SCERA

Sonoma County Employees' Retirement Association 2025

A Pension Trust Fund & Fiduciary Component Unit of the
County of Sonoma, California and Participating Employers
Popular Annual Financial Report for the Year Ended December 31, 2025

Message From the Chief Executive Officer

As the Chief Executive Officer, I am pleased to present this Popular Annual Financial Report (PAFR) on behalf of the Sonoma County Employees' Retirement Association (SCERA). The financial information in the PAFR highlights some key aspects of the Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2025. The ACFR, which provides more detailed information, is available on SCERA's website at https://scretire.org/financial/financial-reports. SCERA administers a defined benefit pension plan for 12,403 participants who are a combination of active members (4,571), retired and beneficiaries of retired members (6,007), and deferred members (1,825), who left their contributions on deposit when they left employment with one of our participating employers. Retirement benefits are "defined" by the County Employees Retirement Law and the Public Employees' Pension Reform Act and are based on years of service, age at retirement, final average salary, and benefit formula negotiated by the member's employer.

Benefits are funded through contributions paid by both the members and the employers and investment earnings from investing the plan's assets through professional investment managers overseen by the SCERA Board. In 2025, the plan received $104.7 million in employer contributions, $52.1 million in member contributions and recognized $2.0 million in smoothed investment earnings. This offsets other experience losses and actuarial experience study changes resulting in a decrease in the unfunded actuarial accrued liability from $248.1 million to $221.4 million. The plan's funded ratio, which is the percentage of future pension benefits covered by the plan's current assets, is 94.6% using the valuation value of assets of $3.8 billion, with an actuarial accrued liability of $4.1 billion. Generally speaking, this means that for every dollar of future pension benefit owed, SCERA has 94 cents available. SCERA is committed to delivering superior stewardship of the trust fund assets we are entrusted to administer and to keep our expenses reasonable while doing so. To that end, our administrative expenses totaled $5.2 million.

We know all these facts and figures can be confusing, especially when there are multiple reports with different numbers and results. These reports, like the ACFR and the Actuarial Valuation reports, serve different purposes. We provide information about these reports and the other aspects of administering the SCERA plan on our website, and we always encourage people to reach out and ask us questions.

Thank you for your trust in SCERA to administer this complex plan.

Respectfully submitted,

Julie Wyne

Chief Executive Officer

Board of Retirement Members

Travis Balzarini, Chair
Elected by General Members

Mark Walsh, Vice Chair
Elected by Retired Members

Robert Williamson, Trustee
Appointed by Board of Supervisors

Amos Eaton, Trustee
Elected by General Members

Chris Coursey, Trustee
Appointed by Board of Supervisors

Greg Jahn, Trustee
Appointed by Board of Supervisors

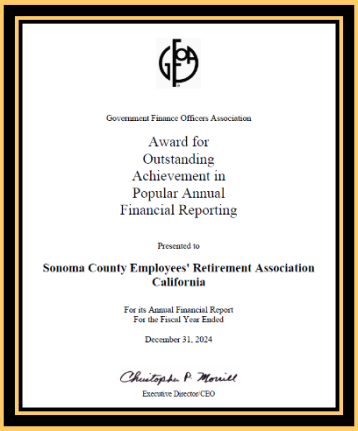
Erick Roeser, Trustee
Auditor-Controller-Treasurer-Tax Collector

Vacant, Trustee
Appointed by Board of Supervisors

Jared Gonce, Trustee
Elected by Safety Members

Neil Baker, Alternate Trustee
Elected by Retired Members

Government Finance Officers Association Award



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Sonoma County Employees' Retirement Association California

For its Annual Financial Report For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

$4.3 Billion Total Net Position*

18.2% Investment Rate of Return

106.4% Funded*

$3,260 Average Monthly Benefit

BY THE NUMBERS

Year Ended December 31, 2025

476 New Members

34 In-Person Seminars

38 Group Retirement Signings

29 Disability Applications Processed

73,066 Direct Deposit Payments

661 Check Payments

100 Withdrawals Payments

142 Payee Deaths Processed

Membership Statistics

General Plan A – Active	1,086	28% of General Actives
General Plan B – Active	2,741	72% of General Actives
Total General Actives	3,827	
Safety Plan A – Active	277	37% of Safety Actives
Safety Plan B – Active	467	63% of Safety Actives
Total Safety Actives	744	
Total Active Members	4,571	
General Retired & Beneficiaries	4,784	
Safety Retired & Beneficiaries	1,223	
Total Retired & Beneficiaries	6,007	
Total Deferred/Transferred	1,825	
Total Members & Beneficiaries	12,403	Increase 1.8%

191 New Retirees Processed

~ 5,987 Retirees & Beneficiaries Paid Monthly

50 New Continuances Processed

WHERE DOES THE MONEY COME FROM?

