

**San Diego City
Employees' Retirement System**

City of San Diego

**Actuarial Valuation Report
as of June 30, 2025**

Produced by Cheiron

February 2026

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February 19, 2026

Board of Administration
San Diego City Employees' Retirement System
401 West A Street, Suite 800
San Diego, California 92101

Re: SDCERS-City of San Diego June 30, 2025 Actuarial Valuation

Dear Members of the Board,

We are pleased to submit the June 30, 2025 Actuarial Valuation Report for the City of San Diego (City, the "Plan") of the San Diego City Employees' Retirement System (SDCERS). The purpose of this report is to present the annual actuarial valuation of the SDCERS-City of San Diego Defined Benefit Plan.

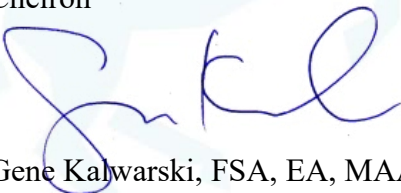
In preparing our report, we relied on information (some oral and some written) supplied by SDCERS' staff. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

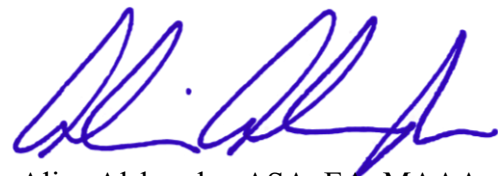
This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This actuarial valuation report was prepared for the San Diego City Employees' Retirement System for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Sincerely,
Cheiron



Gene Kalwarski, FSA, EA, MAAA, FCA
Principal Consulting Actuary



Alice Alsberghe, ASA, EA, MAAA
Consulting Actuary

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION I – BOARD SUMMARY

The primary purpose of the SDCERS-City of San Diego actuarial valuation is to disclose and comment on, as of the valuation date, the following:

- The financial condition of the SDCERS-City of San Diego Defined Benefit Plan,
- Past and projected trends in the financial condition of SDCERS-City of San Diego,
- Disclosures related to the Plan’s risks of SDCERS-City of San Diego,
- The City’s Actuarially Determined Contribution (ADC) for Fiscal Year 2027,
- Member contribution rates as required under the City’s Charter Section 143, and
- Information required for the Annual Comprehensive Financial Report (ACFR).

In this section, we present a summary of the principal valuation results. This summary includes the basis upon which the June 30, 2025 valuation was completed and an examination of the current financial condition of SDCERS-City of San Diego. In addition, we present a review of the key historical trends followed by the projected financial outlook for SDCERS-City of San Diego.

A. Valuation Basis

The City of San Diego officially reopened the pension plan to all non-police employees on July 10, 2021. As a result of the unwinding of Proposition B, eligible non-police employees who had been excluded from the Plan, hired between July 20, 2012 and July 9, 2021, have been reinstated beginning on or after July 9, 2022. The June 30, 2023 actuarial valuation was the first valuation to reflect these members. This June 30, 2025 actuarial valuation continues to reflect members impacted by Proposition B as reported herein. In future valuations, additional reinstated members impacted by Proposition B may be included as well.

Effective September 9, 2024, per the Agreement between the City of San Diego and the San Diego Police Officers Association Related to Phase 1 of the Unwinding of Proposition B, sworn officers participating in SDCERS under Tier V will prospectively participate in Tier IV. Sworn officers employed by the City as of the effective date who had been participating in Tier V had their benefit converted to a Tier IV benefit from their date of participation. In addition, Police Department recruits or sworn officers hired on or after September 9, 2024 will participate in SDCERS under Tier IV benefits.

At the July 11, 2025 SDCERS Board meeting, the Board adopted additional contribution payments, to be made with the Fiscal Year 2027 ADC, to fund the Plan for the missed normal cost and estimated shortfall due to Police Officer Safety Members who were hired and entered SDCERS after June 30, 2013 under the Tier V benefit, and had their benefit converted retroactively to a Tier IV benefit. This is referred to as the Proposition B Police Tier Conversion in this report. The Proposition B Police Tier Conversion contributions include missed City normal cost contributions and the shortfall in accumulated Member normal cost contributions. In addition, the Unfunded Actuarial Liability resulting from the Plan tier conversion will be amortized over 20 years, beginning with the FY 2027 ADC.

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SECTION I – BOARD SUMMARY

The additional contribution of \$2.3 million for the Proposition B Police Tier Conversion, payable with the FY 2027 ADC, includes \$0.9 million for the estimated missed FY 2025 and FY 2026 City normal cost, \$1.0 million for the shortfall in accumulated Member normal cost contributions, and a \$0.4 million amortization payment for the Unfunded Actuarial Liability of \$5.2 million.

The results of the June 30, 2025 actuarial valuation reflect expected across-the-board salary increases for FY 2026 for plan tiers with negotiated general salary increases. Effective July 1, 2025,

- Elected members are assumed to receive a 3.25% increase in pay,
- All other General members are assumed to receive a 5.00% increase in pay,
- Safety Lifeguard and Safety Police members are assumed to receive a 4.00% increase in pay, and
- Safety Fire members are assumed to receive a 3.00% increase in pay. In addition, effective January 1, 2026, Safety Fire members are expected to receive a 1.00% increase in pay.

Any other general salary increases, including new add-on pays, changes to existing add-on pays, or varying special salary adjustments that may have been negotiated were not reflected in this valuation.

Throughout this report there will be references to “Old Plan,” “2009 Plan,” “2011 Plan,” “2012 Plan,” “2012 No COL Plan,” and “Prop B Plan” which distinguishes each membership category’s various benefit tiers according to their effective dates.

Finally, please note that numbers in the tables of this report may not always add exactly to the dollar due to rounding.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION I – BOARD SUMMARY

B. Experience between June 30, 2024 and June 30, 2025

The following discussion summarizes the key results of the June 30, 2025 valuation and how they compare to the results from the June 30, 2024 valuation.

1. SDCERS-City of San Diego Assets, Liabilities and Contributions

Table I-1 presents a comparison between the June 30, 2025 and June 30, 2024 SDCERS-City of San Diego assets, liabilities, Unfunded Actuarial Liabilities, funded ratios and contributions.

The key results found in Table I-1 show that the funded ratio, measured using an actuarial smoothing method, increased from 74.7% as of June 30, 2024 to 76.1% as of June 30, 2025. The funded ratio increased because the Actuarial Value of Assets grew by 7.0% which was more than the liability growth of 5.0%. Measured on a Market Value of Assets basis, the funded ratio increased from 75.3% as of June 30, 2024 to 78.0% as of June 30, 2025. Both funding ratios (actuarial and market) are at their highest levels since the “Great Recession” of 2008.

Investment return on a market value basis for SDCERS – All Employers was 9.11%. On an actuarial value basis, the return for the City was 7.52%. Both of these returns exceeded the assumed investment return of 6.50%. Section III of this report provides additional detail on SDCERS’ assets, including an explanation of the development of the actuarial value of assets. More details on the liability growth are presented in Table I-2 of this section, and in Section IV of this report.

The City’s Actuarially Determined Contribution (ADC) increased by 5.6% from \$533.2 million to \$563.2 million. The components of this change are shown in Table I-3. These ADC figures assume payment at the beginning of the fiscal year in which they are paid. Contribution amounts assuming payment throughout the year may be found in Table V-1.

Table I-1				
SDCERS - City of San Diego - Assets, Liabilities and Contributions				
		June 30, 2025	June 30, 2024	% Change
Actuarial Liability	\$	14,513,150,680	\$ 13,816,772,307	5.0%
Actuarial Value Assets	\$	11,048,857,453	\$ 10,324,623,935	7.0%
Unfunded Actuarial Liability-Actuarial Value	\$	3,464,293,227	\$ 3,492,148,372	-0.8%
Funded Ratio-Actuarial Value		76.1%	74.7%	1.4%
Market Value Assets	\$	11,321,100,119	\$ 10,405,924,829	8.8%
Unfunded Actuarial Liability-Market Value	\$	3,192,050,561	\$ 3,410,847,478	-6.4%
Funded Ratio-Market Value		78.0%	75.3%	2.7%
		FY 2026-2027	FY 2025-2026	
Actuarially Determined Contribution (ADC) ¹	\$	563.2	\$ 533.2	5.6%

¹ADC is reported in millions, payable at the beginning of the fiscal year.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION I – BOARD SUMMARY

2. Components of UAL Change between June 30, 2024 and June 30, 2025

On an Actuarial Value of Assets basis, the Unfunded Actuarial Liability (UAL) for SDCERS-City of San Diego decreased by \$27.9 million; from \$3,492.1 million to \$3,464.3 million. The Plan’s UAL was expected to decrease by \$131.0 million, assuming all assumptions were met and no changes in assumptions. Actual changes and experience resulted in a net loss of \$103.1 million. The primary factor contributing to this experience loss was salary growth greater than expected. Table I-2 below presents the specific components of the change in the UAL.

The actual investment return of \$774.8 million exceeded the expected investment return of \$685.6 million, for a net actuarial investment experience gain which decreased the UAL by \$89.2 million. The Plan experienced a liability loss which increased the UAL by \$187.1 million, primarily due to larger salary increases than expected. This resulted in a net actuarial experience loss for the year of \$97.9 million.

Additionally, there was a \$5.2 million increase in the UAL as a result of the shortfall from the Proposition B Police Tier Conversion.

Table I-2	
SDCERS - City of San Diego - Change in UAL	
(In Millions)	
1. UAL at June 30, 2024	\$ 3,492.1
2. Expected change in UAL	(131.0)
3. Investment Experience	
a. Expected investment return	(685.6)
b. Actual investment return	(774.8)
c. Actuarial investment experience loss/(gain) (b. - a.)	(89.2)
4. Liability experience loss/(gain)	187.1
5. Change in assumptions or methods	0.0
6. Change due to Proposition B Police Tier Conversion	5.2
7. Total change in UAL: 2 + 3c + 4 + 5 + 6	(27.9)
8. UAL at June 30, 2025: 1 + 7	\$ 3,464.3

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION I – BOARD SUMMARY

3. SDCERS-City of San Diego Change in Contributions

The City’s Actuarially Determined Contribution (ADC) for FY 2027 increased by approximately \$30.1 million; from \$533.2 million to \$563.2 million. If all actuarial assumptions had been met, the ADC would have been expected to increase by \$9.2 million.

The actuarial investment experience gain decreased the ADC by \$7.8 million. The liability experience loss increased the ADC by \$26.4 million. Additionally, the missed normal cost and amortized shortfall payment for the Proposition B Police Tier Conversion increased the ADC by \$2.3 million.

Table I-3 below presents the specific components of the change in the ADC. We provide more detail on the development of this contribution in Section V of this report.

Table I-3		
SDCERS - City of San Diego - Change in ADC		
(In Millions)		
1. ADC at June 30, 2024 for FY2026	\$	533.2
2. Expected change in ADC		9.2
3. Investment Experience		
a. Expected investment return		(59.9)
b. Actual investment return		(67.7)
c. Actuarial investment experience loss/(gain) (b. - a.)		(7.8)
4. Liability experience loss/(gain)		26.4
5. Change in assumptions or methods		0.0
6. Change due to Proposition B Police Tier Conversion		2.3
7. Total change in ADC: 2 + 3c + 4 + 5 + 6		30.1
8. ADC at June 30, 2025 for FY2027: 1 + 7	\$	563.2

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION I – BOARD SUMMARY

4. SDCERS-City of San Diego Membership

Table I-4 shows that total membership in SDCERS-City of San Diego increased by 2.1% from 2024 to 2025. Active membership increased by 3.0%. There was an increase of participants in pay status, with a 2.6% and 2.2% increase in retirees and beneficiaries, respectively, and a decrease in disabled retirees of 0.5%. There was also a decrease in the number of terminated vested members of 1.0%, which includes members who are non-vested but still have contributions left in the Plan.

The payroll figures shown below are based on June 30, 2025 data with expected salary increases for fiscal year 2026. Expected total payroll for active members increased by 10.6%, driven by the increase to the active membership as well as salary increases. The average pay per active member increased by 7.4%. The total annual benefits in pay status and average benefit increased by 5.7% and 3.3%, respectively.

Table I-4				
SDCERS - City of San Diego - Membership Total				
Valuation as of:	June 30, 2025	June 30, 2024	% Change	
Actives	10,693	10,385	3.0%	
Terminated	3,453	3,488	-1.0%	
Disabled	998	1,003	-0.5%	
Retirees	8,794	8,573	2.6%	
Beneficiaries	<u>1,698</u>	<u>1,661</u>	<u>2.2%</u>	
Total City Members	25,636	25,110	2.1%	
Active Member Payroll	\$ 1,216,857,939	\$ 1,100,317,173	10.6%	
Average Pay per Active Member	\$ 113,799	\$ 105,953	7.4%	
Benefits in Pay Status	\$ 670,509,590	\$ 634,545,414	5.7%	
Average Benefit	\$ 58,356	\$ 56,469	3.3%	

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

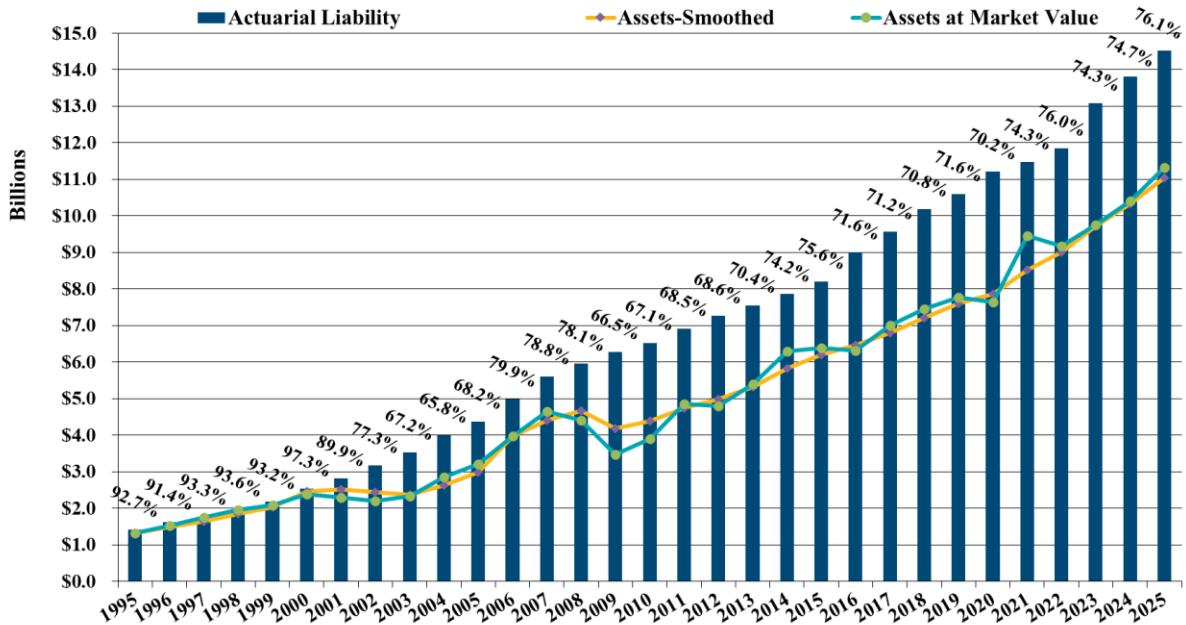
SECTION I – BOARD SUMMARY

C. Historical Trends for SDCERS-City of San Diego

Despite the primary focus given each year on the most recently computed actuarial valuation results, it is important to remember that each valuation is merely a snapshot of the long-term progress of a pension plan. It is more important to judge a current year’s valuation results relative to historical trends, and trends expected into the future.

In the chart below, we present the historical trends of the market value and smoothed assets compared to Actuarial Liabilities, with SDCERS-City of San Diego funded ratios, measured as the ratio of smoothed (actuarial) value of assets to Actuarial Liabilities, since 1995.

SDCERS-City of San Diego Assets and Liabilities 1995-2025



This chart shows two periods of significant declines in the City’s funded status. The first being the period 2001 to 2004 where the funded ratio declined from 97.3% to 65.8%. This was caused by the “dot com” market decline coupled with the City underfunding the Plan while benefits were increased. The second serious decline occurred in 2009 following the “Great Recession” where the funded ratio dropped from 78.8% in 2007 to 66.5% in 2009. Other than those two periods, the Plan generally showed improvement in its funded status to where it is now 76.1% funded. It is important to note that this improved funded status over the period since 2009 was achieved while the Board gradually lowered the discount rate from 8.00% to 6.50% and significantly strengthened its demographic assumptions, in particular mortality. The significant increase to the Actuarial Liability in 2023 is due to the reinstated Proposition B members in the Plan.

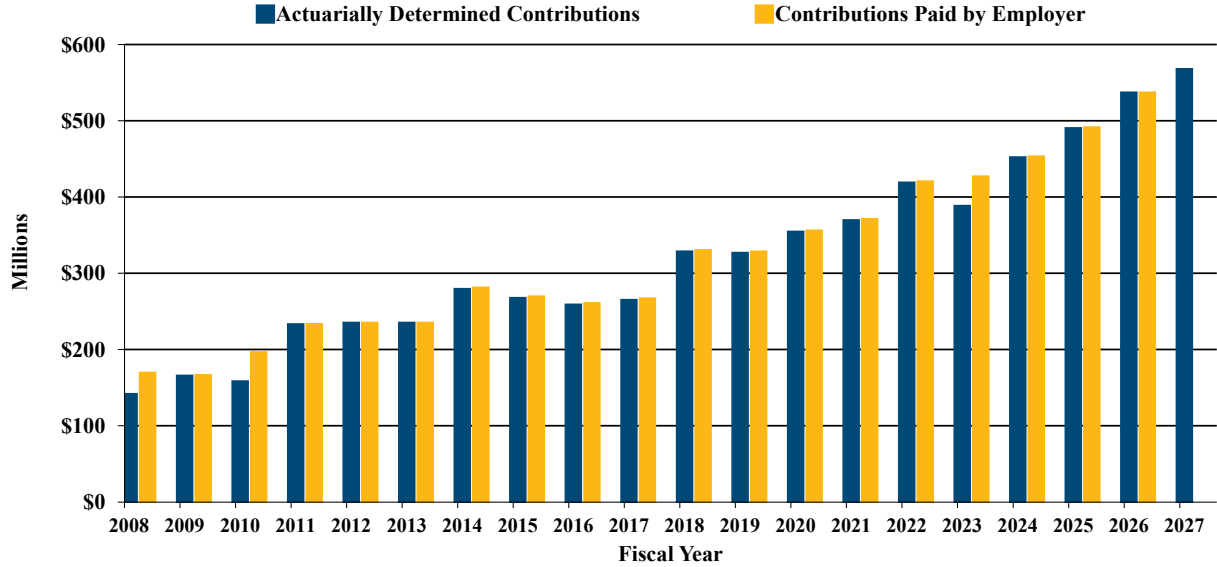
As mentioned earlier, the funded ratios represent the ratio of the smoothed (actuarial) assets over the Actuarial Liabilities. If the Market Value of Assets were used instead, the funded ratio as of June 30, 2025 would be 78.0%.

**SDCERS-CITY OF SAN DIEGO
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SECTION I – BOARD SUMMARY

In the next chart below, we present the historical trends for the SDCERS-City of San Diego contributions: actual contributions paid by the City and the Actuarially Determined Contributions (ADC).

SDCERS-City of San Diego City Contributions FY 2008-2027



The contributions paid by the City are based on the Board’s adopted funding practice of normal cost plus amortization of the various UAL components, including the requirement beginning in FY 2009 that there is no negative amortization, the requirement beginning in FY 2016 to explicitly fund the expected administrative expenses, and in FY 2019 the requirement to pay at least the UAL floor contribution.

The chart indicates that the City has been consistently paying at or above the ADC since at least FY 2008.

During FY 2023, the City paid the missed normal cost payment for new members hired in FY 2022 after the Plan reopened and the FY 2023 normal cost payment for reinstated Proposition B members. These additional contributions were \$2.7 million and \$34.8 million, respectively, totaling \$37.5 million in addition to the ADC calculated with the June 30, 2021 actuarial valuation.

