

2023 ANNUAL REPORT TO MEMBERS

Dear Valued Member:

SCERS knows that you work hard throughout your career in public service, and retirement security is an important benefit to ensure you continue to live comfortably after your City service. The Seattle City Employees' Retirement System (SCERS) is here to support you as you follow your dreams in what comes next. As a member of SCERS, you are part of a defined benefit pension plan. This means that when you retire, you won't bear the risk of outliving your retirement benefits and that your retirement income won't ever be reduced because of investment performance. SCERS is here to ensure that you receive the retirement benefits promised.

I am pleased to present the *2023 Annual Report to Members*. This report provides a summary of SCERS's financial health, investment performance, and key accomplishments for the last calendar year. It includes a snapshot of the detailed information contained in the Annual Financial Audit Report and Actuarial Valuation, both of which can be found on SCERS's website, www.seattle.gov/retirement.

Looking Back

2023 was a year of stabilizing after so much change, concern, and loss from the prior pandemic years. SCERS focused on increasing services to its members, both virtually and in-person, and eliminating member request backlogs. Last year, SCERS met or closely trailed each of its investment objectives and at the close of 2023 SCERS had more than \$4.0 billion in net assets (a \$371.6 million increase from 2022). It is always important to remember that markets and investment returns change from year to year, and that as a long-term investor, SCERS's job is to make sure we have a carefully considered plan to strengthen our fund no matter the economic climate.

Looking Forward

SCERS is excited and dedicated to continuing to grow and improve its service to its members. In 2024, SCERS's priority focus continues to be on customer service and reducing turn-around times.

Thank you for your hard work with the City, please stay safe and healthy, and the SCERS team is honored to be part of your retirement journey.

Sincerely,



Jeffrey S. Davis
Executive Director



INTRODUCTION

About SCERS

SCERS provides retirement benefits to non-uniformed, City of Seattle employees and serves more than 21,000 members.

SCERS's Mission

Fulfill the promise made to our members by delivering the retirement benefits they have earned.



Values

Excellence: We strive to produce the best outcomes for our members while fostering the human resources and the quality of the processes needed to reach these outcomes.

Stewardship: We safeguard the information and resources entrusted to us by our members and also care for and cultivate our team to best meet our commitments.

Integrity: We bring the highest level of transparency, respect, fairness, and equity to all our interactions with our members, stakeholders, and ourselves.

Accountability: We own our commitments, and we take responsibility for the personal growth necessary to continue to meet these commitments.

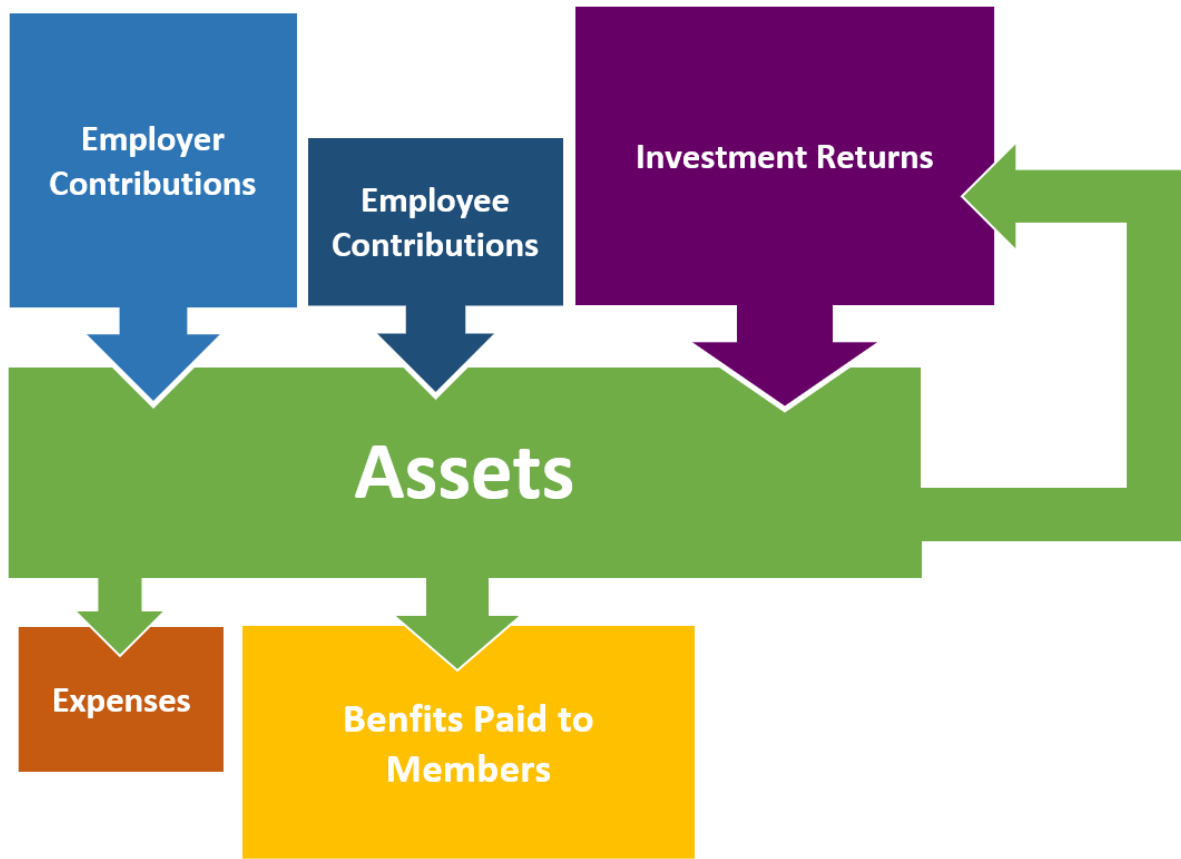
Service: We dedicate ourselves to meeting the needs of and creating the best experience for our members in their interactions with the Retirement System. We are considerate and understanding of our members and of each other.

