

# 2022 ANNUAL REPORT TO MEMBERS

*A Recipe for the Retirement You Deserve*

Dear Valued Member:

Retirement security is an important benefit provided to our members after a career in public service with the City of Seattle, and the Seattle City Employees' Retirement System (SCERS) is here to support you as you follow your recipe for a successful retirement. As we often do in this letter, I want to take this opportunity to remind you that as a member of SCERS you are part of a defined benefit pension plan. This means that when you retire, you will not bear the risk of outliving your retirement benefits or that your retirement income will 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 *2022 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](http://www.seattle.gov/retirement).

## Looking Back

Pandemic concerns and adjusted operations continued through calendar year 2022 and SCERS continued to remotely serve its members through email, phone, mail, and video conferences. Last year broke a string of strong years of investment returns for SCERS, and at the close of 2022 SCERS had more than \$3.6 billion in net assets (down from \$4.1 billion in 2021). While this was a disappointing year, it is important to remember that SCERS is a long-term investor, and our job is to make sure we have a carefully considered plan to strengthen our fund no matter the economic climate.

## Looking Forward

As the world, the City, and SCERS has become more used to working in a new normal, SCERS is dedicated to continuing to grow and improve its service to its members. In 2023, SCERS's priority focus is on customer service, addressing service request backlogs, 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 the recipe for the retirement you deserve.

Sincerely,



Jeffrey S. Davis  
Executive Director



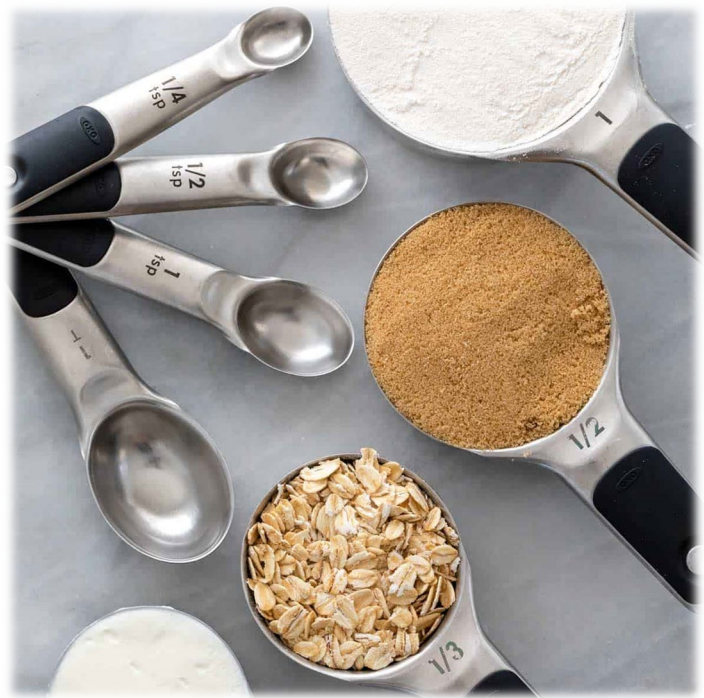
# INTRODUCTION

## About SCERS

SCERS provides retirement benefits to non-uniformed, City of Seattle employees and serves more than 20,000 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.

