

Agenda

Marin County Employees' Retirement Association (MCERA) Retirement Board Strategic Workshop

One McInnis Parkway, First Floor
San Rafael, CA
June 20 and 21, 2024

This meeting will be held at the address listed above and, absent technological disruption, will be accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2 through December 31, 2025.

Instructions for watching the meeting and/or providing public comment, as well as the links for access, are available on the [How to Watch Meetings](https://www.mcera.org/retirementboard/agendas-minutes/watchmeetings) page of MCERA's website. Please visit <https://www.mcera.org/retirementboard/agendas-minutes/watchmeetings> for more information.

The Board of Retirement encourages a respectful presentation of public views to the Board. The Board, staff and public are expected to be polite and courteous, and refrain from questioning the character or motives of others. Please help create an atmosphere of respect during Board meetings.

Please note that the times certain provided for agenda items herein are estimates only, and that scheduled items may last longer, or shorter, than stated herein. Agendized topics will not commence earlier than as stated on the agenda; however, they may start later than is agendized.

Day 1 June 20, 2024

Meeting Chair Daniel Vasquez

9:00 a.m.

Call to Order/Roll Call

CONSIDER ANY BOARD MEMBER REQUESTS TO TELECONFERENCE FOR "JUST CAUSE" OR "EMERGENCY," AS SET FORTH ON THIS AGENDA BELOW

Open Time for Public Expression

Open time for public expression, from three to five minutes per speaker, on items not on the Board Agenda. While members of the public are welcome to address the Board during this time on matters within the Board's jurisdiction, except as otherwise permitted by the Ralph M. Brown Act (Government Code Sections 54950 et seq.), no deliberation or action may be taken by the Board concerning a non-agenda item. Members of the Board may (1) briefly respond to statements made or questions posed by persons addressing the Board, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

9:00 a.m. – 10:00 a.m.

The Hidden Cost of Indexing

Joel Schneider, Deputy Head of Portfolio Management North America and Vice President
Dimensional Fund Advisors

10:00 a.m. – 11:00 a.m.

Concentration in Large-Cap Growth

Aaron Socker, Portfolio Specialist
William Blair

11:00 a.m. – 12:00 p.m.

Geopolitics and Investing

Thomas Mucha, Geopolitical Strategist
Wellington Management

12:00 p.m. – 1:15 p.m.

Lunch Break

1:15 p.m. – 2:15 p.m.

Financial Regulations and the Markets

Frank Partnoy, Aidran A. Krager Professor of Law
UC Berkeley School of Law

2:15 p.m. – 3:30 p.m.

Disability Retirement Process and Developing Issues Around Presumptions and Adjudications

Ashley Dunning, Partner & Co-Chair, Pension, Benefits and Investment Group
Nossaman LLP
Jeff Wickman, Retirement Administrator
Linda Martinez, Disability Coordinator

3:30 p.m. – 3:45 p.m.

Closing and Follow-up Items from Today's Agenda

**Day 2
June 21, 2024**

9:00 a.m.

Call to Order/Roll Call

Open Time for Public Expression

9:00 a.m. – 10:00 a.m.

Overview of MCERA Benefits

Sydney Fowler-Pata, Retirement Benefits Technician
Robert Sanders, Senior Retirement Benefits Technician

Data from MCERA and other County Employee Retirement Systems

Jeff Wickman, Retirement Administrator

10:00 a.m. – 11:00 a.m.

Closing and Follow-up Items from Today's Agenda

11:00 a.m. – 11:30 a.m.

Note on Process: Items designated for information are appropriate for Board action if the Board wishes to take action. Any agenda item from a properly noticed Committee meeting held prior to this Board meeting may be considered by the Board.

Note on Voting: As provided by statute, the Alternate Safety Member votes in the absence of the Elected General or Safety Member, and in the absence of both the Retired and Alternate Retired Members. The Alternate Retired Member votes in the absence of the Elected Retired Member. If both Elected General Members, or the Safety Member and an Elected General Member, are absent, then the Elected Alternate Retired Member may vote in place of one absent Elected General Member.

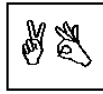
Note on Board Member requests to participate by teleconference under Government Code section 54953, subdiv. (f): At least a quorum of the Board must be present together physically at the meeting to invoke this provision. The provision is limited to “just cause” and “emergency” circumstances, as follows:

“Just cause” is only: (1) a childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse or domestic partner that requires them to participate remotely; (2) a contagious illness that prevents a member from attending in person; (3) a need related to a physical or mental disability, as defined; or (4) travel while on official business of MCERA or another state or local agency. A Board member invoking “just cause” must provide a general description of the circumstances relating to their need to appear remotely at a given meeting, and it may not be invoked by a Board member for more than two meetings in a calendar year.

“Emergency circumstances” is only: “a physical or family medical emergency that prevents a member from attending in person.” The Board member invoking this provision must provide a general description of the basis for the request, which shall not require the member to disclose personal medical information. Unlike with “just cause,” the Board must by majority vote affirm that an “emergency circumstance” situation exists.

As to both of the above circumstances, the Board member “shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member and the general nature of the member’s relationship with any such individuals.” Also, the Board member “shall participate through both audio and visual technology,” and thus be both audible and visible to those attending. Finally, no Board member may invoke these teleconference rules for more than three consecutive months or 20 percent of the regular meetings of the Board.

Note on teleconference disruption that interrupts the live stream: In the event of a technological or similar disruption, and provided no Board/committee members are attending by teleconference, the meeting will continue in person.



Agenda material is provided upon request. Requests may be submitted by email to MCERABoard@marincounty.org, or by phone at (415) 473-6147.

MCERA is committed to assuring that its public meetings are accessible to persons with disabilities. If you are a person with a disability and require an accommodation to participate in a County program, service, or activity, requests may be made by calling (415) 473-4381 (Voice), Dial 711 for CA Relay, or by email at least five business days in advance of the event. We will do our best to fulfill requests received with less than five business days' notice. Copies of documents are available in alternative formats upon request.

The agenda is available on the Internet at <http://www.mcera.org>

Hidden Cost of Indexing

Marc Leblond

Senior Portfolio Manager and Vice President

June 20, 2024

This information is provided for Marin County Employees' Retirement Association and is not intended for retail use.

This information is not meant to constitute investment advice, a recommendation of any securities product or investment strategy (including account type), or an offer of any services or products for sale, nor is it intended to provide a sufficient basis on which to make an investment decision. Investors should consult with a financial professional regarding their individual circumstances before making investment decisions.

Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.

Consider the investment objectives, risks, and charges and expenses of the Dimensional funds carefully before investing. For this and other information about the Dimensional funds, please read the prospectus carefully before investing. Prospectuses are available by calling Dimensional Fund Advisors collect at (512) 306-7400 or at dimensional.com. Dimensional funds are distributed by DFA Securities LLC.

Agenda

Index \neq Market

Active Decisions by Index Providers

Hidden Costs of Indexing

Implications for Investors

As an Investor, You Are Making Active Decisions



1. Which **asset classes** and investment styles (factors, themes) do you want exposure to?

2. Which **exposures** do you want to index?

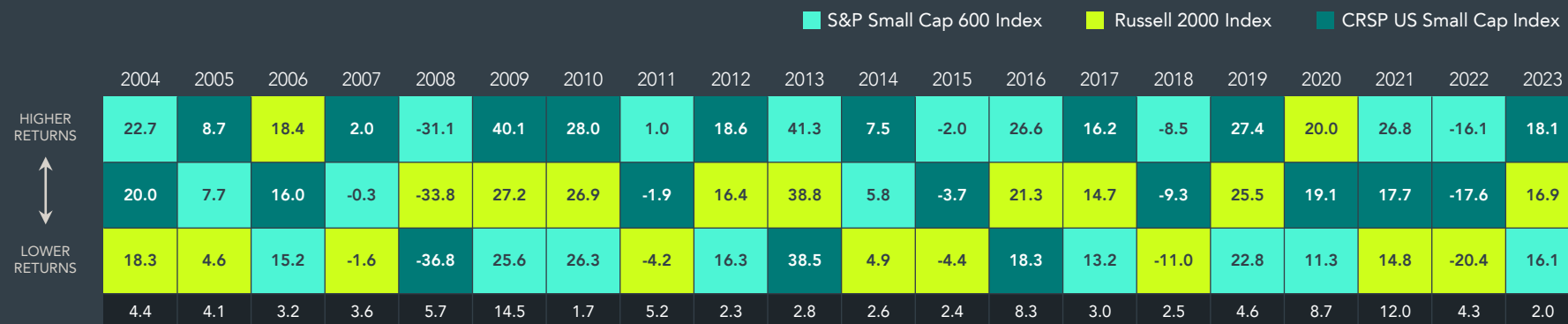
3. Which **indexes** and indexed products should you choose?

4. Which **benchmarks** should you use and how should you use them?

1. The benefits, costs, problems, and decisions related to indexing apply to all indexed products, including **2** mutual funds, ETFs, separate accounts, trusts, structured products, derivatives, and other index-based products.

Which Index is the US Small Cap Market?

US Small Cap (return %)



Difference between highest and lowest (%)

Average difference = 4.9%

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Past performance is not a guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

Sizable Tracking Error Between Benchmark Indices



US Large Cap Growth, July 2001–December 2022

	Russell 1000 Growth Index	Dow Jones U.S. Large-Cap Growth Total Stock Market Index	S&P 500 Growth Index	MSCI USA Large Cap Growth Index	CRSP US Large Cap Growth Index
ANNUALIZED TRACKING ERROR (%)					
Russell 1000 Growth Index			<p>2.5% Average Tracking Error</p>		
Dow Jones U.S. Large-Cap Growth Total Stock Market Index	2.73				
S&P 500 Growth Index	2.36	3.67			
MSCI USA Large Cap Growth Index	1.69	3.02		2.67	
CRSP US Large Cap Growth Index	1.66	2.84		2.78	1.99
INDEX PERFORMANCE (%)					
Compound Annualized Returns	7.94	8.43	8.09	7.60	7.69

83 bps range

The sample period shown reflects a common sample for which data is available for all indexes presented.

All returns in US dollars. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Sources: Dow Jones/S&P, FTSE/Russell, MSCI. All indices are gross dividends. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Dow Jones and S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2024, all rights reserved. CRSP data provided by the Center for Research in Security Prices, University of Chicago.

Sizable Tracking Error Between Benchmark Indices



US Large Cap, July 2001–December 2023

	Russell 1000 Index	Dow Jones U.S. Large-Cap Total Stock Market Index	S&P United States LargeMidCap Index	S&P 500 Index	MSCI USA Index	MSCI USA Large Cap Index	CRSP US Large Cap Index
ANNUALIZED TRACKING ERROR (%)							
Russell 1000 Index							
Dow Jones U.S. Large-Cap Total Stock Market Index	0.38						
S&P United States LargeMidCap Index	0.77	0.64					
S&P 500 Index	0.82	0.67	0.66				
MSCI USA Index	0.63	0.52	0.61	0.60			
MSCI USA Large Cap Index	1.41	1.19	0.89	0.90	0.96		
CRSP US Large Cap Index	0.59	0.34	0.55	0.61	0.47	0.99	
INDEX PERFORMANCE (%)							
Average Monthly Returns	0.78	0.78	0.77	0.77	0.77	0.76	0.77
Compound Annualized Returns	8.44	8.48	8.37	8.31	8.31	8.22	8.41

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Sizable Tracking Error Between Benchmark Indices



Non-US Marketwide, July 2001–December 2023

	MSCI World ex USA IMI Index	MSCI World ex USA Index	MSCI All Country World ex USA IMI Index	MSCI All Country World ex USA Index	MSCI EAFE IMI Index	MSCI EAFE Index	FTSE Developed ex US Index
ANNUALIZED TRACKING ERROR (%)							
MSCI World ex USA IMI Index							
MSCI World ex USA Index	0.74						
MSCI All Country World ex USA IMI Index	2.17	2.35					
MSCI All Country World ex USA Index	2.28	2.25	0.67				
MSCI EAFE IMI Index	0.93	1.13	2.58	2.64			
MSCI EAFE Index	1.23	0.90	2.73	2.62	0.76		
FTSE Developed ex US Index	0.86	0.67	2.09	2.02	1.15	1.05	
INDEX PERFORMANCE (%)							
Average Monthly Returns	0.62	0.60	0.64	0.61	0.61	0.59	0.61
Compound Annualized Returns	6.15	5.90	6.30	5.99	6.00	5.75	6.07

The sample period shown reflects a common sample for which data is available for all indexes presented.

All returns in US dollars. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Sources: FTSE/Russell, MSCI. All indices are gross dividends. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2024, all rights reserved.

Agenda

Index \neq Market

Active Decisions by Index Providers

Hidden Costs of Indexing

Implications for Investors

Index Providers Make Active Decisions

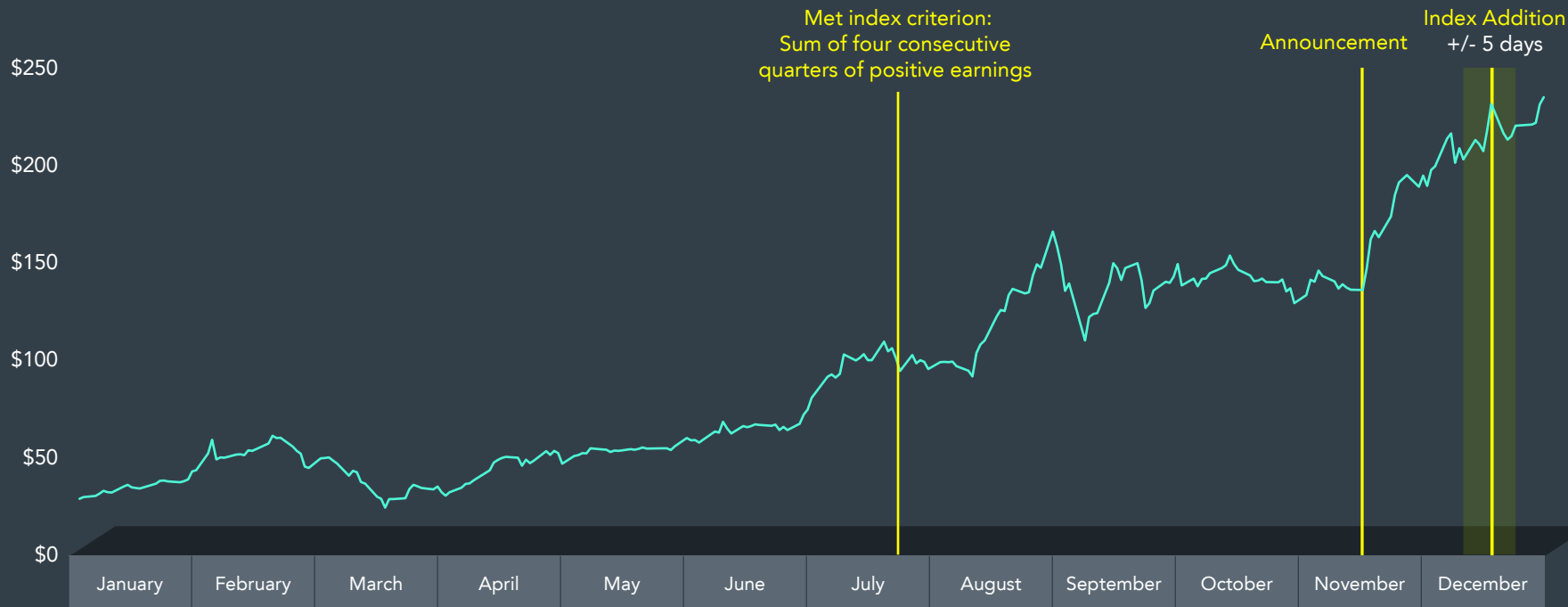
1. Which countries and stocks to include in their index?

2. How often to reconstitute the index?

3. When to announce the changes for reconstitution events?

S&P 500: Which Stocks To Include?

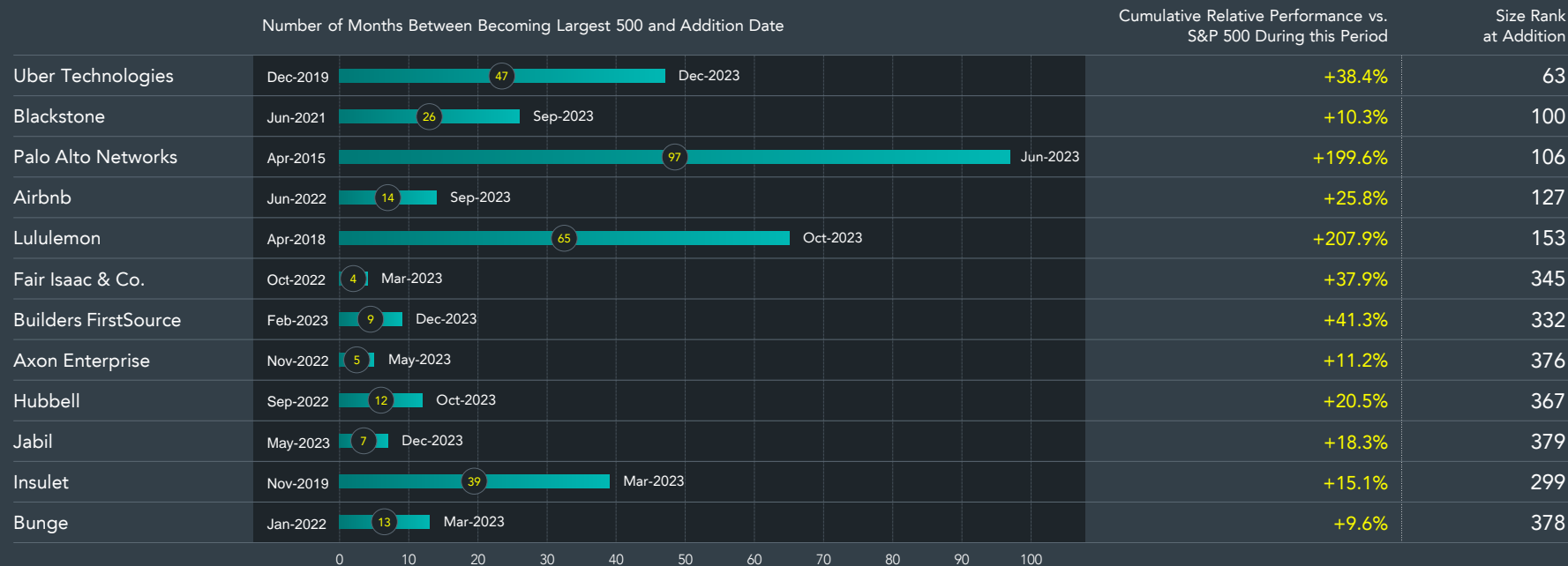
Tesla daily stock price, January 1, 2020–December 31, 2020



Past performance is no guarantee of future results.

