

12/13

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

California Public Employees' Retirement System
A Component Unit of the State of California



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Comprehensive Annual Financial Report **Fiscal Year Ended June 30, 2013**

Prepared by the Financial Office, the Investment Office,
the Actuarial Office, the Office of Enterprise Risk Management,
the Office of Public Affairs, and several additional divisions and
branches of the California Public Employees' Retirement System.

Available online at www.calpers.ca.gov



California Public Employees' Retirement System
A Component Unit of the State of California

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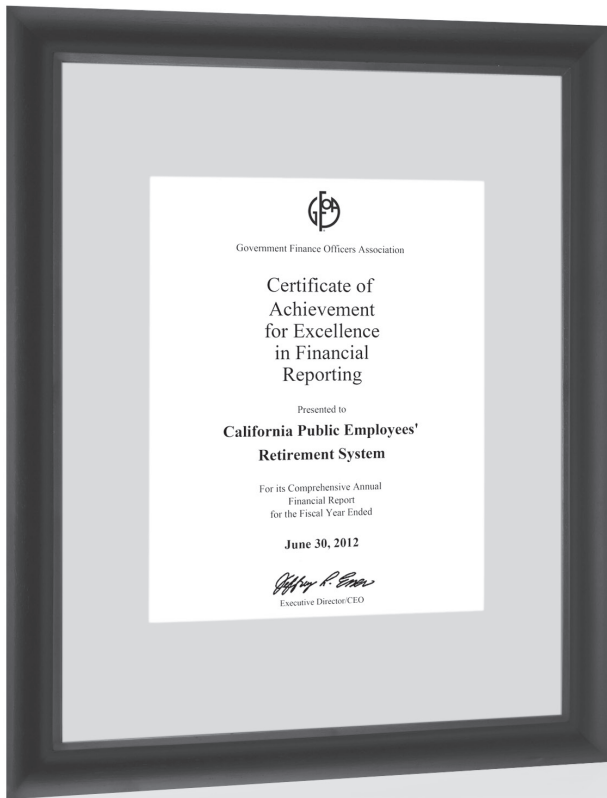
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Professional Awards



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CalPERS for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the 17th consecutive year that CalPERS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements. We believe our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements.



PUBLIC PENSION STANDARDS AWARD

The Public Pension Coordinating Council (PPCC) awarded a Public Pension Standards Award for Funding and Administration to CalPERS for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This is the eleventh consecutive year that CalPERS has achieved this prestigious award. In order to be awarded a Public Pension Standards Award, a public pension program must meet professional standards for plan design and administration as set forth in the Public Pension Standards. A Public Pension Standards Award is valid for a period of one year.

Chief Executive Officer's Letter of Transmittal



Anne Stausboll
Chief Executive Officer

December 31, 2013

Members of the CalPERS Board of Administration:

I am pleased to present the CalPERS Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The 2012-13 Fiscal Year was highlighted by growth and progress on many important strategic initiatives and objectives.

CalPERS investments rebounded with a solid net return of 13.2 percent in the 2012-13 Fiscal Year, which is well above our long-term annual average assumption of 7.5 percent. Our 20-year average annual return is 7.6 percent, and our 30-year average is 9.4 percent.

As of June 30, 2013, net position for the Public Employees' Retirement Fund (PERF) was \$262 billion, a gain of \$25 billion over the previous 12 months.

While the past year's healthy investment performance was encouraging, we remain focused on ensuring the long-term sustainability of CalPERS pension benefits. With that in mind, we established the Asset Liability Management (ALM) framework—an integrated, holistic approach to aligning the long-term growth of pension assets and liabilities.

The ALM process began in 2012 when we lowered the discount rate from 7.75 percent to 7.5 percent. Throughout 2012 and 2013 we conducted various

workshops and briefings to further develop our ALM function and strengthen the System. In 2013, we shortened the smoothing and amortization periods for asset gains and losses. Over the past fiscal year, the CalPERS staff and Board of Administration began a systematic, comprehensive review of our investment asset allocation, as well as our economic and demographic actuarial assumptions.

As part of this work, we developed a set of investment beliefs that will guide the long-term strategic management of the CalPERS investment portfolio—all with the goal of enhancing the sustainability of CalPERS pensions.

In the health benefits arena, we took a leadership role at the national level by advocating for market reforms and better, more cost-effective medical services. We continue to promote the long-term health benefits of wellness and disease management programs along with access to high-quality physician and hospital networks.

We expanded our value-based pricing program that establishes reasonable threshold prices for certain medical procedures, such as knee and hip replacements. The majority of CalPERS members now choose hospitals that offer services through more economical

cost structures. More and more hospitals are beginning to reduce their prices for services in order to attract patients. Our value-based pricing initiative has saved California taxpayers \$6 million and CalPERS members \$600,000 in copays and other costs during the past two years.

We added four new HMO providers to our health benefits program to provide greater plan choices for our members and to promote competition among health plans, with the goal of keeping health benefits affordable.

We were also able to moderate the increase in health-care costs. Premium rates for CalPERS health plans in 2014 will, on average, increase just 3 percent higher than the prior year when rates increased by 9.6 percent. This is the smallest annual average rate increase in 15 years.

The environment for pensions also saw changes. The past fiscal year produced a landmark pension reform law in California called the Public Employees' Pension Reform Act (PEPRA), which went into effect on January 1, 2013. The reforms apply to nearly all California public employee pension systems, including CalPERS, and generally apply to public employees hired on January 1, 2013, or later, but not to public employees hired before the effective date.

In general, new employees will receive lower pension benefits and will have to work longer to earn their benefits. All workers will eventually have to pay half of the normal cost of their benefits. Our actuaries estimate the reforms will save California taxpayers between \$42 billion and \$55 billion over 30 years for CalPERS plans alone.

CalPERS began planning for implementation as soon as PEPRA was signed into law in September 2012. Over the past year, we worked closely with the State Legislature and stakeholder groups to clarify ambiguities and inconsistencies in the new law. Our staff updated many of our administrative processes, member publications and significant sections of our website, incorporating the reforms.

CalPERS investments rebounded with a solid net return of 13.2 percent in the 2012-13 Fiscal Year, which is well above our long-term annual average assumption of 7.5 percent.

Municipal bankruptcies emerged as a critical issue during the past fiscal year with the bankruptcies of two California cities, Stockton and San Bernardino. With the additional bankruptcy of Detroit, the question of whether cities can alter pension promises to their employees and retirees in bankruptcy became a national topic. CalPERS intends to fulfill our fiduciary obligation to act in the interest of our members to protect the pensions that have been promised and to champion our members and their families.

CalPERS continued our strong focus on risk management over the past year. As a part of that effort we filled the newly created positions of Chief Financial Officer and Chief of the Office of Enterprise Risk Management.

Our robust risk management program includes risk management training for staff; risk assessments of our business operations, benefit program administration, information technology systems, and investment programs; and developing policies and procedures for enterprise-wide risk mitigation.

In the customer service area, we expanded our my|CalPERS system, giving members the capability to apply for retirement and change health plans online during the annual open enrollment period.

For employers, we launched our Employer Response Team. While routine business will still be handled by our Customer Contact Center, the Employer Response Team will provide a higher level of service to employers who need assistance to address time-sensitive, complex, and priority cases.

Management Responsibility for Financial Reporting

CalPERS management prepared the financial statements in this CAFR for the 2012-13 Fiscal Year. Management is responsible for the integrity and fairness of the information presented, including data that, out of necessity, is based on estimates and judgments. The accounting policies used to prepare these financial statements conform to accounting principles generally accepted in the United States. Financial information presented throughout this annual report is consistent with these accounting principles.

CalPERS maintains a system of internal controls designed to provide reasonable assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. In addition, our audit personnel provide a continuing review of the internal controls and operations of CalPERS, and the Chief of the Office of Audit Services regularly reports to the CalPERS Board of Administration's Risk and Audit Committee. The Committee reviews the audit findings and recommendations for improvements in internal control and operational efficiency, and it reviews the actions of management to implement such recommendations.

Our independent external auditors, Macias Gini & O'Connell, have conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States, performing such tests and other procedures as they deem necessary to express opinions on the basic financial statements in their report to the Board. The external auditors also have full and unrestricted access to the Board to discuss their audit and related findings as to the integrity of the financial reporting and the adequacy of internal control systems.

Accounting System and Reports

Management is responsible for establishing and maintaining an internal control structure designed to ensure that CalPERS assets are protected from loss, theft or misuse, and that income is appropriately distributed. Responsibility for the accuracy, completeness and fair presentation of the information, and all disclosures, rests with CalPERS. The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The basic financial statements are presented in accordance with the guidelines of the Governmental Accounting Standards Board (GASB), including standards established by GASB Statement No. 25, *Financial Reporting for Defined Benefit Plans*; GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; GASB Statement No. 43, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*; and other GASB statements as appropriate. GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A).

This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The CalPERS MD&A can be found immediately following the report of the independent auditors.

Funding

CalPERS is making good progress recovering from the financial crisis of 2008-09 and Great Recession. The Public Employees' Retirement Fund (PERF) is the main trust fund from which nearly all CalPERS retirement benefits are paid. As of June 30, 2013, the PERF was approximately 74 percent funded. We are continuing efforts to enhance the funded ratio. The Required Supplemental Schedules to the Basic Financial Statements and the Actuarial Section contain a summary of CalPERS unfunded actuarial accrued liabilities.

Our members inspire us and give our work purpose. At CalPERS, we are very proud to serve those who serve California today, and for generations to come.

In Closing

Nearly 1.7 million CalPERS members and their families rely on CalPERS for their financial security. We understand our role as fiduciaries to act in the interest of our members and to deliver on the promises made by their employers. We discharge our duties every day with care and dedication. Our members inspire us and give our work purpose. At CalPERS, we are very proud to serve those who serve California today, and for generations to come.

Anne Stausboll
Chief Executive Officer

About CalPERS

The California Public Employees' Retirement System (CalPERS) is the nation's largest public pension fund with total net position in the PERF of \$262.0 billion as of June 30, 2013.

Headquartered in Sacramento, CalPERS provides retirement and health benefit services to more than 1.6 million members and 3,089 school and public employers. The System also operates eight Regional Offices located in Fresno, Glendale, Orange, Sacramento, San Diego, San Bernardino, San Jose, and Walnut Creek.

Led by a 13-member Board of Administration, consisting of member-elected, appointed, and ex officio members; CalPERS membership consists of 1,104,237 active and inactive members and 574,759 retirees, beneficiaries and survivors. Active death benefits are paid as a result of a member death prior to retirement from State, school, and public agencies.

Established by legislation in 1931, the System became operational in 1932 for the purpose of providing a secure retirement to State employees. In 1939, new legislation allowed public agency and classified school employees to join the System for retirement benefits. CalPERS began administering health benefits for State employees in 1962, and five years later, public agencies joined the Health Program on a contract basis.

A defined benefit retirement plan, CalPERS provides benefits based on a member's years of service, age, and highest compensation. In addition, benefits are provided for disability and death. Today CalPERS offers additional programs, including long-term care coverage, a deferred compensation retirement savings plan, and member education services.

OUR VISION

A trusted leader respected by our members and stakeholders for our integrity, innovation, and service.

MISSION

Provide responsible and efficient stewardship of the system to deliver promised retirement and health benefits while promoting wellness and retirement security for members and beneficiaries.

CORE VALUES AND GUIDING BEHAVIORS

Quality

- Strives to exceed customers' needs and expectations through competence, innovation and teamwork
- Proactively explores policy and product opportunities to better serve our customers
- Seek to "do it right" the first time
- Considers, understands and manages risk

Respect

- Treats every person with kindness and humility
- Values and recognizes every individual for their unique skills, talents and contributions
- Stays present in the moment and actively listens to understand others
- Is courteous, responsive and professional

Accountability

- Takes ownership of, and responsibility for, actions, risks and results and uses outcomes as learning opportunities
- Makes sound decisions from experience, good judgment and collaboration
- Gives and seeks clear expectations
- Finds solutions that contribute to desired results

Integrity

- Acts in all endeavors with an ethical, honest mindset and in a professional manner
- Honors commitments, keeps promises and builds trust
- Is truthful in all actions and communications

Openness

- Approaches every situation with good intentions
- Is receptive to new and diverse ideas
- Listens, cooperates and shares across the organization
- Encourages a trusting environment by being genuine and transparent in our actions and communications

Balance

- Supports a healthy personal and professional balance
- Maintains focus on long-term goals while meeting short-term needs
- Embraces opportunities for personal and professional development
- Supports an environment that is optimistic and enjoyable in which relationships can prosper across our organization and communities

GOALS AND OBJECTIVES

Goal A: Improve long-term pension and health benefit sustainability

- Fund the system through an integrated view of pension assets and liabilities
- Educate employers and other stakeholders to make informed decisions about retirement security and health care
- Deliver target risk-adjusted investment returns
- Ensure high-quality, accessible, and affordable health benefits
- Create a lifestyle of wellness among members and employers

Goal B: Cultivate a high-performing, risk-intelligent, and innovative organization

- Use a focused approach to generate, test, refine, and implement new ideas
- Deliver superior end-to-end customer service that is adaptive to customer needs
- Recruit, retain, develop, and empower a broad range of talents against organizational priorities
- Actively manage business risks with an enterprise-wide view

Goal C: Engage in state and national policy development to enhance the long-term sustainability and effectiveness of our programs

- Clarify and communicate CalPERS perspective on pension, health, and financial markets
- Provide education and engagement opportunities to shape policy agenda and expand impact

Board of Administration

Rob Feckner, President
School Member Representative
Glazing Specialist
Napa Valley Unified School District
Term Ends: January 15, 2015

George Diehr, Vice President
State Member Representative
Professor, CSU San Marcos
Term Ends: January 15, 2015

Michael Bilbrey
All Member Representative
Bookstore Operations Coordinator
Citrus Community College, Glendora
Term Ends: January 15, 2018

Julie Chapman
Director
California Department of Human Resources
Ex Officio Member

John Chiang
State Controller
Ex Officio Member

Richard Costigan
State Personnel Board Member
Ex Officio Member

JJ Jelincic
All Member Representative
Investment Officer III
CalPERS
Term Ends: January 15, 2018

Henry Jones
Retired Member Representative
Retired, Chief Financial Officer
Los Angeles Unified School District
Term Ends: January 15, 2016

Ron Lind
Public Representative²
President/International Vice-President
United Food & Commercial Workers Local 5
Term Ends: January 12, 2016

Bill Lockyer
State Treasurer
Ex Officio Member

Priya Mathur
Public Agency Representative
Principal Financial Analyst, Bay Area Rapid Transit
Term Ends: January 15, 2015

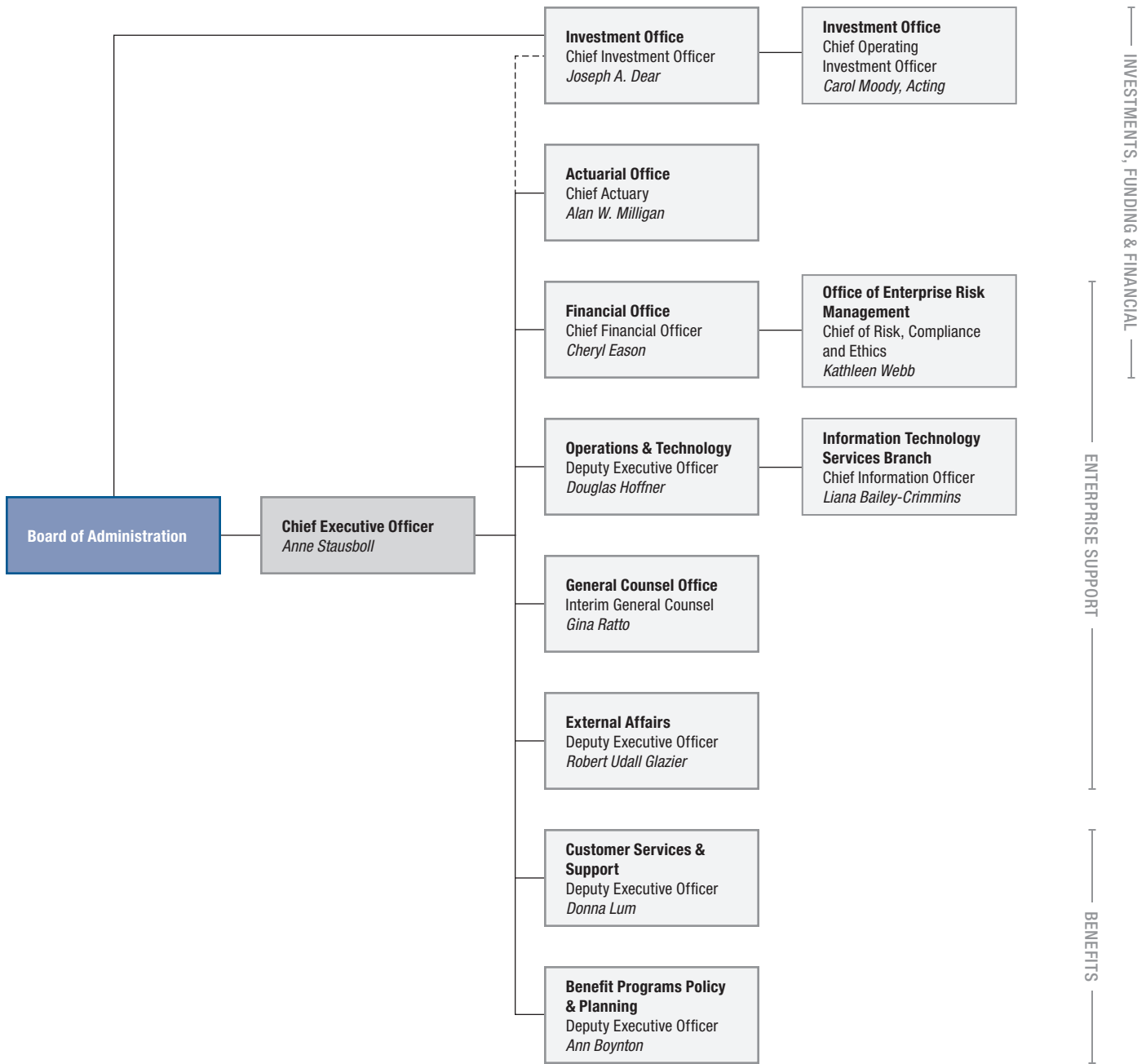
Bill Slaton
Elected Official of Local Government¹
President, Board of Directors
Sacramento Municipal Utility District
Term Ends: January 15, 2015

Vacant
Insurance Industry Representative¹

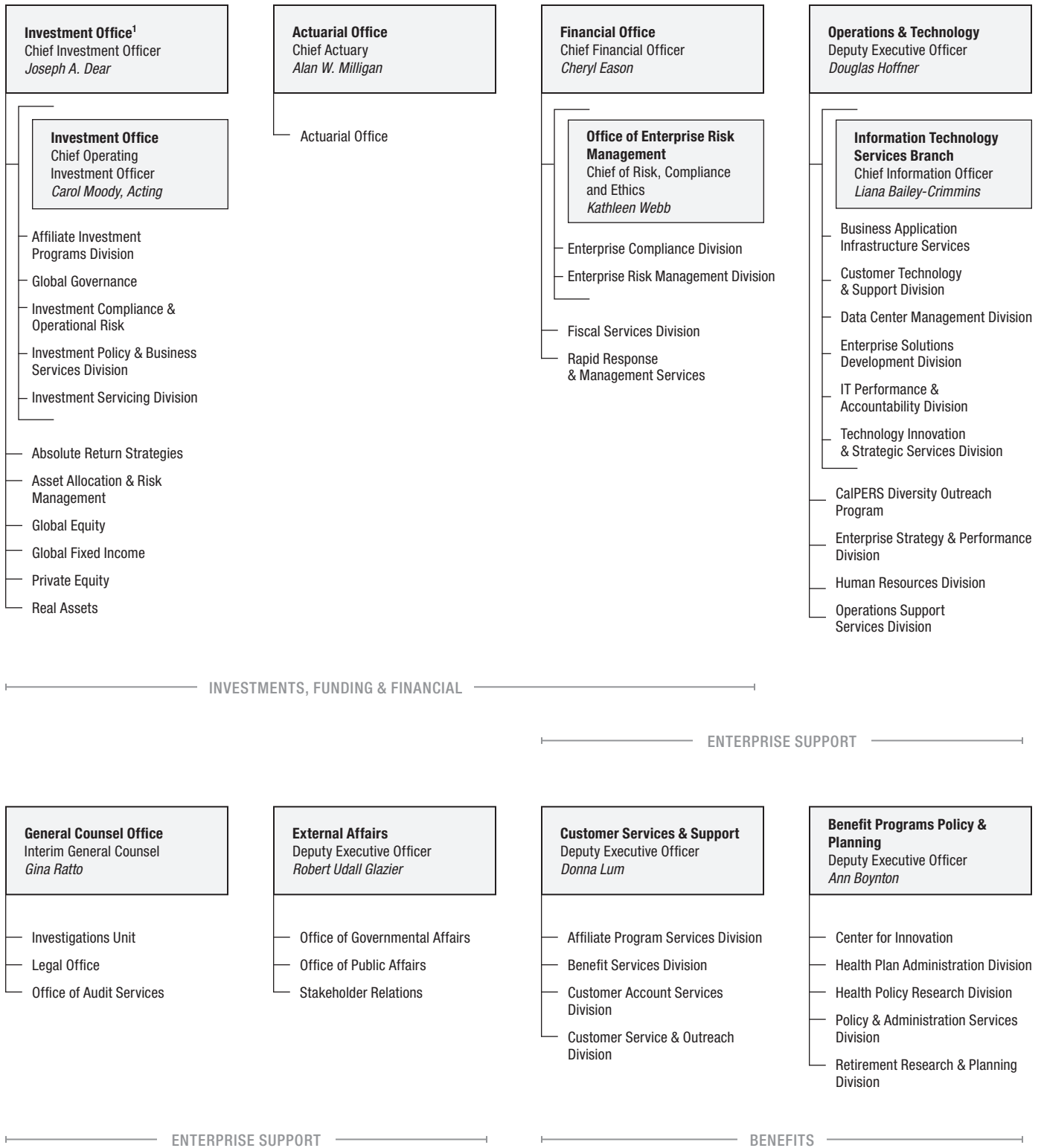
¹ Governor appointee

² Appointed jointly by the Speaker of the Assembly and the Senate Rules Committee

Organizational Chart — Executive Staff



Organizational Chart — Expanded



INVESTMENTS, FUNDING & FINANCIAL

ENTERPRISE SUPPORT

ENTERPRISE SUPPORT

BENEFITS

Consultant & Professional Services

Individual or Firm
22nd Century Technologies, Inc.
Accenture, LLP
ACS Learning Services
ADSI, Inc.
Advanced Systems Group, LLC
Ambire Consulting, Inc.
Anthem Blue Cross
ATV Video Center, Inc.
Ballard Group, The
Base 3 Consulting
Belmonte Enterprises, LLC
Blackstone Technology Group
Booz Allen Hamilton, Inc.
Business Advantage Consulting
California Department of Health Care Services
Capio Group
Capital Technology Associates
Chisoft Consultant Services, LLC
Compliance 11, Inc.
Cornerstone Fitness, Inc.
CVS Caremark
Dee Hansford Consulting
Delegata
Department of General Services/RR Donnelly
Department of Human Resources
Department of Justice
Diamond Marketing Solutions
Dolamont Consulting, Inc.
Downey, Brand, Seymour & Rohwer, LLP
DSS Research, Inc.
Eagle Management Group
Eaton Interpreting Services
Enclipse Corporation
Enterprise Networking Solutions
Equanim Technologies
Experis IT Services US, LLC
Ferenczy & Paul, LLP
Gordon & Silver, LLP
GovernmentJobs.com, Inc.
Group One Consultants, Inc.
H&B Joint Venture
Hewitt Consulting
Hewlett Packard
Highlands Consulting Group
HP Enterprise Services, LLC
Information Technology Software Professional
Informatix, Inc.
ING U.S.
Innovative Software Technologies, Inc.
J & K Court Reporting, LLC
J. A. Frasca and Associates
Jay Gaines & Company, Inc.
JLynnconsulting, Inc.
K & L Gates, LLP

Individual or Firm
Katrina Kennedy Training
Kearnford Application Systems Design
Kenera Consulting, Inc.
Kiefer Consulting, Inc.
Knowledge Structures, Inc.
Kong Consulting, Inc.
KPMG, LLP
Landor
LCS Technologies, Inc.
Lincoln Crow, LLC
Linsonic, LLC
Lussier, Vienna, Gregor & Associates
M Corp
Macias Gini & O'Connell, LLP
Maximus Federal Services, Inc.
McKinsey & Company, Inc.
McLagan Partners, Inc.
Mellon Bank
Mercer Health And Benefits
Metavista Consulting Group
Mindstorm
Modis, Inc.
Monarch Enterprises, Inc.
Moore Wallace North America, Inc.
Netresult, LLC
North Highland Company
Nossaman, Guther, Knox & Elliott
Online Video Service, Inc.
Pacific Business Group on Health
Pasanna Consulting Group, LLC
Patient Centered Outcomes Research Institute Trust
Performance Technology Partners, LLC
Pillsbury Winthrop Shaw Pittman, LLP
Princeton Solutions Group, Inc.
Propoint Technology, Inc
Pyramid Technical Consultants, LLC
R & G Associates
Reed Smith, LLP
Regents of the University of California
Rosenberg & Kaplan, A Law Corporation
Saba Software, Inc.
Safeguard Web and Graphics
Sage 2.0
Sall Law Firm
SAS International, Inc.
Shah & Associates, LLP
Shaw Valenza, LLP
Shooting Star Solutions, LLC
Sign Language Interpreting Service Agency
Softsol Resources, Inc.
Softsol Technologies, Inc.
Sophus Consulting
SRI Infotech, Inc.
Staff Tech, Inc.

Consultant & Professional Services (continued)

Individual or Firm
Stanfield Systems, Inc.
State Controller's Office
Steptoe & Johnson, LLP
Stoel Rives, LLP
T5 Consulting
Take 1 Productions
Technisource, Inc.
Technology Crest Corporation
Trinity Technology Group, Inc.
Truven Health Analytics, Inc.
Two Shea Consulting, Inc.
United Health Services
University of California, San Francisco
University of California, Berkeley
Univita
Unleashing Leaders, Inc.
Vantage Consulting Group, Inc.
Vanwrite
Veaco Group
Viaspire
Virtcom Consulting
Visionary Integration, LLC (VIP)
Zuber Lawler & Del Duca, LLP
Various

Note:

¹ Additional information regarding investment professionals who provide services to the System can be found in the Investment Section.

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Financial Section

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3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

Walnut Creek

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

INDEPENDENT AUDITOR'S REPORT

To the Board of Administration
California Public Employees' Retirement System
Sacramento, California

We have audited the accompanying financial statements of the fiduciary activities and the proprietary activities of the California Public Employees' Retirement System (the System), a component unit of the State of California, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary activities and proprietary activities of the California Public Employees' Retirement System as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 5 to the basic financial statements, actuarial data presented for the California Employers' Retirement Benefit Trust Fund was derived from actuarial valuations performed by actuarial firms engaged by participating employers. Actuarial valuations were based on the System's OPEB Assumption Model, which was revised in August 2012.

As discussed in Note 5 to the basic financial statements, actual contributions made by the State of California (State) to the closed Judges' Retirement Fund are made pursuant to State statute and were significantly less than the actuarially determined annual required contributions. State contributions were used to fund benefit payments of the current period. As such, the Judges' Retirement Fund does not retain the accumulated contributions of active members. Without the State contributions, the Judges' Retirement Fund will not be able to pay accumulated benefit payments due in fiscal year 2014. Management and legal counsel believe the State is legally required to provide the required contributions to fund the benefits.

As discussed in Note 8 to the basic financial statements, the determination of the estimated liability for future policy benefits of the Public Employees' Long-Term Care Fund is very sensitive to the underlying actuarial assumptions, including a discount rate of 5.75 percent, morbidity, and voluntary termination.

As discussed in Note 9 to the basic financial statements, based on the most recent actuarial valuations of the Public Employees' Retirement Fund and the California Employers' Retiree Benefit Trust Fund as of June 30, 2012, the actuarial accrued liability exceeded the actuarial value of assets by \$57.4 billion and \$15.5 billion, respectively.

Our opinions are not modified with respect to these matters.

Other Matters

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's financial statements for the fiscal year ended June 30, 2012, from which such partial information was derived.

We have previously audited the System's 2012 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the fiduciary activities and the proprietary activities in our report dated December 17, 2012. In our opinion, the partial comparative information presented herein as of and for the fiscal year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedules of Funding Progress, the Schedules of Employer Contributions and the Schedule of Claims Development Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maclean Meiri & O'Connell LLP

Sacramento, California
December 6, 2013

Management's Discussion & Analysis (Unaudited)

INTRODUCTION

This section presents Management's Discussion and Analysis of the California Public Employees' Retirement System's (CalPERS or the System) financial performance during the fiscal year ended June 30, 2013. It is a narrative overview and analysis that we present in conjunction with the Chief Executive Officer's Letter of Transmittal, included in the Introductory Section of this Comprehensive Annual Financial Report. It should also be read in conjunction with the Basic Financial Statements of CalPERS, as presented in this report.

In addition to historical information, the Management's Discussion and Analysis includes certain forward-looking statements, which involve certain risks and uncertainties. CalPERS actual results, performance, and achievements may differ from the results, performance, and achievements expressed or implied in such forward-looking statements, due to a wide range of factors, including changes in interest rates, changes in the securities markets, general economic conditions, and legislative changes, as well as other factors.

CalPERS is primarily responsible for administering retirement and health benefits. CalPERS also administers long-term care benefits, a post-employment benefit fund for retiree health and supplemental retirement savings plans.

CalPERS comprises a total of 13 funds, including 8 trust funds, 2 agency funds and 3 proprietary funds, for which the CalPERS Board of Administration exercises fiduciary responsibility to protect participants' assets. These include the Public Employees' Retirement Fund (PERF), Legislators' Retirement Fund (LRF), Judges' Retirement Fund (JRF), Judges' Retirement Fund II (JRF II), State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), Public Agency Deferred Compensation Plan (IRC 457), Supplemental Contributions Program Fund (SCPF), the California Employers' Retiree Benefit Trust Fund (CERBTF), Public Employees' Contingency Reserve Fund (CRF Agency Fund Type) and Replacement Benefit Fund (RBF). The CalPERS Board also administers three business oriented proprietary funds. These are the Public Employees' Health Care Fund (HCF), Public Employees' Contingency Reserve Fund (CRF), and the Public Employees' Long-Term Care Fund (LTCF).

FINANCIAL HIGHLIGHTS

Fiduciary Trust Funds

The following events during the fiscal year have an impact on CalPERS operations:

- Nominal gross domestic product (GDP) growth this year has slipped to just 3.0 percent versus a 25 year average of 5.0 percent. Positive economic indicators include signs of growth in jobs and personal income; gains in consumer sentiment; a surge of business expenditures for capital goods in the second quarter of 2013; strength in home and car sales; and improved delivery of central banks. Most measures of US inflation are in the low 1.0 percent range. Some negative economic indicators include the growth of real GDP (less inflation) by only 1.4 percent; the softening of retail sales in June and the peaking of housing starts in March; the falling of mortgage refinancing as interest rates rose; the slowing of credit growth to roughly 3.0 percent; and the impact of furloughs on the personal income of government workers.
- Annual investment rate of return of 13.2 percent outperformed the strategic benchmark by 1.35 percent, contributing \$30.3 billion to the PERF. Equity assets, public 19.0 percent and private 18.2 percent, were strong performers. Income assets lost 1.6 percent in a low interest rate environment with rising yields in the second quarter of 2013.
- CalPERS annual investment rate of return of 13.2 percent exceeded the actuarial assumed earnings rate of 7.5 percent. In order to help employers understand the risk, CalPERS is now providing an investment return scenario analysis in all of its annual actuarial valuation reports.
- JRF II earned 12.1 percent and LRF earned 5.7 percent. JRF I is actuarially underfunded and benefits are financed on a pay-as-you-go basis resulting in little opportunity for a long-term risk adjusted investment strategy.
- CERBTF employers can choose one of three different strategies, each one with a distinctly different long-term expected rate of return and return volatility.

- The SPOFF, an employer-paid defined contribution program, earned 11.3 percent following a balanced growth investment strategy. Other CalPERS defined contribution funds (IRC 457 and SCPF) use an investment program that is participant directed.
- On October 7, 2013 the SPOFF, IRC 457, and SCPF will transition the lineup of funds available for investment.
- The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA). PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 31, 2012. The financial impact will be gradually realized as total pension costs and the employer share of those costs decrease.
- Significant financial provisions of PEPRA:
 1. Reduces benefits for members enrolled effective date January 1, 2013. For each year worked, miscellaneous members are entitled to 2.0 percent of final compensation at age 62. Three safety member benefits are available to employers; 2.0 percent, 2.5 percent, and 2.7 percent of final compensation at age 57.
 2. Caps the annual compensation that can be used to calculate final compensation for all new members, excluding judges, at \$113,700 for members who participate in Social Security or \$136,440 for members who do not participate, adjusted after 2013 for consumer price index (CPI) increases. Additionally, final compensation for new members is calculated using the highest average of three consecutive years.
 3. For public agencies, school employers, California State Universities and judicial branch new members, the employee contribution rate is at least 50 percent of the total normal cost. For State of California new and classic members, the contribution rate is defined by statute. The contribution rate is either at least 50 percent of the total normal cost or is scheduled to reach 50 percent of total normal cost within the next one to two years.
 4. PEPRA prohibits new members from participating in the LRS. PERF membership is optional for constitutional and legislative statutory officers.
 5. The purchase of Additional Retirement Service Credit is prohibited on or after January 1, 2013.
- In April 2013, the CalPERS Board approved new actuarial policies that include a rate-smoothing method with a 30 year fixed amortization period for gains and losses. Over time, the proposed methods are designed to improve funding levels and help reduce the overall funding level risk. The proposed methods are expected to result in higher volatility in employer contribution rates in normal years but much less volatility in employer contribution rates in years where extreme events occur.
- As of June 30, 2012, the date of the most recent actuarial valuation, the PERF was funded at 83.1 percent, based on the actuarial value of assets. A better measure of benefit security is the funded status on the market value of assets basis. On that basis, as a result of the 0.14 percent investment return in 2011-12, the funded status declined from 73.6 percent at June 30, 2011, to 69.6 percent at June 30, 2012.
- The PERF paid \$16.6 billion in retirement benefits to 566,975 annuitants during the Fiscal Year 2012-13, compared to \$15.4 billion paid to 543,722 annuitants during the Fiscal Year 2011-12. Benefit payments increased primarily due to an increase in the number of retirees and the average benefit amount, including cost-of-living adjustments (COLA).

Proprietary Funds

- CalPERS administers the PERSCare, PERS Choice, and PERS Select self-funded health care program. Financial activity for these programs is accounted for through the Public Employees' Health Care Fund (HCF). The CalPERS self-funded health care program's unrestricted net position increased from \$454.0 million in the Fiscal Year 2011-12 to \$456.4 million in the Fiscal Year 2012-13.
- Effective January 1, 2013, CalPERS partnered with its Pharmacy Benefit Manager (PBM) to provide a custom Medicare Part D prescription drug program, the Employer Group Waiver Plan (EGWP). Under the EGWP, CalPERS contracts with the prescription drug

programs through the PBM as the EGWP administrator, and the PBM manages all federal interaction. EGWP subsidies are reported in HCF as Federal Government Subsidies in the Statement of Revenues, Expenses and Changes in Net Position for the proprietary funds.

- The unrestricted net position of the CalPERS Long-Term Care Program amounted to \$679.1 million as of June 30, 2013. The Long-Term Care Program collected \$307.8 million in premiums, and the approximate average annual premium per person was \$2,124. The unrestricted net position of \$679.1 million represents an increase of \$838.8 million from a deficit of \$159.7 million as of June 30, 2012. The increase in unrestricted net position from the prior year is attributable to the Stabilization Plan approved by CalPERS Board in October 2012 which included premium increases for certain policies and allowed policy conversions for program members to move to a suitable plan option. In the Fiscal Year 2012-13, the actual claim experience for the program met expectation. The estimated liability for future policy benefits reflects the actual and anticipated future experience of the program, including the expected lower future claim payments caused by the actual and assumed higher policy conversion to a lower benefit coverage plan in calendar years 2013, 2014, and 2015. These improvements were offset by lower than expected investment returns in the Fiscal Year 2012-13. Effective January 1, 2014, with the passage of Assembly Bill No. 373, the Board has expanded eligibility to adult children of eligible applicants by amending the Long-Term Care Act.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis provides an introduction to and overview of the CalPERS Basic Financial Statements, which comprise the following components: Fund Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and Other Supplemental Information. Collectively, this information presents the combined net position held in trust for pension benefits and other post-employment benefits, and the combined unrestricted net position for each of the other funds administered by CalPERS as of June 30, 2013. It also summarizes the combined changes in net position held in trust for pension and other post-employment benefits,

the combined changes in unrestricted net position, and the cash flows of the proprietary funds for the fiscal year then ended, along with an actuarial view on the funded status of the defined benefit pension and other post-employment plans. The information available in each of these sections is briefly summarized as follows:

Fund Financial Statements

The Board has a fiduciary duty for the investments in both the fiduciary and proprietary funds. At June 30, 2013, financial statements are presented for the two types of funds administered by CalPERS: fiduciary funds, where CalPERS acts in a fiduciary capacity as a trustee or agent for others and is responsible for handling the assets placed under its control; and proprietary funds, where fees are charged for services provided and the focus is on determining financial position, operating and non-operating income, cash flows and changes in net position.

Fiduciary Funds — include pension trust funds, other post-employment benefit fund, and two agency funds. The defined benefit plans administered by CalPERS include the PERF, LRF, JRF, and JRF II. The other post-employment benefit fund is the CERBTF. The defined contribution plans administered by CalPERS include the SPOFF, IRC 457, and the SCPF. The remaining fiduciary funds are the CRF and the RBF. The fiduciary funds are used to account for resources held for the benefit of CalPERS participants. A Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position except for agency funds are presented for the fiduciary funds as of and for the fiscal year ended June 30, 2013, along with comparative total information as of and for the fiscal year ended June 30, 2012. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries as of year-end, as well as the changes in those resources during the year.

Proprietary Funds — include the following enterprise funds: the HCF, CRF, and LTCF. Proprietary funds are used to account for activities for which fees are charged to external users for service, such as administration of health care and long-term care programs, and for which the costs of providing services are recovered with fees and charges. A statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows are presented for the proprietary funds as of and for the

fiscal year ended June 30, 2013, along with comparative total information as of and for the fiscal year ended June 30, 2012. Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows.

Notes to the Basic Financial Statements

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the information provided in the fund financial statements. Information available in the Notes to the Basic Financial Statements is described below.

Note 1 — provides a summary of significant accounting policies, including the basis of accounting for each of the fund types, investment accounting policies, management's use of estimates, and other significant accounting policies.

Note 2 — provides a general description of CalPERS, as well as a concise description of each of the funds administered by CalPERS. Information regarding employer and member participation in the pension plans and other post-employment benefit plans administered by CalPERS is also provided.

Note 3 — provides information on cash and cash equivalents.

Note 4 — describes investments, including investing authority, investment risk categorizations, and additional information about cash, securities lending, and derivatives.

Note 5 — provides information about employer contributions to the pension and other post-employment benefit funds and selected plan reserves administered by CalPERS.

Note 6 — provides information about the State of California's other post-employment benefits (OPEB).

Note 7 — provides detailed information on the estimated claims liability of the HCF.

Note 8 — provides information regarding the LTCF June 30, 2013 actuarial valuation.

Note 9 — provides information regarding the funded status and actuarial assumptions for the PERF, LRF, JRF, JRF II, and CERBTf.

Note 10 — provides information on commitments.

Note 11 — provides information on potential contingencies of CalPERS.

Note 12 — provides information regarding future accounting pronouncements, which include Governmental

Accounting Standards Board (GASB) Statement Nos. 67 and 68, and the key changes it will have on the financial statements.

Note 13 — provides information regarding subsequent events, which include, pension reform, local government bankruptcies, State Peace Officers' and Firefighters' defined contribution plan closure and implementation of flex-funded health maintenance organization plans.

Required Supplementary Information

Because of the long-term nature of public defined benefit pension and other post-employment benefit plans, financial statements for the past year alone cannot provide sufficient information to properly reflect the funding progress of the plans. Therefore, in addition to the Basic Financial Statements, two required schedules of historical trend information related to the defined benefit pension and other post-employment benefit plans are presented as part of the Required Supplementary Information (RSI) section of the Basic Financial Statements. These two schedules are the Schedule of Funding Progress and the Schedule of Employer Contributions. These schedules are based upon contributions made by employers and others, and the actuarial valuations for the pension plans performed by CalPERS actuaries and the other post-employment benefits valuations performed by actuaries engaged by sponsoring employers. The schedules provide additional actuarial information that contributes to the understanding of the changes in the actuarial funding and the funding progress of these defined benefit pension and other post-employment benefit plans over the past six years. The actuarial information is based upon assumptions made about future events at the time the valuations were performed, and, therefore, the amounts presented are management's estimates. Also included as part of the RSI, is the Schedule of Claims Development Information for the HCF.

Other Supplemental Information

Other schedules include detailed information on administrative expenses incurred by CalPERS-administered funds, as well as investment and other professional services expenses incurred, and changes in assets and liabilities for agency funds.

FINANCIAL OVERVIEW & ANALYSIS

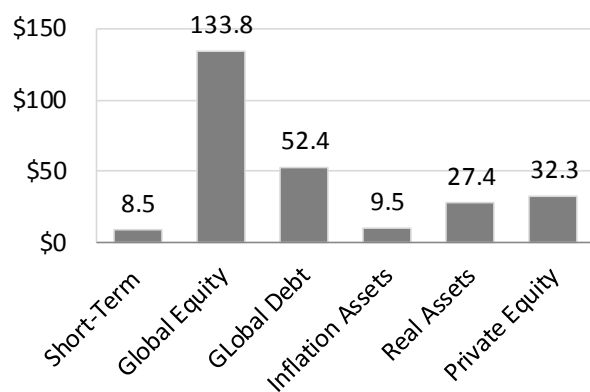
Fiduciary Funds

Collectively, the net position held in trust for all fiduciary funds was a total of \$267.3 billion at June 30, 2013, an increase of \$25.9 billion (10.7 percent) from \$241.4 billion at June 30, 2012. Additions to net position held in trust for benefits include employer and member contributions as well as net investment income. Deductions consist primarily of retirement, death and survivor benefits, refunds, administrative expenses, participant withdrawals, and OPEB reimbursements. Fiduciary funds are categorized as defined benefit, intended to fund employer guaranteed earned employment benefits; and defined contribution, intended as participant savings for post-employment income and health benefits. Asset accumulation and prudent investment strategies are primary purposes of both types of fiduciary funds.

The following charts display asset amounts and how they are allocated.

Defined Benefit Plans — Investment Types

(Dollars in Billions)



Defined Benefit Plans — Administrative Expenses

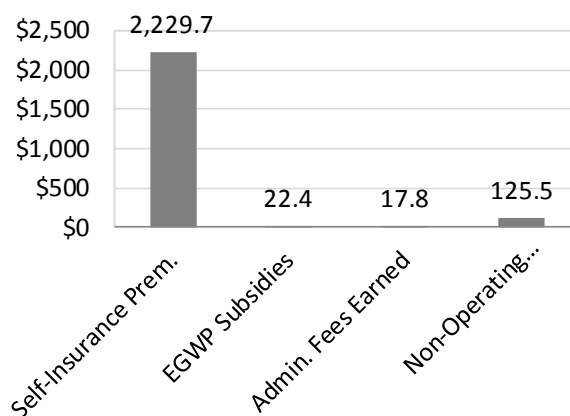
Plan	Administrative Expenses	Total Membership	Cost per Member
PERF	\$426,077,000	1,671,212	\$255
LRF	418,000	276	1,514
JRF	1,413,000	2,221	636
JRF II	899,000	1,404	640

Proprietary Funds

CalPERS total unrestricted net position for proprietary funds which includes HCF, CRF and LTCF was \$1.1 billion at June 30, 2013. Proprietary funds are created to facilitate a business type program where the primary financial focus is on yearly sustained operating revenues and specifically directed and controlled expenses. Operating revenues of the CalPERS proprietary funds consist of self-insurance premiums, Employer Group Waiver Program (EGWP) subsidies, Federal Government reimbursements, administrative fees, and other non-operating revenues. Operating expenses consist of medical and pharmaceutical payments, long-term care claims and administrative costs.

Proprietary Funds — Revenue

(Dollars in Millions)



FINANCIAL ANALYSIS OF CALPERS FUNDS

Public Employees' Retirement Fund (PERF)

Plan Net Position

The PERF provides retirement benefits to State of California and other California public agency employees. The PERF benefits are funded by member and employer contributions and by earnings on investments. The PERF net position held in trust for benefits at June 30, 2013 was \$262.0 billion, an increase of \$25.0 billion (10.5 percent) from \$237.0 billion at June 30, 2012. The increase is a result of investment earnings and current year contributions exceeding the amount needed to pay 2012-13 benefits.

Additions to PERF net position held in trust for benefits include employer and member contributions, and investment income. For the Fiscal Year 2012-13, employer and member contributions totaled \$12.0 billion, an increase of \$0.6 billion (5.3 percent) from the Fiscal Year 2011-12. The increase is attributed to increased contribution rates calculated to amortize the unfunded actuarial liability.

The PERF recognized a net investment gain of \$30.3 billion for the Fiscal Year 2012-13, compared with a net investment loss of \$203.1 million for the Fiscal Year 2011-12. The gain came primarily from growth of global assets. Global public equity assets returned 19.0 percent, private equity assets returned 18.2 percent and real assets contributed with a return of 11.8 percent.

Deductions from PERF net position restricted for pension for the Fiscal Year 2012-13 totaled \$17.3 billion, an increase of \$1.3 billion (8.1 percent) from \$16.0 billion in the Fiscal Year 2011-12. The increase in deductions was attributed to an increase in benefit payments as the number of beneficiaries increased from 543,722 to 566,975 and increases in average benefits, including COLA. A long-term trend of escalating benefit payments is evolving as the membership of the plan matures and retires. This trend was anticipated and factored into prior contribution requirements during the working life of the retirees.

Management's Discussion & Analysis (Unaudited) (continued)

Net Position — PERF (Dollars in Thousands)

	2013	2012	Total Percentage Change
ASSETS			
Cash, Cash Equivalents & Receivables	\$3,039,073	\$3,115,452	(2.5) %
Investments	260,158,786	233,935,996	11.2
Securities Lending Collateral	17,142,084	9,325,426	83.8
Capital Assets, Net & Other Assets	710,722	715,911	(0.7)
Total Assets	\$281,050,665	\$247,092,785	13.7 %
LIABILITIES			
Retirement Benefits, Investment Settlement & Other	\$2,172,123	\$959,255	126.4 %
Securities Lending Obligations	16,888,638	9,151,585	84.5
Total Liabilities	\$19,060,761	\$10,110,840	88.5 %
TOTAL NET POSITION	\$261,989,904	\$236,981,945	10.6 %

Changes in Net Position — PERF (Dollars in Thousands)

	2013	2012	Total Percentage Change
ADDITIONS			
Member Contributions	\$3,896,078	\$3,598,437	8.3 %
Employer Contributions	8,123,833	7,772,913	4.5
Net Investment Income (Loss)	30,284,807	(203,084)	15,012.5
Other Income	7,176	7,070	1.5
Total Additions	\$42,311,894	\$11,175,336	278.6 %
DEDUCTIONS			
Retirement, Death & Survivor Benefits	\$16,635,263	\$15,356,696	8.3 %
Refund of Contributions	242,595	218,082	11.2
Administrative Expenses	426,077	380,404	12.0
Total Deductions	\$17,303,935	\$15,955,182	8.5 %
INCREASE (DECREASE) IN NET POSITION	\$25,007,959	(\$4,779,846)	623.2 %
NET POSITION			
Beginning of Year	\$236,981,945	\$241,761,791	(2.0) %
End of Year	\$261,989,904	\$236,981,945	10.6 %

Investments

PERF investments, excluding securities lending collateral, totaled \$260.2 billion at June 30, 2013, an increase of \$26.3 billion (11.2 percent) from \$233.9 billion at June 30, 2012. The increase was attributable to strong performance of both public and private global growth assets. At June 30, 2013, the PERF held \$131.6 billion in global equity securities, an increase of \$18.0 billion from \$113.6 billion at the end of the Fiscal Year 2011-12.

In global debt securities, the PERF held \$51.6 billion at June 30, 2013, an increase of \$1.7 billion from \$49.9 billion at the end of the Fiscal Year 2011-12.

At June 30, 2013 the PERF held approximately \$38.2 billion in gross value real asset investments; the net value totaled \$27.1 billion, which is net of \$11.1 billion in real asset related debt. The real asset debt amounted to 29.1 percent of the total gross real asset fair value. On a gross basis, real asset investments increased \$1.6 billion from the \$36.6 billion gross real asset investments at the end of the Fiscal Year 2011-12.

Real asset investments are classified as investments in accordance with GASB Statement No. 25. Certain real asset investments are leveraged whereby partnerships have been established to purchase properties through a combination of contributions from CalPERS and other investors and through the acquisition of debt.

The \$11.2 billion in real asset debt is made up of \$8.8 billion in long-term debt payable and \$2.4 billion in other short-term liabilities.

At June 30, 2013, the inflation assets portfolios held \$1.2 billion in commodities exposure, \$4.0 billion in US Treasury Inflation Protected Securities (TIPS), \$1.6 billion in short term investment funds and \$2.4 billion in international inflation linked bonds.

In private equity, the PERF held \$32.3 billion at June 30, 2013, a decrease of \$1.9 billion from \$34.2 billion at the end of the Fiscal Year 2011-12.

In short-term investments, the PERF held \$8.4 billion at June 30, 2013, an increase of \$4.0 billion from the \$4.4 billion at the end of the Fiscal Year 2011-12. The increase in short-term assets as of June 30, 2013 was due to a number of factors. Positive equity returns generated large mark-to-market cash inflows from our equity futures contracts, Private Equity partners significantly increased their cash distributions during this period, and planned cash funding

for new investment strategies necessitated higher than normal balances.

Securities Lending

CalPERS earns income (intrinsic income) by lending investment securities. Qualified borrowers pay a fee for the right to borrow securities, and then provide cash and non-cash collateral at 102 percent or 105 percent of the market value of the domestic or international securities borrowed, respectively. The over-collateralization is an industry standard, which minimizes counterparty risk in the event a borrower fails to return the loaned security. CalPERS pays the borrowers a rate on cash collateral received, called a rebate. By reinvesting the cash collateral in short-term, high credit quality securities, CalPERS can earn a return above the rebate rate, which is referred to as reinvestment income. Intrinsic and reinvestment income are recognized as securities lending income on the Statement of Changes in Fiduciary Net Position, and the Statement of Revenues, Expenses and Changes in Net Position.

Securities lending collateral for all funds totaled \$17.3 billion at June 30, 2013, an increase of \$7.8 billion (82.1 percent) from \$9.5 billion at June 30, 2012. The outstanding balances at year-end are reflective of current market demand to borrow securities and fluctuate from year to year.

For the Fiscal Year 2012-13, securities lending gross income of \$184.2 million for all funds consisted of gross intrinsic income of \$142.5 million, gross reinvestment income of \$40.4 million and externally managed securities lending income of \$1.3 million. The costs of securities lending totaled \$38.6 million, which includes rebates paid to borrowers and fees paid to lending agents. At June 30, 2013, the total change in fair value of the reinvested cash collateral amounted to \$78.7 million. The total change in fair value of reinvested cash collateral was reported as net appreciation (depreciation) in fair value of investments on the Statement of Changes in Fiduciary Net Position and the Statement of Revenues, Expenses and Changes in Net Position.

Management's Discussion & Analysis (Unaudited) (continued)

2013 Investments — PERF (Dollars in Billions)

Investment Class	2013 Amount	2012 Amount	Percentage Change
Short-Term Investments	\$8.4	\$4.4	90.9 %
Global Equity Securities	131.6	113.6	15.8
Global Debt Securities	51.6	49.9	3.4
Inflation Assets	9.2	7.1	29.6
Real Assets	27.1	24.7	9.7
Private Equity	32.3	34.2	(5.6)
TOTAL	\$260.2	\$233.9	11.2 %

Investment Class	2013 Percent of Investments
Short-Term Investments	3.2 %
Global Equity Securities	50.6
Global Debt Securities	19.9
Inflation Assets	3.5
Real Assets	10.4
Private Equity	12.4
TOTAL	100.0 %

OTHER DEFINED BENEFIT PENSION PLANS

Legislators' Retirement Fund (LRF)

Plan Net Position

The LRF provides retirement benefits to California Legislators elected to office before November 7, 1990, and to constitutional, legislative, and statutory officers elected or appointed prior to January 1, 2013. The Public Employees' Pension Reform Act of 2013 (PEPRA) closed the Legislators' Retirement Fund to new participants. The number of LRF members has been declining in the last decade as eligible incumbent Legislators leave office and are replaced by those ineligible to participate in the LRF. Actuarially determined contributions will continue to be made by the State of California to supplement the existing assets until all benefit obligations have been fulfilled.

The LRF net position held in trust for benefits at June 30, 2013 totaled \$122.1 million, a decrease of \$0.9 million from \$123.0 million at June 30, 2012. Additions to LRF net position held in trust for benefits were primarily investment income. Net investment income was \$7.0 million in the Fiscal Year 2012-13 compared to \$7.8 million for the Fiscal Year 2011-12. The primary driver of the change in

LRF investment income was the decrease in fixed income portion of the portfolio. The investment rate of return for fixed income portion for the Fiscal Year 2012-13 was negative 2.0 percent compared to 13.0 percent in the Fiscal Year 2011-12.

For the Fiscal Year 2012-13 employer and members contributed \$0.1 million. These were the first contributions in many years as a result of a June 30, 2011 actuarial valuation. During that valuation the actuarial funding method was changed from the Aggregate Funding Method to the Entry Age Normal Funding Method. This funding method change, along with the Board's minimum contribution policy, resulted in an employer contribution rate effective July 1, 2012. In addition, this positive employer contribution rate resulted in the resumption of member contributions.

Deductions from LRF net position held in trust for benefits are primarily comprised of retirement, death and survivor benefits. For the Fiscal Year 2012-13, these benefits decreased \$0.2 million (2.6 percent) to \$7.5 million from \$7.7 million in 2011-12. Deceased members are replaced by survivors and beneficiaries who typically receive a lower benefit amount than the member received. Survivors and beneficiaries make up more than half of the total number of recipients.

An actuarial valuation of LRF assets and benefit obligations is performed annually. At June 30, 2012, the date of the most recent actuarial valuation, the funded status based on the actuarial valuation of assets was 113.8 percent. At June 30, 2012, the actuarial value of assets exceeded the actuarial accrued liabilities by approximately \$15.0 million. On a market value of assets basis, the funded status was 112.8 percent at June 30, 2012.

Investments

The LRF mainly invests in global equity, global debt and inflation assets. Total investments excluding securities lending collateral were \$121.5 million at June 30, 2013, a decrease of \$0.9 million (0.7 percent) from \$122.4 million in total LRF investments at June 30, 2012.

At June 30, 2013, the LRF held \$38.7 million in global equity securities, a decrease of \$1.0 million (2.5 percent) from \$39.7 million at the end of the Fiscal Year 2011-12.

Management's Discussion & Analysis (Unaudited) (continued)

The LRF held \$51.1 million in global debt securities, an increase of \$0.4 million (0.8 percent) from \$50.7 million at the end of the Fiscal Year 2011-12.

At June 30, 2013, the LRF held \$21.9 million in inflation assets, a decrease of \$0.1 million from \$22.0 million at June 30, 2012.

At June 30, 2013, the LRF held \$9.8 million in real assets, a decrease of \$0.2 million from \$10.0 million at June 30, 2012.

Investments — LRF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Global Equity Securities	\$38.7	31.9 %
Global Debt Securities	51.1	42.0
Inflation Assets	21.9	18.0
Real Assets	9.8	8.1
TOTAL	\$121.5	100.0 %

Judges' Retirement Fund (JRF)

Plan Net Position

The JRF provides retirement benefits to California Supreme and Appellate Court Justices and Superior Court Judges appointed or elected before November 9, 1994. The JRF net position held in trust for benefits at June 30, 2013, totaled \$53.8 million, a decrease of \$18.9 million from \$72.7 million at June 30, 2012. The decrease was primarily due to a reduction of the annual contribution from the State General Fund of \$33.5 million.

Additions to JRF net position held in trust for benefits include employer and member contributions, investment income, and State "balancing contributions" (see Note 5 of the Notes to the Basic Financial Statements). For the Fiscal Year 2012-13, employer, member, and State "balancing contributions" decreased \$35.3 million (17.5 percent) to \$166.9 million, from \$202.2 million for the Fiscal Year 2011-12, primarily due to the decrease in the State General Fund contributions. The number of active members decreased from 400 in the Fiscal Year 2011-12 to 319 in the Fiscal Year 2012-13, and, therefore, member contributions declined from \$5.8 million to \$4.9 million.

Deductions from JRF net position held in trust for benefits are primarily composed of retirement, death and survivor benefits. Benefit payments remained steady due

to the dwindling number of new retirees in a closed plan. The number of retirees, survivors and beneficiaries increased from 1,884 in the Fiscal Year 2011-12 to 1,896 in the Fiscal Year 2012-13.

The JRF is funded on a "pay-as-you-go" basis, where short-term investments, contributions received during the year and a State General Fund augmentation are used to provide funding for benefit payments. This funding method is generally more expensive in the long-term, as the plan does not have investment returns generated by a funded plan. Without the State General Fund augmentation, the JRF will not be able to pay the accumulated benefit payments due in the Fiscal Year 2013-14.

Investments

The JRF invests only in short-term securities. Total investments were \$52.6 million at June 30, 2013, a decrease of \$18.2 million (25.7 percent) compared with \$70.8 million in total investments at June 30, 2012. The decrease is due to a lower State General Fund augmentation.

Judges' Retirement Fund II (JRF II)

Plan Net Position

The JRF II provides retirement benefits to California Supreme and Appellate Court Justices and Superior Court Judges first appointed or elected on or after November 9, 1994. Net position held in trust for benefits at June 30, 2013 was \$796.0 million, an increase of \$140.6 million (21.5 percent) from \$655.4 million at June 30, 2012.

Additions to JRF II net position held in trust for benefits include employer and member contributions, as well as investment income. Contributions were \$72.8 million, an increase of \$0.3 million from \$72.5 million from the Fiscal Year 2011-12. For the Fiscal Year 2012-13, the fund had a net investment income of \$79.2 million, an increase of \$65.3 million, compared with \$13.9 million for the Fiscal Year 2011-12. The increase was largely due to global equity growth.

Deductions from JRF II net position held in trust for benefits are composed of defined retirement benefits, survivor and death benefits and a cash balance (Monetary Credits) plan for Judges who leave the bench before becoming eligible for a defined benefit. For the Fiscal Year

Management's Discussion & Analysis (Unaudited) (continued)

2012-13, defined retirement and survivor benefits including Monetary Credits amounted to \$10.5 million, an increase of \$7.0 million from \$3.5 million in the Fiscal Year 2011-12. An increase in Monetary Credit payments from \$0.7 million to \$6.4 million accounted for much of the increase. Monetary Credits are a cash plan provided as an alternative for Judges leaving the bench prior to their eligibility for a pension. The intent of Monetary Credits is to encourage well qualified candidates to serve on the bench for a limited time and then return to a private legal practice.

An actuarial valuation of the JRF II assets and benefit obligations is performed annually. At June 30, 2012, the date of the most recent actuarial valuation, the funded status based on the actuarial valuation of assets, increased to 95.0 percent from 92.1 percent at June 30, 2011. At June 30, 2012, the actuarial accrued liabilities exceeded the actuarial value of assets by approximately \$35.2 million, while the amount by which the actuarial accrued liabilities exceeded the actuarial value of assets at June 30, 2011, was approximately \$49.0 million. On a market value of assets basis, the funded status declined from 94.4 percent at June 30, 2011 to 93.2 percent at June 30, 2012, due to the positive 1.9 percent investment return falling short of the assumed rate of return of 7.0 percent in the Fiscal Year 2011-12.

Investments

The JRF II invests mainly in short-term investments, global equity securities, global debt securities, inflation assets and real assets. Total investments excluding securities lending collateral amounted to \$789.7 million at June 30, 2013, which was \$140.8 million (21.7 percent) more than the \$648.9 million at June 30, 2012. The increase

in investments was primarily due to positive investment returns during the Fiscal Year 2012-13. In addition, the excess of member and employer contributions over retirement, death and survivor benefits also contributed to the increase in investments. In short-term investments, the JRF II held \$8.1 million at June 30, 2013, an increase of \$1.6 million from \$6.5 million at the end of the Fiscal Year 2011-12.

At June 30, 2013, the JRF II held \$491.4 million in global equity securities, an increase of \$84.9 million (20.9 percent) from \$406.5 million at the end of the Fiscal Year 2011-12.