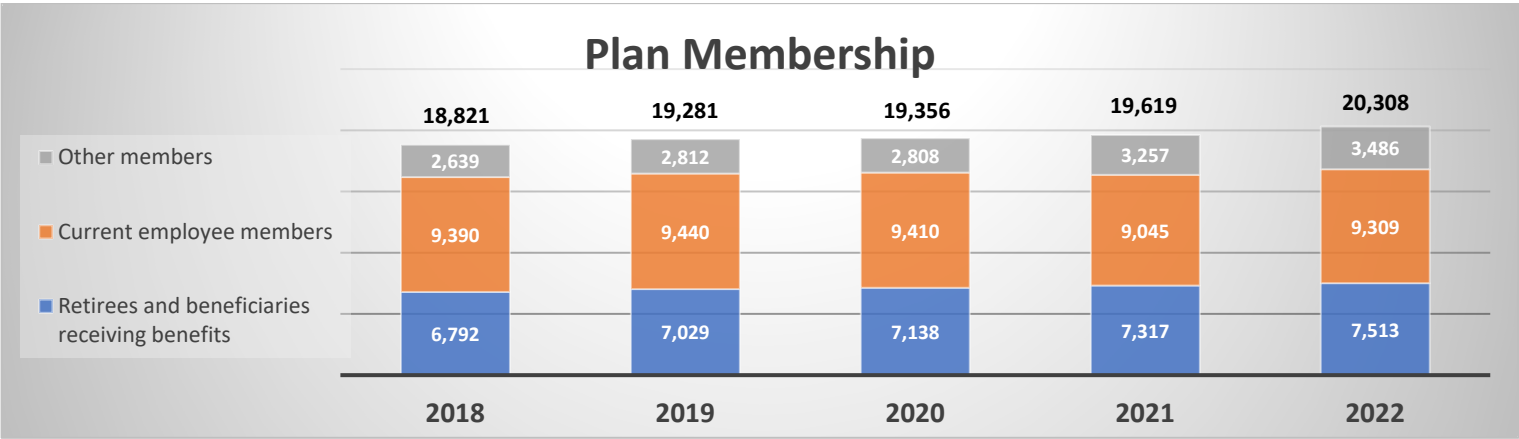
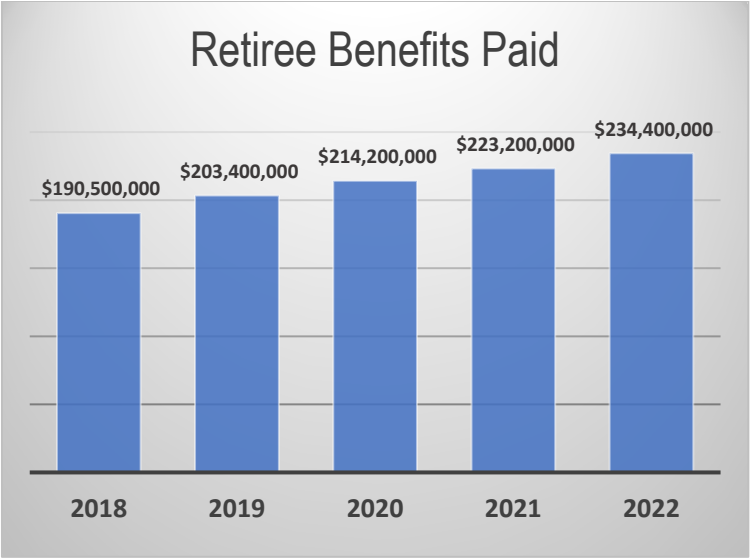
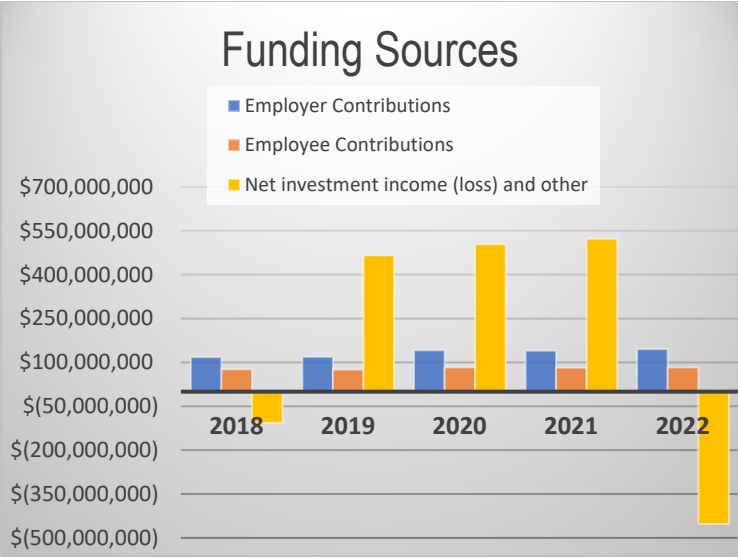
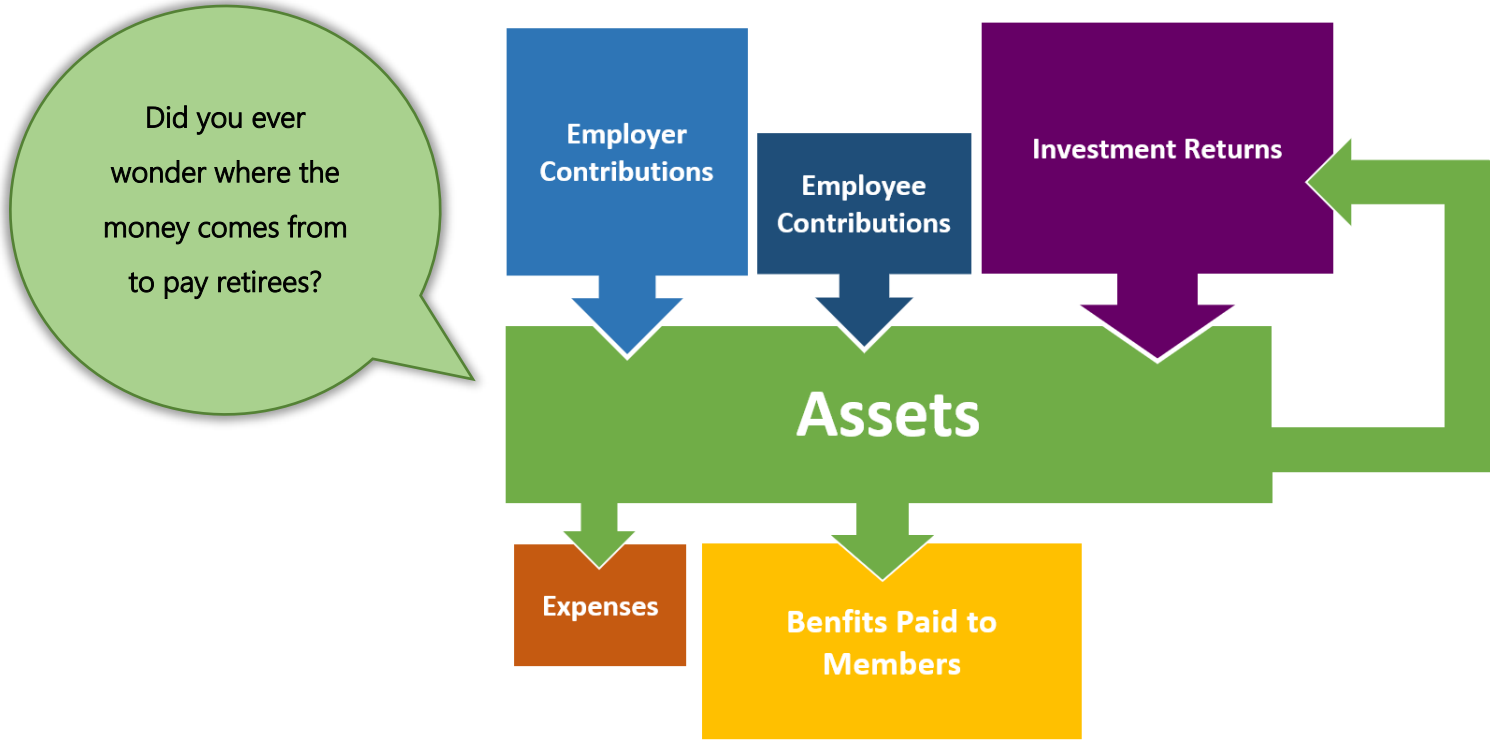
**Service:** We dedicate ourselves to meeting the needs of and creating the best experience for our members in their interactions with the Retirement System. We are considerate and understanding of our members and of each other.

