



October 2025

ADVISOR

"Dedicated to Providing Retirement Security for Firefighters and Police Officers – Past, Present, and Future."

From the Executive Director, *Warren J. Schott, CFA*



The dog days of summer are winding down and we can slowly feel the temperatures changing. Things have slowed down a bit at the office due to vacations; however, there are several items of note that should be of interest to you.

My Retirement! I have made the very tough decision to announce my impending retirement from the San Antonio Fire & Police Pension Fund.

I will be retiring early next year after 28 years of service. I thoroughly enjoyed my time here at the Fund and working with such an incredible team. The memories, experiences, and friendships I've gained over the years have meant so much to me, and I will forever cherish them.

As we approach my retirement, I am committed to ensuring a smooth and seamless transition. I will be working closely with the team to wrap up ongoing projects and assist in any way I can to prepare for the handover of responsibilities.

Thank you all for the support, collaboration, and camaraderie you've shown me during my time here. I am proud of what we've achieved together and look forward to seeing the Pension Fund continue to thrive in the years ahead.

Major Milestone. I am proud to announce that your Pension Fund has reached \$4.0 billion in assets. That's right, the San Antonio Fire & Police Pension Fund now stands at over \$4 billion. Most of you were members when we crossed the \$3 billion mark in 2017, some of you were probably also members when we crossed the \$2 billion mark in 2007. But how many of you remember when we crossed the \$1 billion mark in 1998? What a great story.

I cannot express how proud the Board and Staff are with the size and, more importantly, the strength of the Pension Fund. Back in 1998 when we hit \$1 billion, the Pension Fund was 78% funded. Now we have \$4 billion and are 85% funded, which means our funding level is the value of assets in the Pension Fund divided by the amount of retirement benefits you have earned. We currently have on hand 85% of the assets we need to cover the benefits you have earned (in the unlikely event that everyone retired today).

And if we continue on the current path, we will be 100% funded within 20 years. This combination of funding level and years to achieve 100% funding places the San Antonio Fire & Police Pension Fund as one of the best large plans in the state.

Rock Solid Return in 2025. On the investment front, as of the end of September, the Fund assets stand at \$4.4 billion, a record high. This gives us an investment return of 9.0% for the first nine months of the year.

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Executive Director Update, Continued

We are, obviously, very pleased with this performance, but we still have three months to go before the end of the year, so a lot can happen.

As you may recall, the investment returns for the past five years have been like a rollercoaster. The returns for the last five years have been 12.1%, 13.8%, -10.6%, 11.9% and 8.5%. This 5-year period averaged 7.14%, which is right in line with our goal of 7.25%. Coupled with the 9.0% current return, our investment portfolio is performing exactly how we would like to see it. On page 6, our CIO will provide more information on the investment portfolio.

Transition and New Beginnings. Those are the words of the year for your Pension Fund Board. We have seen three fire/police board members leave the Board this year. We also have a new Mayor and two new City Council reps that have been appointed to our Board. This is a lot of turnover for a nine-member Board. Luckily, we have strong experience with current Board Members, retired Fire Captain **Larry Reed**, retired Assistant Police Chief **Harry Griffin** and active Battalion Fire Chief **Shawn Griffin**.

New Trustees. Congratulations to Police Patrolman **Ryan Reynolds** and Fire Lieutenant **Mike McCarty** on their April elections to the Pension Fund Board. They will each serve a four-year term ending May 31, 2029.

Congratulations also to Police Sergeant **Washington Moscoso** on his election. Sgt. Moscoso was elected in August to complete the unexpired term of Police Sergeant **Jim Smith**. All three have hit the ground running and have been very active members of the Board. We appreciate their willingness to donate their time to the Pension Fund to ensure retirement security for the police officers and firefighters of San Antonio.

In addition, recently elected Mayor **Gina Ortiz Jones** will be serving on the Pension Fund

Board along with Councilwoman **Dr. Sukh Kaur** and Councilman **Jalen McKee-Rodriguez**. We look forward to working with all three to continue to make the Fund successful. As most of you know, the Pension Fund is governed by a nine-member Board that consists of the mayor, two City Councilmen, two active firefighters, two active police officers, one retired firefighter and one retired police officer. The six service members serve staggered four-year terms, and the Council representatives are appointed by the City Council. The mayor or her appointee serves until her term ends.

Grateful Goodbyes! Unfortunately, the Board is saying goodbye to six very good board members. Leaving the Board for various reasons are Police Sergeant **Jim Smith**, Police Patrolman **Amanda Viera**, Fire Engineer **Dean Pearson**, Councilwoman **Adriana Rocha Garcia**, Councilman **Marc Whyte** and Mayoral Designee **Justin Rodriguez**. These six individuals were very strong contributors to the Fund's success during their time on the Board. They deserve a lot of credit; they will be sorely missed.

