge assumptions, and explore ideas.

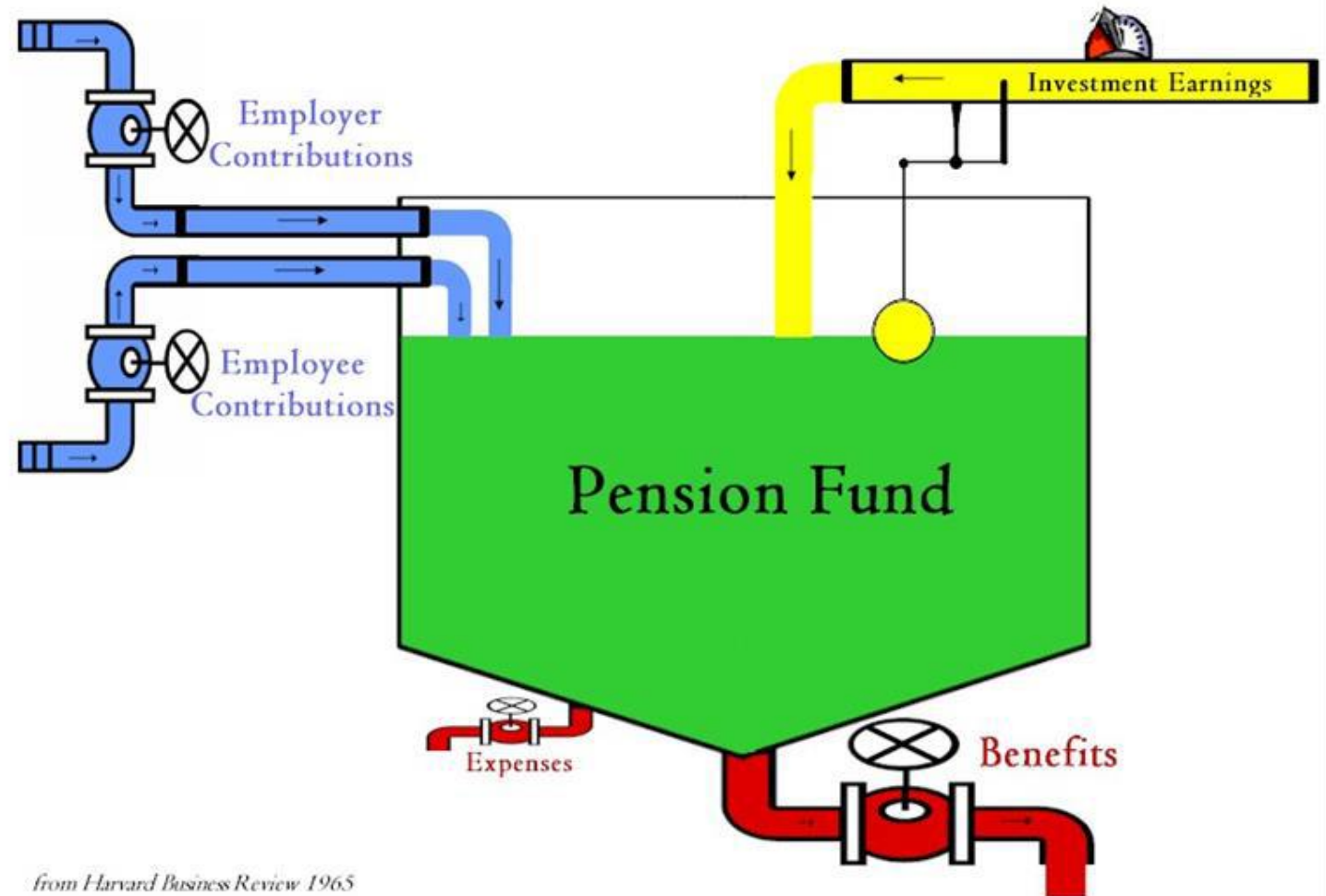
Take notes, what do you want to discuss more or differently throughout the year?