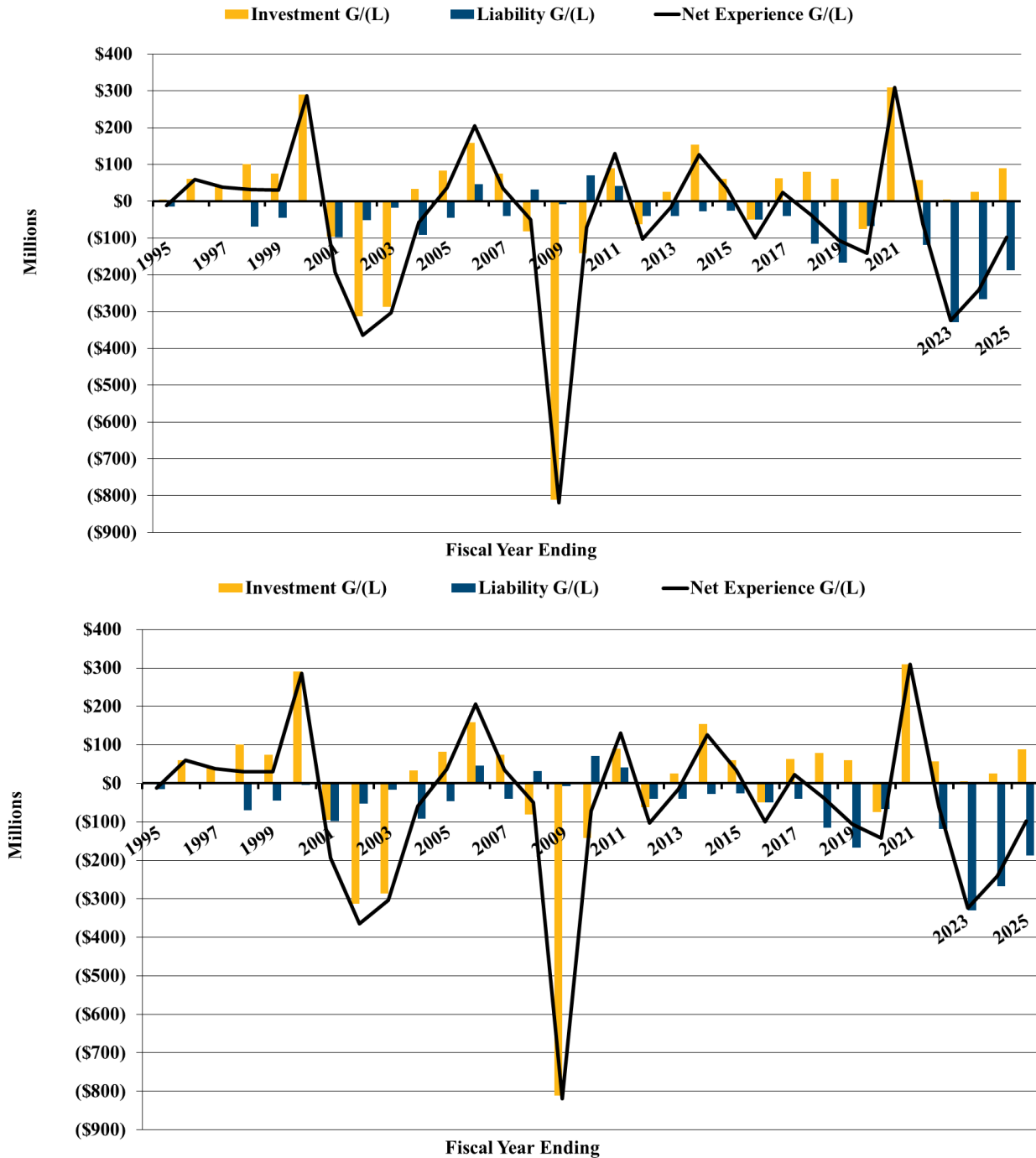
The FY 2024 contributions shown above include the initial \$400.5 million ADC calculated with the June 30, 2022 valuation, plus \$47.6 million due to Proposition B, for the total ADC payment of \$448.1 million.

**SDCERS-CITY OF SAN DIEGO
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SECTION I – BOARD SUMMARY

The chart below for SDCERS-City of San Diego presents the pattern of annual experience gains and losses, broken into the investment and liability components. The chart does not include any changes in SDCERS’ assets and liabilities attributable to changes in actuarial methods, procedures, or assumptions, or to changes in plan benefits.

SDCERS-City of San Diego Historical Gain/(Loss) 1995-2025



**SDCERS-CITY OF SAN DIEGO
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SECTION I – BOARD SUMMARY

As seen in the chart (gold bars) the System experienced two periods of significant investment losses in the 2001-2003 period and 2008–2010 period. In most other years there were investment gains, with the years ending June 30, 2000 and June 30, 2021 reporting the largest investment gains.

Liability experience gains and losses (blue bars) are due to actual demographic experience – rates of retirement, death, disability, and termination, as well as salary increases – deviating from the underlying assumptions. During the period shown there has been a pattern of liability losses, which have generally been small relative to the total liability of the Plan. The 2022 through 2025 liability experience losses were driven by salary increases that were greater than expected. The liability experience loss in FY 2025 was approximately 1.4% of the total liability.

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SECTION I – BOARD SUMMARY

D. Projected Financial Trends

Our analysis of SDCERS-City of San Diego projected financial trends is one of the most important parts of this valuation. These projections based on the June 30, 2025 valuation results are presented in terms of benefit security (assets over liabilities) and the City's expected cost progression.

The projections found in this report reflect the expected across the board salary increases for FY 2026 for plan tiers with negotiated general salary increases as described on page 1. Any other general salary increases, new add-on pays, changes to existing add-on pays, or varying special salary adjustments that may have been negotiated were not reflected in these projections.

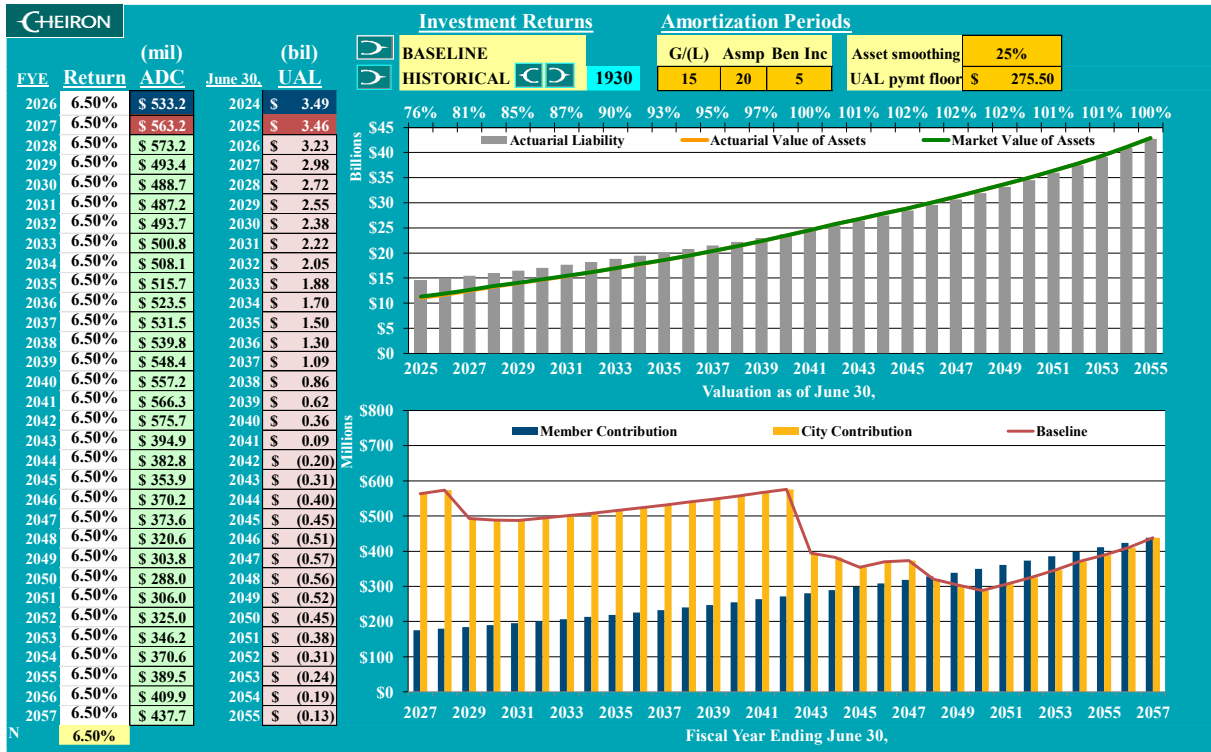
In the chart that follows, we project the SDCERS-City of San Diego assets and liabilities and the City's contributions. The upper chart compares the assets (green and yellow lines) and liabilities (gray bars) and the lower chart shows contributions in dollars (employer contributions in yellow bars and member contributions in navy bars). The red line represents the baseline contributions. The left side of the exhibit shows the returns assumed each year followed by the annual ADC in millions and UAL in billions.

These projections assume a 6.50% investment return and discount rate, constant active plan membership with payroll growing at the assumed payroll growth rate of 3.25%, as well as all experience conforming to the Plan's assumptions.

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SECTION I – BOARD SUMMARY

SDCERS-City of San Diego Projections FY 2027-2057 (earnings as assumed)



Based on the assumed earnings and the UAL contribution floor amortization method, the City's funded status (percentages at the top of the upper graph) is projected to reach 100% by the June 30, 2041 valuation at which time the ADC declines sharply. This is followed by a period of spikes in the ADC through FY 2048 as various gain and loss bases are paid off. Then, the ADC increases steadily thereafter with growing normal costs as future payrolls increase and the UAL is paid off.

However, it is very important to note that these projections, while valid as baseline projections, **are not going to occur** as experience never conforms exactly to assumptions from year to year. As a result, in Section II of this report, *Disclosures Related to Risk*, we present a stress testing projection based on assuming varying returns in the future, which are 6.50% on average.

SECTION II – DISCLOSURES RELATED TO RISK

Actuarial Standard of Practice (ASOP) No. 51 was published by the Actuarial Standards Board to provide guidance to actuaries on the assessment and disclosure of risks related to the possibility that future pension plan experience will deviate from assumptions. Our reports have routinely included stress testing of the valuation results showing the impact of future experience deviating from the underlying assumptions.

The pension Plan's actuarial valuation results are dependent on assumptions about future economic and demographic experience. Based on actuarial standards of practice, the assumptions represent a reasonable estimate for future experience. However, actual experience will never conform exactly to the assumptions and may differ significantly from the assumptions. This deviation is the risk that pension plan sponsors undertake in relying on a pension Plan's actuarial valuation results.

This section of this report is intended to identify the primary drivers of these risks, provide background information and assessments about these identified risks, and communicate the significance of these risks to this plan.

A. Identification of Risks

For pension plans, the three primary valuation results that can significantly differ from those expected are in the assets, liabilities, and employer contributions. While there are several factors that could lead to these results being different, we believe the primary risks that may reasonably be anticipated to significantly affect the Plan's future financial condition are:

- Investment risk, and
- Demographic risk.

Investment Risk is the potential for investment returns to deviate from what is expected. When actual investment returns are lower than the investment assumption used in the actuarial valuation, the Unfunded Liability will increase and the period of time over which the Unfunded Liability is expected to be paid will increase. But, when actual returns exceed the assumption, the resulting Unfunded Liability measurements and resulting amortization period will be lower than anticipated.

The stress testing beginning on page 18 assesses the impact that deviations from the Plan's assumed rate of investment return can have on the Plan's funded status and contribution levels.

Demographic Risk is the potential for mortality or other demographic experience to deviate from the actuarial assumptions. Generally, longevity and other demographic risks emerge slowly over time as the actual experience deviates from expected. However, salary increases that deviate from expectation can have significant immediate effects on a plan. The historical gain loss chart on page 15 shows that liability experience has increased the UAL by \$1,372.1 million since 2009. As shown in Table I-4, the average pay per active member increased by 7.4% from the prior year. These salary increases in excess of the assumed wage inflation of 3.25% and merit increases resulted in a liability loss of approximately \$88 million for FY2025. Over the last four years, salary increases above expectations have increased the Actuarial Liability by over \$600 million.

SECTION II – DISCLOSURES RELATED TO RISK

Other risks that can impact a pension plan include:

- Plan change risk,
- Contribution risk, and
- Assumption change risk.

Plan Change Risk is the potential for the provisions of the System to be changed such that the funding or benefits are changed materially. In addition to the actual payments to and from the System being changed, future valuation measurements can also be impacted, with plan changes leading to deviations between actual future measurements and those expected by the current valuation.

Future plan changes are speculative and difficult to assess. SDCERS-City of San Diego has had a recent history of plan changes having a significant impact on the Plan with the unwinding of Proposition B by reopening the Plan to new members and reinstating members who had been excluded from the Plan.

Contribution Risk is the potential for actual future contributions to deviate from expected future contributions, or that the anticipated contributions will be inadequate to fund the Plan benefits. There are different sources of contribution risk ranging from the sponsor choosing to not make contributions in accordance with the funding policy to material changes in the contribution base (e.g., covered employees, covered payroll, sponsor revenue) that affect the amount of contributions the Plan can collect.

As shown in the chart on page 8, the City has made contributions at or above the ADC since at least FY 2007, and as shown in the chart on page 15, contributions made in excess of the normal cost and interest on the Unfunded Actuarial Liability have decreased the UAL by \$1,109.4 million.

Assumption Change Risk is the potential for the environment to change such that future valuation assumptions are adjusted to be different than the current assumptions. For example, declines in interest rates over time may result in a change in the assumed rates of return used in the valuation. A healthier workforce may result in changes in employee behavior such that retirement rates are adjusted to reflect employees working longer. Assumption change risk is an extension of the risks previously identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in the environment when the current assumption is no longer reasonable.

Further risk assessment may be performed upon request. Other risks that we have not identified may also turn out to be important.

SECTION II – DISCLOSURES RELATED TO RISK

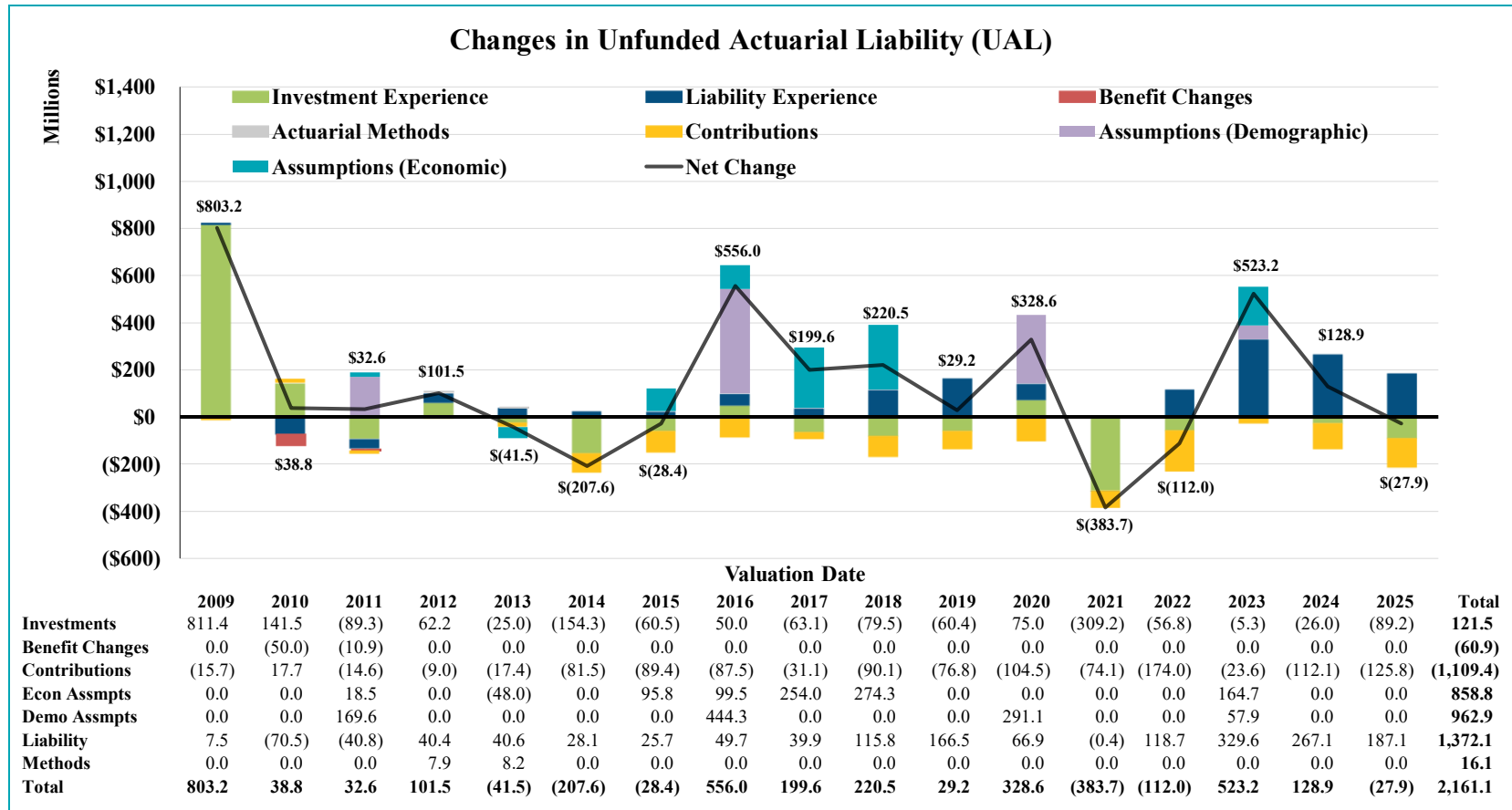
B. Historical Review

In understanding the impact of some of these risks, it is useful to look at what factors contributed to the City's Unfunded Actuarial Liability (UAL). These factors consist of annual actuarial experience gains and losses, assumption and method changes, plan changes, and the contribution shortfall or excess of the combined annual normal cost, administrative expenses and interest on the Unfunded Actuarial Liability. The following chart shows how these factors have contributed, at each valuation date, to the City's UAL growth since 2008.

**SDCERS-CITY OF SAN DIEGO
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SECTION II – DISCLOSURES RELATED TO RISK

Factors Contributing to UAL Changes since 2009



As is evident in this chart, assumption changes (economic and demographic) have been the most significant factors contributing to the City’s UAL, increasing it by a combined \$1,821.7 million over this period. Combined investment and liability experience over this period increased the UAL by \$1,493.6 million. All other sources of change shown above served to decrease the UAL by \$1,154.2 million largely due to contributions in excess of the ADC. The net change in the UAL over this period was an increase of \$2,161.1 million.

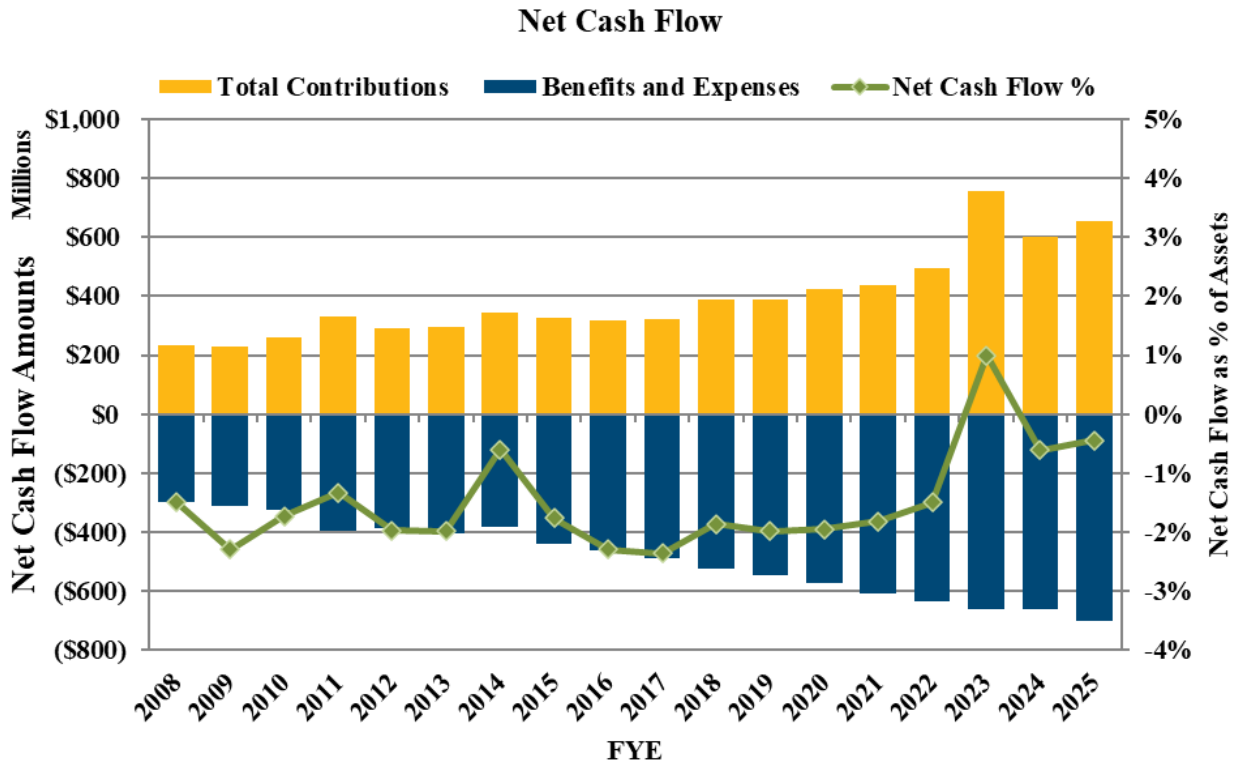
SECTION II – DISCLOSURES RELATED TO RISK

C. Plan Maturity Measures

As pension plans become more mature, the identified risks become of more significant concern. As a result, it has become increasingly important to examine measures that indicate a pension Plan’s maturity level.

