

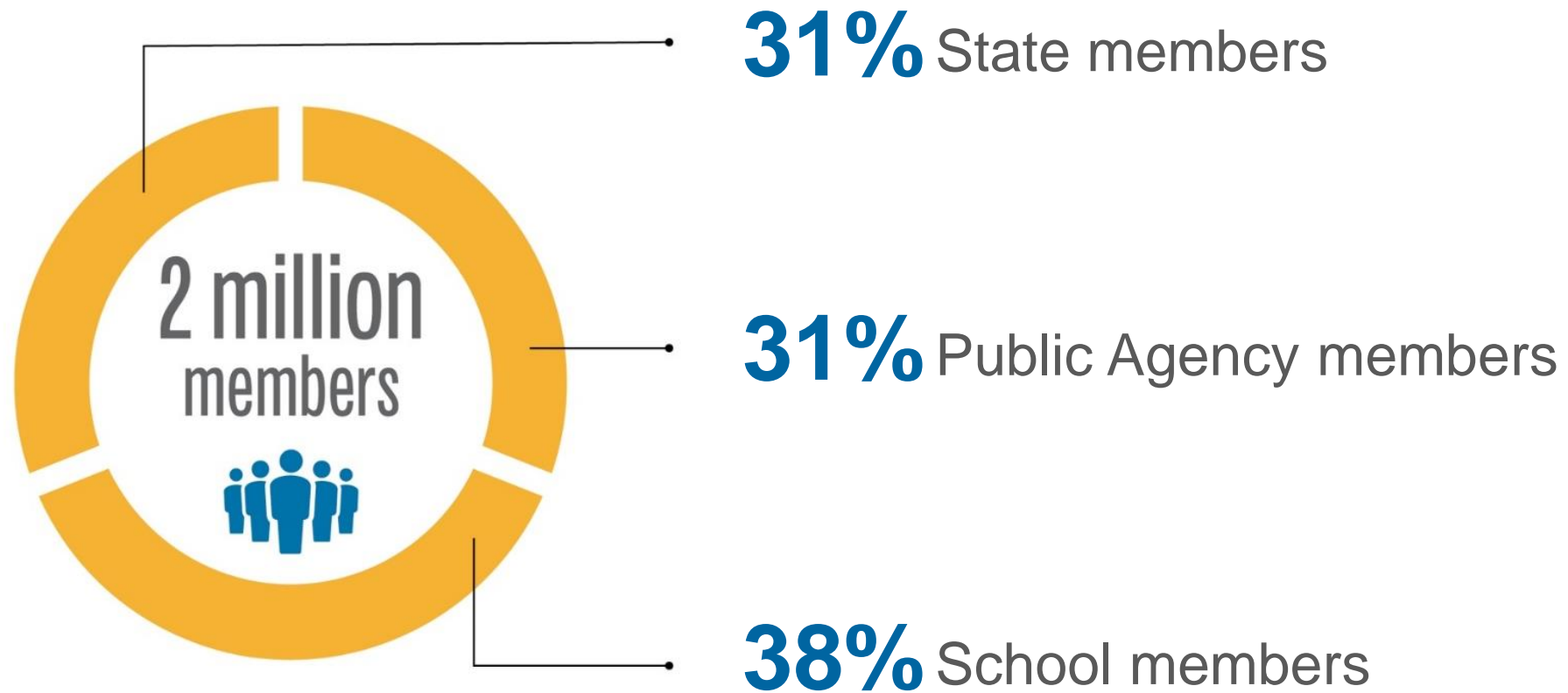


# CalPERS Update PASSCo

David Teykaerts – Stakeholder Strategy Manager

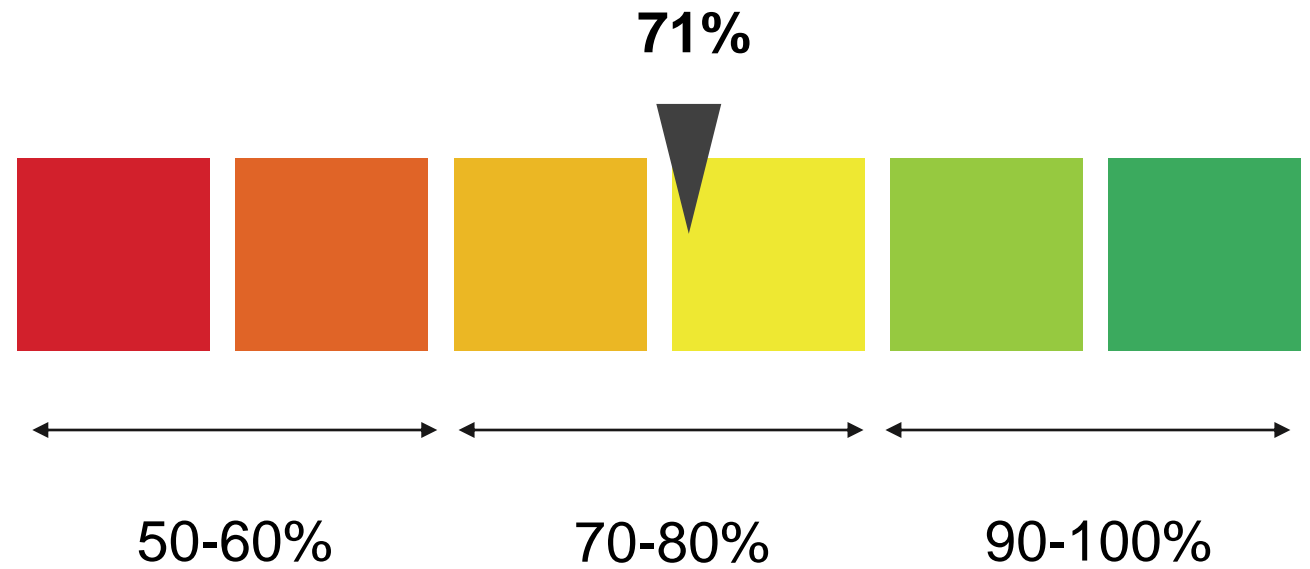
# Members Are Our Focus

---