In global debt securities, the JRF II held \$156.7 million at June 30, 2013, an increase of \$30.9 million (24.6 percent) from \$125.8 million at the end of the Fiscal Year 2011-12.

At June 30, 2013, the JRF II held \$70.3 million in inflation assets, an increase of \$12.4 million (21.4 percent) from \$57.9 million at the end of the Fiscal Year 2011-12. In real assets, the JRF II held \$63.2 million at June 30, 2013, an increase of \$11.0 million (21.1 percent) from \$52.2 million at the end of the Fiscal Year 2011-12.

Investments — JRF II (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$8.1	1.0 %
Global Equity Securities	491.4	62.2
Global Debt Securities	156.7	19.8
Inflation Assets	70.3	9.0
Real Assets	63.2	8.0
TOTAL	\$789.7	100.0 %

Management's Discussion & Analysis (Unaudited) (continued)

Net Position — Other Defined Benefit Pension Plan Funds (Dollars in Thousands)

	LRF		JRF		JRF II	
	2013	2012	2013	2012	2013	2012
ASSETS						
Cash, Cash Equivalents & Receivables	\$1,379	\$895	\$2,008	\$2,480	\$5,815	\$5,995
Investments	121,498	122,386	52,636	70,796	789,684	648,925
Securities Lending Collateral	9,317	4,319	—	—	72,197	40,714
Total Assets	\$132,194	\$127,600	\$54,644	\$73,276	\$867,696	\$695,634
LIABILITIES						
Retirement Benefits, Investment Settlement & Other	\$841	\$338	\$824	\$583	\$400	\$347
Securities Lending Obligations	9,205	4,233	—	—	71,330	39,904
Total Liabilities	\$10,046	\$4,571	\$824	\$583	\$71,730	\$40,251
TOTAL NET POSITION	\$122,148	\$123,029	\$53,820	\$72,693	\$795,966	\$655,383

Changes in Net Position — Other Defined Benefit Pension Plan Funds (Dollars in Thousands)

	LRF		JRF		JRF II	
	2013	2012	2013	2012	2013	2012
ADDITIONS						
Member Contributions	\$31	\$0	\$4,909	\$5,796	\$18,819	\$18,757
Employer Contributions	80	—	161,945	196,402	54,025	53,711
Net Investment Income	6,974	7,761	76	80	79,214	13,947
Other Income	—	—	2,694	2,877	—	—
Total Additions	\$7,085	\$7,761	\$169,624	\$205,155	\$152,058	\$86,415
DEDUCTIONS						
Retirement, Death & Survivor Benefits	\$7,548	\$7,659	\$187,084	\$185,428	\$10,518	\$3,536
Refund of Contributions	—	202	—	17	58	2,604
Administrative Expenses	418	347	1,413	1,163	899	725
Total Deductions	\$7,966	\$8,208	\$188,497	\$186,608	\$11,475	\$6,865
INCREASE (DECREASE) IN NET POSITION	(\$881)	(\$447)	(\$18,873)	\$18,547	\$140,583	\$79,550
NET POSITION						
Beginning of Year	\$123,029	\$123,476	\$72,693	\$54,146	\$655,383	\$575,833
End of Year	\$122,148	\$123,029	\$53,820	\$72,693	\$795,966	\$655,383

DEFINED CONTRIBUTION PENSION PLANS

State Peace Officers' & Firefighters' Defined Contribution Plan Fund (SPOFF)

Plan Net Position

The SPOFF provides supplemental retirement benefits to eligible safety employees. Net position held in trust for pension benefits increased by \$17.5 million (3.7 percent) to \$491.3 million at June 30, 2013, from \$473.8 million at June 30, 2012. The increase is the result of investment income from growth assets.

Contributions were \$0.3 million for the Fiscal Year 2012-13, an increase of \$0.1 million from the Fiscal Year 2011-12. The increase was due to retroactive adjustments to payrolls effective prior to the suspension of contributions by the State of California during the Fiscal Year 2010-11. Net investment gain was \$53.2 million for the Fiscal Year 2012-13, compared to a loss of \$25.0 thousand for the Fiscal Year 2011-12.

SPOFF participant withdrawals were \$34.4 million for the Fiscal Year 2012-13, an increase of \$9.8 million (39.8 percent) from \$24.6 million in the Fiscal Year 2011-12. Members withdrew to purchase additional retirement service credit, which ended effective January 1, 2013, as a result of the PEPRA.

Investments

The SPOFF invests mainly in global equity and debt securities. Total investments excluding securities lending collateral were \$492.0 million at June 30, 2013, which was \$17.1 million (3.6 percent) more than the \$474.9 million at June 30, 2012.

Investments — SPOFF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$7.4	1.5 %
Global Equity Securities	292.4	59.5
Global Debt Securities	134.4	27.3
Inflation Assets	42.9	8.7
Real Assets	14.9	3.0
TOTAL	\$492.0	100.0 %

Public Agency Deferred Compensation Plan (IRC 457)

Plan Net Position

The Board is the trustee for public agency participant assets in the IRC 457 deferred compensation program. Net position held in trust for participants at June 30, 2013, was \$1,086.1 million, an increase of \$128.9 million (13.5 percent), from \$957.2 million at June 30, 2012.

Additions to IRC 457 net position consist of member contributions of \$100.0 million in the Fiscal Year 2012-13, compared to \$104.3 million in the Fiscal Year 2011-12. Net investment income amounted to \$114.5 million for the Fiscal Year 2012-13, compared to \$4.9 million for the Fiscal Year 2011-12. The increase in net investment income was due to improved global economic growth.

Deductions from the IRC 457 net position consist primarily of participant withdrawals of \$82.6 million in the Fiscal Year 2012-13, an increase of \$9.6 million (13.2 percent) from \$73.0 million in the Fiscal Year 2011-12. Members withdrew to purchase additional retirement service credit, which ended effective January 1, 2013, as a result of PEPRA.

Investments

The IRC 457 investments excluding securities lending collateral were \$1,077.9 million at June 30, 2013, which was \$104.6 million (10.7 percent) more than the \$973.3 million at June 30, 2012. The IRC 457 investments are participant directed, resulting in no overall fund strategy.

Investments — IRC 457 (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$132.4	12.3 %
Global Equity Securities	678.2	62.9
Global Debt Securities	182.7	17.0
Inflation Assets	72.5	6.7
Real Assets	12.1	1.1
TOTAL	\$1,077.9	100.0 %

Supplemental Contributions Program Fund (SCPF)

The SCPF was established effective January 1, 2000, to provide supplemental retirement benefits to members of CalPERS and is entirely member funded. Net position held in trust for participants at June 30, 2013 was \$19.3 million, an increase of \$0.7 million from \$18.6 million at June 30, 2012, due to an increase in the investment assets.

Contribution revenues were \$0.2 million for the Fiscal Year 2012-13, unchanged from the Fiscal Year 2011-12. Net investment income was \$2.1 million for the Fiscal Year 2012-13, compared to investment income of \$3.0 thousand for the Fiscal Year 2011-12. The increase in investments was primarily due to positive investment returns during the Fiscal Year 2012-13.

For the Fiscal Year 2012-13, participant withdrawals were \$1.4 million, an increase of \$0.2 million from the Fiscal Year 2011-12, as members withdrew to purchase additional retirement service credit, which ended effective January 1, 2013 as a result of PEPRA.

Investments — SCPF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$0.6	3.1 %
Global Equity Securities	11.4	59.1
Global Debt Securities	4.9	25.4
Inflation Assets	1.9	9.8
Real Assets	0.5	2.6
TOTAL	\$19.3	100.0 %

Management's Discussion & Analysis (Unaudited) (continued)

Net Position — Defined Contribution Pension Plan Funds (Dollars in Thousands)

	SPOFF		IRC 457		SCPF	
	2013	2012	2013	2012	2013	2012
ASSETS						
Cash, Cash Equivalents & Receivables	\$8	\$14	\$10,707	\$9,361	\$13	\$15
Investments	492,046	474,921	1,077,851	973,320	19,311	18,616
Securities Lending Collateral	3,366	1,861	6,965	3,558	132	55
Total Assets	\$495,420	\$476,796	\$1,095,523	\$986,239	\$19,456	\$18,686
LIABILITIES						
Retirement Benefits, Investment Settlement & Other	\$752	\$1,192	\$2,579	\$2,335	\$29	\$46
Securities Lending Obligations	3,326	1,824	6,882	3,488	131	53
Total Liabilities	\$4,078	\$3,016	\$9,461	\$5,823	\$160	\$99
TOTAL NET POSITION	\$491,342	\$473,780	\$1,086,062	\$980,416	\$19,296	\$18,587

Changes in Net Position — Defined Contribution Pension Plan Funds (Dollars in Thousands)

	SPOFF		IRC 457		SCPF	
	2013	2012	2013	2012	2013	2012
ADDITIONS						
Member Contributions	\$169	\$69	\$99,977	\$104,333	\$164	\$208
Employer Contributions	105	92	455	80	—	—
Net Investment Income (Loss)	53,165	(25)	114,471	4,872	2,051	3
Other Income	—	—	—	225	—	—
Total Additions	\$53,439	\$136	\$214,903	\$109,510	\$2,215	\$211
DEDUCTIONS						
Administrative Expenses	\$1,460	\$1,589	\$3,467	\$3,131	\$58	\$63
Participant Withdrawals	34,417	24,640	82,587	73,025	1,448	1,219
Total Deductions	\$35,877	\$26,229	\$86,054	\$76,156	\$1,506	\$1,282
INCREASE (DECREASE) IN NET POSITION	\$17,562	(\$26,093)	\$128,849	\$33,354	\$709	(\$1,071)
NET POSITION						
Beginning of Year	\$473,780	\$499,873	\$980,416	\$947,062	\$18,587	\$19,658
Prior Period Adjustment	—	—	(23,203)	—	—	—
Net Position as Restated	\$473,780	\$499,873	\$957,213	\$947,062	\$18,587	\$19,658
End of Year	\$491,342	\$473,780	\$1,086,062	\$980,416	\$19,296	\$18,587

OTHER POST-EMPLOYMENT BENEFIT FUND
California Employers' Retiree Benefit Trust Fund
(CERBTF)

Plan Net Position

The CERBTF is a trust for the pre-funding by employers of health, dental, and other non-pension benefits promised to employees when they retire. Net position held in trust for benefits on June 30, 2013 was \$2.7 billion, an increase of \$0.6 billion due primarily to increased employer contributions from an increasing number of participating employers from 338 in the Fiscal Year 2011-12, to 373 (representing 376 OPEB plans) at June 30, 2013.

Additions to the CERBTF net position held in trust for OPEB benefits include employer contributions, which totaled \$1,031.6 million in the Fiscal Year 2012-13, an increase of \$259.8 million (33.7 percent) compared to \$771.8 million in the Fiscal Year 2011-12, primarily due to the increase in participating employers. During the Fiscal Year 2012-13, the fund earned a net investment income of \$237.7 million, an increase of \$229.6 million compared to \$8.1 million in the Fiscal Year 2011-12. The increase resulted from higher investment returns from global growth assets.

Deductions for OPEB reimbursements from the CERBTF net position held in trust for benefits totaled \$635.1 million in the Fiscal Year 2012-13, an increase of \$68.7 million (12.1 percent) from \$566.4 million in the Fiscal Year 2011-12. The increase was due to greater employer participants utilizing the trust. Deductions for administrative expenses totaled \$2.1 million. The amounts reported for contributions and reimbursements include \$589.9 million for benefit payments made directly by employers to providers outside of the trust, which are required to be reported in the CERBTF in accordance with Generally Accepted Accounting Principles (GAAP).

At June 30, 2012, the date of the most recent actuarial valuations, the funded status increased to 11.8 percent from 11.7 percent at June 30, 2011. At June 30, 2012, the actuarial accrued liabilities exceeded the actuarial value of assets by approximately \$15.5 billion.

Investments — CERBTF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$71.9	2.7 %
Global Equity Securities	1,643.6	61.2
Global Debt Securities	507.2	18.9
Inflation Assets	251.6	9.4
Real Assets	210.2	7.8
TOTAL	\$2,684.5	100.0 %

Employers can select from three strategies to invest their assets. In 2013, the conservative option earned 5.2 percent, intermediate risk earned 8.9 percent, and growth earned 11.8 percent.

Net Position — Other Post-Employment Benefit Fund

(Dollars in Thousands)

	CERBTF	
	2013	2012
ASSETS		
Cash, Cash Equivalents & Receivables	\$48,249	\$36,368
Investments	2,684,477	2,063,613
Securities Lending Collateral	47,457	33,601
Total Assets	\$2,780,183	\$2,133,582
LIABILITIES		
Other Post-Employment Benefits, Investment Settlement & Other	\$22,869	\$22,415
Securities Lending Obligations	46,887	32,933
Total Liabilities	\$69,756	\$55,348
TOTAL NET POSITION	\$2,710,427	\$2,078,234

Management's Discussion & Analysis (Unaudited) (continued)

Changes in Net Position — Other Post-Employment

Benefit Fund (Dollars in Thousands)

	CERBTf	
	2013	2012
ADDITIONS		
Employer Contributions	\$1,031,619	\$771,750
Investment Income	237,710	8,066
Total Additions	\$1,269,329	\$779,816
DEDUCTIONS		
Administrative Expenses	\$2,062	\$1,910
Reimbursements	635,074	566,360
Total Deductions	\$637,136	\$568,270
INCREASE IN NET POSITION	\$632,193	\$211,546
NET POSITION		
Beginning of Year	\$2,078,234	\$1,866,688
End of Year	\$2,710,427	\$2,078,234

ENTERPRISE FUNDS

Public Employees' Health Care Fund (HCF)

Plan Activity

The HCF accounts for the activities of the CalPERS self-insured health care programs. Health premiums are collected from employers and members and used to directly pay for medical services and pharmaceutical usage.

The self-insured health care programs incurred claims expenses of \$1.8 billion for the Fiscal Year 2012-13, unchanged from the Fiscal Year 2011-12. Cash & cash equivalents & receivables were \$124.6 million at June 30, 2013, an increase of \$24.0 million from \$100.6 million at the end of the Fiscal Year 2011-12, due to a loan receivable. In August 2012, the HCF issued loans receivable totaling \$36.0 million; the terms require monthly principal-only payment of \$750 thousand beginning January 2013 for 48 months. This loan is accounted in short-term and long-term receivables. Premium revenues were \$1.9 billion for the Fiscal Year 2012-13, an increase of \$0.1 billion from \$1.8 billion or 5.6 percent from the Fiscal Year 2011-12. The increase was primarily due to the overall enrollment growth and an increase in health premium rates. In addition, HCF received Employer Group Waiver Plan (EGWP) subsidies. Under the EGWP, CalPERS contracts with the federal prescription drug programs through the Pharmacy Benefit

Manager (PBM) as the EGWP administrator, and the PBM manages all federal interaction. Due to health premiums received and recorded at the end of the month for the following month's coverage, the HCF is reporting unearned premium of \$55.4 million at the end of the Fiscal Year 2012-13. At June 30, 2013, the HCF had \$281.2 million in insurance premiums & claims payable and estimated insurance claims due, an increase of \$47.8 million (20.5 percent), compared with \$233.4 million at June 30, 2012. The increase was due to an increase in enrollment which resulted in spike in benefit utilization. For the Fiscal Year 2012-13, the HCF received \$17.0 thousand in Federal government reimbursements, compared to \$32.7 million for the Fiscal Year 2011-12, due to lack of additional federal funding for the ERRP beyond the Fiscal Year 2011-12. Non-operating revenues for the Fiscal Year 2012-13 were \$4.3 million, compared with \$33.5 million in Fiscal Year 2011-12, a decrease of \$29.2 million. The decrease in non-operating income was due to a decrease in fixed income portion of the portfolio. The investment rate of return for fixed income investments for the Fiscal Year 2012-13 was negative 2.0 percent compared to 13.0 percent in the Fiscal Year 2011-12. Premium revenue increases offset by an increase in estimated incurred but not submitted insurance claims, resulted in the unrestricted net position to increase by a modest \$2.4 million (0.5 percent) to \$456.4 million at June 30, 2013.

Investments

Investments of the HCF are a non-operational use of reserves until needed for claims and include short-term and domestic debt securities.

Investments — HCF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$263.9	40.3 %
Domestic Debt Securities	390.9	59.7
TOTAL	\$654.8	100.0 %

Public Employees' Contingency Reserve Fund (CRF)

The CRF was established to fund administrative costs related to the CalPERS health care programs and to provide a contingency reserve for potential increases in future health care premium rates or health care benefit costs.

Management's Discussion & Analysis (Unaudited) (continued)

Administrative fees collected and related costs are accounted for in the CRF proprietary fund type.

Administrative fees earned by the CRF were \$17.8 million for the Fiscal Year 2012-13, a decrease of \$7.6 million (29.9 percent) from \$25.4 million in the Fiscal Year 2011-12. The reduction is attributed to the use of carry over fund reserves for the Fiscal Year 2012-13 operations. The administrative fees that are collected are a composite of three items:

- Enrollment, which increased from 1,373,606 Total Covered Lives (TCL) at July 2012 to 1,374,794 TCL at July 2013, an increase of 1,188 TCL per the Thomson Reuters Report titled "CalPERS Health Program Enrollment Report"
- Premium rates, which increased an average of 9.6 percent for basic plans and decreased 10.5 percent for Medicare Plans in 2013
- Administrative fee rate, which decreased from 0.36 percent in the Fiscal Year 2011-12 to 0.25 percent in the Fiscal Year 2012-13

Public agency health payments and remittances to contracted health care providers are reported in the CRF Agency Fund type. Public agencies remitted approximately \$2.4 billion for payments to contracted health care providers in the Fiscal Year 2012-13.

Investments

Investments of the CRF proprietary fund at June 30, 2012 and 2013 included only liquid, short-term securities, as investment balances are used to fund operating cash flows. Investments of the CRF proprietary fund activities decreased \$6.1 million from \$15.1 million at June 30, 2012, to \$9.0 million at June 30, 2013, primarily due to a decrease in administrative fees earned resulting from rate reductions.

Public Employees' Long-Term Care Fund (LTCF)

The LTCF, which provides long-term care insurance to participating members, incurred claim expenses of \$198.2 million for the Fiscal Year 2012-13, an increase of \$23.3 million (13.3 percent) from \$174.9 million in the Fiscal Year 2011-12, due mainly to an increase in benefit use, which is expected as the participant population continues to age. Premium revenues were \$307.8 million for the Fiscal Year 2012-13, a decrease of \$5.7 million from

\$313.5 million at the end of the Fiscal Year 2011-12.

The decrease is the result of the plan being closed to new members, some existing members electing reduced benefit options with reduced premiums and some members withdrawing from the program. Net investment income amounted to \$119.2 million for the Fiscal Year 2012-13, an increase of \$3.4 million from \$115.8 million for the Fiscal Year 2011-12. The unrestricted net position of the Long-Term Care Program increased to \$679.1 million during the Fiscal Year 2012-13 from a deficit of \$159.7 million in the Fiscal Year 2011-12, an increase of \$838.8 million. The significant funding improvement comes from a decrease in the estimated liability for future benefit payments of \$631.8 million in the Fiscal Year 2012-13. The increase in unrestricted net position from the prior year is attributable to the Stabilization Plan approved by CalPERS Board in October 2012 that included premium increases to be effective in 2015 for certain policies and allowed policy conversions for program members to move to a suitable plan option. In the Fiscal Year 2012-13, the actual claim experience for the program met expectation. The estimated liability for future policy benefits reflects the actual and anticipated future experience of the program, including the expected lower future claim payments caused by the actual and assumed higher policy conversion to a lower benefit coverage plan in 2013, 2014, and 2015. The increase in premiums has been incorporated into the estimated liability.

Investments

Total LTCF investments were \$3.7 billion at June 30, 2013, which was \$0.2 billion more than the \$3.5 billion in total investments at June 30, 2012.

Investments — LTCF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$0.1	0.0 %
Global Equity Securities	595.1	16.0
Global Debt Securities	2,260.2	60.9
Inflation Assets	429.6	11.6
Real Assets	428.4	11.5
TOTAL	\$3,713.4	100.0 %

Management's Discussion & Analysis (Unaudited) (continued)

Net Position — Enterprise Funds (Dollars in Thousands)

	HCF		CRF		LTCF	
	2013	2012	2013	2012	2013	2012
ASSETS						
Cash, Cash Equivalents & Receivables	\$124,614	\$100,608	\$2,911	\$2,617	\$4,383	\$2,848
Investments	654,715	593,967	9,015	15,148	3,713,371	3,507,527
Securities Lending Collateral	2,479	3,495	—	—	—	42,343
Loan Receivable	22,500	—	—	—	—	—
Total Assets	\$804,308	\$698,070	\$11,926	\$17,765	\$3,717,754	\$3,552,718
LIABILITIES						
Insurance Premiums & Claims Payable & Estimated Insurance Claims Due	\$281,248	\$233,391	\$0	\$0	\$231,763	\$212,292
Unearned Premiums	55,357	52	—	—	11,775	12,511
Securities Lending Obligations	2,450	3,425	—	—	—	41,501
Other Liabilities	8,878	7,246	13,219	10,169	4,092	5,547
Estimated Liability for Future Policy Benefits	—	—	—	—	2,791,002	3,440,593
Total Liabilities	\$347,933	\$244,114	\$13,219	\$10,169	\$3,038,632	\$3,712,444
TOTAL UNRESTRICTED NET POSITION (DEFICIT)	\$456,375	\$453,956	(\$1,293)	\$7,596	\$679,122	(\$159,726)

Changes in Net Position — Enterprise Funds (Dollars in Thousands)

	HCF		CRF		LTCF	
	2013	2012	2013	2012	2013	2012
REVENUES						
Self-Insurance Premiums	\$1,921,838	\$1,846,210	\$0	\$0	\$307,812	\$313,466
Federal Government Subsidies	22,375	—	—	—	—	—
Federal Government Reimbursements	17	32,710	—	—	—	—
Non-Operating Revenues	4,301	33,522	704	874	120,516	116,571
Administrative Fees & Other	—	—	17,809	25,490	—	—
Total Revenues	\$1,948,531	\$1,912,442	\$18,513	\$26,364	\$428,328	\$430,037
EXPENSES						
Claims Expense	\$1,824,082	\$1,765,453	\$0	\$0	\$198,185	\$174,896
Increase (Decrease) in Estimated Liabilities	16,781	(37,222)	—	—	(631,804)	1,063,318
Non-Operating Expenses	95	87	—	1	1,280	814
Administrative Expenses	105,154	96,043	27,402	28,073	21,819	21,718
Total Expenses	\$1,946,112	\$1,824,361	\$27,402	\$28,074	(\$410,520)	\$1,260,746
INCREASE (DECREASE) IN UNRESTRICTED NET POSITION	\$2,419	\$88,081	(\$8,889)	(\$1,710)	\$838,848	(\$830,709)
NET POSITION (DEFICIT)						
Beginning of Year	\$453,956	\$365,875	\$7,596	\$9,306	(\$159,726)	\$670,983
End of Year	\$456,375	\$453,956	(\$1,293)	\$7,596	\$679,122	(\$159,726)

REQUESTS FOR INFORMATION

This Financial Report is designed to provide a general overview of CalPERS finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA, 94229-2703, or by calling **888 CalPERS** (or **888-225-7377**).

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Statement of Fiduciary Net Position – Fiduciary Funds

As of June 30, 2013, with Comparative Totals as of June 30, 2012 (Dollars in Thousands)

	Pension Trust Funds						
	PERF	LRF	JRF	JRF II	SPOFF	IRC 457	SCPF
ASSETS							
Cash & Cash Equivalents	\$722,575	\$1,301	\$113	\$1	\$1	\$706	\$1
Receivables							
Members, Public Agencies, State & Schools	\$1,763,965	\$53	\$1,790	\$5,698	\$2	\$3,469	\$12
Investment Sales & Other	346,274	6	—	62	5	11	—
Interest & Dividends	168,524	—	8	4	—	—	—
Due from Other Funds	5,913	14	37	28	—	—	—
Due from Federal Government	—	—	—	—	—	—	—
Other Program	31,822	5	60	22	—	6,521	—
Total Receivables	\$2,316,498	\$78	\$1,895	\$5,814	\$7	\$10,001	\$12
Investments, at Fair Value							
Short-Term Investments	\$8,358,000	\$5	\$52,636	\$8,068	\$7,433	\$132,424	\$642
Securities Lending Collateral	17,142,084	9,317	—	72,197	3,366	6,965	132
Global Equity Securities	131,631,222	38,734	—	491,388	292,401	678,197	11,389
Global Debt Securities	51,645,943	51,110	—	156,734	134,353	182,682	4,901
Inflation Assets	9,172,236	21,853	—	70,338	42,926	72,484	1,902
Real Assets	38,247,122	9,796	—	63,156	14,933	12,064	477
Debt on Real Assets	(11,167,883)	—	—	—	—	—	—
Private Equity	32,272,146	—	—	—	—	—	—
Total Investments	\$277,300,870	\$130,815	\$52,636	\$861,881	\$495,412	\$1,084,816	\$19,443
Capital Assets, Net & Other Assets	\$710,722	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ASSETS	\$281,050,665	\$132,194	\$54,644	\$867,696	\$495,420	\$1,095,523	\$19,456
LIABILITIES							
Retirement & Other Benefits	\$1,416,951	\$623	\$10	\$0	\$0	\$0	\$0
Due to Health Carriers	—	—	—	—	—	—	—
Investment Purchases & Other	495,877	1	—	11	1	2	—
Due to Members, Public Agencies, State & Schools	3,195	2	24	—	—	—	—
Securities Lending Obligations	16,888,638	9,205	—	71,330	3,326	6,882	131
Due to Other Funds	6,334	47	128	140	155	340	6
Management Fees	—	—	—	—	459	1,746	23
Other Program	249,766	168	662	249	137	491	—
TOTAL LIABILITIES	\$19,060,761	\$10,046	\$824	\$71,730	\$4,078	\$9,461	\$160
NET POSITION - RESTRICTED FOR PENSION & OTHER POST- EMPLOYMENT BENEFITS	\$261,989,904	\$122,148	\$53,820	\$795,966	\$491,342	\$1,086,062	\$19,296

The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Position – Fiduciary Funds (continued)

Other Post-Employment Benefit Trust Fund	Agency Funds	Totals			
		CERBTf	RBF & CRF	2013	2012
\$20,626	\$1			\$745,325	\$898,708
\$25,947	\$14,689			\$1,815,625	\$1,860,807
888	—			347,246	260,552
4	46			168,586	154,866
784	1			6,777	9,382
—	11,406			11,406	12,633
—	—			38,430	31,357
\$27,623	26,142			\$2,388,070	\$2,329,597
\$71,905	\$359,367			\$8,990,480	\$5,066,958
47,457	—			17,281,518	9,409,534
1,643,576	—			134,786,907	116,204,316
507,200	—			52,682,923	50,765,556
251,627	—			9,633,366	7,477,166
210,169	—			38,557,717	36,843,528
—	—			(11,167,883)	(11,917,617)
—	—			32,272,146	34,176,146
\$2,731,934	\$359,367			\$283,037,174	\$248,025,587
\$0	\$0			\$710,722	\$715,911
\$2,780,183	\$385,510			\$286,881,291	\$251,969,803
\$21,114	\$0			\$1,438,698	\$300,805
—	220,767			220,767	199,087
6	—			495,898	432,867
—	69,322			72,543	83,252
46,887	—			17,026,399	9,234,020
391	81,288			88,829	73,718
958	—			3,186	2,906
400	14,133			266,006	259,081
\$69,756	\$385,510			\$19,612,326	\$10,585,736
\$2,710,427				\$267,268,965	\$241,384,067

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the Fiscal Year Ended June 30, 2013, with Comparative Totals for the Fiscal Year Ended June 30, 2012 (Dollars in Thousands)

	Pension Trust Funds						
	PERF	LRF	JRF	JRF II	SPOFF	IRC 457	SCPF
ADDITIONS							
Retirement and OPEB Contributions							
Members	\$3,896,078	\$31	\$4,909	\$18,819	\$169	\$99,977	\$164
Employers	8,123,833	80	6,894	54,025	105	455	—
State of California General Fund	—	—	155,051	—	—	—	—
Employer Contributions Direct — OPEB	—	—	—	—	—	—	—
Employer Contributions Outside of Trust — OPEB	—	—	—	—	—	—	—
Total Retirement and OPEB Contributions	\$12,019,911	\$111	\$166,854	\$72,844	\$274	\$100,432	\$164
Investment Income (Loss)							
Net Appreciation (Depreciation) in Fair Value of Investments	\$28,011,736	\$6,934	\$0	\$78,733	\$54,018	\$113,275	\$2,077
Interest	174,414	—	81	21	4	341	4
Dividends	1,038,143	—	—	—	—	—	—
Real Assets	2,860,993	—	—	—	—	—	—
Private Equity	667,673	—	—	—	—	—	—
Other Income	25,002	—	—	—	—	1,910	—
Securities Lending Income	180,849	84	—	759	50	103	2
Less Investment Expenses:							
Costs of Lending Securities	(38,118)	(20)	—	(164)	(11)	(22)	(1)
Real Assets	(1,925,953)	—	—	—	—	—	—
Other	(709,932)	(24)	(5)	(135)	(896)	(1,136)	(31)
Net Investment Income (Loss)	\$30,284,807	\$6,974	\$76	\$79,214	\$53,165	\$114,471	\$2,051
Other Income	\$7,176	\$0	\$2,694	\$0	\$0	\$0	\$0
TOTAL ADDITIONS	\$42,311,894	\$7,085	\$169,624	\$152,058	\$53,439	\$214,903	\$2,215
DEDUCTIONS							
Retirement, Death & Survivor Benefits	\$16,635,263	\$7,548	\$187,084	\$10,518	\$0	\$0	\$0
Refund of Contributions	242,595	—	—	58	—	—	—
Administrative Expenses	426,077	418	1,413	899	1,460	3,467	58
Participant Withdrawals	—	—	—	—	34,417	82,587	1,448
OPEB Reimbursements Direct	—	—	—	—	—	—	—
OPEB Reimbursements — Outside of Trust	—	—	—	—	—	—	—
TOTAL DEDUCTIONS	\$17,303,935	\$7,966	\$188,497	\$11,475	\$35,877	\$86,054	\$1,506
INCREASE (DECREASE) IN NET POSITION	\$25,007,959	(\$881)	(\$18,873)	\$140,583	\$17,562	\$128,849	\$709
Net Position-Restricted for Pension and Other Post-Employment Benefits Beginning of Year							
Prior Period Adjustment	\$0	\$0	\$0	\$0	\$0	(\$23,203)	\$0
Net Position Beginning of Year as Restated	\$236,981,945	\$123,029	\$72,693	\$655,383	\$473,780	\$957,213	\$18,587
End of Year	\$261,989,904	\$122,148	\$53,820	\$795,966	\$491,342	\$1,086,062	\$19,296

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position – Fiduciary Funds (continued)

Other Post-Employment Benefit Trust Fund	Totals	
	CERBTF	2013
\$0	\$4,020,147	\$3,727,600
—	8,185,392	7,834,616
—	155,051	188,582
441,708	441,708	258,896
589,911	589,911	512,854
\$1,031,619	\$13,392,209	\$12,522,548
\$237,153	\$28,503,926	(\$1,561,314)
19	174,884	370,431
—	1,038,143	1,006,676
—	2,860,993	2,117,138
—	667,673	467,321
—	26,912	42,779
1,390	183,237	181,183
(123)	(38,459)	(28,135)
—	(1,925,953)	(2,242,977)
(729)	(712,888)	(521,257)
\$237,710	\$30,778,468	(\$168,155)
\$0	\$9,870	\$9,947
\$1,269,329	\$44,180,547	\$12,364,340
\$0	\$16,840,413	\$15,553,319
—	242,653	220,905
2,062	435,854	389,332
—	118,452	98,884
44,706	44,706	50,592
590,368	590,368	515,768
\$637,136	\$18,272,446	\$16,828,800
\$632,193	\$25,908,101	(\$4,464,460)
\$2,078,234	\$241,384,067	\$245,848,527
\$0	(\$23,203)	\$0
\$2,078,234	\$241,360,864	\$245,848,527
\$2,710,427	\$267,268,965	\$241,384,067

Statement of Net Position – Proprietary Funds

As of June 30, 2013, with Comparative Totals as of June 30, 2012 (Dollars in Thousands)

	Enterprise Funds			Totals	
	HCF	CRF	LTCF	2013	2012
ASSETS					
Current Assets					
Cash & Cash Equivalents	\$521	\$0	\$3,398	\$3,919	\$2,218
Receivables					
Members, Public Agencies, State & Schools	\$28,701	\$589	\$599	\$29,889	\$32,944
Interest & Dividends	155	144	—	299	364
Due from Other Funds	85,464	1,293	—	86,757	69,188
Investment Sales and Other	6	—	386	392	134
Loan	9,750	—	—	9,750	—
Other	17	885	—	902	1,225
Total Receivables	\$124,093	\$2,911	\$985	\$127,989	\$103,855
Subtotal Current Assets	\$124,614	\$2,911	\$4,383	\$131,908	\$106,073
Investments, at Fair Value					
Short-Term Investments	\$263,865	\$9,015	\$104	\$272,984	\$121,809
Securities Lending Collateral	2,479	—	—	2,479	45,838
Global Equity Securities	—	—	595,126	595,126	1,558,410
Domestic Debt Securities	390,850	—	2,260,207	2,651,057	1,522,116
Inflation Assets	—	—	429,624	429,624	627,871
Real Assets	—	—	428,310	428,310	286,436
Total Investments	\$657,194	\$9,015	\$3,713,371	\$4,379,580	\$4,162,480
Long-Term Loan Receivable	\$22,500	—	—	\$22,500	—
TOTAL ASSETS	\$804,308	\$11,926	\$3,717,754	\$4,533,988	\$4,268,553
LIABILITIES					
Current Liabilities					
Insurance Premiums & Claims Payable	\$65,366	\$0	\$15,251	\$80,617	\$47,857
Unearned Premiums	55,357	—	11,775	67,132	12,563
Estimated Insurance Claims Due	215,882	—	216,512	432,394	397,826
Securities Lending Obligations	2,450	—	—	2,450	44,926
Due to Other Funds	1,828	2,064	812	4,704	4,852
Management Fees	—	—	789	789	—
Other	1,414	—	2,491	3,905	4,752
Total Current Liabilities	\$342,297	\$2,064	\$247,630	\$591,991	\$512,776
Long-Term Liabilities					
Estimated Liability for Future Policy Benefits	\$0	\$0	\$2,791,002	\$2,791,002	\$3,440,593
OPEB Obligation	5,636	11,155	—	16,791	13,358
Total Long-Term Liabilities	\$5,636	\$11,155	\$2,791,002	\$2,807,793	\$3,453,951
TOTAL LIABILITIES	\$347,933	\$13,219	\$3,038,632	\$3,399,784	\$3,966,727
TOTAL UNRESTRICTED NET POSITION (DEFICIT)	\$456,375	(\$1,293)	\$679,122	\$1,134,204	\$301,826

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds

For the Fiscal Year Ended June 30, 2013, with Comparative Totals for the Fiscal Year Ended June 30, 2012 (Dollars in Thousands)

	Enterprise Funds			Totals	
	HCF	CRF	LTCF	2013	2012
Operating Revenues					
Self-Insurance Premiums	\$1,921,838	\$0	\$307,812	\$2,229,650	\$2,159,676
Federal Government Subsidies	22,375	—	—	22,375	—
Federal Government Reimbursements	17	—	—	17	32,710
Administrative Fees Earned	—	17,799	—	17,799	25,390
Other	—	10	—	10	100
Total Operating Revenues	\$1,944,230	\$17,809	\$307,812	\$2,269,851	\$2,217,876
Operating Expenses					
Claims Expense	\$1,824,082	\$0	\$198,185	\$2,022,267	\$1,940,349
Increase (Decrease) in Estimated Liabilities	16,781	—	(631,804)	(615,023)	1,026,096
Administrative Expenses	105,154	27,402	21,819	154,375	145,834
Total Operating Expenses	\$1,946,017	\$27,402	(\$411,800)	\$1,561,619	\$3,112,279
OPERATING INCOME (LOSS)	(\$1,787)	(\$9,593)	\$719,612	\$708,232	(\$894,403)
Non-Operating Revenues					
Net Appreciation in Fair Value of Investments	\$3,572	\$0	\$119,605	\$123,177	\$147,807
Interest, Dividends, & Other Investment Income	688	704	2	1,394	1,482
Securities Lending Income	41	—	909	950	1,678
Total Non-Operating Revenues	\$4,301	\$704	\$120,516	\$125,521	\$150,967
Non-Operating Expenses					
Costs of Lending Securities	\$8	\$0	\$120	\$128	\$286
Other Investment Expenses	87	—	1,160	1,247	616
Total Non-Operating Expenses	\$95	\$0	\$1,280	\$1,375	\$902
NON-OPERATING INCOME	\$4,206	\$704	\$119,236	\$124,146	\$150,065
CHANGE IN UNRESTRICTED NET POSITION (DEFICIT)	\$2,419	(\$8,889)	\$838,848	\$832,378	(\$744,338)
TOTAL UNRESTRICTED NET POSITION (DEFICIT)					
Beginning of Year	\$453,956	\$7,596	(\$159,726)	\$301,826	\$1,046,164
End of Year	\$456,375	(\$1,293)	\$679,122	\$1,134,204	\$301,826

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2013, with Comparative Totals for the Fiscal Year Ended June 30, 2012 (Dollars in Thousands)

	Enterprise Funds			Totals	
	HCF	CRF	LTCF	2013	2012
Cash Flows From Operating Activities					
Self-Insurance Premiums Collected	\$1,924,768	\$0	\$307,001	\$2,231,769	\$2,148,020
Federal Government Subsidies	22,375	—	—	22,375	—
Federal Government Reimbursements	17	—	—	17	32,710
Claims Paid	(1,793,005)	—	(196,501)	(1,989,506)	(1,957,665)
Other (Payments) Receipts, Net	(97,149)	(6,908)	(23,255)	(127,312)	(160,903)
Net Cash Provided by (Used for) Operating Activities	\$57,006	(\$6,908)	\$87,245	\$137,343	\$62,162
Cash Flows From Investing Activities					
Net Sales (Purchases) of Investments	\$100,055	\$0	(\$86,162)	\$13,893	(\$116,484)
Net Change in Short-Term Investments	(157,231)	6,133	(77)	(151,175)	54,107
Net Proceeds from Securities Lending	(3)	—	816	813	365
Interest & Dividends Received	682	775	2	1,459	1,599
Other Investment (Payments) Receipts, Net	(12)	—	(620)	(632)	(616)
Net Cash Provided by (Used for) Investing Activities	(\$56,509)	\$6,908	(\$86,041)	(\$135,642)	(\$61,029)
NET INCREASE IN CASH & CASH EQUIVALENTS	\$497	\$0	\$1,204	\$1,701	\$1,133
Cash & Cash Equivalents, Beginning of Year	\$24	\$0	\$2,194	\$2,218	\$1,085
Cash & Cash Equivalents, End of Year	\$521	\$0	\$3,398	\$3,919	\$2,218
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	(\$1,787)	(\$9,593)	\$719,612	\$708,232	(\$894,403)
Changes in Assets & Liabilities:					
Receivables:					
Members, Public Agencies, State & Schools	2,930	200	(75)	3,055	(11,667)
Due from Other Funds	(16,682)	(887)	—	(17,569)	(2,589)
Loans	(32,250)	—	—	(32,250)	—
Other	1	322	—	323	(825)
Insurance Premiums & Claims Payable	31,076	—	1,684	32,760	(27,463)
Unearned Premiums	55,305	—	(736)	54,569	(12,563)
Estimated Insurance Claims Due	16,782	—	17,786	34,568	(24,233)
Estimated Liability for Future Policy Benefits	—	—	(649,591)	(649,591)	1,050,329
Due to Other Funds	131	711	(990)	(148)	1,936
Management Fees	—	—	789	789	—
OPEB Obligation	1,094	2,339	—	3,433	(10,940)
Other	406	—	(1,234)	(828)	(5,420)
Net Cash Provided by (Used for) Operating Activities	\$57,006	(\$6,908)	\$87,245	\$137,343	\$62,162
Noncash Investing, Capital & Financing Activities					
Noncash Change in Fair Value of Investments	(\$23,922)	\$0	(\$119,605)	(\$143,527)	(\$30,886)

The accompanying notes are an integral part of these financial statements.

Notes to the Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting & Basis of Presentation

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). In doing so, the California Public Employees' Retirement System (CalPERS), or the "System," adheres to guidelines established by the Governmental Accounting Standards Board (GASB).

The accounts of CalPERS are organized and operated on the basis of funds. CalPERS Board of Administration (Board) has a fiduciary responsibility for the investments within both the Fiduciary and Proprietary Funds. CalPERS has the following fund types at June 30, 2013:

Fiduciary funds — including pension trust, other post-employment trust, and agency funds, account for assets held by CalPERS in a trustee capacity or as an agent on behalf of others. The pension trust funds, the Public Employees' Retirement Fund (PERF), the Legislators' Retirement Fund (LRF), the Judges' Retirement Fund (JRF), the Judges' Retirement Fund II (JRF II), the State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), the Public Agency Deferred Compensation Program (IRC 457), the Supplemental Contributions Program Fund (SCPF) and the other post-employment health care fund, the California Employers' Retiree Benefit Trust Fund (CERBTF), are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Member contributions for the pension trust funds are recognized in the period in which the contributions are due. Employer contributions for defined benefit pension and Other Post-Employment Benefits (OPEB) Obligation plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds in the defined benefit plans are recognized when due and payable in accordance with the terms of each plan. The agency funds, the Replacement Benefit Fund (RBF) and the Public Employees' Contingency Reserve Agency Fund (CRF) are custodial in nature and do not measure the results of operations. Assets and liabilities are recorded using the accrual basis of accounting.

Proprietary funds — including enterprise funds, the Public Employees' Health Care Fund (HCF), the Public

Employees' Contingency Reserve Proprietary Fund (CRF), and the Public Employees' Long-Term Care Fund (LTCF), are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. CalPERS applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations, and follows Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board Opinions, Accounting Research Bulletins and AICPA Accounting Interpretations, issued prior to December 1, 1989, insofar as those standards do not conflict with or contradict guidance of the GASB. Operating revenues and expenses are distinguished from non-operating items and generally result from providing services in connection with ongoing operations. The principal operating revenues of the HCF, CRF, and LTCF are derived from self-insurance premiums, Federal Employer Group Waiver Plan (EGWP) subsidies, and administrative services fees. Operating expenses include the cost of claims and related administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

New GASB Pronouncements

GASB Statement No. 62

Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedures which do not conflict with or contradict other GASB pronouncements. The provisions of this statement are effective for financial statement periods beginning after December 15, 2011. The implementation of this statement does not have an impact on the System's financial statements.

GASB Statement No. 63

Effective July 1, 2012, CalPERS implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflow of Resources, and Net Position*. Certain defined transactions that do not qualify for treatment as either assets or liabilities are accounted for and reported

Notes to the Basic Financial Statements (continued)

as either deferred outflows of resources or deferred inflows of resources and are defined as consumption and/or acquisition of the net assets that are applicable to a future reporting period.

With the provision of GASB No. 63, the Statement of Net Assets became the Statement of Net Position. The new standard clarifies where these elements are to be reported in the statement of financial position. GASB Statement Nos. 53 and 60 previously identified certain transactions requiring the use of deferred outflows and deferred inflows of resources. Based on the review and analysis of GASB Nos. 53 and No. 60, it was determined that CalPERS does not have these types of transactions.

Reporting Entity

The basic financial statements of CalPERS include fund financial statements reporting the financial activities of all of the above funds and assets under trust. The Board has plenary authority and fiduciary responsibility for the investment of monies and the administration of the System pursuant to the State Constitution, Article XVI, Section 17. CalPERS is classified as a component unit of the State of California for financial reporting purposes, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 61. CalPERS financial statements are included in fiduciary and proprietary funds in the State of California Comprehensive Annual Financial Report.

Investments

The majority of the investments held at June 30, 2013, are in the custody of or controlled by State Street Bank, CalPERS master custodian. State statutes and Board policies allow investments consisting of government, domestic and international debt, domestic and international equities, mutual funds, private equity, real assets, inflation assets, and other investments.

Investments are reported at fair value. The diversity of the investment types in which CalPERS invests requires a wide range of techniques to determine fair value. CalPERS has established internal unitized investment pools whereby multiple funds (e.g., PERF, LRF, JRF II, CERBTf, etc.) can participate in the unitized pools. These internal investment pools are valued at net asset value (NAV), which includes investment receivables, payables, interest, and dividend income. For financial reporting purposes, in accordance

with GASB Statement No. 31, each fund participating in the unitized pool reports the fund's pro rata share of participation in the pool. As such, certain funds with 100 percent of their investments invested in the unitized pools do not report interest and dividends income on the statement of changes in fiduciary net position or the statement of revenues, expenses and changes in net position. This is because they are included in the calculation of the unit price of the unitized pools and ultimately flow through the net appreciation and depreciation of fair value of investments. Due to the short-term nature of investments held by the JRF and CRF proprietary fund, there was no net appreciation in the fair value of investments in Fiscal Year 2012-13. The determination of realized gains and losses is independent of the calculation of the change in the fair value of investments.

CalPERS presents, in the statement of changes in fiduciary net position, the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains and losses and the unrealized appreciation and depreciation on those investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current fiscal year were included as a component of net appreciation (depreciation) in the fair value of investments in the prior year and the current year. Purchases and sales are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

The overall valuation processes and information sources by major asset classification are as follows:

Short-Term

Short-term investments can consist of U.S. Treasury and Government Sponsored Securities, Money Market Funds, Commercial Paper, Certificates of Deposit, Delivery Versus Payment (DVP) Repurchase Agreements, Asset Backed Securities, Notes and Bonds issued by U.S. corporations, and other allowable instruments that meet short-term maturity or average life, diversification, and credit quality restrictions. This approach allows for a high level of liquidity and diversification. Assets are reported at fair value or cost or amortized cost that approximates fair value. Fair value is determined based upon quoted market prices. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments.

Global Equity Securities

The majority of domestic and international equity securities held by CalPERS is actively traded on major stock exchanges or over-the-counter. These exchanges make information on trades of identical securities available daily on a last trade or official close basis. If such information is not available, other pre-established means are used to determine a price.

In addition, CalPERS holds limited partner positions in corporate governance funds, organized to invest strategically in publicly traded equity securities of companies on major stock exchanges to achieve long-term capital appreciation. These limited partnerships have been valued using the NAV of the entity, with the most significant input into the NAV being the value of its investment holdings. The general partners obtain prices for their holdings in a manner similar to that described above for CalPERS equity holdings.

CalPERS also invests in limited partner positions in Absolute Return Strategy (ARS) funds. The most common strategies for these funds include, but are not limited to Directional Trading, Event Driven, Fund of Hedge Funds, Multi-Process, Security Selection, and Specialist Credit strategies. Investments in commingled funds have the potential to become illiquid under stressed market conditions, and, in certain circumstances, investors may be subject to redemption restrictions, which can impede the timely return of capital. These partnerships are valued using their respective NAV, and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued on a monthly basis by each fund's independent administrator and for certain illiquid investments, where no market exists, the General Partner may provide pricing input. The pricing assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type, but are predominantly derived from observed market prices.

Global Debt Securities

Debt securities consist primarily of negotiable obligations of the U.S. Government and U.S. Government sponsored agencies, foreign governments, corporations, and securitized offerings backed by residential and commercial mortgages, credit cards, auto and student loans, and direct loans for the asset-based lending program. Certain debt securities, such as U.S. Government bonds, have an active market. These

securities can typically be valued using the close or last traded price on a specific date. The majority of other debt securities is not as actively traded and is thus valued by pricing vendors, which use modeling techniques that include market observable inputs required to develop a fair value. Typical inputs include recent trades, yields, price quotes, cash flows, maturity, credit ratings and other assumptions based upon the specifics of the asset type.

Inflation Assets

In December 2007, the Board approved an investment asset allocation that included a five-percent allocation in an inflation-linked asset class (ILAC). The ILAC included commodities, inflation-linked bonds, infrastructure, and forestland. In May 2011, the Board approved the inflation assets program to be comprised of commodities and inflation-linked bonds. As mentioned in the real assets note, the infrastructure and forestland investments were reported as real assets as of July 1, 2011. Commodities investments are valued in the same manner as described in the Global Equity Securities section, and inflation-linked bonds are valued in the same manner as described in the Global Debt Securities section.

Real Assets

In December 2010, the Board approved an alternative asset classification as part of the overall Strategic Asset Allocation process. The approved classification called for the creation of the new real assets class comprised of real estate, infrastructure and forestland investments. The real assets program was approved in May 2011 and its policy was adopted as of July 1, 2011.

Real estate investments consist primarily of private commercial real estate equity in separate accounts and commingled funds. Real estate is held either directly, in separate accounts, as a limited partner or in a joint venture or commingled fund. Properties owned directly, held in a separate account or in a joint venture structure are subject to independent third-party appraisals performed in accordance with the Uniform Standards of Professional Appraisal Practice once every year, as directed by CalPERS. Real estate investments in a commingled fund are long-term and illiquid in nature. As a result, investors are subject to redemption restrictions, which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to its dissolution. Limited partner interests in joint

venture and commingled funds are valued by CalPERS using the NAV of the partnership. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the general partners on a continuous basis, audited annually and may be periodically appraised by an independent third party, as directed by the general partners. The valuation assumptions are based upon both market and property specific inputs, which are not observable and involve a certain degree of expert judgment. Real estate investments also include real estate investment trust securities, which are valued in the same manner as described in the Global Equity Securities section of this footnote. Real estate investment income includes all rental and other property revenues, joint venture income and losses, interest income for CalPERS' minority investments, interest and dividends, credit enhancement fee income, foreign currency gains and losses, and other investment income from partnerships.

Infrastructure and forestland investments are valued in the same manner as described in the Private Equity section. These investments play a strategic role within the total fund by providing steady returns and cash yields, defensive growth, inflation protection and diversification benefits.

Private Equity

CalPERS has invested as a limited partner in various funds, in customized investment accounts, and in co-investments, employing specific strategies. The most common investment strategies include leveraged buyouts, credit related, expansion capital, venture capital, and opportunistic capital. The strategies are long-term and illiquid in nature. As a result, the ability of limited partners to exit a partnership investment prior to its dissolution is limited.

Private equity partnerships are valued using their respective NAV, and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued by the general partners on a quarterly basis, in accordance with financial reporting standards: US GAAP, International Financial Reporting Standards (IFRS), etc.

The objective of private equity investments is to generate capital gains, including interest, dividends and other income. The CalPERS Private Equity Program's primary objective is to achieve the highest possible risk-adjusted return for the System while minimizing the risk of loss.

Investment Expenses

Investment expenses presented within the statement of changes in fiduciary net position and the statement of revenues, expenses and changes in net position include expenses arising from the securities lending program, the allocation of consolidated costs arising from the underlying real asset partnership investments and other expenses incurred to manage the comprehensive investment portfolio. These portfolio expenses include management and performance fees, audit, appraisal, consulting, legal, technology, dividend tax and other miscellaneous fees. All of these fees are disclosed within the Other Supplemental Information section in the Investment Expenses Schedule.

Real asset management and incentive fees are included in the Other Investment Expenses financial statement line item and detailed in the Investment Expenses Schedule in the Other Supplemental Information Section. All other real asset expenses are comprised of partner insurance premiums, property management fees, leasing costs, bad debt expenses, repairs and maintenance, utilities, promotion and marketing, and general administrative expenses.

The Investment Expenses do not include fees and costs for the private equity and ARS programs, nor do they contain the commissions and fees paid to transact public securities. Partnership management fees for the private equity program are drawn from the committed capital and reported as an increase in the cost basis. ARS program investments may include investments in equity, fixed income, commodities, currencies, and other investments. The investment fees and costs are presented, for information, within the unaudited Investment Section of the System's Comprehensive Annual Financial Report in the following schedules: Schedule of Fees and Costs for Private Equity Partners, Schedule of Fees and Costs for Absolute Return Strategies Program and The Schedule of Commissions and Fees. These costs are captured within the respective net asset values as reported in the statement of net position for fiduciary and proprietary funds.

Capital Assets

Capital assets are defined by CalPERS as assets with an initial individual cost of \$5,000 or more, or \$1 million or more for intangible assets, and an estimated useful life in excess of one year. Capital assets held by the PERF, consisting of buildings, furniture, equipment, and intangible assets are recorded at cost or, if donated, at their estimated fair value at the date of

Notes to the Basic Financial Statements (continued)

donation. Capital assets are depreciated over their estimated useful lives, ranging from one to five years for furniture and equipment, 40 years for buildings, and determined on an asset by asset basis for intangible assets, using the straight-line method of depreciation. Capital assets totaled \$710.7 million, net of accumulated depreciation of \$166.3 million at June 30, 2013.

Loans Receivable

In August 2012, the HCF incurred loan receivables totaling \$36 million; the terms require monthly principal-only payment totaling \$750 thousand beginning January 2013 for 48 months.

Use of Estimates in the Preparation of Financial Statements

The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain financial statement amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the comparative totals as of and for the year ended June 30, 2012, to conform to the presentation as of June 30, 2013.

Comparative Totals

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CalPERS financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Prior Period Adjustment

Plan net position restricted for pension benefits in the IRC 457 fund has been reduced by \$23.2 million as of June 30, 2012 to remove the net position of the Placer County 401K plan, as CalPERS does not hold the assets in a trustee capacity.

2. GENERAL DESCRIPTION OF THE PLANS

The State Employees' Retirement System, the predecessor to CalPERS, was created after voters approved a constitutional amendment authorizing legislation to establish a pension system for State employees pursuant to the Statutes of 1931. Such legislation became effective January 1, 1932. CalPERS has expanded to include, among others, employees of local agencies that elect to participate in the System.

At June 30, 2013, the Board administers a total of 12 funds, including four defined benefit retirement plans: the PERF, LRF, JRF, and the JRF II; three defined contribution retirement plans: the SPOFF, IRC 457, and the SCPF; one defined benefit post-employment benefit plan, the CERBTF; one health care plan: the HCF; and three other plans: the LTCF, the CRF, and RBF.

Defined Benefit Plans

The PERF was established in 1932, the LRF in 1947, the JRF in 1937, and JRF II in 1994. The PERF, LRF, JRF, and JRF II are defined benefit pension plans, which provide benefits based on members' years of service, age, final compensation, and benefit formula. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries.

At June 30, 2013, the State of California and 1,581 public agencies and schools (representing more than 2,500 entities) contribute to the PERF, which is an agent multiple-employer and cost-sharing defined benefit pension plan. The LRF, JRF, and JRF II are single-employer defined benefit pension plans for the State of California. CalPERS acts as the common investment and administrative agent for the member agencies, including schools (for classified employees).

Members of the PERF, LRF, JRF, and JRF II become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Notes to the Basic Financial Statements (continued)

As of June 30, 2013, the number of affiliated employers for the PERF, LRF, JRF, and JRF II are as follows:

Affiliated Employers for the PERF, LRF, JRF, and JRF II

	2013
PERF	
State	1
Schools	61
Public Agencies	1,520
Total PERF	1,582
LRF	1
JRF	1
JRF II	1

Notes to the Basic Financial Statements (continued)

As of June 30, 2013, benefit recipients and members in the PERF, LRF, JRF and JRF II consisted of the following:

Benefit Recipients and Members in the PERF, LRF, JRF and JRF II

Fund	Retirees	Survivors & Beneficiaries	Members		TOTAL
			Active	Inactive	
PERF					
State	175,851	28,785	243,620	90,463	538,719
Schools	161,024	22,338	280,738	150,127	614,227
Public Agencies	158,834	20,143	235,151	104,138	518,266
Total PERF	495,709	71,266	759,509	344,728	1,671,212
LRF	123	125	11	17	276
JRF	1,329	567	319	6	2,221
JRF II	41	11	1,352	—	1,404
TOTAL	497,202	71,969	761,191	344,751	1,675,113

The membership consists of the following categories:

PERF

- **Safety** — includes California Highway Patrol, peace officers, firefighters and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.
- **Schools** — includes non-teaching, non-certificated school employees.
- **State Industrial** — includes all employees of the California Department of Corrections & Rehabilitation who are not safety members.
- **General** — includes all other members, defined by statute as “miscellaneous” members.

LRF

- State Legislators
- Constitutional Officers
- Legislative Statutory Officers

JRF

- **Judges** — includes California Supreme Court, Courts of Appeal, and Superior Courts appointed or elected before November 9, 1994.

JRF II

- **Judges** — includes California Supreme Court, Courts of Appeal and Superior Courts appointed or elected on or after November 9, 1994.

Financing

The benefits for the PERF, LRF, JRF and JRF II are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the Public Employees’ Retirement Fund, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from \$0 to \$863 monthly. For the fiscal year ended June 30, 2013, the required contribution rates for active plan members are as follows:

Required Contribution Rates for Active Plan Members

	Required Contribution Rates
PERF	
State Employees:	
Miscellaneous & Industrial	5% to 11%
Miscellaneous & Industrial — Second Tier	0%
Safety	9% to 11%
Peace Officers & Firefighters	8% to 11%
California Highway Patrol	10%
Classified School Employees	6% or 7%
Public Agency Employees	4% to 15.25%
LRF	4% or 8%
JRF	8%
JRF II	8% or 14.25%

These contributions are deposited in a fund or cost sharing risk pool for the purpose of building actuarial reserves for future benefits.

All employees in a covered class of employment who work on a half-time basis or more are eligible to participate in the retirement plans. CalPERS administers several different retirement plans, each providing a monthly allowance based on age, years of credited service, the benefit formula, and highest average compensation over an established period of one year or three years. All plans provide death and disability benefits. In addition, post-retirement cost of living increases are also provided. Within the PERF, the benefit provisions for the State and school employees are established by statute. The benefits for the public agencies are established by contract with the System, in accordance with the provisions of the Public Employees’ Retirement Law.

The benefits for the LRF are established in accordance with the provisions of the Legislators’ Retirement Law. The benefits for the JRF are established in accordance with the provisions of the Judges’ Retirement Law. The benefits for the JRF II are established in accordance with the provisions of the Judges’ Retirement System II Law.

In November 1990, Article IV, Section 4.5 was added to the State Constitution, pursuant to the adoption of Proposition 140. This section effectively prohibited future Legislators from earning State retirement benefits for service in the Legislature on or after November 7, 1990, though it recognized vested pension benefits that had accrued before that date.

Due to the effects of Proposition 140, there are two legislators eligible to participate in the Legislators’

Retirement Fund. The only active members in the fund are Constitutional Officers (including the Insurance Commissioner and members of the Board of Equalization) and Legislative Statutory Officers. The Public Employees Pension Reform Act of 2013 (PEPRA) closed the Legislators Retirement System to new participants effective January 1, 2013.

Costs of administering the funds are financed through contributions and investment earnings of the funds.

Termination

Upon permanent separation from the retirement plans, accumulated member contributions are refundable, with interest credited through the date of refund, as required by applicable laws. Withdrawal of such accumulated contributions results in forfeiture of the related vested benefits.

In the event that public agencies elect to terminate their contracts with the retirement plans, accumulated member and employer contributions, interest, and the related liability for benefits may be transferred to the employers. If amounts are not transferred to the employers, sufficient assets required to cover the related liability for benefits are retained in the retirement plans. Excess assets above those required, if any, are returned to the employer, while the employer is billed for any deficiency in assets.

OASI

The Old Age & Survivors’ Insurance Revolving Fund (OASI) was established to consolidate the collection and payment for California public agencies of employee and employer contributions under the provisions of the Federal Social Security regulations.

Federal legislation was enacted on October 21, 1986, which required direct remittance of Social Security contributions by individual public agencies and eliminates the intermediary collection and remittance of such contributions by individual public agencies and by State Social Security agencies, such as the OASI. As such, effective January 1, 1987, the OASI stopped receiving contributions from public agencies. Subsequently, CalPERS, the Social Security Administration, and participating local agencies reached agreement on the proper amount of contributions, payments, and refunds. Since then the OASI fund has been utilized to reimburse the PERF for OASI contract

Notes to the Basic Financial Statements (continued)

management and related services, as provided in Government Code Section 22601. The residual balances are now being reported in the PERF for accounting and financial reporting purposes.

CERBTF

The California Employers' Retiree Benefit Trust Fund (CERBTF) was established by Chapter 331 of the 1988 Statutes and initially funded in 2007. At June 30, 2013, 373 employers had elected to participate in the fund. The purpose of the fund is to receive contributions from participating employers and establish separate employer prefunding accounts to pay for health care or other post-employment benefits in accordance with the terms of the participating employers' plans. Contributions are voluntarily determined by the employer's own funding schedule, and there are no long-term contracts for contributions to the plan. The CERBTF is an agent multiple-employer plan as defined in GASB Statement No. 43 with pooled administrative and investment functions.

