

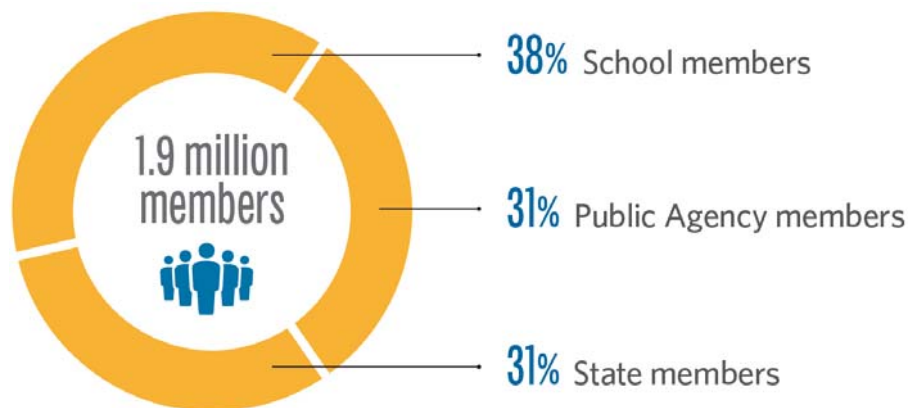
CalPERS Update: A Solid Foundation for the Future

California League of Cities
Mayors & Council Members Executive Forum

Marcie Frost, CalPERS CEO
June 28, 2018



Our Members Are Our Focus



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

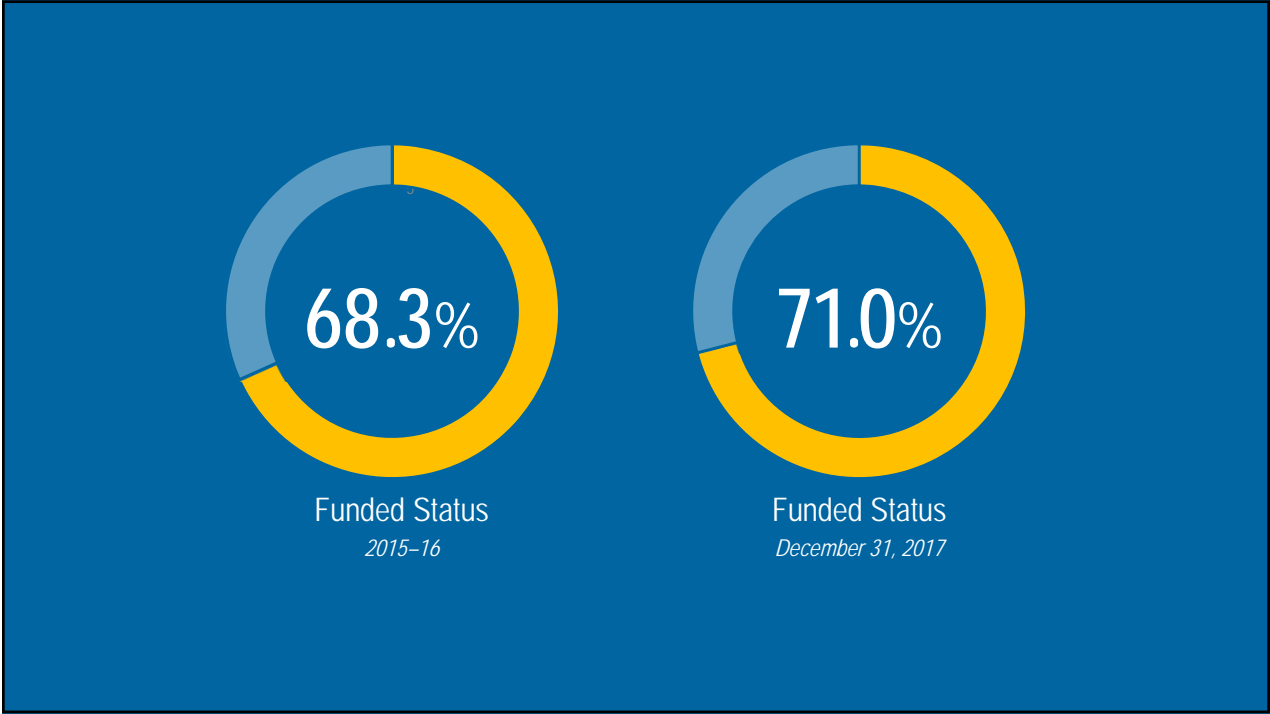


\$21.4 billion

Paid in pension benefits annually

Partnering with California's Cities





Addressing Financial Challenges

<p>Lower Discount Rate</p> <p>7.5%</p> <p>↓</p> <p>7%</p>	<p>Shorter Amortization</p> <p>30 yrs. → 20 yrs.</p> <p>=</p> <p>significant long-term savings</p>
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Operating As Efficiently As Possible



1.5–2%
reduction



70%
in-house



\$170 mil.
savings

Investment Earnings

\$350 billion assets

Volatility

Returns

CalPERS
Role Clarity

Engagement
vs.
Divestment

ESG

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

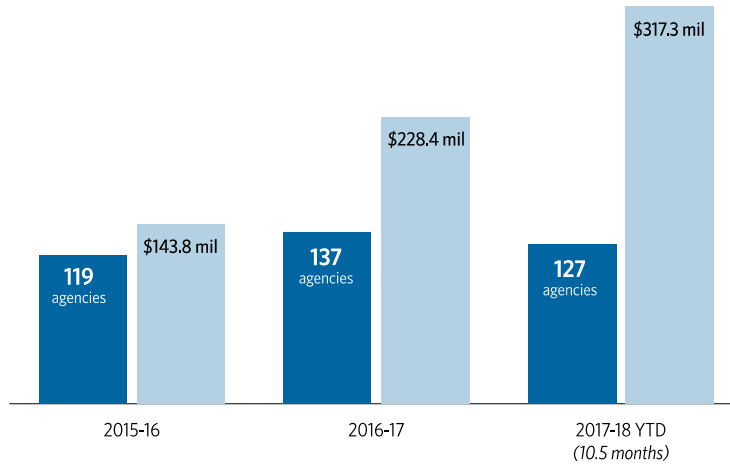
Proposed Private Equity Strategy: CalPERS Direct



Options for Accelerating the Funding of the Plan



Number of Agencies Using ADPs



Shared Responsibility



Thank You

