Our Members Are Our Focus

1.9 million members

- 38% School members
- 31% Public Agency members
- 31% State members
Our Members Tell Our Story

- **$2,876** Average allowance for all retirees
- **64%** Receive less than $3,000
- **3%** Earn pensions greater than $100,000

$21.4 billion
Paid in pension benefits annually

Partnering with California’s Cities

- **451** Cities & Towns
- **122,314** Members
Addressing Financial Challenges

<table>
<thead>
<tr>
<th>Lower Discount Rate</th>
<th>Shorter Amortization</th>
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<tbody>
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<td>7.5%</td>
<td>30 yrs. ➔ 20 yrs.</td>
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<td>7%</td>
<td>=</td>
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<td>significant</td>
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<td>long-term savings</td>
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Funded Status 2015–16: 68.3%
Funded Status December 31, 2017: 71.0%
Operating As Efficiently As Possible

- 1.5–2% reduction
- 70% in-house
- $170 mil. savings

Investment Earnings

$350 billion assets

Volatility  Returns
Focus on Total Fund Return

CalPERS
Role Clarity

Engagement
vs.
Divestment

ESG

Proposed Private Equity Strategy: CalPERS Direct

CalPERS Direct
Governed by a separate Board made up of members from subsidiary Boards and other independent Board members, to advise on allocation

CalPERS Direct: Innovation
Late stage investment in tech/life sciences/healthcare

CalPERS Direct: Horizon
Long-term investment in core economy established companies
Proposed Private Equity Strategy: CalPERS Direct

- Emerging Managers
- Partnership Model
- CalPERS Direct: Horizon
- CalPERS Direct: Innovation
Options for Accelerating the Funding of the Plan

- **Ad Hoc**
  Additional Discretionary Payments (ADPs)

- **Fresh Start**
  Full or partial

- **IRS Section 115**
  Trusts

**Number of Agencies Using ADPs**

- **2015-16**: 119 agencies, $143.8 mil
- **2016-17**: 137 agencies, $228.4 mil
- **2017-18 YTD (10.5 months)**: 127 agencies, $317.3 mil
Shared Responsibility

The CalPERS Pension Buck
As of June 2017 CalPERS' income over the last 20 years demonstrates that every dollar spent on public employee pensions comes from the following sources:

- 61¢ CalPERS investment earnings
- 26¢ CalPERS employers
- 13¢ CalPERS members

Thank You