Cooperation: We prioritize the sharing of information and resources to create a stronger team and become a more effective service provider.

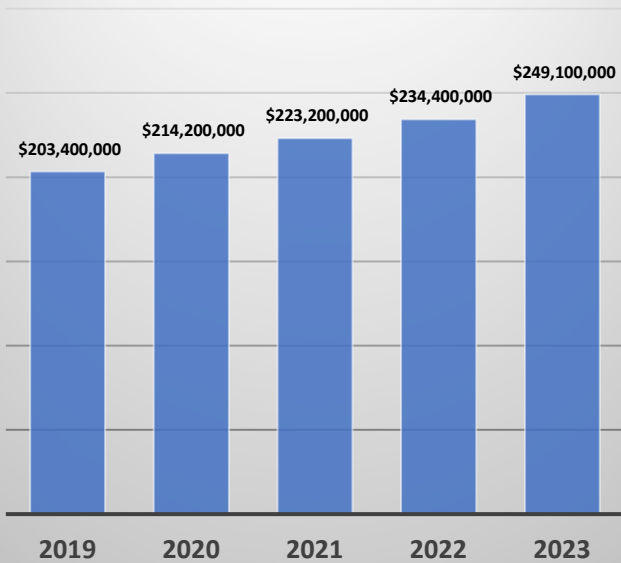
Trust: We cultivate trust at every level of the organization in order to uphold our integrity, to create a safe environment for risk and innovation, and to bring out the best in each other.

As part of a defined benefit pension plan, retirees do not bear the risk of outliving their retirement benefits or that investment performance will reduce their retirement income.