In USD. Stock price data from Bloomberg L.P. This information is intended for educational purposes and should not be considered a recommendation to buy or sell a particular security. Named securities may be held in accounts managed by Dimensional. The securities identified do not represent all securities purchased or sold for client accounts. It should not be assumed that an investment in the securities identified was or would be profitable.

Waiting Room: S&P 500 Additions in 2023



Past performance is no guarantee of future results. The performance reflects the deduction of 0.40% to demonstrate the impact of fees on performance. No investor received the performance presented. Fees and expenses are not charged to individual securities and the net performance is provided for illustrative purposes only to meet regulatory requirements. Source: Dimensional and FactSet. Excludes stocks added by corporate action. First Month in Largest 500 Stocks is the stock's first month in the top 500 stocks in the Russell 3000 Index ranked by market capitalization. Months Between Becoming Largest 500 and Addition Date is number of months difference between the First Month in Largest 500 Stocks and the Addition Month. Cumulative Relative Performance vs S&P 500 between First Month in Top 500 is based on monthly returns, excluding the month where the stock was added to the S&P 500. Size Rank at Addition is based on the company's size within the S&P 500 at the end of the stock's first full day in the index. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

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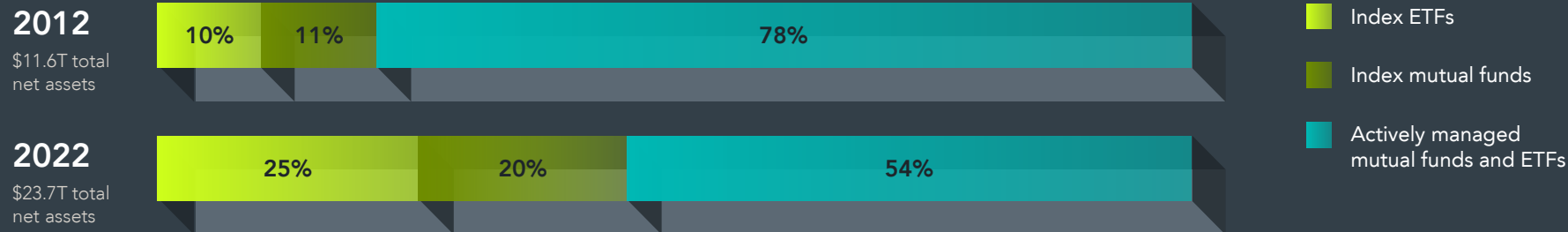
Total Cost of Ownership is More than the Expense Ratio



Trillions of Dollars Track Indexes

Indexers demand liquidity, which the market provides, at a cost

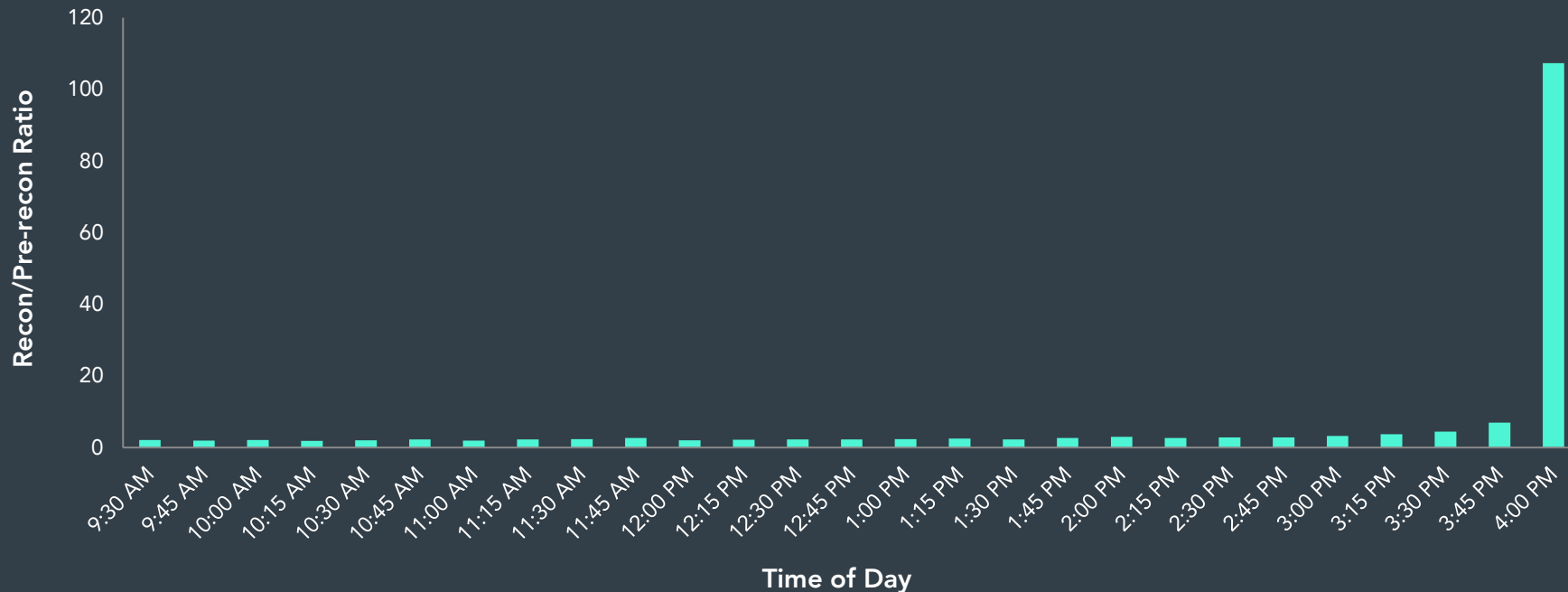
Percentage of total net assets, year-end



- Index funds account for **46%** of the fund market.
- That is **\$10.9 trillion** in assets.
- After accounting for institutional index accounts, that number is even larger.
- Most index turnover is concentrated on a few days per year, creating a massive demand for liquidity.
- The market will provide liquidity, but not for free.

Intraday Volume Effects of Reconstitution: S&P 500

Demands for liquidity can increase considerably in the close

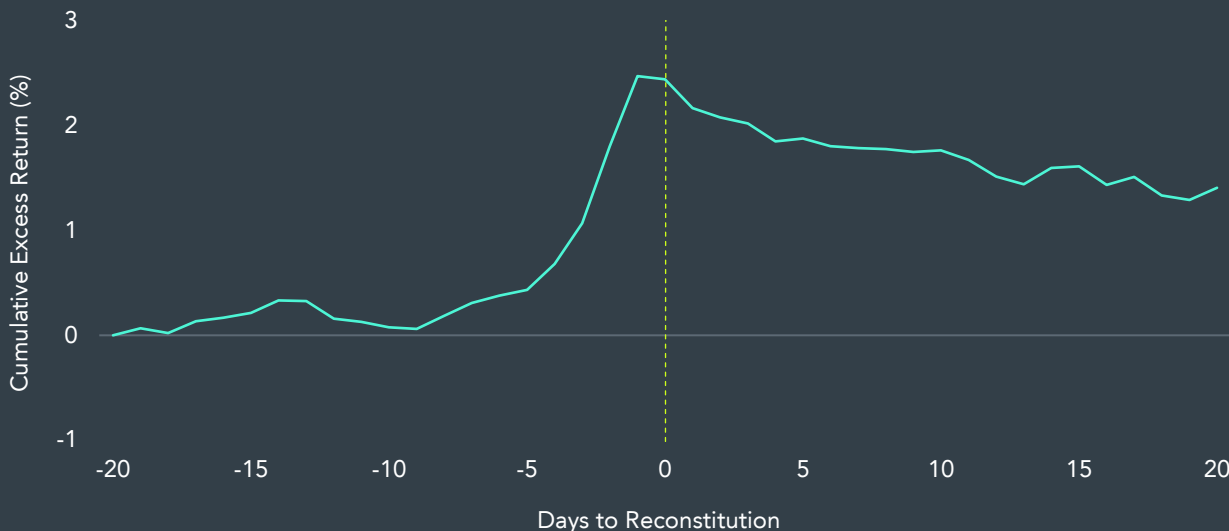


Sample includes all additions and deletions to the S&P 500 Index in 2018. Chart shows average intraday volume on reconstitution day divided by average volume over the 30 days prior to reconstitution. Indices change their reconstitution dates and methodologies from time to time. The data depicted during the relevant period may reflect a number of different reconstitution practices. This data does not suggest that past performance will re-occur in future periods, as index reconstitution may be different in the future. Other simultaneous events, such as triple-witching dates, could lead to spikes in volume, in addition to reconstitution dates and fund trades which follow them.

Price Pressure from Indexing Has Not Gone Away

Cumulative sum of daily excess returns for additions and deletions vs. respective index, 2014–2023

Price Pressure in the 10 largest US Equity component indexes



- Analysis includes the 10 largest US equity component indexes (by AUM) tracked by BlackRock and Vanguard funds
- Over \$4T in fund assets tracking these indexes (across all fund families)
- This does not include institutional separate accounts and collective trusts

Past performance is no guarantee of future results.

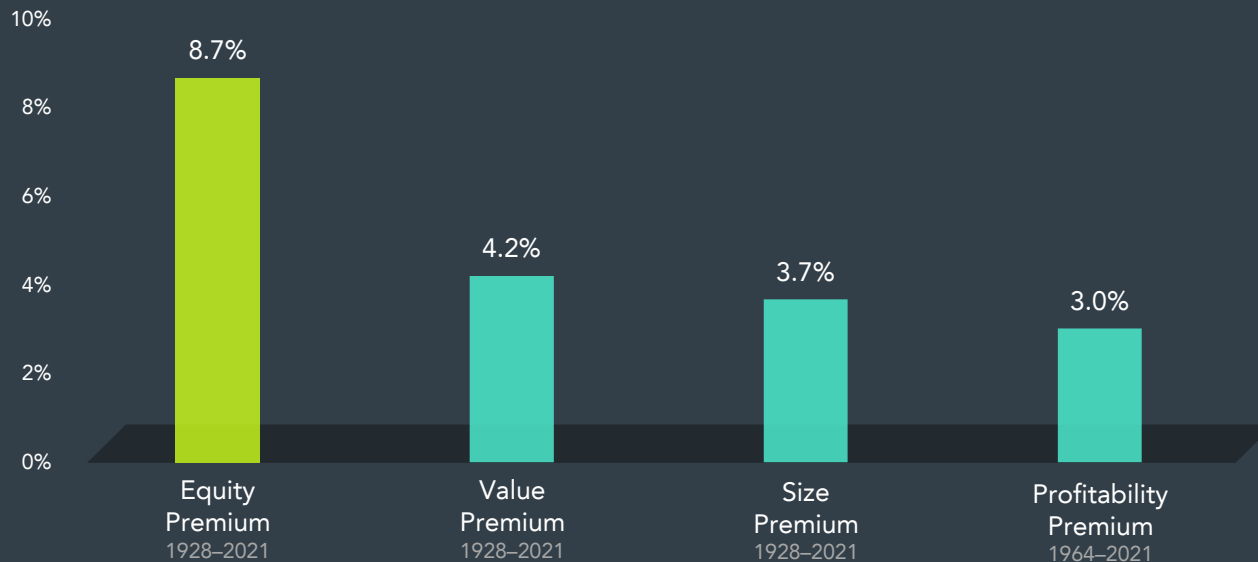
Cumulative excess returns are calculated as the cumulative sum of the daily excess returns for a given security versus its respective index' returns.

Indexes in the analysis: S&P 500, S&P 400, S&P 600; Russell 2000, Russell 1000 Value, Russell 1000 Growth; CRSP US Large Cap Growth, CRSP US Large Cap Value, CRSP US Mid Cap, CRSP US Small Cap. The equal-weighted average is taken across the indexes. Market-close of day T-20 is established as the reference point for which CERs calculations begin. CERs are then averaged across all securities on each event day. The CERs of deletions are multiplied by -1 when calculating both averages

Migrating events amongst the three S&P indexes in the analysis are excluded; S&P events occurring on index-witching dates are excluded; migrating events between the Russell 2000 and Russell 1000 are excluded

Opportunity Cost from Style Drift

Historical average annual premiums: US Market



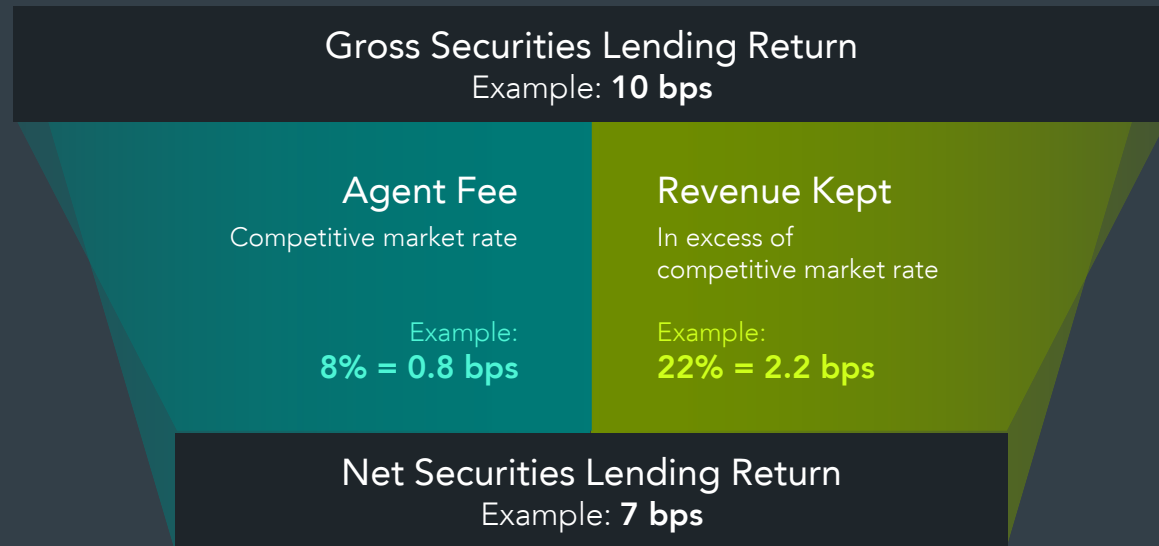
- Factor premiums have been 3.0% to 4.2% annually.
- Style drift may cause investors to not fully capture these returns.

Past performance is no guarantee of future results. Actual returns may be lower.

In USD. The Dimensional and Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Annual premiums are calculated as the arithmetic average of the yearly difference in one-year returns between the two indices described. Equity Premium: Fama/French Total US Market Research Index minus the One-Month US Treasury Bill, which is the IA SBBI US 30 Day TBill TR USD, provided by Morningstar. Value Premium: Fama/French US Value Research Index minus the Fama/French US Growth Research Index. Size Premium: Dimensional US Small Cap Index minus the S&P 500 Index. Profitability Premium: Fama/French US High Profitability Index minus the Fama/French US Low Profitability Index. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. See "Index Descriptions" in the appendix for descriptions of Dimensional and Fama/French index data. Equity, value, and size premiums are calculated by dividing the annual premiums by 263, the approximate number of trading days in one year, back to 1928. Profitability daily premium is calculated by dividing the annual premiums by 252, the approximate number of trading days in one year, back to 1964.

Hidden Costs in Securities Lending

Some index managers keep some of the profits from securities lending



- Do you know if, and how much, securities lending revenue your index manager is keeping?
- Is the amount of revenue consistent with competitive market rates?
- Amounts kept in excess of the market rate could be considered **shadow management fees**

Agenda

Index \neq Market

Active Decisions by Index Providers

Hidden Costs of Indexing

Implications for Investors

Are Index Providers Fiduciaries?

Index
Provider



Index
Manager



MSCI

"This **fiduciary duty is fundamentally at odds with the role of index providers** in the capital markets ecosystem, which is to produce independent and rules-based information for use by market participants."¹

S&P

"Each index is designed in accordance with stated rules; it is **not intended to meet the investment objective** of any individual licensee or investor. Although S&P DJI often includes design features to create indices that are stable, liquid and replicable when developing its indices, it **does not consider the investment needs** of its individual licensees and/or the downstream investors in our licensees' investment products. **In fact, S&P DJI is not even necessarily aware of what those investment needs are.**"

1. <https://www.sec.gov/comments/s7-18-22/s71822-20136043-306781.pdf>
2. <https://www.sec.gov/comments/s7-18-22/s71822-20136253-307288.pdf>

Due Diligence

Index providers make active decisions:

- Stock selection
- Reconstitution frequency
- Add/drop/weight changes

Their decisions could impact some of your largest investments.

Have you done due diligence on your index providers?

Total Cost

Index implementation can have hidden costs:

- Trading
- Securities lending
- Style drift

Additional costs related to

- Licensing
- FX
- Corporate actions

Have you done a full rigorous accounting of all costs?

Benchmarking

Indexes are not "the market"

There are significant return differences within each asset class.

If the investment and benchmark are the same index, where is your independent check?

How would you know if your index investment is leaving money on the table?

Potential Improvements

Keep broad diversification and low costs.