Net Cash Flow Ratio

A very important measure of plan maturity is the ratio of the net cash flow out of the Plan, benefits and expenses less contributions, divided by the market value of plan assets. Most public sector pension plans are paying out more in benefits than they receive in contributions, leading to negative net cash flows, excluding investment income. This is not an unexpected development. However, when plans with negative net cash flows suffer investment losses, they need to liquidate some assets to be able to pay for benefits in excess of contributions. That means these plans will need to earn higher returns to rebuild their assets to the previous levels. Plans with significant negative cash flows (e.g., in excess of 5% of assets) are more vulnerable to market declines. However, as mentioned earlier, negative cash flows are expected with maturing plans and a Plan’s asset allocation may be adjusted to minimize sensitivity to investment risk.



Prior to 2023, the City’s net cash flow ratio hovered around negative 2%. In FYE 2023, the Plan experienced a positive net cash flow as a result of the asset transfer for reinstated Proposition B members. Net cash flow for FYE 2024 and 2025 dropped back below 0 to 0.6% and -0.5% respectively.

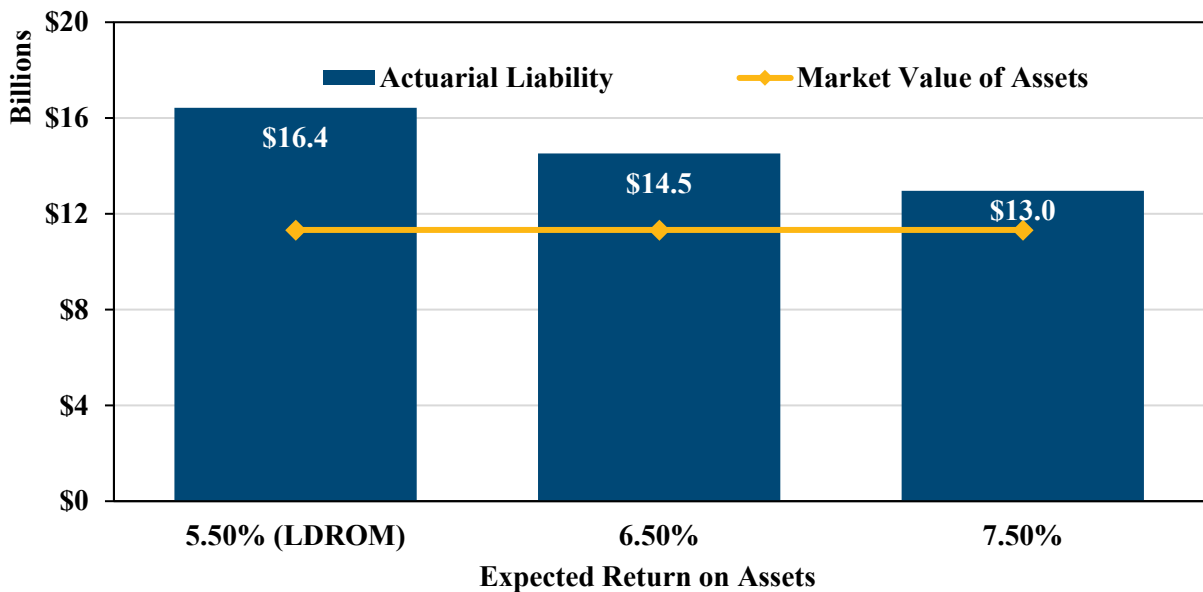
SECTION II – DISCLOSURES RELATED TO RISK

D. Assessment of Future Risks

Sensitivity to Discount Rates (Investment Returns)

The chart below compares the Market Value of Assets (gold line) to the Actuarial Liability (blue bars) using the discount rates equal to the current expected rate of return, 100 basis points above the expected rate of return, and 100 basis points below the expected rate of return, which is the LDROM. The low-default-risk obligation measure (LDROM) is the Actuarial Liability using a discount rate derived from low-default-risk fixed income securities that approximately match the benefit payments of the Plan. The revised Actuarial Standard of Practice No. 4 requires the disclosure of this measurement.

Sensitivity of Actuarial Liabilities to the Discount Rate



The System invests in a diversified portfolio with the objective of maximizing investment returns at a reasonable level of risk. If investments return 6.50% annually, the Plan would need approximately \$14.5 billion in assets today to pay all benefits attributable to past service compared to current assets of \$11.3 billion. If investment returns are only 5.50%, the Plan would need approximately \$16.4 billion in assets today, and if investment returns are 7.50%, the Plan would need \$13.0 billion in assets.

The lowest risk portfolio for a pension plan with fixed cash flows would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of the Plan. As of June 30, 2025, using the FTSE Pension Liability Index (rounded to the nearest 0.25%), we estimate that such a portfolio would have an expected return of 5.5%, and the Plan would need \$16.4 billion to pay all benefits attributed to past service. This amount is the LDROM. The \$1.9 billion difference between the LDROM and the Actuarial Liability at 6.50% represents the expected savings from bearing the risk of investing in the System’s diversified portfolio. Alternatively, it also represents the cost of significantly minimizing the investment risk.

SECTION II – DISCLOSURES RELATED TO RISK

Because the System invests in a diversified portfolio and not the LDRM portfolio, the reported funded status is higher, and expected employer contributions are lower. Benefit security for members of the Plan depends on a combination of the Plan's assets, the investment returns generated on those assets, and the ability of the Plan to make any needed future contributions. An LDRM portfolio would generate more predictable but lower expected investment returns, potentially changing the level of reliance on future SDCERS-City contributions to secure benefits.

Stress Testing the Plan's Funded Status and Contribution Levels

The fundamental risk to the Plan is that contributions will not adequately fund plan benefits. In assessing this risk, we performed stress tests on the Plan's funded status and contribution level assuming varying returns in the future.

With varying annual earnings, the charts that follow show the volatility in the Plan's funded status (top graph) and in the City's contributions (bottom graph). The investment returns used in these projections were selected solely to illustrate the impact of investment volatility on the pattern of funded status and contribution levels. They are not intended to be predictive of actual future contribution rates or funded status or even to represent a realistic pattern of investment returns. The red line represents the baseline contributions presented on page 9.

These projections reflect the expected across the board salary increases for FY 2026 for plan tiers with negotiated general salary increases as described on page 1. Any other general salary increases, including the FY 2027 negotiated salary increases, new add-on pays, changes to existing add-on pays, or varying special salary adjustments that may have been negotiated were not reflected in these projections.

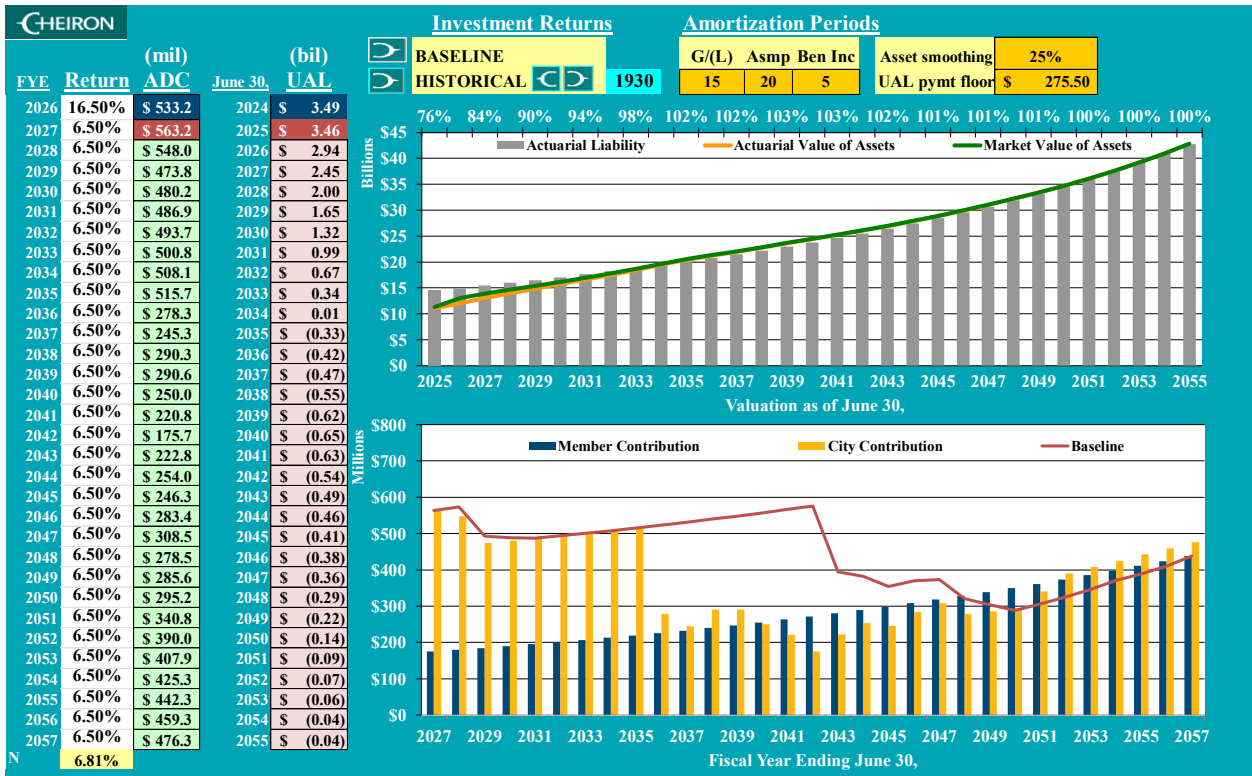
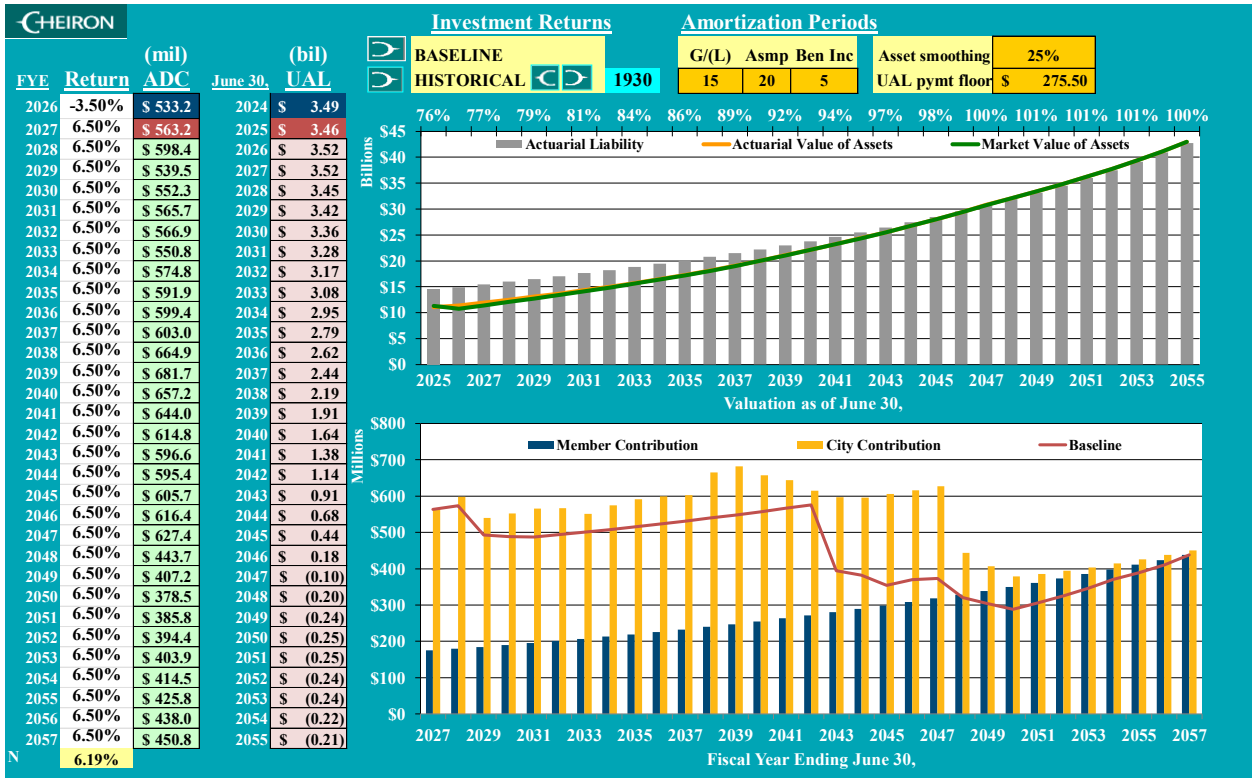
The first set of projections show the impact of a FY26 investment return of -3.50%, or 10% below the Plan's assumed rate of return. The second set of projections shows the impact of a FY26 investment return of 16.50%, or 10% above the Plan's assumed rate of return. The third set of projections shows the impact of volatile earnings that have a geometric average near the Plan's assumed rate of return of 6.50%.

These projections show that whether the Plan is fully funded, or poorly funded, future returns can quickly alter the financial position of the Plan. It is impossible to judge the financial soundness of a plan with a single year point measurement. It is more important to consider the Plan's level of conservatism in funding the Plan, and the discipline and ability of the Plan Sponsor to consistently contribute the ADC as determined by the Plan actuary. In SDCERS' case, the Plan has been conservative relative to most other public pension funds, and since at least FY 2007 the City has contributed at least as much as the ADC.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION II – DISCLOSURES RELATED TO RISK

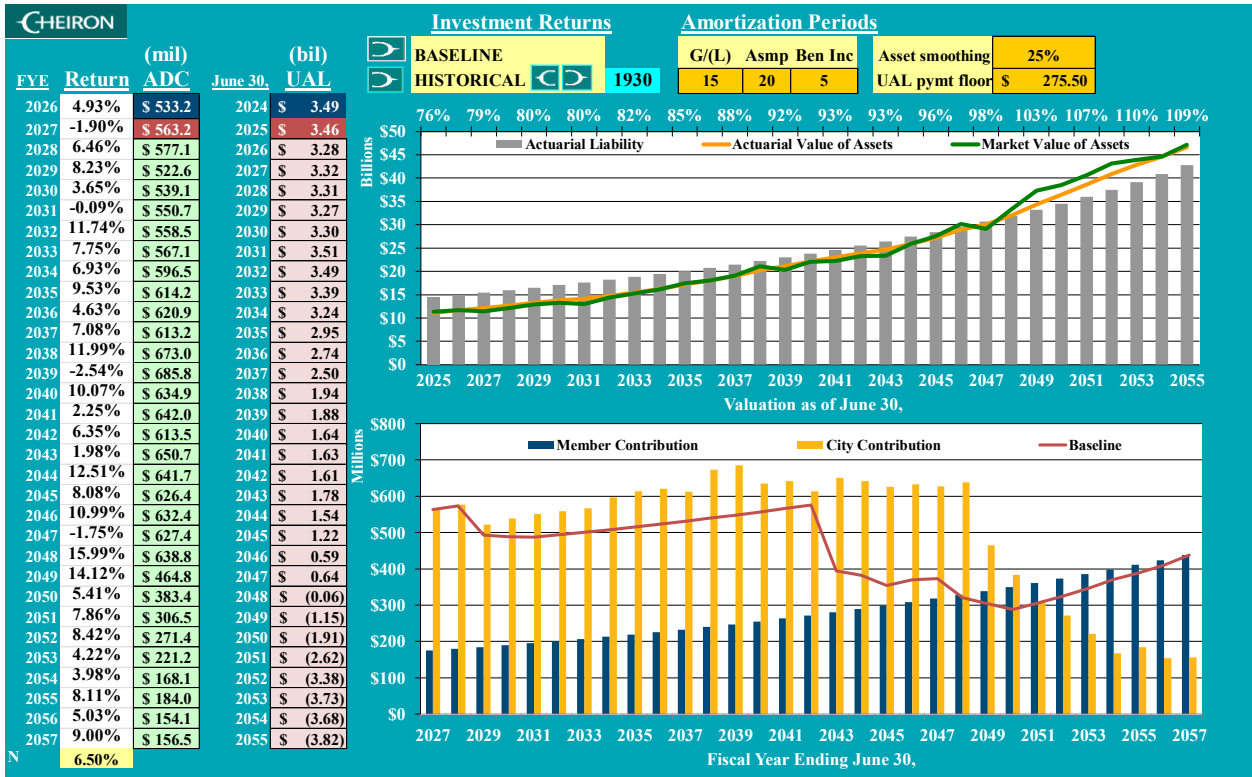
SDCERS-City of San Diego Projections FY 2027-2057 (earnings vary in first year)



**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION II – DISCLOSURES RELATED TO RISK

SDCERS-City of San Diego Projections FY 2027-2057 (earnings vary by year)



**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION III – ASSETS

Like most other public pension plans, SDCERS uses two different asset measurements that are presented in this section: the market value and the Actuarial Value of Assets. The Market Value of Assets represents, as of the valuation date, the value of the assets if they were liquidated on that date. The Actuarial Value of Assets is a value that smooths annual investment performance over multiple years to reduce the impact of annual investment volatility on employer contributions. The Actuarial Value of Assets is used in determining SDCERS' contributions for the three participating employer plans.

Each employer receives a separate actuarial valuation report and cost determination. However, the assets of all employer plans are pooled for investment purposes. The apportionment of the assets among the employer plans directly impacts each employer's costs. Therefore, in the interest of ensuring transparency, this section discloses information on the total assets of SDCERS-All Employers. In addition, a brief explanation of how those assets are apportioned to the City of San Diego, the San Diego Unified Port District (Port District), and the San Diego County Regional Airport Authority is included.

On the following pages, detailed information is presented on SDCERS-All Employers assets, including:

- A. Disclosure of the June 30, 2025 total SDCERS Market Value of Assets, by asset class;
- B. Market value of assets by Plan Sponsor;
- C. Development of the Actuarial Value of Assets; and
- D. Disclosure of the investment performance for the year.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION III – ASSETS

A. Disclosure of Market Value of Assets

The Market Value of Assets represents a “snap-shot” value as of June 30, 2025, the last day of the fiscal year, which provides the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with swings in the investment markets. Because these fluctuations would cause volatility in employer contributions, an Actuarial Value of Assets is developed. Table III-1 below discloses the market value by asset class of SDCERS – All Employers’ gross assets on June 30, 2025.

Table III-1 SDCERS – All Employers Summary of Reported Market Value of Total Defined Benefit Plan Assets	
Cash	\$ 254,532,559
US Stocks	2,731,013,798
International Stocks	3,013,464,313
Private Equity	1,548,225,841
Bonds	3,738,245,067
Real Estate	1,216,629,342
Receivables	220,072,911
Miscellaneous	123,197,984
Accounts Payable	<u>(561,991,149)</u>
Market Value of Assets – June 30, 2025	\$ 12,283,390,665

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION III – ASSETS

B. Market Value of Assets by Plan Sponsor

As of July 1, 2007, the City of San Diego, Port District, and Airport Authority plans were separated into independent, qualified, single-employer, governmental defined benefit plans and trusts. The assets of the three separate plans and trusts are pooled in the SDCERS Group Trust, which was established as of July 1, 2007. SDCERS invests and administers the Group Trust as a common investment fund and accounts separately for the proportional interest of each plan and trust that participates in the Group Trust. Cash flow activity for each plan is recorded directly to that plan, with investment activity and other cash flow activity not specific to any one plan being allocated based upon each Plan’s respective share of the Group Trust’s total assets, with time-weighted adjustments for the Plan specific cash flows. Administrative expenses are allocated based on the proportion of participants of a participating trust to the number of total participants of all participating trusts on the first day of the plan year. Table III-2 below discloses the market value and Actuarial Value of Assets by Plan.

Table III-2			
Summary of Market and Actuarial Assets for Each Employer Group			
as of June 30, 2025			
	<u>Actuarial Value</u>	<u>Market Value</u>	<u>Market Value</u>
	Total Assets	Total Net Assets	Total Net Assets
	June 30, 2025	June 30, 2025	June 30, 2024
City of San Diego	\$ 11,048,857,453	\$ 11,321,100,119	\$ 10,405,924,829
Port District	620,257,742	636,609,132	596,173,641
Airport Authority	<u>319,294,929</u>	<u>325,681,414</u>	<u>298,390,211</u>
Total-SDCERS	\$ 11,988,410,124	\$ 12,283,390,665	\$ 11,300,488,680

SECTION III – ASSETS

C. Actuarial Value of Assets

To determine on-going funding requirements, most pension funds utilize an Actuarial Value of Assets. Unlike the Market Value of Assets, the Actuarial Value of Assets represents an asset value based on averaging or smoothing year-to-year market value returns for purposes of reducing the resulting volatility on contributions.