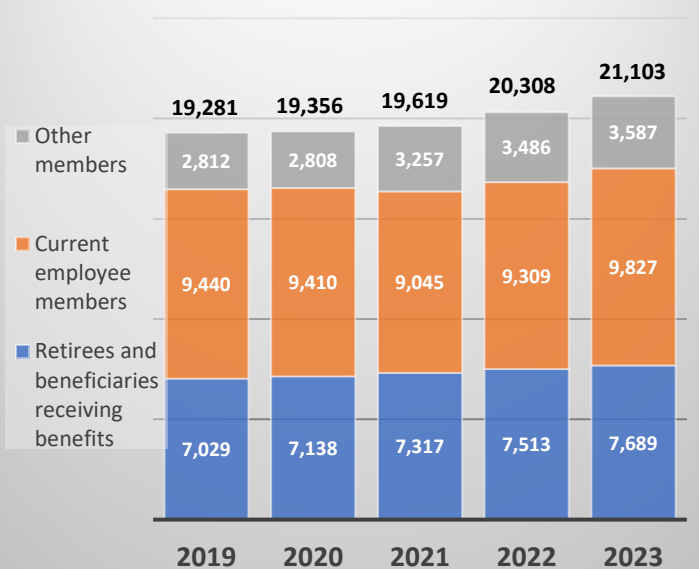
PLAN OVERVIEW



Retiree Benefits Paid



Plan Membership



INVESTMENT OVERVIEW

2023 net assets totaled over \$4.0 billion, a \$371.6 million increase from 2022



Where Retirement Funds are Invested

Equity: 58%

Ownership stakes in companies that are listed on a public stock exchange or privately owned.

- Public Equity: 45%
- Private Equity: 13%

Fixed Income: 28%

Debt investments where the borrower may be governments, companies, or other parties.

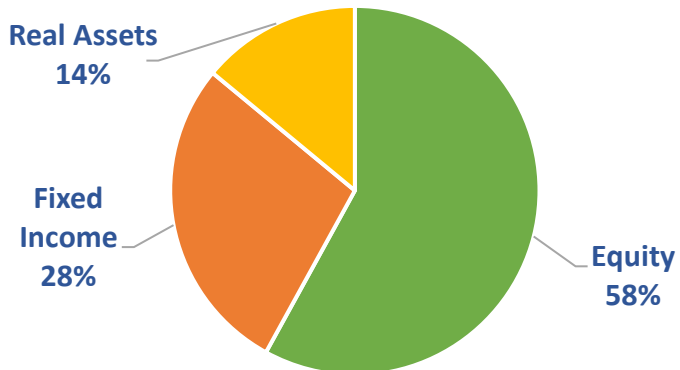
- Core Fixed Income: 16%
- Long-Term Fixed Income: 5%
- Credit Fixed Income: 7%

Real Assets: 14%

Tangible investments that produce inputs into the economy.

- Real Estate: 11%
- Infrastructure: 3%

SCERS's investment performance is on pace with the strategic benchmark



	Net of Fees				Gross of Fees		
	1 year (%)	3 years (%)	5 years (%)	10 years (%)	15 years (%)	20 years (%)	30 years (%)
SCERS Total Fund	11.5	5.5	9.1	7.0	8.3	7.0	7.0
Strategic Policy Benchmark	11.5	5.5	9.4	7.2	8.5	7.2	7.3
Passive Reference Benchmark	17.0	3.2	8.9	6.4	N/A	N/A	N/A

FINANCIAL SNAPSHOT

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

Fiduciary Net Position

DECEMBER 31, 2023

Assets:

Cash and cash equivalents and receivables	\$ 521,283,784
Investments at fair value	3,833,308,955
Securities Lending Collateral	4,975,758
Prepaid Expenses	528,774
Total Assets	4,360,097,271

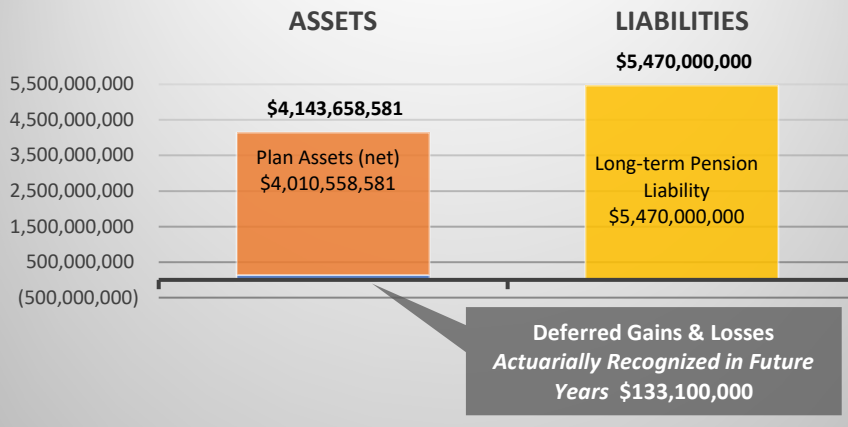
Liabilities:

Securities lending payable	4,954,916
Other payables	344,583,774
Total Liabilities	349,538,690

Total fiduciary net position \$ 4,010,558,581



Assets & Liabilities (Actuarial Value) as of December 31, 2023



Unfunded Liability

\$1.33 billion

Unfunded liability is the difference between long-term liabilities and current actuarial value of assets.