Funded status goal:  
**100%**



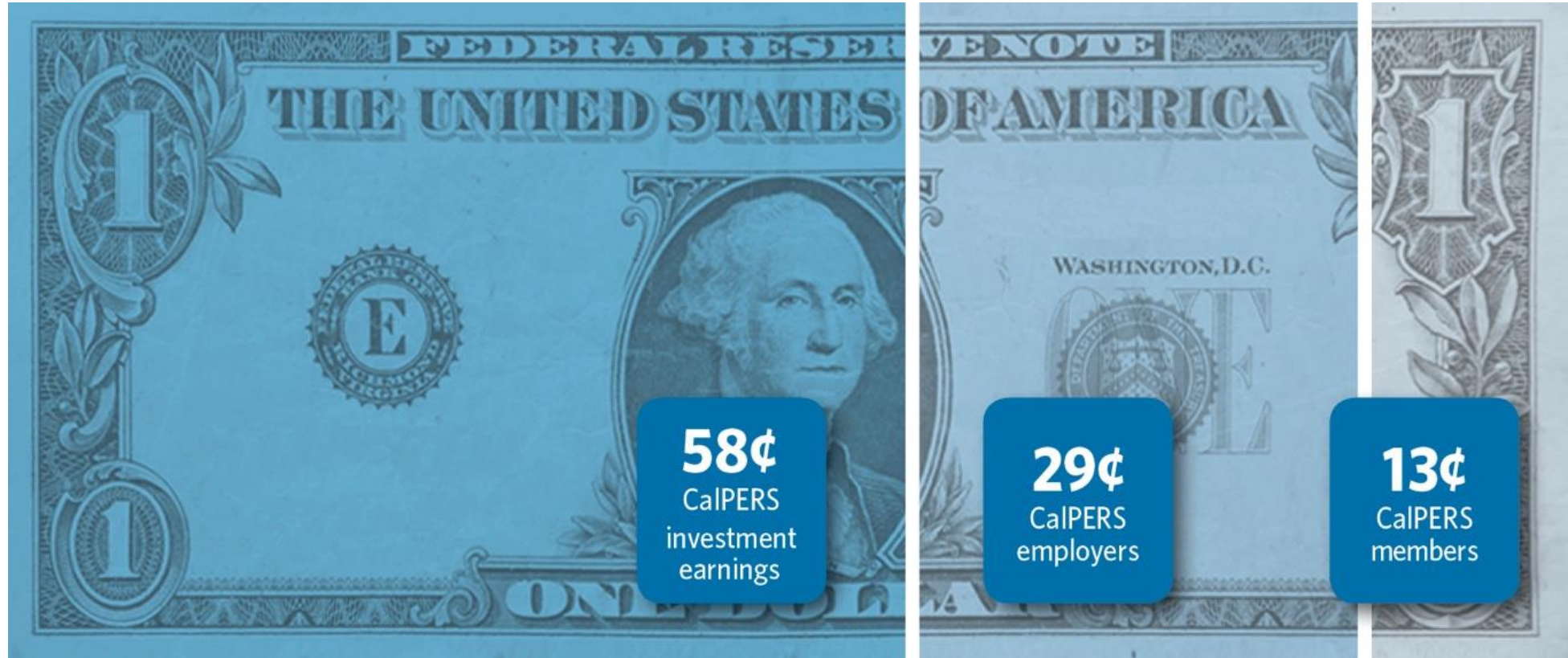
Estimate for 2019

---

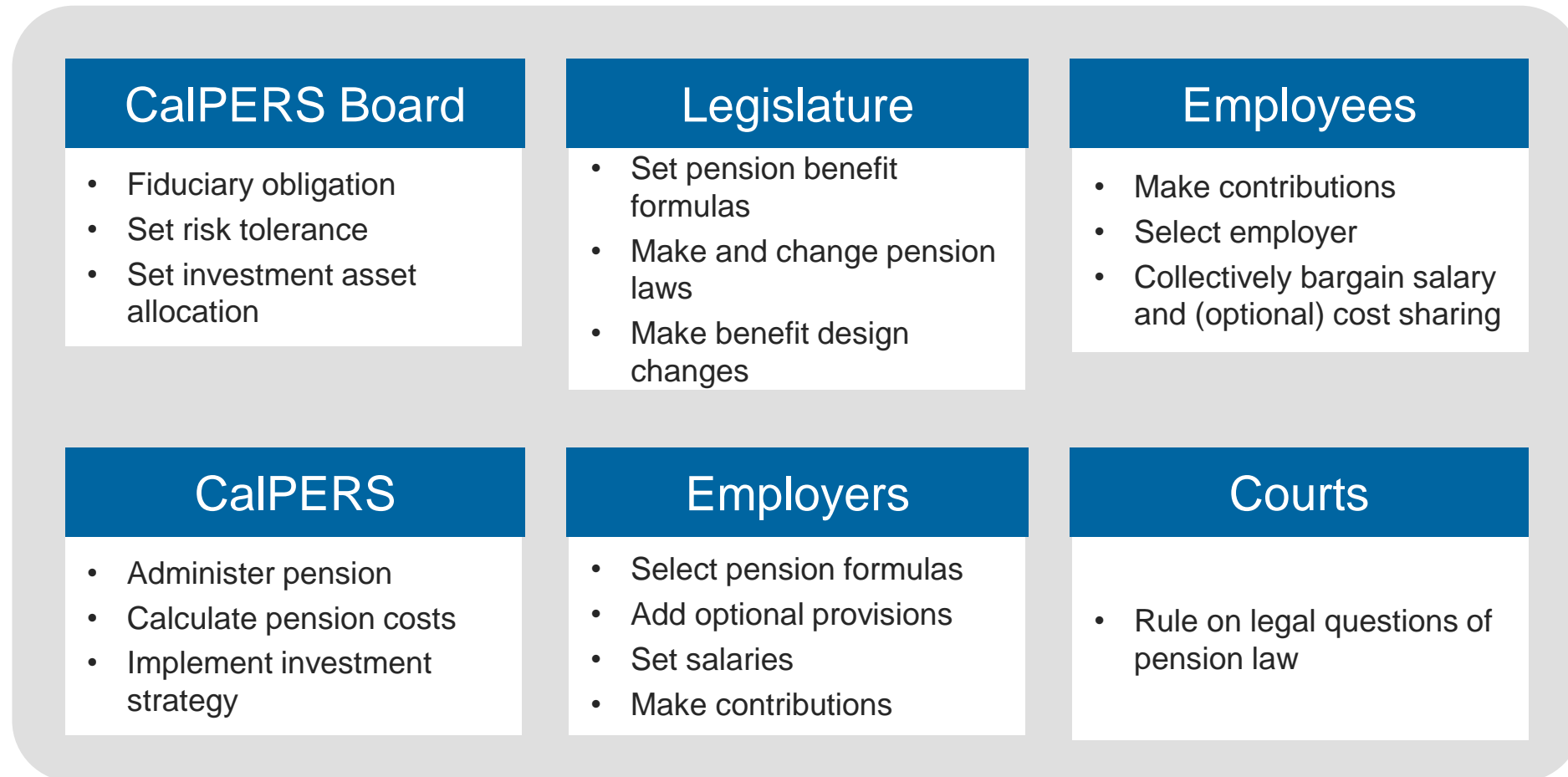
## Current Value ~\$385 billion

<b>6.7%</b> 2018/19 Portfolio Return	<b>5.8%</b> 5-yr Annualized Return	<b>9.1%</b> 10-yr Annualized Return	<b>5.8%</b> 20-yr Annualized Return	<b>8.1%</b> 30-yr Annualized Return
--	--	---	---	---