Participating employers may receive disbursements from the fund not to exceed the annual premium and other costs of eligible post-employment benefits. If the employer's participation in the fund terminates, all assets in the employer's prefunding account shall remain in the fund except as otherwise provided. Allowable termination disbursements are to a trustee or as a trustee transfer of assets upon satisfactorily demonstrating to the Board the transfer will satisfy applicable requirements of the Internal Revenue Code and the Board's fiduciary duties, or the employer substantiates to the Board that all of the employer's obligations for the payment of post-employment benefits have been satisfied. At June 30, 2013, there were 121,442 active or inactive members and 56,632 retirees for the miscellaneous plan and 27,901 active or inactive members and 21,075 retirees for the safety plan.

Costs to administer the plan are determined through the Board-approved cost allocation plan, where actual direct and indirect costs of administering the System are assessed to each fund.

Defined Contribution Plans

SPOFF

The State Peace Officers' and Firefighters' Supplemental Plan (SPOFF) is a defined contribution retirement plan

established by Chapter 820 of the 1998 Statutes. The plan is a qualified money purchase pension plan under Section 401(a) of Title 26 of the Internal Revenue Code and is intended to supplement the retirement benefits provided by the PERF to eligible peace officers and firefighters employed by the State of California. Plan provisions are established and may be amended by statute.

SPOFF is administered by CalPERS and a third-party administrator, ING, who provides record keeping and plan administration services. Contributions to the plan are funded entirely by the employer. Contribution requirements are established and may be amended through a Memorandum of Understanding from the California Department of Human Resources. Effective April 2011, the State suspended contributing on behalf of rank and file positions, and effective May 2011, the State suspended contributing on behalf of supervisors, management, and exempt positions. As of June 30, 2013, the duration of the suspension is unknown.

The benefits paid to participants will depend on the amount contributed and the earnings/losses attributed to participants' accounts. Contributions are invested in the CalPERS Moderate Asset Allocation Fund, which includes short-term, equity and fixed income securities, inflation assets and real estate investment trusts. Distributions are allowed only at retirement or permanent separation from all State employment.

At June 30, 2013, there were 35,820 active and inactive participants.

IRC 457

The CalPERS Supplemental Income 457 Plan (457 Deferred Compensation Plan) is available to public agencies and school districts within the State of California, and is governed by Government Code Section 21670 through 21685 authorizing the Board to establish a deferred compensation plan qualified under Section 457 of Title 26 of the United States Internal Revenue Code.

The CalPERS IRC 457 Plan is administered by CalPERS and a third-party administrator, ING, who provides record keeping and plan administration services. Plan participation is voluntary to employees of contracting public agencies and school districts.

Members may contribute up to the limit established under the Internal Revenue Code and are allowed to change

Notes to the Basic Financial Statements (continued)

their contribution amount, transfer account balances among 24 investment options, or change the contribution percentages designated to each option on a daily basis.

The 24 investment options are:

- CalPERS Target Retirement Income Fund
- CalPERS Target Retirement 2005 Fund
- CalPERS Target Retirement 2010 Fund
- CalPERS Target Retirement 2015 Fund
- CalPERS Target Retirement 2020 Fund
- CalPERS Target Retirement 2025 Fund
- CalPERS Target Retirement 2030 Fund
- CalPERS Target Retirement 2035 Fund
- CalPERS Target Retirement 2040 Fund
- CalPERS Target Retirement 2045 Fund
- CalPERS Target Retirement 2050 Fund
- CalPERS Conservative Asset Allocation Fund
- CalPERS Moderate Asset Allocation Fund
- CalPERS Aggressive Asset Allocation Fund
- Short-Term Investment Fund
- PIMCO Short-Term Bond Fund
- CalPERS Total Return Bond Fund
- CalPERS Treasury Inflation Protected Securities Fund
- CalPERS S&P 500 Equity Index Fund
- CalPERS Small & Mid Cap Equity Index Fund
- The Boston Company Small/Mid Value Fund
- The Boston Company Small/Mid Growth Fund
- CalPERS International Index Fund
- Pyramis Select International Fund

In addition, a Self-Managed Brokerage Account (SMA) is available as an optional provision. Members may access their funds upon retirement, separation from employment, or other distributable events as allowed under the Internal Revenue Code. The Board has authorization under the Government Code of the State of California to establish plan provisions.

At June 30, 2013, there were 25,665 active and inactive participants with account balances.

SCPF

The Supplemental Contribution Plan (SCP) was established January 1, 2000, by Chapter 307 of the 1999 Statutes. The plan is a qualified plan under Section 401(a) of Title 26 of the United States Internal Revenue Code. It is administered by CalPERS and a third-party administrator, ING, who

provides record keeping and plan administration services. After-tax contributions are intended to supplement the retirement benefits provided by the PERF.

Currently, the Plan is available only to State of California employees who are members of CalPERS. The program is entirely member-funded and participation is voluntary. Participant contributions are made on an after-tax basis and are separate from defined benefit contributions. Participants may contribute to a deferred compensation plan in conjunction with SCP, subject to Internal Revenue Code Section 415(c) limits. The same investment options as in the IRC 457 plan are available in SCP.

Distributions are allowed only at retirement or permanent separation from employment. The Board has authorization under the Government Code of the State of California to establish plan provisions. At June 30, 2013, there were 549 active and inactive participants in the program.

RBF

The Replacement Benefit Fund (RBF) was established as a custodial fund by Chapter 938 of the 1995 Statutes. Initially funded in 1998, it provides benefits to members of the PERF, LFR, JRF and JRF II whose retirement allowance, based on the member's choice of retirement option, exceeds the Internal Revenue Code Section 415(b) limits. IRC Section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan.

The RBF is funded on a "pay-as-you-go" basis. That is, the employer is invoiced for amounts payable to its former employees in the calendar year and upon receipt of payment by the employers, CalPERS remits the replacement benefit to the retirees. Employer contributions must be in amounts equivalent to the benefits not paid from the PERF as a result of the limitations of IRC Section 415(b) plus, if applicable, employer FICA taxes. CalPERS is responsible for calculating the applicable dollar limit under IRC Section 415(b) and setting the employer rates. At June 30, 2013, there were 396 retirees receiving replacement benefits.

Government Code Section 7522.43 provides that a public retirement system may continue to administer a plan of replacement benefits for employees first hired prior to January 1, 2013 only. Section 7522.43 prohibits any employer

Notes to the Basic Financial Statements (continued)

from offering a plan of replacement benefits for employees hired on or after January 1, 2013.

HCF

The Public Employees' Health Care Fund (HCF) was established under the Public Employees' Medical and Hospital Care Act (PEMHCA) as of July 1, 1988. The self-funded plans, PERS Choice, PERSCare, and PERS Select (the Plans) are risk pools available to all entities that contract for health insurance coverage under PEMHCA. Having all members in a single risk pool spreads catastrophic claims over a large base and minimizes administrative expenses. The Plans retain all the risk of loss of allowable health claims. Fund members are not subject to a supplemental assessment in the event of deficiencies. Premium rates are set by the Board based on a trend analysis of the historic cost, utilization, demographics, and administrative expenses of the HCF to provide for the claims incurred and the actuarially determined required level of reserves.

The Plans rely on operating cash flows and investment income to fund health benefit payments. During the fiscal year 2012-13, the Board increased member premiums to mitigate the impact of increasing costs associated with enrollment growth, increases in provider pricing, and increased benefit utilization. Management believes that the current sources of funding will be adequate to provide for benefits of the Plans.

Public agencies participating in the Plans are required to make monthly premium payments based on rates established annually by CalPERS. Employers' shares of premiums are determined by the public agency through benefit negotiations, subject to minimum share of premium levels established through PEMHCA. Public agency employee members pay the difference between the premium rate and the employers' share of premium.

Effective January 1, 2013, CalPERS partnered with its Pharmacy Benefit Manager (PBM) to provide a custom Medicare Part D prescription drug plan, Employer Group Waiver Plan (EGWP). Under the EGWP, CalPERS contracts for the prescription drug program through a PBM as the EGWP administrator, and the PBM manages all federal interaction. CalPERS made this change in an effort to provide prescription drug benefits in the most cost efficient manner for CalPERS members. EGWP subsidies are comprised of direct subsidies, low income cost sharing

subsidies, low income premium subsidies, reinsurance subsidies, and coverage gap discounts. EGWP premium subsidies are reported as Federal government subsidies; rebates and coverage gap discounts are reported as an offset to claims expense; and administrative fees are reported as administrative expenses.

CRF

The Public Employees' Contingency Reserve Fund (CRF) was established in 1962, with the passage of PEMHCA, to fund administrative costs related to the PEMHCA program, and as a contingency reserve for such items as increases in future rates or in future benefits. PEMHCA was expanded to include local public agency employees on a contract basis in 1967. The CRF is reimbursed by the State and contracting public agencies for costs incurred for administering the program.

Activity in the CRF is reported in two separate fund types. Administrative fees collected and related costs are accounted for in the CRF enterprise fund. Public agency health payments and remittances to contracted health care providers are reported in the CRF Agency Fund.

PEMHCA establishes eligibility rules for the following:

- Retirees and beneficiaries receiving health care benefits,
- Terminated plan members entitled to but not yet receiving benefits, and
- Active plan members.

Administrative costs include direct costs of the program and a proportionate share of indirect costs allocated to the CRF enterprise fund by the PERF. The administrative fee is determined as a percentage of insurance premiums paid by the employers. The percentage of the insurance premiums paid for the fiscal year ended June 30, 2013, was 0.25. Administrative rates are reviewed annually and are adjusted, if needed, to cover budgeted administrative costs.

Public agency employers submit the provider-determined, Board-approved premiums to the CRF Agency Fund, which in turn remits the premiums to the respective health care provider, which includes the Self-Funded Health Program – PERSCare, PERS Choice, and PERS Select.

At June 30, 2013, 1,225 public agencies participated in health insurance coverage under PEMHCA.

LTCF

The Public Employees' Long-Term Care Fund (LTCF) began providing self-insured long-term care plans in 1995. The

LTCF operates by providing long-term care coverage to enrolled policyholders under the Public Employees' Long-Term Care Act (PERL, Chapter 15). The fund contracts with a third-party service provider to administer the program. The LTCF is a voluntary member-paid program and is not funded or subsidized by the employers. Premium rates are recommended to the Board by the CalPERS Actuarial Office, Long-Term Care actuary and are set by the Board. The Fiscal Year 2012-13 Annual Actuarial Valuation Report was completed by CalPERS Actuarial Office.

As of June, 30, 2013, there are 144,933 active policyholders, of which 5,358 are receiving benefits. In October 2012, the Board approved implementation of a rate increase of 85 percent for some policies with built-in inflation protection to be applied over a two-year period, beginning in 2015. Also approved was a new 10-year benefit plan with Retained Inflation (RI) option to provide additional alternatives to policyholders to avoid the scheduled premium pricing for new generation of the product offerings and a continuous open application beginning in December 2013.

3. CASH & CASH EQUIVALENTS

Cash and cash equivalents of approximately \$0.7 billion at June 30, 2013 represent amounts held in the CalPERS general operating accounts with the State Treasury. The underlying investments are not individually identifiable by fund, as CalPERS monies are pooled with the monies of other State agencies and invested by the State Treasurer's Office.

4. INVESTMENTS

As of June 30, 2013, State Street Bank & Trust Company was the master custodian for all significant public market securities; however, certain securities are held by private equity, absolute return strategies and corporate governance partners. Real estate deeds of trust are held in the name of Limited Liability Corporations and Partnerships. The investments held by the LRF, JRF II, SPOFF, SCPF, IRC 457, HCF and a portion of the PERF and CERBTF investments are co-invested and held in internally managed unitized investment pools. The investments are held in domestic and international equity pools and global debt securities pools. The PERF, LRF, JRF, JRF II, CERBTF, and HCF have a different asset allocation based on Board-approved policy.

The investments of the SCPF and IRC 457 are participant directed within the investment options listed in Note 2. The LTCF investments are no longer co-invested and held in internally managed unitized investment pools. The investments of LTCF and a portion of the CERBTF investments are being held in the State Street Global Advisors (SSgA) commingled funds. The LTCF and CERBT's investments in SSgA funds are based on Board-approved asset allocation policy.

Securities Lending

The State Constitution and the Board policies permit CalPERS to enter into securities lending transactions, collateralized loans of securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future.

CalPERS has contracted with eSecLending LLC (eSec) and State Street Bank & Trust (SSB), as third-party securities lending agents to loan domestic and international equity and debt securities. CalPERS receives both cash and non-cash (i.e., securities) collateral. Domestic and international securities are collateralized for cash at 102 percent and 105 percent, respectively, of the loaned securities market value. CalPERS cannot pledge or sell the collateral security without the borrower defaults; as such, the collateral security or non-cash collateral is not reported in CalPERS' financial statements in accordance with GASB Statement No. 28. Management believes CalPERS has minimized credit risk exposure to borrowers by requiring the borrower to provide collateralization greater than 100 percent of the market value of the securities loaned. The securities loaned are priced daily by third party sources and margins are paid/received daily to maintain over-collateralized levels. In the event that a borrower defaults while the securities are on loan, the lending agents are required to indemnify CalPERS for the loss. Securities on loan can be recalled on demand by CalPERS or the borrower can return the loaned securities at any time. Since loans are terminable at will, loan durations do not generally match the duration of the investments made with the cash collateral. CalPERS may enter into term loan agreements, which are evaluated on an individual basis. On June 30, 2013, the fair value of the securities on loan was approximately \$16.6 billion. The securities on loan remain on CalPERS' statement of fiduciary net position and the statement of net position in their respective investment

categories. At June 30, 2013, cash collateral received totaling \$17.0 billion is reported as securities lending obligation, and the fair value of re-invested cash collateral totaling \$17.3 billion is reported as securities lending collateral on the statement of fiduciary net position and the statement of net position. The changes in fair value of the re-invested cash collateral are reported as net appreciation/depreciation in fair value of investments on the statement of changes in fiduciary net position and the statement of revenues, expenses and changes in net position.

The CalPERS Fixed Income unit manages the securities lending activity. Because the domestic and international debt and equity securities in the unitized pools are also used in the securities lending program, in accordance with GASB Statement No. 28, the securities lending collateral, obligation, and the related income and costs are allocated to the pool owners (respective reporting funds) based on the funds' pro rata share of the pools' investments.

The LTCF is no longer part of the CalPERS internally managed unitized pools. As such, CalPERS securities lending transactions are not being allocated to the LTCF as of and for the year ended June 30, 2013. Effective in fiscal year 2012-13, the LTCF and a portion of the CERBT's investments are invested in commingled funds managed by SSgA that participate in State Street Bank's securities lending program. The CERBT and LTCF, as beneficial owners in the commingled funds, own an undivided interest or a pro rata allocation of the net asset values of the commingled funds. State Street Bank as the lending agent lends the commingled funds' securities and invests the cash collateral posted by the borrowers of those loaned securities in collateral pools managed by State Street Bank. In the instance that the fair value of the reinvested cash collateral declines, the commingled funds bear the risk of loss with respect to the invested cash collateral and are responsible for funding any shortfall on the collateral assets. Due to the fact that the CERBT and LTCF do not directly bear the risk of loss on the collateral assets; securities lending collateral and obligations from SSgA's securities lending program are not reported in the CERBT and LTCF. However, the value of the CERBT and LTCF investments in the commingled funds would be negatively impacted by a decline in the fair value of reinvested collateral. In addition, because SSgA and State Street Bank, as the lending agent, receive a portion of the securities lending revenue earned from the investments held

in the collateral pools as well as a management fee based on the assets invested in each of the collateral pools, but do not share in the investment losses, the lending agent may have an incentive to invest in securities that have greater potential for return but that also have greater investment risks.

CalPERS securities lending reinvestment collateral guidelines prescribe that cash collateral received needs to be invested in short-term, high-credit quality securities. Currently, SSB, eSec, and CalPERS manage the collateral. For the fiscal year ended June 30, 2013, the collateral invested in CalPERS High Quality Libor, CalPERS Short Duration, CalPERS Sec Lending Collateral Re-invest and CalPERS Internal Short-Term Pools had an aggregate weighted average maturity (to final maturity) of 400 days and duration of 10 days. SSB and eSec had weighted average maturity (to final maturity) of 33 and 205 days, respectively.

The weighted average maturity (to final maturity) in the eSec collateral pool is attributed to two Structured Investment Vehicles (SIVs) within the portfolio. The SIVs were purchased as medium-term notes between April 2006 and March 2007 (with April 2009 and March 2010 maturity dates) and at the time of purchase met all Cash Collateral Re-investment Policy guidelines. In 2007 and 2008, both SIVs went into enforcement, defaulted and eventually re-structured. After the re-structure, SIVs do not accrue nor pay interest at a pre-determined fixed nor variable rate. Cash flows are passed through performance from underlying collateral in each SIV trust. The weighted average maturity (to final maturity) on the underlying collateral is substantially longer than the original medium-term notes and is considered long-term.

Investment Risk Disclosures

The CalPERS hedge fund program's investment risks are designed to be uncorrelated with the other investment programs in the PERF. In addition to the unique investment risks posed by hedge fund strategies, the hedge fund program also faces illiquidity and leverage risk. Hedge funds can be illiquid, either by virtue of illiquidity of underlying assets or due to manager actions to limit investor withdrawals. However, CalPERS has taken steps to minimize this risk by investing in hedge funds in more liquid asset classes and by structuring its investments to minimize an investment manager's ability to limit withdrawals. Hedge funds also use leverage to varying

degrees, and while a hedge fund can lose all its capital, CalPERS has limited its liability to the amount it invests, which is the same as with an equity or bond investment. Hedge funds are reported as equities in the statement of fiduciary net position.

In accordance with GASB Statement No. 40, CalPERS discloses investments of all CalPERS managed funds that are subject to certain risks: custodial credit risk, concentration of credit risk, interest rate risk, credit risk and foreign currency risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event a depository institution or counterparty fails, the System would not be able to recover the value of its deposits, investments, or collateral securities. As of June 30, 2013, a portion of the System's investments, other than posted collateral for Futures and Over the Counter (OTC) instruments, is held in the System's name and is not exposed to custodial credit risk. Where CalPERS trusts invest in commingled funds, the assets within the fund are held in the name of the trustee of the fund and not in CalPERS name. There are no general policies relating to the custodial credit risk.

Concentration of Credit Risk

In compliance with GASB No. 25 and GASB No. 40, CalPERS does not have investments greater than or equal to five percent of total net position and total investments in a single issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolios using the effective duration or option-adjusted methodology. The System's investment policies require the option-adjusted duration of the total fixed income portfolio to stay within 10 percent of the option-adjusted duration of its benchmark. All individual portfolios are required to maintain a specified level of risk relative to their benchmark.

The System invests in securities with contractual cash flows, such as asset-backed securities, collateralized mortgage obligations and commercial mortgage-backed securities, including securities backed by residential and commercial mortgage loans. The value, liquidity and related

income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Debt Securities Highly Sensitive to Interest Rate Changes

As of June 30, 2013, CalPERS investments included securities highly sensitive to interest rate fluctuations in that they are subject to early payment in a period of declining interest rates (i.e. Collateralized and Mortgage Pass-Through etc.) The resulting reduction in expected total cash flows affects the fair value of these securities.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policies establish general as well as specific risk measures for the fixed income portfolio. From the most general perspective, 89 percent of the total fixed income portfolio must be invested in investment-grade securities.

Investment-grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard & Poor's rating of AAA to BBB. Each portfolio is required to maintain a specified risk level.

Foreign Currency Risk

Foreign currency risk is defined as any deposits or investments that are denominated in foreign currencies, which bear a potential risk of loss arising from changes in currency exchange rates. The System's asset allocation and investment policies allow for active and passive investments in international securities. The System's policy for total global equity specifies investment in international equities be based on market capitalization. For the global debt securities, 10 percent is targeted for investment in international securities. Real assets and private equity do not have a target allocation for international investments. The System uses a currency overlay program to reduce risk by hedging approximately 15 percent of the total exposure to international currencies.

Notes to the Basic Financial Statements (continued)

CalPERS – Debt Security Investments Subject to Interest Rate Risk (Dollars in Thousands)

Debt Security Type	Portfolio Weighted Average Effective Duration (Years)	Fair Value June 30, 2013	Percent of Debt Securities
U.S. Treasuries & Agencies	9.13	\$24,270,732	39.0 %
Mortgages	4.77	11,743,141	18.9
Commercial Paper	0.02	1,250,974	2.0
Corporate	9.73	10,816,633	17.4
International	9.94	6,240,593	10.0
Asset Backed	9.12	6,478,243	10.4
Municipal	8.58	15,622	0.0
SWAPS	1.12	(43,972)	(0.1)
Private Placement	2.61	2,917	0.0
No Effective Duration:			
Asset Backed	N/A	363,634	0.6
Commingled	N/A	868,215	1.4
Corporate	N/A	35,577	0.1
International	N/A	93,334	0.2
Mortgages	N/A	879	0.0
SWAPS	N/A	41,594	0.1
TOTAL ¹		\$62,178,116	100.0 %

Notes:

- This table represents the fair value of investments in the fixed income portfolios. The global debt securities investments in the statement of fiduciary net position and the statement of proprietary net position are reported at fair value for non-unitized investments and at net asset value for investments in the unitized pools, which includes accruals in the unitized portfolios. In addition, certain debt securities are classified as inflation assets in the statement of fiduciary net position and the statement of proprietary net position.

CalPERS – Securities Lending Collateral Subject to Interest Rate Risk (Dollars in Thousands)

Security Type	Portfolio Weighted Average Effective Duration (Years)	Fair Value June 30, 2013	Percent of Securities Lending Collateral
Asset Backed Securities	0.09	\$495,143	7.4 %
Mortgage Backed Securities	0.19	45,588	0.7
No Effective Duration:			
Structured Investment Vehicles ¹			
Vehicles ¹	N/A	199,995	3.0
Cash	N/A	2,541,662	38.2
Money Market Fund ²	N/A	3,371,574	50.7
TOTAL ³		\$6,653,962	100.0 %

Notes:

- Structured Investment Vehicles have a weighted average maturity (to final maturity) of 197 days.
- Money Market Fund is invested in US Treasury securities with a weighted average maturity (to final maturity) of 2 days.
- This figure does not include \$10,630,035 in repurchase agreements since they are not subject to GASB Statement No. 40 disclosure. The fair value of the investments in the securities lending collateral portfolio is \$17,283,997 for both fiduciary and proprietary fund types.

CalPERS – Securities Lending Collateral Subject to Credit Risk (Dollars in Thousands)

Moody's Quality Rating	Fair Value	Fair Value as a Percent of Securities Lending Collateral
Aaa	\$504,013	7.6 %
Aa3	36,718	0.5
P-1	44,800	0.7
NA ¹	999,986	15.0
NR ^{2,3}	5,068,445	76.2
TOTAL ⁴	\$6,653,962	100.0 %

Notes:

- NA represents US Government Securities that are not applicable to the GASB No. 40 disclosure requirements.
- NR represents those securities that are not rated.
- This figure includes \$3,371,574 invested in money market fund.
- This figure does not include \$10,630,035 in repurchase agreements since they are not subject to GASB Statement No. 40 disclosure. The fair value of the investments in the securities lending collateral portfolio is \$17,283,997 for both fiduciary and proprietary fund types.

Notes to the Basic Financial Statements (continued)

CalPERS – Debt Security Investments Subject to Credit Risk (Dollars in Thousands)

Moody's Quality Rating	Fair Value	Fair Value as a Percent of Debt Security Investments
Aaa	\$7,197,340	11.6 %
Aa1	2,181,617	3.5
Aa2	616,731	1.0
Aa3	1,235,000	2.0
A1	552,695	0.9
A2	562,071	0.9
A3	1,669,699	2.7
Baa1	1,809,267	2.9
Baa2	3,114,131	5.0
Baa3	2,361,789	3.8
Ba1	667,215	1.1
Ba2	188,260	0.3
Ba3	308,317	0.5
B1	352,730	0.6
B2	157,240	0.2
B3	227,902	0.4
Caa	116,470	0.2
Caa1	213,091	0.3
Caa2	373	0.0
Caa3	42,228	0.1
Ca	32,704	0.0
C	7,233	0.0
NA ¹	23,943,029	38.5
NR ²	5,516,060	8.9
NR ^{2,3}	9,104,924	14.6
TOTAL⁴	\$62,178,116	100.0 %

Notes:

- 1 NA represents US Government Securities that are not applicable to the GASB No. 40 disclosure requirements.
- 2 NR represents those securities that are not rated.
- 3 Although the financial markets have a perception that FNMA and FHLMC mortgage backed securities have an implicit guarantee, the credit agencies do not rate these securities.
- 4 This table represents the fair value of investments in the fixed income portfolios. The global debt securities investments in the statement of fiduciary net position and the statement of proprietary net position are reported at fair value for non-unitized investments and at net asset value for investments in the unitized pools, which includes accruals in the unitized portfolios. In addition, certain debt securities are classified as inflation assets in the statement of fiduciary net position and the statement of proprietary net position.

CalPERS – SSgA Weighted Average Maturity and Credit Risk (Dollars in Thousands)

Security Type	Fair Value June 30, 2013	Credit Rating	Weighted Average Maturity
SSgA Long U.S. Agency Index SL QP CTF	\$31,953	NR	18.68
SSgA U.S. High Yield Bond Index NL QP CTF	86,850	NR	6.96
SSgA U.S. TIPS Index NL QP CTF	211,336	NR	8.67
SSgA 3-10 Year U.S. Treasury Index SL QP CTF	224,232	NR	5.54
SSgA Long U.S. Treasury Index SL QP CTF	413,415	NR	24.40
SSgA U.S. Mortgage Backed Index SL QP CTF	645,402	NR	7.10
SSgA U.S. Asset Backed/Comm Mort Backed Index NL QP CTF	47,996	NR	3.41
SSgA 3-10 Year U.S. Credit Index SL QP CTF	191,329	NR	6.08
SSgA Long U.S. Credit Corporate Index SL QP CTF	304,979	NR	24.17
SSgA Long U.S. Credit Non-Corporate Index SL QP CTF	92,836	NR	23.23
SSgA 3-10 Year U.S. Agency Index SL QP CTF	8,745	NR	4.84
TOTAL¹	\$2,259,073		

Notes:

- 1 Investments are held by the LTCF.

Interest and Credit Risks for Short-Term Investments

CalPERS invested in the State Treasury pool and State Street Bank Global Advisors' (SSgA) US Government Short-Term Investment Fund (GSTIF). These investments are included as part of the short-term investments in the financial statements. At June 30, 2013, the pooled money investment account with the State Treasury totaled approximately \$2.5 billion and the US Government Short-Term Investment Fund with SSgA totaled approximately \$7.6 billion. As of June 30, 2013, the weighted average maturity is 278 days for the State Treasury pool and 37 days for the SSgA US Government Short-Term Investment Fund. These pools are not rated.

Derivatives

CalPERS holds investments in swaps, options, futures, rights and warrants and enters into forward foreign currency exchange contracts. The fair value of options, futures, rights and warrants are determined based upon quoted market

Notes to the Basic Financial Statements (continued)

prices. The fair value of derivative investments that are not exchange-traded, such as swaps, is determined by an external pricing service using various proprietary methods, based upon the type of derivative instrument. The fair value of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated as the difference between the contract exchange rate and the exchange rate at the end of the reporting period.

Futures contracts are marked-to-market at the end of each trading day, and the settlement of gains or losses occur on the following business day through the movement of

variation margins. Over the counter derivatives, such as swaps, generally reset monthly and the settlement of gains or losses occur the following business day. Currency forward contracts roll quarterly updating the contract exchange rate.

With all over the counter derivatives, such as swaps and currency forwards, CalPERS is exposed to counterparty risk. CalPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, posting collateral exposure and monitoring procedures.

CalPERS – Derivative Instruments Summary (Dollars and Units in Thousands)

Investment	Net Appreciation/ (Depreciation) in Fair Value For the Fiscal Year Ended June 30, 2013		Fair Value at June 30, 2013		
	Amount	Classification	Amount	Notional (Dollars)	Notional (Units)
Derivatives (by type)					
Commodity Futures Long	(\$23,856)	Equity Securities	\$0	\$0	—
Commodity Futures Short	(10,501)	Equity Securities	—	—	—
Credit Default Swaps	400	Debt Securities	—	—	—
Credit Default Swaps Bought	(1,265)	Debt Securities	(29)	12,800	—
Credit Default Swaps Written	706	Debt Securities	(104)	14,043	—
Fixed Income Futures Long	(7,963)	Equity Securities	—	—	490,578
Fixed Income Futures Short	18,011	Equity Securities	—	—	(522,652)
Fixed Income Options Bought	568	Equity Securities	—	—	—
Fixed Income Options Written	(25,892)	Equity Securities	(8,164)	—	(289,244)
Foreign Currency Options Bought	413	Equity Securities	—	—	—
Foreign Currency Options Written	66	Equity Securities	(59)	—	(3,424)
Futures Options Bought	(27,431)	Equity Securities	877	—	4,600
Futures Options Written	25,358	Equity Securities	(2,380)	—	(15,300)
Foreign Exchange Forwards	382,233	Investment Sales/Purchases	129,070	23,450,446	—
Index Futures Long	2,338,736	Equity Securities	—	—	71,240
Index Options Bought	(15,939)	Equity Securities	—	—	150,000
Index Options Written	68,372	Equity Securities	(1)	—	(150,000)
Pay Fixed Interest Rate Swaps	379	Debt Securities	3,206	100,800	—
Receive Fixed Interest Rate Swaps	(1,724)	Debt Securities	(1,796)	72,953	—
Rights	(10,953)	Equity Securities	3,074	—	14,990
Total Return Bond Swaps	(37,338)	Debt Securities	(3,655)	4,156,814	—
Warrants	11,517	Equity Securities	13,494	—	9,398
TOTAL	\$2,683,897		\$133,533	\$27,807,856	(239,814)

The information presented in this table is derived from CalPERS June 30, 2013 accounting records and in some instances may reflect trades on a one-day lag basis.

Notes to the Basic Financial Statements (continued)

CalPERS – Derivative Instruments Subject To Interest Rate Risk (Dollars in Thousands)

Investment Maturities

Investment Type	Fair Value at June 30, 2013	Investment Maturities (in years)			
		Under-1	1-5	6-10	10+
Credit Default Swaps Bought	(\$29)	(\$2)	(\$27)	\$0	\$0
Credit Default Swaps Written	(104)	—	(104)	—	—
Fixed Income Options Written	(8,164)	(8,164)	—	—	—
Pay Fixed Interest Rate Swaps	3,206	—	955	2,251	—
Receive Fixed Interest Rate Swaps	(1,796)	—	(5)	(1,966)	175
Total Return Bond Swaps	(3,655)	(3,655)	—	—	—
TOTAL	(\$10,542)	(\$11,821)	\$819	\$285	\$175

Derivative Instruments Highly Sensitive to Interest Rate Changes (Dollars in Thousands)

Investment Type	Reference Rate	Fair Value at June 30, 2013	Notional
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.694%	\$2,251	\$29,720
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.764%	290	13,260
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.400%	73	30,600
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.985%	592	27,220
Interest Rate Swaps	Receive Fixed 2.0000%, Pay Variable 6-month LIBOR	175	10,872
Interest Rate Swaps	Receive Fixed 5.5000%, Pay Variable 1-month TIIE	3	1,559
Interest Rate Swaps	Receive Fixed 1.0000%, Pay Variable 6-month LIBOR	3	9,765
Interest Rate Swaps	Receive Fixed 0.4300%, Pay Variable 3-month LIBOR	(9)	16,370
Interest Rate Swaps	Receive Fixed 2.0425%, Pay Variable 3-month LIBOR	(581)	10,850
Interest Rate Swaps	Receive Fixed 3.7950%, Pay Variable 3-month BKBM	(144)	2,471
Interest Rate Swaps	Receive Fixed 5.7500%, Pay Variable 1-month TIIE	(897)	15,201
Interest Rate Swaps	Receive Fixed 5.7500%, Pay Variable 1-month TIIE	(346)	5,865
Subtotal — Interest Rate Swaps		\$1,410	\$173,753
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .07%	\$910	\$389,015
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .07%	417	178,149
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .00%	324	138,584
Total Return Bond Swaps	Receive Fixed 0.07%, Pay Fixed .00%	(291)	124,344
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .07%	334	142,709
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .08%	560	239,420
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .07%	1,035	442,073
Total Return Bond Swaps	Receive Fixed 0.07%, Pay Fixed .00%	(537)	229,650
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .08%	471	201,113
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .07%	1,110	474,332
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .07%	677	289,117
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .08%	751	320,739
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .08%	517	221,025
Total Return Bond Swaps	Receive Fixed 0.08%, Pay Fixed .00%	(624)	266,544
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .08%	(4,008)	250,000
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .07%	(2,446)	125,000
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .07%	(2,855)	125,000
Subtotal — Total Return Bond Swaps		(\$3,655)	\$4,156,814
TOTAL		(\$2,245)	\$4,330,567

Notes to the Basic Financial Statements (continued)

CalPERS – Derivative Instruments Subject To Counterparty Credit Risk

Counterparty	Percentage of Net Exposure	S&P Ratings	Fitch Ratings	Moody's Ratings
Bank of America, N.A.	22.42%	A	A	A3
JP Morgan Chase Bank, N.A. New York	15.66%	A+	A+	Aa3
HSBC Bank USA	8.67%	AA-	AA-	A1
Goldman Sachs International	8.60%	A-	A	A3
Commonwealth Bank of Australia Sydney	7.23%	AA-	AA-	Aa2
Bank of New York	4.67%	A+	AA-	Aa3
Barclays Bank PLC Wholesale	4.66%	A+	A	A2
Royal Bank of Canada	3.88%	AA-	AA	Aa3
Citibank, N.A.	3.85%	A	A	A3
BNP Paribas SA	3.17%	A+	A+	A2
Morgan Stanley Capital Services Inc.	2.38%	A-	A	Baa1
Royal Bank of Scotland PLC	2.36%	A	A	A3
UBS AG	1.95%	A	A	A2
Societe Generale	1.94%	A	A+	A2
Standard Chartered Bank	1.91%	AA-	AA-	A1
Deutsche Bank AG London	1.66%	A+	A+	A2
JP Morgan Securities Inc.	1.13%	A	A+	A2
Credit Suisse International	1.06%	A+	A	A1
Goldman Sachs + CO	0.74%	A-	A	A3
Credit Suisse London Branch (GFX)	0.42%	A+	A	A1
UBS AG London	0.33%	A	A	A2
Credit Suisse Securities (USA) LLC	0.28%	A+	A	A1
JP Morgan	0.28%	A	A+	A2
Canadian Imperial Bank of Commerce	0.16%	A+	AA-	Aa3
Deutsche Bank Securities	0.15%	A+	A+	A2
Citigroup	0.13%	A-	A	Baa2
Westpac Banking Corporation	0.12%	AA-	AA-	Aa2
BNP Finance	0.10%	A+	A+	A2
Barclays Capital	0.03%	A+	A	A2
Goldman Sachs Capital Markets LP	0.03%	A-	A	A3
JP Morgan Chase Bank, N.A. London	0.02%	A+	A+	Aa3
JP Morgan Chase Bank	0.01%	A+	A+	Aa3
Barclays Bank CME	0.00% ¹	A+	A	A2
	<u>100.00%</u>			

Notes:

1 The Percentage of Net Exposure for Counterparty Barclays Bank CME is less than 0.01%.

Notes to the Basic Financial Statements (continued)

CalPERS – International Investment Securities | Fair Value at June 30, 2013 (U.S. Dollars in Thousands)

The following table presents investment securities of all CalPERS managed funds, including derivative instruments that are subject to foreign currency risk.

Currency	Cash	Equity	Debt Securities	Real Assets	Private Equity	Forward Contracts	Total
Australian Dollar	\$9,488	\$3,386,143	\$110,531	\$209,224	\$0	\$49,359	\$3,764,745
Brazilian Real	3,997	1,334,169	106	1,145,374	—	(1,734)	2,481,912
British Pound Sterling	35,819	9,208,196	1,382,113	274,143	1,031	25,392	10,926,694
Canadian Dollar	13,793	4,253,430	218,777	597,809	185,759	32,024	5,301,592
Chilean Peso	214	233,204	987	—	—	(21)	234,384
Chinese Renminbi	—	—	—	679,066	—	—	679,066
Colombian Peso	20	63,584	—	—	—	—	63,604
Czech Koruna	189	52,134	9,498	—	—	243	62,064
Danish Krone	1,146	584,298	10,544	—	—	(3,183)	592,805
Egyptian Pound	11,773	46,706	—	—	—	—	58,479
Euro Currency	185,331	13,948,640	2,433,363	738,749	3,351,690	30,171	20,687,944
Guatemala Quetzal	—	—	—	72,029	—	—	72,029
Hong Kong Dollar	14,142	3,295,360	—	415,541	—	(115)	3,724,928
Hungarian Forint	353	96,833	—	—	—	—	97,186
Indian Rupee	3,569	885,406	68	383,684	—	—	1,272,727
Indonesian Rupiah	459	393,696	—	—	—	—	394,155
Israeli Shekel	929	244,283	—	—	—	(596)	244,616
Japanese Yen	89,484	12,283,114	903,462	279,406	84,710	(18,585)	13,621,591
Malaysian Ringgit	876	418,679	—	22,221	—	—	441,776
Mexican Peso	4,400	436,975	70,530	179,333	—	(1,586)	689,652
Moroccan Dirham	18	4,060	—	—	—	—	4,078
New Taiwan Dollar	1,825	1,542,956	—	—	—	(47)	1,544,734
New Turkish Lira	114	214,762	—	—	—	—	214,876
New Zealand Dollar	339	85,520	61,343	—	—	(400)	146,802
Norwegian Krone	1,733	510,631	33,929	2,530	—	5,843	554,666
Pakistan Rupee	172	39,905	—	—	—	—	40,077
Peruvian Noveau Sol	49	6,310	—	—	—	—	6,359
Philippine Peso	194	179,624	—	—	—	—	179,818
Polish Zloty	156	193,430	50,175	—	—	686	244,447
Russian Ruble	—	—	—	225,238	—	—	225,238
Singapore Dollar	1,987	772,669	5,560	8,888	—	3,310	792,414
South African Rand	2,063	1,092,817	5,719	—	—	210	1,100,809
South Korean Won	2,677	1,939,828	—	—	—	—	1,942,505
Sri Lanka Rupee	3	—	—	123,069	—	—	123,072
Swedish Krona	2,108	1,403,950	46,066	—	—	11,790	1,463,914
Swiss Franc	845	3,574,483	—	—	—	(3,665)	3,571,663
Thailand Baht	4,782	518,302	—	—	—	(26)	523,058
Turkish Lira	1,339	284,260	—	—	—	—	285,599
UAE Dirham	740	45,088	—	—	—	—	45,828
TOTAL	\$397,126	\$63,573,445	\$5,342,771	\$5,356,304	\$3,623,190	\$129,070	\$78,421,906

The fair value of derivative instruments is included in the amounts reported under equities, debt securities, investment sales and other and investment purchases and other.

Notes to the Basic Financial Statements (continued)

Real Assets

Real assets, which include real estate, infrastructure and forestland investments, are classified as investments in accordance with GASB Statement No. 25. Certain real asset investments are leveraged in that partnerships have been established to purchase properties through a combination of contributions from CalPERS and other investors and through the acquisition of debt. At June 30, 2013, real asset investments of approximately \$39.0 billion are reported at estimated fair value. Of this amount, \$0.7 billion is real estate investments trusts (REITS) and \$38.3 billion is the fair value of real asset investments, offset by \$8.8 billion of long-term debt payables and \$2.4 billion of other short-term liabilities.

Required repayment of real asset debt, which includes both recourse (\$255 million) and non-recourse (\$8.6 billion) debt, is as follows:

Required Repayment of Real Assets Debt

(Dollars in Thousands)

Debt Matures Year Ending June 30	Principal	Interest	Total Amount
2014	\$1,065,724	\$352,227	\$1,417,951
2015	1,026,394	307,308	1,333,702
2016	1,012,704	263,786	1,276,490
2017	1,440,049	223,369	1,663,418
2018	1,033,059	167,100	1,200,159
2019-2023	1,930,216	475,173	2,405,389
2024-2028	748,838	181,203	930,041
2029-2033	165,133	64,331	229,464
2034-2038	84,089	40,138	124,227
2039-2043	276,889	20,899	297,788
2044+	40,089	1,079	41,168
TOTAL	\$8,823,184	\$2,096,613	\$10,919,797

5. CONTRIBUTIONS & RESERVES

Employer Contributions Actuarially Determined & Contributions Made

Employer contributions are calculated as a percentage of employer payrolls. OPEB plan employer contributions are voluntarily determined by the employer and there are no long-term contracts for contributions. The payroll for employees covered by the PERF, LRF, JRF, and JRF II in

Fiscal Year 2012-13 was approximately \$43.0 billion, \$1.5 million, \$64.7 million, and \$237.8 million, respectively.

Actuarial Valuations

Actuarial valuations are used to determine the cost of pension benefits payable to the members of CalPERS who participate in the PERF, LRF, JRF, and JRF II as well as the related required contribution rates. The actuarial valuations include a number of significant assumptions, including the actuarial cost method used, the asset valuation method, the rate of return on the investment portfolio, rate of inflation, projected salary increases, post-retirement benefit increases, and the life expectancy of members and beneficiaries.

The actuarial cost method used for the PERF, LRF, JRF, and JRF II is the Individual Entry Age Normal cost method. The CERBTf actuarial accrued liability as of June 30, 2012 was based on the OPEB assumption model, which allowed only the Entry Age Normal or Projected Unit Credit actuarial cost method. In August 2012, the CalPERS Board removed requirements of specific assumption values and methods. For any OPEB valuation report with a measurement date after August 15, 2012, the OPEB assumption model allows the use of any actuarial cost method that complies with Actuarial Standards of Practice and with Governmental Accounting Standards. These methods are projected benefit cost methods that take into account those benefits that are expected to be earned in the future, as well as those already accrued.

In March 2011, the Board approved increasing the number of CERBTf asset allocation strategies from one to three. A nominal discount rate assumption was established for each asset allocation strategy. The discount rate assumption of the CERBTf Assumptions Model was modified further to allow the application of a Margin for Adverse Deviation to the nominal discount rate. These changes were incorporated into all OPEB valuations and Alternative Measurement Methods (AMM) cost reports dated after June 15, 2011.

To amortize any unfunded actuarial liabilities, the PERF, LRF, and JRF II use the level percentage of payroll method, while the JRF uses a level dollar method. Employers participating in the CERBTf have the option of either using a level dollar or level percentage of payroll method to amortize their unfunded actuarial liabilities.

For the PERF, the 2011 and 2010 actuarial valuations were used to set the actuarially determined contribution requirements for the 2012-13 Fiscal Year for the State and School employers, and public agencies, respectively. For JRF, JRF II and LRF, the 2011 actuarial valuations were used to set the actuarially determined contribution requirements for the 2012-13 Fiscal Year.

The 2012 actuarial valuations were used to set the actuarially determined contribution requirements for different fiscal years. For the PERF, the 2012 actuarial valuations were used to set the actuarially determined contribution requirements for the 2013-14 Fiscal Year for the State and School employers, while the 2012 valuations were used to set the actuarially determined contribution requirements for the 2014-15 Fiscal Year for public agencies. For LRF, JRF and JRF II, the 2012 actuarial valuations were used to set the actuarially determined contribution requirements for the 2013-14 Fiscal Year. The CERBTf uses demographic assumptions similar to the pension plans with the addition of the Health Cost Trend Rate assumption.

In April 2013, the CalPERS Board approved new actuarial policies that are aimed at returning the System to fully funded status within 30 years. Over time, the proposed methods are designed to improve funding levels and help reduce the overall funding level risk. The proposed methods are expected to result in higher volatility in employer contribution rates in normal years but much less volatility in employer contribution rates in years where extreme events occur.

At the March 14, 2012 meeting, the Board approved a recommendation to lower the CalPERS discount rate assumption, or the rate of investment return the pension fund assumes, from 7.75 to 7.50 percent. The price inflation assumption was also lowered from 3.00 to 2.75 percent, which lowers the overall payroll growth assumption to 3.00.

At the April 18, 2012 meeting, the Board approved a recommendation to phase-in the employer contribution rate increases over a period of two years. The phase-in resulted in amortizing over a 20-year period the increase in actuarial liabilities resulting from the change in assumptions, with the payment in year one equal to one-third of the payment that would have been required without the phase-in and the unpaid balance amortized over the remaining 19 years.

Restrictions on Net Position Available for Benefits

Included in the Net Position Held in Trust for Pension Benefits is a restricted reserve that, by law, is retained in the PERF and LRF as a reserve against deficiencies in interest earned, potential losses under investments, court-mandated costs, and actuarial losses resulting from terminations, mergers, or dissolutions of contracting agencies. This reserve cannot exceed 0.2 percent of total assets of the PERF, excluding the OASI, and the LRF, and totaled approximately \$528.3 million and \$246.0 thousand as of June 30, 2013, for the PERF and LRF, respectively.

PERF

Actuarial valuations of the PERF are performed annually. The last valuation was performed as of June 30, 2012, for the State, schools, and public agencies.

The total Fiscal Year 2012-13 net retirement contributions for the PERF amounted to approximately \$12.0 billion, of which \$8.1 billion (the actuarially determined annual required contribution) came from 1,582 employers and approximately \$3.9 billion came from over 759,000 members. The contributions to the PERF were for the retirement program, the 1959 Survivor Program, and the Group Term Life Insurance Program. For the retirement program, the average employer normal cost is 10.317 percent of covered payroll, and amortization of the unfunded liabilities is 8.135 percent of covered payroll for Fiscal Year 2012-13. These figures are averages for all employers. The actual figures vary by each employer's plan.

LRF

Actuarial valuations of the LRF are required to be carried out at least annually. The legislated State contribution rate will be adjusted periodically as part of the annual Budget Act in order to maintain or restore the actuarial soundness of the fund. The last actuarial valuation was performed as of June 30, 2012. For the fiscal year ended June 30, 2013, the statutory employer contribution rate was 5.380 percent based on the June 30, 2011 actuarial valuation. Therefore, for the year ended June 30, 2013, the contributions made by the State to the fund were approximately \$80 thousand, which is less than the actuarially determined required contributions of approximately \$0.1 million. Due to PEPRa, the minimum employer contribution rate is the normal cost. Accordingly, the employer contribution rate for the coming fiscal year of July 1, 2013 to June 30, 2014 is 38.381 percent.

JRF

Contributions made by the State of California to the JRF are made pursuant to State statute and are not actuarially determined; however, an actuarial valuation of the JRF assets and liabilities is performed every year and is used by CalPERS to make recommendations for financing the JRF. The California law, effective January 1, 2004, eliminated the requirement that the JRF be funded and actuarially sound. Recommendations to achieve the necessary level of contributions have been submitted by the Board to the Legislature.

As of June 30, 2013, funding was provided from the following sources to meet benefit payment requirements:

- **Member Contributions** — 8 percent of applicable member compensation
- **Employer Contributions** — 8 percent of applicable member compensation (contributions of 8 percent are also made for retired judges who return to court)
- **Filing Fees** — Varying amounts depending on fee rate and number of filings
- **Investments** — Current yield on short-term investments
- **State of California “Balancing Contributions”** — An amount required by the Judges’ Retirement Law, at least equal to the estimated benefits payable during the ensuing fiscal year less the sum of 1) the estimated member contributions during the ensuing fiscal year and; 2) net position available for benefits at the beginning of the fiscal year

Under the “pay-as-you-go” basis, short-term investments, as well as contributions received during the year and a State General Fund augmentation, are used to provide funding for benefit payments. This funding method is generally more expensive in the long-term, as the fund does not have investment returns generated by a funded plan. Without the State General Fund augmentation, the JRF will not be able to pay the accumulated benefit payments due in 2014. Management and legal counsel believe the State of California is legally required to provide these required contributions to fund the benefits.

For the fiscal year ended June 30, 2013, the actual contributions made by the State to the JRF were approximately \$161.9 million, which is significantly less than the actuarially determined annual required contribution of approximately \$1.5 billion.

Because current contributions are used to make benefit payments, the fund does not retain the accumulated contributions of active members. The cumulative contributions for all currently active members since inception were approximately \$99.9 million at June 30, 2013, which exceeded Net Position Held in Trust for Pension Benefits by approximately \$46.1 million at June 30, 2013.

JRF II

Actuarial valuations for the JRF II are required to be carried out annually. The legislated State contribution rate will be adjusted periodically as part of the annual Budget Act in order to maintain or restore the actuarial soundness of the fund. The last actuarial valuation was performed as of June 30, 2012.

For the fiscal year ended June 30, 2013, the statutory employer contribution rate was 22.837 percent based on the June 30, 2011 actuarial valuation. Therefore, for the fiscal year ended June 30, 2013, the contributions made by the State to the fund were approximately \$54 million, which is less than the actuarially determined required contributions of approximately \$55.6 million.

CERBTF

Actuarially determined contributions for the CERBTF are based on actuarial valuations that are conducted at least biennially by outside actuarial firms engaged by participating employers. Contributions to the CERBTF are elective and not required. OPEB valuations are prepared using actuarial assumptions and methods that comply with Actuarial Standards of Practice and with Governmental Accounting Standards and include an assumption for health care cost trend rate. The actuarial valuation estimates the cost of future health and other post-employment benefit insurance premiums for current and retired participating employees. Employers with less than 100 plan members may use the alternative measurement method as permitted by GASB Statement No. 57.

The total Fiscal Year 2012-13 actual net OPEB employer contributions from 373 participating employers representing 376 OPEB plans was \$1.03 billion, compared to the actuarially determined annual required contribution of 12.7 percent of covered payroll, or \$1.3 billion. This amount includes the \$441.7 million in contributions made to the CERBTF, plus an additional \$589.9 million in retiree health care premiums paid by employers directly to providers,

implicit rate subsidies, and other GASB Statement No. 45 compliant costs recognized by employers as contributions toward the Annual Required Contribution (ARC). CERBTf actuarial valuations are based upon plan benefits in effect at the time of the valuations, either defined by the employer or by the Public Employees Hospital Care Act (PEMHCA), for employers participating in that program. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of future employer and employee cost sharing.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATION

The State of California (the State), as an employer, provides retired State employees with certain post-employment benefits, such as health care and dental benefits, under a single-employer defined benefit plan. As a state agency, CalPERS provides funding for the State's OPEB benefits. CalPERS funding is based on the amount determined by the State on a pay-as-you-go basis. The State does not issue a stand-alone financial report for the OPEB plan.

To be eligible for these benefits, a first-tier plan State employee must retire on or after age 50 with at least five years of service, and second-tier plan employee must retire on or after attaining age 55 with at least 10 years of service. In addition, an employee must retire within 120 days of separation from employment to be eligible to receive these benefits. CalPERS recognizes the cost of providing these benefits to State retirees on a pay-as-you-go basis during the year, and at year-end CalPERS records its share of the net OPEB obligation as determined by the most recent State of California actuarial valuation report as of June 30, 2012 based on the pay-as-you-go funding scenario.

CalPERS recognizes the cost of providing these benefits to State retirees on a pay-as-you-go basis during the year, and at year-end CalPERS records its share of the net OPEB obligation as determined by the most recent State of California actuarial valuation report as of June 30, 2012 based on the pay-as-you-go funding scenario.

The costs of these benefits on a pay-as-you-go basis are reported in the administrative expense line item in the statement of changes in fiduciary net position and statement of revenues, expenses, and changes in net position.

Notes to the Basic Financial Statements (continued)

For the fiscal year ended June 30, 2013, the costs of these benefits were as follows for the respective funds:

OPEB Costs (Dollars in Thousands)

Fund	Amount
PERF	\$38,573
LRF	54
JRF	157
JRF II	94
CERBTf	238
HCF	1,683
CRF - Proprietary Fund	3,596
TOTAL	\$44,395

The State's most recent actuarial valuation report as of June 30, 2012 reported, based upon a pay-as-you-go scenario, the State's actuarial accrued liabilities associated with the State employees' post-employment benefits of \$63.9 billion as of June 30, 2012, an annual OPEB cost of \$5.0 billion, estimated net employer contributions of \$1.8 billion, and an expected Net OPEB Obligation of \$16.1 billion as of and for the fiscal year ended June 30, 2013. CalPERS is a component unit of the State and CalPERS participates in the State's plan as a single-employer plan. CalPERS allocated shares of the Net OPEB Obligation as of June 30, 2013 were as follows for the respective funds:

Net OPEB Obligations (Dollars in Thousands)

Fund	Amount
PERF	\$113,174
LRF	158
JRF	422
JRF II	247
CERBTf	400
HCF	5,636
CRF - Proprietary Fund	11,155
TOTAL	\$131,192

The Net OPEB Obligation is reported as other program liability in the statement of fiduciary net position, and is reported as OPEB Obligation in the statement of net position—proprietary funds.

The actuarial report for OPEB, including a description of benefits, may be obtained by writing to the Office of State Controller, P.O. Box 942850, Sacramento, CA 94250-5872, or by visiting the State Controller's web site at www.sco.ca.gov.

7. HEALTH CARE FUND

Estimated Liabilities

The Public Employees' Health Care Fund (HCF) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been "incurred but not reported" (IBNR). The estimated medical claims liability was calculated by Anthem Blue Cross, the HCF's third-party administrator, at June 30, 2013, using a variety of actuarial and statistical techniques and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability of \$215.9 million is carried at its face amount, and no interest discount is assumed. The IBNR portion represents an estimate for claims that have been incurred prior to June 30, 2013, but have not been reported to the HCF. The total estimated claims at the end of the 2012-13 Fiscal Year also includes \$65.4 million, which is reported as insurance premiums and claims payable liability in the statement of net position.

Anticipated Investment Income and Reinsurance

Anticipated investment income is included in the annual premium requirement for HCF members. Also, the HCF has not entered into any reinsurance or excess insurance agreements.

The following schedule represents changes in the aggregate estimated claims liabilities of the HCF for the fiscal years ended June 30, 2013 and 2012.

Notes to the Basic Financial Statements (continued)

Changes in the Aggregate Estimated Claims Liabilities of the HCF for PERSCare, PERS Choice and PERS Select

(Dollars in Thousands)

For the Year Ended June 30	2013	2012
TOTAL ESTIMATED CLAIMS AT BEGINNING OF FISCAL YEAR	\$233,390	\$279,160
INCURRED CLAIMS & CLAIM ADJUSTMENT EXPENSES		
Provision for Insured Events of Current Fiscal Year	\$1,921,957	\$1,816,245
Decrease in Provision for Insured Events of Prior Years	(81,094)	(88,014)
Total Incurred Claims & Claim Adjustment Expenses	\$1,840,863	\$1,728,231
PAYMENTS		
Claims & Claim Adjustment Expenses Attributable to Insured Events of Current Fiscal Year	\$1,640,709	\$1,625,692
Claims & Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Year	152,296	148,308
Total Payments	\$1,793,005	\$1,774,000
TOTAL ESTIMATED CLAIMS AT END OF FISCAL YEAR	\$281,248	\$233,390

8. LONG-TERM CARE FUND

The Public Employees' Long-Term Care Fund (LTCF) estimate of the funding level to provide for the payment of future claim benefits is projected based on actual membership levels.

The LTCF establishes the liability for future policy benefits based on the present value of future benefits and expenses less the present value of future premiums. The liability for future policy benefits was calculated by CalPERS Actuarial Office, LTC actuary, using a variety of actuarial and statistical techniques as part of the actuarial review as of June 30, 2013. The actuarial valuations are very sensitive to the underlying actuarial assumptions, including a discount rate of 5.75 percent, morbidity, and voluntary termination. In Fiscal Year 2012-13, the morbidity experience was similar to what was estimated, the policy termination was higher than anticipated, and the actual investment return was lower than expected.

The total estimated liability for future policy benefits as of June 30, 2013 was \$3.0 billion. Of that amount, \$216.5 million is expected to be paid in Fiscal Year 2013-14.

9. PERF, LRF, JRF, JRF II, AND CERBTFFUNDED STATUS

The following represents the funded status of the CalPERS pension trust funds and the post-employment health care fund as of June 30, 2012. These actuarial valuations involve estimates of the value and probability assumptions of events far into the future, and these amounts and assumptions are subject to continual revision as actual results are compared

to past expectations. Calculations are based on the benefits provided under the terms of the plan in effect and the pattern of cost sharing between employees and the employer. The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing. These actuarial calculations reflect long-term perspectives and use techniques that are designed to reduce short-term volatility.

Funded Status¹ of the PERF, LRF, JRF, JRF II, and CERBTFF (Dollars in Millions)

Fund	Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) - (Funding Excess) (3) = (2) - (1)	Funded Ratio (1) ÷ (2)	Annual Covered Payroll (4)	UAAL/(Funding Excess) as a % of Covered Payroll (3) ÷ (4)
PERF ²	6/30/12	\$282,991	\$340,429	\$57,438	83.1 %	\$42,599	134.8 %
LRF	6/30/12	124	109	(15)	113.8	2	(750.0)
JRF	6/30/12	73	3,172	3,099	2.3	69	4,491.3
JRF II	6/30/12	668	703	35	95.0	231	15.2
CERBTFF ⁴	6/30/12 ³	2,072	17,612	15,540	11.8	11,175	139.1

Notes:

- 1 The Schedule of Funding Progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. Market value of asset information is included in the Schedule of Funding Progress as part of the Required Supplementary Information on page 82-83.
- 2 These figures are not final, however the final numbers are not expected to be materially different.

- 3 The June 30, 2012 data represents the rolled forward and backward data based on the actuarial information from 366 OPEB valuations with the measurement date as of June 30, 2011 or later and 10 OPEB valuations with an earlier measurement date, applying methods allowed under Actuarial Standards of Practice and under Generally Accepted Accounting Principles.
- 4 CERBTFF actuarial accrued liability as of June 30, 2012 was based on the OPEB assumption model, which allowed only the Entry Age Normal or Projected Unit Credit actuarial cost method. In August 2012, the CalPERS Board removed requirements of specific assumption values and methods. For any OPEB valuation report with a measurement date after August 15, 2012, the OPEB assumption model allows the use of any actuarial cost method that complies with Actuarial Standards of Practice and with Governmental Accounting Standards. The Actuarial Accrued Liability (AAL) reported for the CERBTFF represents aggregated liabilities calculated under any allowable cost method.

Notes to the Basic Financial Statements (continued)

Actuarial Information | Assumptions and Methods Used in the Most Recent Actuarial Valuations

	PERF	LRF	JRF	JRF II	CERBTf
Funded Status Valuation Date	June 30, 2012 ²	June 30, 2012 ²	June 30, 2012 ²	June 30, 2012 ²	June 30, 2012
Adoption Date	Various	Various	Various	Various	—
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Entry Age Normal or Projected Unit Credit
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar	Level Percentage of Payroll	Varies ³
Amortization Approach	Closed (Open for Gains and Losses) ⁹	Closed	Closed	Closed (Open for Gains and Losses)	Varies ⁴
Remaining Amortization Period	Schools 20 years; Public Agencies, average 21 years; State plans 18 to 23 years	30 Years	Average of 2 Years	Average of 16 Years	30 Years ⁵
Asset Valuation Method	Smoothing of Market Value	Smoothing of Market Value	Market Value	Smoothing of Market Value	Varies ⁶
ACTUARIAL ASSUMPTIONS					
Net Investment Rate of Return	7.50%	5.75%	4.25%	7.00%	6.39% – 7.61% ⁷
Projected Salary Increases ¹	Varies, based on duration of service	3.00%	3.00%	3.00%	3.25% ⁸
Post Retirement Benefit Increase	For State and Schools, 2% or 3% compounded annually For Public Agencies, 2.00% or 2.75% compounded annually, depending on the agency plan provisions	2.75%	3.00%	2.75%	—
HEALTH CARE COST TREND RATES:					
Select Period	—	—	—	—	0 – 10 Years
Initial Rate	—	—	—	—	4.00 – 12.00%
Ultimate Rate	—	—	—	—	4.00 – 6.00%

Notes:

- Please refer to *Exhibit C: Sample Pay Increase Assumptions for Individual Members* in the Actuarial Section.
- The June 30, 2012 actuarial valuations for the LRF, JRF, JRF II, State and Schools were used to set the ARC for the Fiscal Year 2013-14, while the June 30, 2012 actuarial valuations for the public agencies set the ARC for Fiscal Year 2014-15.
- The employers used either a level dollar or level percentage of payroll for their amortization method.
- The employers were able to use both open and closed amortization approaches.
- For a significant majority of the valuations, the unfunded liability was amortized over 30 years; the remainder used periods that ranged between one year and 29 years.
- Most valuations used the current market value of assets and a few used the smoothing market value of assets.
- The net investment rate of return shown in the table above reflects the expected returns of the three portfolios. Employers who expect to not fully fund the ARC in future years use a weighted rate of return that is blended with the employer's expected return on general unrestricted assets.
- While the significant majority of valuations utilized a 3.25 percent projected salary increase assumption, some valuations used a somewhat lower rate.
- Gains and Losses are amortized over a rolling 30 years, except for Fiscal Years 2008-09 through 2010-11. Gains and Losses for Fiscal Years 2008-09 through 2010-11 are amortized over a fixed 30 year period.