Every year the City makes contributions to ensure this liability will be met by 2042.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

Changes in Fiduciary Net Position

FOR THE YEAR ENDED DECEMBER 31, 2023

Additions:

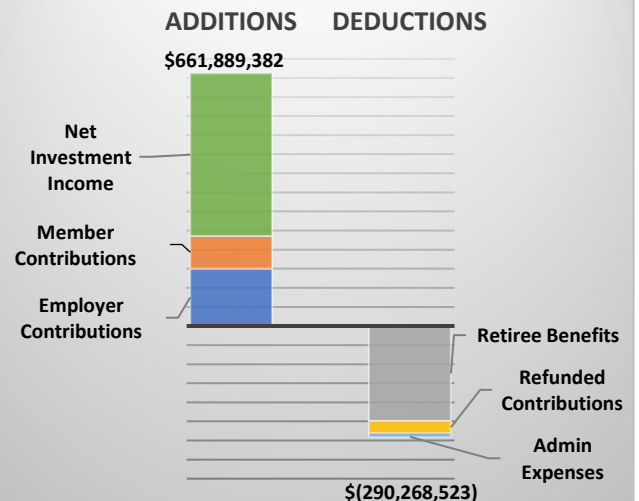
Employer contributions	\$ 150,422,765
Member contributions	85,199,264
Net investment income (loss) and other income	426,267,353
Total additions	661,889,382

Deductions:

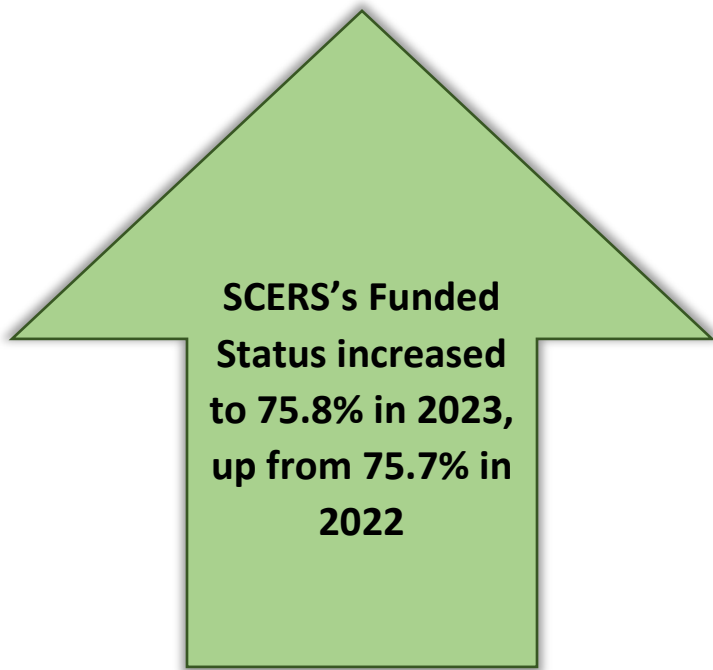
Retiree benefits	249,139,648
Refunds of contributions	32,706,454
Administrative expenses	8,422,421
Total deductions	290,268,523