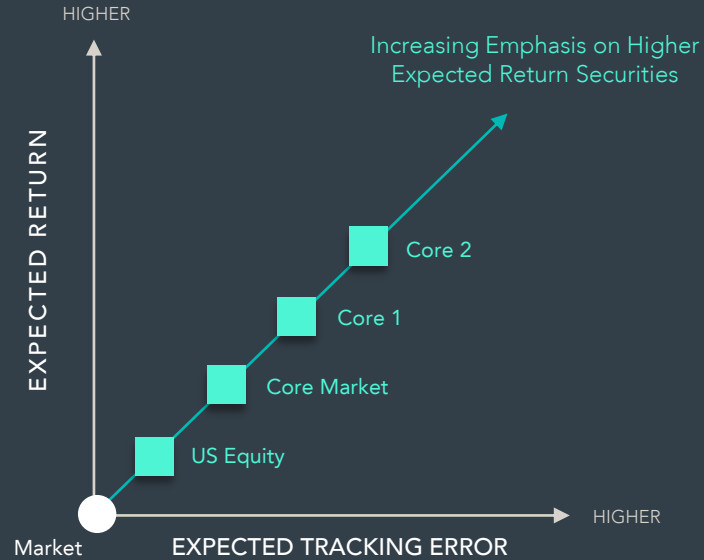
Avoid infrequent rebalancing and costly trading.

Use a daily process.

Avoid pre-announcing trades and trading when everyone else is.

Are there other rules-based approaches that have a track record of outperforming indexes?

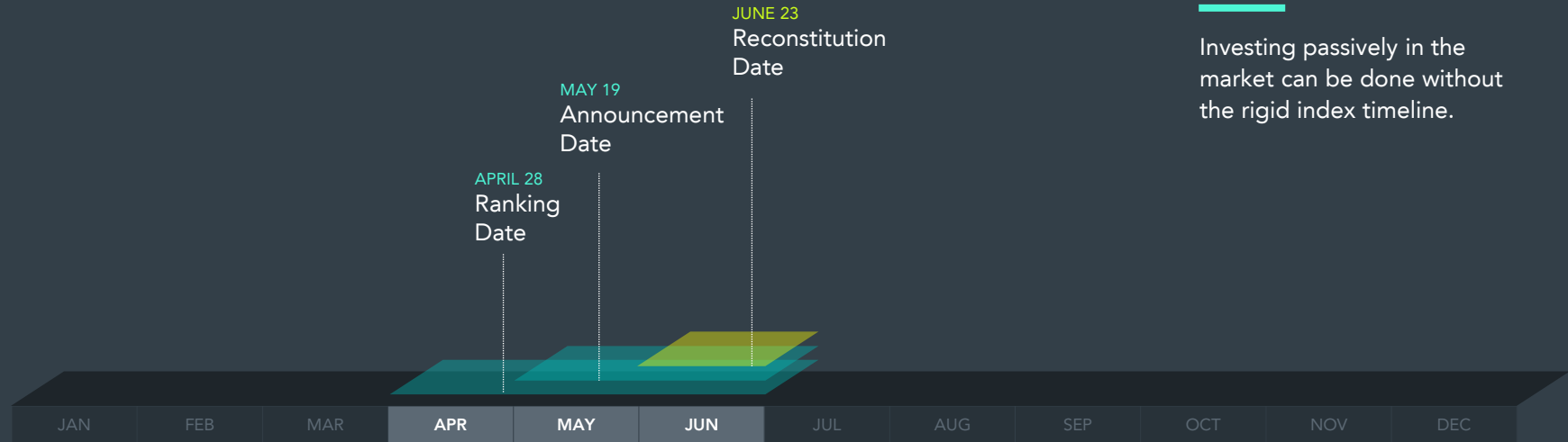
Go Beyond Indexing



Appendix

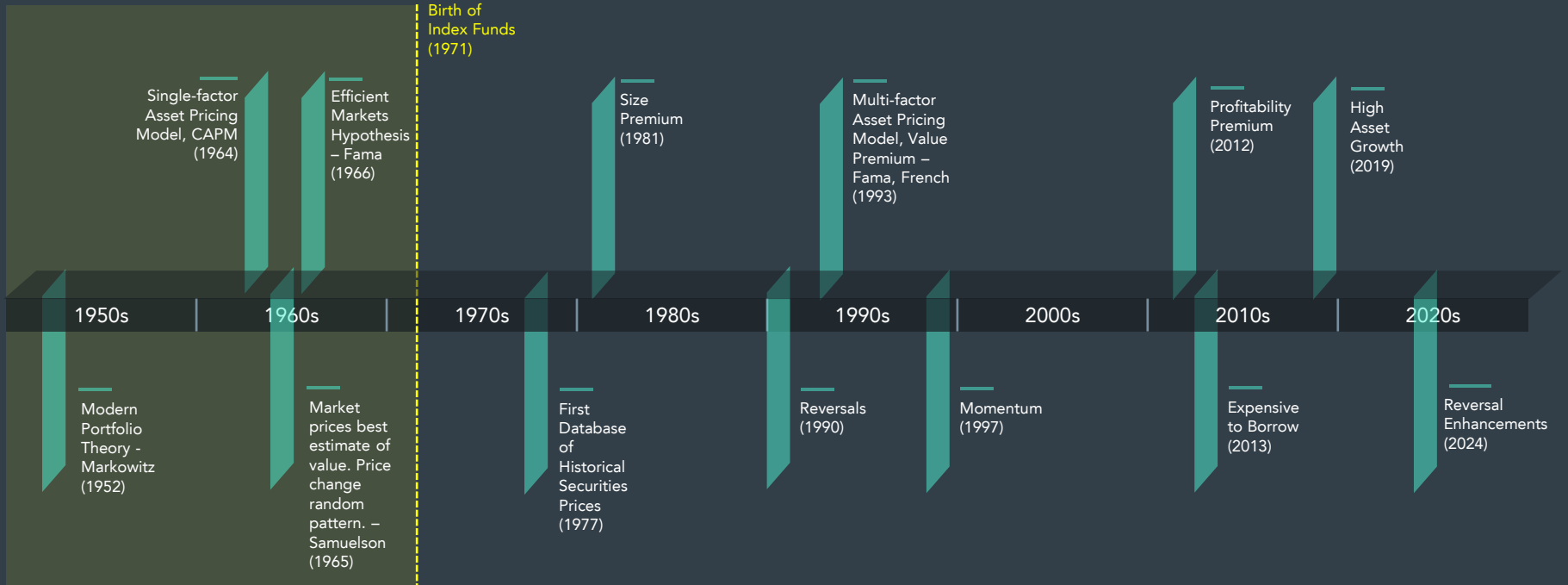
Index Funds Use Stale Data When Reconstituting

Russell Index Reconstitution Timeline 2023



Financial Science Gave Birth to Indexing

Significant new discoveries have been found since then that help explain return differences



Which Index is "The Market"?

US Total Market (return %)

■ S&P 1500 Index
 ■ MSCI USA IMI Index (gross)
 ■ Russell 3000 Index
 ■ CRSP US Total Market Index

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
HIGHER RETURNS	12.4	6.4	15.9	5.8	-36.7	28.9	17.9	1.8	16.4	33.6	13.1	1.0	13.0	21.3	-5.0	31.1	21.1	28.4	-17.8	26.2
↑	12.3	6.3	15.7	5.8	-37.0	28.7	17.2	1.2	16.4	33.6	12.6	0.6	12.7	21.2	-5.2	31.0	21.0	26.1	-19.2	26.0
↓	11.9	6.1	15.7	5.5	-37.0	28.3	16.9	1.0	16.2	33.4	12.6	0.5	12.7	21.1	-5.2	30.9	20.9	25.7	-19.2	26.0
LOWER RETURNS	11.8	5.7	15.3	5.1	-37.3	27.2	16.4	0.7	16.2	32.8	12.5	0.4	12.7	21.1	-5.2	30.8	17.9	25.7	-19.5	25.5
	0.6	0.8	0.6	0.6	0.6	1.6	1.5	1.0	0.2	0.8	0.6	0.6	0.4	0.2	0.3	0.3	3.2	2.8	1.7	0.1


Difference between highest and lowest (%)

Average difference = 1.0%

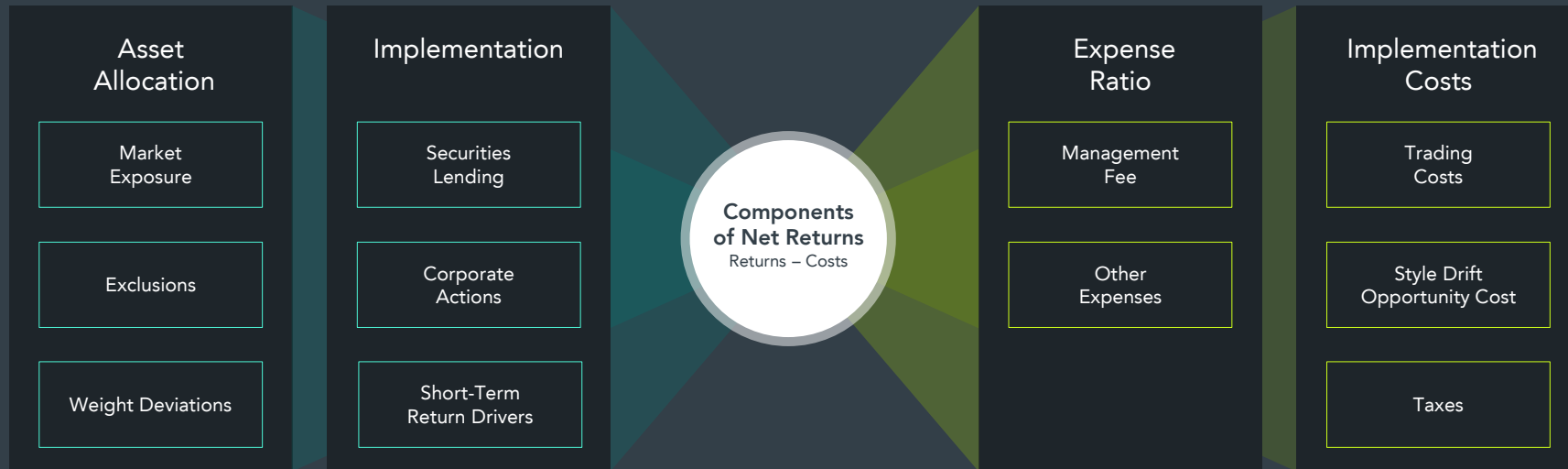
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Components of Net Returns

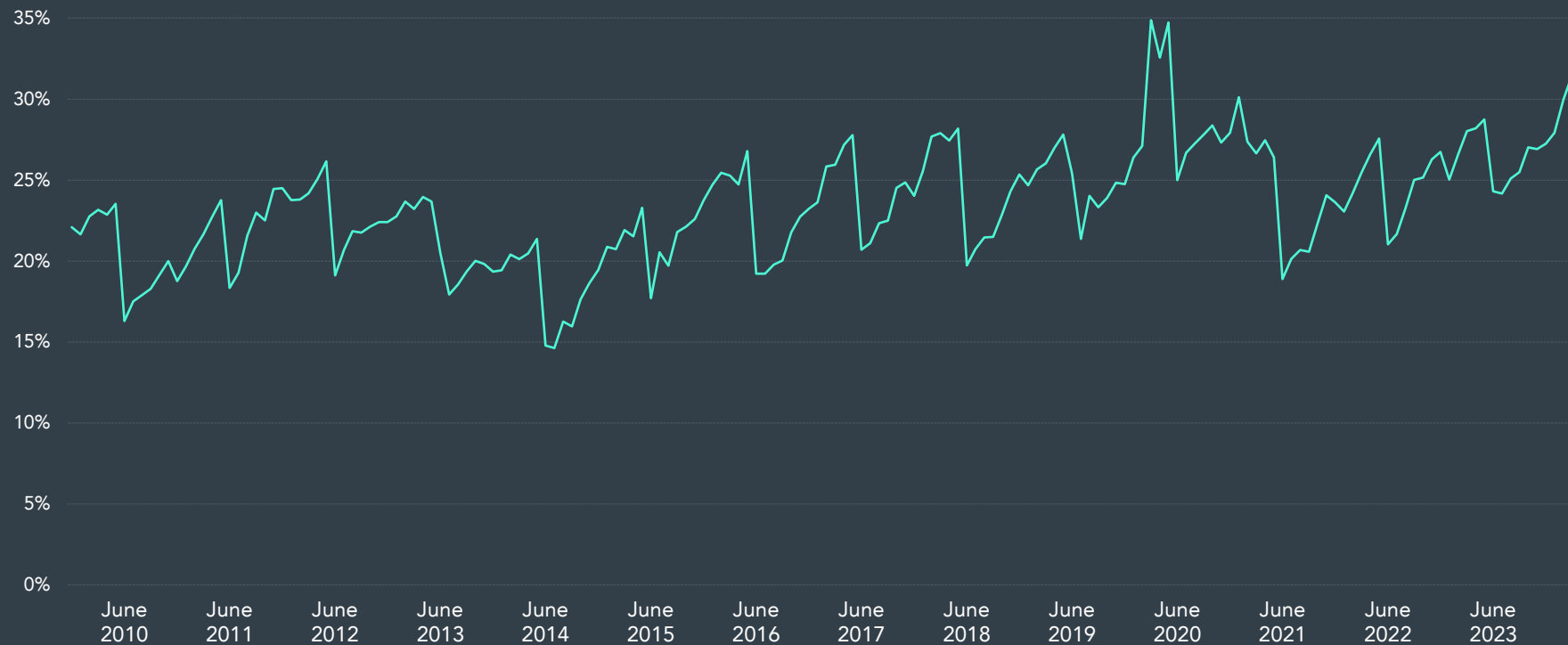
Returns 

Costs 



Big Fish in a Small Pond

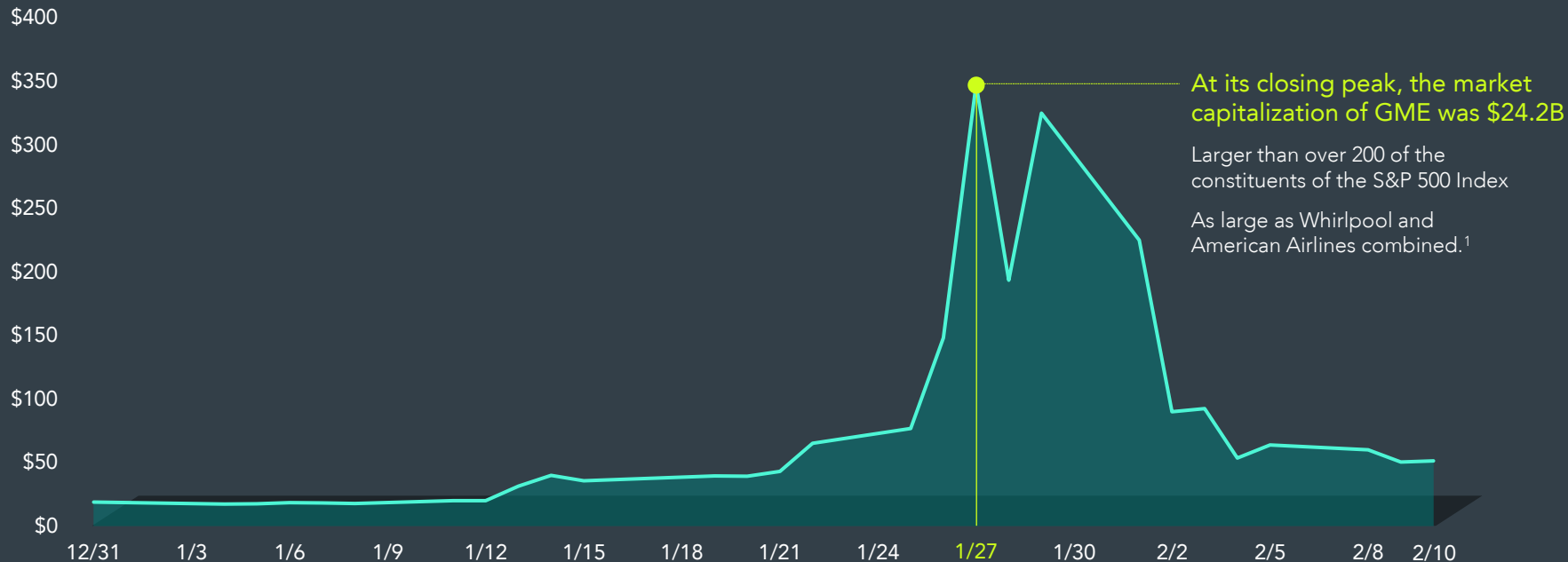
Russell 2000 Index weight in the 1,000 largest stocks, December 31, 2009–March 31, 2024



Source: Dimensional, using data from Russell. Data shown is the weight of the Russell 2000 Index in the 1,000 Largest Stocks. The 1,000 largest stocks identified based on the descending order of total issuer weight in Russell 3000 Index. Indices are not available for direct investment. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

Market Prices Can Change Rapidly

Closing market price of GameStop (GME) from December 31, 2020–February 10, 2021



Past performance is no guarantee of future results. This information should not be considered a recommendation to buy or sell a particular security. Named securities may be held in accounts managed by Dimensional. The securities identified do not represent all securities purchased or sold for client accounts. It should not be assumed that an investment in the securities identified was or would be profitable.

1. Source: S&P and Dow Jones data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.
In USD. Stock price data from Bloomberg L.P.

A More Flexible Approach or a Rigid Index

	EXPOSURE	CASH FLOWS	REBALANCING COSTS
INDEX APPROACHES	May face style drift between rebalance dates	Maintain portfolio to limit tracking error	Force trading that may lead to higher costs
DIMENSIONAL'S FLEXIBLE APPROACH	Provides more consistent focus through time	Rebalances portfolio toward higher expected returns	Allows flexibility across names and timing to help reduce costs

Index Descriptions

Fama/French Total US Market Research Index: July 1926–present: Fama/French Total US Market Research Factor + One-Month US Treasury Bills. Source: Ken French Website.