Fundamental Law of Pension Funds



Fundamental Law of Pension Funds

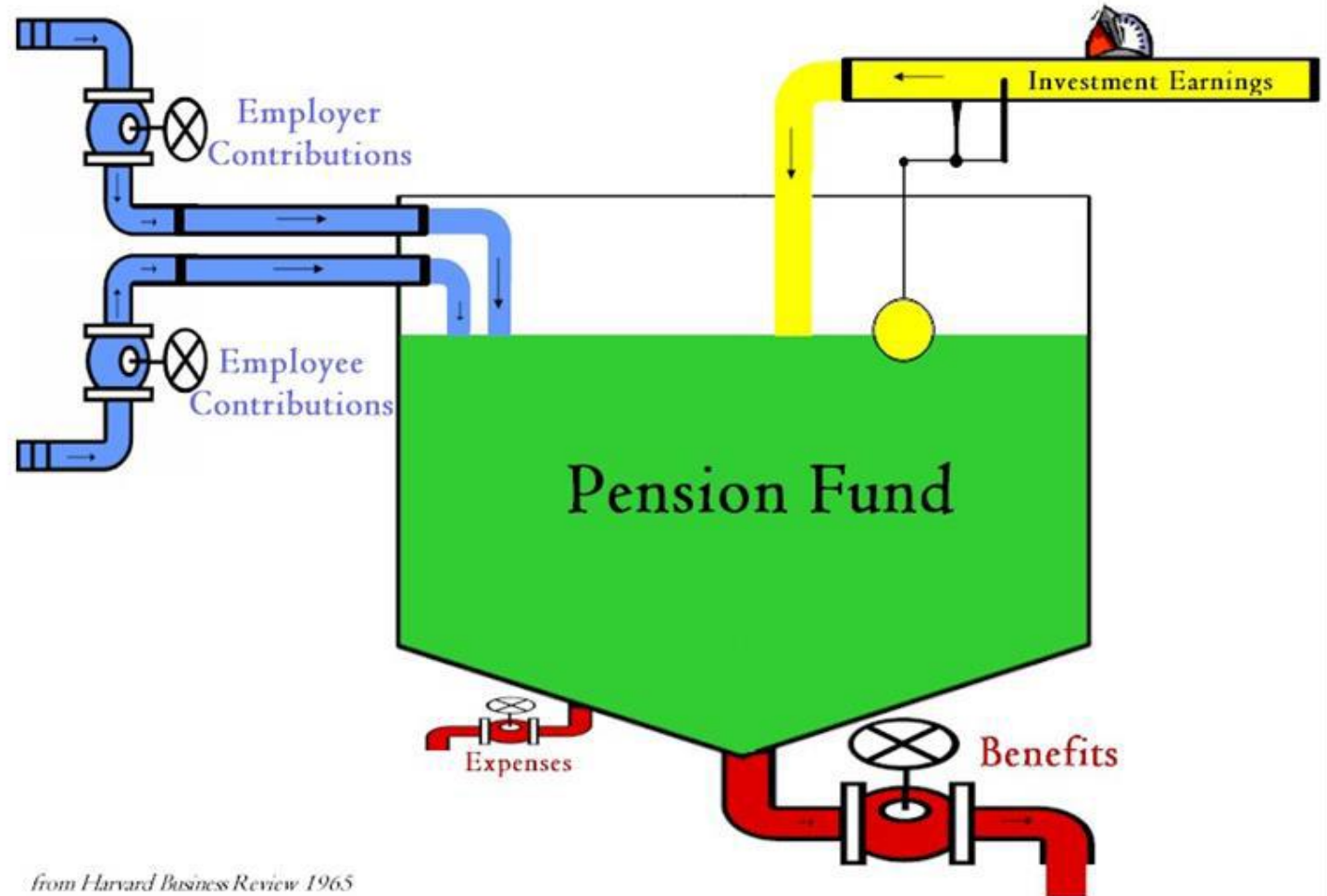


from Harvard Business Review 1965

Federated by the Numbers

FY 2024 in Dollars

- 218.3 M
- 33.9 M
- 257.6 M
- 6.1 M
- 256.6 M

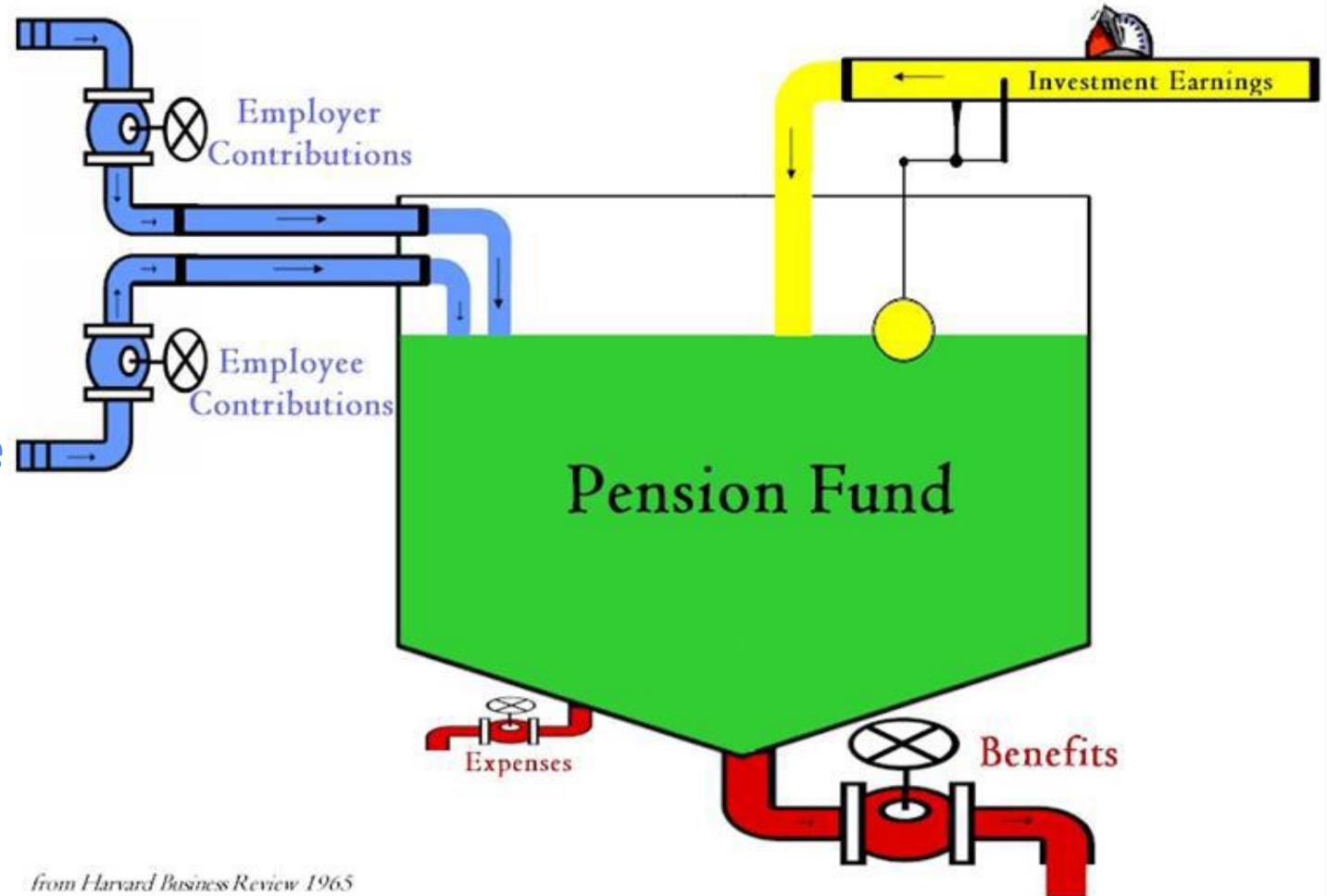


from Harvard Business Review 1965

Federated by the Numbers

FY 2024 in Dollars

- **218.3 M** - Employer
- **33.9 M** - Employee
- **257.6 M** - Invest
- **6.1 M** - Expenses
- **256.6 M** - Benefits