Notes to the Basic Financial Statements (continued)

Actuarial Information | Assumptions and Methods Used in the Actuarial Valuations in Development of the Fiscal Year 2013 ARC

	PERF	LRF	JRF	JRF II	CERBTf
ARC Valuation Date	June 30, 2011: State and Schools June 30, 2010: Public Agencies	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011 ⁸
Adoption Date	Various	Various	Various	Various	—
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Entry Age Normal or Projected Unit Credit
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar	Level Percentage of Payroll	Varies ²
Amortization Approach	Closed (Open for Gains and Losses) ⁹	Closed	Closed	Closed (Open for Gains and Losses)	Varies ³
Remaining Amortization Period	Schools 29 years; Public Agencies, average 21 years; State plans 23 to 28 years	30 Years	Average of 2 years	Average of 19 years	30 Years ⁴
Asset Valuation Method	Smoothing of Market Value	Smoothing of Market Value	Market Value	Smoothing of Market Value	Varies ⁵
ACTUARIAL ASSUMPTIONS					
Net Investment Rate of Return	Public Agencies 7.75% State and Schools 7.50%	5.75%	4.25%	7.00%	6.39% – 7.61% ⁶
Projected Salary Increases ¹	Varies, based on duration of service	3.00%	3.00%	3.00%	3.25% ⁷
Post Retirement Benefit Increase	For State and Schools, 2% or 3% compounded annually For Public Agencies, 2% or 3% compounded annually, depending on the agency plan provisions	2.75%	3.00%	2.75%	—
HEALTH CARE COST TREND RATES:					
Select Period	—	—	—	—	0 – 10 Years
Initial Rate	—	—	—	—	4.00 – 12.00%
Ultimate Rate	—	—	—	—	4.00 – 6.00%

Refer to page 76 for corresponding footnote explanations.

Notes to the Basic Financial Statements (continued)

Refer to the table on page 75 for corresponding footnotes.

Notes:

- 1 Includes inflation at 2.75 percent for State and Schools and 3.00 percent for Public Agencies.
- 2 The employers used either a level dollar or level percentage of payroll for their amortization method.
- 3 The employers were able to use both open and closed amortization approaches.
- 4 For a significant majority of the valuations, the unfunded liability was amortized over 30 years; the remainder used periods that ranged between one year and 29 years.
- 5 Most valuations used the current market value of assets and a few used the smoothing market value of assets.
- 6 In March 2011, the Board increased the number of CERBTf investment portfolios from one to three, and allowed a Margin for Adverse Deviation in the associated discount rate for OPEB valuations dated after June 15, 2011. The net investment rate of return shown in the table above reflects the expected returns of the three portfolios. Employers who expect to not fully fund the ARC in future years use a weighted rate of return that is blended with that employer's expected return on general unrestricted assets.
- 7 While the significant majority of valuations utilized a 3.25 percent projected salary increase assumption, some valuations used a somewhat lower rate.
- 8 The CERBTf ARC for the fiscal year ended June 30, 2013 was primarily derived from OPEB valuations as of June 30, 2011.
- 9 Gains and Losses are amortized over a rolling 30 years, except for Fiscal Years 2008-09 through 2010-11. Gains and Losses for Fiscal Years 2008-09 through 2010-11 are amortized over a fixed 30 year period.

10. COMMITMENTS TO FUND PARTNERSHIPS

At June 30, 2013, CalPERS total capital commitments to fund partnerships was \$93.7 billion. Of this amount, \$20.5 billion remained unfunded and is not recorded on the CalPERS statement of fiduciary net position. Certain unfunded commitments for real assets are subjected to annual approval. The following table depicts the total commitments and unfunded commitments, respectively, by asset class.

Total Commitments and Unfunded Commitments to Fund Partnerships by Asset Class (Dollars in Thousands)

Asset Class	Total Commitments	Unfunded Commitments
Equity (Corporate Governance)	\$4,042,710	\$15,176
Real Assets	31,444,431	8,043,312
Private Equity	58,179,979	12,396,698
TOTAL	\$93,667,120	\$20,455,186

11. CONTINGENCIES

CalPERS has entered into agreements with a number of issuers of non-taxable debt to provide payment of principal and interest in the event of issuer non-payment. CalPERS is paid an annual fee over the term of the agreement for each transaction. The majority of the transactions are secured, with additional support from letters of credit from banks or bond insurers for repayment. As of June 30, 2013, the credit enhancement program had contingent liabilities of approximately \$1.5 billion and net fee income of approximately \$9.3 million.

CalPERS participates, as lender, in asset-based lending transactions, which is secured debt that is loaned primarily to non-investment grade borrowers for mostly working capital, acquisitions, turnarounds, growth financing, debtor-in-possession financing, exit financing, and corporate recapitalization/reorganizations. Collateral consists primarily of accounts receivable and/or inventory. Although borrowers are not required to borrow (draw down) the total committed loan amount they must pay fees (unused fees) based on the unfunded amounts, interest on any funded amounts, and fees on any letter of credits that are issued. Usually the terms of these loans are no greater than five years. In exchange for providing these

loans, CalPERS receives interest and fees from the borrowers. Interest is based on Prime or LIBOR plus a margin. For the 2012-13 Fiscal Year, interest and fee income earned was roughly \$5.3 million, and as of June 30, 2013, \$236 million was committed by CalPERS and the total outstanding loan balance was zero.

CalPERS is a defendant in litigation involving individual pension and health benefit payments and participant eligibility issues arising from its normal activities. In the event of an adverse decision, any payments awarded by the courts would be recovered by CalPERS through prospective adjustments to the employer contribution rate. CalPERS is involved in litigation relating to various matters. During the fiscal year, two specific cases arose that could potentially impact the future financial health of funds administered by CalPERS.

In the case of *Sanchez, Elma et al. v. CalPERS*, plaintiffs claim that CalPERS breached its contract with the long-term care purchases by allegedly promising that long-term care premiums would never increase during the lifetime of the purchase, but then increasing the premiums and failing to continue the Inflation Pretention Benefit without an increase in premiums. The case was brought as a class action. CalPERS filed a demurrer to the Complaint on October 2013. The hearing date on this will not be set until after the first case management conference is held. The LTCF could be negatively impacted depending on the outcome of this litigation.

In the case of *Staniforth, et al. v. Judges Retirement System (JRS)*, plaintiffs claim that the retired judges have not been paid correctly under the holding in the California Supreme Court case of *Olson v. Cory* 27 Cal. 3d 738 (1980). This case was brought as a petition for Writ of Mandate and Complaint for Declaratory Relief. The JRS' demurrer was sustained without leave to amend and judgment was entered in the JRS' favor in April 2013. The *Olson v. Cory* claims are now on appeal, with a decision from the Fourth District Court of Appeal likely to be issued with the next three to six months. The judges retired from the closed JRF. Any additional funds to be paid out as a result of this litigation would need to be appropriated by the Legislature and come from the State's General Fund.

The amount of potential loss or range of loss on either of these cases is not estimable at this time due to the many unknowns and complexities.

12. FUTURE ACCOUNTING PRONOUNCEMENTS

Statements No. 67 and No. 68 of the Governmental Accounting Standards Board

In June 2012, GASB approved Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. GASB Statement No. 67 addresses reporting by pension plans that administer benefits for governments, and is effective for financial statements for periods beginning after June 15, 2013. GASB Statement No. 68, which primarily relates to reporting by governments that provide pensions to their employees is effective for fiscal years beginning after June 15, 2014. These standards were subsequently published in August 2012.

Key changes include:

- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer's past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies to: (a) the expected long-term rate of return on pension plan investments to projected benefit payments for which plan assets are expected to be available to make projected benefit payments; and (b) the interest rate on a tax-exempt 20-year AA/Aa-or higher rated municipal bond index to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Requiring more extensive note disclosures and required supplementary information.

The System will be subject to the provisions of GASB Statement No. 67 beginning with the fiscal year ending June 30, 2014. GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB

Statement No. 67 builds upon the existing framework for financial reports of defined benefit pension plans and enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. In addition, it requires the presentation of new information about the annual money-weighted rates of return on pension plan investments in the notes to the financial statements and in 10-year required supplementary information schedules.

CalPERS is evaluating the impact of new GASB standards and expects that related communications with participating employers will require significant effort.

13. SUBSEQUENT EVENTS

A. California Public Employees' Pension Reform

Pension Reform Act Clarifications. In October 2013, Senate Bill No. 13 was signed into law by the Governor. This legislation amends the Public Employees' Pension Reform Act of 2013 (PEPRA) to correct or clarify several provisions, including those related to new judges' retirement benefits. It requires that new judges are subject to an employee contribution rate of at least 50 percent of the normal cost. It corrected a requirement that new judges are not subject to the PEPRA retirement formulas. It clarifies that accumulated additional contributions will be used to calculate one of the benefit options for CalPERS safety members eligible for industrial disability retirement benefits and who retire on or after January 1, 2013.

PEPRA Exceptions: Transit Employees. In October 2013, Assembly Bill No. 1222 was signed into law by the Governor. This legislation exempts California transit employees of public employers from all of the provisions of the Public Employees' Pension Reform Action of 2013 (PEPRA), until January 1, 2015, or until a court determines that the PEPRA does not violate specified federal transit labor laws, whichever is sooner. If a court determines that PEPRA does violate federal transit labor laws, this exemption would continue indefinitely.

B. Local Government Bankruptcies

As of September 30, 2013, the cities of San Bernardino and Stockton filed for financial relief under Chapter 9 of the Federal Bankruptcy Code in the prior year and are still seeking relief. The city of Mammoth Lakes has resolved their bankruptcy issues. Both local governments provide retirement

benefits through CalPERS. As such, these entities are obligated by the state and federal constitution to make contributions to CalPERS for the pension benefits of their employees. One of these governments met its pension obligations and remitted annual contributions during the fiscal year 2012-2013, whereas the other local government ceased paying their annual contributions for a period of time during the year and was approximately \$14 million in arrears as of June 30, 2013. Both local governments have been found to be eligible to be debtors under Chapter 9. The rulings granting bankruptcy protection occurred on April 1, 2013, and as of August 28, 2013, the latter is under appeal. These local governments have yet to obtain bankruptcy confirmation of their final bankruptcy plans, and therefore the outcome and impact of the bankruptcy proceedings at these stages of the cases are unknown.

C. State Peace Officers' and Firefighters' Defined Contribution Plan Closure

In October 2013, Senate Bill No. 277 was signed by the Governor. This legislation terminates the State Peace Officers' and Firefighters' Defined Contribution Plan (Plan) on January 1, 2014 or upon specified Internal Revenue Service (IRS) approvals, whichever is later. It prohibits new participants in the Plan, requires the cessation of all contributions into the Plan, allows rollovers into the CalPERS Supplemental Contributions Program and other specified means of asset distribution, and discharges the CalPERS Board from liability and responsibility upon Plan assets distribution.

D. Implementation of Flex-Funded Health Maintenance Organization Plans

Health Maintenance Organization plans (HMOs) must obtain a license by the Department of Managed Health Care (DMHC), which oversees and regulates HMOs by means of the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act). Regardless of how CalPERS may fund an HMO, an HMO ultimately bears the risk for paying monthly provider costs under the Knox-Keene Act for DMHC purposes.

Up through this calendar year, all CalPERS HMOs have been funded by an upfront, pre-paid set amount

corresponding to all health care services covered by the HMO. Accordingly, these HMOs have been able to retain and potentially earn interest on any part of the premium dollar in excess of the cost of covered services provided during a given year.

On April 17, 2013, the Board approved flex-funded HMOs for the 2014 plan year. Starting January 1, 2014, all CalPERS HMO plans, except the Kaiser Permanente HMO, will be flex-funded. Flex-funded plans generally have a capitation component, i.e., an upfront, pre-paid set amount, for a corresponding set of services; and a self-funded component for a corresponding set of services, sometimes referred to as fee-for-service. Capitated payments are generally paid to primary care physicians, medical groups and in some instances, hospitals for providing a delineated set of services required by the Knox-Keene Act. The self-funded fee-for-service payments are generally paid to hospitals and specialists.

In 2014 and beyond, CalPERS will be able retain any excess premium dollar set aside for fee-for-service payments remaining after all fee-for-services payments are remitted. This excess premium and any earned interest may be used to help lower future health benefit plan premiums. Other potential benefits of flex-funding are the expected ease of risk-adjusting premiums; management and investment of claims reserves; improved transparency; consolidation of pharmacy benefits for several plans; and possible mitigation of health care cost inflation for the State of California.

CalPERS will pay the capitated fixed payments component of the premium for public agencies from the Contingency Reserve Agency Fund (CRF) in accordance with Government Code section 22910, and the fee-for-service payments component of the premium from the Health Care Fund (HCF), in accordance with Government Code section 22911. The capitated fixed payments component of the premium for the State will be paid from a Special Deposit Fund and the fee-for-service payments from the HCF.

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Financial Section:

Required Supplementary Information

- 82 Schedule of Funding Progress — Pension and OPEB Trust Funds (Unaudited)
- 85 Schedule of Employer Contributions — Pension and OPEB Trust Funds (Unaudited)
- 86 Schedule of Claims Development Information (Unaudited)

Schedule of Funding Progress – Pension and OPEB Trust Funds (Unaudited)

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) – Entry Age (2)	Unfunded AAL(UAAL) (AVA Basis) (2) - (1)	Funded Ratio - Actuarial Value of Assets Basis (1) ÷ (2)
PERF				
6/30/07	\$216,484	\$248,224	\$31,740	87.2 %
6/30/08	233,272	268,324	35,052	86.9
6/30/09	244,964	294,042	49,078	83.3
6/30/10	257,070	308,343	51,273	83.4
6/30/11 ⁸	271,389	328,567	57,178	82.6
6/30/12	282,991	340,429	57,438 ²	83.1
LRF ^{3,7}				
6/30/07	\$142	\$102	(\$40)	139.2 %
6/30/08	142	103	(39)	137.9
6/30/09	134	112	(22)	119.6
6/30/10	127	112	(15)	113.4
6/30/11 ⁸	126	109	(17)	115.6
6/30/12	124	109	(15)	113.8
JRF ^{3,4}				
6/30/07	\$12	\$2,714	\$2,702	0.4 %
6/30/08	19	3,607	3,588	0.5
6/30/09	41	3,583	3,542	1.1
6/30/10	64	3,429	3,365	1.9
6/30/11 ⁸	54	3,297	3,243	1.6
6/30/12	73	3,172	3,099	2.3
JRF II				
6/30/07	\$268	\$295	\$27	90.8 %
6/30/08	335	367	32	91.3
6/30/09	379	451	72	84.0
6/30/10	461	521	60	88.5
6/30/11 ⁸	561	610	49	92.0
6/30/12	668	703	35	95.0
CERBTf ⁹				
6/30/07	\$11	\$24	\$13	45.8 %
6/30/08	48	4,845	4,797	1.0
6/30/09 ⁵	873	10,462	9,589	8.3
6/30/10 ⁶	1,287	14,288	13,001	9.0
6/30/11	1,818	15,522	13,704	11.7
6/30/12	2,072	17,612	15,540	11.8

Refer to page 84 for corresponding footnote explanations.

Schedule of Funding Progress – Pension and OPEB Trust Funds (Unaudited) (continued)

Annual Covered Payroll (3)	UAAL as a % of Covered Payroll [(2)-(1)] ÷ (3)	Market Value of Assets (4)	Unfunded AAL (UAAL) (MVA Basis) (2) - (4)	Funded Ratio – Market Value of Assets Basis ¹ (4) ÷ (2)
\$40,864	77.7 %	\$251,162	(\$2,938)	101.2 %
44,236	79.2	238,041	30,283	88.7
45,100	108.8	178,860	115,182	60.8
44,984	114.0	201,632	106,711	65.4
43,901	130.2	241,740	86,827	73.6
42,599	134.8	236,800	103,629	69.6
\$2	(2,000.0) %	\$142	(\$40)	139.2 %
2	(1,950.0)	134	(31)	130.1
2	(1,100.0)	112	—	100.0
2	(750.0)	114	(2)	101.8
2	(850.0)	124	(15)	113.8
2	(750.0)	123	(14)	112.8
\$119	2,270.6 %	\$12	\$2,702	0.4 %
111	3,232.4	19	3,588	0.5
97	3,651.5	41	3,542	1.1
86	3,912.8	64	3,365	1.9
76	4,267.1	54	3,243	1.6
69	4,491.3	73	3,099	2.3
\$156	17.3 %	\$291	\$4	98.6 %
175	18.3	325	42	88.6
199	36.2	316	135	70.1
213	28.2	422	99	81.0
230	21.3	576	34	94.4
231	15.2	655	48	93.2
\$37	35.1 %	\$11	\$13	45.8 %
5,092	94.2	48	4,797	1.0
9,307	103.0	845	9,617	8.1
10,435	124.6	1,287	13,001	9.0
10,374	132.1	1,864	13,658	12.0
11,175	139.1	2,077	15,535	11.8

Schedule of Funding Progress – Pension and OPEB Trust Funds (Unaudited) (continued)

Refer to the table on pages 82-83 for corresponding footnotes.

Notes:

- 1 The funded status on a market value of assets basis is reported since it represents the true measure of the plan's ability to pay benefits at a given point in time. The actuarial value of assets is used only for purposes of setting the employer contribution rates and keeping them as smooth as possible from year to year. The unfunded liability and funded status on an actuarial value of assets basis represent the unfunded liability/(surplus) that was taken into account when establishing employer rates.
- 2 The Unfunded Actuarial Accrued Liability (the total Actuarial Liability in excess of Actuarial Value of Assets) of the PERF by the major employer group from the June 30, 2012 valuation is as follows, in billions: 1) \$28,200 for the State of California, 2) \$5,600 for schools, and 3) \$23,638 for public agencies.
- 3 Beginning with the June 30, 2007 actuarial valuation, CalPERS is complying with GASB Statement No. 50, which requires the funding progress to be disclosed using the Entry Age Actuarial Cost Method. The actuarial funding method was changed from the Aggregate Funding Method to the Entry Age Normal Funding Method for the LRF and JRF as of June 30, 2011 and June 30, 2010, respectively.
- 4 The actuarial assumption for the investment rate of return was reduced from 7.0 percent in the June 30, 2007 valuation to 4.5 percent in the June 30, 2008 valuation to reflect the funding of the JRF on a pay-as-you-go basis.
- 5 The amounts previously reported as of June 30, 2009 in the Fiscal Year 2008-09 financial statements were revised to reflect the valuation results for new plan participants and to align the valuation dates of all plan participants. The revised data reflects the individual actuarial valuations of 258 employers participating in the CERBTf as of June 30, 2010, aligned to a measurement date of June 30, 2009 in compliance with GASB Statement No. 57.
- 6 Beginning with reporting for the 2010-11 fiscal year, valuation results from CERBTf participating employers are aligned as of a single measurement date to comply with GASB Statement No. 57. Data is rolled forward or backwards to that date by CalPERS staff, using methods allowed under Actuarial Standards of Practice and under Generally Accepted Accounting Principles.
- 7 The investment return assumption for the LRF was reduced from 7 percent to 6 percent for the June 30, 2010 valuation to reflect the change in the asset allocation strategy adopted by the Board in April 2011.
- 8 At the March 2012 meeting, the Board approved a recommendation to lower the inflation assumption from 3.00 percent to 2.75 percent. Consequently, the CalPERS discount rate assumption, or the rate of investment return, was lowered by 0.25 percent. The rates of investment return for the PERF, LRF, JRF, and JRF II are now 7.50 percent, 5.75 percent, 4.25 percent, and 7.00 percent, respectively. At the April 2012 meeting, the Board approved a recommendation to phase-in the employer contribution rate increases for the PERF over a period of two years.
- 9 Actuarial Accrued Liabilities (AAL) with a measurement date prior to August 2012 were based on the OPEB assumption model, which allowed only the Entry Age Normal or Projected Unit Credit actuarial cost method. In August 2012, the CalPERS Board removed requirements of specific assumption values and methods so that liabilities can be measured using any actuarial cost method that complies with Actuarial Standards of Practice and with Governmental Accounting Standards.

Schedule of Employer Contributions – Pension and OPEB Trust Funds (Unaudited)

Year Ended June 30	PERF Employer Contributions		LRF Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
2008	\$7,242,802,002	100.0	\$0 ²	0
2009	6,912,376,563	100.0	— ²	—
2010	6,955,049,078	100.0	— ²	—
2011	7,465,397,498	100.0	— ²	—
2012	7,772,912,572	100.0	— ²	—
2013	7,988,036,866 ¹	101.7	129,524 ³	61.6

Notes:

- The 2011 actuarial valuation was used to set the Fiscal Year 2012-13 PERF Annual Required Contributions for the State and Schools. The 2010 actuarial valuations were used to set the Fiscal Year 2012-13 Annual Required Contributions for Public Agencies. The State contributed more than the ARC in Fiscal Year 2012-13 because it did not use the phase-in schedule that the Board adopted for the June 30, 2011 assumption changes.
- Based on the June 30, 2010, 2009, 2008, 2007, and 2006 actuarial valuations, the annual required contributions for the years ended June 30, 2012, 2011, 2010, 2009, and 2008 were \$0.
- In the June 30, 2011 actuarial valuation, the actuarial funding method was changed from the Aggregate Funding Method to the Entry Age Normal Funding Method. This funding method change along with the Board's minimum contribution policy resulted in an employer contribution rate effective July 1, 2012 for the first time in many years. In addition, this positive employer contribution rate resulted in the resumption of member contributions.

Year Ended June 30	JRF Employer Contributions		JRF II Employer Contributions		CERBT Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made ³
2008	\$623,532,045	26.2	\$31,673,544	116.1	\$450,827,057 ²	174.5
2009	790,911,681	24.1	42,944,106	92.0	611,607,510 ²	95.7
2010	1,167,007,021	15.9	44,758,633	95.2	870,842,132 ²	76.9
2011	1,262,446,956	13.3	50,949,124	105.7	1,141,450,654 ^{2,5}	65.6
2012	1,366,702,281 ¹	14.4	53,144,136	101.1	1,221,939,827 ⁵	63.2
2013	1,467,053,208 ⁴	11.0	55,638,700 ⁴	97.1	1,342,067,800 ⁵	73.1

Notes:

- Starting with Fiscal Year 2011-12, the ARC is determined using the Individual Entry Age Normal Method. Prior to Fiscal Year 2011-12, the Aggregate Cost Method was used to determine the ARC.
- The Fiscal Years 2007-08, 2008-09, 2009-10 and 2010-11 contributions made toward the ARC excludes \$48.9 million, \$10.4 million, \$4.4 million, and \$9.9 million, respectively, that were contributed to the CERBT, but were treated as pre-existing assets for purposes of calculating the ARC.
- The required contributions made include retiree health premiums paid directly to health carriers, OPEB related administrative costs paid outside the CERBT, and implicit rate subsidy.
- The 2011 valuation was used to determine the Fiscal Year 2012-13 Annual Required Contributions for the JRF and JRF II.
- The CERBT for the 2010-11, 2011-12 and 2012-13 Fiscal Years includes amounts from some employers who had not yet begun making contributions to the trust at the time of the respective reporting periods. Had they been excluded, the reported ARCs would have been \$916.9 million, \$969.9 million and \$1.1 billion, respectively, and the contributions made toward the ARCs would represent 73.0 percent, 70.3 percent and 80.5 percent of the respective ARCs.

Schedule of Claims Development Information (Unaudited)

The table on the next page presents the Health Care Fund's (HCF) earned revenues and investment income, as well as losses and other expenses over the last 10 years. Rows one through six contain the following information:

1. This line shows the total earned premium revenues and investment revenues for each fiscal year.
2. This line shows other HCF operating costs, including overhead and claims expense not allocable to individual claims, for each fiscal year.
3. This line shows the HCF's incurred claims and allocated claim adjustment expenses (both paid and accrued) as reported at the end of the policy year. The policy year is the first year in which the triggering event under the contract occurred.
4. This section shows the cumulative amounts paid as of the end of each policy year and years succeeding the policy year.
5. This section shows re-estimated incurred claims as of the end of each policy year and years succeeding the policy year. Re-estimates are based on new information received on known claims, as well as information on new claims not previously reported.
6. This line compares the amount of the re-estimated incurred claims to the amount initially established (line 3), and shows whether the re-estimate is greater or less than projected. As data mature for individual policy years, the correlation between initial estimates and re-estimates is used to evaluate the accuracy of incurred claims currently recognized.

Schedule of Claims Development Information (Unaudited) (continued)

Public Employees' Health Care Fund — June 30, 2013 (Dollars in Thousands)

	Fiscal and Policy Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1) Net Earned Required Premium & Investment Revenues	\$1,048,042	\$1,115,172	\$1,229,239	\$1,410,888	\$1,543,643	\$1,608,738	\$1,409,621	\$1,775,005	\$1,912,355	\$1,948,531
2) Unallocated Expenses	\$58,182	\$65,902	\$67,679	\$74,771	\$78,607	\$85,511	\$90,292	\$88,392	\$96,043	\$105,154
3) Estimated Incurred Claims & Expenses, End of Policy Year	\$940,503	\$1,083,011	\$1,202,409	\$1,268,239	\$1,385,438	\$1,530,264	\$1,654,214	\$1,792,599	\$1,816,245	\$1,921,957
4) Paid (Cumulative) as of:										
End of Policy Year	\$807,627	\$923,608	\$1,043,346	\$1,094,818	\$1,197,390	\$1,313,680	\$1,444,509	\$1,550,306	\$1,635,839	\$1,640,709
One Year Later	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	\$1,788,135	—
Two Years Later	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	—	—
Three Years Later	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	—	—	—
Four Years Later	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	—	—	—	—
Five Years Later	883,550	1,012,021	1,146,876	1,197,334	1,316,774	—	—	—	—	—
Six Years Later	883,550	1,012,021	1,146,876	1,197,334	—	—	—	—	—	—
Seven Years Later	883,550	1,012,021	1,146,876	—	—	—	—	—	—	—
Eight Years Later	883,550	1,012,021	—	—	—	—	—	—	—	—
Nine Years Later	883,550	—	—	—	—	—	—	—	—	—
5) Re-estimated Incurred Claims Expenses:										
End of Policy Year	\$940,503	\$1,083,011	\$1,202,409	\$1,268,239	\$1,385,438	\$1,530,264	\$1,654,214	\$1,792,599	\$1,816,245	\$1,921,957
One Year Later	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	\$1,788,135	—
Two Years Later	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	—	—
Three Years Later	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	—	—	—
Four Years Later	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	—	—	—	—
Five Years Later	883,550	1,012,021	1,146,876	1,197,334	1,316,774	—	—	—	—	—
Six Years Later	883,550	1,012,021	1,146,876	1,197,334	—	—	—	—	—	—
Seven Years Later	883,550	1,012,021	1,146,876	—	—	—	—	—	—	—
Eight Years Later	883,550	1,012,021	—	—	—	—	—	—	—	—
Nine Years Later	883,550	—	—	—	—	—	—	—	—	—
6) Decrease in Estimated Incurred Claims & Expenses From End of Policy Year	(\$56,953)	(\$70,990)	(\$55,533)	(\$70,906)	(\$68,664)	(\$82,130)	(\$64,443)	(\$93,984)	(\$28,110)	\$0

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Financial Section: Other Supplemental Information

- 90 Administrative Expenses – All Funds
- 91 Investment Expenses
- 97 Consultant and Professional Services Expenses
- 101 Statement of Changes in Assets and Liabilities

Administrative Expenses – All Funds

For the Fiscal Year Ended June 30, 2013

(Dollars in Thousands)

PERSONNEL SERVICES	
Salaries & Wages	\$176,819
Employee Benefits	68,131
Total Personnel Services	\$244,950
CONSULTANT & PROFESSIONAL SERVICES	
State of California Agencies	\$5,931
External Consultants	106,535
Deferred Compensation	
Management/Custody Fees	3,587
Health Plan Administrator Fees	89,471
Long-Term Care Administrator Fees	19,837
Total Consultant & Professional Services	\$225,361
OPERATING EXPENSES & EQUIPMENT	
General Expense	\$5,536
Software	5,445
Printing	1,342
Postage	3,040
Communications	2,163
Data Processing Services	20,876
Travel	1,815
Training	977
Medical Examiners	1,094
Facilities Operation	3,789
Central Administrative Services	43,116
CSUS Foundation — Students	814
Administrative Hearings	518
Consolidated Data Center	68
Equipment	2,220
Total Operating Expenses & Equipment	\$92,813
OTHER EXPENSES & ADJUSTMENTS	
Depreciation Expense	\$16,347
Increase in Paid Absence Obligation	3,041
Amortization	1,528
Reimbursements	(2,706)
Prior Year & Other Adjustments	8,895
Total Other Expenses & Adjustments	\$27,105
TOTAL ADMINISTRATIVE EXPENSES — ALL FUNDS	<u>\$590,229</u>

Investment Expenses – All Funds

For the Fiscal Year Ended June 30, 2013

Investment Management Fees (Dollars in Thousands)

	Net Assets Managed at Fair Value	Fees
DOMESTIC EQUITY MANAGERS		
First Quadrant, LP	\$1,226,748	\$550
FIS Group, Inc.	—	1,690
JP Morgan Chase Bank	961,204	522
Leading Edge Investment Advisors, LLC	360,561	2,579
Legato Capital Management, LLC	—	1,120
Piedmont Investment Advisors, LLC	248,259	231
Progress Investment Management	—	1,057
Pzena Investment Management, LLC	571,961	948
Quotient Investors, LLC	330,959	1,406
Redwood Investments, LLC	246,363	898
Relational Investors, LLC	849,246	1,019
Relational Investors Mid-Cap Fund I, LP	766,663	975
Research Affiliates, LLC	4,884,297	500
Strategic Investment Management, LP	—	1,340
Stux Capital Management, LLC	607,134	1,288
T. Rowe Price Associates, Inc.	1,320,121	2,459
The Boston Company Asset Management, LLC	674,900	287
Total Domestic Equity Managers	\$13,048,416	\$18,869
DOMESTIC FIXED INCOME MANAGERS		
Columbia Management Investment	—	403
Total Domestic Fixed Income Managers	\$0	\$403

	Net Assets Managed at Fair Value	Fees
GLOBAL EQUITY MANAGERS		
Alliance Bernstein, LP	\$695,102	\$766
Arrowstreet Capital, LP	2,970,513	1,405
Baillie Gifford Overseas Ltd.	1,956,566	898
Cartica Corporate Governance Fund, LP	416,733	5,264
Dimensional Fund Advisors, LP	902,384	2,476
Genesis Asset Managers, LLP	1,249,518	2,275
Grantham, Mayo, Van Otterloo & Co., LLC	626,811	423
Hermes SoureCAP Limited	396,827	1,646
Knight Vinke Institutional Partners I, LP	2,639	22
Lazard Asset Management, LLC	973,763	2,500
Leading Edge Investment Advisors, LLC	987,738	380
Nomura Asset Mgt. USA, Inc.	512,504	257
Pictet Asset Management Limited	—	206
Pyramis Global Advisors Trust Company	891,672	1,720
QS Investors, LLC	1,927,547	27
Research Affiliates, LLC	5,881,223	1,028
Tobam SAS	164,905	694
Victoria 1522 Investments, LP	134,051	922
Total Global Equity Managers	\$20,690,496	\$22,909
GLOBAL FIXED INCOME MANAGERS		
Alliance Bernstein, LP	\$525,435	\$442
Baring Intl Invest	517,895	430
Pacific Investment Management Co., LLC	981,928	752
Pareto Investment Management Limited	—	291
Rogge Global Partners	507,906	382
State Street Bank & Trust Company	—	981
Total Global Fixed Income Managers	\$2,533,164	\$3,278

Investment Expenses - All Funds (continued)

Investment Management Fees (continued) (Dollars in Thousands)

	Net Assets Managed at Fair Value	Fees
REAL ASSET MANAGERS		
301 Capitol Mall, LP	\$14,199	\$120
Aetos Capital Asia TE II, Ltd.	142,046	2,105
Aetos Capital Asia TE, LP	5,842	82
AEW Senior Housing Company, LLC	87,146	786
AEW-SHP Managed Portfolio	113,385	2,400
AGI-TMG Housing Partners I, LLC	68,016	(318)
Alinda Infrastructure Fund I, LP	96,065	1,453
Alinda Infrastructure Fund II, LP	190,141	3,381
American Value Partners Fund I, LP	47,067	664
Apollo Real Estate Finance Corporation	49,075	773
ARA Asia Dragon Fund	444,412	5,011
ARA Asia Dragon Fund II	27,165	749
ARA China Long Term Hold	285,995	2,181
AREA Real Estate Investment Fund V, LP	39,162	707
BRIDGE Urban Infill Land Development, LLC	25,312	163
CalEast Canada Limited Partnership	141,141	730
CalEast Industrial Investors, LLC	342,260	2,691
CalEast Solstice, LLC	2,482,259	14,502
California Smart Growth Fund IV, LP	61,396	866
CalSmart, LLC (Canyon)	17,535	446
CalWest - CalPERS	418,444	447
CalWest Industrial Properties, LLC	—	1,572
Canyon Catalyst Fund, LLC	17,413	633
Canyon Johnson Urban Fund, III	176,349	2,801
Carlyle Infrastructure Partners, LP	69,609	841
CBRE Strategic Partners Europe Fund III	39,171	609
CBRE Strategic Partners UK Fund II	(24,702)	212
CBRE Strategic Partners UK Fund III	18,716	467
Centerline Urban Capital I, LLC	185,893	999
CIM Fund III, LP	866,775	7,123
CIM Infrastructure Fund, LP	313,988	1,709
CIM Urban Real Estate Fund, LP	430,848	3,426
CIM Urban REIT, LLC	492,459	5,328
CityView LA Urban Fund I, LP	25,873	406
CUIP Properties, LLC	(1,377)	542
European Property Investors, LP	16,160	218
Fifth Street Properties	5,269	29
Fillmore East Fund, LP	8,012	261
Fortress Holiday Investment Fund, LP	112,362	927
Fortress Investment Fund IV (Fund A), LP	108,427	838
Fortress Residential Investment Deutschland (Fund A)	71,991	844
Fortress RIC CoInvestment Fund, LP	17,267	164
FSP - Base	469,868	1,247
FSP - DT 2011	500,500	3,829
GI Partners Fund II, LP	486,954	1,819
GI Partners Fund III, LP	526,680	3,932

	Net Assets Managed at Fair Value	Fees
REAL ASSET MANAGERS		
Global Infrastructure Partners II, LP (GIP II)	\$96,107	\$4,581
Global Retail Investors, LLC	1,087,262	5,454
GRI - Base	93,475	298
GRI - DT 2011	86,157	344
Guggenheim Structured Real Estate III, LP	26,197	315
Hampshire Partners Fund VI, LP	16,815	283
Harbert European Real Estate Fund II, LP	56,752	516
HC Green Development Fund, LP	68,122	476
HC NOP Holdings, LP	735	118
HCB Interests II, LP	373,406	5,440
HCB Interests, LP	109	102
HCB LTH	553,759	2,281
HCC Interests, LP	54,817	616
HCM Holdings II, LP	45,845	630
HCM Holdings, LP	50,443	520
Hearthstone Housing Partners II, LLC	69,011	3,463
Hearthstone Housing Partners III, LLC	24,410	371
Hearthstone Multi-State Residential Value- Added III	(7,555)	(1)
Hearthstone Path-of-Growth Fund, LLC	63,774	118
Hines CalPERS Russia Long Term Hold	225,238	483
Hines European Development Fund II, LP	(1,631)	209
Hines European Development Fund, LP	(2,326)	314
IHP Investment Fund I, LP	157,448	670
IHP Investment Fund II, LP	54,971	761
IHP Investment Fund III, LP	216,035	4,563
IL&FS India Realty Fund II, LLC	201,048	1,969
IL&FS India Realty Fund, LLC	99,862	1,500
IMI - Base	2,774,623	6,103
IMI - DT 2011	282,412	1,184
IMP - Base	220,909	233
IMP - DT 2011	445,241	2,039
Institutional Core Multifamily Investors	105,599	53
Institutional Logistics Partners, LLC	68,241	85
Institutional Mall Investors, LLC	—	5,670
Institutional Multifamily Partners	1,777,891	6,121
JER Europe Fund III, LP	11,855	414
JER US Debt Co-Investment Vehicle, LP	50,349	614
KAREC California Development Program, LLC	247,617	1,039
KC 2011, LLC	179,206	2,922
KSC Affordable Housing Investment Fund, LLC	68,025	958
LaSalle Asia Opportunity Fund III, LP	87,354	1,366
LaSalle French Fund II, LP	29,837	505
LaSalle Japan Logistics Fund II, LP	27,420	336
Lincoln Timber, LP	1,741,197	6,911
Market Street Capital Partners, LP	98,321	1,077
Meriwether Farms, LLC	63,526	1,195

Investment Expenses - All Funds (continued)

Investment Management Fees (Continued)(Dollars in Thousands)

	Net Assets Managed at Fair Value	Fees
REAL ASSET MANAGERS		
MGPA Asia Fund II, LP	\$74,957	\$899
MGPA Europe Parallel Fund II, LP	45,313	1,053
National Office Partners, LLC (CWP)	1,048,544	4,806
Niam Nordic Investment Fund III	33,468	325
Niam Nordic Investment Fund IV	89,601	1,025
ORA Multifamily Investments I, LLC	187,004	1,979
ORA Residential Investments I, LP	211,606	5,522
Pacific Vineyard Partners, LLC	31,478	1,405
PLA Retail Fund I, LP	82,419	1,108
PRECO Account Partnership III, LP	52,711	496
PRECO III Co-invest (Senior Housing UK Investment II)	269	7
Rockpoint Real Estate Fund II, LP	19,096	296
Rockpoint Real Estate Fund III, LP	109,537	1,795
RREEF Global Opportunities Fund II, LLC	101,893	(306)
Savanna Real Estate Fund I, LP	42,873	608
SDL Hospitality Co-Invest Fund, LP	163,479	303
Secured Capital Japan Real Estate Partners Asia, LP	202,431	2,792
Secured Capital Japan Real Estate Partners II, LP	49,555	739
Shea Capital I, LLC	85,414	3,804
Shea Mountain House, LLC	113,553	1,548
Starwood Capital Hospitality Fund I-2, LP	187,600	1,587
Starwood Capital Hospitality Fund II Global, LP	237,047	1,243
Stockbridge Hollywood Park Co-Investors, LP	101,162	749
Stockbridge Real Estate Fund II -B, LP	20,137	442
Strategic Partners Value Enhancement Fund, LP	38,440	575
Sun-Apollo India Real Estate Fund, LLC	23,431	475
Sylvanus, LLC	486,690	2,616
TechCore, LLC	149,334	679
TPG Hospitality Investments IV, LLC	129,216	1,986
UrbanAmerica, LP II	44,458	1,059
Windsor Realty Fund VII, LP	21,291	414
Xander Co-Investment	42,563	3,506
Xander JV Fund I (India Realty)	16,780	475
Total Real Asset Managers	\$26,265,827	\$201,944

SIP INVESTMENT MANAGEMENT FEES

Alliance Bernstein, LP	\$0	\$83
Pacific Investment Management Company, LLC	—	115
Pyramis Global Advisors Trust Company	—	625
The Boston Company Asset Management, Inc.	—	731
State Street Global Advisors	—	1,139
Turner Investments, LP	—	149

Total SIP Investment Management Fees **\$0** **\$2,842**

TOTAL INVESTMENT MANAGEMENT FEES **\$250,245**

Performance Fees (Dollars in Thousands)

	Fees
DOMESTIC EQUITY MANAGERS	
First Quadrant, LP	\$1,008
FIS Group, Inc.	42
JP Morgan Chase Bank	1,428
Leading Edge Investment Advisors, LLC	362
Legato Capital Management, LLC	879
Progress Investment Management	423
Research Affiliates, LLC	3,861
T. Rowe Price Associates, Inc.	792
Total Domestic Equity Managers	\$8,795

GLOBAL EQUITY MANAGERS

Arrowstreet Capital, LP	\$11,564
Baillie Gifford Overseas Ltd.	7,954
Genesis Asset Managers, LLP	9,184
Lazard Asset Management, LLC	6,980
Nomura Asset Mgt. USA, Inc.	974
Pyramis Global Advisors Trust Company	766
Total Global Equity Managers	\$37,422

GLOBAL FIXED INCOME MANAGERS

Alliance Bernstein, LP	\$1,779
Baring Intl Invest	745
Pacific Investment Management Co., LLC	2,552
Rogge Global Partners	622
Total Global Fixed Income Managers	\$5,698

Investment Expenses - All Funds (continued)

Performance Fees (Continued) (Dollars in Thousands)

	Fees
REAL ASSET MANAGERS	
Aetos Capital Asia TE, LP	\$63
AEW Senior Housing Company, LLC	(33)
CalEast Canada Limited Partnership	(150)
CalEast Solstice, LLC	(206)
CIM Infrastructure Fund, LP	5,728
DB Real Estate Global Opportunities IA, LP	(85)
DB Real Estate Global Opportunities IB, LP	(1,707)
FSP - Base	2,030
GRI - Base	198
HC Green Development Fund, LP	15,453
HCB Interests II, LP	11,357
HCC Interests, LP	(1,339)
Hearthstone Housing Partners, LP	2,127
Hearthstone Multi-State Residential Value-Added III	(240)
Hearthstone-MSII Homebuilding Investors, LLC	(39)
IHP Investment Fund III	79,750
IMP - Base	61
Institutional Mall Investors, LLC	119,545
Ivy Investment Vehicle LDC (SWPM)	5,703
ORA Residential Investments I, LP	33,723
SDL Hospitality Co-Invest Fund, LP	(1,390)
Secured Capital Japan Real Estate Partners I, LP	75
Total Real Asset Managers	\$270,624
TOTAL PERFORMANCE FEES	\$322,539
TOTAL INVESTMENT MANAGEMENT AND PERFORMANCE FEES	\$572,784

Other Investment Expenses (Dollars in Thousands)

	Fees
AUDITOR FEES	
Carolyn Sangil David, CPA & Assoc.	\$56
Conrad, LLP	308
KNL Support Services	46
KPM & Associates	366
Total Auditor Fees	\$776
APPRAISAL FEES	
Altus Group US, Inc.	\$5,317
Colliers International Valuation and Advisory Services	369
Cushman Wakefield Western, Inc.	32
Duff & Phelps, LLC	541
Poyry Management Consulting	88
Weiser Realty Advisors, LLC	280
Total Appraisal Fees	\$6,627
COMPANY EXPENSE	
Legato Capital Management, LLC	\$159
Strategic Investment Management, LP	82
Total Company Expense	\$241
CONSULTANT FEES	
Altius Associates Limited	\$90
Apco Worldwide, Inc.	35
ATV Video Center, Inc.	40
Bard Consulting, LLC	1,208
Brock Capital Group, LLC	61
Business Advantage Consulting	55
Callan Associates, Inc.	917
Cambridge Associates	293
Courtland Partners, Ltd	192
Crosswater Realty Advisors, LLC	668
Cutter Associates, Inc.	189
Duff & Phelps, LLC	120
FTI Consulting, Inc.	457
Garland Associates, Inc.	78
Hamilton Lane Advisors, LLC	235
Heidricks & Struggles, Inc.	200
Highlands Consulting Group	11
Korn/Ferry	164
Le Plastrier Consulting Group, Inc.	2,094
Loop Capital Markets, LLC	140
LP Capital Advisors	301
McLagan Partners, Inc.	3
Meketa Investment Group	181
Mercer Investment Consulting	552

Investment Expenses - All Funds (continued)

Other Investment Expenses (Continued) (Dollars in Thousands)

	Fees
CONSULTANT FEES	
Mosaic Investment Advisors, Inc.	\$349
Navigant Consulting, Inc.	510
Nichols Consulting	442
Pacific Alternative Asset Mgmt Co., LLC	250
Pacific Community Ventures	355
Pension Consulting Alliance, Inc.	1,856
RBC Capital Markets Corp	179
RG & Associates	162
Ridgeway Partners, LLC	403
RSR Partners	46
R.V. Kuhns & Associates, Inc.	75
Schaffer Consulting, LLC	7
Senn-Delaney Leadership	92
SL Capital Partners, LLP	70
Starting Point	55
Stockbridge Capital Group, LLC	47
Strategic Investment Solutions, Inc.	40
Townsend Group, The	190
UBS Alternative and Quantitative Inv., LLC	6,750
Wilcox Miller & Nelson/Scientific Digital	66
Wilshire Associates, Inc.	3,160
Total Consultant Fees	<u>\$23,388</u>
SYSTEM CONSULTANT FEES	
Cambria Solutions, Inc.	\$698
Capio Group	83
Cutter Associates, Inc.	419
MK Partners, Inc.	8
Performance Technology Partners, LLC	2
Propoint Technology, Inc	1,449
Pyramid Technical Consultants, LLC	256
SAS International, Inc.	182
Stanfield Systems, Inc.	91
Trinity Technology Group, Inc.	211
Total System Consultant Fees	<u>\$3,399</u>
LEGAL FEES	
AES Asset Sales - Reimbursement	(\$155)
AlvaradoSmith	11
Berman Devalerio Pease Tabacco Burt & P	34
Chapman and Cutler, LLP	75
Covington & Burling	154
Cox, Castle & Nicholson, LLP	882
Felderstein, Willoughby & Pascuzzi, LLP	28
Foster, Pepper & Shefelman PLLC	130
Glaser Weil Fink Jacobs Howard & Shapiro	55

	Fees
LEGAL FEES	
Hawkins Delafied & Wood, LLP	\$10
Institutional Multifamily Partners, LLC	3,852
K & L Gates, LLP	1,827
Katten Muchin Rosenman, LLP	301
Kirkpatrick & Lockhart Preston Gates	817
Mennemeier Glassman & Stroud, LLP	18
Morgan, Lewis & Bockius, LLP	922
Nixon Peabody, LLP	253
Nolan Armstrong & Barton, LLP	6
Pillsbury Winthrop Shaw Pittman, LLP	6,441
Polsinelli Shughart, LLP	28
Potter Anderson & Corroon, LLP	98
Soltman, Levitt, Flaherty & Wattles, LLP	9
Total Legal Fees	<u>\$15,796</u>
MASTER CUSTODIAN FEES	
State Street Bank & Trust Company	\$7,528
Total Master Custodian Fees	<u>\$7,528</u>
TAX ADVISORY FEES	
Ernst & Young US, LLP	\$44
KPMG Limited Taiwan	313
S.R. Batliboi & Co	182
Total Tax Advisory Fees	<u>\$539</u>
TECHNOLOGY EXPENSES	
13D Research, Inc.	\$50
Adobe Government at Carahsoft	108
Alternativesoft Ag	10
Altura Capital Group, LLC	25
Argus Financial Software	1
Axioma, Inc.	156
Barclays Capital	100
Barra, Inc.	932
BCA Research	215
Blackrock Financial Management, Inc.	4,822
Bloomberg, LP	2,402
Cambridge Associates	192
Candeal, Inc.	9
CB Richard Ellis Investors	158
Charles River Development	3,489
Cost Effectiveness Measurement, Inc.	60
Covenant Review, LLC	45
Credit Suisse Securities (USA), LLC	100
Creditsights	90
Dow Jones & Company, Inc.	15

Investment Expenses - All Funds (continued)

Other Investment Expenses (Continued) (Dollars in Thousands)

	Fees
TECHNOLOGY EXPENSES	
Edgar Online, Inc.	\$9
Emap Limited	14
Embs, Inc.	9
Empirical Research Partners, LLC	60
Equilar, Inc.	8
Ermitage Asset Management Jersey Limited	78
Etrali North America, LLC	236
Eurasia Group	68
Eurekahedge Pte. Ltd.	10
Evestment Alliance	87
Factset Research Systems, Inc.	1,935
Fan Asset Management, LLC	91
Farient Advisers, LLC	19
Firstrain, Inc.	10
Fitch, Inc.	60
FTSE	904
FX Alliance, Inc.	17
Glass, Lewis & Co., LLC	490
Global Investor Collaboration Svcs., LLC	5
GMI	154
Governance Metrics International	80
GP Analytics	120
Green Street Advisors	58
Hedge Fund Research, Inc.	5
High Frequency Economics, Ltd.	26
IHS Global, Inc.	31
Institutional Shareholder Service	452
Intex Solutions, Inc.	194
London Stock Exchange Plc	10
Macroeconomic Adviser, LLC	17
Markit North America, Ltd.	140
Mcube Investment Technologies, LLC	73
Mercer Investment Consulting	5
Moody's Analytics, Inc.	316
Moody's Investors Service, Inc.	87
MRI Software, LLC	245
MSCI, Inc.	33
NCREIF	2
New York Stock Exchange	31
Northfield Info. Svcs., Inc.	120
Nyse Market, Inc.	7
Omgeo	135
Options Price Reporting Authority	1
Oxford Analytica, Inc.	39
Preqin Limited	20

	Fees
TECHNOLOGY EXPENSES	
Principal Life Insurance Company	\$245
Property & Portfolio Research, Inc.	50
Quantal International, Inc.	45
RBSs Smart Productions, Inc.	100
Roubini Global Economics	10
Russell Investment Group	106
SNL Financial, LLC	76
Standard & Poor's Corporation	664
State Street Bank & Trust Company	316
Strategic Economic Decisions, Inc.	15
Style Research, Inc.	79
Sustainalytics U.S. Inc.	20
The Depository Trust & Clearing Corp.	6
The Mathworks, Inc.	193
Thomson Reuters	633
Toronto Stock Exchange	5
Trade Web	53
William O'Neil & Company	26
World Markets Company Plc, The	36
Yardeni Research, Inc.	15
Yield Book, Inc.	83
Zeno Consulting Group, LLC	48
Zephyr Associates, Inc.	37
Total Technology Expenses	<u>\$22,351</u>
TOTAL OTHER INVESTMENT EXPENSES	<u>\$80,645</u>
MISCELLANEOUS EXPENSES	
Miscellaneous Investment Fees	\$507
Mortgage Servicing Fees	2,513
Transaction Fees	59,023
Prior Year & Other Adjustments	(1,337)
TOTAL MISCELLANEOUS EXPENSES	<u>\$60,706</u>
TOTAL INVESTMENT EXPENSES - ALL FUNDS	<u>\$714,135</u>

Consultant and Professional Services Expenses

For the Fiscal Year Ended June 30, 2013

(Dollars in Thousands)

Individual or Firm	Fees	Nature of Service
22nd Century Technologies, Inc.	\$78	Desktop Services, Project Management Services, Application Development & Wintel Platform
Accenture, LLP	43,095	Consulting services for Pension System Resumption (PSR) project
ACS Learning Services	213	Course Design & Development, Corporate Culture Training, General Business Skills & Desktop Computing Skills
ADSI, Inc.	631	Project Management Services, Architecture, Data Services, Application Development & Management Support Services
Advanced Systems Group, LLC	30	Production Equipment Maintenance Services
Ambire Consulting, Inc.	181	Project Management Services, Application Development & Specialized IT Support Services for Investment Systems/Business
Anthem Blue Cross	72,239	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation & Development, Wellness, Prevention & Disease Management Services
ATV Video Center, Inc.	134	Audiovisual Support & Live Event Presentation Services
Ballard Group, The	187	Information Technology (IT) Consultant Services
Base 3 Consulting	1,891	Application Development & Management Support Services
Belmonte Enterprises, LLC	1,149	Project Management Services, Architecture, Data Services & Application Development Management Support Services, Release Management/Quality Assurance/Configuration Management, Application Development, Data Services, Architecture & Project Management Services
Blackstone Technology Group	198	Project Management Services, Architecture, Data Services & Application Development Management Support Services
Booz Allen Hamilton, Inc.	70	Media Training, Writing, Editorial, Marketing, Survey & Research Services
Business Advantage Consulting	358	Project Oversight & Management Services, Application Development & Content Management
California Department of Health Care Services	20	Annual Fee For Long-term Care Policy & Partnership Services
Capio Group	919	Database Administration, Management Support Services, Business Process Reengineering, Business Transformation/Transition & IT Security
Capital Technology Associates	152	Management Support Services, Project Management & Oversight Services
Chisoft Consultant Services, LLC	54	Architecture & Application Development
Compliance 11, Inc.	92	Personal Trading Software Services
Cornerstone Fitness, Inc.	86	Organizational Development & Readiness. Employee Training & Development
CVS Caremark	9,793	Pharmacy Claims Administration, Account Management, Eligibility, Retail & Other Reporting Services
Dee Hansford Consulting	69	Writing, Editorial, Education, Marketing & Outreach Campaigns Services
Delegata	1,364	Data Services, Application Development, Architecture, Database Administration, Management Support Services & Business Process Reengineering
Department of General Services/RR Donnelly	317	Open Enrollment Printing, Mail Processing & Postage
Department of Human Resources	91	Election Forms for the Alternate Retirement Program (ARP) Processing Services
Department of Justice	133	Conduct & Provide External Investigative Services
Diamond Marketing Solutions	185	Statement Generation & Mailing Services, Data Transmission & Customer Acceptance Testing Services, Production Quality Assurance Services & Project Management Services
Dolamont Consulting, Inc.	1,186	Business Transformation/Transition, Specialized IT Support Services for Investment Systems/Business & Management Support Services
Downey, Brand, Seymour & Rohwer, LLP	21	Legal Opinions & Advice. Analyze Employee Benefit, Federal & State Tax Laws
DSS Research, Inc.	104	Project Management, Design & Development, Database Preparation, Printing & Survey Tracking
Eagle Management Group	173	Coordinate Conference/Event Participation Services & Display Exhibit Shipping & Set-Up
Eaton Interpreting Services	60	Professional Sign Language Interpreter Services
Enclipse Corporation	709	Application Development & Database Administration, Network & Backup Management
Enterprise Networking Solutions	46	Technical Writing, Business Process Reengineering, Project Management Services & Data Services
Equanim Technologies	1,286	Project Oversight & Management Services, Management Support Services & Release Management/Quality Assurance/Configuration Management
Experis IT Services Us, LLC	251	Contract Support & Recruiting Services

Consultant and Professional Services Expenses (continued)

(Dollars in Thousands)

Individual or Firm	Fees	Nature of Service
Ferency & Paul, LLP	\$22	Legal Opinions & Advice. Analyze Federal & State Tax Laws
Gordon & Silver, LLP	231	Legal Services on Litigation Matters
GovernmentJobs.com, Inc.	34	Publicize, Post CalPERS Recruitments, Collect & Retain Applications
Group One Consultants, Inc.	61	Develop Comprehensive Candidate Profile, Screen Candidate, Conduct Face-To-Face Interviews & Prepare written In-Depth Profiles on the Candidate
H&B Joint Venture	65	Consulting Services on Pension System Resumption (PSR) Project
Hewitt Consulting	48	Actuarial Consulting for the Health Program & Benefits, Medical Management, Utilization Management & Pharmaceutical Benefit Management Consulting & Leveraging Health Care Information System
Hewlett Packard	1,083	Mission Critical Advisory Service & Software Support
Highlands Consulting Group	1,815	Survey & Research Services
HP Enterprise Services, LLC	221	Project Management Services, Architecture, Data Services & Database Administration
Information Technology Software Professional	584	Data Services, Project Management Services, Architecture, Application Development & Content Management
Informatix, Inc.	215	Business Process Reengineering, Business Transformation/Transition, Management Support Services, Technical Writing, Data Network & Services
ING U.S.	3,587	Third Party Member Record-keeper
Innovative Software Technologies, Inc.	282	Exadata Transition & Annual Valuation Refresh
J & K Court Reporting, LLC	70	Transcribe Administrative Hearings & Appeals, Protest Proceedings & Full Hearing
J. A. Frasca and Associates	222	Release Management/Quality Assurance/Configuration Management, Application Development, Project Management & Management Support Services
Jay Gaines & Company, Inc.	93	Comprehensive Candidate Profile Development & Timeline Search for Specified Vacant Position(s)
JLynnconsulting, Inc.	975	Database Administration & Services, Application Development, Technical Writing, Business Process Reengineering & Training Services
K & L Gates, LLP	6,627	Legal & Advice Services. Monitor & Report on State & Federal Judicial Proceedings, including Municipal Bankruptcies
Katrina Kennedy Training	30	Organizational Development & Readiness. Employee Training & Development & Leadership Development
Kearnford Application Systems Design	1,453	Project Management Services, Architecture, Data Services, Application Development, Management Support Services & Business Process Reengineering
Kenera Consulting, Inc.	268	Business Transformation/Transition, Management Support Services, Application Development & Project Management Services
Kiefer Consulting, Inc.	507	Content Management, Management Support Services, Database Administration, Application Development, Architecture & Project Management Services
Knowledge Structures, Inc.	44	Employee Training & Development
Kong Consulting, Inc.	527	PeopleSoft Financials Functional Support Services
KPMG, LLP	2,238	Organizational & Leadership Development, Strategic & Operational Business Planning, Performance Management, Program Evaluation & Management Analysis
Landor	110	Writing, Editorial, Marketing, Survey & Research Services
LCS Technologies, Inc.	1,634	Application Development & Database Administration
Lincoln Crow, LLC	209	Writing, Editorial & Marketing Services
Linsonic, LLC	214	Architecture, Data Services, Application Development & Database Administration
Lussier, Vienna, Gregor & Associates	786	Identify & Monitor Proposed Legislations, Regulations & Issues of Interest or Concern to CalPERS
M Corp	588	Project Management Services, Data Services, Application Development, Release Management/Quality Assurance/Configuration Management, Management Support Services & Business Process Reengineering
Macias Gini & O'Connell LLP	643	Independent Audit in Accordance with Generally Accepted Auditing Standards (GAAS) and Agreed-Upon Procedures
Maximus Federal Services, Inc.	43	Independent Medical Review of Appeal Cases & Research of Various Benefit Issues
McKinsey & Company, Inc.	72	Organizational & Structural Analysis & Specialty Consulting
McLagan Partners, Inc.	58	Biennial Salary Surveys & Consultation on the Structure & Administration of the Compensation Program

Consultant and Professional Services Expenses (continued)

(Dollars in Thousands)

Individual or Firm	Fees	Nature of Service
Mellon Bank	\$320	Banking Services
Mercer Health And Benefits	1,229	Actuarial Consulting of Health Program & Benefits, Medical & Utilization Management Consulting, Pharmaceutical Benefit Management Consulting & Leveraging Health Care Information System, Long-term Care Pricing Support Project, PBM Post-Implementation Audit Project
Metavista Consulting Group	41	Project Oversight & Management Services, Technical Writing, Management Support Services, Business Process Reengineering & Business Transformation/Transition
Mindstorm	36	Video & Multimedia Production Services & Post Production Services
Modis, Inc.	116	System Support, Database Administration, Data Services, Project Oversight & Management Services, IT Security & Specialized IT Support Services
Monarch Enterprises, Inc.	156	Application Development
Moore Wallace North America, Inc.	509	Provide Production & Fulfillment of the Open Enrollment Communication Dissemination Materials
Netresult, LLC	92	Project Management Services, Architecture, Data Services, Application Development, Database Administration, Content Management & Business Process Reengineering
North Highland Company	486	Business Process Reengineering, Business Transformation/Transition, Management Support Services, Architecture, Project Management & Oversight Services
Nossaman, Guther, Knox & Elliott	30	Legal Services on Bankruptcy Cases
Online Video Service, Inc.	232	Media Training, Web Event & Webinar Services
Pacific Business Group on Health	43	Maintenance of the Existing Customized Internet Based Health Plan Chooser Tool, Annual Update to Accommodate New Plan & Benefit Design Changes
Pasanna Consulting Group, LLC	865	Architecture & Application Development
Performance Technology Partners, LLC	2,268	Telecommunications, Release Management/Quality Assurance/Configuration Management, Management Support Services, Business Process Reengineering & IT Security
Pillsbury Winthrop Shaw Pittman, LLP	619	Legal Services
Princeton Solutions Group, Inc.	287	Project Oversight & Management Services, Architecture, Application Development & Release Management/Quality Assurance/Configuration Management
Propoint Technology, Inc	182	Project Management Services, Application Development, Technical Writing, Management Support Services, Business Process Reengineering, Business Transformation/Transition & Specialized IT Support Services for Investment Systems/Business
Pyramid Technical Consultants, LLC	252	Project Management Services & Specialized IT Support Services for Investment Systems/Business
R & G Associates	219	Project Oversight & Management Support Services
Reed Smith, LLP	495	Legal & Litigation Services
Regents of the University of California	278	Evaluation Study on the Impact of the CalPERS Reference Pricing Benefit on the Use of & Expenditures for Hip & Knee Replacement Surgery
Rosenberg & Kaplan, A Law Corporation	200	Legal Services, Advice & Representation in Negotiations of Agreements with Different Health Care Insurance Companies
Saba Software, Inc.	67	Business & Technical Consulting & Development
Safeguard Web and Graphics	166	Typesetting, Printing, Packaging & Mailing Services for Board of Administration Elections & Possible Run-Off Elections
Sage 2.0	127	Project Management & Data Services & Application Development
Sall Law Firm	100	Legal Services in Ethics & Conflict of Interest Matters
SAS International, Inc.	497	Application Servers, Desktop Services, Unix/Linux Platform & Data Network
Shah & Associates, LLP	74	Legal Services & Representation of the Board in State, Federal & Quasi-Judicial Proceeding
Shaw Valenza, LLP	63	Litigation & Advisory Legal Services. Labor Negotiations
Shooting Star Solutions, LLC	377	Project Oversight & Management Services, Management Support Services, Business Process Reengineering & IT Security
Sign Language Interpreting Service Agency	55	Professional Sign Language Interpreter Services
Softsol Resources, Inc.	91	MyCalPERS Health Application Development & Support

Consultant and Professional Services Expenses (continued)

(Dollars in Thousands)

Individual or Firm	Fees	Nature of Service
Softsol Technologies, Inc.	\$869	Data Network & Backup Management, Database Administration, Mainframe, Application Servers, & Disaster Recovery
Sophus Consulting	21	CalPERS ProLaw Implementation
SRI Infotech, Inc.	541	Architecture, Data Services, Application Development, Database Administration & Application Servers
Staff Tech, Inc.	127	Wintel Platform, Unix/Linux Platform, Mainframe, Application Servers, Desktop Services, Technical Writing & IT Security
Stanfield Systems, Inc.	624	Database Administration, Content Management, Mainframe, Disaster Recovery & Specialized IT Support Services for Investment Systems/Business
State Controller's Office	11,228	Interest Earning Computation Services & Claims Schedule Processing Services, Information Technology, Other Post Employment Benefits & General Administrative Services
Step toe & Johnson, LLP	2,421	Legal Services; Federal Tax Advice
Stoel Rives, LLP	140	Legal Services & Assistance with the Negotiation of Contracts Between CalPERS & Health Plans & Third Party Administrators of Health Programs
T5 Consulting	601	Application Development
Take 1 Productions	52	Video & Multimedia Production Services, Post Production Services & Captioning Services
Technisource, Inc.	28	Application Servers, Desktop Services, Technical Writing, Data Backup Management, Database Administration, Wintel Platform, Application Development & Project Management Services
Technology Crest Corporation	186	Architecture, Application Development, Systems Support & Application Servers
Trinity Technology Group, Inc.	1,070	Project Management Services, Architecture, Data Services, Application Development, Release Management/Quality Assurance/Configuration Management, Technical Writing, Management Support Services, Business Process Reengineering & Specialized IT Support Services for Investment Systems/Business
Truven Health Analytics Inc.	2,477	Advantage Application Service Provider Services & Advantage Suite Data Consulting Services, Health Member Data Set Up, Storage & ERFP Closeout Submission Services
Two Shea Consulting, Inc.	132	Administrative Support
United Health Services	466	Actuarial Services
University of California, San Francisco	24	Identify the Rates of Potentially Avoidable Complications (PAC)
University of California, Berkeley	95	Evaluation of the Impact of the CalPERS Reference Pricing Benefit Design on Use & Expenditures for Hip & Knee Replacement Surgery
Univita	18,780	Billing, Banking, Claims Administration, Underwriting, Care Advisory, Enrollment, Customer & Specialist, Reporting, Data Feed Services
Unleashing Leaders, Inc.	52	Executive Reporting & Communication. Oversight & Assessment. Mentoring & Organization Change Management
Vantage Consulting Group, Inc.	857	Production Support, Sub-System Production Support, Pension Reform/ Health Reform Analysis & Support
Vanwrite	88	Employee Training & Development
Veaco Group	26	Self-Assessment Process
Viaspire	60	User Experience Design, Strategy & Research
Virtcom Consulting	28	Diversity & Inclusion Assessment & Strategic Planning Training
Visionary Integration, LLC (VIP)	590	IT Security, Business Process Reengineering, Management Support Services, Application Servers, Data Services & Network & Database Administration
Zuber Lawler & Del Duca, LLP	201	Legal Services on State Contracts for Goods & Services or Claims Involving Banking & Finance
Various	338	

TOTAL CONSULTANT & PROFESSIONAL SERVICES EXPENSES

\$215,918

Statement of Changes in Assets and Liabilities – Agency Funds

For the Fiscal Year Ended June 30, 2013 (Dollars in Thousands)

	RBF			Balance June 30, 2013
	Balance June 30, 2012	Additions	Deductions	
ASSETS				
Cash & Cash Equivalents	\$0	\$20,689	\$20,688	\$1
Member, Public Agencies, State & Schools Receivables	—	15,146	14,934	212
Interests & Dividends Receivables	5	4	5	4
Due from PERF	—	1	—	1
Short Term Investments	4,167	10,940	9,728	5,379
TOTAL ASSETS	\$4,172	\$46,780	\$45,355	\$5,597
LIABILITIES				
Due to Other Funds	\$0	\$8	\$8	\$0
Other Program	4,172	15,171	13,746	5,597
TOTAL LIABILITIES	\$4,172	\$15,179	\$13,754	\$5,597

	CRF			Balance June 30, 2013
	Balance June 30, 2012	Additions	Deductions	
ASSETS				
Cash & Cash Equivalents	\$21,262	\$117,938	\$139,200	\$0
Member, Public Agencies, State & Schools Receivables	23,751	2,171,479	2,180,754	14,476
Interest & Dividends Receivables	74	42	74	42
Due From Federal Government	12,633	33,745	34,972	11,406
Short Term Investments	303,313	2,621,003	2,570,328	353,988
TOTAL ASSETS	\$361,033	\$4,944,207	\$4,925,328	\$379,912
LIABILITIES				
Due to Health Carriers	\$199,087	\$4,794,397	\$4,772,717	\$220,767
Due to Member, Public Agencies, State & Schools	81,326	99,272	111,276	69,322
Due to Other Funds	68,353	868,228	855,293	81,288
Other Program	12,267	43,616	47,348	8,535
TOTAL LIABILITIES	\$361,033	\$5,805,513	\$5,786,634	\$379,912

Statement of Changes in Assets and Liabilities – Agency Funds

For the Fiscal Year Ended June 30, 2013 (Dollars in Thousands)

	RBF & CRF Totals			Balance June 30, 2013
	Balance June 30, 2012	Additions	Deductions	
ASSETS				
Cash & Cash Equivalents	\$21,262	\$138,627	\$159,888	\$1
Member, Public Agencies, State & Schools Receivables	23,751	2,186,625	2,195,687	14,689
Interests & Dividends Receivables	79	46	79	46
Due From Other Funds	—	1	—	1
Due From Federal Government	12,633	33,745	34,972	11,406
Short Term Investments	307,480	2,631,944	2,580,057	359,367
TOTAL ASSETS	\$365,205	\$4,990,988	\$4,970,683	\$385,510
LIABILITIES				
Due to Health Carriers	\$199,087	\$4,794,397	\$4,772,717	\$220,767
Due to Member, Public Agencies, State & Schools	81,326	99,272	111,276	69,322
Due to Other Funds	68,353	868,236	855,301	81,288
Other Program	16,439	58,787	61,093	14,133
TOTAL LIABILITIES	\$365,205	\$5,820,692	\$5,800,387	\$385,510

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Chief Investment Officer's Letter

December 31, 2013

On behalf of CalPERS Investment Office, I am pleased to report on CalPERS investment performance, operations, and initiatives for the one-year period ending June 30, 2013. The CalPERS PERF Fund earned a net 13.2 percent return this fiscal year, with the total net position for the PERF at \$262.0 billion. Strong returns in global equity markets and a rejuvenated real estate portfolio were contributing factors to our performance.