The Actuarial Value of Assets is equal to 100% of the expected Actuarial Value of Assets as of June 30, 2025, plus 25% of the difference between the current actual Market Value of Assets and the expected Actuarial Value of Assets. See Appendix B, Section B-3 for further explanation of the asset valuation method. In no event will the Actuarial Value of Assets ever be less than 80% of the Market Value of Assets or greater than 120% of the Market Value of Assets.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION III – ASSETS

Table III-3 SDCERS - City of San Diego Development of Actuarial Value of Assets at June 30, 2025 Expected Value of Assets Method	
1. Actuarial Value of Assets at June 30, 2024	\$ 10,324,623,935
2. Amount in (1) with interest at 6.50% to June 30, 2025	10,995,724,490
3. Employer and Member contributions for the Plan Year ended June 30, 2025	652,080,965
4. Disbursements from Trust excluding investment expenses, June 30, 2024 through June 30, 2025	702,622,211
5. Interest on cash flows to June 30, 2025 at 6.50% per year	<u>12,926,653</u>
6. Expected Actuarial Value of Assets at June 30, 2025 = (2) + (3) – (4) + (5)	10,958,109,898
7. Actual Market Value of Assets at June 30, 2025	<u>11,321,100,119</u>
8. Excess of (7) over (6)	362,990,221
9. Preliminary Actuarial Value of Assets at June 30, 2025 = (6) + 25% of (8)	\$ 11,048,857,453
10. 80% Minimum Corridor on the Actuarial Value of Assets = 80% of (7)	9,056,880,095
11. 120% Maximum Corridor on the Actuarial Value of Assets = 120% of (7)	13,585,320,142
12. Final Actuarial Value of Assets at June 30, 2025 = (9), but no less than (10) and no more than (11)	\$ 11,048,857,453

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION III – ASSETS

D. Investment Performance

The FY 2025 return on the Market Value of Assets, as reported by SDCERS' investment consultant Aon Hewitt Investment Consulting, was 9.4%. The reported return for FY 2024 was 7.2%.

On an actuarial (smoothed) value of assets basis, the return for FY 2025 for SDCERS-All Employers was 7.52%. This return produced for SDCERS-All Employers an overall investment gain of \$96.7 million for the year ending June 30, 2025, or 0.9% of the total Actuarial Value of Assets. This reported gain is different than the investment gain of \$89.2 million reported in Table I-2 of this report. The \$89.2 million is the gain only for SDCERS-City of San Diego.

Finally, it should be noted that rates of investment returns disclosed in this actuarial report will often differ slightly from those reported by SDCERS as well as SDCERS' investment consultant. This is because the returns disclosed in this report are dollar-weighted returns, whereas returns reported by SDCERS and its consultant are usually time-weighted returns.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION IV – LIABILITIES

In this section, we present detailed information on liabilities for SDCERS-City of San Diego, including:

- Disclosure of liabilities on June 30, 2024 and June 30, 2025, and
- Statement of changes in the Unfunded Actuarial Liabilities during the year.

A. Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the purpose for which the figures are ultimately used. Note that these liabilities are not applicable for settlement purposes, including the purchase of annuities and the payment of lump-sums.

- **Present Value of Future Benefits:** Used for measuring all future SDCERS-City of San Diego obligations, represents the amount of money needed today to fully fund all benefits of SDCERS-City of San Diego, both earned as of the valuation date and those to be earned in the future by current plan members, under the current plan provisions.
- **Actuarial Liability-Entry Age Normal (EAN):** Used for determining employer contributions. This liability is calculated by taking the present value of all future benefits and subtracting the present value of future Member contributions and future employer normal costs as determined under the EAN actuarial funding method. It represents the portion of the present value of future benefits attributed to service prior to the valuation date by the Entry Age Normal method.
- **Present Value of Accrued Benefits:** This liability represents the present value of future benefits payable to all plan participants as of the valuation date, if future accruals and contributions stopped.

Table IV-1 on the following page discloses the first two of these liabilities for the current and prior year valuations. Tables IV-2 through IV-4 break down these liabilities by tier. Subtracting the Actuarial Value of Assets from the Actuarial Liability results in a net surplus or an Unfunded Actuarial Liability (UAL). Table IV-5 discloses the third of these liabilities, present value of accrued benefits, for the current and prior year valuations.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION IV – LIABILITIES

Table IV-1			
SDCERS - City of San Diego - Total			
Valuation as of:	June 30, 2025	June 30, 2024	
Present Value of Future Benefits			
Actives	\$ 8,033,855,006	\$ 7,439,698,957	
Terminated	405,808,516	425,161,109	
Disabled	514,209,483	509,651,831	
Retirees	8,206,861,892	7,801,134,593	
Beneficiaries	511,618,814	492,824,311	
Total City	\$ 17,672,353,711	\$ 16,668,470,801	
Actuarial Liability - EAN			
Total Present Value of Future Benefits	\$ 17,672,353,711	\$ 16,668,470,801	
Present Value of Future Normal Costs			
Employer Portion	1,597,429,172	1,435,926,831	
Employee Portion	1,561,773,859	1,415,771,663	
Actuarial Liability - EAN	\$ 14,513,150,680	\$ 13,816,772,307	
Actuarial Value of Assets	\$ 11,048,857,453	\$ 10,324,623,935	
Unfunded EAN Actuarial Liability	\$ 3,464,293,227	\$ 3,492,148,372	

Table IV-2 shows the Actuarial Liability as of June 30, 2025 for General and Elected Members of SDCERS-City of San Diego.

Table IV-2				
SDCERS - City of San Diego - General & Elected as of June 30, 2025				
	Total	General-Old	General-2009	Elected
Present Value of Future Benefits				
Actives	\$ 4,854,799,064	\$ 2,268,744,757	\$ 2,573,933,454	\$ 12,120,853
Terminated	296,739,276	257,078,290	38,916,003	744,983
Disabled	110,135,207	107,487,140	2,648,067	0
Retirees	4,310,850,008	4,279,006,648	20,752,553	11,090,807
Beneficiaries	210,322,204	209,498,071	0	824,133
Total City General & Elected	\$ 9,782,845,759	\$ 7,121,814,906	\$ 2,636,250,077	\$ 24,780,776
Actuarial Liability - EAN				
Actives	\$ 2,931,713,116	\$ 1,982,070,816	\$ 945,670,322	\$ 3,971,978
Terminated	296,739,276	257,078,290	38,916,003	744,983
Disabled	110,135,207	107,487,140	2,648,067	0
Retirees	4,310,850,008	4,279,006,648	20,752,553	11,090,807
Beneficiaries	210,322,204	209,498,071	0	824,133
Total City General & Elected	\$ 7,859,759,811	\$ 6,835,140,965	\$ 1,007,986,945	\$ 16,631,901

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION IV – LIABILITIES

Table IV-3 shows the Actuarial Liability as of June 30, 2025, for Police Members of SDCERS-City of San Diego.

Table IV-3						
SDCERS - City of San Diego - Police as of June 30, 2025						
	Total	Police-Old	Police-2009	Police-2012	Police-2012 No COL	Police-Prop B
Present Value of Future Benefits						
Actives	\$ 1,972,180,225	\$ 914,762,344	\$ 96,895,681	\$ 30,597,718	\$ 928,367,255	\$ 1,557,227
Terminated	83,571,591	61,577,540	8,468,475	818,735	5,387,374	7,319,467
Disabled	292,814,867	287,257,109	2,307,526	48,135	2,079,464	1,122,633
Retirees	2,614,889,890	2,614,889,890	0	0	0	0
Beneficiaries	211,960,370	211,960,370	0	0	0	0
Total City Safety	\$ 5,175,416,943	\$ 4,090,447,253	\$ 107,671,682	\$ 31,464,588	\$ 935,834,093	\$ 9,999,327
Actuarial Liability - EAN						
Actives	\$ 1,169,498,952	\$ 768,447,477	\$ 67,725,823	\$ 19,697,087	\$ 312,071,338	\$ 1,557,227
Terminated	83,571,591	61,577,540	8,468,475	818,735	5,387,374	7,319,467
Disabled	292,814,867	287,257,109	2,307,526	48,135	2,079,464	1,122,633
Retirees	2,614,889,890	2,614,889,890	0	0	0	0
Beneficiaries	211,960,370	211,960,370	0	0	0	0
Total City Safety	\$ 4,372,735,670	\$ 3,944,132,386	\$ 78,501,824	\$ 20,563,957	\$ 319,538,176	\$ 9,999,327

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION IV – LIABILITIES

Table IV-4 shows the Actuarial Liability as of June 30, 2025, for Fire and Lifeguard Members of SDCERS-City of San Diego.

Table IV-4					
SDCERS - City of San Diego - Fire and Lifeguard as of June 30, 2025					
	Total	Fire-Old	Fire-2012	Lifeguard	Lifeguard-2011
Present Value of Future Benefits					
Actives	\$ 1,206,875,717	\$ 600,927,839	\$ 505,126,555	\$ 76,582,206	\$ 24,239,117
Terminated	25,497,649	18,965,792	3,949,678	2,561,008	21,171
Disabled	111,259,409	94,448,690	1,003,841	15,806,878	0
Retirees	1,281,121,994	1,158,410,586	0	122,711,408	0
Beneficiaries	89,336,240	86,615,851	0	2,720,389	0
Total City Safety	\$ 2,714,091,009	\$ 1,959,368,758	\$ 510,080,074	\$ 220,381,889	\$ 24,260,288
Actuarial Liability - EAN					
Actives	\$ 773,439,907	\$ 517,027,817	\$ 195,751,885	\$ 54,933,603	\$ 5,726,602
Terminated	25,497,649	18,965,792	3,949,678	2,561,008	21,171
Disabled	111,259,409	94,448,690	1,003,841	15,806,878	0
Retirees	1,281,121,994	1,158,410,586	0	122,711,408	0
Beneficiaries	89,336,240	86,615,851	0	2,720,389	0
Total City Safety	\$ 2,280,655,199	\$ 1,875,468,736	\$ 200,705,404	\$ 198,733,286	\$ 5,747,773

Table IV-5 shows the present value of accrued benefits as of June 30, 2025, for all Members of SDCERS-City of San Diego.

Table IV-5				
SDCERS - City of San Diego - Present Value of Accrued Benefits				
	Valuation as of:	June 30, 2025	June 30, 2024	% Change
1. Present Value of Accrued Benefits				
a. Members Currently Receiving Payments	\$	9,232,690,189	\$ 8,803,610,735	4.9%
b. Terminated and Inactive Members		405,808,516	425,161,109	-4.6%
c. Active Members		<u>3,481,349,373</u>	<u>3,289,061,993</u>	5.8%
d. Total PVAB	\$	13,119,848,078	\$ 12,517,833,837	4.8%
2. Assets at Market Value	\$	11,321,100,119	\$ 10,405,924,829	8.8%
3. Unfunded Present Value of Accrued Benefits, But Not Less Than Zero	\$	1,798,747,959	\$ 2,111,909,008	
4. Ratio of Assets to Value of Benefits (2)/(1)(d)		86.29%	83.13%	3.2%

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION IV – LIABILITIES

B. Changes in Unfunded Actuarial Liabilities

The UAL of any retirement plan is expected to change at each subsequent valuation for a variety of reasons. In each valuation, we report on those elements of change in the UAL that have particular significance or could potentially affect the long-term financial outlook of a retirement plan. Below we present key changes in liabilities since the last valuation.

Table IV-6 Development of Experience (Gain)/Loss SDCERS - City of San Diego (In Millions)		
1. Unfunded Actuarial Liability at June 30, 2024		\$ 3,492.1
2. Expected Normal Cost plus Expenses		311.6
3. Total Contributions		(652.1)
4. Interest Accrual at 6.50%		<u>209.5</u>
5. Expected Unfunded Actuarial Liability at June 30, 2025 (1+2+3+4)		\$ 3,361.2
6. Actual Unfunded Actuarial Liability at June 30, 2025		<u>\$ 3,464.3</u>
7. Difference: (6 - 5)		\$ 103.1
8. Portion of Difference (7) due to:		
a) Actuarial Assumptions or Method Changes		0
b) Plan Changes		0
c) Proposition B Police Tier Conversion		5.2
d) Experience (Gain)/Loss		97.9
i) Investment Experience	\$	<i>(89.2)</i>
ii) Liability Experience		<u>187.1</u>
<i>Total</i>	\$	<i>97.9</i>

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION IV – LIABILITIES

Table IV-7 shows the history of past experience gains and losses.

Table IV-7			
Experience Gain/(Loss) - Historical SDCERS - City of San Diego			
Valuation		Beginning-of-Year	Gain/(Loss)
Date	Gain/(Loss)	Actuarial Liabilities	% of Liability
06/30/1992	\$ 57,952,320	\$ 1,006,299,729	5.8%
06/30/1993	(42,605,778)	1,057,238,917	-4.0%
06/30/1994	(6,744,850)	1,220,830,059	-0.6%
06/30/1995	(11,370,990)	1,338,279,541	-0.8%
06/30/1996	59,592,960	1,476,710,662	4.0%
06/30/1997	38,473,993	1,682,604,532	2.3%
06/30/1998	31,086,010	1,822,432,018	1.7%
06/30/1999 ¹	29,750,299	1,979,668,038	1.5%
06/30/2000	286,639,160	2,181,547,453	13.1%
06/30/2001	(193,168,984)	2,528,773,900	-7.6%
06/30/2002	(364,815,155)	2,809,537,745	-13.0%
06/30/2003	(303,699,305)	3,168,921,175	-9.6%
06/30/2004	(58,123,874)	3,532,625,521	-1.6%
06/30/2005	36,775,882	3,997,328,084	0.9%
6/30/2006	205,249,486	4,377,092,948	4.7%
06/30/2007	35,189,811	4,982,699,455	0.7%
06/30/2008	(49,930,537)	5,597,652,861	-0.9%
06/30/2009	(818,906,079)	5,963,549,545	-13.7%
06/30/2010	(71,030,037)	6,281,636,108	-1.1%
06/30/2011	130,020,025	6,527,223,751	2.0%
06/30/2012	(102,581,872)	6,917,175,002	-1.5%
06/30/2013	(16,759,103)	7,261,730,655	-0.2%
06/30/2014	126,171,209	7,555,526,738	1.7%
06/30/2015	34,597,899	7,858,703,380	0.4%
06/30/2016	(99,718,170)	8,205,952,554	-1.2%
06/30/2017	23,223,195	9,013,130,184	0.3%
06/30/2018	(36,298,951)	9,565,802,458	-0.4%
06/30/2019	(106,047,925)	10,192,808,461	-1.0%
06/30/2020	(141,967,177)	10,602,166,314	-1.3%
06/30/2021	309,606,387	11,206,325,937	2.8%
06/30/2022	(61,966,826)	11,478,108,909	-0.5%
06/30/2023	(324,241,369)	11,848,468,596	-2.7%
06/30/2024	(241,026,900)	13,081,352,245	-1.8%
06/30/2025	(97,940,861)	13,816,772,307	-0.7%

¹ Beginning with the June 30, 1999 valuation, experience is City only. The prior years include all employers.

**SDCERS-CITY OF SAN DIEGO
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SECTION V – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to achieve and maintain an appropriate funded status of a plan. Typically, the actuarial process will use an actuarial funding method that attempts to create a pattern of contributions that is both stable and predictable.

The actuarial funding methodology employed is the Entry Age Normal (EAN) actuarial funding method. Under the funding method, there are three components to the total contribution: the normal cost, an amortization payment on the Unfunded Actuarial Liability, and the expected administrative expenses. The normal cost for an individual employee is the ratio of their present value of future benefits to present value of future salaries at Entry Age, multiplied by their valuation salary. The gross normal cost rate for each sub-group is determined by dividing the sum of the individual normal costs by the total valuation salary for that sub-group. The gross normal cost rate is then reduced by the average employee contribution rate to determine the employer normal cost rate. Finally, the employer normal cost rate for each sub-group is multiplied by that group's projected FY 2027 payroll to determine the normal cost component of the FY 2027 ADC.

The EAN Actuarial Liability is the Plan's total present value of future benefits minus the total present value of future normal costs. The Actuarial Value of Assets is allocated to each sub-group based on the proportion of the EAN Actuarial Liability for that sub-group. The difference between the EAN Actuarial Liability and the Actuarial Value of Assets is the Unfunded Actuarial Liability. The UAL for FY 2027 is to be amortized over several different periods. Table V-2 shows the outstanding balance, the FY 2027 payment and the remaining amortization period for each of these components. If necessary, there is an additional UAL cost component to ensure that there is no negative amortization in aggregate in any year.

Beginning with the June 30, 2012 valuation, the non-Police portion of the UAL had been amortized in level dollar amounts, due to the closure of that portion of the Plan to new hires. The portion of the UAL associated with the open Police Plan was amortized as a level percentage of pay through the FY 2024 payment.

In January 2015, the Board voted to account for expected administrative expenses explicitly in the Actuarially Determined Contribution (ADC). The administrative expense component is \$15,595,230 for FY 2027 (assuming payment at the beginning of the year). This amount is assumed to increase by 3.00% per year.

In September 2017, the Board adopted a five-year layering method for the 2009 experience loss and 2012 non-Police UAL amortization bases in order to improve the projected stability of future employer contributions. Details are shown in Table V-2 of this section.

In January 2019, the Board adopted a UAL contribution floor amortization method, setting a minimum of \$275,495,017 on the UAL payment until the Plan achieves a 100% funded ratio. This UAL payment floor was based on the Fiscal Year 2020 amortization payment as determined by the results of the June 30, 2018 actuarial valuation.

**SDCERS-CITY OF SAN DIEGO
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SECTION V – CONTRIBUTIONS

In March 2024, the SDCERS Board voted to revise the amortization method for the non-Police UAL portion of the Plan from level dollar payments to a level percentage of pay. The change was effective with the FY 2025 Actuarially Determined Contribution.

Table V-1 shows how the City’s contribution for SDCERS for FY 2027 is developed.

Table V-1 SDCERS - City of San Diego Development of the City's Contribution as of June 30, 2025 for FY 2027 (dollars in millions)					
	WEIGHTED	Non-Safety			
	TOTAL CITY	Weighted Total	General Old Plan	General 2009 Plan	Elected
1. Total Normal Cost Rate as of June 30, 2025	28.04%	24.32%	25.73%	23.78%	42.69%
2. Member Contribution Rate as of June 30, 2025	14.03%	12.10%	13.55%	11.63%	9.05%
3. Employer Normal Cost Rate as of June 30, 2025 (1-2)	14.01%	12.22%	12.18%	12.15%	33.64%
4. Actuarial Liability	\$ 14,513.2	\$ 7,859.8	\$ 6,835.1	\$ 1,008.0	\$ 16.6
5. Actuarial Assets	\$ 11,048.9	\$ 5,983.6	\$ 5,203.6	\$ 767.4	\$ 12.7
6. Total Unfunded Actuarial Liability (UAL) (4-5) ¹	\$ 3,464.3	\$ 1,876.1	\$ 1,631.6	\$ 240.6	\$ 4.0
7. Preliminary FY27 UAL amortization ¹	\$ 375.3	\$ 203.2	\$ 176.7	\$ 26.1	\$ 0.4
8. UAL Payment Floor ²	\$ 275.5	\$ 149.2	\$ 129.7	\$ 19.1	\$ 0.3
9. <u>Negative Amortization Test for FY27</u>					
a. Total UAL on 6/30/2025 less FY26 UAL payment	\$ 3,101.6	\$ 1,679.7	\$ 1,460.8	\$ 215.4	\$ 3.6
b. Interest on 9a. to 6/30/2026	\$ 201.6	\$ 109.2	\$ 94.9	\$ 14.0	\$ 0.2
c. Preliminary FY27 UAL amortization (line 7)	\$ 375.3	\$ 203.2	\$ 176.7	\$ 26.1	\$ 0.4
d. Negative interest (9b - 9c, not less than zero)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
10. Total FY27 UAL payment on 7/1/2026 (maximum of 7, 8, 9b.)	\$ 375.3	\$ 203.2	\$ 176.7	\$ 26.1	\$ 0.4
11. Total FY27 UAL payment throughout year	\$ 387.3	\$ 209.7	\$ 182.4	\$ 26.9	\$ 0.4
12. Total Expected Payroll for FY27	\$ 1,257.0	\$ 887.5	\$ 185.5	\$ 699.6	\$ 2.4
13. FY27 Normal Cost paid throughout the year	\$ 175.9	\$ 108.4	\$ 22.6	\$ 85.0	\$ 0.8
14. FY27 Normal Cost paid at start of year	\$ 170.4	\$ 105.0	\$ 21.9	\$ 82.4	\$ 0.8
15. Administrative Expenses paid throughout the year	\$ 16.1	\$ 9.1	\$ 5.9	\$ 3.2	\$ 0.0
16. Determination of FY27 ADC %					
a. Employer Normal Cost Rate (13 divided by 12)	13.99%	12.21%	12.18%	12.15%	33.64%
b. UAL Rate (line 11 divided by line 12)	30.81%	23.63%	98.32%	3.84%	18.77%
c. Administrative Expense Rate (line 15 divided by line 12)	1.28%	1.02%	3.16%	0.46%	1.50%
d. Total employer ADC % (16a + 16b + 16c)	46.08%	36.87%	113.65%	16.45%	53.90%
17. Proposition B Police Tier Conversion Normal Cost BOY ³	\$ 1.9	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
18. Determination of FY27 ADC dollars					
a. FY27 ADC if paid throughout year (11 + 13 + 15 + 17)	\$ 581.1	\$ 327.2	\$ 210.8	\$ 115.1	\$ 1.3
b. FY27 ADC if paid at beginning of year	\$ 563.2	\$ 317.1	\$ 204.3	\$ 111.5	\$ 1.2

¹ See Table V-2 for components of these amounts.