Employer Contributions $104.7 million

Member Contributions $52.2 million

Net Investment Income $654.8 million

SCERA

WHERE DOES THE MONEY GO?

Retirement Benefits $233.8 million

Administrative Expenses $5.2 million

*Based on market value of assets

Membership Highlights

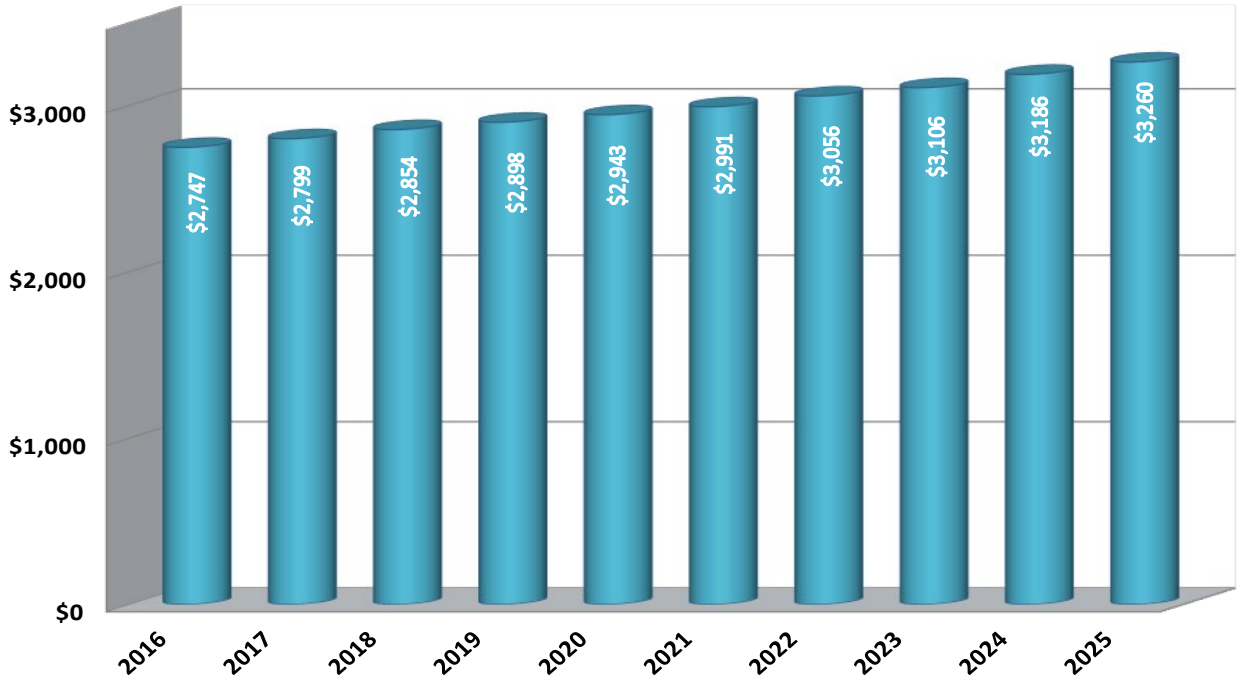
Membership

SCERA's membership includes the total of active members paying into the plan, inactive members with contributions still in the plan, and the total number of retired members and beneficiaries drawing monthly pension benefits.

Fiscal Year Ending 12/31	Active & Deferred Members	Retired Members & Beneficiaries	Total Members	Average Annual Retiree Benefit Received
2025	6,396	6,007	12,403	$39,125
2024	6,272	5,911	12,183	38,231
2023	6,007	5,760	11,767	37,271
2022	5,791	5,627	11,418	36,677
2021	5,635	5,478	11,113	35,892

Average Benefit Payments

The below chart is a broad representation of average monthly benefits paid over 10 years to retirees and beneficiaries, for both general and safety members combined.