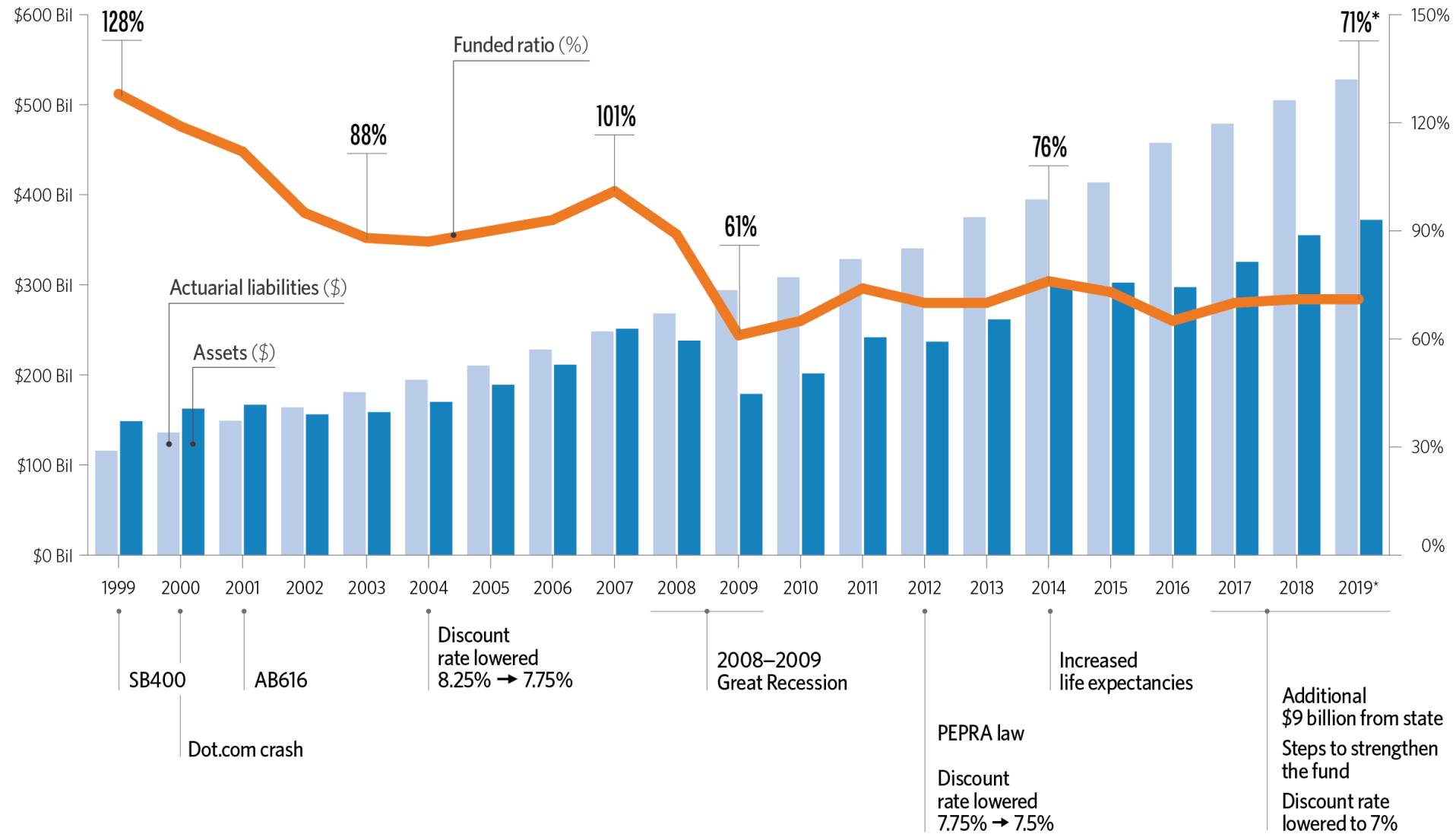
# How CalPERS Retirement Benefits Are Funded