Third Party Reviews. The Fund recently received our Annual Audit and Actuarial Valuation reports for 2024.

We are happy to report that the auditors gave the accounting records a clean bill of health and informed the Board that the financial statements accurately reflected the true value of the Pension Fund. This is exactly what I told you last year regarding the Annual Audit, and I am pleased that we are able to report this same information again. Believe me when I say the financial statements are not the most exciting documents to read, but it is important that they are audited on an annual basis by an independent accounting firm and verified to be an accurate reflection of the value of the Fund.

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Executive Director Update, Continued

The annual Actuarial Valuation Report also provided positive results. The Fund was able to maintain our strong funding level, and we now stand at 85.37% funded. The number of years to pay off our unfunded liability is also a very manageable 20 years. This is very strong relative to our peers and, more importantly, is considered very strong by the Texas State Pension Review Board. In fact, PRB data confirms that your Pension Fund is among of the strongest city systems in Texas. We are very proud of this, and maintaining this strong funding level is one of our top priorities as your Board and staff.

Member Education. Our next Pre-Retirement Seminar will be Friday, November 14th at the San Antonio Shrine Auditorium and is an all-day event. I also encourage you to attend a monthly Financial Planning/Benefits Seminars, on the first Friday or Monday of each month at the Pension Office. They cover Benefits, Financial Planning & Retiree Healthcare. We strive to attract 15-25 people to these seminars in order to maintain an informal/intimate environment to encourage questions.

Thanks for all your support throughout the years and please let us know if you ever need anything. Please feel free to call me anytime.

Funded Ratios of Billion \$ City Systems in Texas

Pension System	Funded Ratio	Market Value (Millions)
Houston Firefighters' Relief and Retirement Fund	93.3	\$ 5,378
Houston Police Officers Pension System	92.1	\$ 7,779
San Antonio Fire and Police Pension Fund	85.4	\$ 4,124
El Paso Firemen's Pension Fund	82.8	\$ 740
CPS Energy Pension Plan	82.4	\$ 2,136
El Paso Policemen's Pension Fund	81.6	\$ 1,054
Dallas Co. Hospital District Retirement Income Plan	72.9	\$ 1,573
Houston Municipal Employees Pension System	72.7	\$ 4,360
Dallas Employees' Retirement Fund	66.9	\$ 3,757
Austin Employees' Retirement Fund	61.2	\$ 3,570
Fort Worth Employees Retirement Fund	55.1	\$ 2,934
Dallas Police and Fire Pension (Combined Plan)	39.1	\$ 1,806

The Texas Pension Review Board recommends that Funded Ratios are maintained at 80 years, so the higher the better.
Source: Texas Pension Review Board Actuarial Valuation Report Sept 25, 2025.

About Our Pension System, for the Year Ended 2024

Category	Count	Notes	Group	Average Age
Active Plan Participants	4,315	Up from 4,272 in 2023 (1.0% increase)	Active Members	41.0
Beneficiaries	571	Up from 552 in 2023 (3.4% increase)	Active Members at Retirement	58.7 (Firefighters), 56.8 (Police Officers)
Retired Members	2,815	Up from 2,764 in 2023 (1.8% increase)	Police Retirees	67.7
Disabled Members	55	Down from 60 in 2023 (-8.3% decrease)	Firefighter Retirees	69.0



From the Chairman: Dedicated to Continuing the Excellence of SAFPPF!

Dear San Antonio Fire and Police Pension Fund Members,

I have had the privilege to serve as an Active Fire Trustee since August 2022. During this time, we as a fund have weathered tough times and have continued to grow and maintain our status as a top tier pension system.

Together we have maintained one of the strongest and most respected pension systems in Texas, exceeding \$4.4 billion in assets. Your Board of Trustees works hand in hand with staff to maintain this status, while serving with integrity, service, and a fiduciary duty second to none.

During this past September's meeting, I was honored to have been selected by the Board of Trustees of the San Antonio Fire and Police Pension Fund to take on the role of Chairman. In adding this hat to the repertoire, I will have the privilege of serving all active and retired members, the City of San Antonio, as well as the San Antonio Fire and Police Pension Fund itself.

I wouldn't be able to function in this capacity without the former Chairmen and trustees who have not only ensured the success of the Fund, but who have ensured successorship through their commitment to onboarding, education, and mentorship. A special thanks goes out to former Chairmen **JT Trevino, Vance Meade, Dean Pearson** and Acting Chair **Larry Reed**. Their stewardship and leadership have set the bar and provided a road map which will ensure our success.