**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



# INVESTMENT OVERVIEW

2022 net assets  
totalled over \$3.6  
billion, a \$495.8  
million decrease  
from 2021



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

## Where Retirement Funds are Invested

### Equity: 59%

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

- Public Equity: 45%
- Private Equity: 14%

### Fixed Income: 25%

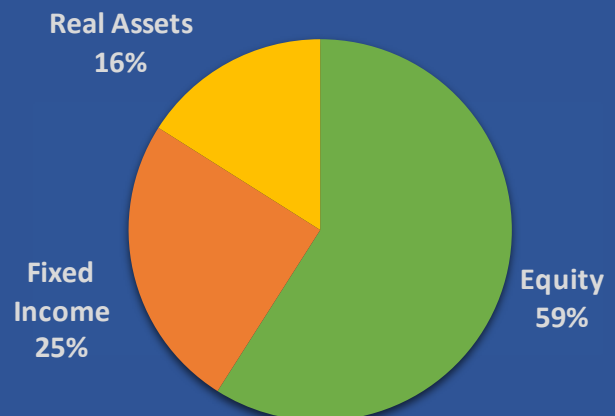
Debt investments where the borrower may be governments, companies, or other parties.

- Core Fixed Income: 18%
- Credit Fixed Income: 7%

### Real Assets: 16%

Tangible investments that produce inputs into the economy.