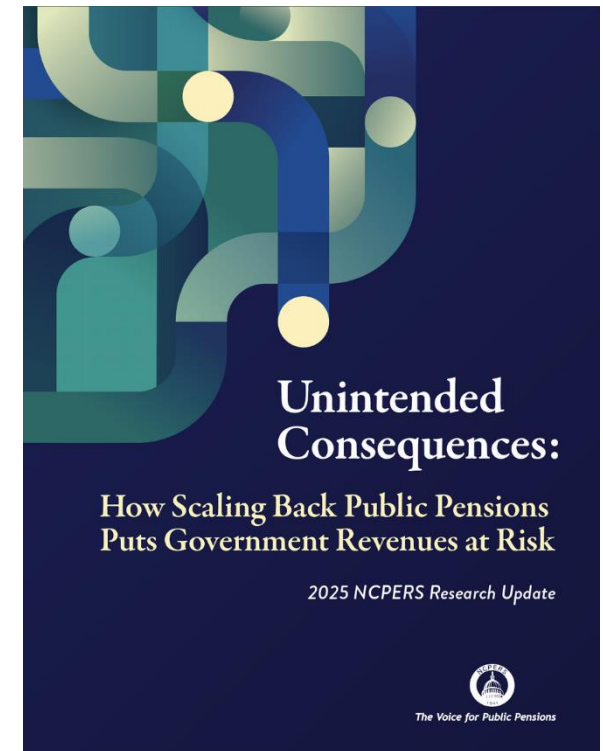
from Harvard Business Review 1965

NCPERS – 2025 Research Update

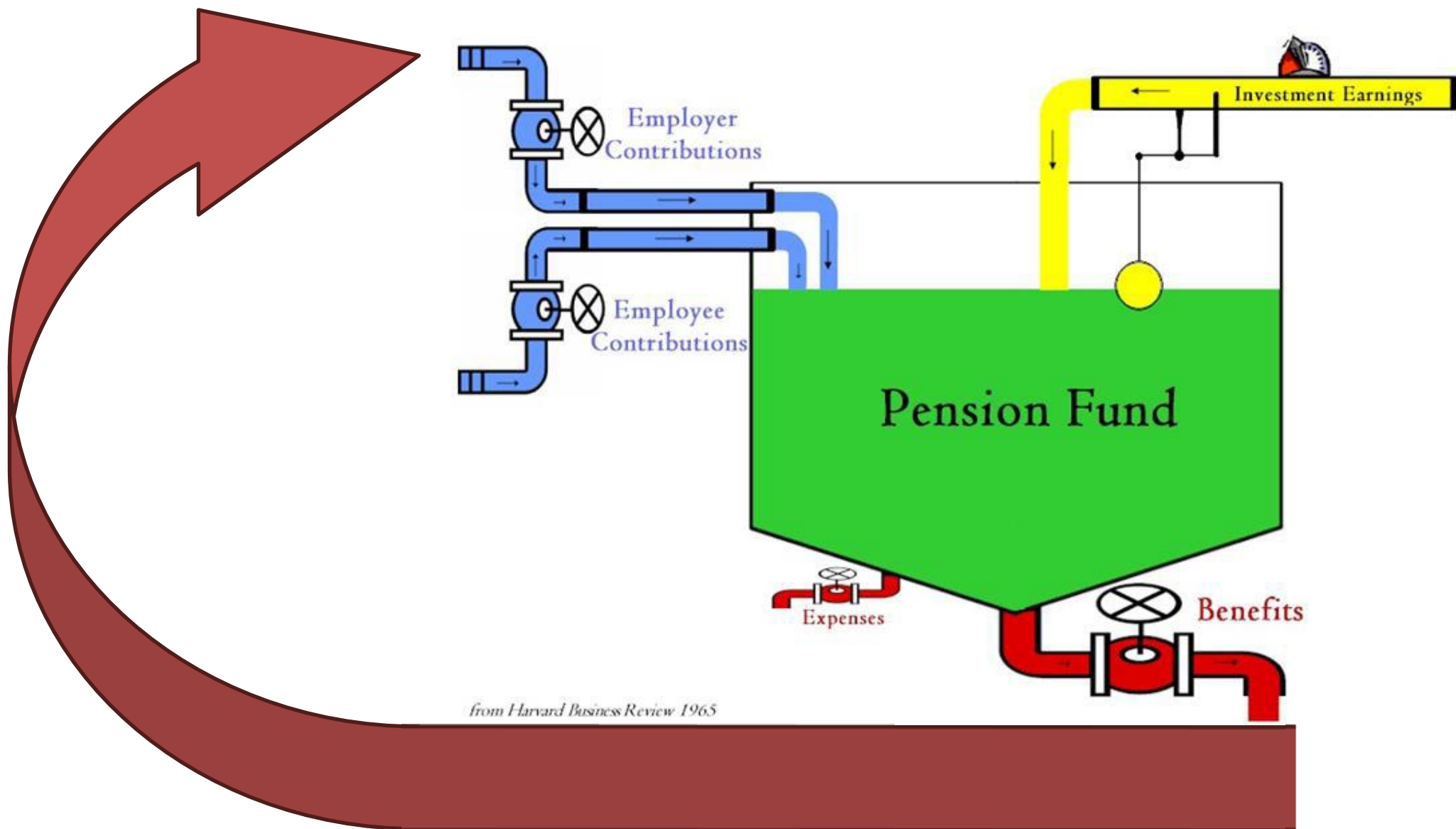
Unintended Consequences: How Scaling Back Public Pensions Puts Government Revenue at Risk

“This means that in 2023, every dollar taxpayers contributed to public pensions yielded approximately \$13.41 in total economic activity”