² See Appendix B for details on the UAL Payment Floor.

³ The Proposition B Police Tier Conversion missed normal cost, payable with the FY 2027 ADC, the FY 2025 and FY 2026 City normal costs, as well as the accumulated member contribution shortfall.

Note: Numbers may not add due to rounding.

**SDCERS-CITY OF SAN DIEGO
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SECTION V – CONTRIBUTIONS

Table V-1 (cont.) SDCERS - City of San Diego Development of the City's Contribution as of June 30, 2025 for FY 2027 (dollars in millions)										
	Safety									
	Weighted Total	Police Old	Police 2009	Police 2012	Police 2012 No COL	Police Prop B	Fire Old	Fire 2012	Lifeguard Old	Lifeguard 2011
1. Total Normal Cost Rate as of June 30, 2025	36.81%	38.86%	36.56%	37.09%	34.75%	0.00%	38.18%	37.84%	40.20%	37.92%
2. Member Contribution Rate as of June 30, 2025	<u>18.56%</u>	<u>20.75%</u>	<u>19.33%</u>	<u>19.39%</u>	<u>16.40%</u>	<u>0.00%</u>	<u>20.19%</u>	<u>19.41%</u>	<u>21.19%</u>	<u>19.62%</u>
3. Employer Normal Cost Rate as of June 30, 2025 (1-2)	18.25%	18.11%	17.23%	17.70%	18.35%	0.00%	17.99%	18.43%	19.01%	18.30%
4. Actuarial Liability	\$ 6,653.4	\$ 3,944.1	\$ 78.5	\$ 20.6	\$ 319.5	\$ 10.0	\$ 1,875.5	\$ 200.7	\$ 198.7	\$ 5.7
5. Actuarial Assets	\$ 5,065.2	\$ 3,002.7	\$ 59.8	\$ 15.7	\$ 243.3	\$ 7.6	\$ 1,427.8	\$ 152.8	\$ 151.3	\$ 4.4
6. Total Unfunded Actuarial Liability (UAL) (4-5) ¹	\$ 1,588.2	\$ 941.5	\$ 18.7	\$ 4.9	\$ 76.3	\$ 2.4	\$ 447.7	\$ 47.9	\$ 47.4	\$ 1.4
7. Preliminary FY27 UAL amortization ¹	\$ 172.0	\$ 102.0	\$ 2.0	\$ 0.5	\$ 8.3	\$ 0.3	\$ 48.5	\$ 5.2	\$ 5.1	\$ 0.1
8. UAL Payment Floor ²	\$ 126.3	\$ 74.9	\$ 1.5	\$ 0.4	\$ 6.1	\$ 0.2	\$ 35.6	\$ 3.8	\$ 3.8	\$ 0.1
9. <u>Negative Amortization Test for FY27</u>										
a. Total UAL on 6/30/2025 less FY26 UAL payment	\$ 1,421.9	\$ 842.9	\$ 16.8	\$ 4.4	\$ 68.3	\$ 2.1	\$ 400.8	\$ 42.9	\$ 42.5	\$ 1.2
b. Interest on 9a. to 6/30/2026	\$ 92.4	\$ 54.8	\$ 1.1	\$ 0.3	\$ 4.4	\$ 0.1	\$ 26.1	\$ 2.8	\$ 2.8	\$ 0.1
c. Preliminary FY27 UAL amortization (line 7)	\$ 172.0	\$ 102.0	\$ 2.0	\$ 0.5	\$ 8.3	\$ 0.3	\$ 48.5	\$ 5.2	\$ 5.1	\$ 0.1
d. Negative interest (9b - 9c, not less than zero)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
10. Total FY27 UAL payment on 7/01/2026 (9c + 9d, not less than 8)	\$ 172.0	\$ 102.0	\$ 2.0	\$ 0.5	\$ 8.3	\$ 0.3	\$ 48.5	\$ 5.2	\$ 5.1	\$ 0.1
11. Total FY27 UAL payment throughout year	\$ 177.5	\$ 105.2	\$ 2.1	\$ 0.5	\$ 8.5	\$ 0.3	\$ 50.0	\$ 5.4	\$ 5.3	\$ 0.2
12. Total Expected Payroll for FY27	\$ 369.5	\$ 63.3	\$ 9.9	\$ 3.5	\$ 159.6	\$ 0.0	\$ 40.6	\$ 81.0	\$ 6.8	\$ 4.8
13. FY27 Normal Cost paid throughout the year	\$ 67.5	\$ 11.5	\$ 1.7	\$ 0.6	\$ 29.3	\$ 0.0	\$ 7.3	\$ 14.9	\$ 1.3	\$ 0.9
14. FY27 Normal Cost paid at start of year	\$ 65.4	\$ 11.1	\$ 1.6	\$ 0.6	\$ 28.4	\$ 0.0	\$ 7.1	\$ 14.5	\$ 1.2	\$ 0.9
15. Administrative Expenses paid throughout the year	\$ 7.0	\$ 3.3	\$ 0.1	\$ 0.0	\$ 1.1	\$ 0.0	\$ 1.6	\$ 0.6	\$ 0.2	\$ 0.0
16. Determination of FY27 ADC %										
a. Employer Normal Cost Rate (13 divided by 12)	18.26%	18.11%	17.23%	17.70%	18.35%	0.00%	17.99%	18.43%	19.01%	18.30%
b. UAL Rate (line 11 divided by line 12)	48.05%	166.18%	21.23%	15.75%	5.34%	0.00%	123.18%	6.61%	78.44%	3.17%
c. Administrative Expense Rate (line 15 divided by line 12)	<u>1.90%</u>	<u>5.27%</u>	<u>1.10%</u>	<u>0.96%</u>	<u>0.68%</u>	<u>0.00%</u>	<u>4.03%</u>	<u>0.72%</u>	<u>2.79%</u>	<u>0.61%</u>
d. Total employer ADC % (16a + 16b + 16c)	68.21%	189.56%	39.56%	34.40%	24.37%	0.00%	145.20%	25.76%	100.24%	22.08%
17. Proposition B Police Tier Conversion Normal Cost BOY ³	\$ 1.9	\$ 0.0	\$ 0.0	\$ 0.0	\$ 1.9	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
18. Determination of FY27 ADC dollars										
a. FY27 ADC if paid throughout year (11 + 13 + 15 + 17)	\$ 252.0	\$ 120.1	\$ 3.9	\$ 1.2	\$ 38.9	\$ 0.3	\$ 59.0	\$ 20.9	\$ 6.8	\$ 1.1
b. FY27 ADC if paid at beginning of year	\$ 244.2	\$ 116.3	\$ 3.8	\$ 1.2	\$ 37.7	\$ 0.3	\$ 57.2	\$ 20.2	\$ 6.6	\$ 1.0

¹ See Table V-2 for components of these amounts.

² See Appendix B for details on the UAL Payment Floor.

³ The Proposition B Police Tier Conversion missed normal cost, payable with the FY 2027 ADC, includes the FY 2025 and FY 2026 City normal costs, as well as the accumulated member contribution shortfall.

Note: Numbers may not add due to rounding.

**SDCERS-CITY OF SAN DIEGO
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SECTION V – CONTRIBUTIONS

Table V-2 shows information on each layer of the June 30, 2025 UAL.

Table V-2 SDCERS - City of San Diego Schedule of Amortization Bases as of July 1, 2025 Used in Development of the City's Contribution for FY 2027							
Type of Base	Date Established	Initial Amount	Initial	July 1, 2025	FY 2027	Remaining	FY 2027
			Amortization	Outstanding	Outstanding	Amortization	Amortization
			Years	Balance	Balance (BOY) ¹	Years	Payment (BOY)
1. June 30, 2007 UAL	7/1/2007	\$ 1,184,242,049	20	\$ 127,891,688	\$ 89,388,984	2	\$ 45,387,017
2. Assumption Change	7/1/2008	83,787,434	30	28,222,258	27,451,052	13	2,526,137
3. Experience Loss	7/1/2009	810,661,179	15				
- Layer 1				0	0	0	0
- Layer 2				6,601,335	0	0	0
- Layer 3				11,728,263	6,148,531	1	6,148,531
- Layer 4				15,823,118	11,059,456	2	5,615,409
- Layer 5				19,167,388	15,070,317	3	5,179,903
4. Experience Loss	7/1/2010	25,942,732	15	1,141,201	0	0	0
5. Experience Gain	7/1/2011	(141,139,563)	15	(11,732,408)	(6,150,705)	1	(6,150,705)
6. Assumption Change	7/1/2011	188,313,322	30	65,252,471	64,315,668	16	5,020,193
7. Experience Loss	7/1/2012	36,799,824	15	13,892,109	9,709,790	2	4,930,120
8. Method Change	7/1/2012	2,465,954	30	2,743,444	2,713,233	17	202,172
9. Non-Police UAL ²	7/1/2012	1,564,122,860	15				
- Layer 1				89,184,311	62,334,739	2	31,650,296
- Layer 2				107,879,316	84,819,878	3	29,153,916
- Layer 3				123,357,648	103,447,387	4	27,076,229
- Layer 4				136,362,440	119,108,364	5	25,320,618
- Layer 5				147,424,561	132,439,366	6	23,818,070
10. Experience Loss	7/1/2013	25,877,674	15	10,965,020	8,621,223	3	2,963,249
11. Salary Freeze	7/1/2013	(194,945,486)	15	(81,848,758)	(64,353,408)	3	(22,119,271)
12. Assumption Change	7/1/2013	146,882,570	30	142,731,846	141,585,910	18	10,105,418
13. Experience Gain	7/1/2014	(129,251,561)	15	(66,677,580)	(55,915,637)	4	(14,635,310)
14. Experience Gain	7/1/2015	(37,814,454)	15	(22,360,807)	(19,531,471)	5	(4,152,092)
15. Assumption Change	7/1/2015	95,828,141	30	95,788,229	95,506,916	20	6,308,960
16. Experience Loss	7/1/2016	90,825,538	15	60,258,560	54,133,487	6	9,735,438
17. Assumption Change	7/1/2016	543,780,953	30	547,377,805	546,967,775	21	34,891,314
18. Experience Gain	7/1/2017	(8,079,441)	15	(6,875,165)	(6,304,499)	7	(986,500)
19. Assumption Change	7/1/2017	253,973,564	30	260,119,942	260,442,868	22	16,078,760
20. Experience Loss	7/1/2018	38,977,116	15	32,848,858	30,597,959	8	4,252,227
21. Assumption Change	7/1/2018	274,300,207	30	284,241,698	285,111,321	23	17,068,812
22. Experience Loss	7/1/2019	107,071,265	15	93,893,364	88,545,702	9	11,101,295
23. Experience Loss	7/1/2020	135,421,404	15	122,291,005	116,481,596	10	13,338,469
24. Assumption Change	7/1/2020	291,080,547	20	286,023,416	280,838,059	15	23,051,293
25. Experience Gain	7/1/2021	(293,736,178)	15	(280,103,148)	(268,998,807)	11	(28,416,577)
26. Experience Loss	7/1/2022	46,592,481	15	45,889,996	44,375,403	12	4,360,196
27. Proposition B Shortfall	7/1/2022	119,051,737	20	122,384,412	121,036,679	17	9,018,834
28. Experience Loss	7/1/2023	311,948,523	15	324,778,150	315,903,213	13	29,070,466
29. Assumption Change	7/1/2023	222,631,193	20	235,833,399	233,939,988	18	16,697,010
30. Proposition B Shortfall	7/1/2024	1,729,519	20	1,841,938	1,832,081	19	125,628
31. Experience Loss	7/1/2024	251,713,207	15	268,074,565	262,065,513	14	22,718,780
32. Proposition B Police Tier	7/1/2025	5,183,699	20	5,183,699	5,520,639	20	364,680
33. Experience Loss	7/1/2025	96,693,641	15	96,693,641	102,978,728	15	8,452,533
TOTAL				\$ 3,464,293,227	\$ 3,303,237,299		\$ 375,271,518

¹ July 1, 2025 outstanding balance adjusted to the FY2027 beginning of year (BOY), July 1, 2026.

² Entire non-Police UAL as of June 30, 2012. Other pre-2013 bases reflect amounts attributable to Police portion.

**SDCERS-CITY OF SAN DIEGO
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SECTION VI – ANNUAL COMPREHENSIVE FINANCIAL REPORT INFORMATION

Tables VI-1 and VI-2 are exhibits required for the System’s Annual Comprehensive Financial Report (ACFR). The Government Finance Officers Association (GFOA) recommends showing at least six years of experience in each of these exhibits in the ACFR. Table VI-1 presents an analysis of financial experience for the valuation year, and Table VI-2 presents the Schedule of Funded Liabilities by Type which shows the portion of Actuarial Liability covered by assets.

The disclosures needed to satisfy the requirements of Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 are contained in our separate GASB 67/68 report as of June 30, 2025, issued on October 10, 2025.

Table VI-1 SDCERS - City of San Diego ANALYSIS OF FINANCIAL EXPERIENCE Gain and Loss in Actuarial Liability During Years Ended June 30 Resulting from Differences Between Assumed Experience and Actual Experience	
Type of Activity	Gain (or Loss) for Year ending June 30, 2025
Investment Experience	\$ 89,197,287
Combined Liability Experience	<u>(187,138,148)</u>
Net Experience Gain (or Loss) During Year	\$ (97,940,861)
Non-Recurring Items (e.g., Contributions, Assumption Changes)	<u>(3,936,480)</u>
Net Amortization Base Experience During Year	\$ (101,877,340)

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION VI – ANNUAL COMPREHENSIVE FINANCIAL REPORT INFORMATION

**Table VI-2
SDCERS - City of San Diego**

**Schedule of Funded Liabilities by Type
(\$ in thousands)**

Valuation Date	(A)	(B)	(C)	Reported Assets ¹	Portion of Actuarial Liabilities Covered by Reported Assets		
	Active Member Contributions	Retirees And Beneficiaries	Remaining Active Members' Liabilities		(A)	(B)	(C)
June 30, 2025	\$ 843,596	\$ 9,232,690	\$ 4,436,864	\$ 11,048,857	100%	100%	21.92%
2024	760,443	8,803,611	4,252,718	10,324,624	100	100	17.88
2023 ⁴	1,221,299	8,643,185	3,216,868	9,718,150	100	98.31	0.00
2022	474,034	8,330,145	3,044,289	9,008,489	100	100	6.71
2021	879,076	8,141,804	2,457,228	8,526,118	100	93.92	0.00
2020 ⁴	935,128	7,569,083	2,702,115	7,870,672	100	91.63	0.00
2019	891,148	7,238,750	2,472,268	7,595,073	100	92.61	0.00
2018 ⁴	836,454	7,089,658	2,266,697	7,214,925	100	89.97	0.00
2017 ⁴	808,937	6,692,735	2,064,131	6,808,418	100	89.64	0.00
2016 ⁴	798,226	6,221,393	1,993,511	6,455,378	100	90.93	0.00
2015 ⁴	779,487	5,579,503	1,846,962	6,204,244	100	97.23	0.00
2014	741,628	5,304,270	1,812,805	5,828,594	100	95.90	0.00
2013 ⁴	709,796	4,975,550	1,870,181	5,317,778	100	92.61	0.00
2012	662,488	4,625,110	1,974,133	4,982,442	100	93.40	0.00
2011 ⁴	627,447	4,344,218	1,945,510	4,739,399	100	94.65	0.00
2010	584,296	3,912,113	2,030,816	4,382,047	100	97.08	0.00
2009	535,797	3,673,185	2,072,655	4,175,229	100	99.08	0.00
2008 ⁴	522,966	3,286,668	2,153,916	4,662,346	100	100	39.50
2007 ³	482,526	3,101,594	2,013,532	4,413,311	100	100	41.19
2006 ²	456,562	2,822,203	1,703,935	3,981,932	100	100	41.27

¹ Actuarial Value of Assets.

² Reflects contingent liabilities (Corbett pre-July 1, 2000 and Annual Supplemental Benefit), DROP reserves, supplemental COLA reserves, and IRC section 415 limits.

³ The Actuarial Liability on June 30, 2007 and after is based on the entry age actuarial funding method. All prior years are based on the projected unit credit actuarial funding method.

⁴ Reflects revised actuarial demographic and economic assumptions.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-1 Reconciliation of Member Data Total - City of San Diego								
	<u>Active</u>	<u>Terminated Vested</u>	<u>Terminated Non-Vested</u>	<u>Disabled</u>	<u>Retired</u>	<u>Beneficiaries</u>	<u>DROP</u>	<u>Totals</u>
Participants as of 7/1/2024	10,385	759	2,729	1,003	7,847	1,661	726	25,110
New Entrants	934	0	0	0	0	0	0	934
Returned to Work	65	(30)	(35)	0	0	0	0	0
Vested Terminations	(36)	36	0	0	0	0	0	0
Non-Vested Terminations	(276)	0	276	0	0	0	0	0
Retirements	(80)	(80)	(6)	0	347	0	(181)	0
DROP	(194)	(3)	0	0	0	0	197	0
Disabilities	(6)	(5)	(4)	22	(6)	0	(1)	0
New Continuants	0	0	0	0	0	125	0	125
New Dissolutions ¹	0	0	0	0	6	0	14	20
Deceased	(7)	(5)	(6)	(28)	(153)	(61)	(1)	(261)
Benefits Ceased ²	0	(2)	0	(1)	(2)	(26)	0	(31)
Lump Sum Cashout	(65)	(9)	(151)	0	0	0	0	(225)
Net Transfers In/Out	(27)	0	(11)	2	0	0	0	(36)
Miscellaneous Adjustments	0	3	(3)	0	1	(1)	0	0
Participants as of 7/1/2025	10,693	664	2,789	998	8,040	1,698	754	25,636

¹ Includes participants who may have previously had a frozen benefit and retired from a different plan.

² Includes benefits that were terminated or suspended.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-2 Reconciliation of Member Data City General								
	<u>Active</u>	<u>Terminated Vested</u>	<u>Terminated Non-Vested</u>	<u>Disabled</u>	<u>Retired</u>	<u>Beneficiaries</u>	<u>DROP</u>	<u>Totals</u>
Participants as of 7/1/2024	7,716	612	2,044	343	5,379	863	447	17,404
New Entrants	686	0	0	0	0	0	0	686
Returned to Work	61	(27)	(34)	0	0	0	0	0
Vested Terminations	(26)	26	0	0	0	0	0	0
Non-Vested Terminations	(198)	0	198	0	0	0	0	0
Retirements	(67)	(69)	(4)	0	268	0	(128)	0
DROP	(116)	(3)	0	0	0	0	119	0
Disabilities	0	(3)	(1)	9	(4)	0	(1)	0
New Continuants	0	0	0	0	0	73	0	73
New Dissolutions ¹	0	0	0	0	4	0	14	18
Deceased	(5)	(5)	(5)	(9)	(118)	(40)	(1)	(183)
Benefits Ceased ²	0	(2)	0	0	(2)	(11)	0	(15)
Lump Sum Cashout	(47)	(9)	(106)	0	0	0	0	(162)
Net Transfers In/Out	(10)	0	(8)	2	0	0	0	(16)
Miscellaneous Adjustments	0	3	(3)	0	1	(1)	0	0
Participants as of 7/1/2025	7,994	523	2,081	345	5,528	884	450	17,805

¹ Includes participants who may have previously had a frozen benefit and retired from a different plan.

