CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

The Retirement Connection

Office of Retirement Services (ORS) Volume 7, Issue 2 ▪ April 2026

Welcome to The Retirement Connection!

Message from CEO John Flynn

It's been an exciting start to the year highlighted last month by the well-deserved appointment of Jay Kwon to the position of Chief Investment Officer. Jay has been with ORS for 12 years and has been instrumental in managing our investments for strong performance while continually prioritizing stability in both funds, ensuring we will continue to provide the benefits our members have earned for the long term future.

Both Boards unanimously approved his appointment after a nationwide search to succeed Prabhu Palani, who announced his retirement late last year after his exceptional service to both pension plans' portfolios. Both boards saw Jay as the clear choice among an impressive field of candidates.

Jay's institutional knowledge will make for a smooth transition. He is ready to advise and serve two Boards he knows well and has worked with for years. His background managing a New York bank's portfolio and as a financial analysis in other positions reflect a diverse and well-rounded career that will serve us well.

Meanwhile, I want to congratulate Prabhu Palani as he embarks on new adventures following his retirement and thank him for his tireless service to ORS and its members, active and retired. He has been a driving force in ensuring our long-term financial stability in changing conditions.

Finally, we try to share a bit of extra sunshine in each issue. This month, I hope readers enjoy the glorious image of the beautiful pop-up art event that occurred on the City Hall Plaza in January.

CIO Prabhu Palani's Farewell

Goodbyes are always difficult, and this one is no exception. My association with the Office of Retirement Services (ORS) and the City of San Jose began in Nov 2016 as a Trustee of the Federated Board and continued with my appointment as CIO in March 2018. During this time, both the Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System made significant progress. Our funding levels jumped by 12% while our peer-relative performance among pension plans greater than $1 billion nationally went from the bottom 1% to the top 17% for Federated and top 35% for Police & Fire.

However, our greatest achievement was not just these numbers but the processes that led to the outcomes. Three things stand out:

- **Improvement in governance**
- **Establishing policies and procedures** to implement the Board's directives
- **The recruitment and retention** of one of the finest investment teams among any pension system.

I could not be prouder of our investment team. They possess advanced degrees from the finest educational institutions, have solid work experience, a sound work ethic, and a deep commitment to public service.

When I took over as CIO, my goal was to build the finest investment program in the country. It seemed like an overly ambitious goal given the constraints imposed by a public institution. However, with the support of our Boards, investment consultants, and other stakeholders, I believe that we have created a rigorous, **well-thought-out** investment program that can serve as a playbook for years to come.

I pass the baton to Jay Kwon in the knowledge that we have a highly qualified and accomplished investment professional who cares deeply about our investment

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program and the City of San Jose. I have no doubt that you will welcome him and support him as you have me.

For providing me with the opportunity to serve all of you, I shall be ever grateful. I sign off with Robert Frost's words:

The woods are lovely, dark and deep,
But I have promises to keep
And miles to go before I sleep
And miles to go before I sleep.

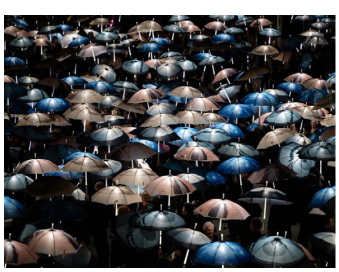
Sincerely,
Prabhu Palani

Investment team (Left to Right) Ron Kumar, Dhinesh Ganapathiappan, Prabhu Palani, Harrison Pearce, Arun Nallasivan, David Aung, Jay Kwon, Christina Wang, Jennifer You, Julie He

Prabhu Palani and Ellen Lee

City Hall Plaza is Transformed by Invisible Skies Flash Art Exhibit

Invisible Skies transformed City Hall Plaza Into a stunning art display as 2,000 participants dressed all in black moved with the music holding umbrellas designed with constellations and stars. The January 31 flash art exhibit designed by artist Elizabeth Turk spread joy across the Plaza.



Paperless pay stub saves time, money and environment

The Office of Retirement Services (ORS) will transition to a **paperless distribution model** for direct deposit advices beginning **July 2026**.

This change will help reduce paper waste and postage costs, while allowing ORS to focus resources on providing high-quality service to our retirees.

What's Changing?
Starting July 1, 2026, paper advices will no longer be mailed automatically. Instead, pay advices will be available anytime through your secure **MemberDirect account**, where you can view and print copies as needed.

Advance Notice
Prior to the transition, ORS will mail a personalized letter to all retirees providing you more information, in addition to instructions on how to request to continue receiving a paper pay advice, if preferred.

Want to Switch Now?
You can enroll today through the **MemberDirect Portal**.

If you have previously notified ORS that you would like to receive a printed pay advice, you will continue to receive it by mail as usual.

For assistance, please contact ORS.