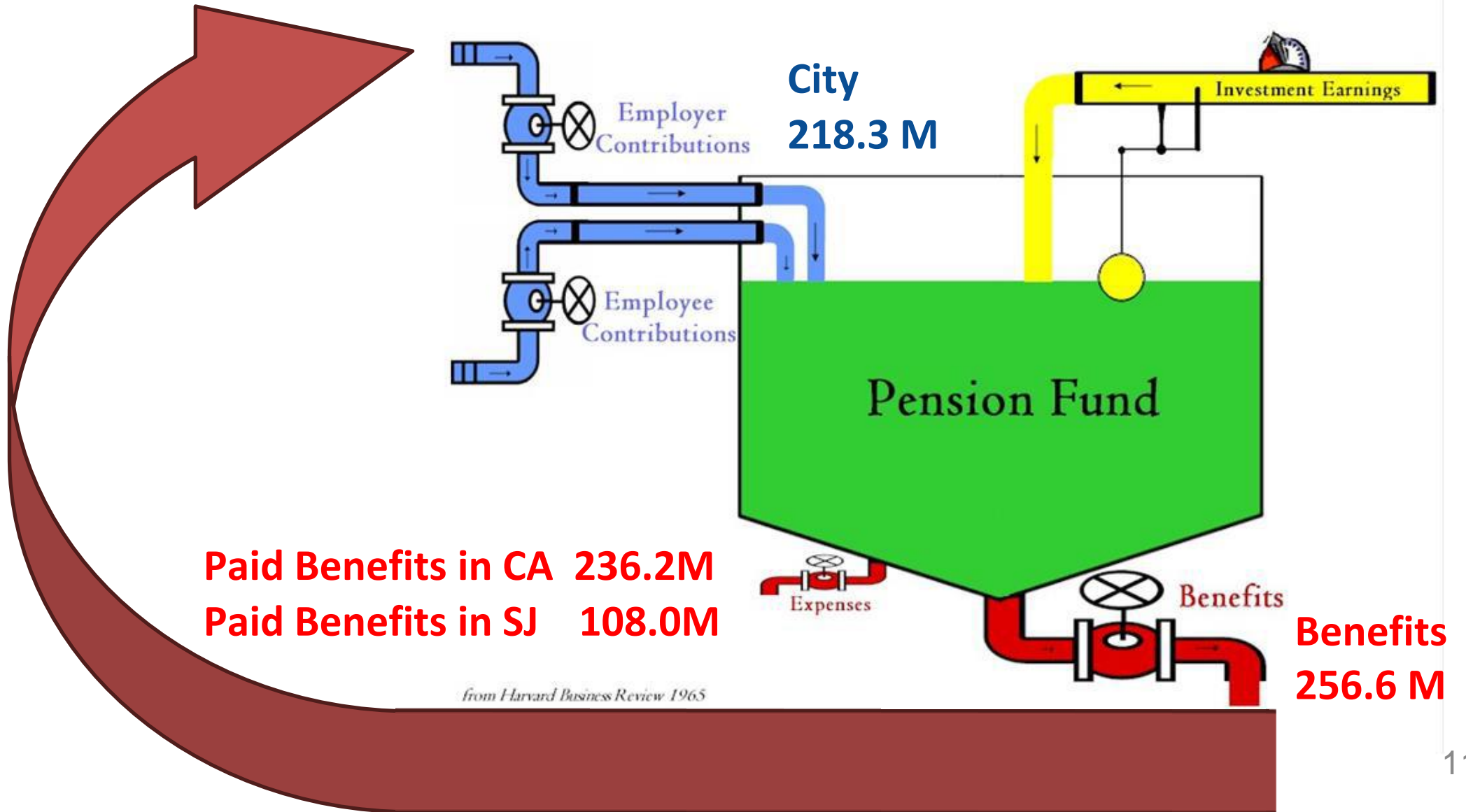
- **\$13.41** economic activity generated per taxpayer dollar contributed - public pensions deliver a strong ROI
- Revenue positive - pension systems generate more state/local revenue than taxpayer contributions



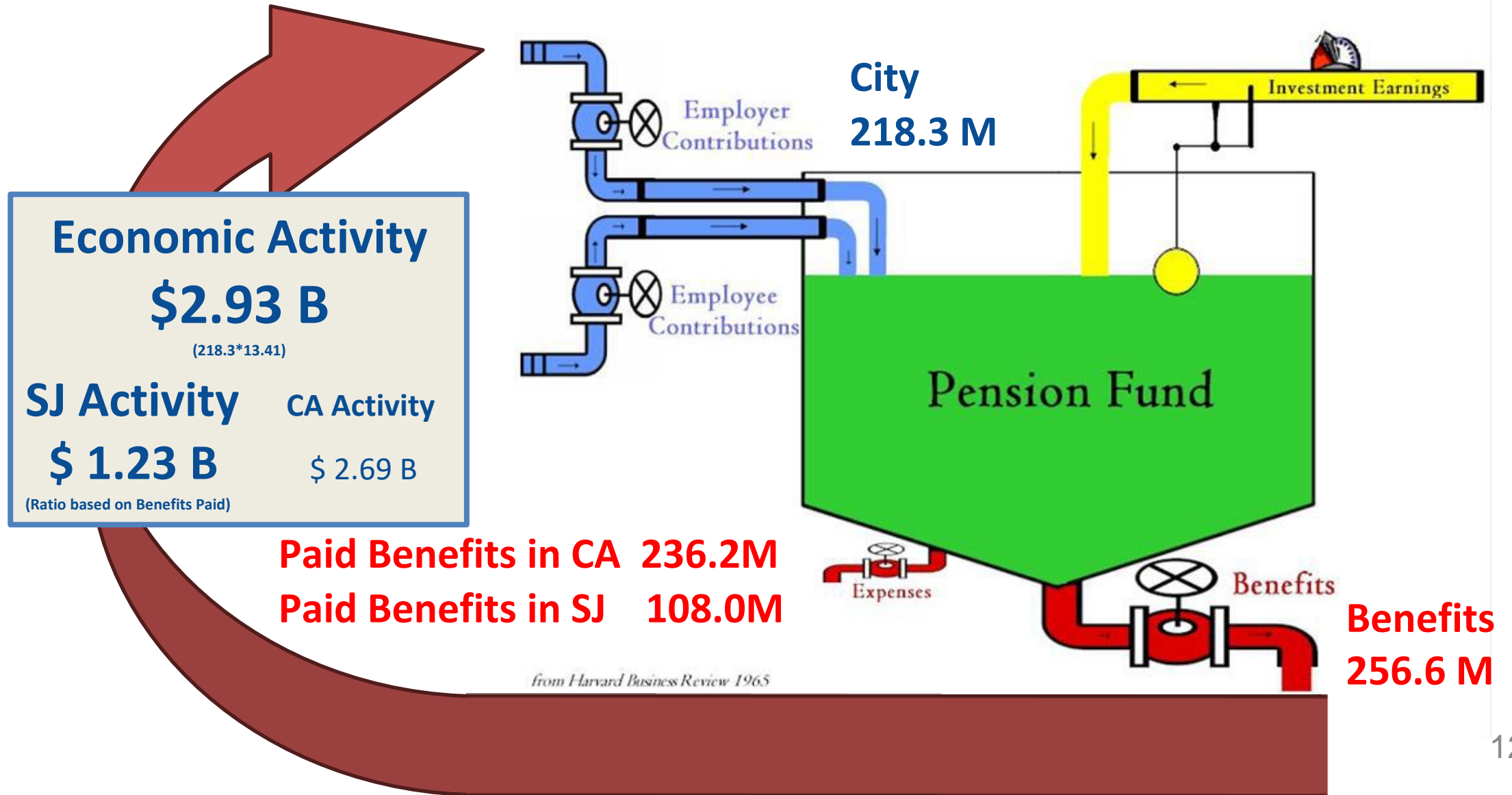
Updated Fundamental Law of Pension Funds