Actuarial Highlights

Funded Ratios

Funded ratios are reported by Segal, SCERA's actuary, as part of their annual Actuarial Valuation. They are based upon a snapshot of the pension plan on December 31st of each year and show the ratio of assets to accrued liability. Funded ratios should be viewed with other financial and economic data to determine the fiscal health of a pension plan. The chart below shows five years of funded ratios on both a market value and a smoothed valuation value.

Actuarial Valuation Date (Dollars in Thousands)	Actuarial Accrued Liability	Valuation Value of Assets (VVA)	VVA Funded Ratio	Market Value of Assets (MVA)	MVA Funded Ratio	VVA Unfunded Actuarial Accrued Liability
12/31/2025	$4,069,702	$3,848,342	94.60%	$4,330,832	106.40%	$221,360
12/31/2024	3,925,728	3,689,343	93.7%	3,758,167	95.7%	248,118
12/31/2023	3,730,227	3,500,687	93.8%	3,481,146	93.3%	229,540
12/31/2022	3,582,766	3,311,174	92.4%	3,169,632	88.5%	271,592
12/31/2021	3,460,051	3,215,505	92.9%	3,521,361	101.8%	244,546

Financial Highlights

Statement of Changes in Fiduciary Net Position

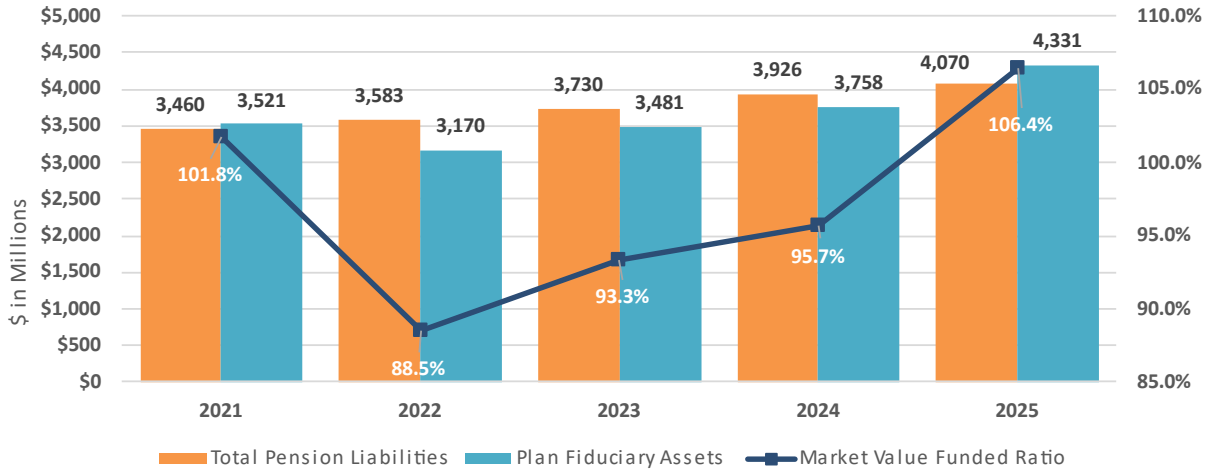
The Statement of Changes in Fiduciary Net Position captures the additions to the plan from member and employer contributions, and net investment income/(loss), and the deductions to pay pension benefits to members and beneficiaries, refunds of contributions to those leaving the Plan, administrative and other expenses of the Plan. The chart below shows a consolidated view of additions and deductions to the Plan.