Net increase (decrease) \$ 371,620,859

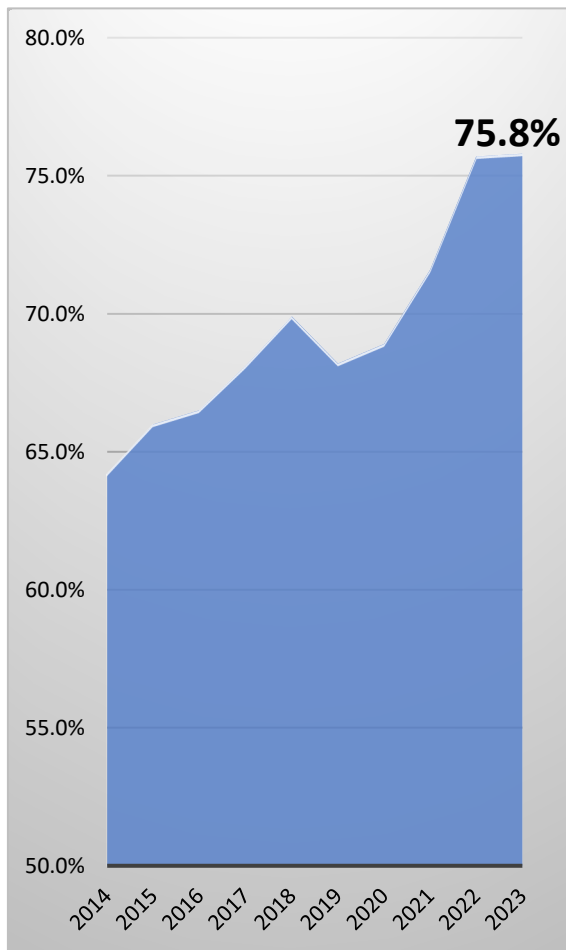
2023 Additions & Deductions



FUNDING STATUS



Year	Funding Status
2023	75.8%
2022	75.7%
2021	75.0%
2020	71.6%
2019	68.9%
2018	68.2%
2017	69.9%
2016	68.1%



Staying on Target

SCERS plans to be fully-funded by 2042

This is achieved by:

- A carefully planned and executed investment program
- Conducting an Experience Study that evaluates and adjusts economic & demographic assumptions every 4 years to ensure projections are realistic








Assumptions were updated in 2022. The next update is in 2026.

- Annually adjusting the City's required contribution to ensure the long term liability will be met
- The City's commitment to always meet the annually required contribution (Council Resolution No 31474)
- In 2017, the City implemented a 2nd tier to the plan (SCERS 2)



STRIVING FOR BEST-IN-CLASS CUSTOMER SERVICE

Throughout 2023, the SCERS Member Service team was busy providing information and virtual and in-person services to members. SCERS completed over 14,700 services requests for members. Below is a summary of some of the services that were provided in 2022.

	1,198	new members were added to the Plan
	403	members retired from the plan
	1,513	benefit estimates were prepared for members
	307	service credit purchases were completed
	268	withdrawals were processed and paid
	307	survivorship payments were created
	12	seminars, benefit fairs, & 12 new employee orientations were held

SCERS also conducted a member satisfaction survey in 2023 to gauge satisfaction with SCERS's services and identify areas for improvement. Feedback from this survey shows improvement in active member satisfaction but indicates the need for SCERS to continue focusing on its customer service, addressing service request backlogs, and reducing turn-around times in 2024.

CALCULATING YOUR BENEFIT

Every member's vision of retirement is unique.

The defined benefits provided by SCERS 1 and SCERS 2 can help you plan for your future

Both plans provide benefits based on years of service and retirement age that can be estimated by you for use in initial planning. SCERS 1, additionally, provides you with the greater of the service/age calculation or two-times match of your Accumulated Contributions with Interest.

For a formal estimate contact SCERS



SCERS Plan 1 (You are a SCERS Plan 1 member if you have membership eligibility before January 1, 2017)

How to use this chart:

1. Find your estimated years of service at retirement on the left and the age when you plan to retire along the top
2. Multiply the number where the selected column and row intersect by your years of service. The result is stated as a percentage.
3. Multiply the percentage calculated above by the highest salary you received consecutively over 52 pay periods (roughly two years)

Years of Service	Retirement Age													
	52	53	54	55	56	57	58	59	60	61	62	63	64	65
28 plus	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
27	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
26	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
25	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
24	1.60	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
23	1.50	1.60	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
22	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
21	1.30	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00
20	1.20	1.30	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00
10-19						1.52	1.58	1.64	1.70	1.76	1.82	1.88	1.94	2.00
5-9											1.82	1.88	1.94	2.00

Example: The chart shows that at age fifty-eight with twenty-five years of creditable service, your factor would be two. Your years of service, twenty-five, multiplied by your factor, two, equals 50 percent. Then, multiply 50 percent by your monthly compensation (let us say it's \$2,000), and the rough estimate of your SCERS Plan 1 monthly benefit at age fifty-eight would be \$1,000.



