

Spring 2021

Stanislaus County Employees' Retirement Association

PROVIDE AND PROMOTE COMPREHENSIVE AND FINANCIALLY SOUND
RETIREMENT IN A PROFESSIONAL, EFFICIENT AND COURTEOUS MANNER

StanCERA staff continues to navigate the challenges we face due to the COVID 19 restrictions. StanCERA inherently has an elderly clientele that we deal with on a regular basis and office closures have made our normal business processes very challenging. We anticipate a slow return to the office and re-opening our doors to the public sometime in late summer/early fall, however, we will continue to adhere to County and State guidelines for guidance.

The Organization is in the final phase of the implementation of its new Pension Administration System and Member Web Portal. The web portal's main philosophy will be one of self-service. After the initial roll-out, we anticipate introducing more and more tools for our members to self-serve their needs. For example, members will be able to initiate common functions that they currently need to have a StanCERA staff member initiate. Things such as retirement applications and buyback estimates may be initiated online. The portal will also have a sophisticated retirement estimate tool that allows the user to perform "what if"

scenarios whereby the portal will tell you what your benefit would be at retirement. It will also allow the user to back into what they want their benefit to be at retirement and the portal would reveal how many years the member would have to work or what their final average salary would need to be at retirement to meet that goal.



Finally, StanCERA added a new Fiscal Services Manager to replace Natalie Davis. Natalie has been with StanCERA for many years and her institutional knowledge will be greatly missed. We wish Natalie well in her retirement! Her replacement, Brittany Smith-Atkins comes to us from

Kaiser Permanente where she held the roles of Senior Financial Analyst and Operations Manager for 12 years. Brittany possesses a Bachelor's Degree from the University of the Pacific and a Master's Degree from UC Davis' Graduate School of Management.

- Rick Santos, Executive Director

New Pension System:

In September 2020, StanCERA went live with the first phase of its new Pension Administration System. The new pension system replaced the antiquated system StanCERA had been using since the mid-2000's. This new system allows staff to process benefits in a more streamlined fashion, eliminating the need for much of the manual processes relied on in the past.

StanCERA Website:

In Spring of 2020, StanCERA launched its new website. This is an exciting update for the Organization, as its website was outdated and difficult to navigate. Its new website is user-friendly and allows easy access to StanCERA's forms, publications, and various information. Be sure to visit the site at: www.stancera.org.

COVID-19:

The StanCERA office remains closed to the public due to the COVID-19 pandemic, however staff is available by phone, email and teleconference for all business needs. StanCERA documents are available on our website, www.stancera.org. If web access is not available or a particular document is not found, contact StanCERA staff at (209) 525-6393 or retirement@stancera.org for assistance. Any documents may be submitted to StanCERA through U.S. Mail, email, or hand-delivered to the secured drop-box in the lobby of 832 12th Street. StanCERA has the capability to utilize electronic signature services for submission of certain documents. Contact retirement staff for details. StanCERA has continued operations as normal and will continue to process all benefits as planned.

Alameda Decision (Active and Deferred Members):

In late July 2020, the California State Supreme Court handed down its decision in what is now commonly referred to as the “Alameda Decision.” Essentially, the Court has disallowed the use of elements of pay associated with “on-call” duty to be used in the calculation of a member’s final average compensation at retirement. As such, StanCERA is no longer accepting member contributions on pay elements associated with on-call duty with the first full payroll period in September 2020. The Decision affects all StanCERA members who were active at any point in time between January 1, 2013 and August 31, 2020, and who had on-call pay elements reported in their salary to StanCERA during that period. Accordingly, from this point forward, StanCERA will no longer be using these elements in the calculation of final average compensation which ultimately determines a member’s retirement benefit or benefit estimate. StanCERA will be refunding active and deferred member (who have not refunded) contributions made to StanCERA on on-call pay elements between January 1, 2013 and August 31, 2020. The refunds should include refundable interest earnings on those contributions. Staff is in the process of completing these calculations and the refunds should be completed by the end of quarter three.

Member Web Portal:

StanCERA’s Member Web Portal is still under development but it is set to launch in 2021. Members will be able to view their StanCERA profiles and complete various functions. Additional information will be coming later this year.

STRATEGIC ASSET ALLOCATION

StanCERA employs a strategic approach to investing. By being strategic StanCERA can focus on the long-term and position the investment program appropriately to achieve the objectives of the program. As a long-term strategic investor, StanCERA can maintain discipline during periods of volatility and avoid making short-term reactive decisions based on current market conditions.