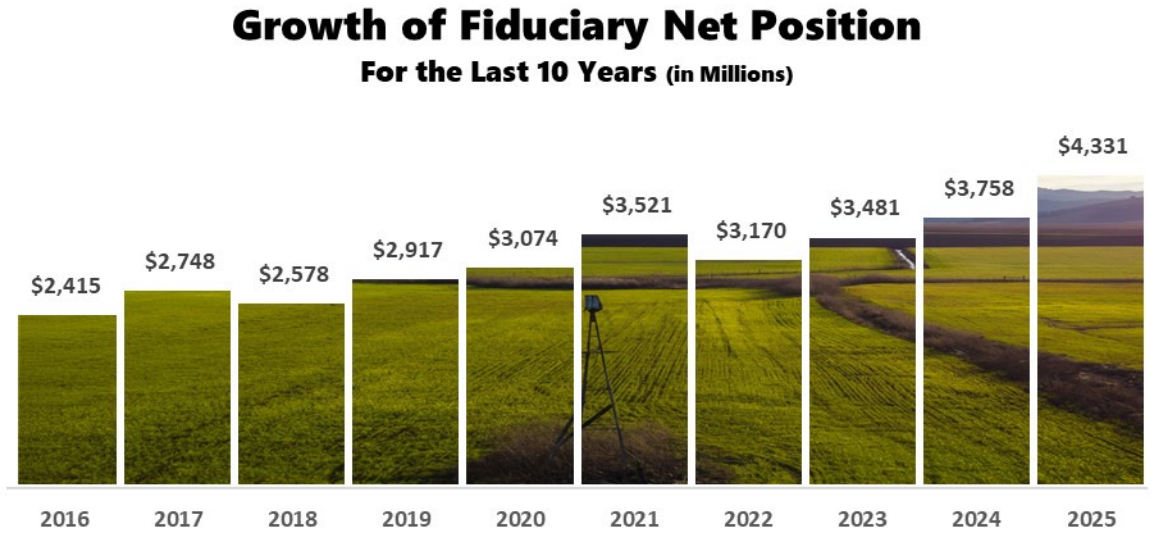
Additions and Deductions to Fiduciary Net Position
For the Years Ended December 31, 2025, 2024, and 2023

				2025-2024		2024-2023	
(Dollars in Millions)	2025	2024	2023	Difference	Difference	Difference	Difference
Contributions	$157	$148	$131	$9	6%	$17	13%
Net Investment Income/(Loss)	655	358	400	297	83%	(42)	-11%
Total Additions	812	506	531	306	60%	(25)	-5%
Pension Benefits and Refunds	234	224	216	10	4%	8	4%
Administrative and Other Expenses	5	5	4	0	0%	1	25%
Total Deductions	239	229	220	10	4%	9	4%
Net Increase/(Decrease)	573	277	311	296	107%	(34)	-11%
Fiduciary Net Position, Beginning of Year	3,758	3,481	3,170	277	8%	311	10%
Fiduciary Net Position, End of Year	**$4,331**	**$3,758**	**$3,481**	**$573**	**15%**	**$277**	**8%**

Net Pension Liability/(Asset)

The net pension liability/(asset) is a measure of the total pension liability less the amount of the pension plan's fiduciary net position. Fiduciary net position is the market value of assets after deducting liabilities, with the remaining assets available for future payments to retirees and beneficiaries. The net pension liability/(asset) is an accounting measurement calculated under the guidance of Governmental Accounting Standards Board No. 67 for financial statement report purposes and reflects the market value basis of the Plan.





Fund Expenses

The primary uses of assets are the payment of pension benefits to retirees and beneficiaries, refunds of contributions to former members, and payment of administrative and other expenses.

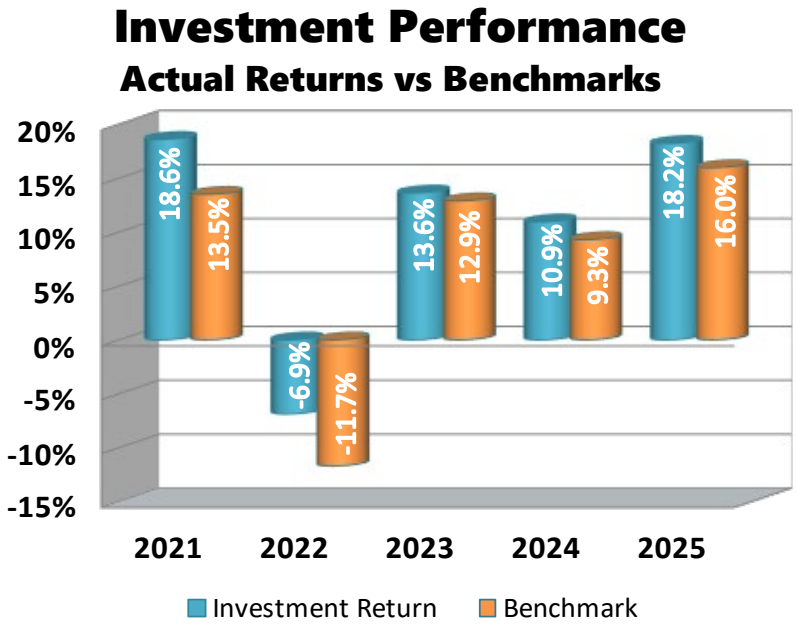
Fiscal Year Ending 12/31 (Dollars in Millions)	Pension Benefits	Refunds	Administrative & Other Expense	Total
2025	$231.4	$2.4	$5.2	$239.0
2024	221.4	2.6	5.1	229.1
2023	212.8	2.6	4.1	219.6
2022	201.7	3.0	3.5	208.2
2021	193.1	2.4	3.0	198.5