The Fund's return of 13.2 percent was especially significant, outperforming its benchmark by 135 basis points. It also pushed the three-year return to 11.3 percent, exceeding that benchmark by 23 basis points, the first time it has outperformed its three-year benchmark since 2007.

Investments in domestic and international stocks returned 19.0 percent, outperforming the Global Equity benchmark by 73 basis points. Income generating properties in the Real Assets portfolio, including office, retail and industrial assets, contributed to a total return of 11.8 percent. Real Assets outperformed its benchmark by 88 basis points. This is the third consecutive year of positive growth in Real Assets, continuing the stabilization and strides toward recovery in that market.

The Investment Office continues its work on asset allocation and risk management through the Asset Liability Management (ALM) process. Together with the Actuarial Office, our work provides an integrated view of assets and liabilities so that financial risks to the System can be better understood, communicated and managed.

Reducing costs remains paramount in the Investment Office. Through our efforts we've established recurring annualized savings of more than \$100 million from cost-effectiveness initiatives including increased in-house management of investment portfolios, negotiating more favorable terms with external investment managers, and reducing reliance on consultants.

As part of our work to integrate environmental, social, and governance (ESG) factors into investment decision-making across the portfolio, we launched the Sustainable Investment Research Initiative (SIRI). The project seeks to drive innovative thought leadership that will inform and advance our understanding of sustainability factors and the impact they may have on companies, markets, and the financial services industry from the perspective of a global institutional investor.

We remain committed to our emerging manager programs. Staff continues to execute the work outlined in our Emerging Manager Five-Year Plan, which is designed to help improve alignment between our culture of valuing diversity and our business strategies related to investment performance with emerging managers. We also continue to invest in our home state. CalPERS has \$22.9 billion invested in California, across all asset classes, supporting approximately 1.5 million local jobs, infrastructure for communities and commerce, and business expansion and related economic activity.

We are a long-term investor. We continue to improve upon our ability to deliver world class results for years to come. Our 20 and 30 year returns are 7.6 percent and 9.4 percent, respectively, both higher than our assumed long-term average annual return rate of 7.5 percent. And though returns in any one year must be evaluated with restraint, the strength of our one-year and three-year returns indicate that the significant work we've done – and continue to do – to restructure the portfolio and our investment operations is starting to bear fruit.

Our Investment Office staff, the Board's pension consultant Wilshire Associates, and State Street Bank & Trust, our master custodian, compiled the investment data presented on the next pages as required by the Public Employees' Retirement Law.

Joseph A. Dear
Chief Investment Officer

Summary of Investments – PERF (As of June 30, 2013) (Dollars in Thousands)

Category	Book Value	Market Value	% of Investments at Market Value
Cash and Short Term Investment	\$8,361,194	\$8,358,000	3.2%
Net Investment Receivables/Payables	3,653	3,653	—
Global Debt Securities	37,960,626	51,645,943	19.9%
Global Equity	111,928,266	131,631,222	50.6%
Private Equity	30,345,800	32,272,146	12.4%
Inflation Assets	9,546,661	9,172,236	3.5%
Real Assets	24,379,268	27,079,239	10.4%
TOTAL INVESTMENT VALUE	\$222,525,468	\$260,162,439	100.0%

Note: Differences between Total Investment Value in the Summary of Investments and Total Investments shown on page 40 are due to differences in reporting methods. In accordance with GASB Statement No. 28, the financial statements include Securities Lending Collateral as part of Total Investments, which is not included here. The Summary of Investments also includes Net Investment Receivables/Payables that are not reported on page 40 in Total Investments.

Investment Performance – PERF

CalPERS net returns for domestic and international equity securities for fiscal year 2012-13 were 22.1 percent and 15.1 percent, respectively. CalPERS uses the Custom FTSE US TMI (Blended) Index to provide a benchmark for the domestic equity investment returns, and the FTSE All-World ex US Index for international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market conditions.

Private equity incurred a net return of 18.2 percent for the 2012-13 fiscal year, compared to a return of approximately 1 percent for fiscal year 2011-12. The Policy Benchmark for the private equity program is 67 percent FTSE US TMI plus 33 percent FTSE AW ex US TMI plus 300 basis point risk premium on a one quarter lag basis.

Domestic debt securities returned -1.2 percent, and international debt securities returned -6.1 percent for the 2012-13 fiscal year, compared to 13.8 percent and 2.5 percent, respectively for fiscal year 2011-12. CalPERS uses the Barclays Long Liability Index and the Barclays International Fixed Income Index to provide a benchmark for fixed income investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment.

CalPERS real assets net return for fiscal year 2012-13 was 11.8 percent. CalPERS uses a custom benchmark that is weighted 77 percent real estate benchmark (net of fees NCREIF ODCE on a one quarter lag basis) plus 15 percent infrastructure benchmark Consumer Price Index plus 400 basis point risk premium on a one quarter lag basis) plus 8 percent forestland benchmark (NCREIF Timberland on a one quarter lag basis) for the real asset portfolio.

Liquidity asset class investments returned approximately -0.8 percent for the 2012-13 fiscal year, compared to a return of 4.6 percent for fiscal year 2011-12. CalPERS uses a custom benchmark that is weighted 75 percent Barclays Treasury 2-10 yr. plus 25 percent 1-month treasury bill.

Inflation investments returned approximately 0.2 percent for the 2012-13 fiscal year. CalPERS uses a custom benchmark that is weighted 75 percent Inflation-Linked Bond Program benchmark (ILB Custom Index: Blend of 67 percent Barclays Capital Global Inflation-Linked U.S. and 33 percent Barclays Capital Global Inflation-Linked United Kingdom, France, Italy, Germany and Canada only, un hedged) plus 25 percent Commodities benchmark (Standard & Poor's GSCI Total Return Index.)

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. Shown on the following page are the 1-year, 3-year, 5-year, and 10-year time-weighted rates of return for the year ended June 30, 2013.

Per guidelines recommended by the Chartered Financial Analyst Institute, the master custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

Investment Performance – PERF (continued)

PERF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	10-Year Return	Index ⁷	1-Year Return	3-Year Return	5-Year Return	10-Year Return
TOTAL FUND	13.2%	11.3%	3.5%	7.1%	Asset Allocation Policy Index ¹	11.9%	11.1%	5.4%	7.9%
					Actuarial Rate	7.5%	7.7%	7.7%	7.7%
					Trust Universe Comparison Service (TUCS) Public Fund Median	12.4%	11.5%	5.4%	7.0%
					Wilshire Large Fund Universe Median	12.4%	11.5%	4.8%	7.4%
Domestic Equity	22.1%	17.5%	6.9%	7.7%	CalPERS Custom FTSE TMI (Blended)	21.9%	18.4%	7.1%	7.8%
International Equity	15.1%	8.5%	(0.4%)	8.8%	FTSE All World ex U.S. Index	14.4%	8.4%	(0.2%)	9.0%
Private Equity	18.2%	15.3%	7.1%	12.3%	67% FTSE USTMI+33% FTSEAWEXUS+3% 1Q	23.0%	17.6%	8.9%	12.1%
Total Growth	18.7%	13.6%	3.9%	8.2%	CAFR Growth Benchmark²	19.3%	13.8%	4.7%	8.6%
Domestic Debt Securities	(1.2%)	6.1%	8.1%	6.5%	Barclays Long Liability Index	(2.8%)	5.5%	7.1%	5.7%
International Debt Securities	(6.1%)	3.7%	4.0%	5.5%	Barclays International Fixed Income	(6.2%)	2.5%	2.6%	4.8%
Total Debt Securities	(1.6%)	5.9%	7.7%	6.4%	CalPERS TOT GBL FI INC Policy EX Tobacco³	(3.1%)	5.1%	6.7%	5.6%
Real Assets	11.8%	12.4%	(8.2%)	3.0%	REAL ASSETS BENCHMARK ⁴	11.0%	12.4%	3.4%	9.1%
Liquidity	(0.8%)	1.4%	1.2%	2.3%	75% BC TREAS 2-10YR+25%1 MO TBILL	(0.8%)	1.6%	1.3%	2.3%
Inflation ⁵	0.2%	6.8%	(3.2%)	—	Inflation Benchmark ⁶	(0.9%)	5.3%	(1.2%)	—
Absolute Return Strategies	7.4%	3.8%	1.4%	5.0%	1 yr Treasury Note + 5%	5.3%	5.4%	6.1%	8.0%

Notes:

- ¹ The Asset Allocation Policy Index return equals the return for each asset class benchmark, weighted at the current target asset allocations.
- ² The benchmark is 78% FSTE all World and 22% Private Equity Benchmark.
- ³ The benchmark is 90% Barclays Long Liabilities + 10% Barclays International Fixed Income.
- ⁴ The benchmark is 77% Real Estate Benchmark (NCREIF ODCE(net) + EPRA NAREIT Global), 15% Infrastructure Benchmark (CPI + 4%) and 8% Forestland Benchmark (NCREIF Timberland (Gross)).
- ⁵ Inception Date for Inflation Asset Class is 2007.
- ⁶ Inflation Benchmark: 75% ILB Benchmark and 25% Commodities Benchmark.
- ⁷ Index benchmarks are as of June 30, 2013, and are subject to be updated based on changes within the fund portfolios.

Asset Allocations – PERF

Asset Class ²	Current Allocation ¹	Current Year Target	Prior Year Target
Cash Equivalents	4.0%	4.0%	4.0%
Global Debt Securities	15.5%	17.0%	17.0%
Equity	51.4%	50.0%	50.0%
Private Equity	12.4%	14.0%	14.0%
Inflation Assets	3.5%	4.0%	4.0%
Real Assets	10.4%	11.0%	11.0%
Absolute Return Strategies ³	2.0%	—	—
Multi-Asset Class ³	0.2%	—	—
Overlay, Transition, Plan Level Portfolios ³	0.6%	—	—
TOTAL FUND	100.0%	100.0%	100.0%

Notes:

- ¹ The current allocation percentages differ from investment asset percentages presented in the MD&A and Statement of Net Position as a result of different methodologies used for categorizing investment assets for investment purposes versus financial statement presentation purposes.
- ² Differences between investment percentages above and the percentages on the Summary of Investments on page 105 are due to differences in reporting methods. The Summary of Investments includes Net Investment Receivables/Payables.
- ³ These asset classes do not have targets because they are not components of the Total Fund Policy benchmark.

PERF Total Fund Performance | 10-Year Review, One-Year Returns



Portfolio of California Investments at Market Value – PERF

(Dollars in Millions)	California Investments
EQUITY	
Domestic Equity	\$10,084.4
International Equity	42.8
TOTAL EQUITY	\$10,127.2
FIXED INCOME	
Domestic Fixed Income	\$ 3,110.0
International Fixed Income	—
TOTAL FIXED INCOME	\$ 3,110.0
INFLATION LINKED	—
REAL ASSETS	\$4,900.0
PRIVATE EQUITY	\$3,607.6
ABSOLUTE RETURN STRATEGIES	\$1,117.0
TOTAL CALIFORNIA INVESTMENTS	\$22,861.8

Largest Stock & Bond Holdings at Market Value – PERF

Largest Stock Holdings (Dollars in Thousands)

Rank	Security Name	Shares	Market Value
1	Exxon Mobil Corporation	13,903,868	\$1,256,214
2	Apple, Inc.	2,782,279	1,102,005
3	Microsoft Corporation	24,708,696	853,191
4	Johnson & Johnson	8,918,114	765,709
5	Chevron Corporation	6,361,241	752,789
6	General Electric Company	32,010,341	742,320
7	Google Incorporated CL A	825,679	726,903
8	Wells Fargo & Company	17,456,809	720,443
9	Nestle SA Reg	11,000,788	720,286
10	JP Morgan Chase & Company	12,719,282	671,451

Note:

Market Value is based on holdings from Global Equity only.

Largest Bond Holdings (Dollars in Thousands)

Rank	Bond	Par Value	Market Value
1	United States Treasury 1.750% 05/15/2023	\$5,056,500	\$4,734,553
2	United States Treasury 3.125% 11/15/2041	3,179,000	2,978,596
3	United States Treasury 0.125% 01/15/2023	2,272,691	2,205,578
4	United States Treasury 0.250% 10/15/2015	1,781,000	1,773,003
5	United States Treasury 0.750% 10/31/2017	1,280,000	1,255,680
6	United States Treasury 0.125% 04/15/2017	1,216,369	1,249,443
7	United States Treasury 0.250% 09/15/2015	1,000,000	996,000
8	United States Treasury 2.875% 05/15/2043	870,000	769,750
9	United States Treasury 1.000% 03/31/2017	763,000	763,732
10	United States Treasury 2.125% 02/15/2040	623,083	758,503

A complete list of portfolio holdings is available upon request.

Schedule of Commissions & Fees – PERF (Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission & Fees Amount
ABG Securities, Ltd.	1,482,864	\$11
Academy Securities, Inc.	571,592	14
Ambit Capital Private, Ltd.	141,698	8
Antique Stock Broking, Ltd.	112,200	14
Aviate Global, LLP	1,119,381	13
Avondale Partners, LLC	384,468	14
Axis Capital, Ltd.	669,568	17
Banco De Investimentos Credit	2,515,690	20
Banco Itau SA	659,600	11
Banco Pactual SA	1,453,046	19
Banco Santander Brasil SA	2,266,520	65
Banco Santander Central Hispano	3,539,608	22
Banco Santander Mexicano, SA	1,224,720	12
Bank J. Vontobel and Co. AG	337,501	11
Barclays Capital Inc./LE	63,997,292	775
Barclays Capital, Inc.	21,616,386	209
Blaylock Robert Van, LLC	7,042,811	103
Bley Investment Group	8,882,174	129
Bloomberg Tradebook, LLC	458,104	9
BNP Equities France	23,471,696	80
BNP Paribas Securities (Asia), Ltd.	7,777,453	49
BNP Paribas Securities Services	9,529,064	67
BNY Brokerage	409,544	17
Boe Securities INC/Broadcort CAP, Corp.	352,174	10
Brockhouse and Cooper, Inc.	2,605,785	21
Cabrera Capital Markets	669,009	18
Canaccord Genuity, Ltd.	1,624,403	17
Cantor Clearing Services	288,452,445	218
Cantor Fitzgerald and Company	15,127,992	217
Cantor Fitzgerald and Company / Castleoak Sec.	438,863	12
Capital Institutional Svcs Inc., Equities	12,000,724	111
China International Capital Company	6,705,065	27
CIMB Securities (HK), Ltd.	12,976,062	32
CIMB-GK Securities Pte., Ltd.	5,857,286	35
Citation Group	817,687	14
Citibank International PLC	88,165	8
Citigroup Global Market Korea Secs., Ltd.	2,093,691	74
Citigroup Global Markets CME	25,842	56
Citigroup Global Markets India	893,342	14
Citigroup Global Markets UK Equity, Ltd.	13,878,761	31
Citigroup Global Markets, Inc.	730,583,594	1,501
Citigroup Global Markets, Inc. Salomon Bro.	849,783	2,077
Citigroup Global Markets, Ltd.	81,935,655	331
CLSA Australia PTY, Ltd.	3,237,294	35
CLSA Securities Malaysia SDN BHD	2,744,630	10
CLSA Singapore PTE, Ltd.	14,270,606	98
Collins Stewart, LLC	910,499	36
Commerce Intl. Merchant Bankers	2,010,900	11
Concordia SA CVMCC	3,426,890	44
Convergex Execution Solutions, LLC	2,763,829	44
Cowen and Company, LLC	2,248,238	68
Credit Agricole Indosuez Cheuvreux	1,170,700	48
Credit Lyonnais Securities (Asia)	25,619,206	162

Broker	Number of Shares Traded	Base Commission & Fees Amount
Credit Lyonnais Securities India	3,692,490	\$20
Credit Suisse First Boston	8,739,315	24
Credit Suisse First Boston (Europe)	104,953	9
Credit Suisse First Boston SA CTVM	619,200	17
Credit Suisse Secs India Private, Ltd.	3,916,770	51
Credit Suisse Securities (Europe), Ltd.	75,203,762	398
Credit Suisse Securities (USA), LLC	186,602,813	1,081
CS First Boston (Hong Kong), Ltd.	65,674,947	106
CSFB Australia Equities, Ltd.	1,247,510	15
CSI US Institutional Desk	297,435	9
Daewoo Securities Company, Ltd.	194,648	12
Daiwa Securities (HK), Ltd.	381,491,091	284
Daiwa Securities America, Inc.	83,222,094	161
Daiwa Securities Company, Ltd.	196,366	28
Davy Stockbrokers	1,220,310	39
DBS Vickers Securities (Singapore)	9,334,200	12
Den Norske Bank	443,165	10
Deutsche Bank AG London	74,095,395	312
Deutsche Bank Securities, Inc.	337,953,965	759
Deutsche Eq In Prvt LIM DB	4,177,501	49
Deutsche Morgan Grenfell Secs	2,132,757	44
Deutsche Securities Asia, Ltd.	46,668,437	164
Direct Access Partners, LLC	509,202	12
DNB Nor Markets Custody		
Dnb Norbank Asa	1,479,624	18
Dongwon Securities	180,166	28
Dowling and Partners	281,829	10
Drexel Hamilton, LLC	478,717	9
DSP Merrill Lynch, Ltd.	4,634,512	53
Exane SA	2,481,253	85
Fator - Doria Atherino S.A CV	1,388,480	17
Fig Partners, LLC	432,660	9
Forsyth Barr, Ltd.	461,930	9
G Trade Services, Ltd.	30,255,361	116
GMP Securities Europe, LLP	410,000	15
Goldman Sachs (Asia), LLC	99,456,152	100
Goldman Sachs (India)	1,968,530	31
Goldman Sachs and Company	243,169,194	1,177
Goldman Sachs CME	613,486	1,369
Goldman Sachs Do Brasil Corretora	4,139,124	51
Goldman Sachs International	23,564,164	335
Gordon, Haskett and Company	488,341	17
Great Pacific Securities, Inc.	11,918,975	174
Guzman and Company	16,662,170	253
Hanwha Securities Seoul	45,014	43
Hong Kong and Shanghai Banking, Corp.	238,905,022	139
HSBC Bank Brasil SA Banco Multiplo	7,925,941	27
HSBC Bank USA	24,127,528	9
HSBC Bank, PLC	31,028,174	239
HSBC Securities (USA), Inc.	246,160,129	242
HSBC Securities India Holdings	17,244,221	86
Imperial Capital, LLC	262,702	9
ING Bank NV	621,615	18
Instinet	46,502,608	544
Instinet Australia Clearing Srvc. Pty., Ltd.	11,346,357	28

Schedule of Commissions & Fees – PERF (continued) (Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission & Fees Amount
Instinet Canada	1,561,665	\$13
Instinet Pacific, Ltd.	97,052,729	185
Instinet Singapore Services PT	42,316,072	40
Instinet UK, Ltd.	325,694,336	1,085
Instinet, LLC	19,217,602	164
Intermonte Securities SIM SPA	4,415,204	12
Intermonte Sim SPA	3,214,497	11
Investec Bank PLC	728,620	16
Investment Technology Group, Inc.	30,043,500	332
Investment Technology Group, Ltd.	75,009,380	288
ISI Group, Inc.	1,654,360	54
Island Trader Securities, Inc.	565,350	9
Itau USA Securities, Inc.	595,493	23
ITG Australia, Ltd.	38,438,750	111
ITG Canada	7,412,919	42
ITG Securities (HK), Ltd.	101,413,899	98
ITG, Inc.	4,734,204	66
Ivy Securities, Inc.	812,330	17
Jefferies and Company, Inc.	8,946,454	175
Jefferies International, Ltd.	3,591,299	31
JMP Securities	397,366	16
Jones Trading Institutional Services, LLC	11,969,989	172
JP Morgan Clearing Corporation	20,773,514	252
JP Morgan India Private, Ltd.	2,379,191	27
JP Morgan Securities (Asia Pacific), Ltd.	245,774,240	200
JP Morgan Securities (Far East), Ltd.		
Seoul	379,131	85
JP Morgan Securities Australia, Ltd.	5,274,917	40
JP Morgan Securities, Inc.	118,852,569	766
JP Morgan Securities, PLC	359,311,371	893
Keefe Bruyette and Woods, Inc.	723,771	24
Keybank Capital Markets, Inc.	262,731	9
KGI Securities (Hong Kong), Ltd.	3,238,700	36
King CL and Associates, Inc.	324,705	10
Knight Equity Markets, LP	9,768,137	139
Knight Execution and Clearing	7,365,866	62
Kotak Securities, Ltd.	541,197	9
Lazard Capital Markets, LLC	1,613,223	28
Leerink Swann and Company	332,753	12
Liquidnet Asia Ltd.	17,892,948	18
Liquidnet, Inc.	7,326,459	149
Loop Capital Markets	6,695,157	82
M. Ramsey King Securities, Inc.	29,809,501	427
Macquarie Bank, Ltd.	71,445,296	176
Macquarie Capital (USA), Inc.	411,249	9
Macquarie Equities, Ltd. (Sydney)	4,704,278	117
Macquarie Securities (India) PVT, Ltd.	524,339	13
Macquarie Securities (Singapore)	7,290,800	15
Macquarie Securities (USA), Inc.	1,467,078	57
Macquarie Securities, Ltd.	23,239,079	60
Macquarie Securities, Ltd. Seoul	199,791	14
Merrill Lynch International	584,101,568	964
Merrill Lynch Pierce Fenner and Smith	231,868,103	1,159
Mischler Financial Group, Inc.-Equities	8,231,858	136
Mitsubishi UFJ Securities (USA)	677,640	10

Broker	Number of Shares Traded	Base Commission & Fees Amount
Mizuho Securities Asia, Ltd.	4,560,700	\$30
Mizuho Securities USA, Inc.	1,639,003	20
Morgan Keegan and Company, Inc.	1,245,774	37
Morgan Stanley and Company Inc.	148,753,759	787
Morgan Stanley and Company International	95,562,876	329
Morgan Stanley and Company International Taipei Metro	64,203,757	82
Morgan Stanley Dean Witter, Inc.	18,496,000	148
Morgan Stanley Securities, Ltd.	3,379,557	24
Motilal Oswal Securities, Ltd.	1,046,060	13
Mr. Beal & Company	1,064,078	23
National Financial Services, Corp.	274,400	10
Needham and Company	219,748	9
Nesbitt Burns	524,519	10
Nomura Financial Advisory and Securities India	1,279,214	29
Nomura International, PLC	5,743,766	24
Nomura Securities International, Inc.	31,971,260	97
North Land Securities, Inc.	326,349	11
North South Capital, LLC	11,438,258	160
Numis Securities, Inc.	379,658	12
Oddo Et Cie	258,650	18
Oppenheimer and Co., Inc.	474,393	17
Pacific Crest Securities	292,142	10
Parel	781,199	8
Pavilion Global Markets, Ltd.	6,843,530	29
Penserra Securities, LLC	21,966,641	298
Pershing LLC	6,219,316	80
Pershing Securities, Ltd.	3,220,654	60
Piper Jaffray	1,530,886	49
PT Mandiri Sekuritas	11,849,500	20
Pulse Trading, LLC	1,878,910	41
Rabobank Netherland	403,133	8
Raymond James and Associates, Inc.	1,925,963	67
RBC Capital Markets	3,773,959	102
RBC Dominion Securities, Inc.	16,678,332	126
Renaissance Securities (Cyprus), Ltd.	652,394	29
Rhb Investment Bank Berhad	409,700	8
Robert W. Baird Company, Inc.	780,704	28
Roberts and Ryan Investments, Inc.	816,553	24
Robotti and Company, LLC	8,585,945	98
Rosenblatt Securities, LLC	15,161,913	191
Royal Bank of Canada Europe, Ltd.	6,741,031	56
Salomon Smith Barney Inc.	13,349,000	15
Samsung Securities Co., Ltd.	286,698	44
Sanford C Bernstein Co., LLC	26,150,220	223
Sanford C. Bernstein, Ltd.	58,993,368	257
Scotia Capital (USA), Inc.	1,350,090	51
Seagroatt and Campbell SDN BHD	2,108,500	11
Seslia Securities	11,666,149	159
SG Americas Securities, LLC	3,179,207	34
SG Asia Securities (India) Pvt, Ltd.	2,503,652	35
SG Securities Hong Kong	45,809,299	195

Schedule of Commissions & Fees – PERF (continued) (Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission & Fees Amount
Shenyin Wanguo Securities (Hong Kong), Ltd.	4,121,500	\$8
Sidoti and Company, LLC	442,248	17
SJ Levinson and Sons, LLC	2,523,083	51
Societe Generale Bank and Trust	220,884	15
Societe Generale London Branch	76,624,713	326
Standard Bank London, Ltd.	1,335,636	13
State Street Bank and Trust Company	2,339,157	18
State Street Global Markets, LLC	4,049,111	40
Stephens, Inc.	748,431	29
Sterne, Agee and Leach, Inc.	747,612	28
Stifel Nicolaus Co., Inc.	3,015,062	104
Stuart Frankel and Co., Inc.	21,411,213	281
Sungard Brokerage & Securities Svcs, LLC	3,752,255	57
Suntrust Capital Markets, Inc.	328,807	12
Svenska Handelsbanken	929,327	9
The Hong Kong and Shanghai Bank	7,469,339	46
Troika Dialog Investment Company	204,821	14
UBS Ag	285,378,264	896

Broker	Number of Shares Traded	Base Commission & Fees Amount
UBS Ag London	1,699,709	\$ 36
UBS Securities Asia, Ltd.	348,997,665	328
UBS Securities Canada, Inc.	2,918,187	36
UBS Securities Pte., Ltd.	49,147,684	13
UBS Securities, LLC	10,665,797	214
UBS Warburg, LLC	7,013,769	62
VTB Bank Europe, PLC	3,882,454	24
Wedbush Morgan Securities, Inc.	289,133	9
Weeden and Company	24,871,503	314
Wells Fargo Securities, LLC	5,739,431	113
William Blair and Company, LLC	1,570,160	60
William Capital Group LP	489,878	14
Wood and Company	50,557	11
Woori Investment Securities	170,020	11
XP Investimentos CCTVM SA	1,903,159	30
Yamner and Company, Inc.	1,059,125	16
Yuanta Securities Company, Ltd.	2,473,196	9
Various ¹	106,218,721	596
TOTAL	7,958,553,561	\$33,009

Note:

¹ Commissions and fees paid to brokers that totaled less than \$8,000 for the year are reported under the “Various” line item.

Schedule of Fees & Costs for Private Equity Partners – PERF (Dollars in Thousands)

Fund Name	2012 Fees & Costs ¹
57 Stars Global Opportunities Fund II, LLC	\$10,387
57 Stars Global Opportunities Fund, LLC	9,455
Aberdare Ventures IV, LP	1,206
Aberdare Ventures III, LP	237
Acon-Bastion Partners II, LP	1,718
Advent Global Private Equity IV, LP	39
Advent International GPE VI, LP	7,943
Advent International GPE VII, LP	3,500
Advent Latin America Private Equity Fund IV, LP	2,904
Advent Latin American Private Equity Fund III, LP	480
Advent Latin American Private Equity Fund V-H, LP	2,412
Affinity Asia Pacific Fund III, LP	2,813
Aisling Capital II, LP	1,017
Aisling Capital III, LP	1,891
Alta V, LP	7
Apollo Credit Opportunities Fund, LP	9,301
Apollo European Principal Finance Fund, LP	2,071
Apollo Investment Fund III, LP	40
Apollo Investment Fund IV, LP	33
Apollo Investment Fund V, LP	387
Apollo Investment Fund VI, LP	1,207
Apollo Investment Fund VII, LP	9,305
ArcLight Energy Partners Fund II, LP	248
ArcLight Energy Partners III, LP	2,124
ArcLight Energy Partners IV, LP	1,771
Ares Corporate Opportunities Fund II, LP	934
Ares Corporate Opportunities Fund III, LP	6,647
Ares Corporate Opportunities Fund, LP	162
Ares Special Situations Fund, LP	1,064
Asia Alternatives Capital Partners II, LP	129
Asia Alternatives Capital Partners, LP	3,109
Asia Recovery Co-Investment Fund, LP	21
Asia Recovery Fund, LP	26
Audax Credit Opportunities Fund, LP	622
Audax Mezzanine Fund II, LP	632
Audax Private Equity Fund II, LP	29
Audax Private Equity Fund III, LP	312
Aurora Equity Partners II, LP	11
Aurora Equity Partners III, LP	231
Aurora Equity Partners, LP	13
Aurora Resurgence Fund (c), LP	4,556
Avenue Asia Special Situations Fund III, LP	76
Avenue Asia Special Situations Fund IV, LP	2,224
Avenue Europe Special Situations Fund, LP	191
Avenue Special Situations Fund IV, LP	35
Avenue Special Situations Fund V, LP	68
Avenue Special Situations Fund VI (A), LP	1,894
Avenue Special Situations Fund IV, LP	357
Avenue Special Situations Fund V, LP	1,867
Avenue Special Situations Fund VI (A), LP	1,234
Bank of America CA Community Venture Fund, LP	1,573
Baring Vostok Private Equity Fund IV, LP	1,416
Birch Hill Equity Partners (US) III, LP	1,437
Birch Hill Equity Partners (US) IV, LP	3,046
Blackstone Capital Partners IV, LP	111

Fund Name	2012 Fees & Costs ¹
Blackstone Capital Partners V, LP	\$700
Blackstone Capital Partners VI, LP	554
Blackstone Communications Partners I, LP	82
Blackstone GS Capital Partners V, LP	3,888
Blackstone Mezzanine Partners, LP	41
Blackstone TOP Fund, LP	567
Bridgepoint Europe II	139
Bridgepoint Europe III, LP	1,644
Bridgepoint Europe IV, LP	4,514
Cadence Bancorp, LLC	298
California Asia Investors, LP	2,987
California Emerging Ventures II, LLC	5,345
California Emerging Ventures III, LLC	5,253
California Emerging Ventures IV, LLC	8,743
California Emerging Ventures, LLC	2,321
CalPERS Clean Energy & Technologies Fund, LLC	7,099
CalPERS Corporate Partners, LLC	598
Candover 2001 Fund	49
Candover 2005 Fund US No. 1, LP	767
Capital Link Fund II, LP	7,061
Capital Link, LLC	9,164
Carlyle Asia Growth Partners III, LP	1,300
Carlyle Asia Growth Partners IV, LP	2,897
Carlyle Asia Partners (PV II) LP	56
Carlyle Asia Partners II, LP	1,926
Carlyle Asia Partners III, LP	5,590
Carlyle Europe Partners II, LP	257
Carlyle Europe Partners III, LP	3,934
Carlyle Europe Technology Partners II, LP	2,325
Carlyle Global Financial Services Partners, LP	3,377
Carlyle Japan International Partners II, LP	2,867
Carlyle Japan Partners, LP	314
Carlyle MC Partners, LP	3
Carlyle Mexico Partners, LP	261
Carlyle Partners II, LP	38
Carlyle Partners III, LP	56
Carlyle Partners IV, LP	963
Carlyle Partners Kinder Morgan	31
Carlyle Partners V, LP	9,477
Carlyle Strategic Partners II, LP	948
Carlyle U.S. Growth Fund III, LP	1,206
Carlyle Venture Partners II, LP	200
Carlyle/Riverstone Global Energy and Power Fund II, LP	1,979
Carlyle/Riverstone Global Energy and Power Fund III, LP	1,811
Carlyle/Riverstone Renewable Energy Infrastructure Fund I, LP	107
Central Valley Fund II, LP, The	455
Cerberus Institutional Partners V, LP	5,426
CHK Mid Con Co-Invest Vehicle Preferred, LP	27
Clarus Lifesciences I, LP	1,092
Clarus Lifesciences II, LP	1,538
Clearlake Capital Partners III, LP	91
Clearstone Venture Partners III-A, LP	193

Note:

¹ Fees and costs for the 1-year period ending December 31, 2012.

Schedule of Fees & Costs for Private Equity Partners – PERF (continued) (Dollars in Thousands)

Fund Name	2012 Fees & Costs ¹	Fund Name	2012 Fees & Costs ¹
Clearwater Capital Partners Fund II, LP	\$923	Hellman & Friedman Capital Partners IV, LP	\$8
Clearwater Capital Partners Fund III, LP	6,397	Hellman & Friedman Capital Partners V, LP	837
Clearwater Capital Partners I, LP	339	Hellman & Friedman Capital Partners VI, LP	2,287
Clessidra Capital Partners	455	Hellman & Friedman Capital Partners VII, LP	4,209
Clessidra Capital Partners II, LP	3,728	Huntsman Gay Capital Partners, LP	264
Coller International Partners III, LP	29	ICV Partners II, LP	371
Coller International Partners IV, LP	762	Insight Venture Partners V, LP	472
Coller International Partners V, LP	6,228	Insight Venture Partners VI, LP	1,194
Community Bancorp	298	Khosla Ventures III, LP	2,916
Conversus Asset Management, LLC	18	Khosla Ventures Seed, LP	1,532
Conversus Capital	11,592	KKR 2006 Fund, LP	2,092
Court Square Capital Partners II, LP	693	KKR Asian Fund, LP	1,317
Craton Equity Investors I, LP	315	KKR European Fund III, LP	5,175
Credit Suisse - Domestic Emerging Manager, LP	657	KKR European Fund, LP	48
CVC European Equity Partners II, LP	40	KKR Millennium Fund, LP	5
CVC European Equity Partners III, LP	49	Kline Hawkes Pacific, LP	120
CVC European Equity Partners IV, LP	484	KM Corporate Partners Fund II, LP	1,848
CVC European Equity Partners Tandem Fund (B), LP	5,253	KPS Special Situations III, LP	1,542
CVC European Equity Partners V, LP	5,455	Levine Leichtman Capital Partners Deep Value Fund, LP	713
CVC European Equity Partners, LP	14	Levine Leichtman Capital Partners II, LP	6
Darby Coverging Europe Mezzanine Fund, LP	788	Levine Leichtman Capital Partners III, LP	1,033
DFJ Frontier Fund, LP	172	Levine Leichtman Capital Partners IV, LP	739
EM Alternatives	696	Lexington Capital Partners II, LP	71
ESP - Golden Bear Europe Fund, LP	6,112	Lexington Capital Partners III, LP	89
Essex Woodlands Health Ventures VIII, LP	2,261	Lexington Capital Partners IV, LP	167
Ethos Private Equity Fund III, LP	18	Lexington Capital Partners V, LP	241
Falconhead Capital Partners II, LP	111	Lexington Middle Market Investors, LP	613
Fenway Partners Capital Fund, LP	33	Lightspeed Venture Partners VII, LP	596
First Reserve Fund X, LP	252	Lime Rock Partners III, LP	399
First Reserve Fund XI, LP	3,650	Lime Rock Partners IV, LP	724
First Reserve Fund XII, LP	5,109	Lime Rock Partners V, LP	1,766
Francisco Partners II, LP	243	Lion Capital Fund II, LP	1,432
Francisco Partners III, LP	1,636	Lombard Asia III, LP	526
Francisco Partners, LP	12	Lombard Thailand Partners, LP	130
Garage California Entrepreneurs Fund, LP	121	Lombard/Pacific Partners, LP	121
Generation Capital Partners, LP	30	Madison Dearborn Capital Partners III, LP	18
Gleacher Mezzanine Fund I, LP	23	Madison Dearborn Capital Partners IV, LP	58
Granite Global Ventures II, LP	55	Madison Dearborn Capital Partners V, LP	1,624
Granite Global Ventures III, LP	1,171	Magnum Capital, LP	127
Green Credit Investors, LP	7	Markstone Capital Partners, LP	254
Green Equity Investors II, LP	32	MHR Institutional Partners II, LP	350
Green Equity Investors III, LP	2	MHR Institutional Partners III, LP	6,381
Green Equity Investors IV, LP	20	New Enterprise Associates 12, LP	328
Green Equity Investors V, LP	79	New Mountain Partners II, LP	130
GSO Capital Opportunities Fund II, LP	374	New Mountain Partners III, LP	4,898
GSO Capital Opportunities Fund, LP	398	Newbridge Asia III, LP	77
GSO Capital Solutions LP	849	Newbridge Asia IV, LP	1,843
GSO Giant Co-Invest I, LP	21	NGEN II, LLC	161
Hamlet Holdings, LLC (Harrah's)	1	Nogales Investors Fund II, LP	205
Health Evolution Investments, LLC	246	Oak Hill Capital Partners II, LP	910
Health Evolution Management Co., LLC	2	Oak Hill Capital Partners III, LP	6,800
Health Evolution Partners Growth, LP	12,052	Oaktree Opportunities Fund VIII, LP	3,652
Health Evolution Partners, LLC	5,111	Pacific Community Ventures Investments Partners II, LP	80
Hellman & Friedman Capital Partners II, LP	2		

Note:

¹ Fees and costs for the 1-year period ending December 31, 2012.

Schedule of Fees & Costs for Private Equity Partners – PERF (continued) (Dollars in Thousands)

Fund Name	2012 Fees & Costs ¹
PAG Asia I, LP	\$2,972
Palladium Equity Partners III, LP	1,755
Parish Capital I, LP	243
Parish Capital II, LP	133
Permira Europe I	14
Permira Europe III	677
Permira U.K. Venture IV	2,173
Perseus-Soros Biopharmaceutical Fund, LP	112
Pharos Capital Partners II-A, LP	202
Polish Enterprise Fund IV, LP	31
Polish Enterprise Fund V, LP	634
Polish Enterprise Fund VI, LP	1,725
Prospect Venture Partners III, LP	219
Providence Equity Partners V, LP	700
Providence Equity Partners VI, LP	3,152
Q Street/Century LLC	76
Quadrangle Capital Partners II, LP	664
Resolute Fund II, The	1,560
RFG Private Equity Limited Partnership No.1	318
Rhone Partners III, LP	318
Richardson Capital Private Equity Limited Partnership No. 2	89
Ripplewood Partners II, LP	16
Riverstone/Carlyle Renewable and Alternative Energy Fund II, LP	4,327
Riverwood Capital Partners, LP	882
RockPort Capital Partners II, LP	70
Rosewood Capital Associates V, LP	338
Sacramento Private Equity Partners, LP	7,086
SAIF Partners III, LP	1,740
SAIF Partners IV LP	2,347
Samson Co-Invest III, LP	10
Silver Lake Credit Fund, LP	2,222
Silver Lake Group, LLC	122
Silver Lake Partners II, LP	446
Silver Lake Partners III, LP	4,444
Silver Lake Partners, LP	3
Silver Lake Sumeru Fund, LP	2,079
Silver Lake Technology Investors III, LP	10
Silver Lake Technology Management, L.L.C.	1
SpaceVest Fund, LP	26
T3 Partners II, LP	117
TA Subordinated Debt Fund II, LP	565
TA X, LP	1,273
Tailwind Capital Partners, LP	2,037
TC Group, LLC	72
Technology Partners Fund V, LP	2
Technology Partners Fund VI, LP	6
Thomas H. Lee Equity Fund V, LP	89
Thomas H. Lee Equity Fund VI, LP	689
Thomas H. Lee Equity Partners, LP	8
TowerBrook Investors II, LP	1,363
TowerBrook Investors III, LP	6,834
TowerBrook Investors, LP	43

Fund Name	2012 Fees & Costs ¹
TPG Asia V, LP	\$5,754
TPG Biotechnology Partners II, LP	663
TPG Biotechnology Partners III, LP	1,940
TPG Biotechnology Partners, LP	78
TPG Credit Strategies, LP	814
TPG Holding, LP	29
TPG Partners III, LP	165
TPG Partners IV, LP	520
TPG Partners V, LP	2,110
TPG Partners VI, LP	10,787
TPG Star, LP	1,465
TPG Ventures, LP	98
Tricor Pacific Capital Partners IV, LP	2
Trinity Ventures IX, LP	242
VantagePoint CleanTech Partners, LP	23
VantagePoint Venture Partners 2006 (Q), LP	1,516
Vicente Capital Partners Growth Equity Fund, LP	736
W Capital Partners II, LP	2,741
W Capital Partners, LP	161
Wayzata Opportunities Fund II, LLC	3,111
Wayzata Opportunities Fund, LLC	828
Wellspring Capital Partners V, LP	2,836
Welsh, Carson, Anderson & Stowe IX, LP	115
Welsh, Carson, Anderson & Stowe VI, LP	4
Welsh, Carson, Anderson & Stowe X, LP	495
Welsh, Carson, Anderson & Stowe XI, L.P	1,172
WLR Recovery Fund II, LP	220
WLR Recovery Fund III, LP	1,033
WLR Recovery Fund IV, LP	2,309
Yucaipa American Alliance Fund I, LP	2,218
Yucaipa American Alliance Fund II, LP	7,519
Yucaipa American Special Situations Fund I, LP	44
Yucaipa Corporate Initiatives Fund I, LP	1,807
Yucaipa Corporate Initiatives Fund II, LP	1,012
TOTAL	\$476,142

Note:

¹ Fees and costs for the 1-year period ending December 31, 2012.

Schedule of Fees & Costs for Absolute Return Strategies Program – PERF (Dollars in Thousands)

Fund Name	Management Fees	Performance Fees
Brookside Capital Partners Fund, L.P.	\$2,041	\$ —
BlueTrend Fund, L.P.	78	(157)
Breton Hill Eureka Fund, L.P.	6,275	5,683
Canyon Value Realization Fund, L.P.	3,210	2,694
Chatham Eureka Fund, L.P.	281	1,193
Deephaven Market Neutral LLC	5,571	—
Lansdowne Eureka Fund, L.P.	1,450	2,377
O'Connor Global Fundamental Market Neutral Long Short LLC	149	—
OMG Eureka Fund, L.P.	7,382	6,505
OZ Domestic Partners II, L.P.	25	—
OZ Eureka Fund, L.P.	2,432	—
PFM Diversified Eureka Fund	1,009	422
Standard Pacific Eureka Fund, L.L.L.P.	399	—
Symphony Eureka Fund, L.P.	605	119
SuttonBrook Eureka Fund, L.P.	9,334	23,394
PAAMCO Blue Diamond	3,730	8,679
Vision Blue Diamond Fund, L.P.	1,306	—
Ermitage Highbury Fund, L.P.	2,832	3,453
AIS Highbury Fund, L.P.	657	—
ERAAM Highbury Fund, L.P.	1,596	—
47 Degrees North New Generation 1848 Fund, L.P.	2,008	—
Rock Creek 1848 Fund, L.P.	851	—
PAAMCO 1848 Fund, L.P.	783	—
SuttonBrook Eureka Fund LP	2,060	(261)
Tennenbaum Multi-Strategy Fund LLC	1,475	—
The Marquee Fund, L.P.	1,631	925
PAAMCO Blue Diamond	1,538	—
TOTAL MANAGEMENT AND PERFORMANCE FEES	\$60,708	55,026

Total Investment Management Expenses Summary (Dollars in Thousands)

Category	
EXTERNAL MANAGEMENT FEES	
Domestic Equity	\$18,869
Domestic Fixed Income ²	3,765
Global Equity	22,909
Global Fixed Income	3,278
Real Asset	201,944
SIP Investment Management	2,842
Private Equity ¹	476,142
Absolute Return Strategies ²	60,708
TOTAL EXTERNAL MANAGEMENT FEES	\$790,457
EXTERNAL PERFORMANCE FEES	
Domestic Equity	\$8,795
Global Equity	37,422
Global Fixed Income	5,698
Real Asset	270,624
Absolute Return Strategies ²	55,026
TOTAL EXTERNAL PERFORMANCE FEES	\$377,565
ADDITIONAL INVESTMENT-RELATED EXPENSES	
Auditor Fees	\$776
Appraisal Fees	6,627
Company Expense	241
Consultant Fees	23,388
System Consultant Fees	3,399
Legal Fees	15,796
Master Custodian Fees	7,528
Tax Advisory Fees	539
Technology Expenses	22,351
Miscellaneous Expenses	60,706
Commissions & fees ²	33,009
Internal staff personnel expenses ³	43,550
Administrative fees ³	3,534
TOTAL ADDITIONAL INVESTMENT-RELATED EXPENSES	\$221,444
TOTAL INVESTMENT MANGEMENT COSTS (ALL TRUST FUNDS)	\$1,389,466
Total Investments as of June 30, 2013	\$287,416,754
Total Investments as of June 30, 2012	\$252,188,067
Management Expense Ratio (based on average assets)	0.51%

Notes:

- ¹ Expense is recorded in fair value of the investments and is recorded as a reduction in Net Appreciation in Fair Value of Investments; costs are for the one-year period ending December 31, 2012.
- ² Expense is recorded in fair value of the investments and is recorded as a reduction in Net Appreciation in Fair Value of Investments.
- ³ Expense is recorded in the administrative expenses and represents the internal costs attributable to managing the investment portfolio.

Investment Performance – LRF

Global equity securities achieved returns of approximately 18.5 percent for fiscal year 2012-13 compared to benchmark returns of 18.3 percent. CalPERS uses the custom LRS Global Equity Benchmark to provide a benchmark for the global equity portfolio. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

Domestic fixed income securities incurred returns of approximately -1.2 percent for fiscal year 2012-13, compared to benchmark returns of -2.8 percent. CalPERS uses a custom Barclays Capital Long Liability Index to provide a benchmark for the domestic fixed income portfolio. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

The TIPS (U.S. Treasury Inflation Protected Securities) portfolio incurred returns of approximately -4.6 percent for fiscal year 2012-13, compared to benchmark

returns of -4.8 percent. CalPERS uses the Barclays Capital Global Real: US TIPS Index to provide a benchmark for the TIPS portfolio.

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Legislators' Retirement System Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. Below are the 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2013.

Per guidelines recommended by the Chartered Financial Analyst Institute, the master custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

LRF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index ¹	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	5.7%	9.3%	6.4%	Weighted Policy Benchmark	4.8%	9.1%	6.0%
				Actuarial Rate	5.8%	5.8%	5.8%
Global Equity	18.5%	13.5%	3.6%	LRS Global Equity Benchmark	18.3%	13.5%	3.6%
Domestic Fixed Income	(1.2%)	6.2%	7.8%	Barclays Long Liability Index	(2.8%)	5.5%	7.1%
TIPS	(4.6%)	4.7%	4.6%	Barclays Long Liability Index TIPS	(4.8%)	4.6%	4.4%
REITs	14.2%	—	—	CalPERS Custom REIT Index	14.3%	—	—
Commodities	1.6%	—	—	GSCI Total Return (Daily)	2.0%	—	—

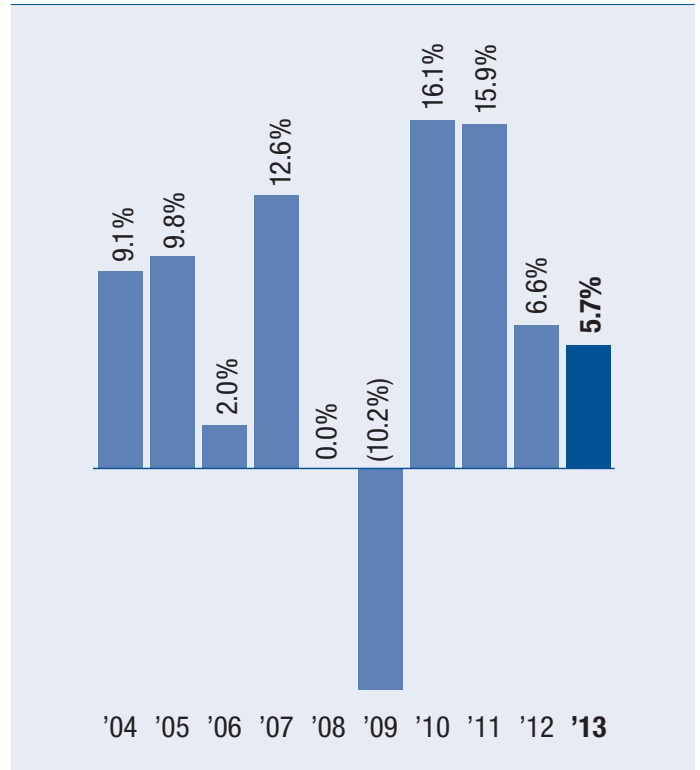
Notes:

¹ Index benchmarks are as of June 30, 2013 and are subject to be updated based on changes within the fund portfolios.

LRF Asset Allocation

Asset Class	Current Allocation	Current Year Target	Prior Year Target
Global Equity	31.9%	32.0%	32.0%
Domestic Fixed Income	42.1%	42.0%	42.0%
TIPS	15.0%	15.0%	15.0%
REITs	8.0%	8.0%	8.0%
Commodities	3.0%	3.0%	3.0%
TOTAL FUND	100.0%	100.0%	100.0%

LRF Total Fund Performance | 10-Year Review, One-Year Returns



Investment Performance – JRF II

Global equity securities achieved returns of approximately 18.5 percent for fiscal year 2012-13 compared to benchmark returns of 18.3 percent. CalPERS uses the custom JRS II Global Equity Benchmark to provide a benchmark for the global equity portfolio. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

Domestic fixed income securities incurred returns of approximately -1.2 percent for fiscal year 2012-13 compared to benchmark returns of -2.8 percent. CalPERS uses the Barclays Capital Long Liability Index to provide a benchmark for the domestic fixed income portfolio. This benchmark is representative of the returns that could be expected in a similar investing environment and reflects the overall market characteristics.

Investments in Real Estate Investment Trusts (REITs) earned approximately 14.2 percent compared to benchmark

returns of 14.3 percent. CalPERS uses the custom FTSE EPRA/NAREIT Developed Index to benchmark the REIT portfolio. This benchmark is representative of the returns that could be expected in a similar investing environment and reflects the overall market characteristics.

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Judges' Retirement System II Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2013, are shown below.

Per guidelines recommended by the Chartered Financial Analyst Institute, the master custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

JRF II Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index ¹	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	12.1%	11.6%	5.4%	Weighted Policy Benchmark Actuarial Rate	11.6%	11.7%	5.6%
Global Equity	18.5%	13.3%	3.2%	JRS II Global Equity Benchmark	18.3%	13.3%	3.2%
Domestic Fixed Income	(1.2%)	6.2%	7.8%	Barclays Long Liability Index	(2.8%)	5.5%	7.1%
TIPS	(4.6%)	—	—	Barclays Long Liability TIPS	(4.8%)	—	—
REITs	14.2%	15.9%	2.2%	CalPERS Custom REIT Index	14.3%	16.0%	2.2%
Commodities	1.6%	—	—	GSCI Total Return (Daily)	2.0%	—	—

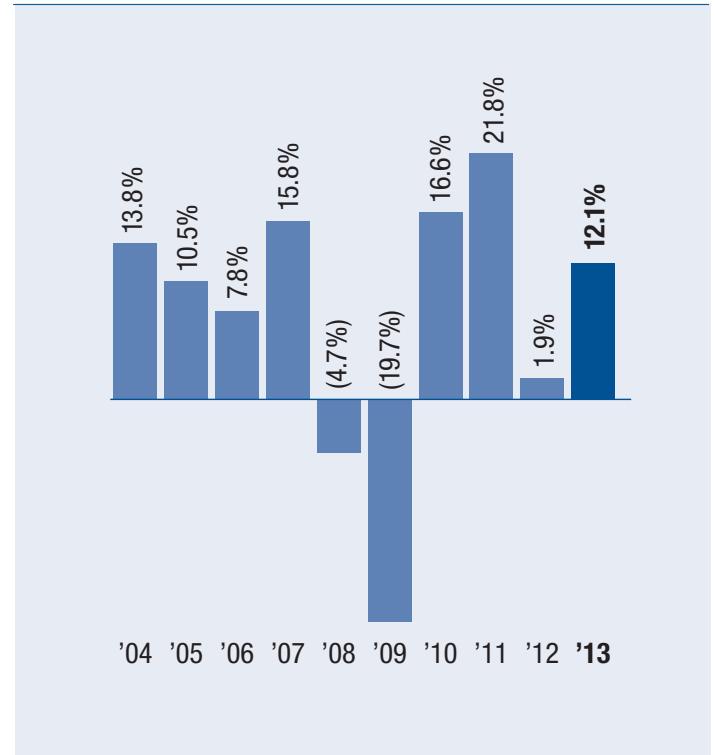
Notes:

¹ Index benchmarks are as of June 30, 2013 and are subject to be updated based on changes within the fund portfolios.

JRF II Asset Allocation

Asset Class	Current Allocation	Current Year Target	Prior Year Target
Global Equity	62.9%	63.0%	63.0%
Domestic Fixed Income	20.0%	20.0%	20.0%
TIPS	6.0%	6.0%	6.0%
REITs	8.1%	8.0%	8.0%
Commodities	3.0%	3.0%	3.0%
TOTAL FUND	100.0%	100.0%	100.0%

JRF II Total Fund Performance | 10-Year Review, One-Year Returns



Investment Performance – CERBTF

Investments in global equities yielded returns of approximately 17.3 percent, 18.2 percent and 18.0 percent for Strategies 1, 2, and 3, respectively, during the 2012-13 fiscal year. The benchmark return for Strategy 1 was approximately 17.3 percent, and the benchmark returns for Strategies 2 and 3 were approximately 18.2 percent during the same period. CalPERS uses the MSCI All Country World Index IMI (net) to provide a benchmark for the CERBTF global equity asset class.

Investments in domestic fixed income securities generated returns of approximately -1.2 percent for all three CERBTF strategies compared to benchmark returns

of approximately -2.8 percent for fiscal year 2012-13. CalPERS uses a custom Barclays Capital Long Liability Index to provide a benchmark for the CERBTF domestic fixed income asset class. This benchmark is representative of the returns that could be expected in a similar investing environment and reflects the overall market characteristics.

The TIPS portfolio incurred returns of approximately -4.6 percent for all three strategies, compared to the benchmark return of -4.8 percent. CalPERS uses a custom CalPERS TIPS index as its portfolio benchmark. This benchmark is representative of the returns that could be expected in a similar investing environment and reflects the overall market characteristics.