Fama/French US Small Cap Research Index: July 1926–present: Fama/French US Small Cap Research Index. Courtesy of Fama/French from CRSP and Compustat securities data. Includes NYSE securities (plus AMEX equivalents since July 1962 and NASDAQ equivalents since 1973) in the lower 50% market equity range of NYSE firms; rebalanced annually in June.

Fama/French US Large Cap Research Index: July 1926–present: Fama/French US Large Cap Research Index. Courtesy of Fama/French from CRSP and Compustat securities data. Includes NYSE securities (plus AMEX equivalents since July 1962 and NASDAQ equivalents since 1973) in the upper 50% market equity range of NYSE firms; rebalanced annually in June.

Fama/French US Value Research Index: Provided by Fama/French from CRSP securities data. Includes the lower 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973).

Fama/French US Growth Research Index: Provided by Fama/French from CRSP securities data. Includes the higher 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973).

Fama/French US Small Value Research Index: Provided by Fama/French from CRSP securities data. Includes the lower 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973) that have smaller market capitalization than the median NYSE company.

Fama/French US Small Growth Research Index: Provided by Fama/French from CRSP securities data. Includes the higher 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973) that have smaller market capitalization than the median NYSE company.

Fama/French US Large Value Research Index: Provided by Fama/French from CRSP securities data. Includes the lower 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973) that have larger market capitalization than the median NYSE company.

Fama/French US Large Growth Research Index: Provided by Fama/French from CRSP securities data. Includes the higher 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973) that have larger market capitalization than the median NYSE company.

Fama/French US High Profitability Index: July 1963–present: Fama/French US High Profitability Index. Courtesy of Fama/French from CRSP and Compustat securities data. Includes all stocks in the upper 30% operating profitability range of NYSE eligible firms; rebalanced annually in June. OP for June of year t is annual revenues minus cost of goods sold, interest expense, and selling, general, and administrative expenses divided by book equity for the last fiscal year end in $t-1$. Fama/French and multifactor data provided by Fama/French.

Fama/French US Low Profitability Index: July 1963–present: Fama/French US Low Profitability Index. Courtesy of Fama/French from CRSP and Compustat securities data. Includes all stocks in the lower 30% operating profitability range of NYSE eligible firms; rebalanced annually in June. OP for June of year t is annual revenues minus cost of goods sold, interest expense, and selling, general, and administrative expenses divided by book equity for the last fiscal year end in $t-1$. Fama/French and multifactor data provided by Fama/French.

Results shown during periods prior to each index's index inception date do not represent actual returns of the respective index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

Index Descriptions

Dimensional US Small Cap Index was created by Dimensional in March 2007 and is compiled by Dimensional. It represents a market-capitalization-weighted index of securities of the smallest US companies whose market capitalization falls in the lowest 8% of the total market capitalization of the eligible market. The eligible market is composed of securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market. Exclusions: non-US companies, REITs, UITs, and investment companies. From January 1975 to the present, the index excludes companies with the lowest profitability and highest relative price within the small cap universe. The index also excludes those companies with the highest asset growth within the small cap universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. Source: CRSP and Compustat. The index monthly returns are computed as the simple average of the monthly returns of 12 subindices, each one reconstituted once a year at the end of a different month of the year. The calculation methodology for the Dimensional US Small Cap Index was amended on January 1, 2014, to include profitability as a factor in selecting securities for inclusion in the index.

Dimensional International Small Cap Index was created by Dimensional in April 2008 and is compiled by Dimensional. July 1981–December 1993: It includes non-US developed securities in the bottom 10% of market capitalization in each eligible country. All securities are market capitalization weighted. Each country is capped at 50%. Rebalanced semiannually. January 1994–present: Market-capitalization-weighted index of small company securities in the eligible markets, excluding those with the lowest profitability and highest relative price within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly

returns of four subindices, each one reconstituted once a year at the end of a different quarter of the year. Prior to July 1981, the index is 50% UK and 50% Japan. The calculation methodology for the Dimensional International Small Cap Index was amended on January 1, 2014, to include profitability as a factor in selecting securities for inclusion in the index.

Dimensional Emerging Markets Small Index was created by Dimensional in April 2008 and is compiled by Dimensional. January 1989–December 1993: Fama/French Emerging Markets Small Cap Index. January 1994–present: Dimensional Emerging Markets Small Cap Index composition: Market-capitalization-weighted index of small company securities in the eligible markets, excluding those with the lowest profitability and highest relative price within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four subindices, each one reconstituted once a year at the end of a different quarter of the year. Source: Bloomberg. The calculation methodology for the Dimensional Emerging Markets Small Cap Index was amended on January 1, 2014, to include profitability as a factor in selecting securities for inclusion in the index.

The Dimensional Indices have been retrospectively calculated by Dimensional Fund Advisors LP and did not exist prior to their index inception dates. Accordingly, results shown during the periods prior to each index's index inception date do not represent actual returns of the index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains.

William Blair

Concentration In Large Cap Growth





Aaron Socker

Portfolio Specialist, U.S. Growth & Core Equity Team

- 13 Years Industry Experience
- 2 Years at William Blair

Aaron Socker is a portfolio specialist for William Blair's U.S. growth and core equity strategies. Before joining the firm in 2022, he spent six years as a portfolio specialist at Allspring Global Investments (formerly Wells Fargo Asset Management), covering emerging markets equity and U.S. core equity strategies. Before that, he spent five years as a research analyst at Allspring, covering U.S. small- and mid-cap companies across sectors. He began his career as an associate on Allspring's U.S. growth equity team. Aaron received a B.S. in corporate finance from Marquette University, where he participated in the Applied Investment Management program.



Wally Fikri, CFA, Partner

Relationship Manager

- 33 Years Industry Experience
- 19 Years at William Blair

Wally Fikri, CFA, CPA, is a Partner at William Blair Investment Management. He works with plan sponsors and investment consultants in the United States; and he brings asset allocation and risk management expertise to bear in understanding their needs and structure. He works closely with the investment teams at William. He has served on William Blair's Benefits Committee and chaired the Investment Committee overseeing the defined contribution and defined benefit plans. Before joining William Blair in 2004, Wally was a partner with Brinson Partners (now UBS Global Asset Management) for nearly 12 years. He managed asset allocation portfolios which included actively managed bottom-up strategies across global equities, bonds and alternative investments. He also worked closely with plan sponsors and consultants and served on the firm's charitable giving committee. Wally began his career in the financial services practice at KPMG Peat Marwick in 1991.

Wally previously served as chair of the SACRS Affiliate Committee & Board, and currently serves on the Program Committee. He is a member of the CFA Institute and CFA Society Chicago, where he was past board member. He is currently a member of the governing board of the Civic Leadership Foundation, a 501(c)3 charitable organization working with middle-school children across a number of Chicago Public Schools.

He has an MBA from the Kellogg School of Management at Northwestern University and a B.S. in accountancy from Northern Illinois University. Wally earned the right to use the CFA charterholders designation in 1995 and successfully completed all levels of the CPA in 1991 (CPA is inactive). He currently holds his FINRA series 24, 7, and 63 securities licenses.

William Blair Investment Management: Active Never Rests

Investment Management

- 100% Active-Employee Owned
- Founded In Chicago In 1935
- 327 Employees (58 partners)
- 101 Investment Professionals
- \$72.4 Billion Under Management
- \$22.7 Billion Entrusted by Public Funds
- Works With Six of the Twenty '37 Act Counties (Tulare, Orange, Sacramento, Contra Costa, Alameda & San Bernardino County)

Sophisticated Global Investor Base



Tenured & Experienced Teams

Average Years of Experience:

Portfolio Managers

25 In the Industry

11 At WB

Analysts

18 In the Industry

11 At WB

Core Investment Tenets

Active Management	Alpha Seeking	Long-Term Focus	Fundamental Orientation	Disciplined Process	Research Intensive

Data as of March 31, 2024.

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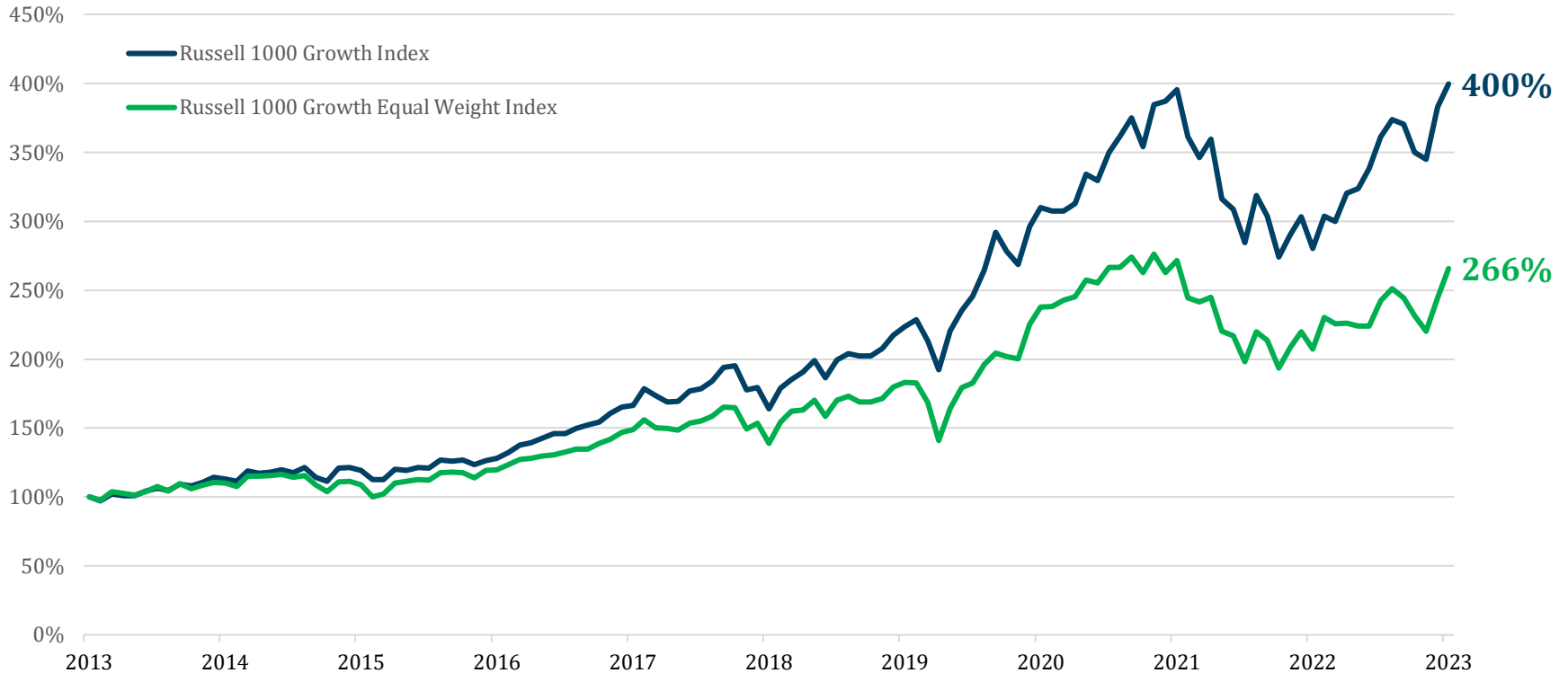
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Overview

- ▶ Over the past decade, large-cap growth indices have delivered strong returns relative to many asset classes.
- ▶ As index concentration has risen over this period, the largest issuers have become an increasingly sizable portion of the large-cap growth asset class and have been outsized contributors to index performance.
- ▶ Due to increasing market concentration, the majority of passive funds have also become top-heavy as their exposure to the largest index constituents moves in lockstep. Passive investors are essentially betting on the future success of a small subset of companies.
- ▶ Historically, during periods of increasing concentration, active managers have lagged the index, as performance is more concentrated in a smaller subset of stocks. Conversely, during periods of decreasing concentration, the median manager in the large-cap growth universe generated positive excess return as the market landscape broadened.

Large Cap Performance

Russell 1000 Growth Index vs. Russell 1000 Growth Equal Weight Index^{1,2} (Performance Indexed to 100)



Source: FactSet, as of 12/31/2023. Performance indexed to 100 at 12/31/2013.

¹The Russell 1000 Growth Index is an unmanaged index registered to Russell/Mellon. It measures those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. It is a capitalization-weighted index as calculated by Russell on a total return basis with dividends reinvested. Indices are unmanaged and do not incur fees or expenses. A direct investment in an unmanaged index is not possible. Index performance is provided for illustrative purposes only. Past performance is not indicative of future results.

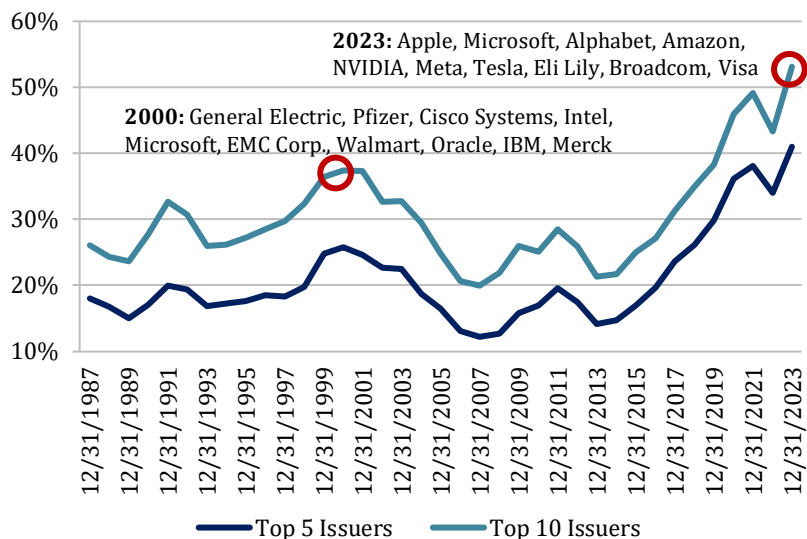
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Concentration Among Large Caps

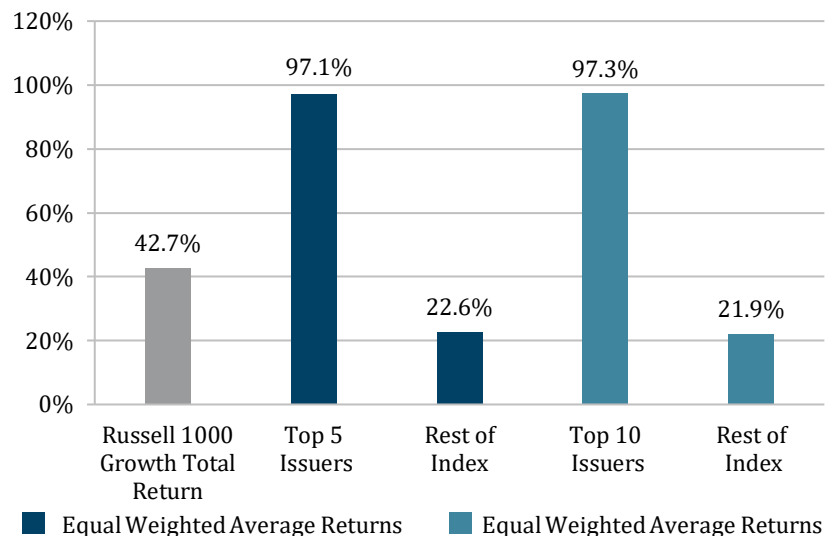
The Russell 1000 Growth Is Dominated By A Small Number of Very Large Companies

- The top 5 and top 10 issuers in the Russell 1000 Growth represent approximately 41% and 53% of the index, respectively
- On average these issuers have materially outperformed the rest of the index in each of the last two years

Russell 1000 Growth Index: % of Weight in Top Issuers



Average Trailing Twelve Month Returns



A Case For Active Management

- As large cap indices become increasingly concentrated, with performance dominated by a small number of companies, passive investors are unable to mitigate the associated risks (e.g., valuation risk, downside risk, and/or a change in market leadership)
- In contrast, if active investors believe the group or individual risk/rewards are not attractive, they can manage risk through stock selection (i.e., not owning all of the top index weights) or through holding underweight positions

As of December 31, 2023. Source: FactSet, William Blair.

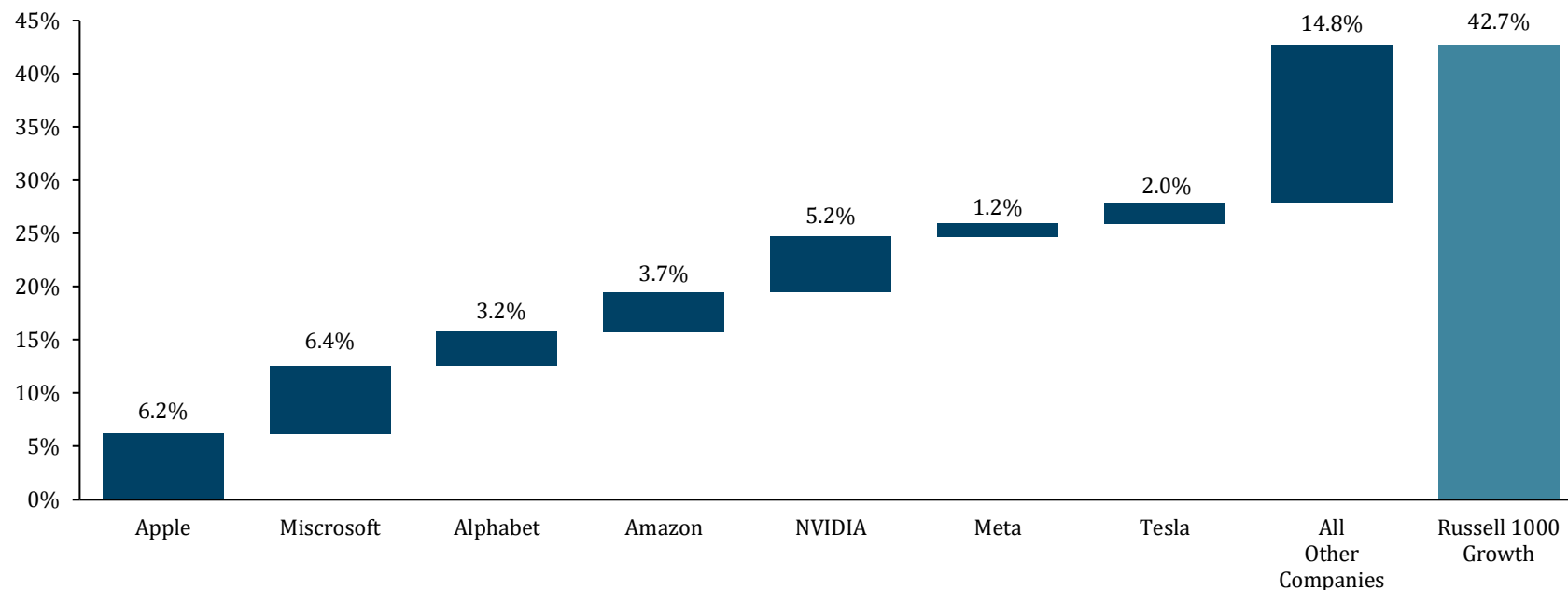
Past performance is not indicative of future returns. A direct investment in an unmanaged index is not possible. References to specific companies are for illustrative purposes only and should not be construed as investment advice or a recommendation to buy or sell any security.