- Real Estate: 14%
- Infrastructure: 2%



	Net of Fees				Gross of Fees		
	1 year (%)	3 years (%)	5 years (%)	10 years (%)	15 years (%)	20 years (%)	30 years (%)
SCERS Total Fund	-9.8	5.8	6.0	7.4	5.3	7.3	7.1
Strategic Policy Benchmark	-9.2	6.1	6.3	7.6	5.8	7.5	7.3
Passive Reference Benchmark	-16.5	2.5	4.0	6.2	N/A	N/A	N/A

# FINANCIAL SNAPSHOT

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

## Fiduciary Net Position

DECEMBER 31, 2022

### Assets:

Cash and cash equivalents and receivables	\$ 629,824,930
Investments at fair value	3,482,487,216
Securities Lending Collateral	8,488,179
Prepaid Expenses	494,525
<b>Total Assets</b>	<b>4,121,294,850</b>

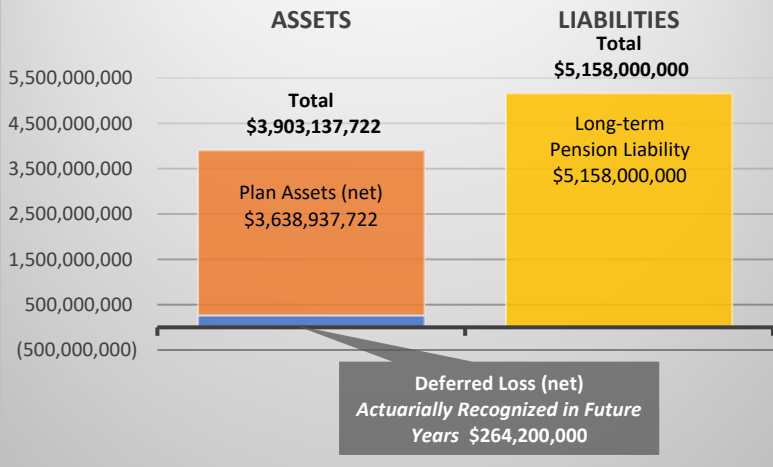
### Liabilities:

Securities lending payable	8,461,574
Other payables	473,895,554
<b>Total Liabilities</b>	<b>482,357,128</b>

<b>Total fiduciary net position</b>	<b>\$ 3,638,937,722</b>
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**Assets & Liabilities  
(Actuarial Value)  
as of December 31, 2022**



## Unfunded Liability

**\$1.25 billion**

Unfunded liability is the difference between long-term liabilities and current 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, 2022

### Additions:

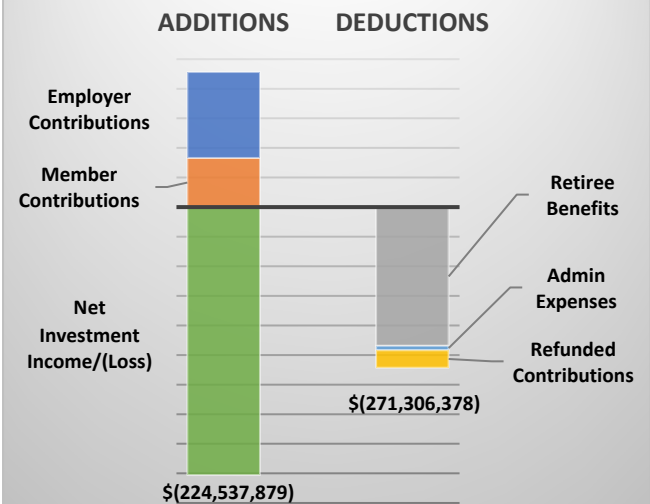
Employer contributions	\$ 145,366,397
Member contributions	82,947,406
Net investment income (loss) and other income	(452,851,682)
<b>Total additions</b>	<b>(224,537,879)</b>

### Deductions:

Retiree benefits	234,362,228
Refunds of contributions	29,212,919
Administrative expenses	7,731,231
<b>Total deductions</b>	<b>271,306,378</b>