Federated - Impacts to the Local Economy



Federated - Impacts to the Local Economy

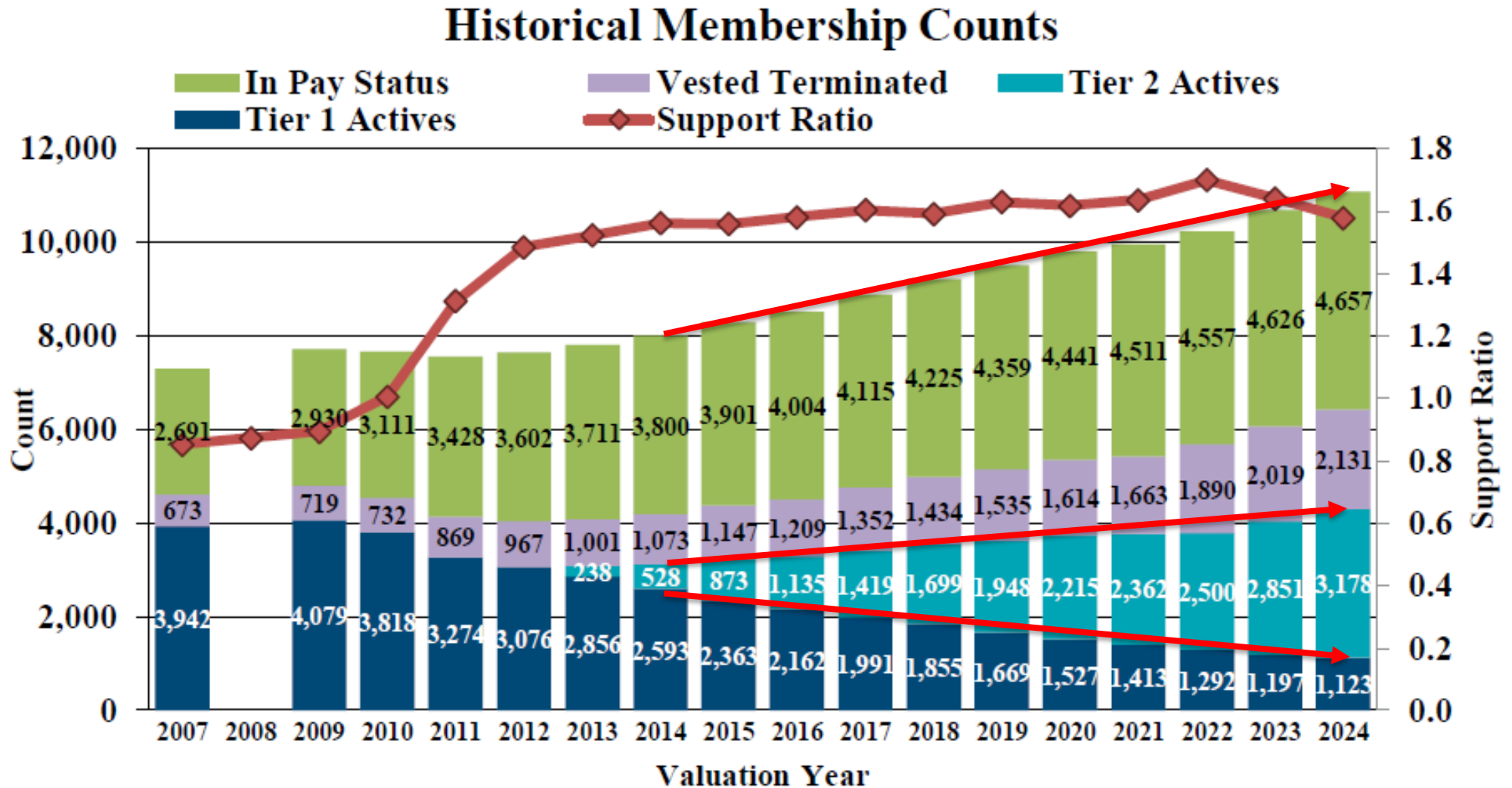


A 10+ Year Look Back



Federated Membership

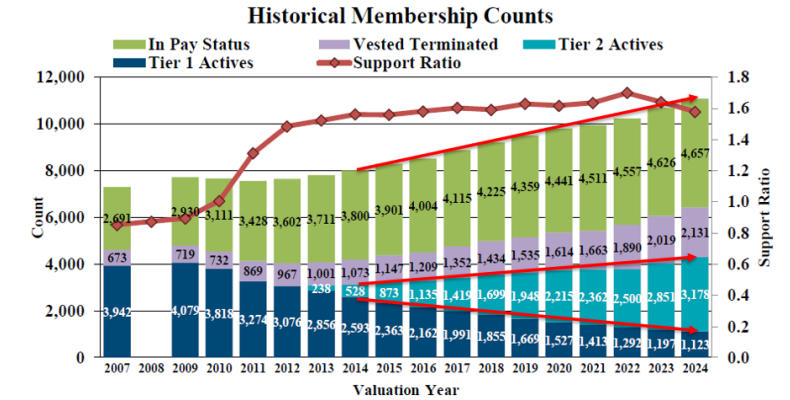
As of 6/30/2024



Source: City of San José Federated City Employees' Retirement System Actuarial Valuation Report as of June 30, 2024

Federated Membership

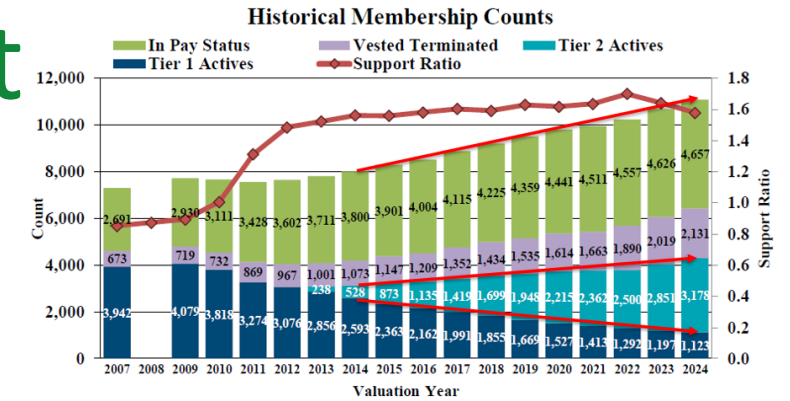
As of 6/30/2024



	2014	2024	% Change
Active – T1	2,593	1,123	
