CalPERS Priorities for the Future

Marcie Frost
CalPERS Chief Executive Officer

Members Are Our Focus

2 million Members

38% School members
31% State members
31% Public Agency members
Partnering with California’s Cities

Where We Stand Today

- 71% Funded status (estimate)
- $372.6 billion Market value
- 2 million Members
- $24.2 billion Paid in benefits

Fiscal Year 2018-19
How Contributions Are Paid

How We Got Here – 20-Year Look
Strong Progress but Challenges Ahead

Funded status goal: 100%

Funded Status Projections (As of June 30)
Public Agency Employer Contributions

Average of Public Agency Total Employer Contribution Rates (FY 2019-20 to 2025-26)

Legend
- PA Safety
- Actual
- Projected
- PA Miscellaneous
- Actual
- Projected

Recent Trends—Contribution Rates

Employer Contribution Rates Based on June 30, 2018 Valuations*

Source: 2019 Annual Funding Levels and Risk Report
Recent Trends—Negative Amortization

Percentage of Plans with Negative Amortization by Contribution Year

Source: 2019 Annual Funding Levels and Risk Report

Recent Trends—Additional Discretionary Payments

Public Agency Additional Discretionary Payments by Fiscal Year

*ADPs from July 1, 2019 through September 30, 2019

Source: 2019 Annual Funding Levels and Risk Report
Funded Ratio by Region

Average of CalPERS Public Agency Plans
As of June 30, 2018 Valuations

Source: 2019 Annual Funding Levels and Risk Report

Three Key Risks

- Investment risk
- Employer affordability
- Climate risk
Investment Focus: CalPERS Advantages

Size Branding Liquidity

Long-Term Horizon

Increased chance of success

Introducing “Pension Outlook” Tool
**Health Priorities**

- Address rising Rx costs
- Engage in health policy
- Contain costs and drive quality
- Improve health outcomes

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**How We’re Addressing Climate Risk**

- **Three-channel strategic approach supported by partnerships:**
  - Advocacy: UN Global Investors for Sustainable Development Alliance, Council for Inclusive Capitalism at the Vatican
  - Engagement: Ceres - Investor Network on Climate Risk, Principles for Responsible Investments, UN Net-Zero Asset Owner Alliance
  - Integration: Global Peer Exchange, Task-force on Climate-related Financial Disclosure

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