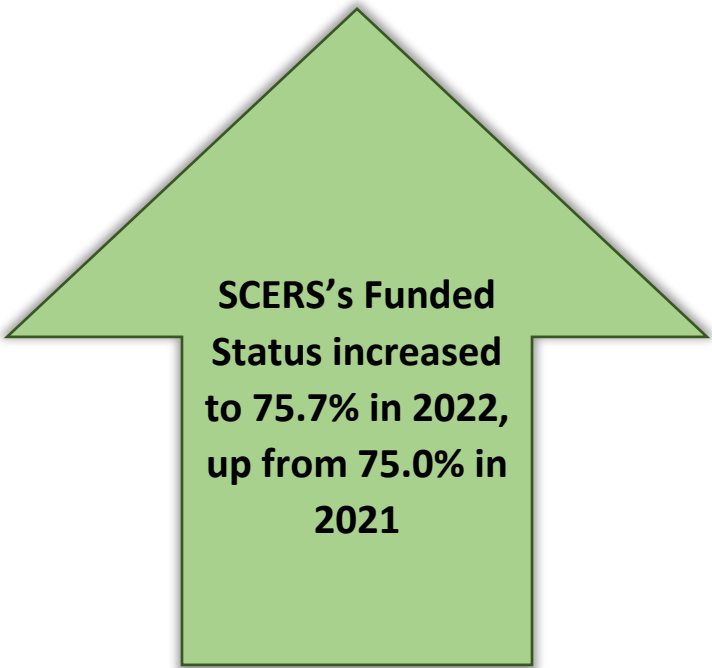
<b>Net increase (decrease)</b>	<b>\$ (495,844,257)</b>
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## 2022 Additions & Deductions

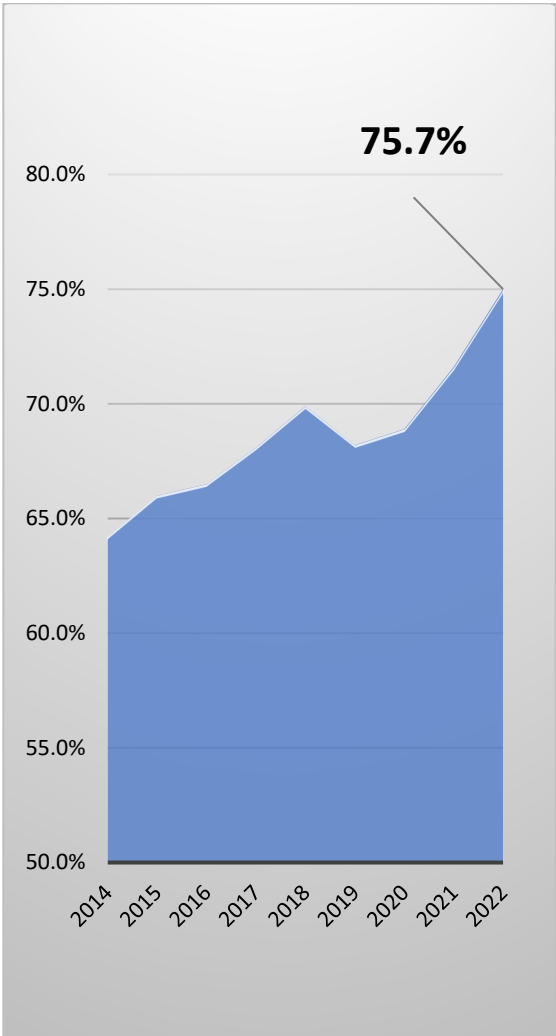




# FUNDING STATUS



Year	Funding Status
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:

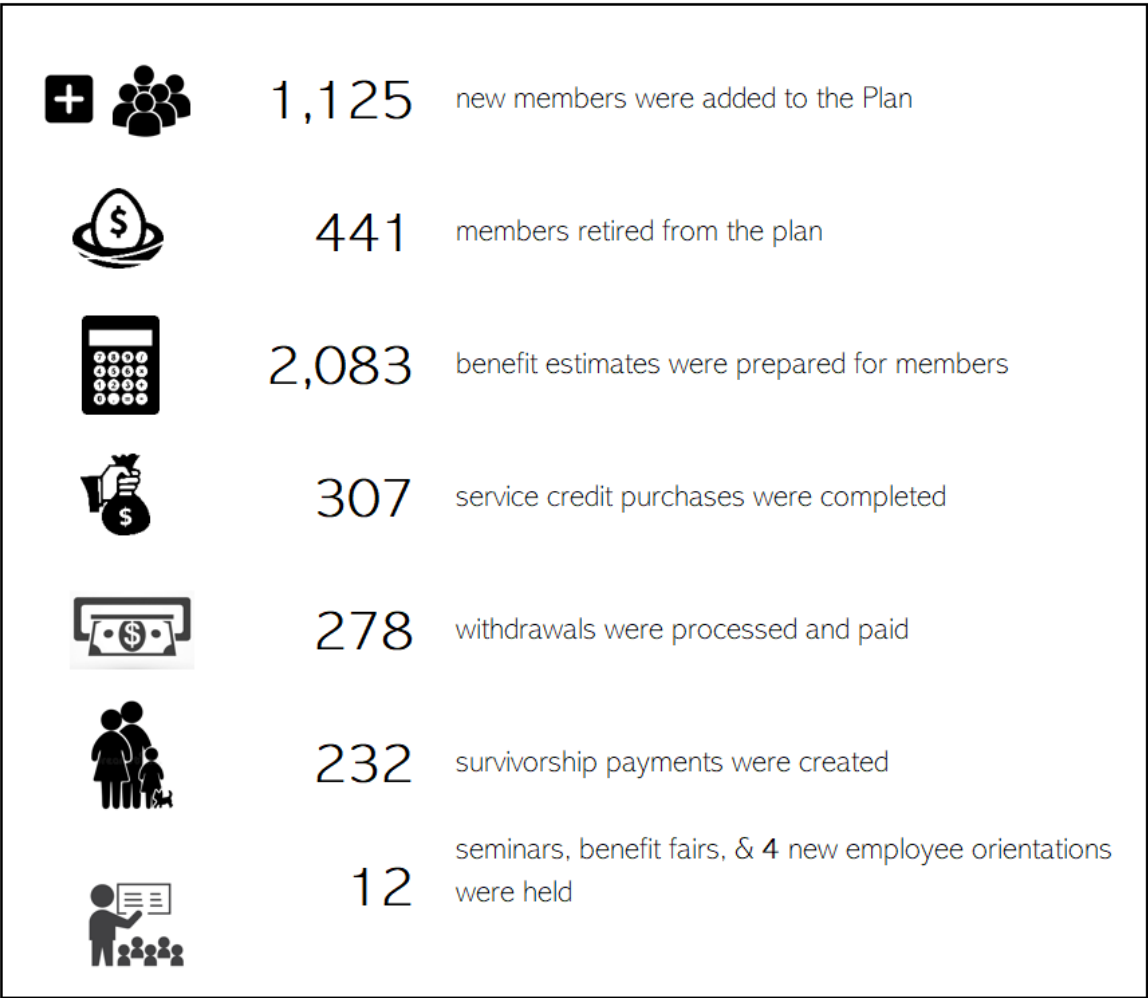
- A carefully planned and executed investment program
- Conducting an Experience Study that evaluates and adjusts economic & demographic assumptions every 4 years to ensure projections are realistic  
*Assumptions were updated in 2022. The next update is in 2026.*
- Annually adjusting the City's required 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 2<sup>nd</sup> tier to the plan (SCERS 2)



# STRIVING FOR BEST-IN-CLASS CUSTOMER SERVICE

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Throughout 2022, 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.



SCERS also conducted a member satisfaction survey in 2022 to gauge satisfaction with SCERS’s services and identify areas for improvement. Feedback from this survey indicates improvements but indicates the need for SCERS to continue focusing on its customer service, addressing service request backlogs, and reducing turn-around times in 2023.

# 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  
**Teresa Mosqueda**  
Seattle City Council, Finance  
Committee Chair

Board of Administration Secretary  
**Kimberly Loving**  
Seattle Department of Human  
Resources Director

Board of Administration Treasurer  
**Jamie Carnell**  
Interim City of Seattle Finance Director

Elected Active Member  
**Sherri Crawford**  
Term: July 1, 2021 - June 30, 2024

Elected Active Member  
**Maria Coe**  
Term: July 1, 2023 - June 30, 2025  
*Previous: Judith Blinder*  
Term: July 1, 2020 - June 30, 2023

Elected Retiree Member  
**Judith Blinder**  
Term: July 1, 2023 - June 30, 2026  
*Previous: Lou Walter*  
Term: July 1, 2020 - June 30, 2023

Board Appointee  
**Joseph Hoffman**  
Term: July 1, 2023 - June 30, 2026  
*Previous: Robert Harvey, Jr.*  
Term: July 1, 2020 - June 30, 2023

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.

## WANT TO KNOW MORE?



Visit us on the web at [www.seattle.gov/retirement](http://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](mailto: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  
\*Please see our website for the updates on office closures, hours, and precautions we are taking to keep you and your loved ones safe