An effective strategic investor sets and follows a strategic asset allocation. The strategic allocation determines how much capital should be invested in different categories of investments or asset classes. These asset classes exhibit different levels of risk and return and can be broadly divided based on their expected function in the portfolio. The strategic asset allocation determines the target percentage allocation to each asset class and the collective mix of assets provides an appropriate level of risk and return for the investment program.

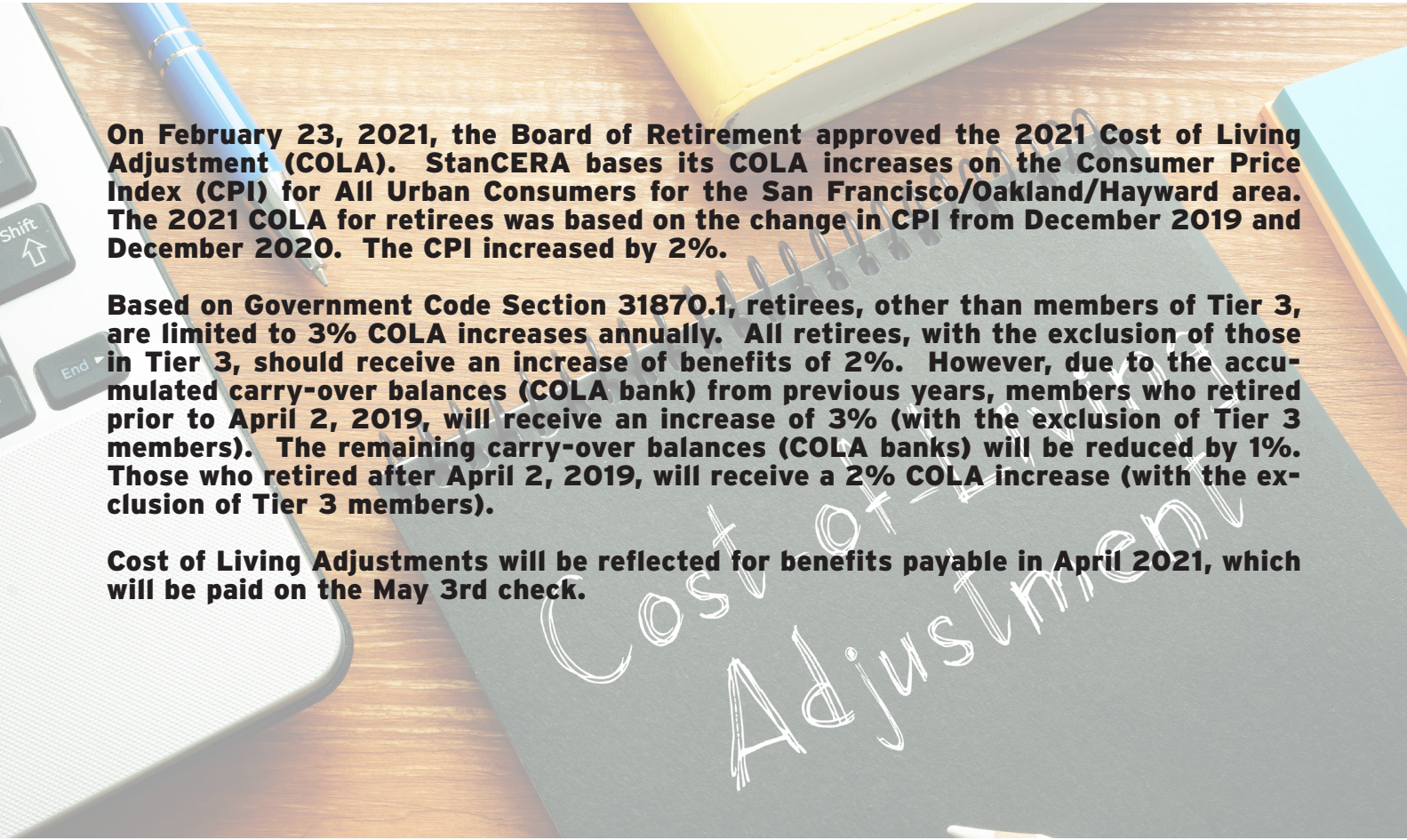
StanCERA's Board of Retirement sets the strategic asset allocation. At the November 2020 Board of Retirement meeting, the strategic asset allocation was updated. The Board periodically reviews the asset allocation as part of an asset liability study and incorporates StanCERA's projected actuarial liabilities, liquidity needs, risk tolerance and risk/return expectations of various asset classes into the decision to change the strategic asset allocation. The strategic asset allocation is provided below. The new allocation decreased the fund's allocation to non-US equities and increased the fund's exposure to real assets including infrastructure. The new allocation also introduced a small allocation to the liquid absolute return asset class for added diversification.