CERBTF Strategy 1 Portfolio Comparisons (Inception date - June 1, 2007)

Category	1-Year Return	3-Year Return	5-Year Return	Index ¹	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	11.8%	11.8%	4.5%	CERBT Strategy 1 Policy Benchmark	11.6%	11.9%	4.7%
				Actuarial Rate	7.5%	7.6%	7.7%
Global Equity	17.3%	13.7%	3.2%	MSCI All Country World Index IMI (net)	17.3%	13.6%	3.2%
Domestic Fixed Income	(1.2%)	6.2%	7.8%	CalPERS Custom Long Liability	(2.8%)	5.8%	7.1%
TIPS	(4.6%)	—	—	CalPERS TIPS	(4.8%)	—	—
REITs	13.6%	15.7%	2.3%	FTSE EPRA/NAREIT Developed Liquid Index (net)	13.4%	15.7%	2.0%
Commodities	1.6%	—	—	S&P GSCI Total Return Index	2.0%	—	—

CERBTF Strategy 2 Portfolio Comparisons (Inception date - October 1, 2011)

Category	1-Year Return	3-Year Return	5-Year Return	Index ¹	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	8.9%	—	—	CERBT Strategy 2 Policy Benchmark	8.5%	—	—
				Actuarial Rate	7.5%	—	—
Global Equity	18.2%	—	—	MSCI All Country World Index IMI (net)	18.2%	—	—
Domestic Fixed Income	(1.2%)	—	—	CalPERS Custom Long Liability	(2.8%)	—	—
TIPS	(4.6%)	—	—	CalPERS TIPS	(4.8%)	—	—
REITs	13.6%	—	—	FTSE EPRA/NAREIT Developed Liquid Index (net)	13.4%	—	—
Commodities	1.6%	—	—	S&P GSCI Total Return Index	2.0%	—	—

CERBTF Strategy 3 Portfolio Comparisons (Inception date - January 1, 2012)

Category	1-Year Return	3-Year Return	5-Year Return	Index ¹	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	5.2%	—	—	CERBT Strategy 3 Policy Benchmark	4.7%	—	—
				Actuarial Rate	7.5%	—	—
Global Equity	18.0%	—	—	MSCI All Country World Index IMI (net)	18.2%	—	—
Domestic Fixed Income	(1.2%)	—	—	CalPERS Custom Long Liability	(2.8%)	—	—
TIPS	(4.6%)	—	—	CalPERS TIPS	(4.8%)	—	—
REITs	13.4%	—	—	FTSE EPRA/NAREIT Developed Liquid Index (net)	13.4%	—	—
Commodities	1.6%	—	—	S&P GSCI Total Return Index	2.0%	—	—

Note:

¹ Index benchmarks are as of June 30, 2013 and are subject to be updated based on changes within the fund portfolios.

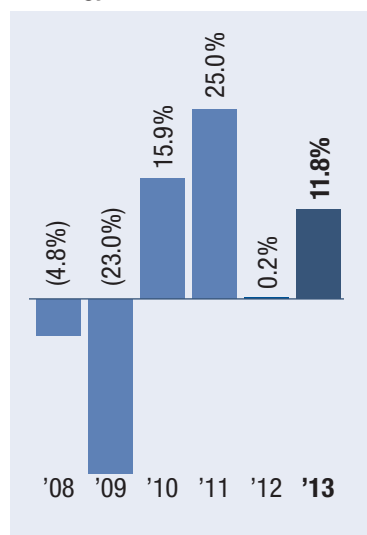
Investment Performance – CERBTF (continued)

CERBTF Asset Allocation

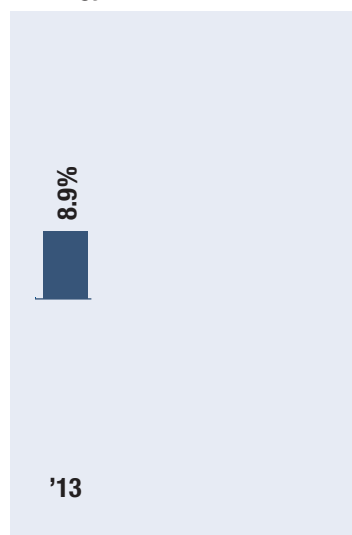
Asset Class	Strategy 1		Strategy 2		Strategy 3	
	Current Allocation	Policy Target Allocation	Current Allocation	Policy Target Allocation	Current Allocation	Policy Target Allocation
Global Equity	64.5%	66.0%	51.2%	50.0%	31.1%	32.0%
Domestic Fixed Income	17.6%	18.0%	23.6%	24.0%	41.5%	42.0%
TIPS	4.9%	5.0%	14.1%	15.0%	14.5%	15.0%
REITs	7.9%	8.0%	7.8%	8.0%	7.5%	8.0%
Commodities	2.9%	3.0%	2.9%	3.0%	3.0%	3.0%
Cash Equivalents	2.2%	—	0.4%	—	2.4%	—
TOTAL FUND	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

CERBTF Total Fund Performance | Six-Year Review

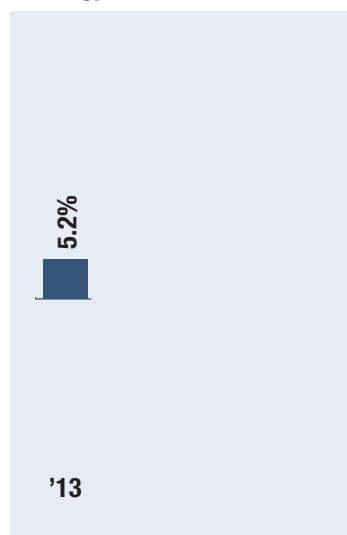
Strategy 1 – One-Year Returns



Strategy 2 – One-Year Returns



Strategy 3 – One-Year Returns



Investment Performance – HCF

Investments of the HCF at June 30, 2013, include domestic debt securities. These securities yielded a one-year return of 0.7 percent.

HCF Portfolio Comparisons

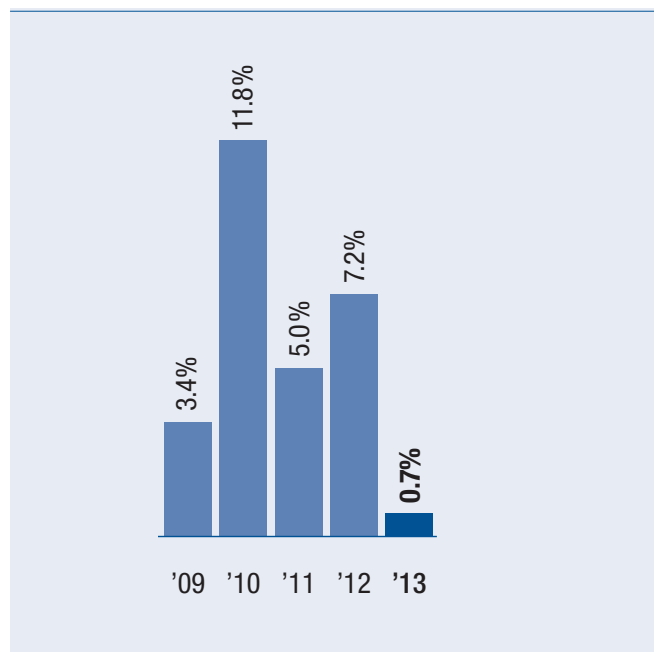
Category	1-Year Return	3-Year Return	5-Year Return	Index ¹	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	0.7%	4.3%	5.6%	Weighted Policy Benchmark	(0.7%)	3.5%	5.2%

Note:

¹ Index benchmarks are as of June 30, 2013 and are subject to be updated based on changes within the fund portfolios.

Investment Performance – HCF (continued)

HCF Total Fund Performance | Five-Year Review, One-Year Returns



Investment Performance – LTCF

Global equity securities earned returns of approximately 17.1 percent for the 2012-13 fiscal year compared to the benchmark return of 17.3 percent during the same period. CalPERS uses the MSCI All Country World Index IMI (net) to provide a benchmark for global equity investments.

Domestic fixed income securities incurred returns of approximately -1.9 percent for the 2012-13 fiscal year. CalPERS benchmark return for the fiscal year 2012-13 was approximately -2.8 percent. CalPERS uses a custom Barclays Capital Long Liability Index to provide a benchmark for domestic fixed income investments. This bench-

mark is representative of the returns that could be expected in a similar investing environment and reflects the overall market characteristics.

Investments in real estate investment trusts (REITs) earned approximately 13.6 percent for fiscal year 2012-13. CalPERS uses the custom FTSE EPRA/NAREIT Developed Index to provide a benchmark for its REITs investments. This benchmark is representative of the returns that could be expected in a similar investing environment and reflects the overall market characteristics.

Investment Performance – LTCF (continued)

LTCF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index ¹	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	3.5%	8.8%	4.7%	Weighted Policy Benchmark Actuarial Rate	3.0%	8.6%	4.6%
Global Equity	17.1%	13.9%	3.5%	MSCI All Country World Index (net)	17.3%	14.0%	3.5%
Domestic Fixed Income	(1.9%)	5.9%	7.7%	Barclays Long Liability Index	(2.8%)	5.5%	7.1%
TIPS	(4.9%)	4.6%	4.6%	Barclays Long Liability TIPS	(4.8%)	4.6%	4.4%
REITs	13.6%	15.7%	2.0%	CalPERS Custom FTSE EPRA/NAREIT Index	13.4%	15.7%	2.0%
Commodities	2.6%	—	—	GSCI Total Return (Daily)	2.0%	—	—

Notes:

¹ Index benchmarks are as of June 30, 2013 and are subject to be updated based on changes within the fund portfolios.

LTCF Asset Allocation

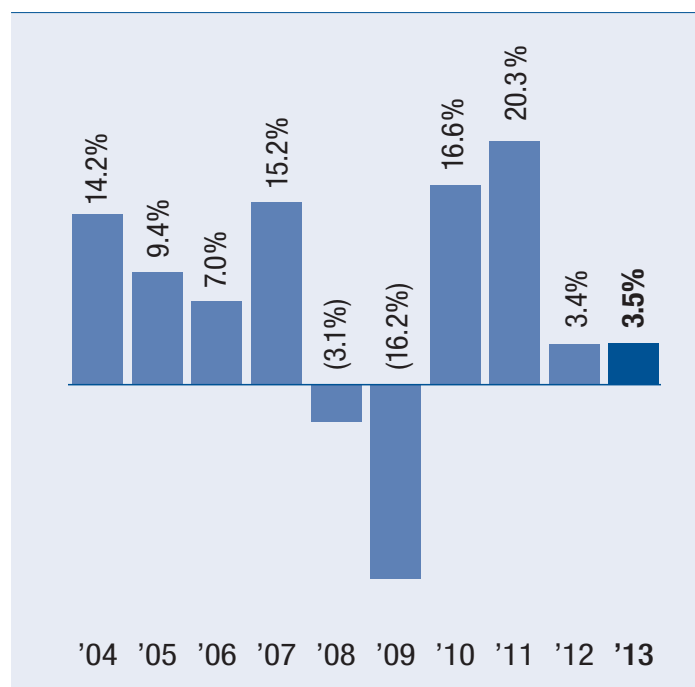
Asset Class	Current Allocation	Current Year Target	Prior Year Target
Global Equity	16.0%	15.0%	—
Domestic Equity ¹	—	—	29.0%
International Equity ¹	—	—	19.0%
US Fixed Income	60.9%	61.0%	30.0%
TIPS	5.7%	6.0%	7.0%
REITs	11.5%	12.0%	5.0%
High Yield ¹	—	—	10.0%
Commodities ²	5.9%	6.0%	—
TOTAL FUND	100.0%	100.0%	100.0%

Notes:

¹ No current year allocation or target due to change in asset allocation policy.

² No prior year target due to change in asset allocation policy.

LTCF Total Fund Performance | 10-Year Review, One-Year Returns



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Actuarial Section

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Actuarial Certification

June 30, 2013

The Board of Administration of the California Public Employees' Retirement System

As authorized, the CalPERS actuarial staff perform annual actuarial valuations of the CalPERS State, schools, and public agency defined benefit pension plans; the latest such valuations are as of June 30, 2012.

The funding objective for each of these plans is to accumulate assets equal to 100 percent of the accrued liability as measured by the Entry Age Normal Cost method in a manner that keeps contributions approximately level as a percentage of payroll. Unfunded actuarial liabilities or surplus assets (excess assets) are amortized pursuant to Board policy such that the amortization payment is not less than that required to amortize an unfunded liability over 30 years.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures

presented in the Financial Section by Governmental Accounting Standards Board Statements No. 25 and No. 43. In our opinion, the actuarial assumptions are internally consistent and produce results which are reasonable in the aggregate.

The valuations are based on the member and financial data as of the valuation date, extracted from the various CalPERS databases. Both the membership and financial data are subject to extensive tests for reasonableness.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

Alan Milligan, F.S.A., F.C.I.A., M.A.A.A., F.C.A.
Chief Actuary, CalPERS

Note: Actuarial reports and supporting documents for the State, schools, and local agencies can be obtained on the CalPERS website, www.calpers.ca.gov.

Actuarial Methods & Assumptions

ACTUARIAL METHODS

The ultimate cost that a retirement system such as CalPERS incurs is equal to benefits paid plus the expenses resulting from administration and financing. These costs are paid through contributions to the plan and investment earnings on the System's assets.

The actuarial valuations rely upon data extracted from central databases maintained by CalPERS. These databases are created from data supplied by the individual employers. The data was not audited by the actuarial staff, but appears to be reasonable for valuation purposes. Summary information regarding plan membership data for various groups is provided in Exhibits F through H.

Using each plan's schedule of benefits, member data described above, and a set of actuarial assumptions, the plan's actuary estimates the cost of the benefits to be paid. Then, using a particular actuarial funding method, the actuary allocates these costs to the fiscal years within the employee's career.

In the case of the CalPERS plans with pay-related benefits, the financial objective is to fund in a manner which keeps contribution rates approximately as a level percentage of payroll from generation to generation, while accumulating sufficient assets over each member's working career. The primary funding method used to accomplish this objective is the Entry Age Normal Cost Method. This method is used for all defined benefit pay-related plans within CalPERS, for the Legislators' Retirement System (LRS), for the Judges' Retirement System (JRS) and for the Judges' Retirement System II (JRS II). It is also used for the Indexed Level of 1959 Survivor Benefits.

For CalPERS non-pay-related plans, the financial objective is to produce annual costs that coincide with the value of benefits earned for that year. The Term Insurance Cost Method is used for the plans within the 1959 Survivor Program that are not indexed and for the State Group Term Life Insurance Program.

Annual actuarial valuations are performed each June 30 using these methods. This report contains information through the most recent valuation date of June 30, 2012. Progress in financing can be found in the Summary of Funding Progress, Exhibits A and B.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the Financial Section by Governmental Accounting Standards Board Statement No. 25 and No. 43.

Entry Age Normal Cost Method

Under the Entry Age Normal Cost Method, projected benefits are determined for all members. For active members, liabilities are spread in a manner that produces level annual costs as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. This Entry Age Normal cost method was adopted by the Board in May 1995.

The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the value of plan assets is called the unfunded actuarial accrued liability.

The required contribution is then determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payroll.

In the CalPERS case, the unfunded liability is broken down into components, or bases, according to their date of origin and the cause that gave rise to that component. A component of the unfunded liability that arose due to a change in plan provisions or in actuarial methods or assumptions is separately tracked and amortized over a declining 20-year period. The amortization methods were adopted by the Board in April 2005.

The actuarial assumptions discussed in this section are used to determine projected benefits. The effect of differences between those assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences are actuarial gains or losses. Gains and losses are tracked separately and amortized over a rolling 30-year period.

A maximum 30-year amortization payment on the entire unfunded liability is enforced on the amortization methods described above. In addition, for those plans in which the amortization methods described above result in either mathematical inconsistencies or unreasonable actuarial results, all unfunded liability components are combined into a single base and amortized over a period of time, as determined by the CalPERS Chief Actuary. There is a minimum employer contribution equal to normal cost, less 30-year amortization of surplus (negative unfunded liability), if any.

Term Insurance Cost Method

The actuarial funding method for non-indexed levels of the 1959 Survivor Program is a modified Term Insurance Cost Method. Under this method, there is no actuarial accrued liability for active members; all liability is due to current beneficiaries. The normal cost is calculated as the amount needed to provide benefits to survivors of deaths expected in the next one-year period.

The Term Insurance Cost Method is also used for the State Group Term Life Insurance Program. The required contributions are calculated as one and one-half times the expected life insurance payments for the coming year less the current assets available to pay those benefits, but not less than zero. The Term Insurance Cost Method was adopted by the Board in November 1997.

Asset Valuation Method

In order to dampen the effect of short-term market value fluctuations on employer contribution rates, the following asset smoothing technique is used. First an Expected Value of Assets would be computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets would then be computed as the Expected Value of Assets plus one-fifteenth of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. Finally, the Actuarial Value of Assets is restricted to no less than 80 percent and no more than 120 percent of the Market Value of Assets. This methodology is used in the valuations for all programs except the JRS, which uses an Actuarial Value of Assets equal to the Market Value of the Fund plus accrued interest. The Asset Valuation

Method was adopted by the Board in April 2005.

In December 2009, the CalPERS Board adopted a temporary change to the asset smoothing method in order to phase in over a three-year period the impact of the negative 24.0 percent investment loss experienced by CalPERS in fiscal year 2008-09. The following changes were adopted for all public agencies, the State and School plans:

- For the June 30, 2009 valuation increase the corridor limits for the actuarial value of assets from 80-120 percent to 60-140 percent of the market value of assets.
- For the June 30, 2010 valuation reduce the corridor limits for the actuarial value of assets to 70-130 percent of the market value of assets.
- And in the June 30, 2011 valuation return to the 80-120 percent of market value corridor limits for the actuarial value of assets.

ACTUARIAL ASSUMPTIONS

The actuarial assumptions used in determining actuarial liabilities and required employer contributions include both economic and non-economic assumptions. These assumptions represent the actuary's best estimate of anticipated future experience and are reviewed in depth periodically.

Economic Assumptions

The economic assumptions include an assumed inflation assumption of 2.75 percent compounded annually. The inflation assumption is a component of assumed investment return, assumed wage growth, and assumed future post-retirement cost-of-living increases.

Based upon the asset allocation of the Public Employees' Retirement Fund (PERF), the assumed investment return (net of administrative and investment expenses) is 7.5 percent per year, compounded annually. Different asset allocations and lower assumed investment returns apply to LRF, JRF, and JRF II. The economic assumptions adopted by the Board in March 2012 are based on a review by the Actuarial Office and an economic assumptions study performed by an outside actuarial consultant.

The assumed investment returns for these three plans are 5.75 percent, 4.25 percent, and 7.0 percent, respectively.

For plans within CalPERS, the overall payroll is assumed to increase 3.0 percent annually. This is based upon the 2.75 percent inflation assumption and a

0.25 percent per annum productivity increase assumption. The overall payroll growth assumption is used to project future payroll over which the unfunded liability is amortized.

For plans within CalPERS, the assumed growth in an individual employee's future pay is composed of the 2.75 percent inflation component, an additional 0.25 percent per annum productivity component, and an annual merit increase based on the member's length of service. The service-based merit increase in an individual's salary recognizes that larger salary increases tend to occur earlier in an employee's career. Pay increase assumptions for individual members are shown for sample lengths of service in Exhibit C.

Non-Economic Assumptions

Non-economic assumptions for plans within the PERF are based upon the most recent CalPERS Experience Study (covering the period June 30, 1997 through June 30, 2007) that was completed and adopted by the Board in April 2010.

Post-retirement mortality tables are based on CalPERS experience. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table. Sample life annuity values based on these tables are shown in Exhibit E.

CHANGES SINCE PRIOR VALUATION

Changes in Actuarial Methods

There were no changes in actuarial methods since the prior year's actuarial valuation.

Changes in Actuarial Assumptions

There were no changes in actuarial assumptions.

Changes in Plan Provisions

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in Appendix B of the plan's annual valuation report.

Summary of Funding Progress

UNFUNDED LIABILITY & FUNDED RATIOS

For the plans in CalPERS, unfunded actuarial accrued liabilities are the difference between Entry Age Normal Accrued Liabilities and the assets of the Fund. It is required that these unfunded liabilities be financed systematically over future years.

Because of inflation, comparing the dollar amounts of assets, benefits paid, member salaries, and unfunded actuarial accrued liabilities can be misleading. While no one or two measures can fully describe the financial condition of a plan, the ratio of a pension plan's actuarial value of assets to its liabilities provides a meaningful index. However, a better measure is the funded ratio based on the market value of assets. This is the true measure of a plan's

ability to pay benefits. The higher this ratio, the stronger the plan and observation of this ratio over a period of years can give an indication as to the financial strength of the system. Both these measures are presented in Exhibit A.

SOLVENCY TEST

Exhibit B, Funding Progress — Solvency Test, demonstrates System solvency as measured under the Governmental Accounting Standards Board Statement No. 25.

INDEPENDENT REVIEW

To ensure the quality of its valuations, CalPERS contracts with independent consulting actuaries to review the valuations on a triennial basis.

Exhibit A: Funding Progress – Unfunded Liability & Funded Ratios

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded AAL (UAAL) (AVA Basis)	Funded Ratio – Actuarial Value of Assets Basis	Annual Covered Payroll	UAAL as a % of Covered Payroll	Market Value of Assets (MVA)	Unfunded AAL (UAAL) (MVA Basis)	Funded Ratio – Market Value of Assets Basis ¹
	(1)	(2)	(2)–(1)	(1)÷(2)	(3)	[(2)–(1)]÷(3)	(4)	(2)–(4)	(4)÷(2)
PERF									
6/30/03	\$158,596	\$180,922	\$22,326	87.7%	\$34,784	64.2%	\$144,330	\$36,592	79.8%
6/30/04	169,899	194,609	24,710	87.3	35,078	70.4	167,110	27,499	85.9
6/30/05	183,680	210,301	26,621	87.3	36,045	73.9	189,103	21,198	89.9
6/30/06	199,033	228,131	29,098	87.2	38,047	76.5	211,188	16,943	92.6
6/30/07	216,484	248,224	31,740	87.2	40,864	77.7	251,162	(2,938)	101.2
6/30/08	233,272	268,324	35,052	86.9	44,236	79.2	238,041	30,283	88.7
6/30/09	244,964	294,042	49,078	83.3	45,100	108.8	178,860	115,182	60.8
6/30/10	257,070	308,343	51,273	83.4	44,984	114.0	201,632	106,711	65.4
6/30/11	271,389	328,567	57,178	82.6	43,901	130.2	241,740	86,827	73.6
6/30/12	282,991	340,429	57,438 ²	83.1	42,599	134.8	236,800	103,629	69.6
LRF									
6/30/07	\$142	\$102	(\$40)	139.2%	\$2	(2,000.0)%	\$142	(\$40)	139.2%
6/30/08	142	103	(39)	137.9	2	(1,950.0)	134	(31)	130.1
6/30/09	134	112	(22)	119.6	2	(1,100.0)	112	—	100.0
6/30/10	127	112	(15)	113.4	2	(750.0)	114	(2)	101.8
6/30/11	126	109	(17)	115.6	2	(850.0)	124	(15)	113.8
6/30/12	124	109	(15)	113.8	2	(750.0)	123	(14)	112.8
JRF									
6/30/07	\$12	\$2,714	\$2,702	0.4%	\$119	2,270.6%	\$12	\$2,702	0.4%
6/30/08	19	3,607	3,588	0.5	111	3,232.4	19	3,588	0.5
6/30/09	41	3,583	3,542	1.1	97	3,651.5	41	3,542	1.1
6/30/10	64	3,429	3,365	1.9	86	3,912.8	64	3,365	1.9
6/30/11	54	3,297	3,243	1.6	76	4,267.1	54	3,243	1.6
6/30/12	73	3,172	3,099	2.3	69	4,491.3%	73	3,099	2.3
JRF II									
6/30/03	\$96	\$105	\$9	91.4%	\$87	10.3%	\$91	\$14	86.7%
6/30/04	129	138	9	93.5	99	9.1	129	9	93.5
6/30/05	168	178	10	94.4	112	8.9	172	6	96.6
6/30/06	213	220	7	96.8	125	5.6	219	1	99.5
6/30/07	268	295	27	90.8	156	17.3	291	4	98.6
6/30/08	335	367	32	91.3	175	18.3	325	42	88.6
6/30/09	379	451	72	84.0	199	36.2	316	135	70.1
6/30/10	461	521	60	88.5	213	28.2	422	99	81.0
6/30/11	561	610	49	92.0	230	21.3	576	34	94.4
6/30/12	668	703	35	95.0	231	15.2	655	48	93.2
CERBT⁵									
6/30/07	\$11	\$24	\$13	45.8%	\$37	35.1%	\$11	\$13	45.8%
6/30/08	48	4,845	4,797	1.0	5,092	94.2	48	4,797	1.0
6/30/09 ³	873	10,462	9,589	8.3	9,307	103.0	845	9,617	8.1
6/30/10 ⁴	1,287	14,288	13,001	9.0	10,435	124.6	1,287	13,001	9.0
6/30/11	1,818	15,522	13,704	11.7	10,374	132.1	1,864	13,658	12.0
6/30/12	2,072	17,612	15,540	11.8	11,175	139.1	2,077	15,535	11.8

Exhibit A: Funding Progress – Unfunded Liability & Funded Ratios (continued)

Notes:

- ¹ The funded ratio based on the market value assets is the true measure of the plan's ability to pay benefits.
- ² The Unfunded Accrued Liability (the total Actuarial Liability in excess of actuarial value of assets) of the PERF by major employer group from the June 30, 2012 valuation is as follows: 1) \$28,200 for the State of California, 2) \$5,600 for schools, and 3) \$23,638 for public agencies.
- ³ The amounts previously reported as of June 30, 2009 in the fiscal year 2008-09 financial statements were revised to reflect the valuation results for new plan participants and to align the valuation dates of all plan participants. The revised data reflects the individual actuarial valuations of 258 employers participating in the CERBTf as of June 30, 2010, aligned to a measurement date of June 30, 2009 in compliance with GASB Statement No. 57.
- ⁴ Beginning with reporting for the 2010-11 fiscal year, valuation results from CERBTf participating employers are aligned as of a single measurement date to comply with GASB Statement No. 57. Data is rolled forward or backwards to that date by CalPERS staff, using methods allowed under Actuarial Standards of Practice and under Generally Accepted Accounting Principles.
- ⁵ Actuarial Accrued Liabilities (AAL) with a measurement date prior to August 2012 were based on the OPEB assumption model, which allowed only the Entry Age Normal or Projected Unit Credit actuarial cost method. In August 2012, the CalPERS Board removed requirements of specific assumption values and methods so that liabilities can be measured using any actuarial cost method that complies with Actuarial Standards of Practice and with Governmental Accounting Standards.

Supplemental Schedule of Differences

Reconciliation Between the Net Position Held in Trust for Pension Benefits and the Net Position Allocated to Fund the Pension Benefit Obligation or the Actuarial Liability – June 30, 2012.

	PERF	LRF	JRF	JRF II
Actuarial Value of Assets	\$282,990,985,000	\$124,212,000	\$72,693,000	\$667,557,000
Difference Between Smoothed Market Value & Fair Value	(46,191,363,000)	(1,183,000)	0	(12,174,000)
Member Additional Contributions	1,852,324	—	—	—
Reserve for Post Retirement Redeposit	(370,921,429)	—	—	—
Reserve for Disability Installment Payments	63,314	—	—	—
Reserve for Purchasing Power Protection Account	(38,927,217)	—	—	—
Reserve for Deficiencies	475,877,003	—	—	—
Reserve for Fiduciary Self Insurance	40,000,000	—	—	—
Reserve for State OPEB Exp	(88,084,000)	—	—	—
Difference in reserves between accounting estimates on publication date and final reconciled assets for valuations	93,366,348	—	—	—
Difference in reserves due to early CAFR closing and final reconciled reserves	1,039	—	—	—
Financial accrual for unposted contribution revenue	69,094,579	—	—	—
Net Position Restricted for Pension Benefits	\$236,981,943,961	\$123,029,000	\$72,693,000	\$655,383,000

Exhibit B: Funding Progress – Solvency Test

The funding objective for a retirement system is to be able to pay long-term benefit promises through member contributions as a percent of salary that remain approximately level from year to year. In this way, members and employers pay their fair share for retirement services accrued in that year by the retirement system's members.

If a system follows level contribution rate financing principles, it will pay all promised benefits when due – the ultimate test of financial soundness.

A short-term solvency test is one means of checking a system's funding progress. In a short-term solvency test, the plan's present assets (investments and cash) are compared with 1) member contributions on deposit, 2) the liabilities

for future benefits to persons who have retired or terminated, and 3) the liabilities for projected benefits for service already rendered by active members. In a system that employs level contribution rate financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retirees (liability 2) will be fully covered by present assets, except in rare circumstances.

In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level contribution rate financing, the funded portion of liability 3 will increase over time.

Valuation Date	Accrued Liability				Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Valuation Assets		
	Member Contributions ¹ (1)	Terminated, Retirees & Beneficiaries (2)	Employer-Financed Portion of Active Members (3)	Total Accrued Liability (1) + (2) + (3)		(1)	(2)	(3)
PERF (Dollars in Billions)								
6/30/07	\$34.1	\$123.0	\$91.2	\$248.2	\$216.5	100%	100%	65.2%
6/30/08	36.7	133.8	97.8	268.3	233.3	100	100	64.2
6/30/09	39.1	146.8	108.2	294.1	245.0	100	100	54.6
6/30/10	40.6	160.2	107.5	308.3	257.1	100	100	52.3
6/30/11	42.3	179.1	107.2	328.6	271.4	100	100	46.7
6/30/12	43.0	193.0	104.4	340.4	283.0	100	100	45.0
LRF (Dollars in Millions)								
6/30/07	\$1.365	\$95.661	\$4.546	\$101.571	\$141.603	100%	100%	980.6%
6/30/08	1.367	95.765	5.904	103.036	142.351	100	100	765.8
6/30/09	1.047	105.002	5.849	111.898	134.195	100	100	481.2
6/30/10	1.391	103.673	7.292	112.356	126.642	100	100	295.9
6/30/11	1.608	99.305	8.064	108.977	125.646	100	100	306.7
6/30/12	0.801	100.337	7.448	108.585	124.212	100	100	309.8
JRF (Dollars in Millions)								
6/30/07	\$118.940	\$1,773.682	\$821.019	\$2,713.640	\$11.672	10%	0.0%	0.0%
6/30/08	114.128	1,883.956	1,608.761	3,606.845	19.289	17	0.0	0.0
6/30/09	105.851	1,949.177	1,527.964	3,582.992	41.390	39	0.0	0.0
6/30/10	100.426	2,404.920	924.035	3,429.381	63.828	64	0.0	0.0
6/30/11	94.320	2,494.653	707.565	3,296.538	54.383	58	0.0	0.0
6/30/12	91.589	2,441.189	639.498	3,172.276	72.693	79	0.0	0.0
JRF II (Dollars in Millions)								
6/30/07	\$81.693	\$5.340	\$207.950	\$294.983	\$267.604	100%	100%	86.8%
6/30/08	107.497	10.610	248.407	366.514	334.903	100	100	87.3
6/30/09	121.016	13.191	316.339	450.546	378.692	100	100	77.3
6/30/10	136.179	14.430	370.078	520.687	461.071	100	100	83.9
6/30/11	172.538	31.596	405.428	609.562	561.476	100	100	88.1
6/30/12	223.897	41.142	437.693	702.732	667.557	100	100	92.0

Note:

¹ Includes accrued interest on member contributions.

Exhibit C: Sample Pay Increase Assumptions for Individual Members

Annual Percentage Increases by Duration of Service¹

Duration of Service	State Miscellaneous First & Second Tier			State Industrial First & Second Tier			State Safety		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	13.10%	10.70%	8.00%	9.30%	8.60%	8.00%	7.30%	7.10%	6.90%
3	8.70	7.80	6.30	7.90	7.50	7.10	5.90	5.40	4.60
5	7.00	6.50	5.60	7.10	6.90	6.70	5.30	4.80	3.80
10	4.70	4.60	4.20	5.80	5.60	5.50	4.60	4.10	3.30
15	4.00	3.90	3.70	4.90	4.80	4.70	4.10	3.80	3.20
20	3.60	3.60	3.50	4.30	4.20	4.10	3.70	3.50	3.20
25	3.50	3.50	3.40	3.60	3.60	3.60	3.60	3.50	3.20
30	3.50	3.50	3.40	3.60	3.60	3.60	3.60	3.50	3.20

Duration of Service	State Peace Officer/Firefighter			California Highway Patrol			School		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	19.70%	18.30%	16.60%	8.80%	8.80%	8.80%	10.80%	9.60%	8.20%
3	8.80	8.60	8.00	6.00	6.00	6.00	7.50	7.00	6.20
5	6.60	6.40	5.80	4.90	4.90	4.90	6.30	6.00	5.30
10	4.40	4.30	4.10	3.70	3.70	3.70	4.50	4.40	4.10
15	3.90	3.80	3.80	3.50	3.50	3.50	3.90	3.80	3.50
20	3.60	3.50	3.50	3.40	3.40	3.40	3.60	3.50	3.20
25	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.20
30	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.20

Duration of Service	Public Agency Miscellaneous			Public Agency Fire			Public Agency Police		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	14.20%	12.40%	9.80%	10.50%	10.50%	10.20%	10.90%	10.90%	10.90%
3	8.80	8.00	6.70	8.00	7.50	6.00	7.20	7.00	6.40
5	7.00	6.50	5.60	6.90	6.20	4.50	5.90	5.50	4.80
10	4.80	4.60	4.10	5.10	4.60	3.50	4.50	4.20	3.40
15	4.30	4.10	3.60	4.10	3.90	3.40	4.10	3.90	3.30
20	3.90	3.70	3.30	3.70	3.60	3.30	3.70	3.60	3.30
25	3.60	3.60	3.30	3.50	3.50	3.30	3.50	3.40	3.30
30	3.60	3.60	3.30	3.50	3.50	3.30	3.50	3.40	3.30

Duration of Service	Public Agency County Peace Officer		
	Entry Age 20	Entry Age 30	Entry Age 40
0	12.90%	12.90%	12.90%
3	8.20	7.70	7.10
5	6.60	6.00	5.30
10	4.60	4.20	3.80
15	4.10	3.80	3.60
20	3.70	3.60	3.40
25	3.50	3.40	3.30
30	3.50	3.40	3.30

Note:

¹ Increase includes the assumed inflation rate of 2.75 percent per year.

Exhibit D: Sample Non-Economic Assumptions

State Miscellaneous First Tier | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.01040	0.05560	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.00940	0.05040	N/A	N/A	0.00050	0.00026	0.00020	0.00010	N/A	N/A
30	0.00840	0.04520	N/A	N/A	0.00053	0.00036	0.00030	0.00048	N/A	N/A
35	0.00750	0.04000	N/A	N/A	0.00067	0.00046	0.00050	0.00127	N/A	N/A
40	0.00650	0.03490	N/A	N/A	0.00087	0.00065	0.00120	0.00233	N/A	N/A
45	0.00550	0.00000	N/A	N/A	0.00120	0.00093	0.00220	0.00396	N/A	N/A
50	0.00460	0.00000	0.01100	0.02300	0.00176	0.00126	0.00380	0.00554	N/A	N/A
55	0.00360	0.00000	0.04800	0.10100	0.00260	0.00176	0.00400	0.00494	N/A	N/A
56	0.00340	0.00000	0.03800	0.08100	0.00287	0.00194	0.00380	0.00464	N/A	N/A
57	0.00320	0.00000	0.04800	0.10200	0.00314	0.00212	0.00350	0.00431	N/A	N/A
58	0.00300	0.00000	0.05000	0.10600	0.00341	0.00230	0.00320	0.00395	N/A	N/A
59	0.00280	0.00000	0.05900	0.12400	0.00368	0.00248	0.00290	0.00355	N/A	N/A
60	0.00260	0.00000	0.07000	0.14800	0.00395	0.00266	0.00260	0.00312	N/A	N/A
61	0.00240	0.00000	0.08700	0.18400	0.00437	0.00297	0.00230	0.00312	N/A	N/A
62	0.00220	0.00000	0.12500	0.26600	0.00480	0.00327	0.00210	0.00312	N/A	N/A
63	0.00200	0.00000	0.15000	0.31800	0.00523	0.00358	0.00190	0.00312	N/A	N/A
64	0.00190	0.00000	0.12400	0.26200	0.00565	0.00389	0.00170	0.00312	N/A	N/A
65	0.00170	0.00000	0.14500	0.30700	0.00608	0.00419	0.00150	0.00312	N/A	N/A
70	0.00070	0.00000	0.13400	0.28400	0.00914	0.00649	0.00150	0.00312	N/A	N/A

State Miscellaneous Second Tier | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement ³		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.08430	0.05890	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.07800	0.05260	N/A	N/A	0.00050	0.00026	0.00020	0.00010	N/A	N/A
30	0.07170	0.04630	N/A	N/A	0.00053	0.00036	0.00030	0.00048	N/A	N/A
35	0.06540	0.04000	N/A	N/A	0.00067	0.00046	0.00050	0.00127	N/A	N/A
40	0.05910	0.00000	N/A	N/A	0.00087	0.00065	0.00120	0.00233	N/A	N/A
45	0.05280	0.00000	N/A	N/A	0.00120	0.00093	0.00220	0.00396	N/A	N/A
50	0.04650	0.00000	0.01100	0.02300	0.00176	0.00126	0.00380	0.00554	N/A	N/A
55	0.04020	0.00000	0.04800	0.10100	0.00260	0.00176	0.00400	0.00494	N/A	N/A
56	0.03900	0.00000	0.03800	0.08100	0.00287	0.00194	0.00380	0.00464	N/A	N/A
57	0.03770	0.00000	0.04800	0.10200	0.00314	0.00212	0.00350	0.00431	N/A	N/A
58	0.03650	0.00000	0.05000	0.10600	0.00341	0.00230	0.00320	0.00395	N/A	N/A
59	0.03520	0.00000	0.05900	0.12400	0.00368	0.00248	0.00290	0.00355	N/A	N/A
60	0.03390	0.00000	0.07000	0.14800	0.00395	0.00266	0.00260	0.00312	N/A	N/A
61	0.03270	0.00000	0.08700	0.18400	0.00437	0.00297	0.00230	0.00312	N/A	N/A
62	0.03140	0.00000	0.12500	0.26600	0.00480	0.00327	0.00210	0.00312	N/A	N/A
63	0.03020	0.00000	0.15000	0.31800	0.00523	0.00358	0.00190	0.00312	N/A	N/A
64	0.02890	0.00000	0.12400	0.26200	0.00565	0.00389	0.00170	0.00312	N/A	N/A
65	0.02770	0.00000	0.14500	0.30700	0.00608	0.00419	0.00150	0.00312	N/A	N/A
70	0.02140	0.00000	0.13400	0.28400	0.00914	0.00649	0.00150	0.00312	N/A	N/A

Notes:

¹ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

³ State Miscellaneous Tier 2 members have the right to convert their Tier 2 service to Tier 1 service provided that they make up the shortfall in their accumulated contributions with interest. The assumption is that all Tier 2 members will elect to convert to Tier 1 service.

Exhibit D: Sample Non-Economic Assumptions (continued)

California Highway Patrol | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.01290	20	0.00930	N/A	N/A	0.00047	0.00016	0.00014	0.00003	0.00104	
1	0.01240	25	0.00930	N/A	N/A	0.00050	0.00026	0.00014	0.00007	0.00196	
2	0.01210	30	0.00930	N/A	N/A	0.00053	0.00036	0.00014	0.00010	0.00288	
3	0.01160	35	0.00930	N/A	N/A	0.00067	0.00046	0.00014	0.00012	0.00380	
4	0.01130	40	0.00930	N/A	N/A	0.00087	0.00065	0.00014	0.00013	0.00483	
5	0.00400	45	0.00000	N/A	N/A	0.00120	0.00093	0.00028	0.00014	0.00575	
6	0.00380	50	0.00000	0.00440	0.01320	0.00176	0.00126	0.00028	0.00015	0.00667	
7	0.00360	55	0.00000	0.02800	0.08400	0.00260	0.00176	0.00028	0.00016	0.11890	
8	0.00340	56	0.00000	0.02710	0.08130	0.00287	0.00194	0.00028	0.00016	0.11890	
9	0.00310	57	0.00000	0.02990	0.08970	0.00314	0.00212	0.00028	0.00016	0.11890	
10	0.00290	58	0.00000	0.02990	0.06860	0.00341	0.00230	0.00028	0.00017	0.11890	
15	0.00190	59	0.00000	0.04530	0.13580	0.00368	0.00248	0.00028	0.00017	0.11890	
20	0.00110	60	0.00000	1.00000	1.00000	0.00395	0.00266	0.00028	0.00017	0.11890	
25	0.00060	61	0.00000	1.00000	1.00000	0.00437	0.00297	0.00028	0.00017	0.11890	
30	0.00030	62	0.00000	1.00000	1.00000	0.00480	0.00327	0.00028	0.00017	0.11890	
35	0.00030	63	0.00000	1.00000	1.00000	0.00523	0.00358	0.00028	0.00018	0.11890	
40	0.00030	64	0.00000	1.00000	1.00000	0.00565	0.00389	0.00028	0.00018	0.11890	
45	0.00030	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00028	0.00018	0.11890	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00028	0.00019	0.11890	

School | Probability of an active member leaving due to:

AGE ³	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02780	0.08160	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.02490	0.07330	N/A	N/A	0.00050	0.00026	0.00010	0.00010	N/A	N/A
30	0.02210	0.06490	N/A	N/A	0.00053	0.00036	0.00018	0.00010	N/A	N/A
35	0.01920	0.05660	N/A	N/A	0.00067	0.00046	0.00064	0.00038	N/A	N/A
40	0.01640	0.04820	N/A	N/A	0.00087	0.00065	0.00136	0.00094	N/A	N/A
45	0.01350	0.00000	N/A	N/A	0.00120	0.00093	0.00283	0.00171	N/A	N/A
50	0.01070	0.00000	0.00900	0.01600	0.00176	0.00126	0.00439	0.00299	N/A	N/A
55	0.00780	0.00000	0.04800	0.08800	0.00260	0.00176	0.00489	0.00335	N/A	N/A
56	0.00730	0.00000	0.03900	0.07200	0.00287	0.00194	0.00484	0.00323	N/A	N/A
57	0.00670	0.00000	0.04200	0.07800	0.00314	0.00212	0.00474	0.00305	N/A	N/A
58	0.00620	0.00000	0.05000	0.09200	0.00341	0.00230	0.00459	0.00283	N/A	N/A
59	0.00560	0.00000	0.05700	0.10500	0.00368	0.00248	0.00441	0.00260	N/A	N/A
60	0.00500	0.00000	0.07300	0.13400	0.00395	0.00266	0.00425	0.00239	N/A	N/A
61	0.00450	0.00000	0.09000	0.16600	0.00437	0.00297	0.00410	0.00219	N/A	N/A
62	0.00390	0.00000	0.15100	0.27800	0.00480	0.00327	0.00398	0.00201	N/A	N/A
63	0.00330	0.00000	0.13600	0.25100	0.00523	0.00358	0.00388	0.00182	N/A	N/A
64	0.00270	0.00000	0.13300	0.24400	0.00565	0.00389	0.00382	0.00164	N/A	N/A
65	0.00220	0.00000	0.18000	0.33100	0.00608	0.00419	0.00378	0.00146	N/A	N/A
70	0.00030	0.00000	0.13100	0.24100	0.00914	0.00649	0.00395	0.00075	N/A	N/A

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

³ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

Exhibit D: Sample Non-Economic Assumptions (continued)

State Safety | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.13130	20	0.03690	N/A	N/A	0.00047	0.00016	0.00036	0.00003	0.00024	
1	0.09670	25	0.03690	N/A	N/A	0.00050	0.00026	0.00054	0.00007	0.00108	
2	0.06220	30	0.03690	N/A	N/A	0.00053	0.00036	0.00063	0.00010	0.00216	
3	0.04610	35	0.03690	N/A	N/A	0.00067	0.00046	0.00072	0.00012	0.00324	
4	0.03740	40	0.03690	N/A	N/A	0.00087	0.00065	0.00072	0.00013	0.00432	
5	0.00800	45	0.00000	N/A	N/A	0.00120	0.00093	0.00108	0.00014	0.00528	
6	0.00750	50	0.00000	0.02100	0.03700	0.00176	0.00126	0.00216	0.00015	0.00636	
7	0.00710	55	0.00000	0.07000	0.12400	0.00260	0.00176	0.00306	0.00016	0.00960	
8	0.00660	56	0.00000	0.06400	0.11300	0.00287	0.00194	0.00324	0.00016	0.00960	
9	0.00620	57	0.00000	0.05800	0.10300	0.00314	0.00212	0.00342	0.00016	0.00960	
10	0.00580	58	0.00000	0.06800	0.12000	0.00341	0.00230	0.00351	0.00017	0.00960	
15	0.00390	59	0.00000	0.06700	0.11800	0.00368	0.00248	0.00369	0.00017	0.00960	
20	0.00250	60	0.00000	0.07200	0.12800	0.00395	0.00266	0.00387	0.00017	0.00960	
25	0.00130	61	0.00000	0.09600	0.17000	0.00437	0.00297	0.00396	0.00017	0.00960	
30	0.00090	62	0.00000	0.11700	0.20800	0.00480	0.00327	0.00414	0.00017	0.00960	
35	0.00090	63	0.00000	0.11100	0.19700	0.00523	0.00358	0.00432	0.00018	0.00960	
40	0.00090	64	0.00000	0.12000	0.21300	0.00565	0.00389	0.00441	0.00018	0.00960	
45	0.00090	65	0.00000	0.16000	0.28400	0.00608	0.00419	0.00459	0.00018	0.00960	
50	0.00000	70	0.00000	0.14400	0.25500	0.00914	0.00649	0.00459	0.00019	0.00960	

State Peace Officer/Firefighter | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.12170	20	0.01730	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00030	
1	0.07790	25	0.01730	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00150	
2	0.04310	30	0.01730	N/A	N/A	0.00053	0.00036	0.00010	0.00010	0.00300	
3	0.03530	35	0.01730	N/A	N/A	0.00067	0.00046	0.00020	0.00012	0.00450	
4	0.02750	40	0.01730	N/A	N/A	0.00087	0.00065	0.00040	0.00013	0.00600	
5	0.00560	45	0.00000	N/A	N/A	0.00120	0.00093	0.00060	0.00014	0.00750	
6	0.00520	50	0.00000	0.02000	0.05200	0.00176	0.00126	0.00098	0.00015	0.00900	
7	0.00490	55	0.00000	0.07800	0.20200	0.00260	0.00176	0.00143	0.00016	0.02080	
8	0.00460	56	0.00000	0.07000	0.18100	0.00287	0.00194	0.00150	0.00016	0.02080	
9	0.00420	57	0.00000	0.05800	0.15100	0.00314	0.00212	0.00158	0.00016	0.02080	
10	0.00390	58	0.00000	0.06600	0.17000	0.00341	0.00230	0.00165	0.00017	0.02080	
15	0.00250	59	0.00000	0.06300	0.16200	0.00368	0.00248	0.00180	0.00017	0.02080	
20	0.00150	60	0.00000	0.06700	0.17400	0.00395	0.00266	0.00188	0.00017	0.02080	
25	0.00060	61	0.00000	0.07000	0.18200	0.00437	0.00297	0.00195	0.00017	0.02080	
30	0.00030	62	0.00000	0.11600	0.30100	0.00480	0.00327	0.00203	0.00017	0.02080	
35	0.00030	63	0.00000	0.10700	0.27700	0.00523	0.00358	0.00218	0.00018	0.02080	
40	0.00030	64	0.00000	0.13700	0.35500	0.00565	0.00389	0.00225	0.00018	0.02080	
45	0.00030	65	0.00000	0.13200	0.34100	0.00608	0.00419	0.00233	0.00018	0.02080	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00233	0.00019	0.02080	

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

Exhibit D: Sample Non-Economic Assumptions (continued)

Public Agency 2% at 55 Miscellaneous | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02120	0.06560	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.01930	0.05970	N/A	N/A	0.00050	0.00026	0.00010	0.00010	N/A	N/A
30	0.01740	0.05370	N/A	N/A	0.00053	0.00036	0.00021	0.00020	N/A	N/A
35	0.01550	0.04770	N/A	N/A	0.00067	0.00046	0.00063	0.00088	N/A	N/A
40	0.01360	0.04180	N/A	N/A	0.00087	0.00065	0.00145	0.00164	N/A	N/A
45	0.01160	0.00000	N/A	N/A	0.00120	0.00093	0.00252	0.00243	N/A	N/A
50	0.00970	0.00000	0.02000	0.03300	0.00176	0.00126	0.00331	0.00311	N/A	N/A
55	0.00780	0.00000	0.06400	0.10700	0.00260	0.00176	0.00366	0.00306	N/A	N/A
56	0.00740	0.00000	0.05700	0.09500	0.00287	0.00194	0.00371	0.00297	N/A	N/A
57	0.00700	0.00000	0.06100	0.10200	0.00314	0.00212	0.00375	0.00286	N/A	N/A
58	0.00660	0.00000	0.06600	0.11000	0.00341	0.00230	0.00378	0.00276	N/A	N/A
59	0.00620	0.00000	0.07600	0.12700	0.00368	0.00248	0.00379	0.00264	N/A	N/A
60	0.00590	0.00000	0.09200	0.15300	0.00395	0.00266	0.00377	0.00253	N/A	N/A
61	0.00550	0.00000	0.11300	0.18800	0.00437	0.00297	0.00373	0.00242	N/A	N/A
62	0.00510	0.00000	0.16200	0.27000	0.00480	0.00327	0.00366	0.00232	N/A	N/A
63	0.00470	0.00000	0.16400	0.27300	0.00523	0.00358	0.00356	0.00222	N/A	N/A
64	0.00440	0.00000	0.14800	0.24700	0.00565	0.00389	0.00342	0.00212	N/A	N/A
65	0.00390	0.00000	0.22100	0.36900	0.00608	0.00419	0.00325	0.00202	N/A	N/A
70	0.00200	0.00000	0.17600	0.29300	0.00914	0.00649	0.00279	0.00182	N/A	N/A

Public Agency 2.5% at 55 Miscellaneous | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02120	0.06560	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.01930	0.05970	N/A	N/A	0.00050	0.00026	0.00010	0.00010	N/A	N/A
30	0.01740	0.05370	N/A	N/A	0.00053	0.00036	0.00021	0.00020	N/A	N/A
35	0.01550	0.04770	N/A	N/A	0.00067	0.00046	0.00063	0.00088	N/A	N/A
40	0.01360	0.04180	N/A	N/A	0.00087	0.00065	0.00145	0.00164	N/A	N/A
45	0.01160	0.00000	N/A	N/A	0.00120	0.00093	0.00252	0.00243	N/A	N/A
50	0.00970	0.00000	0.03330	0.05460	0.00176	0.00126	0.00331	0.00311	N/A	N/A
55	0.00780	0.00000	0.11200	0.18400	0.00260	0.00176	0.00366	0.00306	N/A	N/A
56	0.00740	0.00000	0.07000	0.11500	0.00287	0.00194	0.00371	0.00297	N/A	N/A
57	0.00700	0.00000	0.07700	0.12650	0.00314	0.00212	0.00375	0.00286	N/A	N/A
58	0.00660	0.00000	0.09100	0.14950	0.00341	0.00230	0.00378	0.00276	N/A	N/A
59	0.00620	0.00000	0.10500	0.17250	0.00368	0.00248	0.00379	0.00264	N/A	N/A
60	0.00590	0.00000	0.11200	0.18400	0.00395	0.00266	0.00377	0.00253	N/A	N/A
61	0.00550	0.00000	0.10500	0.17250	0.00437	0.00297	0.00373	0.00242	N/A	N/A
62	0.00510	0.00000	0.15400	0.25300	0.00480	0.00327	0.00366	0.00232	N/A	N/A
63	0.00470	0.00000	0.13300	0.21850	0.00523	0.00358	0.00356	0.00222	N/A	N/A
64	0.00440	0.00000	0.13300	0.21850	0.00565	0.00389	0.00342	0.00212	N/A	N/A
65	0.00390	0.00000	0.18200	0.29900	0.00608	0.00419	0.00325	0.00202	N/A	N/A
70	0.00200	0.00000	0.15960	0.26220	0.00914	0.00649	0.00279	0.00182	N/A	N/A

Notes:

¹ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

Exhibit D: Sample Non-Economic Assumptions (continued)

Public Agency 2.7% at 55 Miscellaneous | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02120	0.06560	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.01930	0.05970	N/A	N/A	0.00050	0.00026	0.00010	0.00010	N/A	N/A
30	0.01740	0.05370	N/A	N/A	0.00053	0.00036	0.00021	0.00020	N/A	N/A
35	0.01550	0.04770	N/A	N/A	0.00067	0.00046	0.00063	0.00088	N/A	N/A
40	0.01360	0.04180	N/A	N/A	0.00087	0.00065	0.00145	0.00164	N/A	N/A
45	0.01160	0.00000	N/A	N/A	0.00120	0.00093	0.00252	0.00243	N/A	N/A
50	0.00970	0.00000	0.03500	0.05750	0.00176	0.00126	0.00331	0.00311	N/A	N/A
55	0.00780	0.00000	0.11550	0.18980	0.00260	0.00176	0.00366	0.00306	N/A	N/A
56	0.00740	0.00000	0.07700	0.12650	0.00287	0.00194	0.00371	0.00297	N/A	N/A
57	0.00700	0.00000	0.08050	0.13230	0.00314	0.00212	0.00375	0.00286	N/A	N/A
58	0.00660	0.00000	0.09450	0.15530	0.00341	0.00230	0.00378	0.00276	N/A	N/A
59	0.00620	0.00000	0.10500	0.17250	0.00368	0.00248	0.00379	0.00264	N/A	N/A
60	0.00590	0.00000	0.11200	0.18400	0.00395	0.00266	0.00377	0.00253	N/A	N/A
61	0.00550	0.00000	0.10850	0.17830	0.00437	0.00297	0.00373	0.00242	N/A	N/A
62	0.00510	0.00000	0.15750	0.25880	0.00480	0.00327	0.00366	0.00232	N/A	N/A
63	0.00470	0.00000	0.13650	0.22430	0.00523	0.00358	0.00356	0.00222	N/A	N/A
64	0.00440	0.00000	0.13650	0.22430	0.00565	0.00389	0.00342	0.00212	N/A	N/A
65	0.00390	0.00000	0.18550	0.30480	0.00608	0.00419	0.00325	0.00202	N/A	N/A
70	0.00200	0.00000	0.16380	0.26916	0.00914	0.00649	0.00279	0.00182	N/A	N/A

Public Agency 3% at 60 Miscellaneous | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02120	0.06560	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.01930	0.05970	N/A	N/A	0.00050	0.00026	0.00010	0.00010	N/A	N/A
30	0.01740	0.05370	N/A	N/A	0.00053	0.00036	0.00021	0.00020	N/A	N/A
35	0.01550	0.04770	N/A	N/A	0.00067	0.00046	0.00063	0.00088	N/A	N/A
40	0.01360	0.04180	N/A	N/A	0.00087	0.00065	0.00145	0.00164	N/A	N/A
45	0.01160	0.00000	N/A	N/A	0.00120	0.00093	0.00252	0.00243	N/A	N/A
50	0.00970	0.00000	0.03330	0.05460	0.00176	0.00126	0.00331	0.00311	N/A	N/A
55	0.00780	0.00000	0.10500	0.17250	0.00260	0.00176	0.00366	0.00306	N/A	N/A
56	0.00740	0.00000	0.07000	0.11500	0.00287	0.00194	0.00371	0.00297	N/A	N/A
57	0.00700	0.00000	0.07700	0.12650	0.00314	0.00212	0.00375	0.00286	N/A	N/A
58	0.00660	0.00000	0.09100	0.14950	0.00341	0.00230	0.00378	0.00276	N/A	N/A
59	0.00620	0.00000	0.10150	0.16680	0.00368	0.00248	0.00379	0.00264	N/A	N/A
60	0.00590	0.00000	0.11900	0.19550	0.00395	0.00266	0.00377	0.00253	N/A	N/A
61	0.00550	0.00000	0.11200	0.18400	0.00437	0.00297	0.00373	0.00242	N/A	N/A
62	0.00510	0.00000	0.16100	0.26450	0.00480	0.00327	0.00366	0.00232	N/A	N/A
63	0.00470	0.00000	0.14000	0.23000	0.00523	0.00358	0.00356	0.00222	N/A	N/A
64	0.00440	0.00000	0.14000	0.23000	0.00565	0.00389	0.00342	0.00212	N/A	N/A
65	0.00390	0.00000	0.18900	0.31050	0.00608	0.00419	0.00325	0.00202	N/A	N/A
70	0.00200	0.00000	0.16800	0.27600	0.00914	0.00649	0.00279	0.00182	N/A	N/A

Notes:

¹ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

Exhibit D: Sample Non-Economic Assumptions (continued)

Public Agency 2% at 50 Police | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.10130	20	0.01630	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00069	
1	0.06360	25	0.01630	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00322	
2	0.02710	30	0.01630	N/A	N/A	0.00053	0.00036	0.00020	0.00010	0.00644	
3	0.02580	35	0.01630	N/A	N/A	0.00067	0.00046	0.00030	0.00012	0.00966	
4	0.02450	40	0.01630	N/A	N/A	0.00087	0.00065	0.00040	0.00013	0.01288	
5	0.00860	45	0.00000	N/A	N/A	0.00120	0.00093	0.00050	0.00014	0.01610	
6	0.00790	50	0.00000	0.01380	0.02530	0.00176	0.00126	0.00080	0.00015	0.01921	
7	0.00720	55	0.00000	0.08990	0.16450	0.00260	0.00176	0.00130	0.00016	0.06682	
8	0.00660	56	0.00000	0.06380	0.11660	0.00287	0.00194	0.00150	0.00016	0.06682	
9	0.00590	57	0.00000	0.07110	0.13000	0.00314	0.00212	0.00160	0.00016	0.06682	
10	0.00530	58	0.00000	0.06280	0.11490	0.00341	0.00230	0.00180	0.00017	0.06682	
15	0.00270	59	0.00000	0.13960	0.17350	0.00368	0.00248	0.00200	0.00017	0.06682	
20	0.00170	60	0.00000	0.13960	0.17190	0.00395	0.00266	0.00200	0.00017	0.06682	
25	0.00120	61	0.00000	0.13960	0.17190	0.00437	0.00297	0.00200	0.00017	0.06682	
30	0.00090	62	0.00000	0.13960	0.17190	0.00480	0.00327	0.00200	0.00017	0.06682	
35	0.00090	63	0.00000	0.13960	0.17190	0.00523	0.00358	0.00200	0.00018	0.06682	
40	0.00090	64	0.00000	0.13960	0.17190	0.00565	0.00389	0.00200	0.00018	0.06682	
45	0.00090	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00200	0.00018	0.06682	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00200	0.00019	0.06682	

Public Agency 2% at 50 Fire | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.07100	20	0.01620	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00024	
1	0.05540	25	0.01620	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00120	
2	0.03980	30	0.01620	N/A	N/A	0.00053	0.00036	0.00010	0.00010	0.00252	
3	0.02420	35	0.01620	N/A	N/A	0.00067	0.00046	0.00010	0.00012	0.00372	
4	0.02180	40	0.01620	N/A	N/A	0.00087	0.00065	0.00010	0.00013	0.00492	
5	0.00290	45	0.00000	N/A	N/A	0.00120	0.00093	0.00020	0.00014	0.00612	
6	0.00240	50	0.00000	0.00650	0.01010	0.00176	0.00126	0.00050	0.00015	0.00744	
7	0.00200	55	0.00000	0.08680	0.13360	0.00260	0.00176	0.00100	0.00016	0.07212	
8	0.00160	56	0.00000	0.07790	0.12000	0.00287	0.00194	0.00110	0.00016	0.07212	
9	0.00120	57	0.00000	0.09010	0.13870	0.00314	0.00212	0.00130	0.00016	0.07212	
10	0.00090	58	0.00000	0.07900	0.12170	0.00341	0.00230	0.00150	0.00017	0.07212	
15	0.00060	59	0.00000	0.07290	0.11230	0.00368	0.00248	0.00150	0.00017	0.07212	
20	0.00050	60	0.00000	0.11350	0.17470	0.00395	0.00266	0.00150	0.00017	0.07212	
25	0.00030	61	0.00000	0.11360	0.17490	0.00437	0.00297	0.00150	0.00017	0.07212	
30	0.00030	62	0.00000	0.11360	0.17490	0.00480	0.00327	0.00150	0.00017	0.07212	
35	0.00030	63	0.00000	0.11360	0.17490	0.00523	0.00358	0.00150	0.00018	0.07212	
40	0.00030	64	0.00000	0.11360	0.17490	0.00565	0.00389	0.00150	0.00018	0.07212	
45	0.00030	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00150	0.00018	0.07212	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00150	0.00019	0.07212	

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

Exhibit D: Sample Non-Economic Assumptions (continued)

Public Agency 3% at 50 Police | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.10130	20	0.01630	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00069	
1	0.06360	25	0.01630	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00322	
2	0.02710	30	0.01630	N/A	N/A	0.00053	0.00036	0.00020	0.00010	0.00644	
3	0.02580	35	0.01630	N/A	N/A	0.00067	0.00046	0.00030	0.00012	0.00966	
4	0.02450	40	0.01630	N/A	N/A	0.00087	0.00065	0.00040	0.00013	0.01288	
5	0.00860	45	0.00000	N/A	N/A	0.00120	0.00093	0.00050	0.00014	0.01610	
6	0.00790	50	0.00000	0.07000	0.19300	0.00176	0.00126	0.00080	0.00015	0.01921	
7	0.00720	55	0.00000	0.09000	0.25000	0.00260	0.00176	0.00130	0.00016	0.06682	
8	0.00660	56	0.00000	0.06900	0.19100	0.00287	0.00194	0.00150	0.00016	0.06682	
9	0.00590	57	0.00000	0.08000	0.22300	0.00314	0.00212	0.00160	0.00016	0.06682	
10	0.00530	58	0.00000	0.08700	0.24200	0.00341	0.00230	0.00180	0.00017	0.06682	
15	0.00270	59	0.00000	0.09000	0.25100	0.00368	0.00248	0.00200	0.00017	0.06682	
20	0.00170	60	0.00000	0.13500	0.37650	0.00395	0.00266	0.00200	0.00017	0.06682	
25	0.00120	61	0.00000	0.09000	0.25100	0.00437	0.00297	0.00200	0.00017	0.06682	
30	0.00090	62	0.00000	0.11250	0.31375	0.00480	0.00327	0.00200	0.00017	0.06682	
35	0.00090	63	0.00000	0.09000	0.25100	0.00523	0.00358	0.00200	0.00018	0.06682	
40	0.00090	64	0.00000	0.09000	0.25100	0.00565	0.00389	0.00200	0.00018	0.06682	
45	0.00090	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00200	0.00018	0.06682	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00200	0.00019	0.06682	

Public Agency 3% at 50 Fire | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.07100	20	0.01620	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00024	
1	0.05540	25	0.01620	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00120	
2	0.03980	30	0.01620	N/A	N/A	0.00053	0.00036	0.00010	0.00010	0.00252	
3	0.02420	35	0.01620	N/A	N/A	0.00067	0.00046	0.00010	0.00012	0.00372	
4	0.02180	40	0.01620	N/A	N/A	0.00087	0.00065	0.00010	0.00013	0.00492	
5	0.00290	45	0.00000	N/A	N/A	0.00120	0.00093	0.00020	0.00014	0.00612	
6	0.00240	50	0.00000	0.03400	0.06800	0.00176	0.00126	0.00050	0.00015	0.00744	
7	0.00200	55	0.00000	0.12700	0.25200	0.00260	0.00176	0.00100	0.00016	0.07212	
8	0.00160	56	0.00000	0.12100	0.24100	0.00287	0.00194	0.00110	0.00016	0.07212	
9	0.00120	57	0.00000	0.10100	0.20100	0.00314	0.00212	0.00130	0.00016	0.07212	
10	0.00090	58	0.00000	0.11800	0.23500	0.00341	0.00230	0.00150	0.00017	0.07212	
15	0.00060	59	0.00000	0.10000	0.19900	0.00368	0.00248	0.00150	0.00017	0.07212	
20	0.00050	60	0.00000	0.15000	0.29850	0.00395	0.00266	0.00150	0.00017	0.07212	
25	0.00030	61	0.00000	0.10000	0.19900	0.00437	0.00297	0.00150	0.00017	0.07212	
30	0.00030	62	0.00000	0.12500	0.24875	0.00480	0.00327	0.00150	0.00017	0.07212	
35	0.00030	63	0.00000	0.10000	0.19900	0.00523	0.00358	0.00150	0.00018	0.07212	
40	0.00030	64	0.00000	0.10000	0.19900	0.00565	0.00389	0.00150	0.00018	0.07212	
45	0.00030	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00150	0.00018	0.07212	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00150	0.00019	0.07212	

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

Exhibit D: Sample Non-Economic Assumptions (continued)

Public Agency 3% at 55 Police | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.10130	20	0.01630	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00069	
1	0.06360	25	0.01630	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00322	
2	0.02710	30	0.01630	N/A	N/A	0.00053	0.00036	0.00020	0.00010	0.00644	
3	0.02580	35	0.01630	N/A	N/A	0.00067	0.00046	0.00030	0.00012	0.00966	
4	0.02450	40	0.01630	N/A	N/A	0.00087	0.00065	0.00040	0.00013	0.01288	
5	0.00860	45	0.00000	N/A	N/A	0.00120	0.00093	0.00050	0.00014	0.01610	
6	0.00790	50	0.00000	0.01900	0.04000	0.00176	0.00126	0.00080	0.00015	0.01921	
7	0.00720	55	0.00000	0.11600	0.24000	0.00260	0.00176	0.00130	0.00016	0.06682	
8	0.00660	56	0.00000	0.07600	0.15600	0.00287	0.00194	0.00150	0.00016	0.06682	
9	0.00590	57	0.00000	0.05800	0.12000	0.00314	0.00212	0.00160	0.00016	0.06682	
10	0.00530	58	0.00000	0.07600	0.15700	0.00341	0.00230	0.00180	0.00017	0.06682	
15	0.00270	59	0.00000	0.09400	0.19300	0.00368	0.00248	0.00200	0.00017	0.06682	
20	0.00170	60	0.00000	0.14100	0.28950	0.00395	0.00266	0.00200	0.00017	0.06682	
25	0.00120	61	0.00000	0.09400	0.19300	0.00437	0.00297	0.00200	0.00017	0.06682	
30	0.00090	62	0.00000	0.11750	0.24125	0.00480	0.00327	0.00200	0.00017	0.06682	
35	0.00090	63	0.00000	0.09400	0.19300	0.00523	0.00358	0.00200	0.00018	0.06682	
40	0.00090	64	0.00000	0.09400	0.19300	0.00565	0.00389	0.00200	0.00018	0.06682	
45	0.00090	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00200	0.00018	0.06682	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00200	0.00019	0.06682	

Public Agency 3% at 55 Fire | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.07100	20	0.01620	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00024	
1	0.05540	25	0.01620	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00120	
2	0.03980	30	0.01620	N/A	N/A	0.00053	0.00036	0.00010	0.00010	0.00252	
3	0.02420	35	0.01620	N/A	N/A	0.00067	0.00046	0.00010	0.00012	0.00372	
4	0.02180	40	0.01620	N/A	N/A	0.00087	0.00065	0.00010	0.00013	0.00492	
5	0.00290	45	0.00000	N/A	N/A	0.00120	0.00093	0.00020	0.00014	0.00612	
6	0.00240	50	0.00000	0.01200	0.02800	0.00176	0.00126	0.00050	0.00015	0.00744	
7	0.00200	55	0.00000	0.09200	0.21100	0.00260	0.00176	0.00100	0.00016	0.07212	
8	0.00160	56	0.00000	0.08100	0.18700	0.00287	0.00194	0.00110	0.00016	0.07212	
9	0.00120	57	0.00000	0.10000	0.23000	0.00314	0.00212	0.00130	0.00016	0.07212	
10	0.00090	58	0.00000	0.08100	0.18700	0.00341	0.00230	0.00150	0.00017	0.07212	
15	0.00060	59	0.00000	0.07800	0.17800	0.00368	0.00248	0.00150	0.00017	0.07212	
20	0.00050	60	0.00000	0.11700	0.26700	0.00395	0.00266	0.00150	0.00017	0.07212	
25	0.00030	61	0.00000	0.07800	0.17800	0.00437	0.00297	0.00150	0.00017	0.07212	
30	0.00030	62	0.00000	0.09750	0.22250	0.00480	0.00327	0.00150	0.00017	0.07212	
35	0.00030	63	0.00000	0.07800	0.17800	0.00523	0.00358	0.00150	0.00018	0.07212	
40	0.00030	64	0.00000	0.07800	0.17800	0.00565	0.00389	0.00150	0.00018	0.07212	
45	0.00030	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00150	0.00018	0.07212	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00150	0.00019	0.07212	

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

Exhibit D: Sample Non-Economic Assumptions (continued)

Post-Retirement Mortality | Rates vary by age and gender. These rates are used for all plans.