# Functions in Pension Decision-Making

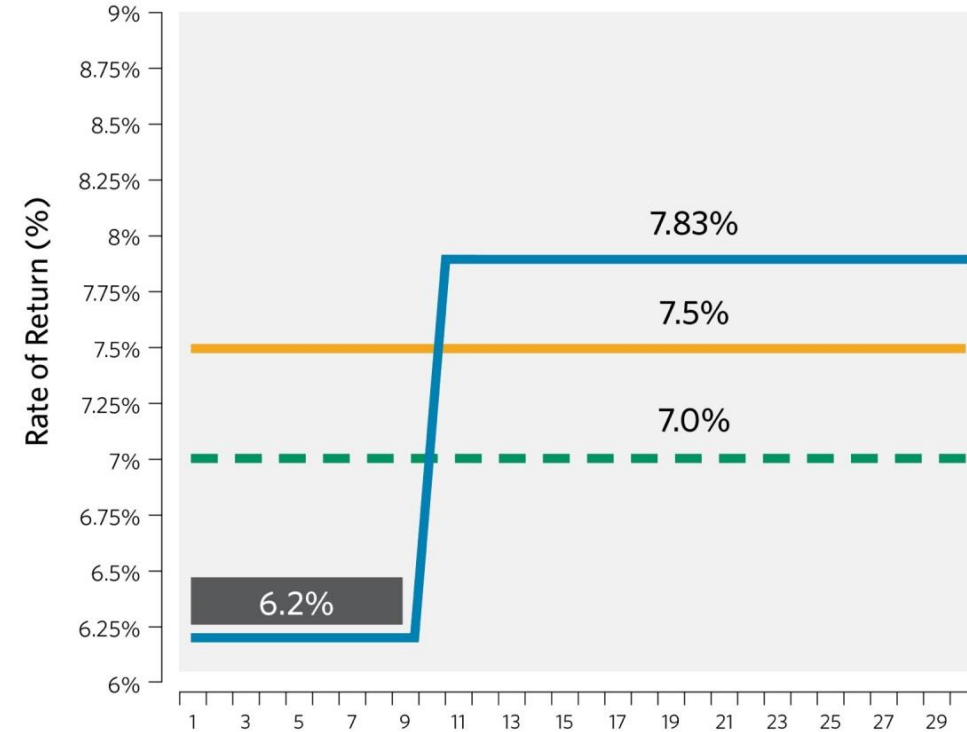
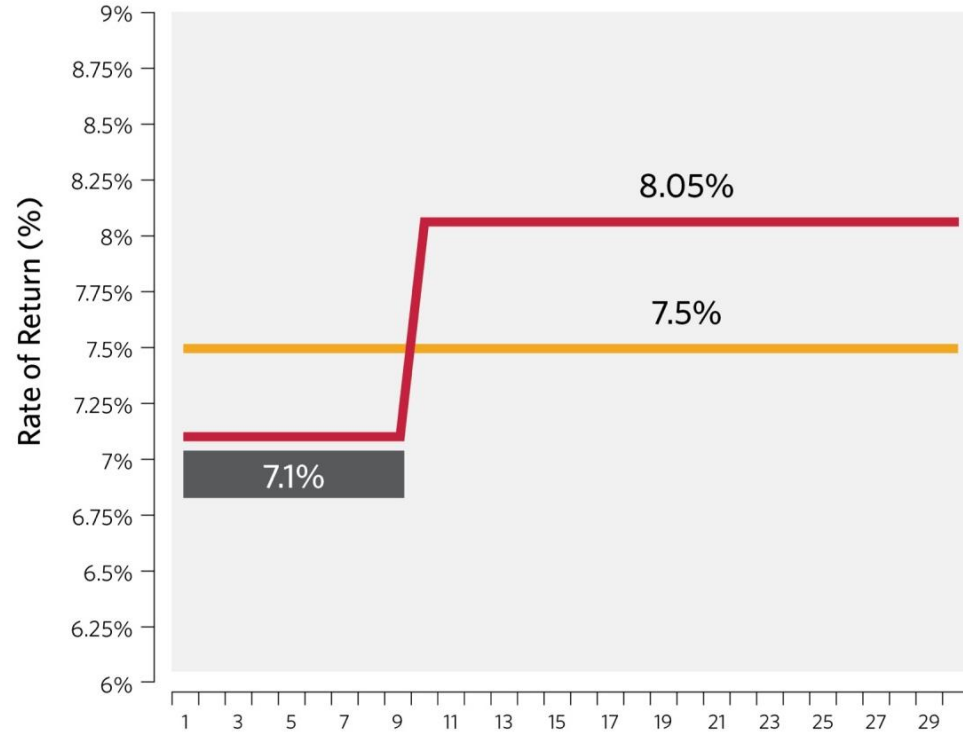


# How We Got Here – 20-Year Look



\* Estimate

# 2014 vs Current Investment Return Projections



— 2014 ALM Assumptions    — Current Environment (December 2016)    — Assumed Rate of Return



# Strong Foundation Changes

## Lower Discount Rate

Lowered the discount rate from 7.5% to 7% over three years  
(assumed rate of return)

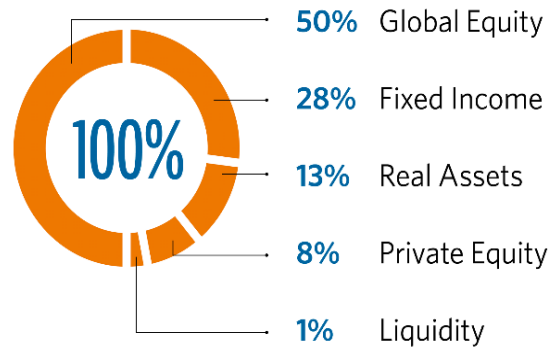
7.5%



7%

## New Asset Allocation

Adopted new strategic asset allocation effective July 1, 2018



## Shorter Amortization

Shortened the amortization period for employers to pay their unfunded liability

30 yrs. → 20 yrs.