Investment Highlights

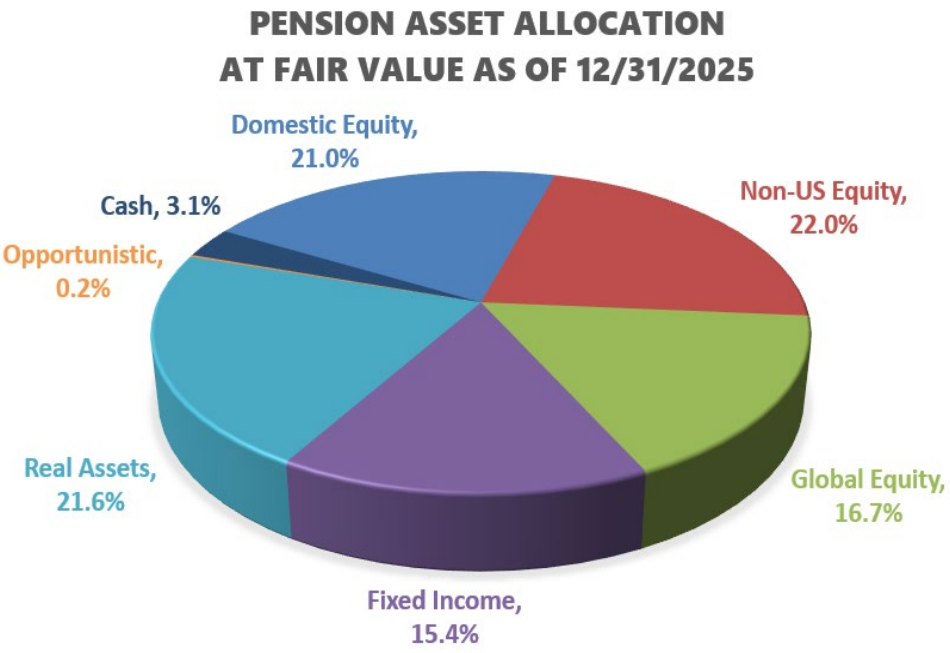
Actual Returns vs Benchmark

SCERA generated a 18.2% return on a market value of assets, exceeding both the benchmark and SCERA's actuarial assumed rate of return of 6.75%, for the year ended December 31, 2025. SCERA smooths investment returns over a five-year period which is used by the actuary to develop the contribution rates for the plan. The smoothed investment return was 9.62%.

SCERA's gross-of-fees annual investment performance has exceeded the benchmark all of the last five years.



Asset Allocation Strategy



The Investment Policy Statement is the Board's policy for management of SCERA's investments. An important part of the policy is the asset allocation strategy, which is the mix of asset categories that SCERA wants to invest in (stocks, bonds, real estate, farmland, etc.) along with the investment returns SCERA expects to get and the risk SCERA expects to take. SCERA invests over a very long horizon and the asset allocation strategy is designed to protect the fund by diversifying the assets to minimize risk and maximize returns.

The financial data in the PAFR is derived from the more detailed ACFR. Both are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board. You can find both the ACFR and the PAFR online at: www.scretire.org.

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2025

Popular Annual Financial Report

For the Year Ended December 31, 2025

SCERA's mission is to provide and protect retirement benefits for its members and beneficiaries.

SCERA's Participating Employers

- County of Sonoma
- Superior Court of California – County of Sonoma
- Sonoma Valley Fire District