I'd also like to thank all of the Trustees and Staff who have served tirelessly. It is through their dedication to service and fiduciary duty to our members, as well as the Fund, that we continue to set the bar and have secured our retirement benefit for decades to come. During my time with the Fund, I quickly recognized that continuity on the Board is paramount, and in that I'd like to recognize Trustees **Larry Reed** and **Harry Griffin**, whose dedication and service

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From the Chairman, continued

have guided this Fund through complex challenges and ensured successorship in transitioning institutional knowledge. I would also like to recognize the next generation of trustees: Active Fire Trustee **Michael McCarty**, Active Police Trustee **Ryan Reynolds**, Active Police Trustee **Washington Moscoso**, Mayor **Gina Ortiz Jones**, Councilmember Dr. **Sukh Kaur**, and Councilmember **Jalen McKee-Rodriguez**. The influx of new trustees brings fresh perspective and knowledge to the Board and is greatly appreciated. Their dedication to successorship will ensure the SAFPPF is secured for generations to come.

Working with Staff, the Trustees of San Antonio Fire and Police Pension Fund have made the Fund a model for pension systems. I pledge to uphold the values that have made this Fund a pillar of financial security and retirement benefits for all members. I pledge to maintain the course, while providing for transparency, collaboration, and a focus on member needs and benefits.

It is my honor to hold the Chairman's position and will do so with duty, honor and grace in service.

Sincerely,

Shawn Griffin

Chairman, Board of Trustees
San Antonio Fire and Police Pension Fund

Grateful for Your Support— Ready to Serve

*By Washington “DC” Moscoso
Active Police Trustee*

I am truly honored and grateful to the Active Police Membership for the trust and confidence placed in me during this election.

Thank you for your support and engagement throughout the campaign. I would also like to express my gratitude to the other board members for their warm welcome as I step into this important role.

The responsibility ahead is significant. There is vital work to be done to protect and improve our future, and I am ready to do that work with diligence, transparency, and commitment.

I want to acknowledge and celebrate some remarkable news about our pension fund’s performance. As of our most recent daily report, the fund has achieved a 9.07% year-to-date return and now stands at an unprecedented valuation of \$4,414,242,398—this is the highest watermark in our fund’s history. Such strong results are a testament to the careful stewardship and long-term dedication of our members, staff, and investment partners.

Though we have much to be proud of, we must keep pushing forward. Our fund is still only 86% funded—a level that reflects both our progress and the lingering effects from previous years. Addressing this funding gap will remain a priority in the months and years ahead.

Thank you again for your support. I look forward to keeping membership informed, working closely with my fellow trustees, and doing the hard work necessary to protect and grow our retirement security.

Sincerely,



Sgt. Washington Moscoso

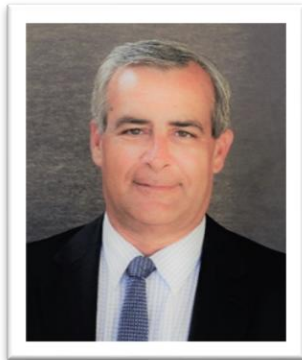
Active Police Trustee

San Antonio Fire & Police Pension Fund



2025 Investment Update: Performance Update

Cary Hally, SAFPPF Chief Investment Officer



For the first six months of 2025 (through June 30, 2025), the San Antonio Fire and Police Pension Fund returned +5.2%, which continued the positive returns experienced in 2024, of +8.5%.

The market value of assets for the Fund as of June 30, 2025 was \$4.29 billion, up from the \$4.13 billion value at the beginning of the year.

Public Equities

The largest portion of our investment portfolio, publicly traded stocks (46% of Fund assets as of June 30) was up +9.3% for the six-month period. The international stock portion of our overall equity portfolio led with a +20.9% return for the period, followed by domestic stock performance of +3.4% for the year-to-date (YTD) performance.

While the stock market results have been positive for the first half of 2025, the path of achieving those results has been volatile. The second quarter began with a large selloff after the “Liberation Day” tariff announcements on April 2. The S&P 500 Stock Index saw its 5th biggest two-day decline since WW2, down more than -10%. However, the down market was short-lived as the S&P 500 ended up +10.9% for the second quarter. This rebound during the quarter (down more than -14% at quarter lows and up over +10% at quarter end) represents the largest intra-quarter rebound in history.

Fixed Income & Private Markets

The total fixed income portfolio (the next largest allocation of assets representing 20% of

the total Fund at the end of the second quarter) was up +3.6% for the six-month period.