² Includes benefits that were terminated or suspended.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

**Table A-3
Reconciliation of Member Data
City Safety**

	<u>Active</u>	<u>Terminated Vested</u>	<u>Terminated Non-Vested</u>	<u>Disabled</u>	<u>Retired</u>	<u>Beneficiaries</u>	<u>DROP</u>	<u>Totals</u>
Participants as of 7/1/2024	2,669	147	685	660	2,468	798	279	7,706
New Entrants	248	0	0	0	0	0	0	248
Returned to Work	4	(3)	(1)	0	0	0	0	0
Vested Terminations	(10)	10	0	0	0	0	0	0
Non-Vested Terminations	(78)	0	78	0	0	0	0	0
Retirements	(13)	(11)	(2)	0	79	0	(53)	0
DROP	(78)	0	0	0	0	0	78	0
Disabilities	(6)	(2)	(3)	13	(2)	0	0	0
New Continuants	0	0	0	0	0	52	0	52
New Dissolutions ¹	0	0	0	0	2	0	0	2
Deceased	(2)	0	(1)	(19)	(35)	(21)	0	(78)
Benefits Ceased ²	0	0	0	(1)	0	(15)	0	(16)
Lump Sum Cashout	(18)	0	(45)	0	0	0	0	(63)
Net Transfers In/Out	(17)	0	(3)	0	0	0	0	(20)
Miscellaneous Adjustments	0	0	0	0	0	0	0	0
Participants as of 7/1/2025	2,699	141	708	653	2,512	814	304	7,831

¹ Includes participants who may have previously had a frozen benefit and retired from a different plan.

² Includes benefits that were terminated or suspended.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-4 SDCERS - City of San Diego Active Member Data			
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>% Change</u>
<u>Total</u>			
Count	10,693	10,385	3.0%
Average Current Age	42.6	42.6	0.1%
Average Service	9.2	9.2	-0.1%
Average Pensionable Salary	\$ 113,799	\$ 105,953	7.4%
Annual Pensionable Salary	\$ 1,216,857,939	\$ 1,100,317,173	10.6%
Average Service Without Purchased Service	7.7	7.7	1.0%
Members with Any Purchased Service	3,500	3,612	-3.1%
Years of Total Purchased Service	16,063	16,489	-2.6%
<u>General</u>			
Count	7,994	7,716	3.6%
Average Current Age	44.1	44.1	0.0%
Average Service	8.9	8.9	0.0%
Average Pensionable Salary	\$ 107,527	\$ 99,018	8.6%
Annual Pensionable Salary	\$ 859,567,412	\$ 764,023,300	12.5%
Average Service Without Purchased Service	7.3	7.1	2.8%
Members with Any Purchased Service	2,950	3,025	-2.5%
Years of Total Purchased Service	13,433	13,734	-2.2%
<u>Safety</u>			
Count	2,699	2,669	1.1%
Average Current Age	38.1	38.2	-0.3%
Average Service	10.1	10.3	-1.9%
Average Pensionable Salary	\$ 132,379	\$ 126,000	5.1%
Annual Pensionable Salary	\$ 357,290,528	\$ 336,293,873	6.2%
Average Service Without Purchased Service	9.2	9.2	0.0%
Members with Any Purchased Service	550	587	-6.3%
Years of Total Purchased Service	2,630	2,754	-4.5%

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-5 SDCERS - City of San Diego Non-Active Participant Data						
	Count			Average Age		
	June 30, 2025	June 30, 2024	%Change	June 30, 2025	June 30, 2024	%Change
Total						
Retired ¹	8,794	8,573	2.6%	69.2	68.9	0.5%
Disabled	998	1,003	-0.5%	70.6	70.4	0.3%
Beneficiaries	1,698	1,661	2.2%	73.7	73.5	0.3%
Payee Total	11,490	11,237	2.3%	70.0	69.7	0.4%
DROP Participants	754	726	3.9%	59.0	59.1	-0.2%
Terminated ²	3,453	3,487	-1.0%	47.8	48.0	-0.4%
Non-Vested < 10 (4) yrs svc ³	2,789	2,729	2.2%			
General						
Retired ¹	5,978	5,826	2.6%	70.3	70.0	0.4%
Disabled	345	343	0.6%	69.3	68.9	0.6%
Beneficiaries	884	863	2.4%	74.5	74.5	0.0%
Payee Total	7,207	7,032	2.5%	70.8	70.5	0.4%
DROP Participants	450	447	0.7%	60.8	60.9	-0.2%
Terminated ²	2,604	2,655	-1.9%	49.8	49.9	-0.2%
Non-Vested < 10 (4) yrs svc ³	2,081	2,044	1.8%			
Safety						
Retired ¹	2,816	2,747	2.5%	66.9	66.5	0.6%
Disabled	653	660	-1.1%	71.3	71.1	0.3%
Beneficiaries	814	798	2.0%	72.8	72.3	0.7%
Payee Total	4,283	4,205	1.9%	68.7	68.3	0.6%
DROP Participants	304	279	9.0%	56.2	56.2	0.0%
Terminated ²	849	832	2.0%	41.8	41.9	-0.2%
Non-Vested < 10 yrs svc	708	685	3.4%			

¹ Includes DROP Participants.

² Includes all Participants having a contribution balance still on account with SDCERS.

³ Four years of service for Elected Officials.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-6 SDCERS - City of San Diego Non-Active Participant Data						
	Total Annual Benefit			Average Annual Benefit		
	June 30, 2025	June 30, 2024	%Change	June 30, 2025	June 30, 2024	%Change
Total						
Retired ¹	\$ 578,739,767	\$ 545,838,117	6.0%	\$ 65,811	\$ 63,669	3.4%
Disabled	43,029,640	42,526,324	1.2%	43,116	42,399	1.7%
Beneficiaries	<u>48,740,184</u>	<u>46,180,973</u>	5.5%	<u>28,704</u>	<u>27,803</u>	3.2%
Payee Total	\$ 670,509,590	\$ 634,545,415	5.7%	\$ 58,356	\$ 56,469	3.3%
DROP Participants	\$ 65,515,136	\$ 56,233,511	16.5%	\$ 86,890	\$ 77,457	12.2%
Terminated ²	\$ 244,516,287	\$ 252,384,428	-3.1%	\$ 70,813	\$ 72,379	-2.2%
General						
Retired ¹	\$ 320,016,963	\$ 301,549,723	6.1%	\$ 53,532	\$ 51,759	3.4%
Disabled	8,850,679	8,600,648	2.9%	25,654	25,075	2.3%
Beneficiaries	<u>20,703,106</u>	<u>19,693,058</u>	5.1%	<u>23,420</u>	<u>22,819</u>	2.6%
Payee Total	\$ 349,570,748	\$ 329,843,430	6.0%	\$ 48,504	\$ 46,906	3.4%
DROP Participants	\$ 28,536,815	\$ 24,537,764	16.3%	\$ 63,415	\$ 54,894	15.5%
Terminated ²	\$ 175,900,170	\$ 184,953,985	-4.9%	\$ 67,550	\$ 69,663	-3.0%
Safety						
Retired ¹	\$ 258,722,803	\$ 244,288,394	5.9%	\$ 91,876	\$ 88,929	3.3%
Disabled	34,178,961	33,925,676	0.7%	52,341	51,403	1.8%
Beneficiaries	<u>28,037,078</u>	<u>26,487,915</u>	5.8%	<u>34,444</u>	<u>33,193</u>	3.8%
Payee Total	\$ 320,938,842	\$ 304,701,984	5.3%	\$ 74,933	\$ 72,462	3.4%
DROP Participants	\$ 36,978,321	\$ 31,695,747	16.7%	\$ 121,639	\$ 113,605	7.1%
Terminated ²	\$ 68,616,117	\$ 67,430,443	1.8%	\$ 80,820	\$ 81,046	-0.3%

¹ Includes DROP Participants.

² Includes all Participants having a contribution balance still on account with SDCERS. Annual benefit for Terminated Participants is the total contribution balance on account as of the actuarial valuation date.

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

**Table A-7
SDCERS - City of San Diego
Distribution of Active Members as of June 30, 2025
Total City**

Age	Years of Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	149	186	1	-	-	-	-	-	-	-	-	336
25 to 29	208	774	131	-	-	-	-	-	-	-	-	1,113
30 to 34	155	778	597	87	-	-	-	-	-	-	-	1,617
35 to 39	101	591	638	307	86	-	-	-	-	-	-	1,723
40 to 44	77	442	418	286	315	81	3	-	-	-	-	1,622
45 to 49	61	284	261	191	269	248	84	8	-	-	-	1,406
50 to 54	40	242	194	138	136	204	179	58	4	-	-	1,195
55 to 59	29	173	166	111	97	120	124	76	28	-	-	924
60 to 64	12	110	110	75	71	55	49	21	13	-	-	516
65 to 69	5	34	48	35	16	12	12	5	4	1	-	172
70 and up	-	18	14	15	13	3	2	2	-	2	-	69
Total Count	837	3,632	2,578	1,245	1,003	723	453	170	49	3	-	10,693

**Table A-8
SDCERS - City of San Diego
Distribution of Active Members as of June 30, 2025
Total City**

Age	Average Salary										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	\$ 70,833	\$ 76,619	\$ 63,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,015
25 to 29	77,176	96,761	117,214	-	-	-	-	-	-	-	-	95,508
30 to 34	81,913	102,990	122,321	125,745	-	-	-	-	-	-	-	109,331
35 to 39	85,923	101,792	121,336	132,703	145,542	-	-	-	-	-	-	115,790
40 to 44	90,953	101,169	119,158	132,454	145,147	137,388	140,507	-	-	-	-	121,259
45 to 49	88,109	103,052	117,787	132,798	145,253	142,503	159,361	156,627	-	-	-	127,881
50 to 54	99,325	99,775	109,113	122,647	133,510	140,237	149,102	134,554	117,383	-	-	123,800
55 to 59	85,136	93,533	106,397	112,248	129,855	113,750	119,657	122,955	117,489	-	-	110,919
60 to 64	106,426	91,498	110,038	123,637	118,944	107,639	124,862	122,482	151,954	-	-	111,918
65 to 69	111,968	88,448	105,374	107,454	120,164	94,738	119,990	131,890	155,486	83,286	-	106,104
70 and up	-	92,101	85,328	107,148	87,974	97,487	107,137	88,894	-	96,770	-	93,933
Avg. Salary	\$ 82,005	\$ 98,698	\$ 117,763	\$ 127,672	\$ 139,158	\$ 132,887	\$ 139,309	\$ 128,301	\$ 129,726	\$ 92,276	\$ -	\$ 113,799

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

**Table A-9
SDCERS - City of San Diego
Distribution of Active Members as of June 30, 2025
General**

Age	Years of Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	89	142	1	-	-	-	-	-	-	-	-	232
25 to 29	124	525	54	-	-	-	-	-	-	-	-	703
30 to 34	108	552	330	45	-	-	-	-	-	-	-	1,035
35 to 39	87	494	437	173	28	-	-	-	-	-	-	1,219
40 to 44	73	400	321	170	130	41	3	-	-	-	-	1,138
45 to 49	61	274	230	149	141	130	34	8	-	-	-	1,027
50 to 54	39	241	183	121	90	145	128	56	4	-	-	1,007
55 to 59	29	172	162	110	85	109	117	72	28	-	-	884
60 to 64	12	110	110	74	69	53	48	20	13	-	-	509
65 to 69	5	34	48	34	16	12	12	5	4	1	-	171
70 and up	-	18	14	15	13	3	2	2	-	2	-	69
Total Count	627	2,962	1,890	891	572	493	344	163	49	3	3	7,994

**Table A-10
SDCERS - City of San Diego
Distribution of Active Members as of June 30, 2025
General**

Age	Average Salary Years of Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	\$ 65,619	\$ 70,781	\$ 63,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,771
25 to 29	74,495	87,814	98,315	-	-	-	-	-	-	-	-	86,271
30 to 34	80,896	96,616	115,259	112,531	-	-	-	-	-	-	-	101,612
35 to 39	86,287	98,277	116,840	125,667	126,682	-	-	-	-	-	-	108,615
40 to 44	91,219	99,189	116,204	127,322	136,118	111,966	140,507	-	-	-	-	112,468
45 to 49	88,109	102,344	116,499	131,959	140,442	124,588	154,314	156,627	-	-	-	119,155
50 to 54	97,990	99,616	108,029	119,894	124,535	128,637	138,864	133,730	117,383	-	-	116,881
55 to 59	85,136	93,528	105,086	111,977	127,313	109,772	117,110	116,746	117,489	-	-	108,689
60 to 64	106,426	91,498	110,038	124,003	118,284	105,388	123,848	121,776	151,954	-	-	111,444
65 to 69	111,968	88,448	105,374	104,621	120,164	94,738	119,990	131,890	155,486	83,286	-	105,533
70 and up	-	92,101	85,328	107,148	87,974	97,487	107,137	88,894	-	96,770	-	93,933
Avg. Salary	\$ 82,109	\$ 94,725	\$ 113,076	\$ 122,644	\$ 129,899	\$ 118,498	\$ 130,068	\$ 125,278	\$ 129,726	\$ 92,276	\$ 92,276	\$ 107,527

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

Table A-11 SDCERS - City of San Diego Distribution of Active Members as of June 30, 2025 Safety												
Age	Years of Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	60	44	-	-	-	-	-	-	-	-	-	104
25 to 29	84	249	77	-	-	-	-	-	-	-	-	410
30 to 34	47	226	267	42	-	-	-	-	-	-	-	582
35 to 39	14	97	201	134	58	-	-	-	-	-	-	504
40 to 44	4	42	97	116	185	40	-	-	-	-	-	484
45 to 49	-	10	31	42	128	118	50	-	-	-	-	379
50 to 54	1	1	11	17	46	59	51	2	-	-	-	188
55 to 59	-	1	4	1	12	11	7	4	-	-	-	40
60 to 64	-	-	-	1	2	2	1	1	1	-	-	7
65 to 69	-	-	-	1	-	-	-	-	-	-	-	1
70 and up	-	-	-	-	-	-	-	-	-	-	-	-
Total Count	210	670	688	354	431	230	109	7	-	-	-	2,699

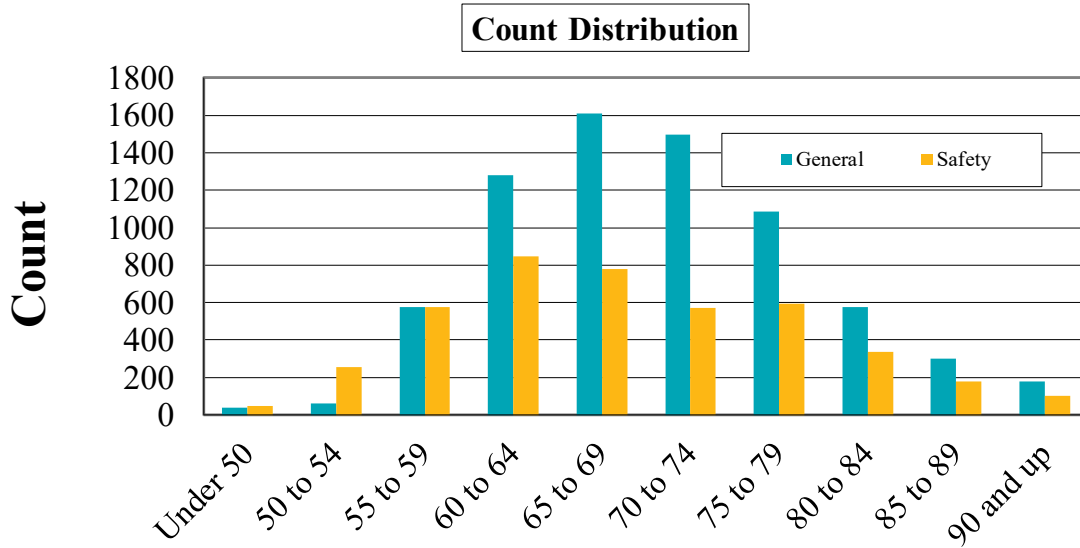
Table A-12 SDCERS - City of San Diego Distribution of Active Members as of June 30, 2025 Safety												
Age	Average Salary Years of Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	\$ 78,566	\$ 95,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,714
25 to 29	81,135	115,626	130,468	-	-	-	-	-	-	-	-	111,347
30 to 34	84,250	118,558	131,048	139,902	-	-	-	-	-	-	-	123,058
35 to 39	83,666	119,695	131,112	141,787	154,647	-	-	-	-	-	-	133,143
40 to 44	86,098	120,025	128,934	139,976	151,491	163,445	-	-	-	-	-	141,928
45 to 49	-	122,451	127,338	135,772	150,552	162,240	162,793	-	-	-	-	151,528
50 to 54	151,368	138,197	127,146	142,240	151,069	168,746	174,797	157,632	-	-	-	160,858
55 to 59	-	94,417	159,488	142,034	147,859	153,174	162,229	234,730	-	-	-	160,204
60 to 64	-	-	-	96,517	141,708	167,310	173,565	136,615	-	-	-	146,390
65 to 69	-	-	-	203,804	-	-	-	-	-	-	-	203,804
70 and up	-	-	-	-	-	-	-	-	-	-	-	-
Avg. Salary	\$ 81,696	\$ 116,260	\$ 130,640	\$ 140,326	\$ 151,445	\$ 163,729	\$ 168,472	\$ 198,685	\$ -	\$ -	\$ -	\$ 132,379

**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

**Table A-16
SDCERS - City of San Diego
Distribution of Retirees (Includes DROP Participants),
Disabled, and Beneficiaries
as of June 30, 2025**

<u>Age</u>	<u>Count</u>		
	<u>General</u>	<u>Safety</u>	<u>Total</u>
Under 50	40	48	88
50 to 54	63	254	317
55 to 59	578	574	1,152
60 to 64	1,280	846	2,126
65 to 69	1,609	779	2,388
70 to 74	1,496	572	2,068
75 to 79	1,086	593	1,679
80 to 84	576	336	912
85 to 89	301	180	481
90 and up	178	101	279
Total	7,207	4,283	11,490

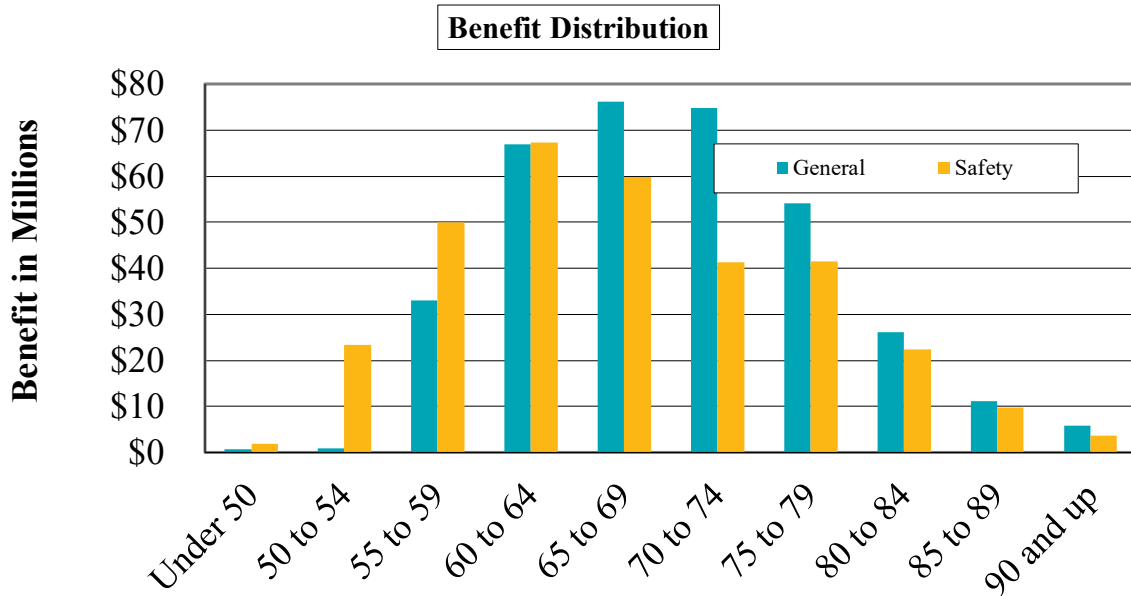


**SDCERS-CITY OF SAN DIEGO
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

**Table A-17
SDCERS - City of San Diego
Distribution of Retirees (Includes DROP Participants),
Disabled, and Beneficiaries
as of June 30, 2025**

<u>Age</u>	<u>Annual Benefit</u>		
	<u>General</u>	<u>Safety</u>	<u>Total</u>
Under 50	\$ 711,564	\$ 1,814,330	\$ 2,525,894
50 to 54	863,062	23,359,153	24,222,215
55 to 59	33,070,513	49,876,890	82,947,403
60 to 64	66,897,026	67,265,872	134,162,898
65 to 69	76,080,814	59,914,458	135,995,272
70 to 74	74,737,177	41,271,891	116,009,068
75 to 79	54,067,785	41,533,279	95,601,064
80 to 84	26,045,649	22,423,538	48,469,187
85 to 89	11,184,678	9,708,355	20,893,033
90 and up	5,912,479	3,771,076	9,683,554
Total	\$ 349,570,748	\$ 320,938,842	\$ 670,509,590



APPENDIX A – MEMBERSHIP INFORMATION

Data Assumptions and Practices

In preparing our data, we relied on information supplied by the SDCERS staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. Terms in quotations below are column headings in the data provided by SDCERS. Our methodology for obtaining the data used for the valuation is based upon the following assumptions and practices:

- Benefit service for Actives and Inactives was calculated using “SDCERS Srv Credit.” An adjusted date of hire is retroactively calculated from the valuation date based on benefit service. Purchased Service that has been paid for is already included in the “SDCERS Srv Credit” field. Purchased Service that has been contracted for, but not paid as of the valuation date, is assumed to be paid in full, and this service will be reflected in the projected benefit.
- Valuation Salary will be the maximum of “Current Fiscal Year Pensionable Salary” and an annualized last pay period “Pensionable Salary,” carried forward with assumed salary increases. Historical salaries, “1 Yr Prior Fiscal Year Pensionable Salary,” “2 Yr Prior Fiscal Year Pensionable Salary,” “3 Yr Prior Fiscal Year Pensionable Salary,” and “4 Yr Prior Fiscal Year Pensionable Salary,” are considered in the calculation of the projected benefit.
- Actives with “Employment Type” equal to “Half Time” or “3/4 Time” are assumed to accrue service based on employment type (i.e., ½ year, ¾ year) for each future plan year; therefore, Valuation Salary is adjusted to a full time equivalent.
- “Current Contrib Rate” was updated to reflect the new contribution rates for active employees. If the “Current Contrib Rate” was not provided, the prior year contribution for the member was used to update and reflect the new rate.
- For accounts having duplicate records in the Actives and Inactives by Social Security Number, the information from the latest payroll date is regarded as most up to date. The other record is treated as out of date and invalid.
- Records on the provided “Member” file are considered to be Active if they have no “Death Date,” no “Separation Date,” do not have a “Status” code of “Not Eligible” or “Non Contributing,” do not have a retiree record, and their "Last Pay To Date" was after January of the current fiscal year.
- Records on the “Member” file are considered to be Inactive if they do not have a “Death Date,” do not have a retiree record, and either have a “Separation Date” or a “Last Pay Period” earlier than January of the current fiscal year. Inactive non-vested Members without an account balance are excluded from the valuation.
- For Inactives, the “Final Average Salary” as provided in the Member file was used for calculating projected benefits as applicable. If this field was missing a value, the “Highest Pensionable Salary” as provided in the supplemental file was used. If an amount was not available in either of these, the maximum of the annualized pay over the prior year and the last four fiscal years’ pensionable salaries was used.