CALCULATING YOUR BENEFIT

SCERS Plan 2 (You are generally a SCERS Plan 2 member if you were hired on or after January 1, 2017)

How to use this chart:

1. Find your estimated years of service at retirement on the left and the age when you plan to retire along the top
2. Multiply the number where the selected column and row intersect by your years of service. The result is stated as a percentage.
3. Multiply the percentage calculated above by the highest salary you received over 130 pay periods (roughly five years)

Years of Service	Retirement Age										
	55	56	57	58	59	60	61	62	63	64	65
30 plus	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
29	1.68	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
28	1.61	1.68	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
27	1.54	1.61	1.68	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
26	1.47	1.54	1.61	1.68	1.75	1.75	1.75	1.75	1.75	1.75	1.75
25	1.40	1.47	1.54	1.61	1.68	1.75	1.75	1.75	1.75	1.75	1.75
24	1.33	1.40	1.47	1.54	1.61	1.68	1.75	1.75	1.75	1.75	1.75
23	1.26	1.33	1.40	1.47	1.54	1.61	1.68	1.75	1.75	1.75	1.75
22	1.19	1.26	1.33	1.40	1.47	1.54	1.61	1.68	1.75	1.75	1.75
21	1.12	1.19	1.26	1.33	1.40	1.47	1.54	1.61	1.68	1.75	1.75
20	1.05	1.12	1.19	1.26	1.33	1.40	1.47	1.54	1.61	1.68	1.75
19			1.12	1.19	1.26	1.33	1.40	1.47	1.54	1.61	1.75
18			1.05	1.12	1.19	1.26	1.33	1.40	1.47	1.61	1.75
17			0.98	1.05	1.12	1.19	1.26	1.33	1.47	1.61	1.75
16			0.91	0.98	1.05	1.12	1.19	1.33	1.47	1.61	1.75
15			0.84	0.91	0.98	1.05	1.19	1.33	1.47	1.61	1.75
14			0.77	0.84	0.91	1.05	1.19	1.33	1.47	1.61	1.75
13			0.70	0.77	0.91	1.05	1.19	1.33	1.47	1.61	1.75
10-12			0.63	0.77	0.91	1.05	1.19	1.33	1.47	1.61	1.75
5-9						1.05	1.19	1.33	1.47	1.61	1.75

Example: The chart shows that at age fifty-eight with twenty-five years of creditable service, your factor would be 1.61. Your years of service, twenty-five, multiplied by your factor, 1.61, equals 40.25 percent. Then, multiply 40.25 percent by your final compensation (let's say it's \$2,000), and the rough estimate of your SCERS Plan 2 monthly benefit at age fifty-eight would be \$805.



MEET YOUR BOARD

Board of Administration Chair

Dan Strauss

Seattle City Council, Finance Committee
Chair

Board of Administration Secretary

Kimberly Loving

Seattle Department of Human
Resources Director

Board of Administration Treasurer

Jamie Carnell

City of Seattle Finance Director

Board Appointee

Joseph Hoffman

Term: July 1, 2023 - June 30, 2026

Elected Active Member

Maria Coe

Term: July 1, 2023 - June 30, 2025

Elected Retiree Member

Judith Blinder

Term: July 1, 2023 - June 30, 2026

Elected Active Member

Sherri Crawford

Terms: July 1, 2021 - June 30, 2024
& July 1, 2024 - June 30, 2027

The SCERS Board of Administration welcomes attendance and comments from the public at its monthly meetings, which can be attended in-person or virtually. Meeting schedules and agendas are available at <http://www.seattle.gov/retirement/about-us/calendar>. Members of the public can submit public comment via email using the instructions on the agendas available at the web address above.

YOUR PORTAL TO ALL THINGS RETIREMENT

The SCERS Member Self Service (MSS) online portal lets you access your current retirement information, print and submit important documents and forms, and calculate benefit estimates.

Access MSS at seattle.gov/retirement or sign up by emailing SCERS at RET_SCERSMSS@seattle.gov.

WANT TO KNOW MORE?



Visit us on the web at www.seattle.gov/retirement for information on calculating your benefit, frequently asked questions, the latest SCERS news, financial information, registration for upcoming seminars, board information and all things SCERS!



e-mail

retirecity@seattle.gov



Call

(206) 386-1293



Write

Seattle City Employees'
Retirement System
720 Third Avenue,
Suite 900
Seattle, WA 98104



Fax

(206) 386-1506



Visit

720 Third Avenue, Suite 900
Seattle, WA 98104