Age	Healthy Recipients		Non-Industrially Disabled (Not Job Related)		Industrially Disabled (Job Related)	
	Male	Female	Male	Female	Male	Female
50	0.00239	0.00125	0.01632	0.01245	0.00443	0.00356
55	0.00474	0.00243	0.01936	0.01580	0.00563	0.00546
60	0.00720	0.00431	0.02293	0.01628	0.00777	0.00798
65	0.01069	0.00775	0.03174	0.01969	0.01388	0.01184
70	0.01675	0.01244	0.03870	0.03019	0.02236	0.01716
75	0.03080	0.02071	0.06001	0.03915	0.03585	0.02665
80	0.05270	0.03749	0.08388	0.05555	0.06926	0.04528
85	0.09775	0.07005	0.14035	0.09577	0.11799	0.08017
90	0.16747	0.12404	0.21554	0.14949	0.16575	0.13775
95	0.25659	0.21556	0.31025	0.23055	0.26108	0.23331
100	0.34551	0.31876	0.45905	0.37662	0.40918	0.35165

Exhibit E: Single Life Retirement Values

Present value of \$1 monthly increasing 2 percent annually after two-year waiting period. Interest Rate of 7.50 Percent.

Age	Service Retirement		Non-Industrial Disability Retirement		Industrial Disability Retirement	
	Male	Female	Male	Female	Male	Female
50	171.997	179.856	142.365	153.150	167.117	171.823
51	169.749	177.842	140.490	151.425	164.943	169.771
52	167.454	175.746	138.492	149.823	162.711	167.655
53	165.107	173.573	136.367	148.289	160.388	165.476
54	162.703	171.318	134.251	146.707	157.946	163.233
55	160.238	168.984	132.112	145.038	155.380	160.928
56	157.712	166.572	129.925	143.274	152.709	158.561
57	155.117	164.076	127.653	141.410	149.966	156.127
58	152.448	161.509	125.269	139.426	147.150	153.634
59	149.699	158.869	122.790	137.302	144.225	151.075
60	146.857	156.120	120.227	135.029	141.150	148.425
61	143.913	153.283	117.602	132.625	137.937	145.696
62	140.864	150.360	114.955	130.054	134.661	142.890
63	137.696	147.341	112.296	127.311	131.355	139.998
64	134.404	144.254	109.646	124.420	128.023	137.040
65	130.995	141.100	106.993	121.476	124.635	134.011
70	113.166	124.295	92.905	107.145	106.783	117.806
75	93.674	105.363	76.532	91.830	87.186	99.581
80	73.931	84.941	61.264	75.069	67.853	80.134
85	55.387	64.944	45.183	57.216	52.776	61.177
90	40.042	47.042	34.010	43.734	39.987	44.281
95	29.556	33.069	24.348	30.602	27.949	30.890
100	21.536	22.973	16.364	19.710	18.287	21.046

Exhibit F: History of Member Salary Data

Valuation Date	Number of Active Members	Annual Covered Payroll (In Millions)	Average Annual Salary	% Increase In Average Pay
6/30/03	778,203	\$34,784	\$44,697	4.3%
6/30/04	760,498	35,078	46,126	3.2
6/30/05	756,234	36,045	47,664	3.3
6/30/06	767,127	38,047	49,597	4.0
6/30/07	793,164	40,864	51,521	3.9
6/30/08	813,474	44,236	54,379	5.5
6/30/09	812,864	45,053	55,425	1.9
6/30/10	794,138	44,984	56,645	2.2
6/30/11	779,481	43,901	56,321	(0.6)
6/30/12	762,459	42,599	55,871	(0.8)

Exhibit G: Members in Valuation

State Miscellaneous First Tier | By Attained Age & Years of Service – June 30, 2012

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	1,300	8	—	—	—	—	1,308	\$39,011,397
25-29	6,494	1,261	34	—	—	—	7,789	327,231,868
30-34	6,877	4,228	1,416	45	—	—	12,566	635,190,729
35-39	5,392	4,571	4,251	623	43	—	14,880	865,546,250
40-44	4,770	4,810	6,029	2,145	1,060	81	18,895	1,177,744,251
45-49	4,303	4,209	6,099	2,797	3,761	1,393	22,562	1,462,722,249
50-54	4,031	3,856	6,203	3,023	4,579	5,583	27,275	1,796,534,147
55-59	3,185	3,347	4,955	2,540	3,748	6,572	24,347	1,626,013,132
60-64	1,869	2,186	2,911	1,575	2,145	3,356	14,042	957,810,740
65 & up	909	988	1,353	640	692	1,138	5,720	394,805,269
TOTAL	39,130	29,464	33,251	13,388	16,028	18,123	149,384	\$9,282,610,034

State Miscellaneous Second Tier | By Attained Age & Years of Service – June 30, 2012

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	3	—	—	—	—	—	3	\$126,152
25-29	28	2	—	—	—	—	30	1,364,547
30-34	36	13	78	—	—	—	127	6,330,971
35-39	36	39	340	109	7	—	531	29,255,169
40-44	42	61	449	408	147	—	1,107	60,999,271
45-49	35	51	462	439	375	59	1,421	77,425,841
50-54	46	48	395	388	345	255	1,477	82,118,554
55-59	23	44	296	298	265	305	1,231	67,925,808
60-64	14	28	158	170	160	191	721	40,997,664
65 & up	15	26	86	68	54	51	300	15,983,931
TOTAL	278	312	2,264	1,880	1,353	861	6,948	\$382,527,908

State Industrial First & Second Tier | By Attained Age & Years of Service – June 30, 2012

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	176	5	—	—	—	—	181	\$5,874,132
25-29	703	119	3	—	—	—	825	31,254,468
30-34	722	315	81	1	—	—	1,119	47,856,909
35-39	604	315	235	56	—	—	1,210	57,912,547
40-44	596	366	309	180	63	—	1,514	76,874,116
45-49	587	422	325	254	155	33	1,776	93,210,103
50-54	511	420	352	268	187	121	1,859	100,514,562
55-59	384	278	267	172	122	80	1,303	71,390,142
60-64	203	170	186	114	66	31	770	43,288,926
65 & up	86	58	65	45	21	6	281	16,936,436
TOTAL	4,572	2,468	1,823	1,090	614	271	10,838	\$545,112,340

Note: Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G: Members in Valuation (continued)

State Safety | By Attained Age & Years of Service – June 30, 2012

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	237	6	—	—	—	—	243	\$10,669,507
25-29	1,063	238	2	—	—	—	1,303	69,585,312
30-34	1,377	767	68	—	—	—	2,212	137,224,206
35-39	1,292	1,085	222	14	—	—	2,613	192,165,167
40-44	1,257	1,253	461	133	14	1	3,119	234,796,130
45-49	1,155	1,339	571	285	89	8	3,447	257,989,021
50-54	1,085	1,466	737	432	239	85	4,044	306,736,322
55-59	874	1,252	784	390	204	68	3,572	291,352,660
60-64	477	813	482	289	119	41	2,221	194,281,140
65 & up	172	312	250	147	58	16	955	94,995,021
TOTAL	8,989	8,531	3,577	1,690	723	219	23,729	\$1,789,794,486

California Highway Patrol | By Attained Age & Years of Service – June 30, 2012

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	55	—	—	—	—	—	55	\$4,558,452
25-29	575	217	—	—	—	—	792	69,818,227
30-34	496	510	240	—	—	—	1,246	114,998,677
35-39	290	418	678	277	1	—	1,664	160,046,556
40-44	31	191	557	652	190	2	1,623	162,878,961
45-49	—	16	58	347	546	228	1,195	130,688,483
50-54	1	—	3	57	230	302	593	68,625,361
55-59	1	—	—	22	26	95	144	16,852,630
60-64	—	—	—	—	—	—	—	—
65 & up	—	—	—	—	—	—	—	—
TOTAL	1,449	1,352	1,536	1,355	993	627	7,312	\$728,467,347

State Peace Officer/Firefighter | By Attained Age & Years of Service – June 30, 2012

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	389	1	—	—	—	—	390	\$8,153,927
25-29	2,298	1,010	2	—	—	—	3,310	164,066,528
30-34	2,056	3,022	778	3	—	—	5,859	364,247,169
35-39	1,332	2,405	2,708	598	6	—	7,049	489,379,808
40-44	972	1,804	2,242	2,630	418	6	8,072	597,556,142
45-49	663	1,153	1,440	2,074	1,814	965	8,109	646,231,488
50-54	319	721	883	1,290	1,035	795	5,043	408,847,326
55-59	177	335	449	632	434	321	2,348	187,595,036
60-64	53	113	178	257	144	116	861	68,742,863
65 & up	16	24	51	59	24	35	209	17,013,343
TOTAL	8,275	10,588	8,731	7,543	3,875	2,238	41,250	\$2,951,833,630

Note: Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G: Members in Valuation (continued)

School | By Attained Age & Years of Service – June 30, 2012

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	7,236	106	—	—	—	—	7,342	\$147,089,438
25-29	15,303	3,445	74	—	—	—	18,822	479,004,794
30-34	12,718	8,318	2,350	55	—	—	23,441	738,095,294
35-39	11,295	8,202	5,651	1,197	24	—	26,369	900,971,730
40-44	12,898	9,022	6,855	2,930	962	34	32,701	1,117,923,470
45-49	13,810	11,377	8,714	4,100	2,758	1,251	42,010	1,470,605,441
50-54	12,294	12,892	10,961	5,788	3,872	3,860	49,667	1,808,139,308
55-59	8,598	10,464	10,428	6,584	4,437	4,823	45,334	1,674,020,863
60-64	4,547	5,913	6,146	4,223	3,125	2,757	26,711	977,849,389
65 & up	2,281	2,470	2,283	1,450	1,081	1,041	10,606	340,029,657
TOTAL	100,980	72,209	53,462	26,327	16,259	13,766	283,003	\$9,653,729,383

Public Agency Miscellaneous | By Attained Age & Years of Service – June 30, 2012

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	3,478	134	—	—	—	—	3,612	\$113,547,715
25-29	9,246	3,636	96	—	—	—	12,978	577,986,102
30-34	9,124	8,416	2,294	77	—	—	19,911	1,107,729,979
35-39	7,018	8,161	5,436	1,134	71	—	21,820	1,380,419,087
40-44	6,482	7,813	6,568	2,867	1,275	114	25,119	1,698,440,125
45-49	5,953	7,264	6,922	3,747	3,746	1,730	29,362	2,073,713,594
50-54	5,355	6,979	6,942	4,184	4,664	4,949	33,073	2,407,116,047
55-59	3,815	5,307	5,576	3,377	3,550	4,501	26,126	1,891,351,901
60-64	2,017	3,143	3,385	1,997	1,960	2,230	14,732	1,044,132,770
65 & up	900	1,301	1,295	700	665	699	5,560	364,053,371
TOTAL	53,388	52,154	38,514	18,083	15,931	14,223	192,293	\$12,658,490,691

Public Agency Safety | By Attained Age & Years of Service – June 30, 2012

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	715	18	—	—	—	—	733	\$41,794,451
25-29	3,475	1,573	11	—	—	—	5,059	375,704,749
30-34	2,764	4,623	957	6	—	—	8,350	712,682,796
35-39	1,377	3,309	3,315	596	3	—	8,600	803,031,520
40-44	862	2,141	3,206	2,464	851	7	9,531	965,067,329
45-49	437	894	1,504	1,797	2,719	1,057	8,408	927,453,582
50-54	247	325	591	739	1,266	1,546	4,714	535,450,721
55-59	108	151	244	236	364	665	1,768	190,973,739
60-64	40	51	65	65	77	146	444	45,336,302
65 & up	6	12	19	15	19	24	95	9,222,679
TOTAL	10,031	13,097	9,912	5,918	5,299	3,445	47,702	\$4,606,717,868

Note: Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit H: Schedule of Retirees & Beneficiaries Added to/and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls		Rolls - End of Year		% Increase in Annual Allowances	Average Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
PERF								
6/30/07	29,821	\$828,676,000	15,881	\$251,559,000	461,624	\$10,421,160,000	8.7%	\$22,575
6/30/08	30,462	911,182,000	16,228	267,867,000	475,858	11,422,808,000	9.6	24,005
6/30/09	31,929	1,006,450,000	16,168	275,138,000	491,619	12,506,735,000	9.5	25,440
6/30/10	37,566	1,265,188,000	17,323	299,011,000	511,862	13,751,737,000	10.0	26,866
6/30/11	40,596	1,318,290,000	17,298	319,210,000	535,160	15,032,305,000	9.3	28,089
6/30/12	39,729	1,286,891,000	19,412	381,443,000	555,477	16,126,912,000	7.3	29,033
JRF								
6/30/07	98	\$8,854,000	56	\$5,018,000	1,702	\$158,429,000	12.5%	\$93,084
6/30/08	125	12,030,000	84	7,888,000	1,743	166,599,000	5.2	95,582
6/30/09	116	11,989,000	67	5,085,000	1,792	172,039,000	3.3	96,004
6/30/10	129	12,425,000	72	6,622,000	1,849	177,572,000	3.2	96,037
6/30/11	104	9,536,000	69	6,037,000	1,884	181,834,000	2.4	96,515
6/30/12	75	7,365,000	67	5,804,000	1,892	184,952,000	1.7	97,755
JRF II								
6/30/07	0	\$0	2	\$288,000	11	\$968,000	(21.0)%	\$88,000
6/30/08	5	475,000	2	288,000	14	958,000	(1.0)	68,429
6/30/09	3	280,000	2	298,000	15	1,252,000	30.7	83,467
6/30/10	5	405,000	1	59,000	19	1,397,000	11.6	73,526
6/30/11	11	1,224,000	—	—	30	2,149,000	53.8	71,633
6/30/12	9	744,000	2	195,000	37	3,093,000	43.9	83,595
LRF								
6/30/07	18	\$374,000	12	\$314,000	269	\$7,608,000	1.9%	\$28,283
6/30/08	8	161,000	13	316,000	264	7,694,000	1.1	29,144
6/30/09	5	234,000	9	177,000	260	7,737,000	0.6	29,758
6/30/10	9	280,000	14	480,000	255	7,780,000	0.6	30,510
6/30/11	15	460,000	16	399,000	254	7,871,000	1.2	30,988
6/30/12	3	102,000	12	461,000	245	7,680,000	(2.4)	31,347

Note: These total counts and allowance are for service, disability, and industrial retirement, special death, 1957 Survivor, Pre-Retirement Option 2, and 1959 Survivor beneficiaries and non-members. This information was reviewed by the CalPERS Actuarial staff and appears to be reasonable.

Actuarial Certifications – Other Plans

JUDGES' RETIREMENT SYSTEM

May 2013

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System; the latest such valuation is as of June 30, 2012.

To the best of our knowledge, the report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System, as of June 30, 2012. Based on the employee data provided by the CalPERS Judges' and Legislators' Office, the statement of fiduciary net position provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B of the actuarial valuation report, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods, as prescribed by the CalPERS Board of Administration, are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A, B, and H in the Actuarial Section of the CAFR.

Barbara Ware, F.S.A., M.A.A.A.
Enrolled Actuary
Senior Pension Actuary, CalPERS

Alan Milligan, F.S.A., F.C.I.A., M.A.A.A., F.C.A.
Chief Actuary, CalPERS

JUDGES' RETIREMENT SYSTEM II

May 2013

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System II; the latest such valuation is as of June 30, 2012.

To the best of our knowledge, the report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System II, as of June 30, 2012. Based on the employee data provided by the Judges' Retirement System administrative staff at CalPERS, the statement of fiduciary net position provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B of the actuarial valuation report, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for this plan.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A, B, and H in the Actuarial Section of the CAFR.

Fritzie Archuleta, A.S.A., M.A.A.A.
Senior Pension Actuary, CalPERS

Alan Milligan, F.S.A., F.C.I.A., M.A.A.A., F.C.A.
Chief Actuary, CalPERS

Note: The actuarial report and supporting documents for the Judges' Retirement System, Judges' Retirement System II, and Legislators' Retirement System can be obtained on the CalPERS website, www.calpers.ca.gov.

LEGISLATORS' RETIREMENT SYSTEM

May 2013

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Legislators' Retirement System; the latest such valuation is as of June 30, 2012.

To the best of our knowledge, the report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Legislators' Retirement System. Based on the employee data provided by the CalPERS Judges' and Legislators' Office, the statement of fiduciary net position provided by the CalPERS Fiscal Services Division, and the benefits plans as outlined in Appendix B of the actuarial valuation report, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A, B, and H in the Actuarial Section of the CAFR.

David Clement, A.S.A., M.A.A.A.

Enrolled Actuary

Senior Pension Actuary, CalPERS

Alan Milligan, F.S.A., F.C.I.A., M.A.A.A., F.C.A.

Chief Actuary, CalPERS

Note: The actuarial report and supporting documents for the Judges' Retirement System, Judges' Retirement System II, and Legislators' Retirement System can be obtained on the CalPERS website, www.calpers.ca.gov.

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Statistical Section

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Introduction to the Statistical Section

The Statistical section provides additional historical information to assist in using the Basic Financial Statements, Notes to the Basic Financial Statements, and Required Supplementary Schedules to understand the economic condition of the California Public Employees' Retirement System.

The schedules presented contain information on financial trends, analysis, and additional analytical

information on employees' membership data, retirement benefits, health benefits, supplemental income, long-term care and public agency employers.

The information in this section is obtained from comprehensive annual financial reports for relevant years and other internal sources.

Additions by Source – Retirement Programs

10-Year Review (Dollars in Thousands)

	Member Contributions	Employer Contributions	Investment Income/(Loss)	Miscellaneous Income	Total
PERF					
2012/13	\$3,896,078	\$8,123,833	\$30,284,807	\$7,176	\$42,311,894
2011/12	3,598,437	7,772,913	(203,084)	7,070	11,175,336
2010/11	3,600,089	7,465,397	43,904,425	3,011	54,972,922
2009/10	3,378,867	6,955,049	25,567,295	10,234	35,911,445
2008/09	3,882,355	6,912,376	(57,367,054)	3,155	(46,569,168)
2007/08	3,512,075	7,242,802	(12,499,110)	6,202	(1,738,031)
2006/07	3,262,699	6,442,384	40,748,261	9,119	50,462,463
2005/06	3,080,879	6,095,029	22,041,265	—	31,217,173
2004/05	3,176,781	5,774,120	21,893,728	473	30,845,102
2003/04	2,266,445	4,261,347	24,265,850	6,723	30,800,365
LRF					
2012/13	\$31	\$80	\$6,974	\$0	\$7,085
2011/12	—	—	7,761	—	7,761
2010/11	3	—	17,667	—	17,670
2009/10	17	—	17,793	—	17,810
2008/09	69	—	(14,041)	—	(13,972)
2007/08	14	—	223	—	237
2006/07	129	—	16,530	—	16,659
2005/06	160	—	3,808	—	3,968
2004/05	20	—	12,575	1	12,596
2003/04	56	—	11,094	—	11,150
JRF					
2012/13	\$4,909	\$161,945	\$76	\$2,694	\$169,624
2011/12	5,796	196,402	80	2,877	205,155
2010/11	6,658	167,302	184	3,216	177,360
2009/10	7,361	185,389	332	3,486	196,568
2008/09	8,597	190,510	410	3,574	203,091
2007/08	9,569	163,206	384	3,827	176,986
2006/07	10,398	131,372	1,186	2,591	145,547
2005/06	10,315	120,576	959	2,874	134,724
2004/05	10,417	127,078	234	2,663	140,392
2003/04	11,262	107,318	59	4,020	122,659

Additions by Source – Retirement Programs (continued)

10-Year Review (Dollars in Thousands)

	Member Contributions	Employer Contributions	Investment Income/(Loss)	Miscellaneous Income	Total
JRF II					
2012/13	\$18,819	\$54,025	\$79,214	\$0	\$152,058
2011/12	18,757	53,711	13,947	—	86,415
2010/11	18,589	53,863	91,596	—	164,048
2009/10	16,178	42,589	50,801	—	109,568
2008/09	15,400	39,514	(59,927)	—	(5,013)
2007/08	13,808	36,761	(12,184)	—	38,385
2006/07	11,694	27,062	35,427	—	74,183
2005/06	9,584	24,069	15,474	—	49,127
2004/05	8,217	21,195	14,816	—	44,228
2003/04	8,131	18,240	13,431	—	39,802
SPOFF					
2012/13	\$169	\$105	\$53,165	\$0	\$53,439
2011/12	69	92	(25)	—	136
2010/11	—	39,066	88,035	7	127,108
2009/10	—	52,219	37,643	3,431	93,293
2008/09	—	53,114	(55,423)	—	(2,309)
2007/08	—	51,475	(18,363)	—	33,112
2006/07	—	48,948	37,813	—	86,761
2005/06	—	8,933	16,517	—	25,450
2004/05	—	41,406	15,285	—	56,691
2003/04	—	40,894	17,971	—	58,865
IRC457					
2012/13	\$99,977	\$455	\$114,471	\$0	\$214,903
2011/12	104,333	80	4,872	225	109,510
2010/11	89,531	84	151,932	214	241,761
2009/10	108,436	84	72,951	858	182,329
2008/09	247,484	87	(251,890)	113	(4,206)
2007/08	125,952	53	(47,015)	39	79,029
2006/07	104,956	—	80,167	14	185,137
2005/06	123,161	—	36,245	8	159,414
2004/05	97,452	—	15,712	11	113,175
2003/04	74,146	—	33,539	3	107,688
SCPF					
2012/13	\$164	\$0	\$2,051	\$0	\$2,215
2011/12	208	—	3	—	211
2010/11	285	—	3,610	—	3,895
2009/10	536	—	1,884	33	2,453
2008/09	483	—	(4,054)	—	(3,571)
2007/08	713	—	(1,517)	—	(804)
2006/07	457	—	3,619	389	4,465
2005/06	634	—	1,782	—	2,416
2004/05	552	—	1,897	—	2,449
2003/04	741	—	2,881	—	3,622

Deductions by Type – Retirement Programs

10-Year Review (Dollars in Thousands)

	Benefit Payments	Contribution Refunds	Administrative Expenses ¹	Total
PERF				
2012/13	\$16,635,263	\$242,595	\$426,077	\$17,303,935
2011/12	15,356,696	218,082	380,404	15,955,182
2010/11	14,242,258	227,168	357,779	14,827,205
2009/10	12,972,457	182,387	278,036	13,432,880
2008/09	11,831,836	186,783	427,809	12,446,428
2007/08	10,884,417	182,415	402,340	11,469,172
2006/07	10,070,555	181,574	278,453	10,530,582
2005/06	9,236,073	170,929	250,251	9,657,253
2004/05	8,434,119	155,236	208,965	8,798,320
2003/04	7,639,085	151,526	188,361	7,978,972
LRF				
2012/13	\$7,548	\$0	\$418	\$7,966
2011/12	7,659	202	347	8,208
2010/11	7,382	440	408	8,230
2009/10	11,082	35	4,444	15,561
2008/09	7,706	296	358	8,360
2007/08	7,621	309	397	8,327
2006/07	7,666	92	323	8,081
2005/06	7,314	823	295	8,432
2004/05	7,792	979	318	9,089
2003/04	7,051	214	281	7,546
JRF				
2012/13	\$187,084	\$0	\$1,413	\$188,497
2011/12	185,428	17	1,163	186,608
2010/11	185,119	—	1,188	186,307
2009/10	178,861	32	968	179,861
2008/09	174,902	—	1,049	175,951
2007/08	168,304	136	973	169,413
2006/07	151,059	—	701	151,760
2005/06	133,588	323	171	134,082
2004/05	126,609	88	1,061	127,758
2003/04	121,604	238	719	122,561
JRF II				
2012/13	\$10,518	\$58	\$899	\$11,475
2011/12	3,536	2,604	725	6,865
2010/11	2,236	5,870	716	8,822
2009/10	1,392	2,592	494	4,478
2008/09	1,252	3,062	578	4,892
2007/08	964	2,134	597	3,695
2006/07	1,005	981	451	2,437
2005/06	859	750	406	2,015
2004/05	904	340	425	1,669
2003/04	584	203	414	1,201

Deductions by Type – Retirement Programs (continued)

10-Year Review (Dollars in Thousands)

	Benefit Payments	Contribution Refunds	Administrative Expenses ¹	Total
SPOFF				
2012/13	\$34,417	\$0	\$1,460	\$35,877
2011/12	24,640	—	1,589	26,229
2010/11	30,949	—	1,839	32,788
2009/10	22,743	—	1,758	24,501
2008/09	12,922	—	2,715	15,637
2007/08	11,626	—	2,157	13,783
2006/07	10,828	—	—	10,828
2005/06	6,578	—	—	6,578
2004/05	5,353	—	—	5,353
2003/04	4,351	—	—	4,351
IRC457				
2012/13	\$82,587	\$0	\$3,467	\$86,054
2011/12	73,025	—	3,131	76,156
2010/11	93,844	—	3,874	97,718
2009/10	46,418	—	3,491	49,909
2008/09	34,753	—	2,393	37,146
2007/08	47,942	—	1,759	49,701
2006/07	42,647	—	—	42,647
2005/06	62,078	—	—	62,078
2004/05	41,503	—	—	41,503
2003/04	16,131	—	—	16,131
SCPF				
2012/13	\$1,448	\$0	\$58	\$1,506
2011/12	1,219	—	63	1,282
2010/11	2,113	—	84	2,197
2009/10	1,624	—	117	1,741
2008/09	671	—	61	732
2007/08	870	—	113	983
2006/07	1,918	—	—	1,918
2005/06	2,078	—	79	2,157
2004/05	2,194	—	76	2,270
2003/04	1,631	—	66	1,697

Note:

¹ Excludes investment advisor fees.

Changes in Net Position – Retirement Programs

10-Year Review (Dollars in Thousands)

	Additions	Deductions	Net Change	Net Position	
				Beginning of Year	End of Year
PERF					
2012/13	\$42,311,894	\$17,303,935	\$25,007,959	\$236,981,945	\$261,989,904
2011/12	11,175,336	15,955,182	(4,779,846)	241,761,791	236,981,945
2010/11	54,972,922	14,827,205	40,145,717	201,616,074	241,761,791
2009/10	35,911,445	13,432,880	22,478,565	179,137,509 ¹	201,616,074
2008/09	(46,569,168)	12,446,428	(59,015,596)	237,915,479	178,899,883
2007/08	(1,738,031)	11,469,172	(13,207,203)	251,122,682	237,915,479
2006/07	50,462,463	10,530,582	39,931,881	211,190,801	251,122,682
2005/06	31,217,173	9,657,253	21,559,920	189,630,881	211,190,801
2004/05	30,845,102	8,798,320	22,046,782	167,584,099	189,630,881
2003/04	30,800,365	7,978,972	22,821,393	144,762,706	167,584,099
LRF					
2012/13	\$7,085	\$7,966	(\$881)	\$123,029	\$122,148
2011/12	7,761	8,208	(447)	123,476	123,029
2010/11	17,670	8,230	9,440	114,036	123,476
2009/10	17,810	15,561	2,249	111,787	114,036
2008/09	(13,972)	8,360	(22,332)	134,119	111,787
2007/08	237	8,327	(8,090)	142,209	134,119
2006/07	16,659	8,081	8,578	133,631	142,209
2005/06	3,968	8,432	(4,464)	138,095	133,631
2004/05	12,596	9,089	3,507	134,588	138,095
2003/04	11,150	7,546	3,604	130,984	134,588
JRF					
2012/13	\$169,624	\$188,497	(\$18,873)	\$72,693	\$53,820
2011/12	205,155	186,608	18,547	54,146	72,693
2010/11	177,360	186,307	(8,947)	63,093	54,146
2009/10	196,568	179,861	16,707	46,386	63,093
2008/09	203,091	175,951	27,140	19,246	46,386
2007/08	176,986	169,413	7,573	11,673	19,246
2006/07	145,547	151,760	(6,213)	17,886	11,673
2005/06	134,724	134,082	642	17,244	17,886
2004/05	140,392	127,758	12,634	4,610	17,244
2003/04	122,659	122,561	98	4,512	4,610
JRF II					
2012/13	\$152,058	\$11,475	\$140,583	\$655,383	\$795,966
2011/12	86,415	6,865	79,550	575,833	655,383
2010/11	164,048	8,822	155,226	420,607	575,833
2009/10	109,568	4,478	105,090	315,517	420,607
2008/09	(5,013)	4,892	(9,905)	325,422	315,517
2007/08	38,385	3,695	34,690	290,732	325,422
2006/07	74,183	2,437	71,746	218,986	290,732
2005/06	49,127	2,015	47,112	171,874	218,986
2004/05	44,228	1,669	42,559	129,315	171,874
2003/04	39,802	1,201	38,601	90,714	129,315

Changes in Net Position – Retirement Programs (continued)

10-Year Review (Dollars in Thousands)

	Additions	Deductions	Net Change	Net Position	
				Beginning of Year	End of Year
SPOFF					
2012/13	\$53,439	\$35,877	\$17,562	\$473,780	\$491,342
2011/12	136	26,229	(26,093)	499,873	473,780
2010/11	127,108	32,788	94,320	405,553	499,873
2009/10	93,293	24,501	68,792	336,761	405,553
2008/09	(2,309)	15,637	(17,946)	354,707	336,761
2007/08	33,112	13,783	19,329	335,378	354,707
2006/07	86,761	10,828	75,933	259,445	335,378
2005/06	25,450	6,578	18,872	240,573	259,445
2004/05	56,691	5,353	51,338	189,235	240,573
2003/04	58,865	4,351	54,514	134,721	189,235
IRC457					
2012/13	\$214,903	\$86,054	\$128,849	\$957,213 ¹	\$1,086,062
2011/12	109,510	76,156	33,354	947,062	980,416
2010/11	241,761	97,718	144,043	803,019	947,062
2009/10	182,329	49,909	132,420	670,599	803,019
2008/09	(4,206)	37,146	(41,352)	711,951	670,599
2007/08	79,029	49,701	29,328	682,623	711,951
2006/07	185,137	42,647	142,490	540,133	682,623
2005/06	159,414	62,078	97,336	442,797	540,133
2004/05	113,175	41,503	71,672	371,125	442,797
2003/04	107,688	16,131	91,557	279,568	371,125
SCPF					
2012/13	\$2,215	\$1,506	\$709	\$18,587	\$19,296
2011/12	211	1,282	(1,071)	19,658	18,587
2010/11	3,895	2,197	1,698	17,960	19,658
2009/10	2,453	1,741	712	17,248	17,960
2008/09	(3,571)	732	(4,303)	21,551	17,248
2007/08	(804)	983	(1,787)	23,338	21,551
2006/07	4,465	1,918	2,547	20,791	23,338
2005/06	2,416	2,157	259	20,532	20,791
2004/05	2,449	2,270	179	20,353	20,532
2003/04	3,622	1,697	1,925	18,428	20,353

Note:

¹ Due to the implementation of GASB Statement No. 51 (Accounting and Financial reporting for Intangible Assets), beginning balance was restated.

Membership & Retirement Data – Retirement Programs

Public Employees' Retirement System | 10-Year Review

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
ACTIVE & INACTIVE MEMBERS										
STATE MEMBERS										
Miscellaneous	227,291	228,667	223,251	224,084	224,966	222,806	219,101	214,721	219,919	227,096
University of California	44	45	49	56	81	93	103	111	127	92
Industrial	13,038	13,734	13,732	13,624	12,822	11,862	10,815	11,695	11,032	10,607
ARP	12,160	9,491	13,972	16,477	19,422	19,086	16,608	13,955	—	—
Highway Patrol	7,556	7,565	7,573	7,589	7,471	7,133	6,987	6,968 ¹	11,359	10,236
Safety	28,878	28,935	29,402	29,305	29,911	28,763	26,099	23,129	21,750	16,714
Peace Officer/Firefighter	45,116	47,162	48,243	49,437	51,260	51,371	48,722	46,605	46,485	44,740
Total State Members	334,083	335,599	336,222	340,572	345,933	341,114	328,435	317,184	310,672	309,485
PUBLIC AGENCY MEMBERS										
Schools	430,865	428,117	425,186	427,211	432,383	426,686	409,675	394,911	380,374	372,614
Cities	158,649	160,253	163,430	167,994	173,315	175,240	171,546	166,192	161,515	158,884
Counties	94,980	93,468	93,651	95,122	97,188	98,395	95,177	92,013	88,717	87,468
Districts & Other Public Agencies	85,660	85,003	84,937	85,145	85,578	84,698	82,067	78,595	75,704	73,616
Total Public Agency Members	770,154	766,841	767,204	775,472	788,464	785,019	758,465	731,711	706,310	692,582
TOTAL ACTIVE & INACTIVE MEMBERS	1,104,237	1,102,440	1,103,426	1,116,044	1,134,397	1,126,133	1,086,900	1,048,895	1,016,982	1,002,067
BENEFIT RECIPIENTS										
Service Retirement	486,625	464,601	450,263	428,821	408,428	393,328	380,162	367,737	353,212	341,348
Disability Retirement	43,857	43,626	43,347	43,090	43,074	42,813	42,965	42,383	41,857	42,064
Industrial Disability Retirement	36,493	35,495	34,733	33,951	33,453	32,757	32,081	31,157	30,025	29,320
Industrial Death	894	903	1,070	1,056	1,045	1,039	1,013	995	972	958
1957 Survivor Benefit	3,698	3,831	3,626	3,535	3,398	3,246	3,164	3,074	2,960	2,881
1959 Survivor Benefit	3,192	3,171	3,195	3,170	3,115	3,069	2,985	2,295	2,875	2,880
TOTAL BENEFIT RECIPIENTS	574,759¹	551,627	536,234	513,623	492,513²	476,252	462,370	447,641	431,901	419,451
TOTAL MEMBERS	1,678,996	1,654,067	1,639,660	1,629,667	1,626,910	1,602,385	1,549,270	1,496,536	1,448,883	1,421,518

Legislators' Retirement System | 10-Year Review

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
ACTIVE & INACTIVE MEMBERS										
Members of the Legislature	7	8	8	15	17	18	23	27	28	35
Constitutional Officers	17	19	20	17	18	18	19	15	15	18
Legislative Statutory Officers	4	4	4	4	4	4	4	4	4	4
TOTAL ACTIVE & INACTIVE MEMBERS	28	31	32	36	39	40	46	46	47	57
BENEFIT RECIPIENTS										
Members of the Legislature										
Service Retirement	226	200	210	214	221	222	228	227	228	221
Disability Retirement	7	9	9	9	9	11	11	6	6	7
Pre-Retirement Option 2	2	—	—	(1)	—	—	—	—	—	—
Total Members of the Legislature	235	209	219	222	230	233	239	233	234	228
Constitutional Officers										
Service Retirement	10	26	26	25	21	21	22	22	23	25
Disability Retirement	1	1	1	1	1	1	1	1	1	1
Pre-Retirement Option 2	1	2	2	2	2	2	2	2	2	2
Total Constitutional Officers	12	29	29	28	24	24	25	25	26	28
Legislative Statutory Officers										
Service Retirement	1	5	5	5	5	5	5	5	6	6
Disability Retirement	—	—	—	—	—	—	—	—	—	—
Pre-Retirement Option 2	—	—	—	—	—	—	—	—	—	—
Total Legislative Statutory Officers	1	5	5	5	5	5	5	5	6	6
TOTAL BENEFIT RECIPIENTS	248	243	253	255	259	262	269	263	266	262
TOTAL MEMBERS	276	274	285	291	298	302	315	309	313	319

Membership & Retirement Data – Retirement Programs (continued)

Judges' Retirement System | 10-Year Review

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
ACTIVE & INACTIVE MEMBERS										
Active Judges & Deferred Retirement Judges	325	431	466	528	620	682	756	825	917	983
TOTAL ACTIVE & INACTIVE MEMBERS	325	431	466	528	620	682	756	825	917	983
BENEFIT RECIPIENTS										
Service Retirement	1,151	654	655	648	641	619	610	607	612	610
Disability Retirement	50	46	46	46	48	47	52	50	48	48
Deferred Retirement	632	582	590	595	595	604	611	618	673	672
Optional Settlement Benefit	—	527	510	478	433	390	352	306	196	154
Pre-Retirement Survivor	63	75	73	76	72	75	77	79	77	74
TOTAL BENEFIT RECIPIENTS	1,896	1,884	1,874	1,843	1,789	1,735	1,702	1,660	1,606	1,558
TOTAL MEMBERS	2,221	2,315	2,340	2,371	2,409	2,417	2,458	2,485	2,523	2,541

Judges' Retirement System II | 10-Year Review

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
ACTIVE & INACTIVE MEMBERS										
Active Judges	1,352	1,272	1,290	1,197	1,119	979	915	831	748	690
TOTAL ACTIVE & INACTIVE MEMBERS	1,352	1,272	1,290	1,197	1,119	979	915	831	748	690
BENEFIT RECIPIENTS										
Service Retirement	30	14	7	6	4	3	4	1	1	2
Disability Retirement	18	9	13	7	6	5	3	2	1	—
Optional Settlement Benefit	—	—	6	4	4	4	—	3	—	—
Pre-Retirement Survivor	2	13	2	2	1	2	2	7	7	4
36-month Judge's Salary	2	1	2	—	—	—	—	—	—	—
TOTAL BENEFIT RECIPIENTS	52	37	30	19	15	14	9	13	9	6
TOTAL MEMBERS	1,404	1,309	1,320	1,216	1,134	993	924	844	757	696

Notes:

- ¹ This total differs from Total Benefit Recipients on pages 53 and 160. Total Benefit Recipients shown here include Active Death Benefits paid as a result of a member death prior to retirement.

Program Data - Public Employees' Retirement Fund (PERF)

PRIMARY BENEFITS

Benefits are paid according to the category of employment and the type of benefit coverage provided by an employer. Local agencies have variations in benefits due to their specific contract obligations with CalPERS.

The four categories of membership are:

- **Miscellaneous Members** – staff, operational, supervisory, and all other eligible employees who are not in special membership categories.
- **Safety Members** – California Highway Patrol officers, police officers, firefighters, and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.
- **State Industrial Members** – employees of the California Department of Corrections and Rehabilitation who have the same service retirement and other benefits as miscellaneous members, but who also have industrial death and disability benefits under certain limited circumstances.
- **State Peace Officer/Firefighter Members** – State employees who are involved in law enforcement, firefighting and fire suppression, public safety, protective services, or the management and supervision thereof, whose positions are defined as State peace officer/firefighter members in the Government Code or by the Department of Human Resources.

ASSEMBLY BILL 340 – PUBLIC EMPLOYEES' PENSION REFORM ACT (PEPRA)

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 31, 2012. The financial impact will be gradually realized as total pension costs and the employer share of those costs decrease.

SEPARATION FROM EMPLOYMENT/REFUNDS

At permanent separation from employment, members may either leave their contributions on deposit and defer retirement¹ or terminate membership by electing to take a refund of member contributions plus interest (compounded annually). With a refund election, CalPERS is required to deduct federal withholding of 20 percent from the untaxed portion

of the refund, unless the taxable portion is directly rolled over to a qualified plan or IRA.

SERVICE RETIREMENT

State Miscellaneous & State Industrial Members (First Tier), School Members & University Members 2 Percent at 55 Formula

- **Service not coordinated with Social Security** – A guarantee of 2 percent of final compensation² at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 with an increased benefit rate to age 63.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

School members with service credit rendered after January 1, 2001: final compensation will not be reduced by \$133.33.

State Miscellaneous & State Industrial Members Separated from Service Prior to January 1, 2000, 2 Percent at 60 Formula

- **Service not coordinated with Social Security** – A guarantee of 2 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 with an increased benefit rate to age 63.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

State Miscellaneous & State Industrial Members (First Tier), School Members & University Members 2 Percent at 62 Formula

A guarantee of 2 percent of final compensation at age 62 for each year of service credit. Retirement may begin at age 52, (or as early as age 50 if there was service rendered prior to January 1, 2013) with a reduced benefit rate, or after age 62 with an increased benefit rate to age 67.

State Miscellaneous & State Industrial Members (Second Tier) 1.25 Percent at 65 Formula

A guarantee of 1.25 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55, or as early as age 50 (if there is a combination of First Tier and Second Tier service; a reduced benefit rate will apply).

State Miscellaneous & State Industrial Members (Second Tier) 1.25 percent at 67 Formula

A guarantee of 1.25 percent of final compensation at age 67 for each year of service credit. Retirement may begin at age 55, or as early as age 50 (if there is a combination of First Tier and Second Tier service. The First Tier service must have been rendered prior to January 1, 2013.) A reduced benefit rate will apply.

Local Miscellaneous Members 2 Percent at 55 Formula

- **Service not coordinated with Social Security** – A guarantee of 2 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 with an increased benefit rate to age 63.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members 2 Percent at 60 Formula

- **Service not coordinated with Social Security** – A guarantee of 2 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 with an increased benefit rate to age 63.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members 2 Percent at 62 Formula

- A guarantee of 2 percent of final compensation at age 62 for each year of service credit. Retirement may begin at age 52, (or as early as age 50 if there was service rendered prior to January 1, 2013) with a reduced benefit rate, or after age 62 with an increased benefit rate to age 67.

Local Miscellaneous Members 2.5 Percent at 55 Formula

- **Service not coordinated with Social Security** – A guarantee of 2.5 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members 2.7 Percent at 55 Formula

- **Service not coordinated with Social Security** – A guarantee of 2.7 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members 3 Percent at 60 Formula

- **Service not coordinated with Social Security** – A guarantee of 3 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members (Second Tier) 1.5 Percent at 65 Formula

A guarantee of 1.5 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55, or as early as 50 if there is a combination of First Tier and Second Tier service (a reduced benefit rate will apply).

Local Safety Members 2 Percent at 50 Formula

2 percent of final compensation for each year of service for retirement at age 50, with an increased benefit rate to age 55. The maximum allowance payable is 90 percent of final compensation.

State Safety Members & Local Safety Members 2 Percent at 55 Formula

2 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 80 percent of final compensation for State safety members and 90 percent for local safety members. Retirement may begin at age 50 with a reduced benefit rate.

Local Safety Members Half Pay at 55 Formula

This benefit is no longer available as a contract amendment. Only a small number of local agencies are still covered under this formula which guarantees one-half of final compensation at age 55 with 20 or more years of service credit. Retirement may begin at age 50 with a reduced benefit rate.

State Safety Members & Local Safety Members 2.5 Percent at 55 Formula

This benefit is no longer available as a contract amendment. It provides 2.5 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 80 percent of final compensation for State safety members and 90 percent for local safety members. Retirement may begin at age 50 with a reduced benefit rate.

State Safety Members & Local Safety Members 2 Percent at 57 Formula

2 percent of final compensation for each year of service for retirement at age 57. Retirement may begin at age 50 with a reduced benefit rate.

State Safety Members & Local Safety Members 2.5 Percent at 57 Formula

2.5 percent of final compensation for each year of service for retirement at age 57. Retirement may begin at age 50 with a reduced benefit rate.

State Safety Members & Local Safety Members 2.7 Percent at 57 Formula

2.7 percent of final compensation for each year of service for retirement at age 57. Retirement may begin at age 50 with a reduced benefit rate.

State Patrol Members, Local Safety Members & State Peace Officer/Firefighter Members 3 Percent at 50 Formula

3 percent of final compensation for each year of service for retirement at age 50. The maximum allowance payable is 90 percent of final compensation for State patrol members, local safety members, and State peace officer/firefighters.

State Peace Officer/Firefighter Members & Local Safety Members 3 Percent at 55 Formula

3 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 90 percent for State peace officer/firefighter members and local safety members. Retirement may begin at age 50 with a reduced benefit rate.

DISABILITY RETIREMENT

For Most Members

A monthly allowance of 1.8 percent of final compensation for each year of service, improved under certain conditions to 33 $\frac{1}{3}$ percent of final compensation, applicable to members with at least five years of service credit.

By Contract Amendment Only for Local Agencies

A monthly allowance of 30 percent of final compensation, plus an additional 1 percent for each year of service over five years to a maximum of 50 percent.

For State Second Tier Members

A monthly allowance of 1.125 percent of final compensation for each year of service, improved under certain conditions to 33 $\frac{1}{3}$ percent of final compensation, applicable to members with at least 10 years of service credit or five years if credited as of January 1, 1985.

For Certain Local Miscellaneous Second Tier Members

A monthly allowance of 1.35 percent of final compensation for each year of service, improved under certain conditions to 33 $\frac{1}{3}$ percent of final compensation, applicable to members with at least five years of service credit.

INDUSTRIAL DISABILITY RETIREMENT

For Most Members

A monthly allowance of 50 percent of final compensation, applicable to patrol members, State and local safety members, State peace officer/firefighter members, State industrial members, local miscellaneous members (by contract amendment only), and certain State miscellaneous members defined by law. The injury or illness must be job related and the member must be serving in one of these categories at the time the industrial disability occurs. California Highway Patrol members may be entitled to an enhanced benefit if specific qualifying factors are met.

By Contract Amendment Only for Local Agencies

A monthly allowance of 75 percent of final compensation, if found totally disabled.

By Contract Amendment Only for Local Agencies

A monthly allowance of 50 percent to 90 percent of final compensation, depending on the disability rating by the Workers' Compensation Appeals Board.

DEATH BENEFITS (BEFORE RETIREMENT)

Basic Death Benefit – All Members Except State Employees

Eligible to retire or not – A return of member contributions plus interest (compounded annually) and an employer-paid portion equal to one month's compensation earnable for each year of current service to a maximum of six months.

Basic Death Benefit – State Employees Only

Eligible to retire or not eligible to retire with 20 years or more of State service credit – A return of member contributions plus interest (compounded annually) and a State-paid portion equal to six months' pay (50 percent of the member's earnable pay for the 12 months prior to the member's death).

Not eligible to retire with less than 20 years of State service credit – A return of only the member contributions plus interest (compounded annually).

Insurance Benefit – State Employees Only

Eligible to retire or not eligible to retire with 20 years or more of State service credit – \$5,000 in a lump sum.

Not eligible to retire with less than 20 years of State service credit – \$5,000 in a lump sum plus six months' pay (50 percent of annual compensation).

Alternate Death Benefit³ – For State Members in Bargaining Units Contracting for this Benefit, Who are Not Eligible to Retire, With 20 Years or More of State Service Credit

A monthly allowance payable to a surviving spouse or registered domestic partner until death, then to children under age 18. It is calculated similarly to pre-retirement Option 2W (if the beneficiary is a spouse or registered domestic partner), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had been old enough to retire. A spouse or registered domestic partner or minor child may receive continued health and dental insurance with the Alternate Death Benefit.

Alternate Death Benefit for Firefighters – Local Agency Employers Contracting for this Benefit, With 20 Years or More of Total Service Credit

A monthly non-job-related allowance payable to a surviving spouse or registered domestic partner until death, then to children under age 18. It is calculated similarly to Pre-

Retirement Option 2W (if the beneficiary is a spouse or registered domestic partner, even if the agency does not contract separately for the Pre-Retirement Option 2W benefit), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had either been old enough to retire (if the member died before reaching retirement age), or based on the member's actual age if the member was eligible to retire at the time of death. This benefit applies to all service credit earned by the member, including service that may have been earned with a local agency that does not contract for the Alternate Death Benefit, as long as the member was employed at the time of death by a local agency that provides this benefit in their contract.

Pre-Retirement Option 2W Benefit – Local Agencies by Contract, Married, or Registered Domestic Partnership

A monthly allowance payable to the surviving spouse or registered domestic partner until death, then to children under age 18, equal to what the deceased member would have received had they retired on the date of their death and elected Option 2W.

Pre-Retirement Option 2W Benefit³ – For All State Members, Married, or Registered Domestic Partnership

A monthly allowance payable to the surviving spouse or registered domestic partner until death, then to children under age 18, equal to what the deceased member would have received had they retired on the date of their death and elected Option 2W.

1957 Survivor Benefit³ – Local & School Members, Married, or Registered Domestic Partnership

For all members eligible to retire who are married or in a registered domestic partnership, a monthly allowance payable to the surviving spouse or registered domestic partner until death, then to children under age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death.

1957 Survivor Benefit¹ – All Members, Not Married, or No Registered Domestic Partnership

For all members eligible to retire who are not married or in a registered domestic partnership, a monthly allowance payable to the unmarried surviving minor children until

age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death. Once allowance stops, the total allowance paid is compared to the Basic Death Benefit amount, and any difference is paid in a lump sum to all of the member's surviving children.

1959 Survivor Benefit – State & School Members & by Contract Option, Local Agency Members Not Coordinated With Social Security

A monthly benefit paid to survivors of deceased members who died prior to retirement. This benefit is similar to the Social Security Survivor Benefit and is paid in addition to any other applicable pre-retirement death benefit, except the Special Death Benefit.

Special Death Benefit³ – Survivors of Patrol, State & Local Safety, State Industrial & State Peace Officer/Firefighter Members, State Miscellaneous⁴ & Local Miscellaneous by Contract Amendment⁴

A monthly allowance equal to 50 percent of final compensation payable to the surviving spouse or registered domestic partner until death, or if no spouse, to natural or adopted unmarried children up to age 22. The monthly allowance is recalculated annually on October 1 based on the salary rates for employees who work in the position the member held at the time of death until such time as the member would have attained age 50.

Special Death Benefit⁵ – Violent Death

Provides increased benefits (up to 75 percent of final compensation) based upon the number of surviving children, if the member's death is the result of external violence or physical force.

DEATH BENEFITS (AFTER RETIREMENT)

Retired Death Benefit – State Members Only

A \$2,000 lump sum payable in addition to any optional settlement elected.

Retired Death Benefit – School Members Only

A \$2,000 lump sum payable in addition to any optional settlement. The amount may be increased to \$3,000, \$4,000, or \$5,000 depending on the employer contract.

Retired Death Benefit – Local & School Members

A \$500, \$600, \$2,000, \$3,000, \$4,000, or \$5,000 lump sum (depending on the employer contract) payable in addition to any optional settlement elected.

Survivor Continuance Benefit – State Members, School Members & by Contract Option, Local Agency Members

- Service not coordinated with Social Security – 50 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.
- Service coordinated with Social Security – 25 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.

OPTIONAL SETTLEMENTS

For All Members

All the disability and service retirement allowances discussed in this section are the highest (unmodified) allowances payable to a retired member. There are six optional settlements to allow a member to reduce their allowance to provide a benefit to a named beneficiary at the member's death. Under two of these options, if the beneficiary predeceases the member, the member's allowance will be increased to the higher (unmodified) amount.

COST-OF-LIVING ADJUSTMENTS (COLA)

For All Members – Except State Second Tier

A maximum of 2 percent compounded annually (up to 5 percent maximum as a contract option for retired members of local agencies). **Note:** Does not apply to the Pre-Retirement 1959 Survivor Death Benefit.

For State Second Tier Members Only

A fixed 3 percent compounded annually.

Notes:

- ¹ A member who has less than the required amount of service credit must return to CalPERS-covered employment to obtain the minimum service credit required to be eligible for retirement.
- ² The term "final compensation" appears throughout this section. It means the highest average payrate and special compensation during any one-year or three-year period of employment.
- ³ The surviving spouse or registered domestic partner of other than a State member, or a guardian of a minor child, may elect the Basic Death Benefit or the 1957 Survivor Benefit. The surviving spouse or registered domestic partner of a State member may elect the Basic Death Benefit or the Pre-Retirement Option 2W Death Benefit.
- ⁴ The survivor of a State or local miscellaneous member qualifies for the Special Death Benefit if the member was killed or fatally injured while performing their official duties.
- ⁵ The Special Death Benefit is payable if the member's death is job related.

Program Data - PERF (continued)

Active & Inactive Members

Employer/Category	Active	Inactive	Total
State Miscellaneous – First Tier	146,555	51,231	197,786
State Miscellaneous – Second Tier	6,820	22,685	29,505
State Industrial – First Tier	9,609	1,820	11,429
State Industrial – Second Tier	642	967	1,609
State ARP ¹	9,883	2,277	12,160
Highway Patrol	7,261	295	7,556
State Safety	23,782	5,096	28,878
Peace Officer/Firefighter	39,067	6,049	45,116
University of California ²	1	43	44
TOTAL STATE MEMBERS	243,620	90,463	334,083
School – Miscellaneous	280,126	149,977	430,103
School – Safety	612	150	762
TOTAL SCHOOL MEMBERS	280,738	150,127	430,865
Public Agency – Miscellaneous	189,702	93,779	283,481
Public Agency – Safety	45,449	10,359	55,808
TOTAL PUBLIC AGENCY MEMBERS	235,151	104,138	339,289
TOTAL MEMBERS	759,509	344,728	1,104,237

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$14,304,469,220
Disability Retirement	560,645,818
Industrial Disability Retirement	1,494,486,150
PPPA Payments ³	37,957,813
TOTAL	\$16,397,559,001
Basic Death Benefit/Group Term Life Insurance	\$45,181,888
1957 Survivor Benefit	83,210,337
1959 Survivor Benefit	34,606,918
Industrial Death Allowance	42,555,263
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	32,149,825
TOTAL	\$237,704,231
GRAND TOTAL	\$16,635,263,232

Benefit Recipients by Employer Category⁴

Employer/Category	Retired Members	Survivors & Beneficiaries	Total
State Miscellaneous – First Tier	121,092	22,097	143,189
State Miscellaneous – Second Tier	935	112	1,047
State Miscellaneous – Mixed Tier	1,897	478	2,375
State Industrial – First Tier	5,183	638	5,821
State Industrial – Second Tier	154	18	172
State Industrial – Mixed Tier	34	6	40
Highway Patrol	6,459	1,119	7,578
State Safety	13,469	2,214	15,683
Peace Officer/Firefighter	26,628	2,103	28,731
TOTAL STATE	175,851	28,785	204,636
School – Miscellaneous	160,638	22,299	182,937
School – Safety	386	39	425
TOTAL SCHOOL	161,024	22,338	183,362
Public Agency – Miscellaneous	117,744	14,955	132,699
Public Agency – Safety	41,090	5,188	46,278
TOTAL PUBLIC AGENCY	158,834	20,143	178,977
TOTAL	495,709	71,266	566,975

Notes:

- ¹ The Alternate Retirement Program (ARP) is a mandated savings plan for State miscellaneous and industrial members hired on or after August 11, 2004, during their first two years of employment. While contributing to ARP during that period, they are also “non-contributing” CalPERS members. ARP does not apply to new members hired on or after July 1, 2013.
- ² The number of University of California members continues to decline since new employees must join the University of California Retirement System (UCRS).
- ³ These payments were made from the Purchasing Power Protection Account, which is structured to maintain current benefit levels and to restore CalPERS allowances to 75 percent of their original purchasing power (80 percent for public agencies).
- ⁴ The actual number of benefit recipients is by the employer category from which they retired, regardless of whether they had service in other employer categories. The total includes only those recipients receiving a monthly allowance, and does not include recipients of one-time only payments.