Active – T2	528	3,178	
Total	3,121	4,301	37.8%
Inactive Members	1,073	2,131	98.6%
Retiree and Bene	3,800	4,657	22.6%
Total Served	7,994	11,089	38.7%

FCERS Contributions & Payment

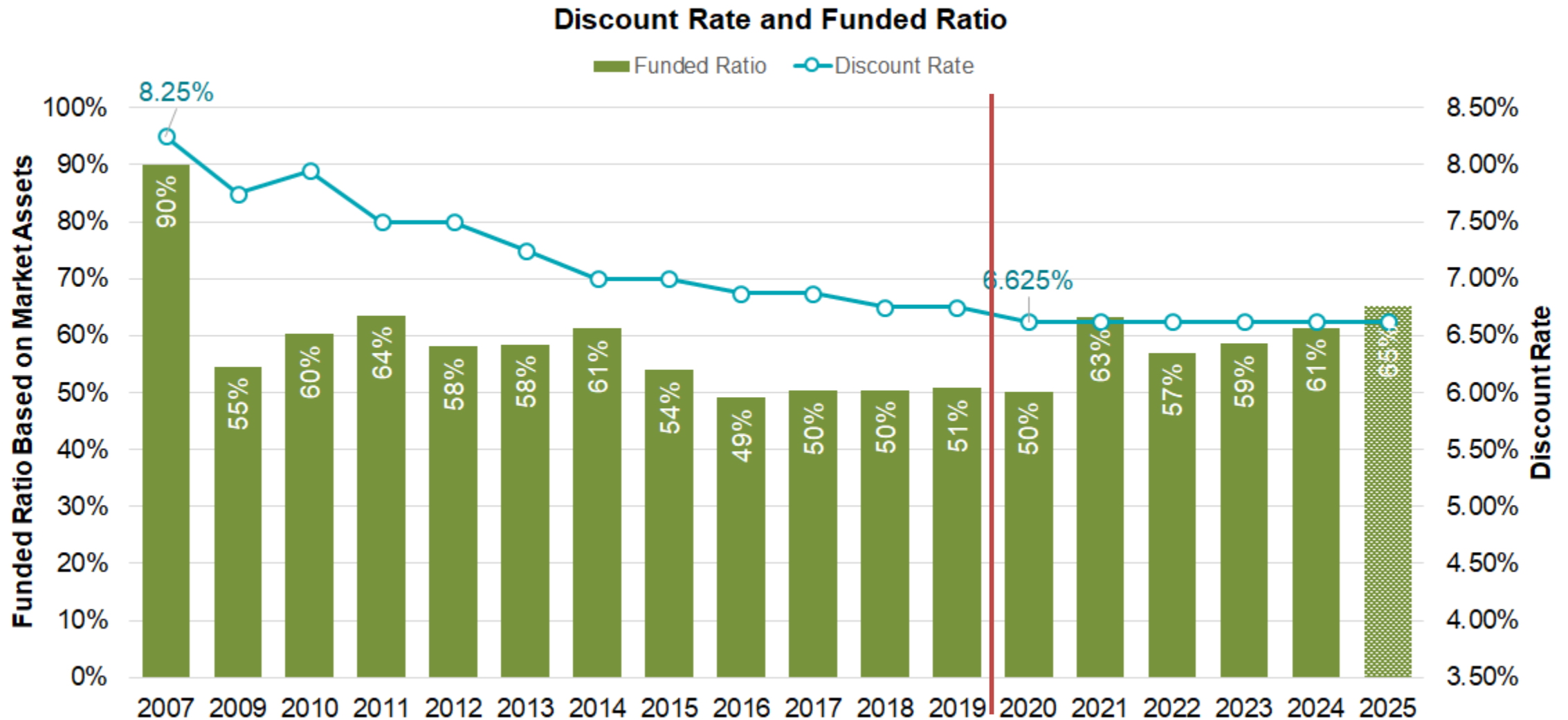
As of 6/30/2024



	2014	2024	% Change
Average Pay	75,200	113,047	50.3%
Employer Contribution	102.8 M	218.3 M	112.4%
Employee Contribution	13.6 M	33.9 M	149.3%
Net Invest Activities	263.7 M	257.6	-2.3%
Administrative Cost	3.2 M	6.1M	91.9%
Benefits Paid	155.9 M	256.6	64.6%