=

significant long-term savings

## Capital Injection

Additional contribution to State and School pension obligations

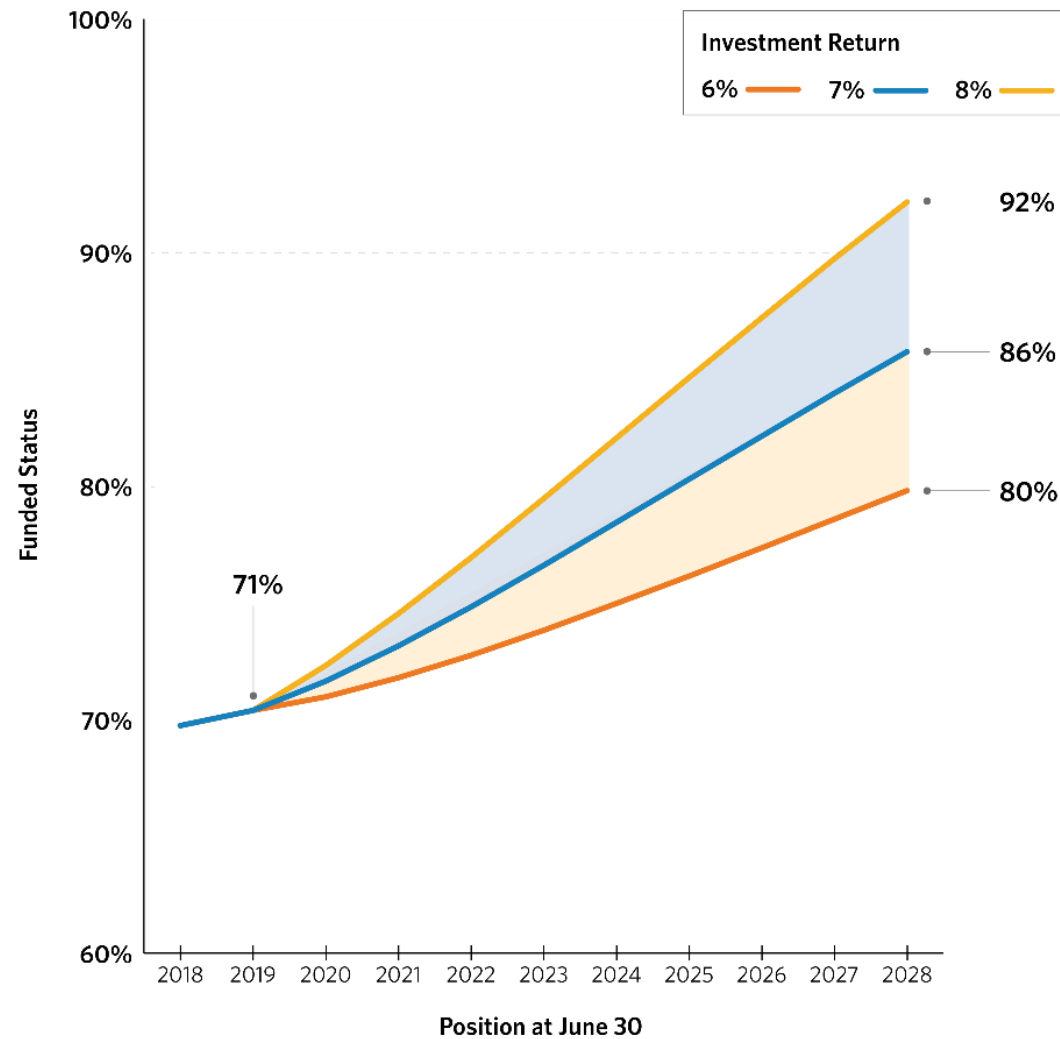
\$9 billion from the State

\$904 million to Schools

# School Employer Contribution Rates

Valuation Date	Fiscal Year Impact	Projected Employer Contribution Rate without SB 90 (as Percentage of Payroll)	Effect of SB 90	Projected Employer Contribution Rate without SB 90
6/30/19	2020-21	23.7%	(0.9%)	22.8%
6/30/20	2021-22	25.2%	(0.3%)	24.9%
6/30/21	2022-23	26.2%	(0.3%)	25.9%
6/30/22	2023-24	26.9%	(0.3%)	26.6%
6/30/23	2024-25	27.3%	(0.3%)	27.0%
6/30/24	2025-26	27.1%	(0.3%)	26.8%
6/30/25	2026-27	27.0%	(0.3%)	26.7%