William Blair may or may not own the securities referenced and, if such securities are owned, no representation is being made that such securities will continue to be held. The above securities do not represent all of the securities purchased, sold or recommended for all William Blair clients.

Narrow Market Performance

- In 2023, the Magnificent 7 stocks (Apple, Alphabet, Amazon, NVIDIA, Meta, Microsoft, and Tesla) represented ~47% of the Russell 1000 Growth Index weight as of year-end and accounted for ~65% of the contribution to return for the index
- Due to the increasing concentration in the market, passive funds do not have the ability to actively address the risks associated with their disproportionate exposure to the largest index constituents and are essentially betting on the future success of a limited group of companies

Russell 1000 Growth: Magnificent 7 Contribution To Return (Calendar Year 2023)



Source: FactSet, as of 12/31/2023.

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Sector Weights

Communication Services & Information Technology sectors have grown considerably over the past 10-years driven by the strong performance of several stocks.

	2013	2023	Difference
	Russell 1000 Growth	Russell 1000 Growth	
Communication Services	1.95	11.40	9.44
Consumer Discretionary	19.84	15.79	-4.05
Consumer Staples	11.89	4.14	-7.76
Energy	4.44	0.50	-3.93
Financials	5.36	6.41	1.06
Health Care	12.23	10.63	-1.60
Industrials	12.28	5.90	-6.38
Information Technology	27.05	43.52	16.47
Materials	4.50	0.70	-3.80
Real Estate	—	0.95	0.95
Utilities	0.23	0.05	-0.18

As of December 31, 2023.

Source: William Blair, FactSet.

Top Index Constituents

Russell 1000 Growth Index: Top 5 & Top 10 Issuer Weights (%)^{1,2,3}

2000		2005		2010		2015		2020		2023	
General Electric	8.1	General Electric	4.4	Exxon Mobil	5.2	Apple	5.7	Apple	11.6	Microsoft	11.6
Pfizer	5.5	Microsoft	3.8	Apple	4.5	Alphabet	4.2	Microsoft	9.1	Apple	10.5
Cisco Systems	5.2	Procter & Gamble	3.0	IBM	2.9	Amazon	2.4	Amazon	7.5	NVIDIA	9.8
Intel	3.8	Johnson & Johnson	2.8	Alphabet	2.2	Microsoft	2.4	Alphabet	4.4	Alphabet	7.1
Microsoft	3.2	Intel	2.4	Microsoft	2.2	Meta Platforms	2.1	Meta Platforms	3.6	Amazon	6.0
Total Top 5 Issuers	25.8		16.4		16.9		17.0		36.1		45.0
EMC Corp.	2.7	Walmart	1.8	Oracle	1.8	Walt Disney	1.7	Tesla	2.9	Meta Platforms	3.9
Walmart	2.5	IBM	1.8	Cisco Systems	1.8	Verizon	1.7	Visa	2.0	Eli Lilly	2.6
Oracle	2.3	Cisco Systems	1.7	Coca-Cola	1.6	Home Depot	1.6	Mastercard	1.7	Broadcom	2.2
IBM	2.1	PepsiCo	1.5	Schlumberger	1.5	Coca-Cola	1.6	NVIDIA	1.7	Tesla	1.8
Merck & Co.	2.0	Amgen	1.5	HP Inc.	1.5	Visa	1.4	UnitedHealth Group	1.5	Visa	1.6
Total Top 10 Issuers	37.4		24.8		25.1		25.0		45.9		57.1

Source: FactSet, as of 12/31/2023.

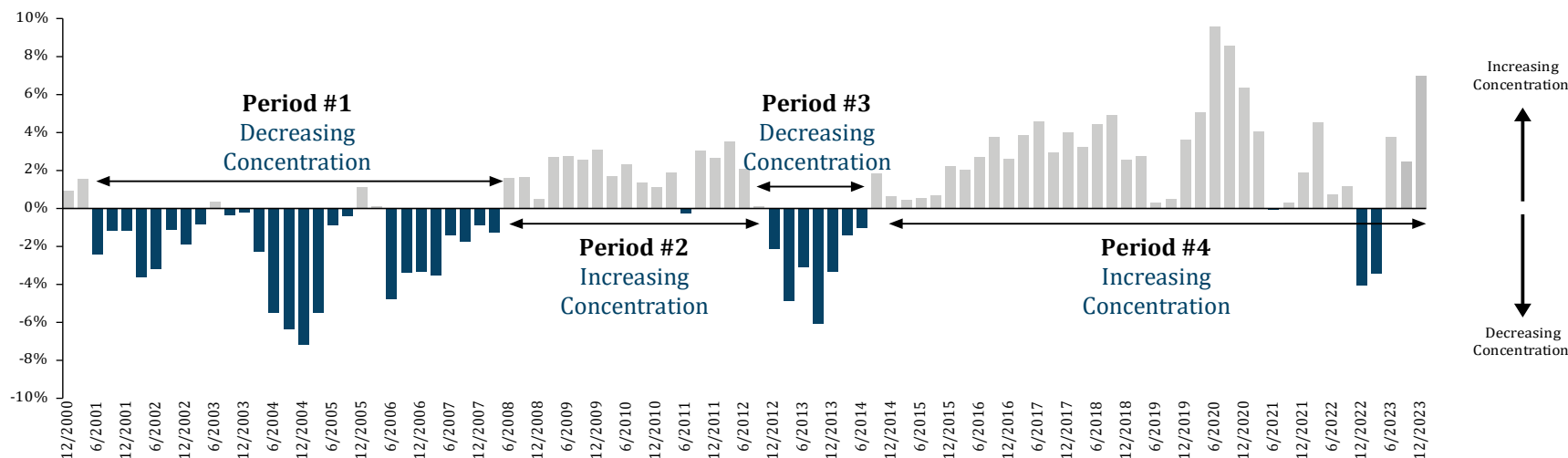
¹The Russell 1000 Growth Index is an unmanaged index registered to Russell/Mellon. It measures those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. It is a capitalization-weighted index as calculated by Russell on a total return basis with dividends reinvested. Indices are unmanaged and do not incur fees or expenses. A direct investment in an unmanaged index is not possible. Index performance is provided for illustrative purposes only. Past performance is not indicative of future results.

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Large Cap Growth

Year-Over-Year Change In Top 5 Russell 1000 Growth Index Constituent Weights^{1,2}



	Period #1 Decreasing Concentration 04/2001 – 03/2008	Period #2 Increasing Concentration 04/2008 – 09/2012	Period #3 Decreasing Concentration 10/2012 – 06/2014	Period #4 Increasing Concentration 07/2014 – 12/2023
U.S. LCG Universe ³ : Annualized Median Manager Excess Return (Gross)	1.73%	-0.68%	0.50%	-1.35%
U.S. LCG Universe ³ : Annualized Median Manager Excess Return (Net)	1.41%	-1.18%	-0.20%	-2.14%
Russell 1000 Growth Index ^{1,2} : Annualized Return	2.07%	6.29%	21.22%	14.96%
Russell 1000 Growth Index ^{1,2} : Return Ranking	81	35	57	7

Source: FactSet and Nasdaq eVestment, as of 12/31/2023.

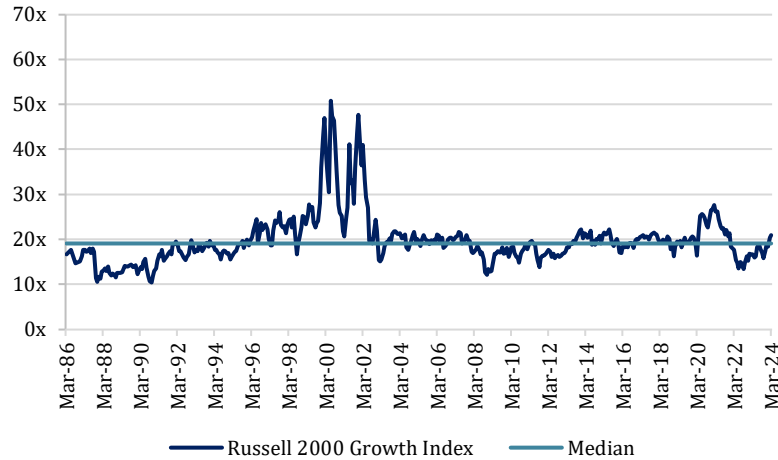
¹The Russell 1000 Growth Index is an unmanaged index registered to Russell/Mellon. It measures those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. It is a capitalization-weighted index as calculated by Russell on a total return basis with dividends reinvested. Indices are unmanaged and do not incur fees or expenses. A direct investment in an unmanaged index is not possible. Index performance is provided for illustrative purposes only. Past performance is not indicative of future results.

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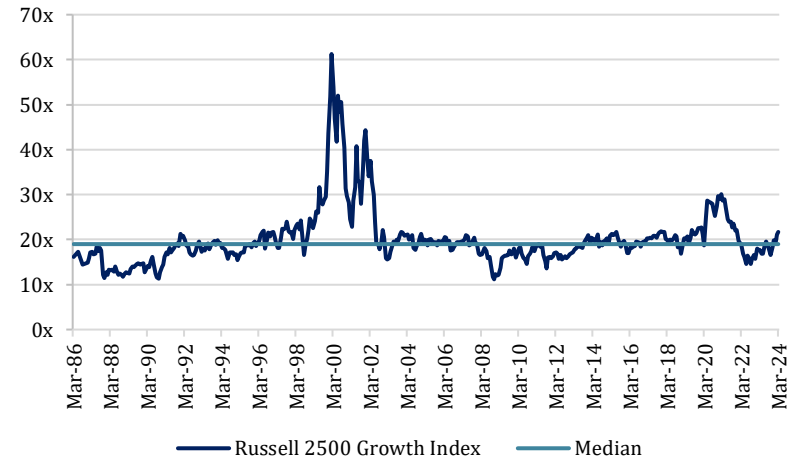
³eA Universe Construction Methodology Large Cap Growth – US Equity products that invest primarily in large capitalization stocks with fundamental characteristics showing high earnings growth expectations or in fast-growing economic sectors. The expected benchmarks for this universe would include the Russell 1000 Growth, S&P 500 or the S&P/BARRA Growth. Managers in this category will typically indicate a “Primary Capitalization Emphasis” equal to Large Cap and a “Primary Style Emphasis” equal to Growth. Peer universe performance data run for separate account vehicles only. Average number of universe constituents for 3-year periods 350 and 5-year periods 317, as of December 31, 2023.

Absolute Forward Price/Earnings

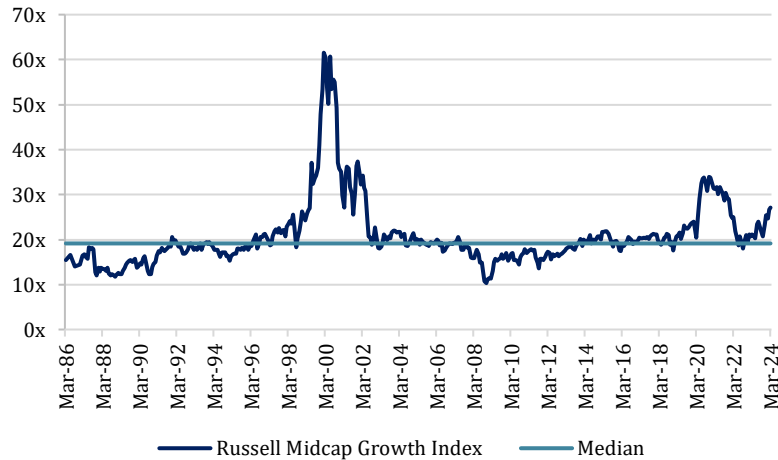
Russell 2000 Growth Index



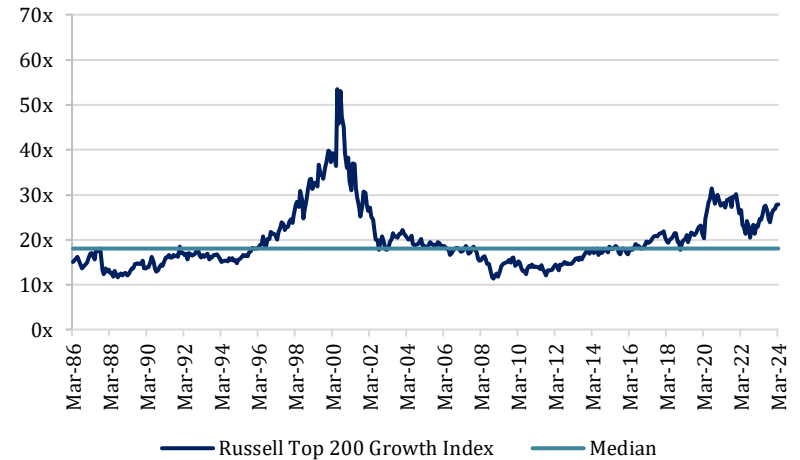
Russell 2500 Growth Index



Russell Midcap Growth Index



Russell Top 200 Growth Index



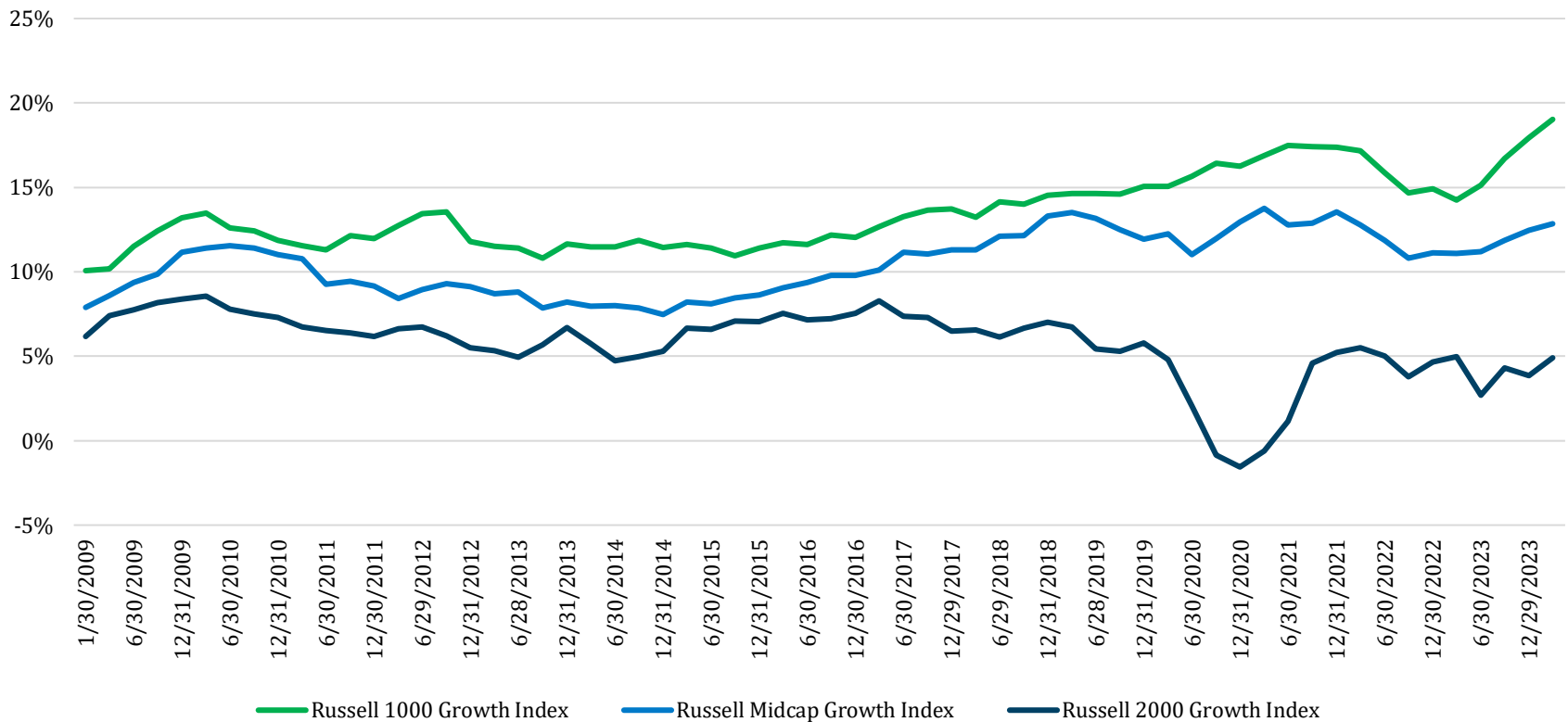
As of March 31, 2024.