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APPENDIX A – MEMBERSHIP INFORMATION

- We assume that any active member found in the inactive data last year has returned to work and should be valued as active.
- Records on the “Payee” file are considered in pay status if their benefit is not suspended.
- For duplicate records (based on SSN and Benefit Type) in the payee file, records having the same plan and same benefit type but different benefit amounts, we have added those benefit amounts together.
- Pension Benefit for retirees for each plan was calculated by summing “Monthly Pension,” “Monthly Annuity,” “COLA Annuity,” “Surv Spouse Annuity,” and “COLA Pension” and subtracting “DRO Reduction Amt.” The “DRO Reduction Amt” field is mainly for Qualified Domestic Relations Order purposes. The “13th Check Supplement Amount” field is added as an annual benefit and the “Corbett Supplement” is annualized for new retirees. It is assumed the payment is annual for retirees already in pay status prior to this valuation.
- Members retiring since the prior valuation date and not having a “13th Check Supplement Amount” will have their projected “13th Check Supplement Amount” calculated assuming \$30 multiplied by the “13th Check Supplement Years,” provided they are eligible based on “13th Check Supplement Years.”
- Payees’ “Taxable COLA” and “Taxable Star COLA” include COLA effective July 1, 2025.
- Members may retire and receive benefits from multiple Plans (e.g., a City Police Officer could have also worked for the Airport Authority); we will value each Member’s blended benefit individually. This will result in the counts being slightly higher than actual counts due to people having more than one benefit payable from multiple plans.
- We assume any retiree found in last year’s “Payee” file and not in this year’s file has died without a beneficiary and should be removed from the valuation data.
- We assume all deceased retirees with payments continuing to a beneficiary have already been accounted for in the “Payee” file.
- We exclude any payee receiving \$0.00 from a blended benefit plan.
- The Final 415 Regulations were used to calculate the present value of Member benefits over the Internal Revenue Service Code 415 Benefit Limits.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

The SDCERS Board has the authority to select economic and demographic assumptions for the Plan. The assumptions used in this report reflect the results of an experience study performed by Cheiron covering the period July 1, 2015 through June 30, 2022 and adopted by the SDCERS Board in September 2023. This study is incorporated by reference as the rationale for both economic and demographic assumptions.

1. Investment Return

SDCERS' assets are assumed to earn 6.50% annually net of investment expenses.

2. Price Inflation

Consumer Price Inflation 3.00%, compounded annually.

3. Wage Inflation

Wage Inflation 3.25%, compounded annually.

This wage inflation assumption is used for projecting the total annual payroll growth for amortization of the UAL.

4. Administrative Expense

Administrative expenses are assumed to be \$15,595,230 for FY 2027 (assuming payment at beginning of the year), increasing by price inflation of 3.00% annually.

5. Interest Credited to Member Contributions

6.50%, compounded annually.

6. Cost-of-Living Adjustment (COLA) Increase in Benefits

Assumed to be 2.0% per annum, compounded.

7. COL Annuity Benefit

For both active and terminated vested Members, the Actuarial Liability for the COL annuity benefit is valued by adding one-sixth of accumulated member contribution accounts. For active Members, the normal cost of the COL annuity benefit is equal to one-sixth of the employee contribution rate.

Members under the Elected, Police 2012 No COL Plan, and Police Prop B Plan do not receive a COL annuity benefit.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

8. Salary Increase Rate

Salary is assumed to increase by the wage inflation assumption of 3.25% and an additional merit component. Salary inflation and merit increases are compounded rather than additive.

For Old Plans, salary freezes were assumed for FYs 2013 - 2018. There are no assumed salary freezes for the open plans.

City Safety Police: Additional 5.00% upon attaining 20 years of service.

The additional merit component:

Table B-1			
Years of Service at Valuation Date	<u>City General</u>	<u>City Safety Non-Police</u>	<u>City Safety Police</u>
0	7.00%	9.00%	10.00%
1	6.00%	7.00%	9.00%
2	5.00%	6.00%	7.00%
3	4.00%	4.00%	5.00%
4	3.00%	2.00%	3.00%
5	2.00%	1.25%	1.00%
6	2.00%	1.25%	1.00%
7	2.00%	1.25%	1.00%
8	2.00%	1.25%	1.00%
9	2.00%	1.25%	1.00%
10	1.50%	1.25%	1.00%
11	1.50%	1.25%	1.00%
12	1.50%	1.25%	1.00%
13	1.50%	1.25%	1.00%
14	1.50%	1.25%	1.00%
15+	1.00%	0.75%	0.75%

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

9. Rates of Termination

Table B-2 SDCERS - City of San Diego Rates of Termination		
<u>Service</u>	<u>General</u>	<u>Safety</u>
0	10.00%	14.00%
1	9.50	11.00
2	8.50	7.50
3	7.50	6.25
4	7.00	5.75
5	6.50	5.25
6	5.00	2.75
7	5.00	2.50
8	5.00	2.25
9	4.50	2.00
10	4.50	2.00
11	4.50	2.00
12	3.00	1.75
13	3.00	1.75
14	3.00	1.75
15+	2.50	1.00

20% of terminating employees, with 10+ years of service at termination (4+ years of service for Elected), are assumed to subsequently work for a reciprocal employer and receive 3.25% salary inflation increases per year.

No terminations are assumed once retirement eligible.

10. Member Refunds

All, or part, of the employee contribution rate is subject to potential “offset” by the employer. That “offset” and the related accumulated interest are not to be refunded to employees at termination. However, such offsets are not directly reflected in either the employee contributions or related refund calculations.

100% of non-vested and 0% of vested deferred Members are assumed to elect a refund of Member contributions at termination.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

11. Rates of Retirement

Rates of Retirement for City General and City Safety are shown in the table below. Retirement rates include both service retirements and entry into DROP.

Table B-3 SDCERS - City of San Diego Rates of Retirement by Age and Service						
<u>Age</u>	<u>General - Old Plan</u>		<u>General</u>	<u>Elected</u>	<u>Safety - All Plans</u>	
	<u>Service < 20</u>	<u>Service 20+</u>	<u>2009 Plan</u>	<u>Officials</u>	<u>Service < 20</u>	<u>Service 20+</u>
50	--	--	--	--	--	45%
51	--	--	--	--	--	30
52	--	--	--	--	--	24
53	--	--	--	15%	--	35
54	--	--	--	1	--	35
55	--	53%	3%	5	27%	35
56	--	41	3	3	27	35
57	--	31	3	4	27	35
58	--	29	5	5	27	55
59	--	27	5	6	27	55
60	--	33	10	60	55	55
61	--	33	15	25	55	55
62	39%	33	20	37	55	55
63	28	33	30	23	55	55
64	18	30	40	34	55	55
65	25	30	50	68	100	100
66	25	30	50	69	100	100
67	27	30	50	74	100	100
68	27	30	50	80	100	100
69	29	30	50	90	100	100
70+	100	100	100	100	100	100

For terminated vested members, we assume that retirement will occur provided they have at least 10 years of service on the later of attained age or:

General Members: Earlier of age 62 or age 55 and 20+ years of service.

Safety Members: Earlier of age 55 or age 50 and 20+ years of service.

For terminated vested City Elected Officials, we assume that retirement will occur provided they have at least four years of service on the later of attained age or the earlier of age 55 or age 53 and at least eight years of service.

If the inactive participant is not vested, the liability is the participant’s contributions with interest.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

12. Rates of Disability

Table B-4		
SDCERS - City of San Diego		
Rates of Disability at Selected Ages		
Age	General	Safety
20	0.01%	0.15%
25	0.02	0.15
30	0.03	0.15
35	0.04	0.15
40	0.05	0.35
45	0.08	0.35
50	0.10	0.65
55	0.20	0.65
60	0.20	--

75% of the General and Elected disabilities and 90% of the Safety disabilities are assumed to be industrial disability retirements. Non-industrial disability retirement is subject to a service requirement.

13. Rates of Mortality for Active Lives & Terminated Vested Members

Mortality rates for General active and terminated vested members are based on the sex distinct 2010 SOA Public General Employees Amount-Weighted Mortality Table, without adjustment, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

Mortality rates for Safety active and terminated vested members are based on the sex distinct 2010 SOA Public Safety Employees Amount-Weighted Mortality Table, adjusted by 90% for males and no adjustment for females, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

25% of active member deaths are assumed to be industrial deaths for Safety Members and all active member deaths are assumed to be non-industrial deaths for other Members.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

14. Rates of Mortality for Retired Healthy Lives

Mortality rates for General healthy annuitants and beneficiaries are based on the sex distinct 2010 SOA Public General Healthy Retirees Amount-Weighted Mortality Table, without adjustment, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

Mortality rates for Safety healthy annuitants and beneficiaries are based on the sex distinct 2010 SOA Public Safety Healthy Retirees Amount-Weighted Mortality Table, adjusted by 90% for males and no adjustment for females, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

15. Rates of Mortality for Retired Disabled Lives

Mortality rates for General disabled annuitants are based on the sex distinct CalPERS Industrial Related Disability Retirees Mortality Table from the CalPERS December 2017 experience study, without adjustment, with generational mortality improvements projected from 2013 using Projection Scale MP-2021.

Mortality rates for Safety disabled annuitants are based on the sex distinct 2010 SOA Public Safety Disabled Retirees Amount-Weighted Mortality Table, without adjustment, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

16. Family Composition

80% of men and 60% of women are assumed married at retirement.

Female members are assumed to be to one year younger than their male spouse. Male members are assumed to be three years older than their female spouse.

17. Member Contributions for Spousal Continuance

All active Members contribute towards a 50% survivor continuance. However, Members who are unmarried at retirement may either be refunded that specific part of their contributions, or they may leave such contributions on account and receive an incremental benefit that is the actuarial equivalent of such contributions.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

18. Deferred Member Benefit

The benefit was estimated based on information provided by SDCERS staff. The data used to value the estimated deferred benefit were date of birth, date of hire, date of termination, and last pay. Based on the data provided, service credit, highest average salary, and deferred retirement age were estimated. The estimates were used to compute the retirement benefit, upon which the liabilities are based. For those participants without sufficient data or service, accumulated participant contribution balances, with interest, were used as the Actuarial Liability.

19. DROP Account Balances

For DROP participants still working, the liability for the account balances in the asset information received from SDCERS staff was adjusted to assume average commencement in 2½ years and an interest crediting rate of 4.4%. Thereafter, it was assumed the account balance would be converted to an annuity at an interest rate of 5.0% over an average period of 10 years. The 10-year period was selected to average among the available DROP payment elections, including a lump-sum, life expectancy, and 20 years. The liability for pre-2006 DROP account balances still left on account was valued assuming they would be paid out at age 72, with an interest crediting rate of 4.4%. The liability for the remaining account balances was adjusted based on the DROP annuity rate in effect at the Member's benefit effective date.

These adjustments are applied to the DROP account balance values provided in the financial statements. The account balance liability is allocated to each individual Tier (e.g., General) based on the total amount of the DROP account balances for that Tier in the valuation data.

20. 401(a)(17) Maximum Compensation Limit

The Internal Revenue Code Section 401(a)(17) maximum compensation limit is reflected in the valuation for funding purposes and is assumed to increase with price inflation.

21. 415(b) Maximum Benefit Limit

The Internal Revenue Code Section 415(b) maximum benefit limitations have been reflected in the valuation for funding purposes and are assumed to increase with price inflation.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

22. Other

The contribution requirements and benefit values of a plan are calculated by applying actuarial assumptions to the benefit provisions and Member information furnished, using the actuarial funding methods described in this report.

Actual experience of SDCERS will not coincide exactly with assumed experiences, regardless of the choice of the assumptions, the skill of the actuary, or the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments to the computed contribution. From time to time, it becomes appropriate to modify one or more of the assumptions to reflect experience trends, but not random year-to-year fluctuations.

23. Changes Since Last Valuation

Effective January 1, 2024, the DROP annuity rate used to convert DROP account balances to an annuity increased from 4.2% to 4.4%, and the DROP interest crediting rate used to value the liability for account balances increased from 4.6% to 5.0%, to reflect the Board's adoption of these rates at the November 2024 meeting. The DROP interest rates adopted by the SDCERS Board in November 2025, which will be effective January 1, 2026, will be reflected in the next actuarial valuation.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

B. Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset smoothing method, and an amortization method as described below. This contribution allocation procedure, combined with reasonable assumptions, produces a Reasonable Actuarially Determined Contribution as defined in Actuarial Standard of Practice No. 4. The contribution allocation procedure was selected to balance benefit security, intergenerational equity, and the stability of Actuarially Determined Contributions. The selection also considered the demographics of plan members, the funding goals and objectives of the Board, and the need to accumulate assets to make benefit payments when due.

1. Actuarial Cost Method

The Entry Age Normal funding method was used for active employees, whereby the normal cost rate is computed as the average level annual percent of pay required to fund the retirement benefits for all Members between their dates of hire and assumed dates of retirement. The EAN Actuarial Liability is the difference between the Plan's total present value of future benefits and the present value of future normal costs, calculated for each sub-group (e.g., General). The Actuarial Value of Assets is allocated proportionally to each sub-group based on its liability. The Unfunded Actuarial Liability is the difference between the Actuarial Liability and the Actuarial Value of Assets.

2. Amortization Method

The Unfunded Actuarial Liability is amortized by annual payments. The UAL payments are determined as a level percentage of pay, assuming payroll increases of 3.25% per year. The UAL is amortized over various closed periods. The UAL as of June 30, 2007 is amortized over 20 years. Subsequent gains and losses are amortized over 15 years. Changes in assumptions and methods were being amortized over 30 years and are being amortized over 20 years as of June 30, 2019. Changes in benefits are amortized over five years. The non-Police portion of the UAL as of June 30, 2012, is amortized over 15 years. Funding surplus, if any, is amortized over 30 years.

Effective with the June 30, 2017 valuation, the remaining balances of the 2009 experience loss and 2012 non-Police UAL were re-amortized using a 5-year layering approach, in which one-fifth of the remaining balance continues to be amortized over the same period, while each additional one-fifth is amortized over an additional year. For details, see Table V-2.

In January 2019, the Board adopted a UAL contribution floor amortization method, setting a minimum of \$275,495,017 on the UAL payment until the Plan achieves a 100% funded ratio. This UAL payment floor was based on the Fiscal Year 2020 amortization payment as determined by the results of the June 30, 2018 actuarial valuation.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Finally, if necessary, there is an additional UAL cost component to ensure that there is no negative amortization in any year.

Expected administrative expenses are included in the Actuarially Determined Contribution (ADC). The administrative expense component is \$15,595,230 for FY 2027 (assuming payment at the beginning of the year). This amount is assumed to increase by the price inflation assumption of 3.00% annually.

3. Asset Valuation Method

For the purposes of determining the City of San Diego’s Actuarially Determined Contribution to SDCERS, we use a smoothed Actuarial Value of Assets. The asset smoothing method dampens the volatility in asset values that could occur because of the fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process. Assets are assumed to be used exclusively for the provision of retirement benefits and expenses.

The Actuarial Value of Assets each year is equal to 100% of the expected Actuarial Value of Assets plus 25% of the difference between the current Market Value of Assets and the expected Actuarial Value of Assets. The expected Actuarial Value of Assets is equal to the prior year’s Actuarial Value of Assets increased with actual contributions made, decreased with actual disbursements made, all items (prior assets, contributions, and disbursements) further adjusted with expected investment returns for the year. In no event will the Actuarial Value of Assets ever be less than 80% of the Market Value of Assets nor greater than 120% of the Market Value of Assets.

4. Changes Since Last Valuation

None

C. ASOP 56 – Modeling

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic projections in this valuation report were developed using P-Scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan. P-Scan uses standard roll-forward techniques that implicitly assume a stable active population. Because P-Scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

1. Membership Requirement

Membership is mandatory from the first day of employment with the City, for all full, three-quarter, and half-time salaried, classified and unclassified employees initially hired before July 20, 2012 or after July 9, 2021 (§24.0104).*

Employees hired on or after July 20, 2012 but before July 10, 2021 are “Prop B” members. Prop B members represented by MEA and Local 127, made a one-time, irrevocable choice to join SDCERS. Prop B members represented by DCAA, Local 911, or Local 145, membership was mandatory. (§24.0104)

Membership is mandatory from the first day of employment for Police Recruits hired between July 1, 1991 and June 30, 2013. (§24.0104) Membership is mandatory for all sworn police officers (§24.0104) Membership is permissive for Elected Officers. (§24.1702)

2. Monthly Compensation Base for Benefits

General and Safety Old Plan Members:

Highest consecutive 12-month average in any qualified employment with a California governmental jurisdiction (§24.0103), subject to a 10% increase for those who joined the System before July 1, 2002, if the General or Safety Member elects such increase in lieu of an increased benefit formula (§24.0402 and §24.0403).

General-2009 Plan Members:

Average of highest three years in any qualified employment with a California governmental jurisdiction (§24.0103).

Police-2009 Plan Members:

Highest consecutive 12-month average in any qualified employment with a California governmental jurisdiction (§24.0103).

Lifeguard-2011 Plan, Fire-2012 Plan, Police-2012 Plan, Police-2012 No COL Plan, and Police-Prop B Plan Members:

Average of highest three years in any qualified employment with a California governmental jurisdiction (§24.0103).

Elected Officers:

Final year of compensation (§24.1705).

* All “§” references are to the City of San Diego Municipal Code.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

3. Service Retirement

Eligibility

General Members:

Age 62 with 10 years of service, or age 55 with 20 years of service (§141 of City Charter).

Safety Members (includes Fire, Lifeguard, and Police):

Age 55 with 10 years of service, or age 50 with 20 years of service (§141 of City Charter).

Elected Officers:

Age 55 with 4 years of service. Eligible to retire at any age with 8 years of service, however, benefit is reduced by 2% per year for each year under age 55 (§24.1704).

Benefit

The basic formula used to calculate monthly retirement allowances for all membership categories is Retirement Factor X Final Average Compensation X Years of Service Credit.