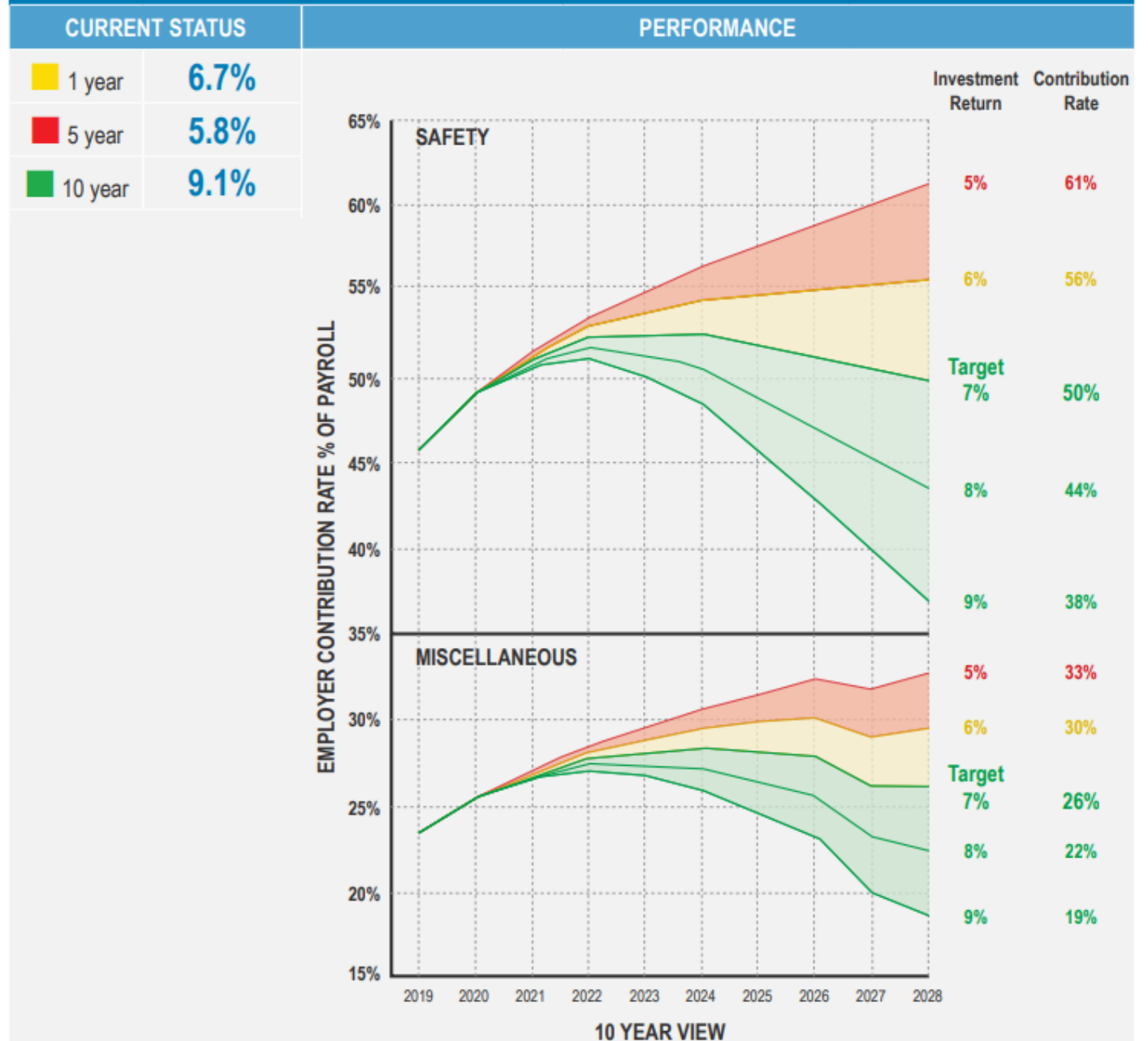
# 10-Year Projection of Funded Status



# Our Board Monitors Employer Contribution Rate Impact



## Investment return: Employer contribution rate impact



# Three Key Risks

---



Investment  
risk/liquidity

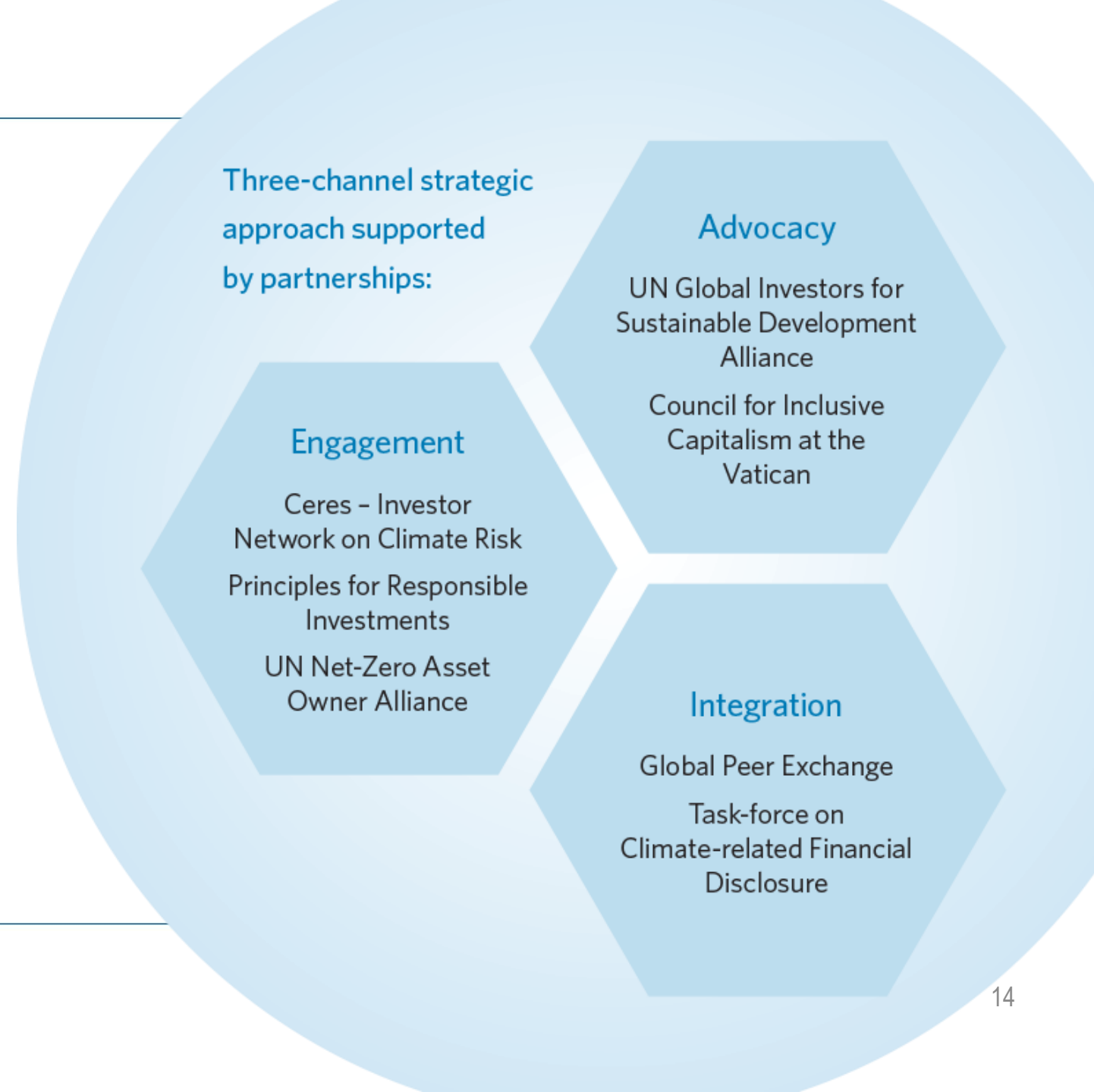


Employer  
affordability



Climate risk

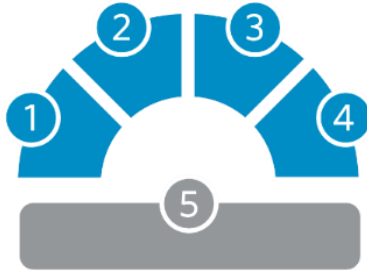
# How We're Addressing Climate Risk



# CalPERS' ALM Cycle

---





Board  
governance  
workstreams



New  
stakeholder  
forum



Insight platform



# Our Commitment to All Stakeholders

---

**Access**

to CalPERS leadership

**Listen**

and solicit feedback

**Single  
message**

to all stakeholders

**Tools**

to inform decisions



**Thank you**  
Questions?