Source: Bank of America Merrill Lynch. Valuation methodology excludes unprofitable companies. A direct investment in an unmanaged index is not possible.

Large Caps – Superior Free Cash Flow

- The Large Cap Growth Index, relative to the smaller cap indices, has superior free cash flow characteristics
- Improving free cash flow margins has helped to support the valuation of large cap stocks

Free Cash Flow Margin



As of March 31, 2024.

Source: William Blair, FactSet, Bedrock.

Summary

- ▶ Performance of the large-cap growth asset class has become increasingly top-heavy, with investors biased toward the largest technology and tech-related stocks.
- ▶ Due to increasing market concentration, the majority of passive funds have also become top-heavy as their exposure to the largest index constituents moves in lockstep. Passive investors are essentially betting on the future success of a small subset of companies.
- ▶ While gauging when the tide may turn is difficult to predict, it is increasingly clear that the concentration of the index is at all-time-high levels, and when the tide goes out, history suggests active managers may be in a position to benefit.

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Geopolitics and Investing

This is a discussion with no backup.

Financial Regulations and the Markets

This is a discussion with no backup.

Disability Retirement Process and Developing Issues Around Presumptions and Adjudications

Presentation to the Board of Retirement
Marin County Employees' Retirement Association
Strategic Workshop
June 20, 2024

Ashley Dunning | Partner & Co-Chair, Pensions, Benefits & Investments Group, Nossaman LLP
Jeff Wickman | Retirement Administrator
Linda Martinez | Disability Coordinator

Overview

- MCERA's disability retirement process
- Developing issues around presumptions and adjudications, with a focus on comparison of disability retirement and workers' compensation law
 - County Employees Retirement Law of 1937 (Gov. Code §§ 31450 et seq.) (CERL)
 - Workers' Compensation Law (Lab. Code §§ 3200 et seq.) (WCL)



Disability Retirement Process:

Types of Disability Retirement

Service Connected Disability

- Must be a real and measurable connection between employment and the permanent incapacity.
- No minimum number of years/age to apply.
- Monthly benefit is the greater of 50% of the highest average compensation, or the amount of the service retirement benefit.

Non-service Connected Disability

- The incapacity is a result of injury or disease that is not related to the job.
- Must have at least five years of service credit (including reciprocal service) to be eligible.
- A formula is used to calculate the benefit, which generally results in a monthly benefit that is roughly one-third of final compensation, or the amount of the service retirement benefit if eligible to retire.

Disability Retirement Process: MCERA's Role

MCERA Disability Coordinator works directly with the applicant and/or their counsel to ensure the administrative process moves in a timely manner by:

- Conducting counseling with the applicant.
- Collecting the disability application and all required medical documentation, and providing that to the Medical Advisor and Independent Medical Advisor (IME) if necessary. Note that MCERA will accept a disability application submitted by an employer on behalf of a member.
- Reviewing the recommendations of the Medical Advisor and/or IME and developing a staff recommendation for the Board.

Disability Retirement Process:

Applicant's Role

Must respond to all questions in the Disability Retirement Application. Applications are considered complete when MCERA has all of the following:

- Employer's job description.
- All medical documents the individual believes support the application, including written diagnosis of injury or illness, prognosis that the disability is permanent, and causation from the treating physician.
- Authorizations for MCERA to obtain and release records, permitting physicians to release relevant records and information.

Disability Retirement Process: Eligibility

- Must be a current MCERA member with retirement contributions still on deposit.
- Must be unable to perform the usual and customary duties of their job because they are “permanently incapacitated,” which for MCERA means that the incapacitating condition is expected to continue for such an extended and uncertain duration of time to be considered permanent according to competent medical evidence, and as determined by the Board. It is not necessary that they be physically or mentally incapable of performing all duties or tasks that might arise within the job classification.
- Under the law, the individual has the burden to prove that they are “permanently incapacitated” and, unless a statutory presumption shifts the burden to MCERA, that the incapacity is related to their employment.

Disability Retirement Process: Timeline

- Disability applications are generally ready for Board decision six to ten months after the application has been filed.
- Delays are typically related to the collection of medical records. The Disability Coordinator reviews and discusses the medical documentation with the Medical Advisor and/or IME. If issues are identified, the evaluation process can be extended.
- If the Board approves the application, the disability retirement benefit will typically be paid from the later of two dates:
 - The date the application was filed, or
 - The date following the last date of compensation (including sick leave, vacation, and 4850 compensation for Safety members).

Disability Retirement Process: Role of the Board

- Review all medical information provided by the applicant along with medical information provided by the Medical Advisor, IME and staff recommendation.
- Consider other information: personnel records, employer statements, documents related to Workers' Compensation claims, health officer reports and investigator's reports.
- Look at what employment, if any, an individual was engaged in after leaving active service to assess applicant's claim of permanent incapacity.

Disability Retirement Process: Role of the Board (Cont.)

When deciding the question of permanent incapacity, the Board may also consider the individual's employment status both before and after filing the application.

- This issue arises primarily when a member takes a regular “service retirement” or otherwise leaves employment and at the same time, or some time thereafter, files an application for disability retirement.
 - Under these circumstances when determining permanent incapacity, the Board may consider whether an individual worked full time with no physical restrictions or accommodations until the day they left active employment. The Board may consider that fact as evidence that the injury or illness did not affect the member's ability to do their job.

Disability Retirement Process:

Role of the Board – Service-Connected Disability

On initial consideration of an application for a service-connected disability retirement, the five possible motions available to the Board are:

- a. Grant the application for service-connected disability.
- b. Deny the application for service-connected disability, grant the application for non-service-connected disability, and provide the applicant with the opportunity to request an administrative hearing on service connection.
- c. Deny the application in its entirety and provide the applicant with the opportunity to request an administrative hearing on the denial.
- d. Remand the application to staff for further review.
- e. Refer the matter for an administrative hearing.

Disability Retirement Process: Role of the Board – Non-Service Connected Disability

On initial consideration of an application for Non-Service-Connected disability retirement, the five possible motions available to the Board are:

- a. Grant the application for non-service-connected disability.
- b. Deny the application for non-service-connected disability and provide the applicant with the opportunity to request an administrative hearing on service connection.
- c. Remand the application to staff for further review.
- d. Refer the matter for an administrative hearing.

Disability Retirement Process:

Denial of Disability Application

- If a disability application is denied by the Board, the applicant may appeal the decision and request to have the case heard before an Administrative Law Judge (ALJ). The Board may also decide to refer the application to an ALJ.
- MCERA recommends that applicants retain legal counsel to prepare their case.
- County Counsel represents MCERA during the hearing.
- MCERA counsel will work with the Office of Administrative Hearings, the applicant, and the applicant's attorney to schedule the hearing.

Disability Retirement Process:

Denial of Disability Application Cont.

- Once the hearing date is set, MCERA counsel notifies attorneys, court reporter, applicant and ALJ of time and location of the hearing.
- Member presents their case to the ALJ. MCERA appears through County Counsel. The ALJ prepares a recommendation for the Retirement Board to grant or deny the application, generally within 60 days of the hearing.

Disability Retirement Process:

Board Decision After Hearing

- The ALJ prepares a written report that summarizes the evidence and findings of fact and makes a recommendation to the Board.
- If the ALJ upholds the Board's denial of an application, the Board can adopt the findings of fact and recommendation upholding the denial. In this situation the applicant may appeal that decision to the Superior Court within 90 days of the Board's announcement of upholding the ALJ's denial.

Disability Retirement Process: Board Decision After Hearing Cont.

If the ALJ recommends granting an application the Board has initially denied, the Board has the following options:

- Adopt the findings of fact and recommendation and grant the application.
- Require a transcript or summary of all evidence received by the ALJ and take action based on such evidence.
- Send the recommendation back to the ALJ for further proceedings.
- Conduct a new hearing, consider evidence, and decide the matter without regard to the ALJ hearing.

Disability Retirement Process: Steps from Start to Finish

1 Injury or Illness

You become injured, ill, or are placed on disability status. You can apply for disability retirement while receiving Workers' Compensation or 4850 benefits.

2 Written Diagnosis

Obtain written diagnosis of your injury or illness, prognosis that your disability is permanent, and the causation from your treating physician on physician's stationery.

3 Apply for Disability Retirement

Contact MCERA to inform us of your injury or illness. Complete an application for disability retirement. The application must be accompanied by a doctor's diagnosis, prognosis and all supporting documentation.

4 Disability Retirement Counseling

The Disability Coordinator will discuss service vs. non-service connected disability and eligibility requirements for service retirement. Staff will check for eligibility to receive a service retirement benefit pending the outcome of the disability retirement application. *Please keep in mind that once you receive a service retirement you will not be able to return to work full-time with an MCERA employer while continuing to receive a retirement benefit.*

5 Application Reviewed

Your application, physician's medical evidence and supporting documentation are reviewed for completeness prior to being accepted. Once complete, your application is accepted and staff will begin processing the application.

Disability Retirement Process: Steps from Start to Finish (Cont.)

6 Letter to Employer

Information will be sought from your employer about your job duties, documentation of injury/illness, whether reasonable accommodation was attempted and other relevant facts.

7 Medical Records Collection

Documentation is obtained from Workers' Compensation, all treating physicians and personnel files. All medical records obtained by this office are confidential.

8 Initial Medical Review

Retirement staff and MCERA's independent medical consultant review all medical documentation.

9 Independent Medical Examination

MCERA staff and the independent medical consultant may require you to attend an independent medical examination with one or more Board-approved physicians. The physician prepares a report following the examination and sends it to MCERA. If an independent medical examination is not recommended, the applicant may skip to Step 10 in the process.

10 Medical Consultant Review

The independent medical consultant reviews the file and all physician reports and provides a written report and recommendation to MCERA's Retirement Board to grant or deny the application.

Disability Retirement Process: Steps from Start to Finish (Cont.)

11 Staff Recommendation

Retirement staff prepares a Disability Retirement Case Summary for the Retirement Board that is included with your completed application, supporting documentation, employer comments, and reports from the independent medical examiner and independent medical consultant.

12 Retirement Board Decision

The Board may:

- **Grant your application.** If medical evidence/documentation supports your application the Retirement Board may grant your application.
- **Deny your application.** If your application is denied based on disputed factual issues, you may appeal the Board's decision by providing a written request for a hearing to the Retirement Administrator.
- **Refer your application to an Administrative Law Judge.** If medical evidence/documentation does not clearly support your application, if there is conflicting medical evidence, or if there is a factual dispute over service connection, the Retirement Board may refer your application to an Administrative Law Judge (ALJ).
- **Remand to staff** for independent medical evaluation or more information.

Disability Retirement Process: Steps from Start to Finish (Cont.)

13 Disability Hearing

If your application is denied by the Retirement Board, you may appeal the Board's decision and request to have your case heard before an ALJ. The Board may also make the decision to refer your application to an ALJ.

1. **Prepare for hearing.** MCERA strongly recommends that you retain legal counsel to prepare your case. County Counsel represents MCERA during the hearing.
2. **Selection of ALJ.** MCERA counsel will work with the Office of Administrative Hearings as well as you or your attorney to schedule the hearing with the ALJ.
3. **Notice of hearing.** Once the hearing date is set MCERA counsel notifies attorneys, court reporter, applicant and ALJ of time and location of the hearing.
4. **Hearing held.** Member presents his/her case to the ALJ. MCERA appears through County Counsel. The ALJ prepares a recommendation for the Retirement Board to grant or deny the application, generally within 60 days of the hearing.

14 Board Decision after Hearing

1. **ALJ recommendation.** The ALJ prepares a written report that summarizes the evidence and findings of fact and makes a recommendation to the Board. The Board has the option to adopt the recommendation, require a transcript or summary of all evidence received by the ALJ and take action based on such evidence, send the recommendation back to the ALJ for further proceedings, or to reconsider the matter themselves.
2. **Notice of decision.** You and your attorney are sent a notice of the Board's decision.
3. **Judicial appeal.** If the Board denies the application in whole or in part, you may appeal that decision to the Superior Court within 90 days of the Board's announcement of the denial.

Developing issues around presumptions and adjudications, with a focus on comparison of DR and WC rules

- Permanent incapacity vs. disability
- Causation
- Presumptions
- Psychological claims
- Fraud

Permanent Incapacity vs. Disability

- What does it mean to be “permanently incapacitated” under the CERL?
 - The substantial inability of the applicant to perform his or her usual duties
 - Based on ability to perform specific job at time of injury
 - Need not be related to job

Permanent Incapacity vs. Disability

- What does it mean to be “disabled” under the WLC?
 - Disability rating (percentage) provided by medical reporting
 - Based on level of disability
 - Additional recovery if deemed a Qualified Injured Worker (QIW)



Permanent Incapacity vs. Disability

- An individual can be disabled under the WCL and entitled to workers' compensation benefits, but not permanently incapacitated under the CERL and not entitled to disability retirement benefits

Permanent Incapacity vs. Disability | Hypothetical

- Steve is a construction worker. His regular job duties include climbing and descending ladders and operating heavy machinery. A work-related accident results in Steve's right leg being amputated; he uses a wheelchair.
 - Steve is considered disabled under the WCL and incapacitated under the CERL



Permanent Incapacity vs. Disability | Hypothetical

- Vicki is a receptionist. Her regular job duties include answering phones and data entry. She has a similar injury; her right leg is amputated, and she uses a wheelchair.
 - Vicki is disabled under the WCL but not incapacitated under the CERL



Causation

- **CERL:** A service-connected injury will be established only if the applicant can show that there is a link between the injury and the job
 - The “substantial contribution test” requires “substantial evidence of a ‘real and measurable’ connection between the disability and employment.”
(*Bowen v. Bd. of Ret. of LACERA* (1986) 42 Cal.3d 572, 578.)

Causation

- **WCL:** Liability exists for any injury sustained by an employee arising out of (AOE) and in the course of the employment (COE) (Lab. Code § 3600(a))

Causation

- **AOE** refers to a requirement that the injury be the result of a risk or hazard of employment, as opposed to a risk or hazard that is personal to the employee or which affects members of the public
- **COE** requires that the incapacitating injury occur in the time, place and circumstances of employment
 - Requires that at the time of the injury the employee be performing work the employee was hired to perform which is in service to the employer

Causation

- Both WCL and the CERL provide that injuries will only be considered to be caused by employment when they arise out of and in the course of employment
 - The elements of “arise out of employment” and “occur in the course of employment” are separate elements and both must be satisfied for the job to be considered the legal cause of an injury.
(*Associated Oil Co. v. Industrial Acc. Comm.* (1923) 191 Cal. 557, 562.)

Causation | The Conflict

- **CERL**

- All or nothing; if the threshold of eligibility is met, the applicant receives the entire benefit regardless of level of incapacity
- Lower standard for potentially higher benefit

- **WCL**

- Apportionment determines recovery
- Proportional to level of disability
- Higher threshold for potentially lower benefit

Presumptions

- A presumption is an assumption of fact that the law requires be initially drawn from one or more other facts already established in the action
 - A presumption of service connection eliminates the need for the applicant to establish a link between the injury and job
- However, presumptions can be rebutted with competent medical evidence

Presumptions of Service-Connection

- **CERL** establishes rebuttable presumptions in favor of certain safety members with at least five years of service for:
 - Heart trouble
 - Cancer
 - Blood-borne infectious disease
 - Methicillin-resistant *Staphylococcus aureus* skin infection (MRSA)
 - “Bio-chemical substance” exposures

Presumptions of Service-Connection

- **WCL** provides such presumptions for:
 - Heart trouble
 - Cancer
 - Blood-borne infectious disease
 - MRSA
 - “Bio-chemical substance” exposures
 - Hernia
 - Pneumonia
 - Tuberculosis
 - Meningitis
 - Low back, where a policy “duty belt” is a condition of employment
 - Lyme disease
 - PTSD

AB 1020

- Enacted by the Legislature and signed by Governor Newsom in October 2023
- Effective January 1, 2024, expands the list of employment-related presumptions under the CERL to include:
 - Post-traumatic stress disorder
 - Tuberculosis
 - Skin cancer
 - Lower back impairments
 - Lyme disease
 - Hernia
 - Pneumonia
 - Meningitis

AB 1020

- **PTSD** (Gov. Code § 31720.91)
 - Applies to certain firefighters, peace officers and fire and rescue services coordinators (Lab. Code § 3212.15)
 - Diagnosis must be based on the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association
 - Sunsets on January 1, 2025

AB 1020

- **Tuberculosis** (Gov. Code § 31720.92)
 - Applies to members of city and county police departments and sheriff's offices; district attorney inspectors and investigators; prison and jail guards; correctional officers; and county firefighters (Lab. Code § 3212.6)
- **Meningitis** (Gov. Code § 31720.93)
 - Applies to members of city and county police departments, sheriff's offices, and county forestry and firefighting departments and units; city, county and district firefighters; county probation officers; and district attorney inspectors and investigators (Lab. Code § 3212.9)

AB 1020

- **Skin cancer** (Gov. Code § 31720.94)
 - Applies to city, county, district and other lifeguards (Lab. Code § 3212.11)
 - Member must have worked for 3 consecutive months in a calendar year in a specified position
- **Lyme disease** (Gov. Code § 31720.95)
 - Applies to certain peace officers (Lab. Code § 3212.12)

AB 1020

- **Hernia or pneumonia** (Gov. Code § 31720.97)
 - Applies to members of sheriff's office, city and county police and fire departments; and district attorney's inspectors or investigators (Lab. Code § 3212)
- **Lower back impairment** (Gov. Code § 31720.96)
 - Applies to members of city and county police departments and sheriff's office (Lab. Code § 3213.2)
 - Member must have worked at least five years on a full-time basis in a specified position that required the member to wear a duty belt as a condition of employment

AB 1020

- Presumptions apply if injury develops or manifests while member is in service, and *up to five years* following termination of service
 - Extends three months post-termination for each full year of service



Psychological Claims

- **CERL:** Same requirements for permanent incapacity and service connection
- **WCL:** AOE/COE portion must rise to at least 51% (Lab. Code § 3208.3)
 - For violent acts: 35%-40%
 - 6-month rule
 - Post termination rule
 - Good faith personnel defense