General Members:

For General-Old Plan Members hired before July 1, 2002, choice of factors in place on June 30, 2000 (Option 1) with a 10% increase to the Member's Final Average Compensation, or factors effective as of July 1, 2000 (Option 2), or factors in effect as of July 1, 2002 (Option 3). For General-Old Plan Members hired on or after July 1, 2002 but before July 1, 2009, factors in effect as of July 1, 2002 (Option 3). Factors for General-Old Plan Members shown in Table C-1.

For General-2009 Plan Members, factors shown in Table C-1 (§24.0402.1).

There is an additional amount equal to the annuitized Member COL Annuity contributions at retirement date.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

General Member Service Retirement Accrual Factors

Table C-1 SDCERS - City of San Diego General Member Service Retirement Accrual Factors				
Retirement Age	Hired Before July 1, 2009			Hired on or After July 1, 2009
	Option 1	Option 2	Option 3	
55	2.00%	2.25%	2.50%	1.00%
56	2.00%	2.25%	2.50%	1.25%
57	2.00%	2.25%	2.50%	1.65%
58	2.00%	2.25%	2.50%	1.758%
59	2.08%	2.25%	2.50%	1.874%
60	2.16%	2.30%	2.55%	2.00%
61	2.24%	2.35%	2.60%	2.12%
62	2.31%	2.40%	2.65%	2.24%
63	2.39%	2.45%	2.70%	2.36%
64	2.47%	2.50%	2.75%	2.48%
65 and up	2.55%	2.55%	2.80%	2.60%

Elected Officers:

The retirement factor for Elected Officers is 3.5% (§24.1705). A 2% annual reduction factor applies to benefits for Members retiring prior to age 55 (§24.1704).

Safety Members:

For all Safety-Old Plan Members, choice of factors in place on June 30, 2000 (Option 1), or factors effective as of July 1, 2000 (Option 2) (§24.0403).

For Police-2009 Plan, Lifeguard-2011 Plan, Fire-2012 Plan, Police-2012 Plan, Police-2012 No COL Plan, and Police-Prop B Plan Members, formula shown in Table C-2 (§24.0403).

There is an additional amount equal to the annuitized Member COL Annuity contributions at retirement date, with the exception of Police-2012 No COL Plan and Police-Prop B Plan Members.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Safety Member Service Retirement Accrual Factors

Table C-2				
SDCERS - City of San Diego				
Safety Member Service Retirement Accrual Factors				
	Police Hired Before July 1, 2009 Lifeguard Hired Before July 1, 2011 Fire Hired Before January 1, 2012			Police-2009 Lifeguard-2011 Fire-2012
Retirement	Police & Fire	Lifeguard	Safety	Police-2012
Age	Option 1	Option 1	Option 2	Police Prop B
50	2.50%	2.20%	3.00%	2.50%
51	2.60%	2.32%	3.00%	2.60%
52	2.70%	2.44%	3.00%	2.70%
53	2.80%	2.57%	3.00%	2.80%
54	2.90%	2.72%	3.00%	2.90%
55 and up	2.99%	2.77%	3.00%	3.00%

For vested Members who terminate City employment, different retirement accrual factors may apply depending on which options were available at the time of termination.

For Members of the General-2009 Plan who terminate City employment, the accrual factors are those shown in Tables C-1. For Members of the Police-2009 Plan, Lifeguard-2011 Plan, Fire-2012 Plan, Police-2012 Plan, Police-2012 No COL Plan, and Police-Prop B Plan who terminate City employment, the accrual factors are those shown in Table C-2. For General-Old Plan and Safety-Old Plan Members, the accrual factors are as shown in Tables C-3 and C-4:

GENERAL:

Table C-3	
SDCERS - City of San Diego	
<u>For Vested Members who terminated--</u>	<u>--the accrual factors are--</u>
Prior to January 1, 1997	See Table C-5
January 1, 1997 - June 30, 2000	Option 1 without 10% increase in Final Average Compensation
July 1, 2000 - June 30, 2002	Option 1 with 10% increase in Final Average Compensation; or Option 2
July 1, 2002 - Present	Option 3; or Current Accrual Factors

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

SAFETY:

Table C-4 SDCERS - City of San Diego	
<u>For Vested Members who terminated--</u>	<u>--the accrual factors are--</u>
Prior to January 1, 1997	See Table C-5
January 1, 1997 - June 30, 2000	Option 1 without 10% increase in Final Average Compensation
July 1, 2000 - Present	Option 1 with 10% increase in Final Average Compensation; or Option 2; or Current Accrual Factors

Table C-5 SDCERS - City of San Diego Pre-1997 Member Service Retirement Accrual Factors				
	General	Safety		
Age		Police	Fire	Lifeguard
50	--	2.50%	2.20%	2.00%
51	--	2.54%	2.32%	2.10%
52	--	2.58%	2.44%	2.22%
53	--	2.62%	2.57%	2.34%
54	--	2.66%	2.72%	2.47%
55	1.48%	2.70%	2.77%	2.62%
56	1.55%	2.77%	2.77%	2.62%
57	1.63%	2.77%	2.77%	2.62%
58	1.72%	2.77%	2.77%	2.62%
59	1.81%	2.77%	2.77%	2.62%
60	1.92%	2.77%	2.77%	2.62%
61	1.99%	2.77%	2.77%	2.62%
62	2.09%	2.77%	2.77%	2.62%
63	2.20%	2.77%	2.77%	2.62%
64	2.31%	2.77%	2.77%	2.62%
65 and up	2.43%	2.77%	2.77%	2.62%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Maximum Benefit

General-Old Plan Members: 90% of Final Average compensation if Option 3 is chosen, otherwise an exception to the 90% cap applies.

General-2009 Plan Members: 80% of Final Average compensation.

Safety-Old Plan Members: 90% of Final Average Compensation.

Police-2009 Plan, Lifeguard-2011 Plan, Fire-2012 Plan, Police-2012 Plan and Police-2012 No COL Plan Members: 90% of Final Average compensation.

Police-Prop B Plan Members: 80% of Final Average compensation, with 3% reduction for each year if retiring earlier than age 55.

Elected Officers: 2% reduction for each year if retiring earlier than age 55.

Unmodified Form of Payment

Monthly payments continued for the life of the Member, with 50% continuance to the eligible spouse upon Member's death. If there is no eligible spouse at the time of retirement, the Member may receive either a lump-sum payment equal to the accumulated surviving spouse contributions or an actuarially equivalent annuity (§24.0601).

Note: City Non-Safety employees withdrew from Social Security effective January 1, 1982. We assume that all future benefits for active Members will be determined on a non-integrated basis. City Safety employees did not participate in Social Security at any time.

Note: Effective July 1, 1991, service credit earned under the 1981 Pension System will be considered equivalent to SDCERS service for the purpose of benefit calculations (i.e., the above formulas will apply to 1981 Pension System service) (§24.1102, 24.0210, 24.0310).

4. Non-Industrial Disability

Eligibility

10 years of service (Charter §141).

Benefit

General Members:

Greater of 1.5% per year of service, one-third of final compensation, or the earned service retirement benefit (§24.0502, §24.0505).

Safety Members:

Greater of 1.8% per year of service, one-third of final compensation, or the earned service retirement benefit (§24.0502, §24.0504).

Elected Officers:

Earned service retirement benefit (§24.1706).

APPENDIX C – SUMMARY OF PLAN PROVISIONS

5. Industrial Disability

Eligibility

No age or service requirement (§24.0501).

Benefit

General Members:

Greater of one-half of final compensation, or the earned service retirement benefit if eligible. (§24.0502, §24.0505).

Safety Members:

Greater of one-half of final compensation, or the earned service retirement benefit if eligible. (§24.0502, §24.0503).

Elected Officers:

Earned service retirement benefit (§24.1706).

6. Non-Industrial Death Before Eligible to Retire

Refund of employee contributions with interest, plus one month's salary for each completed year of service, to a maximum of six months' salary (§24.0702).

7. Non-Industrial Death After Eligible to Retire for Service

50% of earned benefit payable to surviving eligible spouse, domestic partner, or dependent child under 18 years of age (§24.0704).

8. Industrial Death

50% of the final average compensation preceding death, payable to eligible spouse, domestic partner, or dependent child under 18 years of age (§24.0705).

APPENDIX C – SUMMARY OF PLAN PROVISIONS

9. Death After Retirement

Continuance to surviving beneficiary depending on benefit selection made at retirement (§24.0601).

\$2,000 payable in lump-sum to the beneficiary or the estate of the retiree. (§24.0710).

10. Withdrawal Benefits (§24.0206, §24.0306)

Pre-12/8/76 Hires

If contributions left on deposit, entitled to earned benefits, commencing any time after eligible to retire.

Post-12/7/76 Hires

Less than 10 years of service:

Refund of accumulated employee contributions with interest or may keep deposits in the System and earn additional interest and use service with a reciprocal system to establish eligibility for earned benefits upon concurrent retirement from reciprocal system (§24.0206, 24.0306, 24.1005).

10 or more years of service:

If contributions left on deposit, entitled to earned benefits commencing any time after eligible to retire (§24.0206, 24.0306).

11. Post-retirement Cost-of-Living Adjustment Benefit

General and Safety Members:

Based on changes in Consumer Price Index, to a maximum of 2% per year (§24.1505).

12. COL Annuity

Actuarial equivalent of accumulated contributions in cost-of-living annuity account at time of retirement (§24.0103).

**SDCERS-CITY OF SAN DIEGO
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APPENDIX C – SUMMARY OF PLAN PROVISIONS

13. Member Contributions

Member contribution rates vary by age at time of entrance into SDCERS (§24.0201, §24.0301), and were recalculated following the experience study in 2023 based on the most recent changes to the actuarial assumptions as listed in Appendix B of this report, in accordance with the requirement in San Diego City Charter Section 143 for “substantially equal” employer and employee contributions. Table C-6 and Table C-7 contain the contribution rates by Plan.

Table C-6 SDCERS - City of San Diego General Member Contribution Rates					
GENERAL			GENERAL		
Entry Age	Hired Before 7/1/2009	Hired On or After 7/1/2009	Entry Age	Hired Before 7/1/2009	Hired On or After 7/1/2009
20	11.65%	7.38%	40	14.69	13.28
21	11.93	7.66	41	14.74	13.52
22	12.18	7.95	42	14.78	13.77
23	12.43	8.25	43	14.99	13.99
24	12.66	8.55	44	15.24	14.21
25	12.89	8.86	45	15.41	14.42
26	13.12	9.18	46	15.53	14.60
27	13.34	9.50	47	15.66	14.77
28	13.56	9.83	48	15.75	14.93
29	13.77	10.17	49	15.83	15.05
30	13.97	10.49	50	15.88	15.13
31	14.16	10.82	51	15.88	15.21
32	14.35	11.15	52	15.80	15.22
33	14.52	11.46	53	15.54	15.24
34	14.68	11.78	54	15.30	15.23
35	14.83	12.07	55	15.07	15.04
36	14.63	12.37	56	14.82	14.70
37	14.53	12.62	57	14.59	14.37
38	14.52	12.83	58	14.59	14.37
39	14.59	13.06	59	14.59	14.37

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Table C-7 SDCERS - City of San Diego Safety Member Contribution Rates									
Entry Age	FIRE		LIFEGUARD		POLICE				
	Hired Before 01/01/2012	Hired On or After 1/1/2012	Hired Before 07/01/2011	Hired On or After 7/1/2011	Hired Before 07/01/2009	Hired On or After 7/1/2009 and Before 1/1/2012	Hired On or After 1/1/2012 and and Before 8/2/2012	Hired On or After 8/2/2012 and and Before 7/1/2013	Hired On or After 7/1/2013
20	17.78%	16.54%	18.29%	16.54%	18.41%	16.94%	16.62%	14.24%	12.34%
21	18.36	16.94	18.91	16.94	19.02	17.36	17.03	14.59	12.90
22	18.77	17.32	19.38	17.32	19.46	17.75	17.42	14.92	13.50
23	19.17	17.70	19.78	17.70	19.88	18.15	17.81	15.26	14.13
24	19.53	18.04	20.11	18.04	20.27	18.52	18.17	15.57	14.81
25	19.90	18.40	20.42	18.40	20.66	18.89	18.53	15.88	15.39
26	20.23	18.73	20.72	18.73	21.02	19.24	18.88	16.17	15.84
27	20.55	19.04	21.00	19.04	21.36	19.57	19.15	16.41	16.19
28	20.84	19.32	21.27	19.32	21.68	19.88	19.32	16.55	16.41
29	21.12	19.60	21.53	19.60	21.79	20.01	19.43	16.65	16.56
30	21.39	19.86	21.78	19.86	21.79	20.03	19.55	16.75	16.70
31	21.36	20.31	21.42	20.31	21.89	20.60	20.06	17.19	17.14
32	21.54	20.63	21.29	20.63	22.09	20.93	20.37	17.45	17.41
33	21.78	20.89	21.30	20.89	22.25	21.11	20.57	17.62	17.60
34	21.90	21.03	21.22	21.03	22.36	21.24	20.70	17.73	17.72
35	21.86	21.00	21.13	21.00	22.31	21.21	20.66	17.70	17.69
36	22.06	21.19	21.33	21.19	22.40	21.28	20.75	17.78	17.78
37	22.30	21.41	21.55	21.41	22.51	21.39	20.88	17.89	17.89
38	22.55	21.65	21.80	21.65	22.64	21.52	21.06	18.04	18.04
39	22.71	21.79	21.95	21.79	22.77	21.64	21.18	18.15	18.15
40	22.87	21.93	22.11	21.93	22.91	21.78	21.32	18.27	18.27
41	23.05	22.09	22.29	22.09	23.07	21.93	21.48	18.40	18.40
42	23.19	22.21	22.42	22.21	23.21	22.06	21.61	18.52	18.52
43	23.28	22.28	22.50	22.28	23.33	22.17	21.71	18.61	18.61
44	23.31	22.31	22.54	22.31	23.40	22.23	21.78	18.66	18.66
45	23.28	22.27	22.51	22.27	23.41	22.25	21.79	18.67	18.67
46	22.94	21.94	22.18	21.94	23.07	21.93	21.47	18.40	18.40
47	22.74	21.75	21.99	21.75	22.88	21.75	21.29	18.25	18.25
48	22.56	21.58	21.81	21.58	22.72	21.59	21.14	18.11	18.11
49	22.40	21.42	21.66	21.42	22.58	21.46	21.01	18.00	18.00

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

The employee contribution rates are the sum of four components, three of which are specified in the Municipal Code: a cost-of-living rate (§24.1506(a)), a surviving spouse rate (§24.0601), and, other than Police hired on or after August 2, 2012, a COL Annuity rate (§24.1506(b)). The fourth component is the “substantially equal” rate as defined in San Diego City Charter Section 143, which is 50% of the normal cost of accrued service retirement allowances, payable either immediately or deferred until a later age, when a member leaves employment via termination, disability, or service retirement. Since the cost-of-living rate funds the Member’s portion of the post-retirement cost-of-living benefit, the surviving spouse rate funds the Member’s portion of surviving spouse allowances, and the COL Annuity rate funds the COL Annuity, these benefits are not included in the calculation of the “substantially equal” rate.

All benefits not included in the components described above are paid for entirely by the City. Those benefits paid for entirely by the City include the refund of Member contributions for non-vested terminations, the portion of the disability allowance in excess of the earned service retirement (if any), the Annual Supplemental Benefit, the pre-retirement death benefit for non-vested Members, the pre-retirement industrial death benefit, and the post-retirement \$2,000 lump-sum benefit.

The assumptions used to calculate the employee contribution rates are the same as reported in this June 30, 2025 actuarial valuation report, with the exception of fully generational mortality improvement and any sex distinct assumptions. For the purpose of calculating employee rates for the General membership tiers, mortality tables were blended 60/40 between male and female members and 40/60 for male and female beneficiaries. In addition, a static mortality improvement projection was used to approximate fully generational mortality improvements. A projection to 2050 using the mortality improvement scale described in Appendix B was used. For the purpose of calculating employee rates for the Safety membership tiers, mortality tables were blended 90/10 between male and female members and 10/90 for male and female beneficiaries. In addition, a static mortality improvement projection was used to approximate fully generational mortality improvements. A projection to 2051 using the mortality improvement scale described in Appendix B was used.

Elected Officers (General) contribute 9.05% of total salary, regardless of Entry Age (§24.1703).

APPENDIX C – SUMMARY OF PLAN PROVISIONS

14. Internal Revenue Code Limitation

Benefits provided by SDCERS' Trust Fund are subject to the limitations set forth in Section 415 of the Internal Revenue Code in accordance with the "grandfather" election in Section 415(b)(10) of the Code (§24.1004).

As of the June 30, 2006 valuation, active participants' benefit payments were limited by Section 415 of the Internal Revenue Code. As of the June 30, 2007 valuation, all benefit payments were limited by Section 415 of the Internal Revenue Code.

15. Deferred Retirement Option Plan

Effective April 1, 1997, a deferred retirement option plan (DROP) was created and offered to Members as an alternative method of benefit accrual. Members eligible for service retirement are eligible to participate in DROP, but only those hired before July 1, 2005, may enter the program (§24.1402.1).

A participant in DROP may leave DROP at any time before the end of his or her designated DROP participation period by voluntarily leaving City employment (§24.1403). The maximum DROP participation period is 60 months, with certain exception for Firefighters (§24.1402).

A DROP participation account is a nominal account established with the Retirement System, which is credited with the following amounts (§24.1404):

- The Member's monthly service retirement allowance, credited monthly, calculated at the date of DROP entry and increased each year by a cost-of-living adjustment.
- The Member's Annual Supplemental Benefit, if applicable, credited annually.
- 3.05% of base compensation, payable by the City and credited bi-weekly.
- 3.05% of base compensation, payable by the Member and credited bi-weekly.
- Interest credited to the DROP account, at the rate determined by the Board.

When a Member leaves DROP and City employment, they begin to collect their monthly service retirement allowance, their Annual Supplemental Benefit (if applicable), and the amounts credited to their DROP participation account, payable as a single lump-sum distribution, as a 240-month annuity with equal payments, or any other form approved by the Board and subject to applicable provisions of the Internal Revenue Code (§24.1407).

DROP is not intended to jeopardize the tax-qualified status of the retirement system under the rules and regulations of the Internal Revenue Service. Benefits provided under this division are subject to the limitations of Section 415 of the Internal Revenue Code relating to the amount of benefits that can be paid.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

16. Blended Benefit with Participating Agencies

Members may retire and receive benefits from multiple Plans (e.g., a City Police Officer could have also worked for the Airport Authority).

17. Annual Supplemental Benefit (13th Check)

When the fund's investment earnings are sufficient to qualify in a given year, SDCERS will calculate and pay the Annual Supplemental Benefit, also known as the "13th Check" to all eligible retirees. Survivors of eligible retirees will receive a proportionate share of this benefit.

18. Changes since Last Valuation

Effective September 9, 2024, the Police Prop B Plan (Tier V) was closed and sworn police officers will prospectively participate in SDCERS under Tier IV.

Note: The summary of major plan provisions is designed to outline principal plan benefits. If the SDCERS staff should find the plan summary not in accordance with the actual provisions, the actuary should immediately be alerted so the proper provisions are valued.

APPENDIX D – GLOSSARY OF TERMS

1. Actuarial Liability

The Actuarial Liability is the difference between the present value of all future system benefits and the present value of total future normal costs. This is also referred to by some actuaries as the “accrued liability” or “actuarial accrued liability.”

2. Actuarial Assumptions

Estimates of future experience with respect to rates of mortality, disability, turnover, retirement rate or rates of investment income and salary increases. Actuarial assumptions (rates of mortality, disability, turnover, and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

3. Accrued Service

Service credited under the System which was rendered before the date of the actuarial valuation.

4. Actuarial Equivalent

A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

5. Actuarial Cost Method

A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of a retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

6. Actuarial Gain/(Loss)

The difference between actual experience and actuarial assumption anticipated experience during the period between two actuarial valuation dates.

7. Actuarial Present Value

The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment.

APPENDIX D – GLOSSARY OF TERMS

8. Actuarially Determined Contribution (ADC)

Contribution determined each year based on the SDCERS Board’s adopted funding policy. The term also exists in GASB 67 and 68 as a contribution determined by the actuary in accordance with Actuarial Standards of Practice, but no further guidance is provided.

9. Amortization

Paying off an interest-discounted amount with periodic payments of interest and principal—as opposed to paying off with a lump-sum payment.

10. Normal Cost

The actuarial present value of retirement system benefits allocated to the current year by the actuarial funding method.

11. Unfunded Actuarial Liability (UAL)

The difference between actuarial liability and the actuarial value of assets.

Most retirement systems have Unfunded Actuarial Liability. They arise each time new benefits are added and each time an actuarial loss is realized.

The existence of Unfunded Actuarial Liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded Actuarial Liability does not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liability, and the trend in its amount (after due allowance for devaluation of the dollar).



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