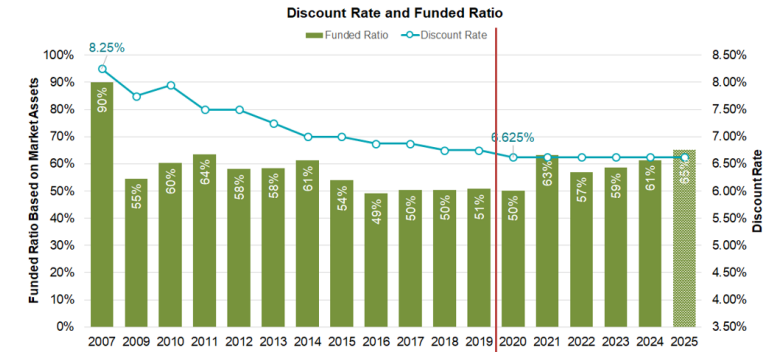
FCERS–Funding Ratio & Discount Rate History

As of 6/30/2024 – 2025 Preliminary



Federated Financials

As of 6/30/2024



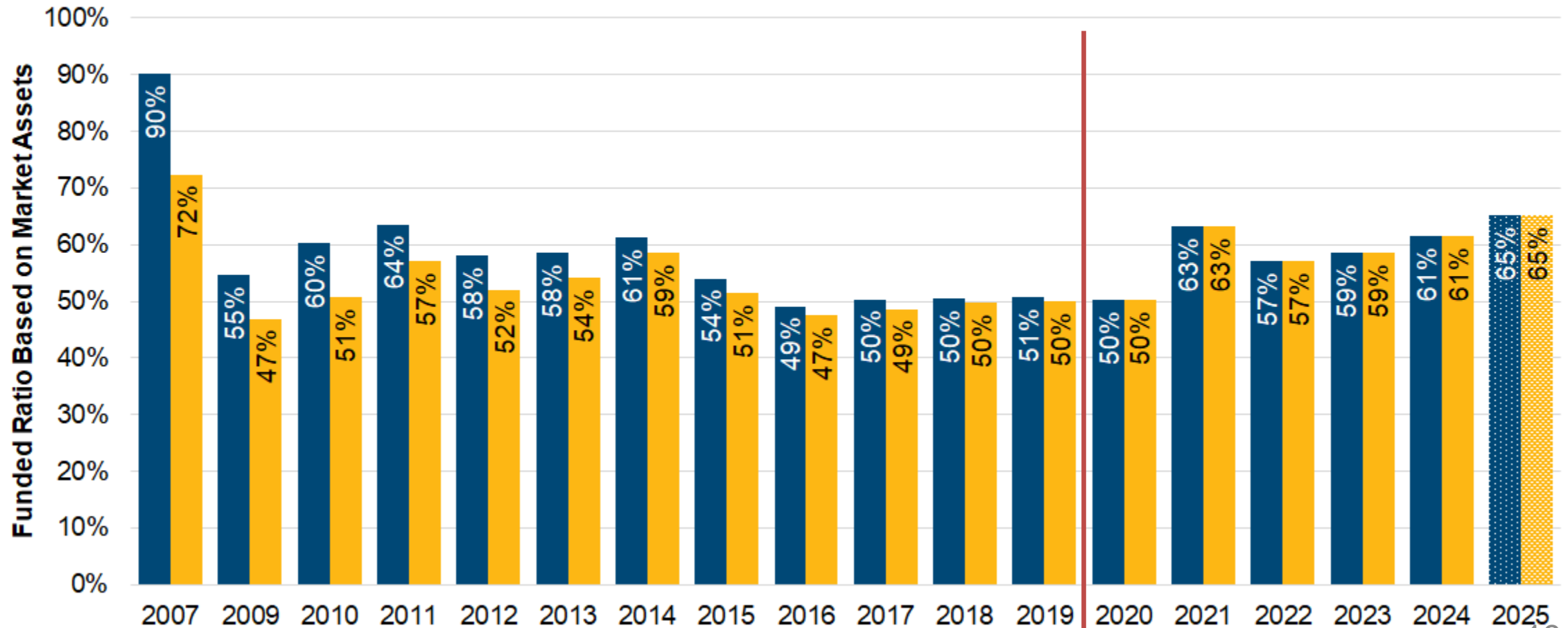
	2014	2024	% Change
Ending Market Value	1,982 M	3,154	59.1%
Funding Ratio – MVA	61.3%	61.4%	
UAL – MVA	1,252 M	1,983 M	
Assumed Rate	7.00%	6 5/8%	
Funding Ratio – MVA With 6 5/8% Assumed Rate	59%	61.4%	