Psychological Claims

- No compensation under WCL for a psychiatric injury if the injury was substantially caused by a lawful, nondiscriminatory, good faith personnel action (*Rolda v. Pitney Bowes* (2001) 66 Cal. Comp. Case 241)

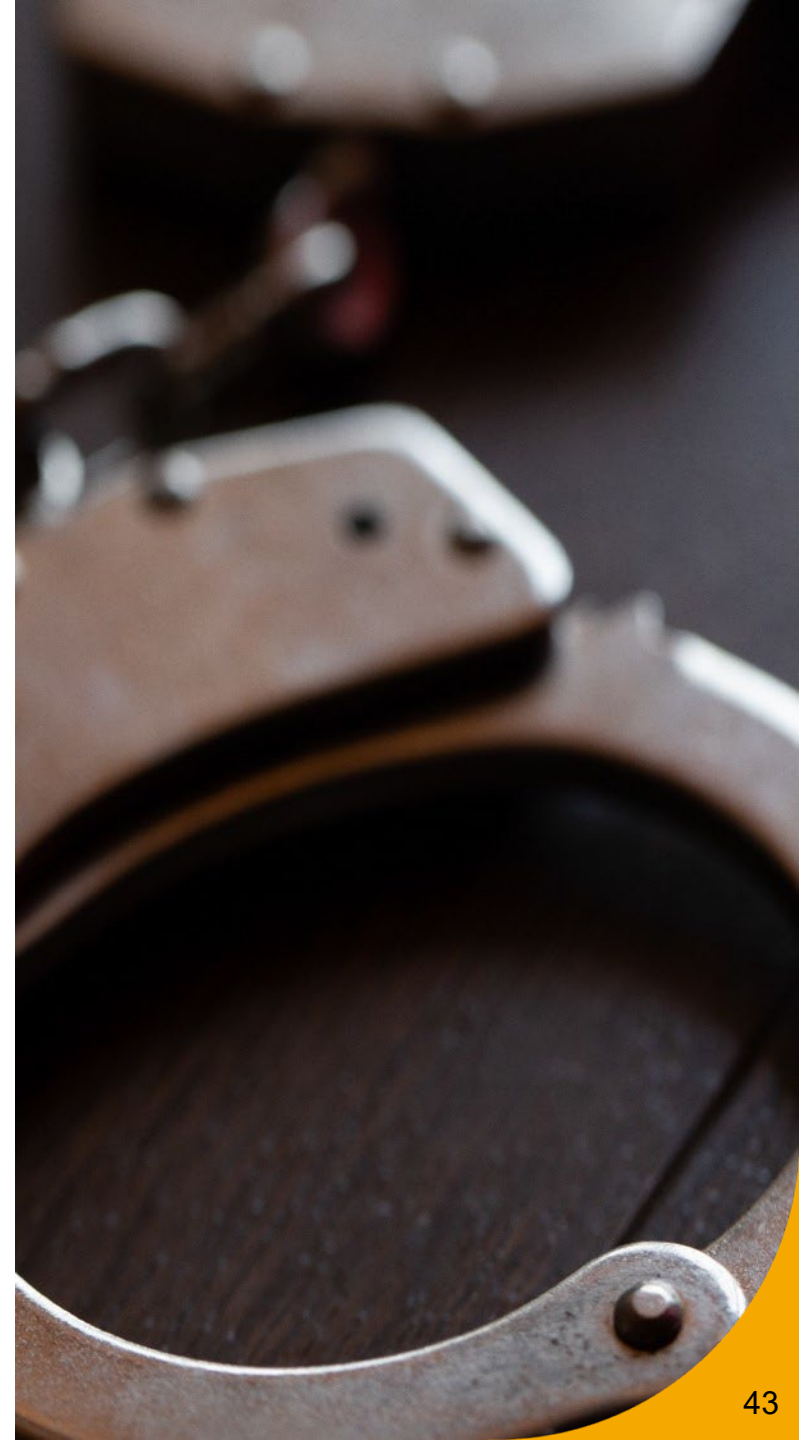
Psychological Claims | Hypothetical

- Jonathan has worked at his organization for 25 years. During that time, he had minor write ups but nothing that resulted in discipline. He has applied for promotion more than 10 times and has never been successful.
- As the result of the failed promotions, he suffered psychiatric injuries.
- There are no allegations of employer misconduct, discrimination, retaliation or harassment.



Fraud

- Public Employees Pension Reform Act of 2013 (Gov. Code §§ 7522.72 et seq.) (PEPRA)
 - “If a public employee is convicted by a state or federal trial court of any felony under state or federal law for conduct arising out of or in the performance of his or her official duties, ... or in connection with obtaining salary, disability retirement, service retirement, or other benefits, he or she shall forfeit all accrued rights and benefits in any public retirement system in which he or she is a member” (Gov. Code § 7522.72(b)(1))



Fraud

- All rights and benefits earned or accrued *from the earliest date of the commission of any felony* are forfeited
 - Rights and benefits attributable to service performed prior to the date of the first commission of the felony for which the member was convicted not be forfeited
- All rights and benefits remain forfeited notwithstanding any reduction in sentence or expungement of the conviction following the date of the member's conviction



Fraud

- Penal Code § 550(b)(3) provides that it is unlawful to do, or to knowingly assist or conspire with any person to “[c]onceal, or knowingly fail to disclose the occurrence of, an event that affects any person’s initial or continued right or entitlement to any insurance benefit or payment, or the amount of any benefit or payment to which the person is entitled”

Fraud

- Insurance Code § 1871.4(a) provides that “[i]t is unlawful to...[m]ake or cause to be made a knowingly false or fraudulent material statement or material representation for the purpose of obtaining or denying any compensation, as defined in Section 3207 of the Labor Code”

Fraud

- Penal Code and Insurance Code do not apply to pension benefits under PEPRA
- PEPRA is limited to felony convictions arising out of work duties, or in connection with obtaining retirement benefits
- Member could be found guilty of fraud and recover no workers' compensation benefits under WCL but receive disability retirement benefits for same injury and facts

Fraud | Hypothetical

- Nancy is a bailiff. She suffers a work-related injury to her lumbar spine and left knee and files a workers' compensation claim. She claims she is unable to bend, stoop, run or climb stairs. Video footage is taken of Nancy at the gym. She is seen squatting, using the Stairmaster and running with no apparent discomfort. She pleads guilty to PC § 550(b)(3) and IC § 1871.4(a)(1) violations.
 - Nancy's workers' compensation claim will be invalidated and she will likely be responsible for restitution
 - Nancy may still be entitled to disability retirement benefits, unless (i) the benefit has not yet been granted and the evidence establishes no permanent incapacity; (ii) the Board is authorized to reconsider the matter and reaches the conclusion in (i); or (iii) she is convicted of a felony arising out of her attempt to fraudulently obtain disability retirement benefits

CERL v. WCL Standards

- What does the California Supreme Court say?
 - “Generally, courts have found that the [CERL] (here at issue) and the Workers’ Compensation Act ‘are related in subject matter and harmonious in purpose.’ In fact, courts have looked to workers’ compensation precedent for guidance in contending with similar issues in pension law.” (*Bowen v. Board of Retirement* (1986) 42 Cal.3d 572, 578.)



CERL v. WCL Standards

- What does the California Supreme Court say?
 - “We may not assume that the provisions of one apply to the other absent a clear indication from the Legislature.”
 - Once the Labor Code was amended in 1989 and “eliminated what had been parallel language governing compensability of industrial injuries under the workers’ compensation scheme and the [PERL],” the two provisions were no longer to be construed as the same. (*Pearl v. Work. Comp. Appeals Bd.* (2001) 26 Cal.4th 189, 197.)



Questions?





Marin County Employees' Retirement Association

OVERVIEW OF MCERA BENEFITS

Board of Retirement Strategic Workshop
June 21, 2024

Sydney Fowler-Pata, Retirement Benefits Technician
Robert Sanders, Senior Retirement Benefits Technician

AGENDA

- What's the big idea?
- What's in it for me?
- What's in it for my beneficiary?
- When can I retire?
- How is my benefit calculated?
- What if I leave before retirement?
- How do I link multiple public employers?
- How can I increase my benefit?
- What if I get a divorce?
- How can I estimate my benefit?
- What else should I consider?
- Where can I get more information?
- What should my next steps be?



WHAT'S THE BIG IDEA?

UNDERSTANDING YOUR PLAN

- MCERA is a defined benefit pension plan under County Employees' Retirement Law of 1937
- More than \$3 billion in assets from:
 - Investment earnings
 - Employee contributions
 - Employer contributions
- Assets held in trust for members and beneficiaries
- Members fall into 1 of 45 tiers



WHAT'S IN IT FOR ME?

MULTIPLE BENEFIT TYPES

- **Service retirement**
Lifetime monthly benefit with a continuance to beneficiary
- **Disability retirement**
If you become permanently incapable of performing your job duties
- **Death benefits**
Various options available during and after your employment



WHAT'S IN IT FOR MY BENEFICIARY?

DEATH BENEFITS

■ Death before retirement

- MCERA determines what beneficiary is eligible for, and beneficiary chooses from available options
 - Lump sum refund of contributions
 - Lifetime 60% continuance
 - Combination of lump sum refund and reduced continuance

■ Death after retirement

- At retirement, member determines what their beneficiary will receive
 - Unmodified – Lifetime 60% continuance
 - Option 1 – Lump sum refund
 - Option 2 – Lifetime 100% continuance
 - Option 3 – Lifetime 50% continuance
 - Option 4 – Lifetime continuances to multiple beneficiaries

If MCERA is final retirement system, beneficiary also receives \$5,000 lump sum death benefit



WHEN CAN I RETIRE?

MEMBERSHIP MILESTONES

- **Vesting:** 5 years
- **Eligibility to retire:**
 - General All: Age 50, 52 or 55
 - General Classic: 10 years of membership, or 30 years of service at any age
 - Safety All: Age 50
 - Safety Classic: 10 years of membership, or 20 years of service credit at any age
 - All: Age 70
- **Employee contributions cease:** 30 years of service (Classic only)



HOW IS MY BENEFIT CALCULATED?

- Formula based on your retirement tier (2% at 55)
- Considers:
 - Age
 - Service credit
 - Highest average compensation



HOW IS MY BENEFIT CALCULATED?

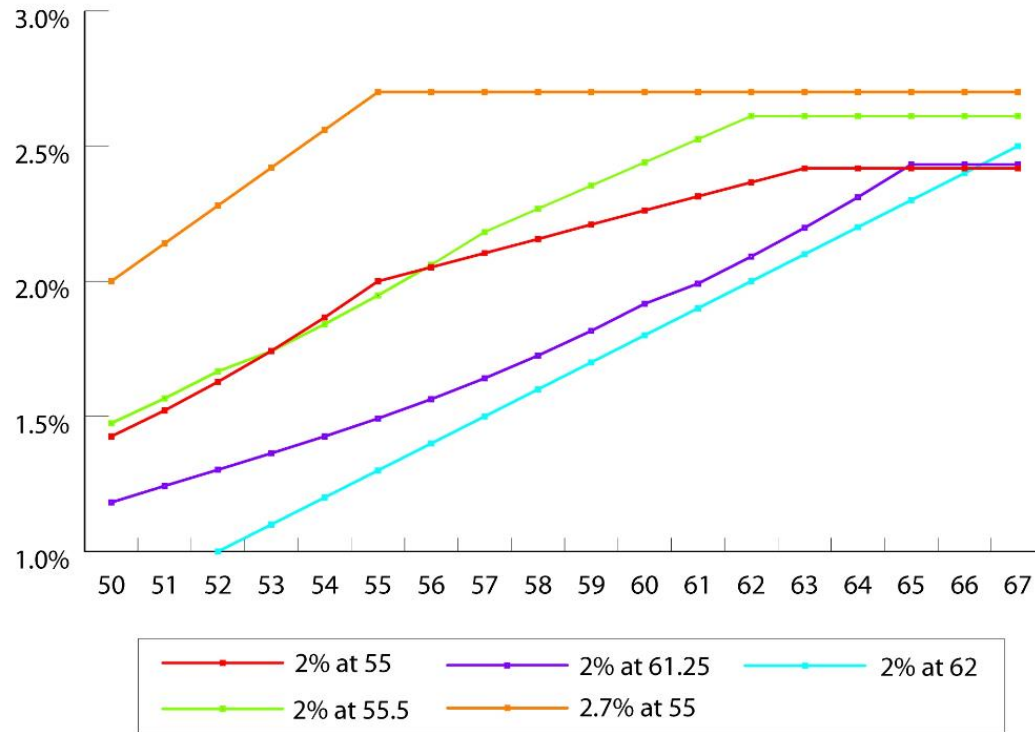
AGE AT RETIREMENT

- Age at retirement is converted to a percent multiplier (ex: 2%)
- Percent increases every quarter year of age until it reaches the maximum for your tier
 - County General Tier 3 factors start at 50 (1.43%) and increase until age 63 (2.418%)

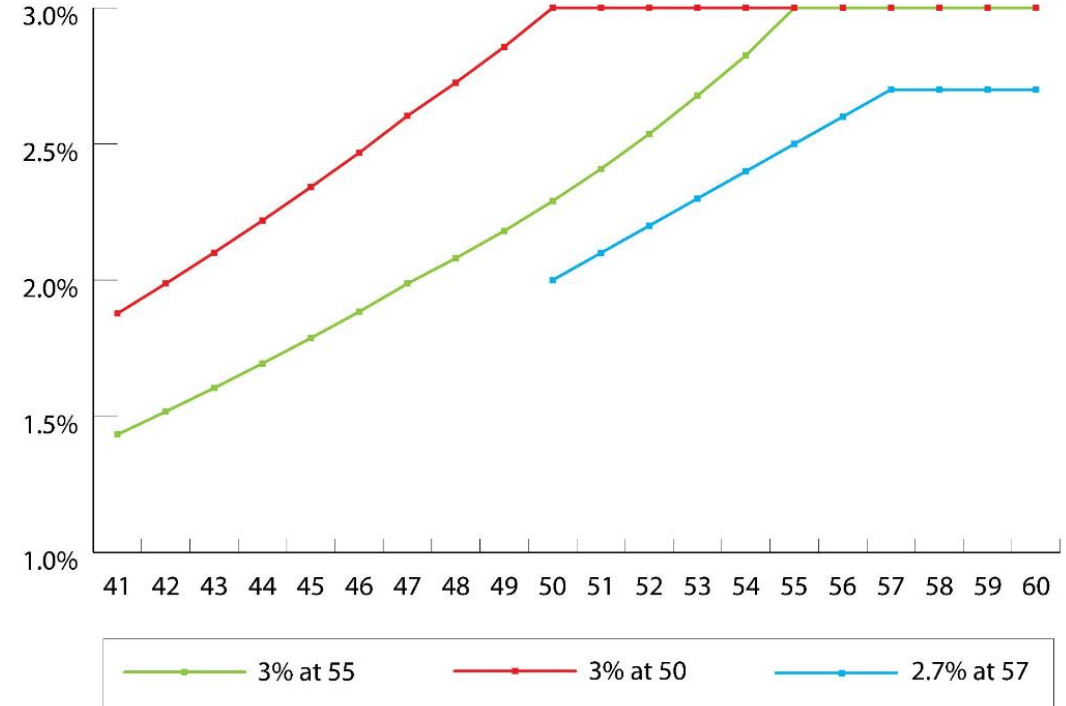
HOW IS MY BENEFIT CALCULATED?

AGE AT RETIREMENT

GENERAL TIERS



SAFETY TIERS





HOW IS MY BENEFIT CALCULATED?

SERVICE CREDIT

- Earned each pay period of employment during membership
- Includes completed purchases
- Does not include:
 - Leave without pay
 - Part time <75%
 - Overtime hours
- Converted sick leave accruals (if available) are added at the time you retire
 - Sick leave may not be used to meet any eligibility requirements



HOW IS MY BENEFIT CALCULATED?

HIGHEST AVERAGE COMPENSATION (HAC)

- Highest consecutive 12- or 36-month period of compensation
- HAC does not include:
 - Overtime (unless FLSA)
 - Standby, call back, or admin. response pay
 - Cash paid in lieu of benefits (in-kind conversions, paid unused fringe)
- PEPRA members:
 - Generally base pay only
 - HAC is limited to statutory cap. In 2024, the cap is \$181,734 if not covered by Social Security, \$151,446 if covered by Social Security



HOW IS MY BENEFIT CALCULATED?

SAMPLE CALCULATION

- A County of Marin Tier 3 General member who retires at age 55 with 20 years of service and a highest average compensation of \$75,000 would receive a retirement benefit of \$30,000 per year.

Factor for age 55 (2%)		2.00%
Years of service	x	20.00000
Highest avg. comp.	x	\$75,000
<hr/>		
Annual retirement benefit		\$30,000



WHAT IF I LEAVE BEFORE RETIREMENT?

CHOICES AFTER TERMINATING EMPLOYMENT

- **Over 5 years of service?**
You're vested and can retire when eligible (or withdraw at any time)
- **Less than 5 years of service?**
Leave your funds on deposit and retire at age 70 (or withdraw at any time)
- **Refund of contributions**
Withdraw at any time after termination (but no longer eligible for future monthly benefit)
- **Establish reciprocity**
Leave your funds on deposit and join an eligible public retirement system within 180 days



HOW DO I LINK MULTIPLE PUBLIC EMPLOYERS?

RECIPROCITY

- Leave one public employee retirement system and join another within 6 months
- May be established with other 1937 Act systems, CalPERS, most agencies with reciprocity with CalPERS, or CalSTRS (no UC or Federal reciprocity)



HOW DO I LINK MULTIPLE PUBLIC EMPLOYERS?