The YTD results for the allocation to private market investments were mixed, and only include one full quarter of data. Private market assets lag one quarter due to timing constraints involved in aggregating and auditing private market data.

Real Assets, Real Estate, Private Debt

The allocation to real assets (5% of the Fund) returned -0.1% for the YTD period, while the allocation to private real estate (8% of the total Fund) returned +0.7%. The allocation to private debt (10% of the Fund as of June 30) was up 1.5% for the YTD period, while the allocation to private equity (10% of the Fund) was up 0.1% for the period.

Since the end of the second quarter, as of the writing of this update at the end of the third quarter, we continue to see strong results in both the stock and bond markets.

Asset Liability Study

In June of 2025 the San Antonio Fire and Police Pension Fund completed a comprehensive asset-liability study, which is done every five years to ensure our asset allocation remains aligned with the growth of its liabilities, the expected return on its assets, and risk estimates for each asset class.

As a result, the long-term asset allocation targets to large cap domestic equity, private equity and private debt each increased by 1%, while the 3% target allocation to treasury inflation protected securities (TIPS) was eliminated. A table of the changes has been posted to our Facebook and Instagram pages.

Benefits Spotlight: Three-Pay-Period Months

Rick Matye, SAFPPF Payroll & Benefits Supervisor



You may have heard that you can get a better pension at retirement if you take advantage of the magical three-pay-period months. This article explains how they work and how they can benefit you.

Understanding Pay Periods

As an active member, you are paid every two weeks. However, the Pension Fund gets information from the City of San Antonio on a monthly basis. The information includes salary, contribution, sick leave hours, and various other data.

Most times, the monthly information includes two pay periods. However, every six months or so you will get paid three times in a month. Therefore, your salary for that month will be higher than the previous month.

“So how does that impact my pension?”

Your pension is based on average total salary and vesting percentage. Average total salary is based on the high three of the last five years of service. Generally, that will be the most recent three years or thirty-six months. There are usually two three-pay-period months in a one-year period. That would be six three-pay-period months in a three-year period.

However, if you separate from service at the end of a three-pay-period month, the three-year period ending on your separation date will include seven three-pay-period months. That will increase your total salary compared to a normal three-year period. The resulting increase in average total salary will increase your pension.

Benefit Projections Help

If you get a benefit projection from the Pension Office, the last two pages will show the salary numbers by month used to calculate average total salary. The calculator on the Pension Fund website has those numbers on the last page. You will notice that a few of the months are considerably higher than most months. Those are the three-pay-period months.

It all relates to how the calendar falls. If you leave at the end of a three-pay-period month, you will get a benefit in your average total salary. The Benefits Specialists at the Pension Fund Office have calendars denoting three-pay-period months. You can ask them when the next one occurs or when it will occur next year or any year after that.

Pretty simple, right?

“I leave at the end of a three-pay-period month and get a better benefit.”

Not so fast. If you take a BackDROP, the average total salary is calculated as if you retired in the past.

If you take a 60-month BackDROP, we go back 60 months from your separation date and use the high three of the last five years from that point backward.

In other words, if you take a BackDROP, it doesn't matter if you actually retired on a three-pay-period month. In this case, you need your separation date to match a three-pay-period month five years ago. Pension Fund Benefits Specialists have calendars not only for the future, but for three-pay-period months in the past.

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Taking advantage of the three-pay-period months can add \$60, \$80, even \$100 or more to your monthly annuity – for the rest of your life!

Rick Matye
SAFPPF Payroll & Benefits Advisor



3-Pay-Period Months, Continued

Less than 60 month BackDROP

So now you're saying, "If I take a BackDROP that's not 60 months, how do I know if I'm getting the three-pay-period month benefit?"

The answer lies in the benefit projection. When you get a benefit projection, the second and third pages have your BackDROP information. The far-right column labeled "Difference in the BackDROP Annuity" section is the key.

Most of the numbers are negative. As you go back, your average total salary generally goes down resulting in a lower monthly annuity (pension). If you see a plus sign, that means you've gone back just far enough to get the benefit of an additional three-pay-period month in your average salary calculation. A large negative means you went back one month too far and just missed the benefit.

Do Separation Dates Matter?

If you take no BackDROP or a 60-month BackDROP, your separation date is important.

If you take something in between, the number of months you choose for the BackDROP is more important than when you leave.

In sum, the separation date matters for 60-month BackDROP and straight annuity but not BackDROPS less than 60 months. For BackDROPS less than 60 months the key is picking the correct number of months to get the benefit.

Come to a Seminar!

I've only touched on the basics here, but taking advantage of the three-pay-period months can add \$60, \$80, even \$100 or more to your monthly annuity.

