



Greetings!

The Corona Virus/COVID-19 pandemic are in large part causing the stock and investment market turmoil you have seen over the past few weeks, along with the frightening drop in market values.



Please remember that the City of Fresno Retirement Systems (CFRS) started out in a much better position than most public pension systems since the City of Fresno Retirement Systems were both fully funded on both a market value and actuarial valuation basis as of June 30, 2019. [Employees Retirement System at 111.9% and the Fire & Police Retirement System at 117.0%]. At least we were as of 30 June 2019. That does not mean the pension systems are not affected, it means we can stand more “shocks” than other Public Pension funds.

CFRS is working day and night to monitor the extreme fluctuations in the world's financial markets. We have a team of committed investment experts and consultants focused on how best to react to these changes and, whenever possible, how best to capitalize on potential opportunities that might benefit the system. At the same time, we continue to have a strong commitment to keeping you informed about the status of the markets, the financial health of CFRS, and the steps we are taking to protect our members, employees, our Employer and Fresno's taxpayers.

Below you will find FAQs that should answer some of the most common questions we have been asked over the past two weeks. Thank you for serving the great City of Fresno!

CORONAVIRUS, PENSIONS AND CFRS

Q: Is my pension safe?

A: Yes, retiree and survivor pensions of members of CFRS are determined by the number of years of credited service completed during a member's career and the member's final average salary. Your pension is not based on the annual performance of the stock market.

Q: Does the turbulent stock market threaten the entire pension system?

A: No. While the COVID-19 outbreak is new and worrisome, there is nothing new about stock market volatility or the threat of an economic recession. The stock market and economy have recovered over time from many events, including the housing market crash in 2008, the attacks on Sept. 11, 2001, the “Dot Com” collapse during the early 2000s and the “Black Monday” stock market crash in 1987.

The CFRS investment strategy – which diversifies investments to minimize risk over the long term – is designed to account for the market volatility triggered by the Corona Virus/COVID-19 pandemic and other external events and factors. As part of this strategy, CFRS invests in many different asset classes, not just the stock market, to protect its members' pensions and employer's budgets.

Q: What is CFRS doing to protect the trust that provides retiree and survivor pensions?

A: CFRS, like most pension systems, takes a long-term approach to investing. Over time, CFRS has targeted an annualized return of 7.0 percent on its portfolio. This long-term forecasting takes into account that investment returns in a given year will either exceed or fall below the long-term assumed earnings rate. As of the last fiscal year ending June 31, 2019, CFRS exceeded its assumed earnings rate over both 7-year and 10-year time frames.

Amid the current fluctuations in the world financial markets, the CFRS investment managers are constantly searching for opportunities to generate investment returns for the system. These opportunities may include buying publicly traded stocks at low prices or buying privately held assets at below market value from sellers looking to divest due to the current economic conditions or other factors. Likewise, CFRS may look to sell its interests in certain investments to pursue other opportunities and reduce risk to the trust.

Q: Is CFRS better prepared to handle market fluctuations and/or a possible recession than it was during the housing market collapse in 2008?

A: CFRS has taken many steps to further insulate the portfolio from market volatility. CFRS entered this current market turmoil with a highly diversified investment portfolio already in place. While this mix of public and private investment funds does not immunize CFRS from investment losses in the current market environment, it does have the effect of making such losses, if any, less severe.

Q: How can I learn more about CFRS investments?

A: There are many resources for retirees, members, and the public to learn more about the CFRS investment strategy, performance and the men and women who make up our investment team.

- [CFRS Investments webpage](#)
- [CFRS Board of Trustees Meetings](#)

We know that reading the news and following the markets can be distressing right now, especially given the other challenges being faced by our members and their families. CFRS staff, working in the office and tele working from home, will do our best to answer your questions in a timely fashion. Under the current work circumstances, email may be the best option for communication with CFRS. If you have general questions or are seeking assistance with your benefits, please see our recommended contact list below.

Thank you for your patience. Most importantly, please stay safe in the weeks ahead. CFRS will continue to provide relevant updates to its members, annuitants and boards.

Connect with us on [Member Direct!](#)

Or by

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