RECIPROCITY

KEY ADVANTAGES

- Combined service credit counts toward eligibility
- Highest average compensation shared between all systems
- Classic tier vs. PEPRA tier
- Age for contributions

THE RULES

- No overlapping service credit
- Break in service between systems less than 180 days
- Leave your contributions on deposit at prior system
- Retire from all systems with the same retirement date



HOW CAN I INCREASE MY BENEFIT?

- Work longer
- Retire older
- Earn more money
- **Purchase eligible service**
Purchases (buybacks) count toward vesting and eligibility. Can purchase any or all service.
 - Extra hire time prior to membership
 - Part time service <75%
 - Medical leave without pay
- **Redeposit withdrawn contributions**
Redeposits count toward vesting and eligibility. Must repay all or nothing



HOW CAN I INCREASE MY BENEFIT?

SERVICE PURCHASES & REDEPOSITS

NOTES ON PURCHASES

- Payments must be completed prior to retirement
- Limited to 5 years maximum to complete purchase regardless of amount of time you're buying
- Interest applied to purchase costs every six months - the longer you wait, the higher the cost

WAYS TO PAY

- Lump sum check
- Rollover from qualified plan
- Payroll deductions
- Combination



WHAT IF I GET A DIVORCE?

DOMESTIC RELATIONS ORDER (DRO)

- Retirement benefits are community property
- Contact MCERA as soon as possible
- Submit necessary paperwork:
 - Joinder
 - Judgment of dissolution
 - Property settlement agreement
 - Stipulation and order for division of pension benefits
- Change your beneficiary



HOW CAN I ESTIMATE MY BENEFIT?

- Annual benefit statement
- Compensation percentage tables
- Online retirement benefit estimator
- Estimate from MCERA staff



WHAT ELSE SHOULD I CONSIDER?

OTHER SUPPLEMENTAL INCOME

- Deferred compensation (457b)
- Social Security
- 401k
- Personal savings



WHERE CAN I GET MORE INFORMATION?

TOOLS & RESOURCES

- [MCERA.org](https://www.mcera.org)
 - Communications & publications
 - Retirement benefit estimator
 - Policies & Board information
- MCERA staff
- Annual Benefit Statements
- Marin County Association of Retired Employees (MCARE)



WHAT SHOULD MY NEXT STEPS BE?

- Consider other sources of income
- Stay informed
- Keep your records updated
- Estimate your benefit
- Attend a Preparing to Retire workshop within 3 years of retirement
- Ask us questions

Data From MCERA and other County Employee Retirement Systems

Presentation to the Board of Retirement
Marin County Employees' Retirement Association
Strategic Workshop
June 21, 2024

Jeff Wickman | Retirement Administrator

MCERA at a Glance
June 21, 2024

Fund Statistics

Category	General	Safety	Total
Active Member	2,213	629	2,842
Retirees	2,749	1,019	3,768
Deferred/Inactive			877
Total			7,487

Participating Employer Active Member Count

Category	General	Safety	Total
Marin County	1,842	352	2,194
City of San Rafael	200	132	332
Novato Fire	12	65	77
County Special Districts			
Marin Superior Court	98		98
Southern Marin Fire	10	80	90
Marin/Sonoma Mosquito	34		34
Tamalpais CSD	13		13
LAFCo	2		2
Marin City CSD	2		2
Total	2,213	629	2,842

Retiree Count

Category	General	Safety	Total
Marin County: Service	1,781	318	2,099
Marin County: Disability	110	137	247
Marin County: Beneficiary	294	84	378
Total	2,185	539	2,724
City of San Rafael: Service	304	171	475
City of San Rafael: Disability	18	64	82
City of San Rafael: Beneficiary	45	59	104
Total	367	294	661
Novato Fire: Service	7	64	71
Novato Fire: Disability	0	36	36
Novato Fire: Beneficiary	1	21	22
Total	8	121	129

Category	General	Safety	Total
Special District: Service	162	36	198
Special District: Disability	9	18	27
Special District: Beneficiary	18	11	29
Total	189	65	254
Grand Total	2,749	1,019	3,768

Average Retirement Benefit

Category	General	Safety	Overall Average
Marin County: All Benefits	\$39,925	\$69,300	\$45,737
Marin County: Service Only	\$41,775	\$76,113	\$46,997
City of San Rafael: All Benefits	\$40,653	\$81,236	\$58,704
City of San Rafael: Service Only	\$43,650	\$93,391	\$61,557
Novato Fire: All Benefits	\$53,098	\$99,447	\$96,573
Novato Fire: Service Only	\$58,696	\$119,890	\$113,857
Special District: All Benefits	\$40,216	\$70,750	\$48,030
Special District: Service Only	\$42,116	\$73,700	\$47,859

Amount of Annual Benefit Per Retiree/Beneficiary for Calendar Year 2022

- Up to \$20,000: 27%
- \$20,000 to \$60,000: 45%
- \$60,000 to \$100,000: 16%
- Over \$100,000: 12%

Note: All Data from MCERA June 30, 2023 Actuarial Valuation

Marin County Employees' Retirement Association Benefit Tiers
June 2024

CITY OF SAN RAFAEL (332 Active)							
Membership Type	Tier	Active Members	Minimum Age to Retire	Formula	Membership Date	Maximum COLA	FAC Period
Safety Classic	Tier 1	44	50	3% at 55	Prior to 7/1/11	3%	1 year
Safety Classic	Tier 2	18	50	3% at 55	7/1/11-12/31/12	2%	3 years
Safety PEPRA	Tier 3	70	50	2.7% at 57	1/1/13-present	2%	3 years
General Classic	Tier 1	59	50	2.7% at 55	Prior to 7/1/11	3%	1 year
General Classic	Tier 2	12	55	2% at 55	7/1/11-12/31/12	2%	3 years
General PEPRA	Tier 3	129	52	2% at 62	1/1/13-present	2%	3 years

COUNTY OF MARIN (2,194 Active)							
Membership Type	Tier	Active Members	Minimum Age to Retire	Formula	Membership Date	Maximum COLA	FAC Period
Safety Classic	Tier 1A	0	50	3% at 55	7/1/50-6/30/80	4%	1 year
Safety Classic	Tier 1B	0	50	3% at 50	7/1/50-6/30/80	4%	1 year
Safety Classic	Tier 2A*	36	50	3% at 55	7/1/80-12/31/12	2%	3 years
Safety Classic	Tier 2B**	135	50	3% at 50	7/1/80-12/31/12	2%	3 years
Safety PEPRA	Tier 3	181	50	2.7% at 57	1/1/13-present	2%	3 years
General Classic	Tier 1	1	50	2% at 55½	1/1/57-6/30/80	4%	1 year
General Classic	Tier 2***	20	50	2% at 61¼	7/1/80-6/1/02	2%	3 years
General Classic	Tier 3***	441	50	2% at 55	7/1/80-6/30/08	2%	3 years
General Classic	Tier 3A	62	55	2% at 55	7/1/08-12/31/11	2%	3 years
General Classic	Tier 4	138	55	2% at 61¼	1/1/12-12/31/12	2%	3 years
General PEPRA	Tier 5	1,180	52	2% at 62	1/1/13-present	2%	3 years

* Tier 2A applies only to Probation safety, Sheriff's Captains, Undersheriff, and Sheriff/Coroner classifications.

** The benefit formula for deferred County of Marin safety Tier 2B members with termination dates on or before July 6, 2002 is 2% at 50. The 3% at 55 benefit formula applies to deferred members with termination dates from July 7, 2002 through December 31, 2004. All other safety Tier 2B provisions are the same.

*** When the County created general Tier 3, general members were given an option to "opt out" of Tier 3 and remain in Tier 2. If you did not complete and return the election form in 2002, all of your service credit was automatically transferred to Tier 3.

LAFCO (2 Active)							
Membership Type	Tier	Active Members	Minimum Age to Retire	Formula	Membership Date	Maximum COLA	FAC Period
General Classic	Tier 2	0	50	2% at 58½	Prior to 7/1/03	4%	1 year
General Classic	Tier 3	0	50	2% at 55	7/1/03-12/31/12	2%	3 years
General PEPRA	Tier 4	2	52	2% at 62	1/1/13-present	2%	3 years

MARIN CITY COMMUNITY SERVICES DISTRICT (2 Active)

Membership Type	Tier	Active Members	Minimum Age to Retire	Formula	Membership Date	Maximum COLA	FAC Period
General Classic	Tier 1	0	50	2% at 58½	Prior to 1/1/13	4%	1 year
General PEPRA	Tier 2	2	52	2% at 62	1/1/13-present	4%	3 years

MARIN/SONOMA MOSQUITO & VECTOR CONTROL DISTRICT (34 Active)

Membership Type	Tier	Active Members	Minimum Age to Retire	Formula	Membership Date	Maximum COLA	FAC Period
General Classic	Tier 1	17	50	2% at 55½	Prior to 1/1/13	4%	1 year
General PEPRA	Tier 2	17	52	2% at 62	1/1/13-present	4%	3 years

MARIN SUPERIOR COURT (98 Active)

Membership Type	Tier	Active Members	Minimum Age to Retire	Formula	Membership Date	Maximum COLA	FAC Period
General Classic	Tier 1	0	50	2% at 55½	7/1/50-6/30/80	4%	1 year
General Classic	Tier 2*	1	50	2% at 61¼	7/1/80-12/31/08	2%	3 years
General Classic	Tier 3*	36	50	2% at 55	7/1/80-12/31/08	2%	3 years
General Classic	Tier 4	4	55	2% at 55	1/1/09-12/31/12	2%	3 years
General PEPRA	Tier 5	57	52	2% at 62	1/1/13-present	2%	3 years

* When the Courts created general Tier 3, members were given an option to “opt out” of Tier 3 and remain in Tier 2. If you did not complete and return the election form in 2002, all of your service credit was automatically transferred to Tier 3.

NOVATO FIRE PROTECTION DISTRICT (77 Active)

Membership Type	Tier	Active Members	Minimum Age to Retire	Formula	Membership Date	Maximum COLA	FAC Period
Safety Classic	Tier 1*	31	50	3% at 50	Prior to 1/1/08	4%	1 year
Safety Classic	Tier 2	9	50	3% at 55	1/1/08-12/31/12	4%	1 year
Safety PEPRA	Tier 3	6	50	2.7% at 57	1/1/13-6/30/17	4%	3 years
Safety PEPRA	Tier 3A	19	50	2.7% at 57	7/1/17-present	2%	3 years
General Classic	Tier 1*	7	50	2% at 55	Prior to 1/1/13	4%	1 year
General PEPRA	Tier 2	0	52	2% at 62	1/1/13-5/31/15	4%	3 years
General PEPRA	Tier 2A	5	52	2% at 62	6/1/15-present	2%	3 years

* Deferred Novato Fire Tier 1 members who terminated employment on or before December 31, 2001 have a different benefit formula. For these members in safety Tier 1, the 2% at 50 formula applies. For these members in general Tier 1, the 2% at 58.5 formula applies. All other provisions for safety and general Tier 1 remain the same.

SOUTHERN MARIN FIRE PROTECTION DISTRICT (90 Active)

Membership Type	Tier	Active Members	Minimum Age to Retire	Formula	Membership Date	Maximum COLA	FAC Period
Safety Classic	Tier 1*	8	50	3% at 50	Prior to 7/1/05	4%	1 year
Safety Classic	Tier 2	17	50	3% at 55	7/1/05-6/30/14	4%	1 year
Safety Classic	Tier 2A	17	50	3% at 55	7/1/14-present	3%	3 years
Safety PEPRA	Tier 3	0	50	2.7% at 57	1/1/13-6/30/14	4%	3 years
Safety PEPRA	Tier 3A	38	50	2.7% at 57	7/1/14-present	3%	3 years
General Classic	Tier 1	0	50	2.7% at 55	Prior to 1/1/13	4%	1 year
General PEPRA	Tier 2	10	52	2% at 62	1/1/13-present	4%	3 years

* The benefit formula for deferred Southern Marin Fire safety Tier 1 members who terminated employment with the district on or before June 30, 2001 is 2% at 50. All other safety Tier 1 provisions are the same.

TAMALPAIS COMMUNITY SERVICES DISTRICT (13 Active)

Membership Type	Tier	Active Members	Minimum Age to Retire	Formula	Membership Date	Maximum COLA	FAC Period
General Classic	Tier 1	3	50	2% at 58½	Prior to 1/1/13	4%	1 year
General PEPRA	Tier 2	10	52	2% at 62	1/1/13-present	4%	3 years

1937 Act Retirement System Participant Data - Alphabetically

June 21, 2024

System	Asset Value In Billions	Actuarial Liability in Billions	Active Members		Total Actives	Retirees		Total Retired	Inacative Members	Total Lives	Participating Employers	Tiers
			General	Safety		General	Safety					
Alameda CERA*	\$10.3	\$11.4	10,143	1,404	11,547	9,009	2,017	11,026	3,838	26,411	6	8
Contra Costa CERA*	\$10.0	\$11.9	8,590	1,492	10,082	8,078	2,483	10,561	3,974	24,617	16	11
Frenso CERA	\$6.1	\$7.4	6,691	959	7,650	7,169	1,205	8,374	5,187	21,211	5	9
Imperial CERS	\$1.1	\$1.2	1,959	341	2,300	1,095	304	1,399	772	4,471	4	4
Kern CERA	\$5.2	\$7.9	7,375	1,701	9,076	7,696	1,319	9,015	4,015	22,106	14	10
Los Angeles CERA	\$72.4	\$90.5	84,295	12,610	96,905	58,945	14,263	73,208	20,414	190,527	7	10
Marin CERA	\$3.1	\$3.3	2,213	629	2,842	2,749	1,019	3,768	877	7,487	9	45
Mendocino CERA	\$0.6	\$0.9	992	158	1,150	1,407	271	1,678	879	3,707	3	10
Merced CERA	\$1.1	\$1.5	1,857	308	2,165	2,177	407	2,584	1,375	6,124	4	8
Orange CERS*	\$19.5	\$25.3	18,184	3,877	22,061	16,546	4,132	20,678	7,894	50,633	13	17
Sacramento CERS	\$12.3	\$14.3	11,061	2,106	13,167	10,959	2,975	13,934	4,702	31,803	13	9
San Bernardino CERA	\$14.1	\$16.4	19,470	2,614	22,084	12,810	2,579	15,389	10,324	47,797	16	10
San Diego CERA	\$15.7	\$21.6	15,996	3,102	19,098	17,538	4,337	21,875	8,337	49,310	5	9
San Joaquin CERA*	\$3.9	\$5.3	5,420	824	6,244	5,523	1,169	6,692	2,797	15,733	10	4
San Mateo CERA	\$6.0	\$7.0	4,727	607	5,334	4,894	1,038	5,932	2,424	13,690	3	15
Santa Barbara CERS	\$4.1	\$4.9	3,450	939	4,389	3,928	1,303	5,231	1,867	11,487	12	16
Sonoma CERA*	\$3.4	\$3.7	3,580	662	4,242	4,608	1,152	5,760	1,765	11,767	3	11
Stanislaus CERA	\$2.6	\$3.5	3,692	783	4,475	3,759	834	4,593	1,225	10,293	9	8
Tulare CERA	\$1.9	\$2.2	3,708	797	4,505	3,014	668	3,682	2,633	10,820	3	8
Ventura CERA	\$7.5	\$7.8	7,828	1,556	9,384	6,447	1,810	8,257	4,085	21,726	5	8

Data as of most recent June 30 Actuarial Valuation unless indicated otherwise

* Valuation Year is December 31st

Market Value of Assets for all Systems

1937 Act Retirement System Economic Assumptions and Funded Status - Alphabetically

June 21, 2024

System	Assumed Rate Investment Return	Inflation Assumption	Funded Status*
Alameda CERA	7.00%	2.50%	86.1%
Contra Costa CERA	6.75%	2.50%	84.3%
Frenso CERA	6.50%	2.50%	81.9%
Imperial CERS	6.75%	2.50%	87.5%
Kern CERA	7.00%	2.50%	69.9%
Los Angeles CERA	7.00%	2.75%	80.0%
Marin CERA	6.75%	2.50%	90.5%
Mendocino CERA	6.50%	2.50%	71.6%
Merced CERA	6.75%	2.50%	72.1%
Orange CERS	7.00%	2.50%	76.9%
Sacramento CERS	6.75%	2.50%	86.1%
San Bernardino CERA	7.25%	2.50%	85.6%
San Diego CERA	6.50%	2.50%	72.9%
San Joaquin CERA	6.75%	2.75%	78.0%
San Mateo CERA	6.25%	2.75%	85.4%
Santa Barbara CERS	7.00%	2.75%	83.9%
Sonoma CERA	6.75%	2.50%	93.3%
Stanislaus CERA	6.75%	2.50%	74.6%
Tulare CERA	7.00%	2.75%	81.4%
Ventura CERA	7.00%	2.50%	96.3%

*Funded Status Based on Market Value of Assets From Most Recent Actuarial Valuation

1937 Act Retirement Systems - Budget Information Alphabetically

June 21, 2024

System	Admin Budget as % of Actuarial Accrued Liability	Admin Budget in Dollars
Alameda CERA	0.11%	\$13,433,000
Contra Costa CERA	0.12%	\$14,600,000
Fresno CERA	0.10%	\$6,823,295
Imperial CERS	0.21%	\$2,471,000
Kern CERA	0.09%	\$5,797,000
Los Angeles CERA	0.16%	\$135,748,000
Marin CERA	0.15%	\$4,983,000
Mendocino CERA	0.21%	\$1,635,000
Merced CERA	0.21%	\$3,212,000
Orange CERS	0.11%	\$29,125,000
Sacramento CERS	0.09%	\$12,797,000
San Bernardino CERA	0.09%	\$14,631,000
San Diego CERA	0.07%	\$15,105,700
San Joaquin CERA	0.09%	\$5,047,000
San Mateo CERA	0.12%	\$7,957,000
Santa Barbara CERS	0.13%	\$6,036,000
Sonoma CERA	0.16%	\$5,802,000
Stanislaus CERA	0.12%	\$4,171,000
Tulare CERA	0.15%	\$3,037,000
Ventura CERA	0.12%	\$8,617,000