Federated – A Different Look at History

As of 6/30/2024 – 2025 Preliminary

Discount Rate and Funded Ratio

■ Reported Funded Ratio ■ Funded Ratio @ 6.625%

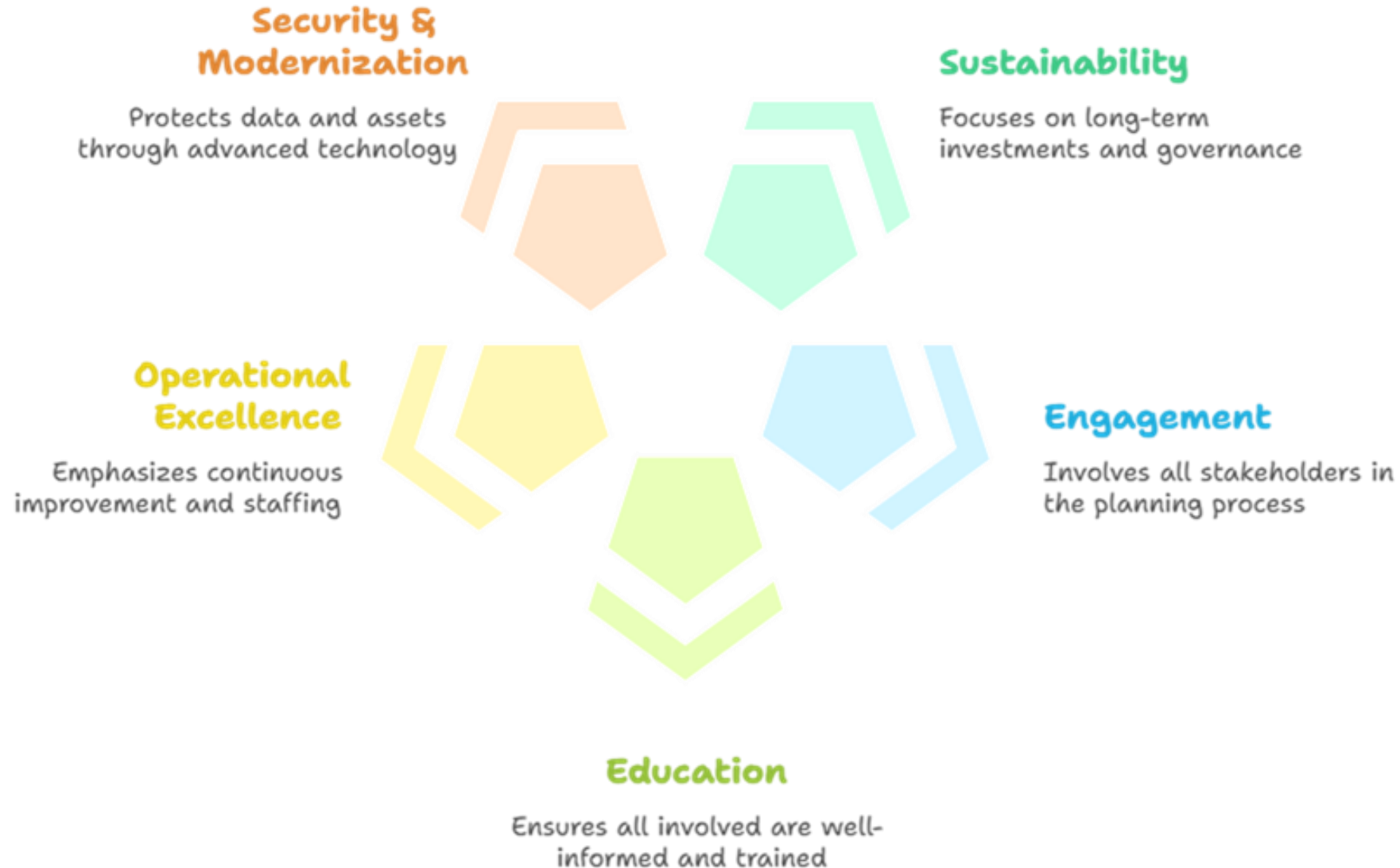


Strategic Planning

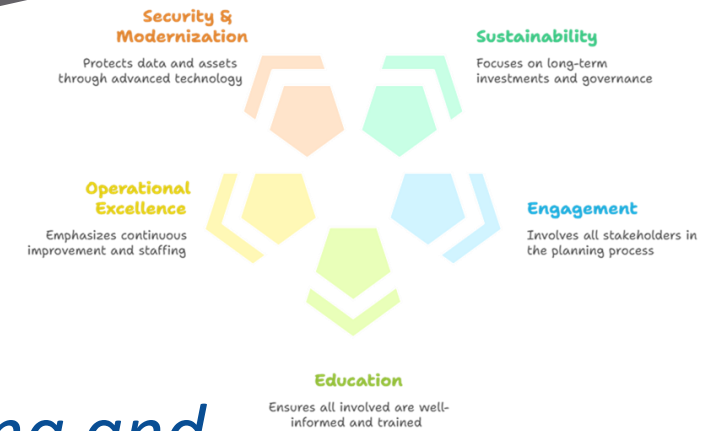
Some Food for Thought



Typical Pillars of Strategic Plan



Typical Pillars of Strategic Plan

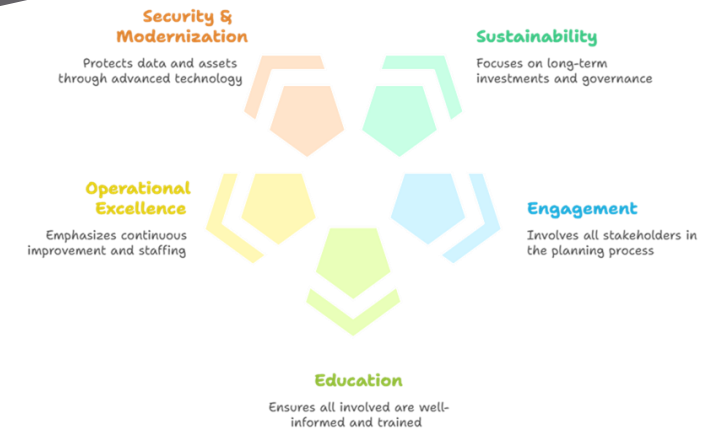


Sustainability – Investments, appropriate auditing and governance, and benchmarking

Engagement – all stakeholders – members, Council Member Liaisons, plan sponsor, unions, city administration, employee/retiree associations, and the taxpayers

Education – Trustees, Council Member Liaisons, employees, plan sponsor, and city administration

Typical Pillars of Strategic Plan



Operational Excellence – culture of continuous improvements, proper staffing with the right people in the right roles.

Security & Modernization – Protecting member data, financial assets, and operations through strong cybersecurity, modern IT infrastructure, business continuity, and risk management practices.

Questions