That's for the rest of your life. It also benefits your BackDROP lump sum. We go into more detail at the Financial Planning Seminars held at the Pension Office every month. We spend approximately 45 minutes explaining the benefit projection.

We go into detail about how the monthly annuity and BackDROP lump sum are calculated. There is a PowerPoint slide demonstrating how the three-pay-period months impact average total salary. The seminar usually attracts 20 or fewer members and spouses, so we have time to answer any questions.

If you need additional information, you can meet with a Benefits Specialist after the seminar. If you are interested in attending, please contact the Pension Office at **210-534-3262**.

Why does the Pension Fund Need My Divorce Decree?

Gail Jensen, SAFPPF General Counsel



If you have applied to retire with the Pension Fund, our Benefits Specialists will have asked whether you got divorced at any time during your service, and if so, to provide the Pension Fund a copy of the divorce

decree(s). And you may wonder, “Why does the Pension Fund need a copy of my divorce decree?”

Divorce Decrees Determine Property

Having a copy of the divorce decree allows the Pension Fund to determine whether your ex-spouse has any legal claim to part of your pension. Under Texas law, any portion of your pension that accrued while you were married is considered “community property”, which is what is divided in a divorce. So if you get divorced, part of the “property” that is subject to division is your pension.

That doesn’t necessarily mean that your ex-spouse was awarded part of your pension. In many divorces, the parties negotiate over the pension, “trading” it for some other property. For example, if both spouses have retirement accounts, they could agree to each keep their own pension; or the member could agree to give up his or her interest in their home (or some other property) in exchange for the ex-spouse giving up his or her interest in the member’s pension.

Legal Obligations

But if the divorce did award your ex-spouse a portion of your pension, you are legally obligated to make those payments to your ex-spouse once you retire.

Most times, if the ex-spouse is awarded a portion of the pension, the parties would prefer for the payments to be made directly from the Pension Fund. That arrangement is not only administratively easier for the member, but it also ensures that the ex-spouse is the one paying the income tax on his or her share. But for the Pension Fund to pay the ex-spouse directly, the parties must have a special type of court order, a Qualified Domestic Relations Order (or “QDRO”).

Getting a QDRO is not a difficult process, but it does have to meet specific requirements that are set out in the law. The Pension Fund has a QDRO policy and Model QDRO forms to help members make sure their documents meet the Fund’s requirements. You can find a copy of the QDRO Policy on the Pension Fund’s website (www.safppf.org), and you can get the Model QDRO forms by emailing me at gjensen@safppf.org. But just because you don’t have a QDRO or your QDRO doesn’t meet the technical requirements of the law doesn’t mean you don’t have to pay. If the divorce decree awards your ex a part of your pension, you are still legally obligated to make those payments.

Reviewing the decree allows us to confirm whether you have any obligation to pay your ex, and if you do, whether there is a valid QDRO. Giving the documents to us in advance allows us to identify any possible issues so you have enough time to get the proper paperwork done before you retire.

Fond Farewells



The Board of Trustees for the San Antonio Fire and Police Pension Fund recognized Dean Pearson (third from left) for his years of service. On hand were City Councilman Marc Whyte, Bexar County Commissioner Justin Rodriguez, Pearson, Trustees Shawn Griffin, Larry Reed and Harry Griffin.



The Board also recognized Councilwoman Dr. Adriana Rocha Garcia (center). From left are Trustees Ryan Reynolds, Shawn Griffin, Marc Whyte, Garcia, Larry Reed, Harry Griffin and Michael McCarty.

Due Diligence



Staff members kicked the tires during an onsite visit at a Sinor Field Trip with Merit Energy Company in the Eagle Ford Shale.

New Beginnings

Acting Chairman Larry Reed administered the oath of office to new Trustees. From left are Fire Lieutenant Michael McCarty, Reed, Patrolman Ryan Reynolds (lower pic) and Sergeant Washington Moscoso (right).



Thank You Warren!

For 28 years Warren Schott has guided Boards and Staff through the Dot.com crash, the Great Financial Crisis, the Covid-19 epidemic, benefit improvements and stellar financial results. He has helped our members and retirees rest in the knowledge that their earned retirement benefits are secure. We wish him the well-deserved retirement he has earned. Well done, Warren, we'll always remember you!



Warren Schott (l) with retiree at annual retirees' luncheon.



Warren Schott (r) with members of the Texas Association of Public Employees Retirement Systems.



Warren Schott (r) with Board members at the annual SAFPPF Retiree Plaque Ceremony.



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THE ADVISOR

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Warren J. Schott