Beloved retired fire captain who died at 106 honored by hundreds at memorial

Retired fire captain Sam Seibert was remembered by hundreds who attended a celebration of his long life in January. He died Nov. 30 at age 106. The feisty, enthusiastic centurion was featured in the Retirement Connection early last year as he enjoyed his 105th birthday party. At that time, he shared his simple secret to his long life: don't sit around too much, and he enjoyed beer and soda despite doctors' advice. He was proud of helping create the San Jose Fire Museum and became a major donor and contributor of firefighting artifacts. He served the Fire Department for 30 years before retiring in 1976 on his way to becoming the City retiree with the longest history of collecting and enjoying his hard-earned retirement benefits for just shy of 50 years.

Profile:

Jay Kwon

Appointed Chief Investment Officer

In March, the Federated and Police & Fire Boards of Administration unanimously appointed Jay Kwon as Chief Investment Officer, succeeding Prabhu Palani upon his retirement in April 2026. Jay joined the Investment Program in 2014 and quickly rose to senior investment officer, a position he has filled until his appointment in March to the CIO's position. He has a diverse background in financial analysis and management. He served as senior portfolio manager for Bank of New York Mellon and prior to that, as a financial analyst for the Federal Home Loan Bank. He also worked as a research analyst for an energy and environmental economics firm.

"Jay's extensive institutional knowledge, strong relationships, and unwavering commitment to the plan and its members have made him the clear choice in an impressive field," noted Andrew Gardanier, Chair of the Police & Fire Board.

Federated Chairperson Spencer Horowitz said, "Jay is the ideal candidate to continue the Federated Plan's momentum of earning investment returns that exceed our discount rate and increase our funded status."

"I am looking forward to managing a team of very diverse talents, united by our sense of responsibility to the members of our plans," Jay said. "I will strive with the rest of the team to manage the portfolio so that it continues to provide the benefits that every member has earned with their hard work and contributions."

Jay earned his bachelor's degree from Stanford, a masters from California State University, East Bay, and a masters in business administration (MBA) from Oxford, England. When he is not working for our members' future financial security, he is active with various community groups and his church.

Staffing Updates

- **Angie Santana**, Benefits Analyst, has left ORS to pursue other opportunities.

Retired:

- **May Cheung,** Information Systems Analyst and **Prabhu Palani**, Chief Investment Officer We wish them both the best in retirement!

Welcome to ORS:

- **Jake Cho, An Nguyen,** and **Sylvia Mark,** Benefits Analysts

Strong 2024-25 performance by San Jose pension plans

Findings by the annual ACFR are good news to start 2026, concluding that both pension plans performed very well over the 2024-25 year examined for the report.

Key takeaways on the Federated side:

- The Federated Fund earned strong returns for the fiscal year, exceeding the long-term assumed earnings of 6.625 percent annually.
  The encouraging performance included both public equity and private real asset markets investments.
- The Retiree Healthcare Plan also performed well, earning 11 percent return.
- Overall, the System's net position increased by approximately $380 million, ending the fiscal year at $3.95 billion.
- The System received the Government Funding Office of Accountability Certificate for Excellence in Financial Reporting for the 25th consecutive year.
- The System's Board continues to exercise exemplary governance while the Office of Retirement Services provided comprehensive services to its members while enhancing systems, improving efficiency and reducing errors.

Key takeaways on the Police & Fire side:

- Like the Federated System, Police & Fire Funds reported strong returns on investment of about 10 percent, increasing the Fund's by $525.6 million to total about $6 billion, primarily due to earnings in public equities and private real assets. The earnings out-performed the Plan's assumed rate of return of 6.625 percent.
- The Healthcare Trust performed well too, earning 11.1 percent for the fiscal year examined.
- The Police & Fire System also earned the Certificate of Excellence in Financial Reporting for the 25th consecutive year.

Members who may wish to read the ACFR in more detail can find the full report on the website at www.sjretirement.com

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The Retirement Connection

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Need help? Contact ORS at retirement.dept@sanjoseca.gov or **408-794-1000.**

PLEASE KEEP US INFORMED
Make sure we have your updated email and mailing address. Please complete a change of address form if your email or mailing address changes.

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Upcoming Board Meetings

Federated Meetings unless otherwise posted on the Agenda, are at City Hall 200 E. Santa Clara Street, Wing Rooms 118-120. Police and Fire Board meetings, unless otherwise posted on the Agenda, are at 1737 N 1st Street, San Jose, Suite 580. Meetings are also live-streamed on our website at www.sjretirement.com. Please check our website for the latest information.

Police and Fire Board meetings are held on the 3rd Wednesdays each month at **9:00 a.m.** except in July. Upcoming meetings will be held on the following dates: April 15 • May 20 • June 17

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: April 16 • May 21 • June 18

BOARD UPDATES

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

Upcoming City Closures

May 25 - Memorial Day
June 19 - Juneteenth
July 4 - Independence Day

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