Overall the Board is confident the new allocation is aligned with StanCERA's long-term investment goals and objectives.

Total investment assets now exceed \$2.5 Billion as of the end of February 2021. The investment program returned 14.3% through December 31, 2020 for the fiscal year versus a 14.7% benchmark return. Over 10 years the program returned 8.1% versus a benchmark return of 8.2% as of December 31, 2020.

<i>Asset Class</i>	<i>Target</i>
Liquidity Sub-Portfolio	8%
Cash	1%
Cashflow-Matched Bonds	7%
Growth Sub-Portfolio	73%
US Large Equity	16%
US Small Equity	4%
Private Equity	5%
Non-US Equity	20%
Core Real Estate	6.50%
Value Add Real Estate	6%
Infrastructure	7.50%
Private Credit	8%
Risk-Diversifying Sub-Portfolio	19%
US Treasury	6%
Risk Parity	10%
Liquid Absolute Return	3%
Total Allocation	100%

StanCERA Cost of Living Adjustment 2021



On February 23, 2021, the Board of Retirement approved the 2021 Cost of Living Adjustment (COLA). StanCERA bases its COLA increases on the Consumer Price Index (CPI) for All Urban Consumers for the San Francisco/Oakland/Hayward area. The 2021 COLA for retirees was based on the change in CPI from December 2019 and December 2020. The CPI increased by 2%.

Based on Government Code Section 31870.1, retirees, other than members of Tier 3, are limited to 3% COLA increases annually. All retirees, with the exclusion of those in Tier 3, should receive an increase of benefits of 2%. However, due to the accumulated carry-over balances (COLA bank) from previous years, members who retired prior to April 2, 2019, will receive an increase of 3% (with the exclusion of Tier 3 members). The remaining carry-over balances (COLA banks) will be reduced by 1%. Those who retired after April 2, 2019, will receive a 2% COLA increase (with the exclusion of Tier 3 members).

Cost of Living Adjustments will be reflected for benefits payable in April 2021, which will be paid on the May 3rd check.

BOARD OF RETIREMENT



DONNA RILEY

Vice Chair
Stanislaus County Treasurer
Ex Officio
Seat 1



MANDIP DILLON

Board Member
Elected by General Members
Term 07/01/2019-06/30/2022
Seat 2



SAM SHARPE

Board Member
Elected by General Members
Term 01/26/2021-01/26/2024
Seat 3



DARIN GHARAT

Board Member
Appointed by Board of Supervisors
Term 07/01/2019-06/30/2022
Seat 4



MIKE LYNCH

Board Member
Appointed by Board of Supervisors
Term 07/01/2020-06/30/2023
Seat 5



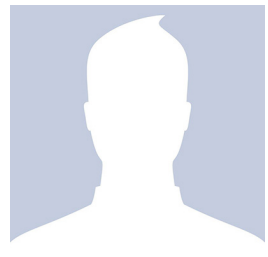
TERRY WITHROW

Board Member
Appointed by Board of Supervisors
Term 01/01/2021-12/31/2021
Seat 6



JOSHUA CLAYTON

Board Member
Elected by Safety Members
Term 07/01/2020-06/30/2023
Seat 7



VACANT SEAT

Board Member
Elected by Safety Members
Alternate Seat 7



MICHAEL O'NEAL

Board Member
Retiree Elected by Retirees
Term 07/01/2020-06/30/2023
Seat 8



RHONDA BIESEMEIER

Board Member
Retiree Elected by Retirees
Term 07/01/2020-06/30/2023
Alternate Seat 8



JEFF GROVER

Chair
Appointed by Board of Supervisors
Term 07/01/2020-06/30/2023
Seat 9

Upcoming Events and Important Dates



APRIL 2021

Payday: 1st

Board Meeting:
27th

MAY 2021

Payday: 3rd

Board Meeting:
25th

JUNE 2021

Payday: 1st

Board Meeting:
22nd

JULY 2021

Payday: 1st

Board Meeting:
27th

AUGUST 2021

Payday: 2nd

Board Meeting:
24th

SEPTEMBER 2021

Payday: 1st

Board Meeting:
28th

OCTOBER 2021

Payday: 1st

Board Meeting:
26th

NOVEMBER 2021

Payday: 1st

Board Meeting:
23rd

DECEMBER 2021

Payday: 1st

Board Meeting:
14th

Stanislaus County Employees Retirement Association
P.O. Box 3150
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**Empowering Our Members Through Education And Technology To Play A
Proactive Role In Understanding And Managing Their Retirement Benefits**