Program Data - PERF (continued)

Benefit Payments by Type | Six-Year Review

Category	2013	2012	2011	2010	2009	2008
Service Retirement	\$14,304,469,220	\$13,100,533,228	\$12,078,836,537	\$10,886,413,443	\$9,832,150,382	\$8,989,399,878
Disability Retirement	560,645,818	566,771,017	557,833,490	540,419,698	526,320,720	508,340,191
Industrial Disability Retirement	1,494,486,150	1,425,569,675	1,349,369,869	1,276,846,198	1,211,176,434	1,141,230,969
PPPA Payments	37,957,813	38,927,217	42,656,666	51,590,524	60,244,271	59,612,434
TOTAL	\$16,397,559,001	\$15,131,801,137	\$14,028,696,562	\$12,755,269,863	\$11,629,891,807	\$10,698,583,472
Basic Death Benefit/Group Term Life Insurance	\$45,181,888	\$43,730,806	\$41,224,228	\$42,385,815	\$40,509,577	\$37,488,504
1957 Survivor Benefit	83,210,337	77,780,450	74,103,991	69,745,915	65,076,391	60,762,855
1959 Survivor Benefit	34,606,918	32,855,386	33,355,374	33,158,971	32,209,689	31,383,843
Industrial Death Allowance	42,555,263	42,035,922	38,985,369	37,042,156	35,506,591	33,600,164
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	32,149,825	28,492,596	25,893,151	34,855,181	28,642,393	22,598,032
TOTAL	\$237,704,231	\$224,895,160	\$213,562,113	\$217,188,038	\$201,944,641	\$185,833,398
Refunds	\$242,595,215	\$218,082,685	\$227,167,877	\$182,387,623	\$186,783,064	\$182,415,410
GRAND TOTAL	\$16,877,858,447	\$15,574,778,982	\$14,469,426,552	\$13,154,845,524	\$12,018,619,512	\$11,066,832,280

Program Data - PERF (continued)

Average Benefit Payments – As of June 30, 2012 | Ten-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2011/12¹							
Average Monthly Allowance ²	\$541	\$747	\$1,267	\$1,860	\$2,733	\$4,228	\$5,026
Average Final Compensation	\$6,104	\$4,442	\$4,679	\$5,037	\$5,722	\$6,587	\$6,700
Number of Recipients ²	763	4,688	5,628	4,735	5,746	5,163	6,726
2010/11							
Average Monthly Allowance ²	\$517	\$782	\$1,291	\$1,856	\$2,815	\$4,146	\$5,130
Average Final Compensation	\$6,442	\$4,508	\$4,739	\$4,927	\$5,606	\$6,500	\$6,741
Number of Recipients ²	713	4,322	5,128	4,607	5,993	5,243	7,572
2009/10							
Average Monthly Allowance ²	\$586	\$829	\$1,377	\$2,059	\$3,043	\$4,577	\$5,572
Average Final Compensation	\$6,806	\$4,460	\$4,760	\$5,153	\$5,819	\$6,738	\$7,076
Number of Recipients ²	878	4,172	4,322	4,208	5,596	5,322	7,092
2008/09							
Average Monthly Allowance ²	\$606	\$830	\$1,360	\$1,988	\$2,906	\$4,432	\$5,569
Average Final Compensation	\$6,519	\$4,378	\$4,680	\$4,982	\$5,641	\$6,574	\$7,013
Number of Recipients ²	680	3,796	3,598	3,681	4,157	3,977	5,801
2007/08							
Average Monthly Allowance ²	\$506	\$777	\$1,306	\$1,966	\$2,882	\$4,364	\$5,433
Average Final Compensation	\$6,138	\$4,358	\$4,518	\$4,970	\$5,587	\$6,472	\$6,864
Number of Recipients ²	727	3,620	3,371	3,652	3,765	3,458	4,883
2006/07							
Average Monthly Allowance ²	\$601	\$753	\$1,222	\$1,801	\$2,624	\$3,917	\$5,115
Average Final Compensation	\$6,125	\$4,294	\$4,356	\$4,632	\$5,182	\$5,925	\$6,539
Number of Recipients ²	648	3,943	3,536	4,059	3,738	3,606	4,467
2005/06							
Average Monthly Allowance ²	\$487	\$682	\$1,134	\$1,654	\$2,372	\$3,610	\$4,870
Average Final Compensation	\$6,040	\$4,012	\$4,144	\$4,405	\$4,858	\$5,689	\$6,294
Number of Recipients ²	560	3,624	3,788	4,462	3,807	3,650	5,249
2004/05							
Average Monthly Allowance ²	\$473	\$687	\$1,109	\$1,606	\$2,360	\$3,439	\$4,750
Average Final Compensation	\$5,534	\$3,926	\$4,017	\$4,289	\$4,837	\$5,488	\$6,132
Number of Recipients ²	549	3,487	4,032	4,668	3,861	3,859	5,876
2003/04							
Average Monthly Allowance ²	\$510	\$693	\$1,082	\$1,560	\$2,192	\$3,308	\$4,553
Average Final Compensation	\$5,443	\$3,835	\$3,863	\$4,171	\$4,492	\$5,254	\$5,915
Number of Recipients ²	545	3,489	4,254	4,465	3,822	3,499	4,831
2002/03							
Average Monthly Allowance ²	\$573	\$678	\$1,074	\$1,475	\$2,110	\$3,261	\$4,625
Average Final Compensation	\$4,996	\$3,609	\$3,752	\$3,936	\$4,350	\$5,156	\$5,888
Number of Recipients ²	529	2,834	3,825	3,678	3,281	3,116	4,650

Notes:

¹ The data for fiscal year 2011-12 is the most recent data available.

² These averages and totals are for retired members, beneficiaries, and community property recipients.

Public Agency Employers

CONTRACT ACTIONS SUMMARY

On June 30, 2013, 1,581 public agency contracts provided retirement, death, and survivor benefits for participants of 57 County Offices of Education; four school district offices; 450 cities and towns; 37 counties; and 1,033 districts and other public agencies. The 57 County Offices of Education contracts provide benefits for 1,508 school districts and charter schools, bringing the total number of public agency employers to 3,089.

	Added	Merged	Terminated	Total
County Offices of Education (for 1,508 school districts and charter schools)	—	—	—	57
Los Angeles City Schools and Community College Districts	—	—	—	2
Los Angeles County Superintendents of Schools and San Diego County Superintendent of Schools	—	—	—	2
Cities/Towns	1	—	-1	450
Counties	—	—	—	37 ¹
Districts and Other Public Agencies	6	—	-1	1,033 ²
TOTAL PUBLIC AGENCY CONTRACTS	7	—	-2	1,581³

AMENDMENTS

Public agency contracts vary depending upon the member categories covered, the formula the agency elects to provide, and the optional benefit provisions selected from the group of approximately 55 benefits. These optional benefits may be provided at the time the original contract is established or they may be added later through the contract amendment process.

During the 2012-13 fiscal year, 235 contract amendments were completed. The benefit formula changes for public agencies included: four to provide the 2.7% at 55 formula for active miscellaneous members; four to provide the 3% at 55 formula for safety members; one to provide the 3% @ 50 for safety members; and one to provide the 2% at 50 formula for safety members; and 182 contract amendments were completed to provide a different (lower) level of benefits for new hires.

TWO YEARS OF ADDITIONAL SERVICE CREDIT – “GOLDEN HANDSHAKE”

Contracting agencies may amend their contracts to provide additional service credit if there are impending mandatory transfers, layoffs, or demotions. Eligible employees who retire within a 90- to 180-day window period established by the employer receive two years additional service credit. The County Offices of Education may also contract for this benefit when there is an impending curtailment of, or change, in the manner of performing services, and their best interest would be served by granting the additional service credit. Once the contract is amended, the employer may establish additional window periods.

In the 2012-13 fiscal year, four public agencies amended their contracts to provide the two years of additional service credit and 10 additional window periods were established. The County Offices of Education established 25 additional window periods for the Golden Handshake benefit.

POPULAR BENEFIT AMENDMENTS

Benefit	Number of amendments
Different Level of Benefits	182
2.7% at 55 Miscellaneous Formula	4
3% at 55 Safety Formula	4
Cost Sharing	18
Pre-Retirement Option 2W Death Benefit	4
Two Year Additional Service Credit	4

TERMINATIONS

- City of Loyalton, effective March 31, 2013.
- Orange Cove Fire Protection District of Fresno and Tulare Counties, effective February 7, 2013.

Note:

- ¹ The total for Counties has been updated to accurately reflect the total number of agencies contracting with CalPERS. Totals in the prior year report include agencies inadvertently misreported.
- ² The total for Districts and Other Public Agencies has been updated to accurately reflect the total number of agencies contracting with CalPERS. Totals in the prior year report include agencies inadvertently misreported.
- ³ Agencies that contract with CalPERS for retirement benefits and have zero participants were included. “Participants” is defined as active and inactive members excluding retirees.

Public Agency Employers (continued)

LARGEST PARTICIPATING EMPLOYERS

Employer	Number of Employees
State of California	321,924
Los Angeles County Office of Education	104,393
Los Angeles Unified School District	41,684
San Diego County Office of Education	36,843
Orange County Office of Education	32,599
County of Riverside	25,692
San Bernardino County Office of Education	24,488
Riverside County Office of Education	23,475
County of Santa Clara	20,487
Santa Clara County Office of Education	19,260

NEW CONTRACTS

During the 2012-2013 fiscal year, seven additional agencies contracted with CalPERS for retirement, death, and survivor benefits. The new contracting agencies are:

Effective Date	Public Agency	Misc. Member Formula	Safety Member Formula
12/13/2012	Associated Students, Inc., California State University East Bay	2% @ 55	
12/14/2012	Associated Students Incorporated of California State University, Stanislaus	2% @ 60	
12/14/2012	University Student Union, California State University, Stanislaus	2% @ 60	
2/17/2013	CRA/LA, A Designated Local Authority	2% @ 55	
12/29/2012	Shasta Regional Transportation Agency	2% @ 55	
2/1/2013	Successor Agency to the Former Redevelopment Agency of the City of Fresno	2% @ 55	
12/31/2012	City of Coalinga	2% @ 55	2% @ 55

RECIPROCAL SYSTEMS

Reciprocity is a valuable addition to the CalPERS benefit package. Its purpose is to encourage career public service, by allowing members to move between employers under different public retirement systems without losing their retirement and related benefits. The following retirement systems have reciprocity with CalPERS.

Counties Under the County Employees' Retirement Law of 1937

- Alameda
- Contra Costa
- Fresno
- Imperial
- Kern
- Los Angeles
- Marin
- Mendocino
- Merced
- Orange
- Sacramento
- San Bernardino
- San Diego
- San Joaquin
- San Mateo
- Santa Barbara
- Sonoma
- Stanislaus
- Tulare
- Ventura

The University of California Retirement Plan (UCRP)

Reciprocal Public Retirement Systems

- Concord, City of
- Contra Costa Water District
- Costa Mesa, City of (safety only)
- East Bay Municipal Utility District
- East Bay Regional Park District (safety only)
- Fresno, City of
- Los Angeles City Employees' Retirement Plan
- Los Angeles County Metropolitan Transportation Authority (Non-Contract Employees' Retirement Income Plan)
- Oakland, City of (non-safety only)
- Pasadena, City of (fire and police only)
- Sacramento, City of
- San Clemente, City of (non-safety only)
- San Diego, City of
- San Francisco, City and County of
- San Jose, City of
- San Luis Obispo, County of

Systems with Limited Reciprocity

- Judges' Retirement System
- Judges' Retirement System II
- Legislators' Retirement System
- California State Teachers' Retirement System

Public Agency Employers (continued)

PARTICIPATING PUBLIC AGENCIES BY TYPE

The total number includes active and inactive participants excluding retirees. In most cases, a participant is only counted once. A participant could be counted more than once if he/she were actively employed by more than one employer on the report effective date. An active member is currently employed by the State of California, a CalPERS contracting public agency, or a school district. An inactive member is not currently working for a covered employer; however contributions and interest are kept on account.

County Offices of Education (57 total)

Alameda	15,651	Orange	32,599
Alpine	52	Placer	4,219
Amador	256	Plumas	434
Butte	3,530	Riverside	23,475
Calaveras	664	Sacramento	16,465
Colusa	458	San Benito	808
Contra Costa	10,282	San Bernardino	24,488
Del Norte	236	San Diego	36,843
El Dorado	2,456	San Joaquin	8,597
Fresno	13,714	San Luis Obispo	3,622
Glenn	550	San Mateo	7,679
Humboldt	2,468	Santa Barbara	5,735
Imperial	3,038	Santa Clara	19,260
Inyo	321	Santa Cruz	3,521
Kern	13,738	Shasta	2,658
Kings	2,065	Sierra	52
Lake	888	Siskiyou	981
Lassen	517	Solano	4,213
Los Angeles	104,393	Sonoma	5,923
Madera	1,653	Stanislaus	8,015
Marin	2,899	Sutter	1,205
Mariposa	199	Tehama	1,288
Mendocino	1,996	Trinity	332
Merced	4,479	Tulare	7,769
Modoc	286	Tuolumne	579
Mono	260	Ventura	9,072
Monterey	6,592	Yolo	2,295
Napa	2,043	Yuba	1,311
Nevada	1,150		

School District Offices¹ (4 total)

Los Angeles Unified School District	41,684
Los Angeles Community College District	3,283
Los Angeles County Office of Education	3,169
San Diego County Office of Education	1,121

Counties (37 total)

Alpine	105	Napa	1,745
Amador	541	Nevada	1,158
Butte	2,799	Placer	2,904
Calaveras	615	Plumas	538
Colusa	462	Riverside	25,692
Del Norte	691	San Benito	567
El Dorado	2,499	San Joaquin	75
Glenn	592	Santa Clara	20,487
Humboldt	2,675	Santa Cruz	3,014
Inyo	555	Shasta	2,311
Kings	1,744	Sierra	146
Lake	1,323	Siskiyou	884
Lassen	685	Solano	3,358
Madera	1,787	Sutter	1,256
Mariposa	516	Tehama	1,139
Modoc	547	Trinity	485
Mono	418	Tuolumne	1,210
Monterey	6,319	Yolo	2,089
		Yuba	1,124

Note:

¹ Agencies that contract with CalPERS as public agencies and are not reflected elsewhere in this report.

Public Agency Employers (continued)

Cities & Towns (450 total)

Adelanto	145	Campbell	189	El Cajon	637	Imperial	69
Agoura Hills	46	Canyon Lake	6	El Centro	349	Imperial Beach	104
Alameda	675	Capitola	93	El Cerrito	234	Indian Wells	42
Albany	98	Carlsbad	847	El Monte	347	Indio	286
Alhambra	628	Carmel-By-The-Sea	94	El Segundo	409	Industry	23
Aliso Viejo	23	Carpinteria	48	Elk Grove	316	Inglewood	890
Alturas	26	Carson	532	Emeryville	47	Ione	20
American Canyon	87	Cathedral City	229	Encinitas	285	Irvine	1,128
Anaheim	2,959	Cerritos	435	Escalon	44	Irwindale	91
Anderson	65	Chico	421	Escondido	1,139	Jackson	38
Angels	46	Chino	594	Etna	7	Kerman	72
Antioch	400	Chowchilla	93	Eureka	324	King City	51
Apple Valley	152	Chula Vista	1,267	Exeter	52	Kingsburg	78
Arcadia	435	Citrus Heights	255	Fairfax	57	La Canada Flintridge	43
Arcata	155	Claremont	290	Fairfield	637	La Habra	542
Arroyo Grande	109	Clayton	39	Farmersville	40	La Habra Heights	29
Artesia	44	Clearlake	71	Fillmore	42	La Mesa	326
Arvin	72	Cloverdale	60	Firebaugh	58	La Mirada	106
Atascadero	203	Clovis	941	Folsom	548	La Palma	93
Atherton	67	Coachella City	84	Fontana	1,058	La Puente	57
Atwater	127	Coalinga	103	Fort Bragg	80	La Quinta	106
Auburn	89	Colfax	10	Fortuna	101	La Verne	205
Avalon	83	Colma	59	Fountain Valley	263	Laguna Beach	312
Avenal	60	Colton	431	Fowler	36	Laguna Hills	51
Azusa	412	Colusa	45	Fremont	1,074	Laguna Niguel	132
Bakersfield	1,748	Commerce	165	Fullerton	765	Laguna Woods	11
Baldwin Park	538	Compton	520	Galt	238	Lake Elsinore	95
Banning	208	Concord	594	Garden Grove	826	Lake Forest	88
Barstow	195	Corcoran	105	Gardena	601	Lakeport	55
Beaumont	188	Corning	52	Gilroy	286	Lakewood	393
Bell	226	Corona	902	Glendale	2,418	Lancaster	683
Bell Gardens	203	Coronado	375	Glendora	255	Larkspur	77
Bellflower	122	Corte Madera	75	Goleta	78	Lathrop	108
Belmont	181	Costa Mesa	760	Gonzales	47	Lawndale	111
Belvedere	28	Cotati	52	Grand Terrace	86	Lemon Grove	96
Benicia	268	Covina	287	Grass Valley	122	Lemoore	158
Berkeley	1,836	Crescent City	89	Greenfield	56	Lincoln	182
Beverly Hills	1,099	Cudahy	31	Gridley	60	Lindsay	125
Biggs	10	Culver City	846	Grover Beach	83	Live Oak	23
Bishop	39	Cupertino	207	Guadalupe	57	Livermore	547
Blue Lake	10	Cypress	225	Gustine	35	Livingston	85
Blythe	97	Daly City	745	Half Moon Bay	52	Lodi	512
Bradbury	3	Dana Point	98	Hanford	334	Loma Linda	108
Brawley	193	Davis	522	Hawaiian Gardens	97	Lomita	58
Brea	436	Del Mar	72	Hawthorne	438	Lompoc	454
Brentwood	342	Del Rey Oaks	10	Hayward	969	Long Beach	6,043
Brisbane	103	Delano	49	Healdsburg	143	Loomis	14
Buellton	27	Desert Hot Springs	100	Hemet	375	Los Alamitos	59
Buena Park	372	Diamond Bar	69	Hercules	177	Los Altos	156
Burbank	1,720	Dinuba	261	Hermosa Beach	187	Los Altos Hills	29
Burlingame	246	Dixon	121	Hesperia	154	Los Banos	181
Calabasas	153	Dos Palos	39	Hidden Hills	4	Los Gatos	227
Calexico	253	Downey	535	Highland	44	Lynwood	236
California City	112	Duarte	63	Hillsborough	101	Madera	374
Calimesa	14	Dublin	133	Hollister	161	Malibu	104
Calipatria	18	Dunsmuir	11	Hughson	40	Mammoth Lakes	105
Calistoga	64	East Palo Alto	137	Huntington Beach	1,185	Manhattan Beach	376
Camarillo	164	Eastvale	11	Huntington Park	213	Manteca	410

Public Agency Employers (continued)

Cities & Towns (continued)

Marina	128	Parlier	53	San Gabriel	199	Sutter Creek	14
Martinez	52	Pasadena	2,274	San Jacinto	80	Taft	152
Marysville	78	Paso Robles	205	San Joaquin	20	Tehachapi	67
Maywood	76	Patterson	122	San Jose	12	Temecula	233
Menifee	45	Perris	82	San Leandro	454	Temple City	54
Menlo Park	347	Petaluma	416	San Luis Obispo	527	Thousand Oaks	446
Merced	540	Pico Rivera	161	San Marcos	297	Tiburon	54
Mill Valley	241	Piedmont	133	San Marino	182	Torrance	1,733
Millbrae	166	Pinole	131	San Mateo	636	Tracy	523
Milpitas	427	Pismo Beach	120	San Pablo	164	Truckee	149
Mission Viejo	207	Pittsburg	0	San Ramon	361	Tulare	471
Modesto	1,333	Placentia	156	Sand City	28	Tulelake	25
Monrovia	316	Placerville	110	Sanger	139	Turlock	499
Montague	7	Pleasant Hill	162	Santa Ana	1,489	Tustin	392
Montclair	260	Pleasanton	588	Santa Barbara	1,462	Twentynine Palms	56
Monte Sereno	10	Pomona	675	Santa Clara	1,028	Ukiah	245
Montebello	663	Port Hueneme	160	Santa Clarita	600	Union City	384
Monterey	601	Porterville	406	Santa Cruz	999	Upland	374
Monterey Park	450	Portola	19	Santa Fe Springs	199	Vacaville	570
Moorpark	88	Portola Valley	12	Santa Maria	677	Vallejo	524
Moraga	58	Poway	292	Santa Monica	3,010	Vernon	377
Moreno Valley	579	Rancho Cordova	80	Santa Paula	179	Victorville	593
Morgan Hill	246	Rancho Cucamonga	656	Santa Rosa	1,460	Villa Park	8
Morro Bay	130	Rancho Mirage	103	Santee	171	Visalia	692
Mountain View	808	Rancho Palos Verdes	168	Saratoga	89	Vista	435
Mt. Shasta	40	Rancho Santa Margarita	25	Sausalito	140	Walnut	70
Murrieta	313	Red Bluff	126	Scotts Valley	99	Walnut Creek	636
Napa	506	Redding	837	Seal Beach	117	Wasco	74
National City	421	Redlands	529	Seaside	250	Waterford	20
Needles	221	Redondo Beach	580	Sebastopol	47	Watsonville	469
Nevada City	39	Redwood City	792	Selma	150	Weed	37
Newark	252	Reedley	154	Shafter	140	West Covina	429
Newman	58	Rialto	391	Shasta Lake	53	West Hollywood	298
Newport Beach	1,080	Richmond	1,000	Sierra Madre	114	West Sacramento	485
Norco	94	Ridgecrest	166	Signal Hill	172	Westlake Village	22
Norwalk	274	Rio Vista	64	Simi Valley	688	Westminster	292
Novato	281	Ripon	25	Solana Beach	97	Whittier	499
Oakdale	112	Riverbank	76	Soledad	87	Wildomar	13
Oakland	4,676	Riverside	2,714	Solvang	47	Williams	36
Oakley	44	Rocklin	370	Sonoma	105	Willits	67
Oceanside	1,154	Rohnert Park	225	Sonora	54	Willows	36
Ojai	41	Rolling Hills	3	South El Monte	80	Windsor	132
Ontario	1,186	Rolling Hills Estates	25	South Gate	473	Winters	45
Orange	783	Rosemead	97	South Lake Tahoe	258	Woodlake	51
Orange Cove	49	Roseville	1,449	South Pasadena	248	Woodland	372
Orland	48	Ross	22	South San Francisco	540	Woodside	27
Oroville	144	Sacramento	5,256	St. Helena	92	Yorba Linda	144
Oxnard	2,534	Salinas	614	Stanton	56	Yountville	31
Pacific Grove	122	San Anselmo	73	Stockton	1,893	Yreka	67
Pacifica	260	San Bernardino	1,490	Suisun City	128	Yuba City	341
Palm Desert	161	San Bruno	292	Sunnyvale	1,144	Yucaipa	69
Palm Springs	556	San Buenaventura	873	Susanville	88	Yucca Valley	77
Palmdale	355	San Carlos	199				
Palo Alto	1,304	San Clemente	37				
Palos Verdes Estates	96	San Dimas	96				
Paradise	90	San Fernando	165				
Paramount	120	San Francisco (1)	1,328				

Note:

¹ San Francisco has both City and County employees, however it is listed only in the “total” count of the Cities & Towns category.

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (1,033 total)

(School districts contracting for school safety staff and/or AB 616 miscellaneous formula are included in this category.)

Academic Senate for California Community Colleges	26	Baldwin Park Unified School District	947
Access Services Incorporated	130	Bard Water District	24
Agoura Hills and Calabasas Community Center	13	Bardsdale Cemetery District	8
Alameda Alliance for Health	386	Barstow Cemetery District	5
Alameda Corridor Transportation Authority	16	Bay Area Air Quality Management District	405
Alameda County Fire Department	442	Bay Area Water Supply and Conservation Agency	9
Alameda County Law Library	16	Beach Cities Health District	163
Alameda County Mosquito Abatement District	14	Bear Mountain Recreation and Park District	17
Alameda County Schools Insurance Group	8	Bear Valley Community Services District	57
Alameda County Transportation Commission	28	Beaumont District Library	11
Alameda County Waste Management Authority	54	Beaumont-Cherry Valley Recreation and Park District	23
Alameda County Water District	251	Beaumont-Cherry Valley Water District	41
Albany Municipal Services Joint Powers Authority	21	Bella Vista Water District	30
Alhambra Redevelopment Agency	1	Belmont Fire Protection District	24
Alliance of Schools for Cooperative Insurance Programs	29	Belmont-San Carlos Fire Department	6
Alpine Fire Protection District	23	Belvedere-Tiburon Library Agency	22
Alta California Regional Center Inc	489	Ben Lomond Fire Protection District	1
Alta Irrigation District	39	Benicia City Housing Authority	14
Altadena Library District	23	Bennett Valley Fire Protection District	9
Amador County Transportation Commission	6	BETA Healthcare Group Risk Management Authority	87
Amador Transit	39	Big Bear Area Regional Wastewater Agency	21
Amador Water Agency	54	Big Bear City Airport District	7
American Canyon Fire Protection District	17	Big Bear City Community Services District	74
American River Flood Control District	11	Big Bear Municipal Water District	11
Anderson Cemetery District	3	Bighorn-Desert View Water Agency	13
Anderson Fire Protection District	12	Black Gold Cooperative Library System	18
Angiola Water District	7	Blanchard/Santa Paula Public Library District	8
Antelope Valley Mosquito and Vector Control District	5	Blue Lake Fire Protection District	1
Antelope Valley Schools Transportation Agency	314	Bodega Bay Fire Protection District	18
Antelope Valley Transit Authority	70	Bolinas Community Public Utility District	8
Apple Valley Fire Protection District	54	Bolinas Fire Protection District	2
Aptos/La Selva Fire Protection Agency	38	Bonita-Sunnyside Fire Protection District	17
Arbuckle-College City Fire Protection District	4	Boron Community Services District	4
Arcade Creek Recreation and Park District	9	Borrego Springs Fire Protection District	23
Arcata Fire Protection District	21	Borrego Water District	17
Area 12 Agency on Aging	34	Boulder Creek Fire Protection District	1
Armona Community Services District	1	Branciforte Fire Protection District	4
Aromas Water District	6	Brannan-andrus Levee Maintenance District	1
Arrowbear Park County Water District	5	Broadmoor Police Protection District	18
Arroyo Grande District Cemetery	4	Brooktrails Township Community Services District	12
Associated Students California State University San Bernardino	2	Browns Valley Irrigation District	15
Associated Students Inc California State University East Bay	19	Buena Park Library District	24
Associated Students Incorporated of		Burney Basin Mosquito Abatement District	1
California State University Stanislaus	5	Burney Fire District	10
Associated Students of California State University, Chico	146	Burney Water District	10
Association of Bay Area Governments	138	Butte County Air Quality Management District	14
Association of California Water Agencies	72	Butte County Association of Governments	12
Association of California Water Agencies -		Butte County In-Home Supportive Services Public Authority	3
Joint Powers Insurance Authority	54	Butte County Mosquito and Vector Control District	21
Association of Monterey Bay Area Governments	35	Butte Local Agency Formation Commission	4
Atascadero Cemetery District	3	Butte Schools Self-Funded Programs	2
Auburn Area Recreation and Park District	90	Butte-Glenn Community College District	500
Auburn Public Cemetery District	7	Byron-Bethany Irrigation District	20
Avila Beach Community Services District	1	Cabrillo College Foundation	8
Aztec Shops, Ltd.	96	Cachuma Operation and Maintenance Board	22

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits *(continued)*

Cal Poly Corporation	557	Centerville Community Services District	6
Cal Poly Pomona Foundation, Inc.	453	Central Basin Municipal Water District	48
Calaveras Council of Governments	3	Central Calaveras Fire and Rescue Protection District	8
Calaveras County Water District	89	Central Coast Computing Authority	5
Calaveras Public Utility District	7	Central Coast Water Authority	40
California Association For Park and Recreation Indemnity	6	Central Contra Costa Transit Authority	353
California Authority of Racing Fairs	17	Central County Fire Department	69
California Bear Credit Union	81	Central Fire Protection District of Santa Cruz County	53
California Central Valley Flood Control Association	0	Central Marin Sanitation Agency	47
California Fair Services Authority	43	Central Sierra Child Support Agency	54
California Fairs Financing Authority	29	Central Sierra Planning Council	1
California Firefighter's Joint Apprenticeship Committee	39	Central Valley Regional Center, Inc.	389
California Interscholastic Federation North Coast Section	9	Central Water District	4
California Interscholastic Federation, Central Coast Section	9	Chester Public Utility District	13
California Interscholastic Federation, Central Section	3	Chico Area Recreation and Park District	109
California Interscholastic Federation, Northern Section	2	Children and Families Commission of San Luis Obispo County	4
California Interscholastic Federation, Sac-Joaquin Section	7	Chino Basin Water Conservation District	15
California Interscholastic Federation, San Diego Section	4	Chino Basin Watermaster	12
California Interscholastic Federation, Southern Section	16	Chino Valley Independent Fire District	150
California Interscholastic Federation, State office	23	Citrus Heights Water District	30
California Joint Powers Insurance Authority	29	Citrus Pest Control District No. 2 of Riverside County	2
California Joint Powers Risk Management Authority	8	City/County Association of Governments of San Mateo County	2
California Maritime Academy Foundation, Inc.	2	Clear Creek Community Services District	10
California Municipal Utilities Association	9	Clearlake Oaks County Water District	25
California Pines Community Services District	20	Cloverdale Citrus Fair	4
California Redevelopment Association Foundation	11	Cloverdale Fire Protection District	3
California School Boards Association	180	Clovis Cemetery District	13
California Special Districts Association	33	Coachella Valley Association of Governments	23
California State and Federal Employees No. 20 Credit Union	14	Coachella Valley Mosquito and Vector Control District	88
California State University, Bakersfield Foundation	84	Coachella Valley Public Cemetery District	6
California State University, Fresno Athletic Corporation	132	Coachella Valley Water District	564
California State University, Stanislaus Auxiliary and Business Services	27	Coalinga/Huron Unified School District Library District	8
California State University-Fresno Association, Inc.	228	Coalinga-Huron Cemetery District	2
Callayomi County Water District	2	Coalinga-Huron Mosquito Abatement District	0
Calleguas Municipal Water District	73	Coalinga-Huron Recreation and Park District	19
Camarillo Health Care District	58	Coast Life Support District	12
Cambria Cemetery District	1	Coastal Developmental Services Fdn DBA Westside Regional Center	262
Cambria Community Healthcare District	22	Coastside County Water District	22
Cambria Community Services District	37	Coastside Fire Protection District	9
Cameron Park Community Services District	20	Colfax Cemetery District	2
Camrosa Water District	27	College of the Canyons Foundation	2
Capitol Area Development Authority	50	College Town	0
Carmel Area Wastewater District	26	Colusa County one-Stop Partnership	16
Carmel Highlands Fire Protection District of Monterey County	1	Colusa Mosquito Abatement District	5
Carmel Regional Fire Ambulance Authority	3	Community College League of California	32
Carmel Valley Fire Protection District	0	Community Development Commission of Mendocino County	43
Carmichael Water District	34	Community Development Commission of the County of Los Angeles	1,116
Carpinteria Sanitary District	22	Compton Creek Mosquito Abatement District	1
Carpinteria Valley Water District	25	Compton Unified School District	1,834
Casitas Municipal Water District	59	Conejo Recreation and Park District	283
Castaic Lake Water Agency	131	Consolidated Mosquito Abatement District	21
Castro Valley Sanitary District	23	Contra Costa Community College District	940
Castroville Community Services District	6	Contra Costa County Law Library	5
Cawelo Water District	18	Contra Costa County Schools Insurance Group	60
Cayucos Sanitary District	12	Contra Costa Transportation Authority	25
Cayucos-Morro Bay Cemetery District	4		

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Cooperative Organization for the Development of Employee Selection Procedures	10	El Dorado County Transit Authority	94
Cooperative Personnel Services	361	El Dorado County Transportation Commission	7
Copperopolis Fire Protection District	11	El Dorado Hills Community Services District	54
Cordelia Fire Protection District of Solano County	4	El Dorado Hills County Water District	57
Cordova Recreation and Park District	53	El Dorado Irrigation District	278
Corning Water District	4	Encina Wastewater Authority	98
Costa Mesa Sanitary District	12	Esparto Community Services District	7
Cosumnes Community Services District	574	Esparto Fire Protection District	2
Cottonwood Fire Protection District	5	Estero Municipal Improvement District	242
Cottonwood Water District	3	Exeter District Ambulance	27
CRA/LA, A Designated Local Authority	56	Exposition Metro Line Construction Authority	23
Crescent City Harbor District	15	Fair Oaks Recreation & Park District	52
Crescenta Valley Water District	37	Fair Oaks Water District	56
Crestline Lake Arrowhead Water Agency	13	Fairfield-Suisun Sewer District	73
Crestline Village Water District	12	Fall River Valley Community Services District	6
Crockett Community Services District	6	Fallbrook Public Utility District	79
CSAC Excess Insurance Authority	82	Far Northern Regional Center	200
Cucamonga Valley Water District	140	Feather River Air Quality Management District	11
Cutler Public Utility District	5	Feather River Recreation and Park District	39
Cutler-Orosi Joint Powers Wastewater Authority	5	Feather Water District	4
Cuyama Valley Recreation District	0	Felton Fire Protection District	3
Dairy Council of California	104	Fern Valley Water District	4
Daly City Redevelopment Agency	0	Florin County Water District	11
Davis Cemetery District	5	Florin Resource Conservation District Elk Grove Water District	50
De Luz Community Services District	6	Fontana Unified School District	2,061
Del Norte County Library District	3	Foothill Municipal Water District	13
Del Paso Manor Water District	5	Foresthill Public Utility District	7
Del Puerto Water District	5	Forestville County Water District	6
Del Rey Community Services District	12	Forestville Fire Protection District	7
Delano Mosquito Abatement District	7	Fort Bragg Fire Protection Authority	4
Delta Diablo Sanitation District	82	Fort Ord Reuse Authority	16
Delta Vector Control District	20	Foundation for California Community Colleges	210
Denair Community Services District	6	Fresno City Housing Authority	170
Desert Water Agency	92	Fresno County Housing Authority	165
Diablo Water District	14	Fresno County Law Library	5
Diamond Springs/El Dorado Fire Protection District	21	Fresno Westside Mosquito Abatement District	9
Dixon Public Library District	15	Fruitridge Fire Protection District	0
Donald P and Katherine B Loker University Student Union, Inc	15	Fullerton California State University Associated Students	94
Dougherty Regional Fire Authority	3	Fulton El-Camino Recreation and Park District	16
Downey Cemetery District	0	Garden Valley Fire Protection District	11
Dublin San Ramon Services District	127	Georgetown Divide Public Utility District	23
Durham Mosquito Abatement District	2	Georgetown Divide Resource Conservation District	0
East Bay Dischargers Authority	3	Georgetown Fire Protection District	9
East Bay Regional Park District	730	Gilsizer County Drainage District	6
East Contra Costa Irrigation District	21	Glen Ellen Fire Protection District	8
East Kern Airport District	31	Glendale College, Associated Students of	16
East Orange County Water District	10	Glendale Community College District	461
East Palo Alto Sanitary District	13	Glenn County Mosquito and Vector Control District	3
East Quincy Services District	7	Gold Coast Transit	276
East San Gabriel Valley Human Services Consortium	156	Gold Ridge Fire Protection District	14
East Valley Water District	77	Gold Ridge Resource Conservation District	9
Eastern Municipal Water District	714	Golden Gate Bridge Highway and Transportation District	569
Eastern Sierra Transit Authority	40	Golden Hills Community Services District	16
Ebbetts Pass Fire Protection District	27	Golden Sierra Job Training Agency	43
El Dorado County Fire Protection District	100	Goleta Sanitary District	47
El Dorado County Resource Conservation District	3	Goleta Water District	84
		Goleta West Sanitary District	9

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Granada Sanitary District	2	Humboldt Transit Authority	68
Great Basin Unified Air Pollution Control District	28	Humboldt Waste Management Authority	54
Greater Anaheim Special Education Local Plan Area	102	Idyllwild Fire Protection District	11
Greater Los Angeles County Vector Control District	76	Independent Cities Association, Inc.	0
Greater Vallejo Recreation District	83	Indian Wells Valley Water District	36
Green Valley County Water District	2	Inland Counties Regional Center, Inc.	769
Greenfield Fire Protection District	4	Inland Empire Health Plan	1,152
Gridley Biggs Cemetery District	5	Inland Empire Resource Conservation District	19
Grossmont Healthcare District	10	Inland Empire Utilities Agency	359
Grossmont Schools Federal Credit Union	28	Intelecom Intelligent Telecommunications	40
Grossmont-Cuyamaca Community College District	679	Intergovernmental Training and Development Center	11
Groveland Community Services District	31	Inverness Public Utility District	3
Gualala Community Services District	5	Ironhouse Sanitary District	34
Hacienda La Puente Unified School District	1,411	Irvine Child Care Project	0
Hamilton Branch Fire Protection District	1	Irvine Ranch Water District	394
Happy Camp Sanitary District	0	Isla Vista Recreation and Park District	21
Happy Homestead Cemetery District	4	Jackson Valley Irrigation District	3
Happy Valley Fire District	3	Jamestown Sanitary District	8
Hayward Area Recreation and Park District	164	Janesville Fire Protection District	1
Hayward California State University, Auxiliary Foundation, Inc.	182	Joshua Basin Water District	25
Health Plan of San Joaquin	296	June Lake Public Utility District	8
Heartland Communications Facility Authority	45	Jurupa Area Recreation and Park District	16
Heber Public Utility District	15	Jurupa Community Services District	188
Helendale Community Services District	19	Kaweah Delta Water Conservation District	30
Helix Water District	173	Kelseyville Fire Protection District	24
Henry Miller Reclamation District No. 2131	48	Kensington Community Services District	13
Herald Fire Protection District	5	Kentfield Fire Protection District	17
Heritage Ranch Community Services District	15	Kenwood Fire Protection District	1
Herlong Public Utility District	4	Kern County Council of Governments	25
Hesperia Fire Protection District	32	Kern County Housing Authority	176
Hesperia Water District	70	Kern County Law Library	7
Hidden Valley Lake Community Services District	17	Kern County Local Agency Formation Commission	2
Hi-Desert Water District	47	Kern Health Systems	436
Higgins Area Fire Protection District	16	Kern River Valley Cemetery District	2
Hilton Creek Community Services District	1	Kern-Tulare Water District	8
Hopland Public Utility District	1	Kettleman City Community Services District	4
Housing Authority of the City of Alameda	48	Kings County Area Public Transit Agency	39
Housing Authority of the City of Calexico	23	Kings County Association of Governments	8
Housing Authority of the City of Eureka	24	Kings County In-Home Supportive Services Public Authority	4
Housing Authority of the City of Livermore	16	Kings Mosquito Abatement District	13
Housing Authority of the City of Los Angeles	1,209	Kings Waste and Recycling Authority	76
Housing Authority of the City of Madera	52	Kinneloa Irrigation District	4
Housing Authority of the City of San Buenaventura	63	Kirkwood Meadows Public Utility District	30
Housing Authority of the City of San Luis Obispo	49	Konocti County Water District	12
Housing Authority of the City of South San Francisco	4	La Branza Water District	0
Housing Authority of the County of Butte	44	La Habra Heights County Water District	11
Housing Authority of the County of Santa Clara	188	La Puente Valley County Water District	16
Housing Authority of the County of Santa Cruz	88	Laguna Beach County Water District	46
Hub Cities Consortium	53	Lake Arrowhead Community Services District	61
Human Rights/Fair Housing Commission of the City and County of Sacramento	26	Lake County Fire Protection District	35
Humboldt Bay Harbor Recreation and Conservation District	22	Lake County Vector Control District	12
Humboldt Bay Municipal Water District	27	Lake Don Pedro Community Services District	13
Humboldt Community Services District	26	Lake Hemet Municipal Water District	57
Humboldt County Association of Governments	5	Lake Oroville Area Public Utility District	8
Humboldt No. 1 Fire Protection District of Humboldt County	19	Lake Shastina Community Services District	17
Humboldt State University Center Board of Directors	73	Lake Valley Fire Protection District	67
		Lakeport County Fire Protection District	20

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Lakeside Fire Protection District	65	Maxwell Public Utility District	4
Lakeside Water District	21	Mc Farland Recreation and Park District	7
Lamont Public Utility District	8	Mc Kinleyville Community Services District	32
Las Gallinas Valley Sanitary District of Marin County	21	McCloud Community Services District	10
Las Virgenes Municipal Water District	153	Meeks Bay Fire Protection District	14
Lassen County Waterworks District #1	1	Meiners Oaks County Water District	6
League of California Cities	131	Mendocino City Community Services District	4
Lee Lake Water District	9	Mendocino County Russian River Flood Control & Water Conservation Improvement District	1
Leucadia Wastewater District	25	Mendocino Transit Authority	65
Levee District #1 of Sutter County	3	Menlo Park Fire Protection District	107
Linda County Water District	12	Merced County Housing Authority	75
Linda Fire Protection District	0	Merced County Mosquito Abatement District	18
Linden-Peters Rural County Fire Protection District	12	Merced Irrigation District	242
Lindsay Strathmore Public Cemetery District	3	Mesa Water District	79
Little Lake Fire Protection District	5	Metro Gold Line Foothill Extension Construction Authority	17
Littlerock Creek Irrigation District	6	Metropolitan Transportation Commission	228
Live Oak Cemetery District	3	Metropolitan Water District of Southern California	2,522
Livermore/Amador Valley Transit Authority	20	Mid City Development Corporation	0
Local Agency Formation Commission of Monterey County	4	Midpeninsula Regional Open Space District	160
Local Agency Formation Commission of Solano County	1	Mid-Peninsula Water District	24
Local Government Services Authority, A Joint Powers Authority	58	Mid-Placer Public Schools Transportation Agency	68
Long Beach City College Associated Student Body Enterprises	15	Midway City Sanitary District	35
Long Beach State University, Associated Students	89	Millview County Water District	6
Long Beach State University, Forty-Niner Shops, Inc.	77	Minter Field Airport District	19
Loomis Fire Protection District	10	Mission Springs Water District	54
Los Alamos Community Services District	6	Mojave Water Agency	47
Los Angeles City Community Redevelopment Agency	167	Mokelumne Rural Fire District	11
Los Angeles County Area 'E' Civil Defense and Disaster Board	2	Monte Vista County Water District	43
Los Angeles County Law Library	63	Montecito Fire Protection District	52
Los Angeles County Sanitation District No. 2	2,025	Montecito Sanitary District of Santa Barbara County	17
Los Angeles County West Vector Control District	40	Montecito Water District	30
Los Angeles Memorial Coliseum Commission	36	Monterey Bay Unified Air Pollution Control District	40
Los Angeles Neuropsychiatric Institute	4	Monterey County Regional Fire Protection District	56
Los Gatos-Saratoga Department of Community Education and Recreation	72	Monterey County Water Resources Agency	62
Los Osos Community Services District	21	Monterey Peninsula Airport District	58
Lower Lake Cemetery District	2	Monterey Peninsula Regional Park District	14
Lower Lake County Waterworks District #1	8	Monterey Peninsula Water Management District	35
Lower Tule River Irrigation District	37	Monterey Regional Waste Management District	153
Madera Cemetery District	20	Monterey Regional Water Pollution Control Agency	101
Madera County Mosquito and Vector Control District	11	Monterey-Salinas Transit District	355
Main San Gabriel Basin Watermaster	12	Montezuma Fire Protection District	16
Majestic Pines Community Services District	3	Morongo Basin Transit Authority	64
Mammoth Lakes Fire District	15	Mother Lode Job Training Agency	32
Mammoth Lakes Mosquito Abatement District	1	Moulton-Niguel Water District	144
Management of Emeryville Services Authority	141	Mountains Recreation and Conservation Authority	288
March Joint Powers Authority	23	Mountain-Valley Library System	0
Marin Children and Families Commission	8	Mt View Sanitary District of Contra Costa County	21
Marin Community College District	262	Mt. San Antonio College Auxiliary Services	29
Marin County Housing Authority	99	Municipal Pooling Authority	14
Marin County In-Home Supportive Services Public Authority	5	Municipal Water District of Orange County	40
Marin County Sanitary District No. 1	45	Murphys Sanitary District	8
Marin Healthcare District	0	Murrieta Fire Protection District	48
Marin Municipal Water District	281	Murrieta Valley Cemetery District	6
Marina Coast Water District	43	Napa County Mosquito Abatement District	7
Marinwood Community Services District	28	Napa County Resource Conservation District	16
Mariposa Public Utility District	8	Napa County Transportation and Planning Agency	17

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Napa Sanitation District	55	Orchard Dale Water District	11
National Orange Show	141	Orland Cemetery District	3
Natomas Fire Protection District	0	Oro Loma Sanitary District	51
Nevada Cemetery District	4	Orosi Public Utility District	6
Nevada County Consolidated Fire District	44	Oroville Cemetery District	7
Nevada County Local Agency Formation Commission	3	Oroville Mosquito Abatement District	1
Nevada County Resource Conservation District	2	Otay Water District	223
Nevada Irrigation District	193	Oxnard Harbor District	29
Nevada-Sierra Regional IHSS Public Authority	17	Pacific Fire Protection District	0
Newcastle, Rocklin, Gold Hill Cemetery District	8	Padre Dam Municipal Water District	161
Newhall County Water District	44	Pajaro Valley Fire Protection Agency	0
Newport Beach City Employees Federal Credit Union	3	Pajaro Valley Public Cemetery District	9
Niland Sanitary District	1	Pajaro Valley Water Management Agency	21
Nipomo Community Services District	17	Palm Ranch Irrigation District	4
North Bay Cooperative Library System	5	Palmdale Water District	108
North Bay Regional Center	246	Palo Verde Valley District Library	5
North Bay Schools Insurance Authority	38	Palos Verdes Library District	63
North Central Counties Consortium	12	Paradise Recreation and Park District	34
North Coast County Water District	23	Pasadena City College Bookstore	10
North Coast Railroad Authority	2	Pasadena Unified School District	1,777
North Coast Unified Air Quality Management District	19	Paso Robles City Housing Authority	8
North County Dispatch Joint Powers Authority	36	Patterson Irrigation District	14
North County Fire Protection District of Monterey County	34	Pauma Valley Community Services District	24
North County Fire Protection District of San Diego County	83	Peardale Chicago Park Fire Protection District	4
North County Transit District	428	Pebble Beach Community Services District	14
North Delta Water Agency	2	Peninsula Fire Protection District	15
North Kern Cemetery District	10	Peninsula Health Care District	4
North Kern Water Storage District	38	Peninsula Traffic Congestion Relief Alliance	16
North Kern-South Tulare Hospital District	236	Penn Valley Fire Protection District	21
North Los Angeles County Regional Center Inc	568	Personal Assistance Services Council	28
North Marin Water District	63	Phelan Pinon Hills Community Services District	23
North of the River Municipal Water District	8	Pico Water District	18
North of the River Recreation and Park District	280	Pine Cove Water District	5
North State Cooperative Library System	5	Pine Grove Mosquito Abatement District	1
North Tahoe Fire Protection District	62	Pinedale County Water District	10
North Tahoe Public Utility District	42	Pioneer Cemetery District	3
Northern California Power Agency	179	Pixley Irrigation District	4
Northern California Special Districts Insurance Authority	2	Placer County Cemetery District No. 1	6
Northern Salinas Valley Mosquito Abatement District	6	Placer County Resource Conservation District	7
Northern Sierra Air Quality Management District	6	Placer County Transportation Planning Agency	9
Northshore Fire Protection District	26	Placer County Water Agency	210
Northstar Community Services District	44	Placer Hills Fire Protection District	23
Northwest Mosquito and Vector Control District	26	Placer Mosquito and Vector Control District	22
Novato Sanitary District	27	Planning and Service Area II Area Agency on Aging	6
Oakdale Irrigation District	92	Pleasant Hill - Martinez Joint Facilities Agency	152
Oakdale Rural Fire Protection District	19	Pleasant Hill Recreation and Park District	57
Oakland City Housing Authority	480	Pleasant Valley County Water District	5
Oakland Unified School District	3,001	Pleasant Valley Recreation and Park District	106
Oceano Community Services District	18	Plumas Eureka Community Services District	5
Ojai Valley Sanitary District	22	Plumas Local Agency Formation Commission	0
Olcese Water District	0	Pomerado Cemetery District	5
Olivenhain Municipal Water District	105	Pomona Valley Transportation Authority	4
Omnitrans	906	Pomona, Calif State Polytechnic University, Associated Students, Inc.	77
Ophir Hill Fire Protection District	8	Port San Luis Harbor District	35
Orange County Health Authority	976	Porter Vista Public Utility District	2
Orange County Transportation Authority	6	Porterville Irrigation District	4
Orange County Vector Control District	65		

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Porterville Public Cemetery District	11	Rowland Water District	33
Public Agency Risk Sharing Authority of California	5	Rubidoux Community Services District	24
Public Cemetery District No. 1 of Kern County	6	Running Springs Water District	40
Public Entity Risk Management Authority	8	Russian River Fire Protection District	24
Public Transportation Services Corporation	2,296	Sacramento Area Council of Governments	75
Pupil Transportation Cooperative	153	Sacramento City Housing Authority	293
Purissima Hills County Water District	10	Sacramento County Public Law Library	31
Quartz Hill Water District	19	Sacramento Metropolitan Air Quality Management District	112
Quincy Community Services District	15	Sacramento Metropolitan Cable Television Commission	14
Rainbow Municipal Water District	65	Sacramento Metropolitan Fire District	718
Ramona Municipal Water District	60	Sacramento Municipal Utility District	2,551
Rancho Adobe Fire Protection District	32	Sacramento Public Library Authority	383
Rancho California Water District	155	Sacramento Regional Fire/EMS Communications Center	94
Rancho Cucamonga Fire Protection District	125	Sacramento Suburban Water District	59
Rancho Murieta Community Services District	57	Sacramento Transportation Authority	4
Rancho Santa Fe Fire Protection District	70	Sacramento-Yolo Mosquito and Vector Control District	89
Rancho Santiago Community College Associated Students	0	Salida Fire Protection District	0
Rancho Simi Recreation & Park District	318	Salinas Valley Solid Waste Authority	41
Reclamation District No. 3	2	Salton Community Services District	21
Reclamation District No. 833	1	Samoa Peninsula Fire Protection District	0
Reclamation District No. 999	5	San andreas Regional Center Inc.	337
Reclamation District No. 1000	9	San andreas Sanitary District	7
Reclamation District No. 1001	11	San Benito County Water District	26
Reclamation District No. 1660	0	San Bernardino City Unified School District	3,209
Red Bluff Cemetery District	5	San Bernardino County Housing Authority	162
Redevelopment Agency of the City of Fresno	20	San Bernardino County Transportation Authority	0
Redwood Coast Regional Center	130	San Bernardino Economic Development Agency	35
Redwood Empire Municipal Insurance Fund	12	San Bernardino Valley Municipal Water District	29
Redwood Empire School Insurance Group	29	San Bernardino Valley Water Conservation District	12
Reedley Cemetery District	6	San Bernardino, California State University, Student Union	29
Regional Center of Orange County	564	San Diego Association of Governments	422
Regional Center of the East Bay	503	San Diego County Law Library	55
Regional Council of Rural Counties	63	San Diego County Water Authority	331
Regional Housing Authority of Sutter and Nevada Counties	50	San Diego Metropolitan Transit System	204
Regional Water Authority	5	San Diego Pooled Insurance Program Authority	1
Rescue Fire Protection District	12	San Diego Rural Fire Protection District	7
Resort Improvement District No. 1	12	San Diego State University Associated Students	36
Resource Conservation District of the Santa Monica Mountains	11	San Diego Trolley, Inc.	812
Richardson Bay Sanitary District	6	San Diego Unified School District	9,880
Rincon Del Diablo Municipal Water District	20	San Dieguito Water District	26
Rincon Valley Fire Protection District	26	San Elijo Joint Powers Authority	24
Rio Alto Water District	8	San Francisco Bay Area Rapid Transit District	3,757
Rio Linda Elverta Community Water District	18	San Francisco Bay Area Water Emergency Transportation Authority	12
Rio Vista Cemetery District	4	San Francisco City and County Housing Authority	332
Riverbank City Housing Authority	2	San Francisco City and County Redevelopment Agency	116
Riverside County Air Pollution Control District	0	San Francisco Community College District Bookstore Auxiliary	10
Riverside County Flood Control and Water Conservation District	274	San Francisco County Transportation Authority	62
Riverside County Law Library	14	San Francisco Health Authority	374
Riverside County Regional Park and Open Space District	172	San Francisco Law Library	11
Riverside County Transportation Commission	59	San Francisquito Creek Joint Powers Authority	5
Riverside County Waste Resources Management District	44	San Gabriel County Water District	16
Riverside Transit Agency	550	San Gabriel Valley Council of Governments	38
Rosamond Community Services District	32	San Gabriel Valley Mosquito and Vector Control District	46
Rose Bowl Operating Company	30	San Gabriel Valley Municipal Water District	8
Rosedale-Rio Bravo Water Storage District	8	San Gorgonio Pass Water Agency	3
Roseville Public Cemetery District	10	San Jacinto Valley Cemetery District	7
Ross Valley Fire Department	34		

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

San Joaquin County Housing Authority	113	Sewerage Commission--Oroville Region	9
San Joaquin County IHSS Public Authority	10	Shafter Wasco Irrigation District	10
San Joaquin Delta Community College District	516	Shasta Area Safety Communications Agency	67
San Juan Water District	54	Shasta Community Services District	7
San Lorenzo Valley Water District	33	Shasta Lake Fire Protection District	11
San Luis Obispo Cal Poly Associated Students, Inc.	145	Shasta Local Agency Formation Commission	2
San Luis Obispo Council of Governments	28	Shasta Mosquito and Vector Control District	17
San Luis Obispo Regional Transit Authority	7	Shasta Regional Transportation Agency	8
San Luis Water District	16	Shasta Valley Cemetery District	2
San Mateo County Harbor District	47	Shiloh Public Cemetery District	5
San Mateo County In-Home Supportive Services Public Authority	8	Sierra Lakes County Water District	6
San Mateo County Law Library	5	Sierra-Sacramento Valley Emergency Medical Services Agency	16
San Mateo County Schools Insurance Group	9	Silicon Valley Animal Control Authority	20
San Mateo County Transit District	940	Silveyville Cemetery District	5
San Miguel Community Services District	5	Solano County Mosquito Abatement District	9
San Miguel Consolidated Fire Protection District	37	Solano County Water Agency	19
San Simeon Community Services District	1	Solano Irrigation District	104
Sanger Cemetery District	7	Solano Transportation Authority	25
Sanitary District No. 5 of Marin County	11	Soledad Community Health Care District	0
Santa Ana River Flood Protection Agency	0	Sonoma County Library	179
Santa Ana Unified School District	2,474	Sonoma Marin Area Rail Transit District	31
Santa Ana Watershed Project Authority	26	Sonoma State Enterprises, Inc.	11
Santa Barbara County Law Library	2	Sonoma Student Union Corporation	1
Santa Barbara County Special Education Local Plan Area	235	Soquel Creek Water District	53
Santa Barbara Regional Health Authority	241	South Bay Regional Public Communications Authority	102
Santa Clara County Central Fire Protection District	283	South Bayside System Authority	92
Santa Clara County Health Authority	203	South Central Los Angeles Regional Center for Developmentally Disabled Persons	327
Santa Clara County Law Library	6	South Coast Water District	94
Santa Clara County Open Space Authority	25	South County Support Services Agency	47
Santa Clara County Schools Insurance Group	8	South Feather Water and Power Agency	62
Santa Clara Valley Transportation Authority	815	South Kern Cemetery District	6
Santa Clara Valley Water District	808	South Orange County Wastewater Authority	76
Santa Clarita Valley School Food Services Agency	143	South Placer Fire District	48
Santa Cruz County Law Library	2	South Placer Municipal Utility District	23
Santa Cruz County Regional Transportation Commission	28	South San Joaquin Irrigation District	111
Santa Cruz Local Agency Formation Commission	1	South San Luis Obispo County Sanitation District	11
Santa Cruz Metropolitan Transit District	407	South Tahoe Public Utility District	122
Santa Cruz Port District	34	Southeast Area Social Services Funding Authority	107
Santa Cruz Regional 9-1-1	101	Southern California Association of Governments	251
Santa Fe Irrigation District	48	Southern California Library Cooperative	14
Santa Margarita Water District	165	Southern California Public Power Authority	14
Santa Maria Public Airport District	15	Southern California Regional Rail Authority	324
Santa Monica Community College District	694	Southern San Joaquin Municipal Utility District	13
Santa Nella County Water District	8	Southern Sonoma County Resource Conservation District	10
Santa Paula City Housing Authority	8	Southwest Transportation Agency	80
Santa Ynez River Water Conservation Dist., Improvement District No. 1	18	Special District Risk Management Authority	25
Sausalito-Marin City Sanitary District	13	Squaw Valley Public Service District	30
School Risk and Insurance Management Group	9	Stallion Springs Community Services District	15
Schools Excess Liability Fund	11	Stanislaus Consolidated Fire Protection District	57
Schools Insurance Authority	81	Stanislaus County Housing Authority	113
Scotts Valley Fire Protection District	26	State and Federal Contractors Water Agency	4
Scotts Valley Water District	21	State Bar of California	835
Selma Cemetery District	7	State Water Contractors	9
Selma-Kingsburg-Fowler County Sanitation District	28	Stege Sanitary District	12
Serrano Water District	15	Stinson Beach County Water District	11
Sewer Authority Mid-Coastside	16	Stockton East Water District	40

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Stockton Unified School District	1,786	University Enterprises Corporation at CSUSB	274
Strawberry Recreation District	16	University Enterprises, Inc.	276
Successor Agency to the Former Redevelopment Agency of the City of Fresno	5	University Student Union California State University Stanislaus	5
Suisun Fairfield Rockville Cemetery District	12	Upland City Housing Authority	28
Suisun Fire Protection District	1	Upper San Gabriel Valley Municipal Water District	10
Suisun Resource Conservation District	11	Vacaville Fire Protection District	8
Summit Cemetery District	10	Vacaville-Elmira Cemetery District	8
Sunnyslope County Water District	21	Vallecitos Water District	119
Susanville Sanitary District	10	Vallejo Sanitation and Flood Control District	94
Sutter Cemetery District	21	Valley Center Municipal Water District	71
Sweetwater Authority	173	Valley County Water District	30
Sweetwater Springs Water District	13	Valley Mountain Regional Center, Inc.	414
Sylvan Cemetery District	7	Valley of the Moon Water District	18
Tahoe City Public Utility District	71	Valley Sanitary District	28
Tahoe Resource Conservation District	70	Valley Springs Public Utility District	4
Tahoe Transportation District	0	Valley-Wide Recreation and Park District	166
Tahoe-Truckee Sanitation Agency	62	Vandenberg Village Community Services District	11
Tehachapi Valley Recreation and Park District	11	Ventura County Law Library	8
Tehachapi-Cummings County Water District	20	Ventura County Schools Business Services Authority	15
Tehama County Mosquito Abatement District	6	Ventura County Schools Self-Funding Authority	7
Templeton Community Services District	25	Ventura County Transportation Commission	24
thermalito Water and Sewer District	11	Ventura Port District	50
Three Arch Bay Community Services District	0	Ventura River County Water District	10
Three Rivers Community Services District	2	Veterans Home of California Post Fund	10
Three Valleys Municipal Water District	28	Victor Valley Wastewater Reclamation Authority	55
Tiburon Fire Protection District	30	Visalia Public Cemetery District	6
Torrance City Redevelopment Agency	0	Vista Irrigation District	115
Trabuco Canyon Water District	37	Walnut Valley Water District	66
Tracy Rural County Fire Protection District	1	Wasco Recreation and Park District	9
Transbay Joint Powers Authority	14	Washington Colony Cemetery District	3
Transportation Agency for Monterey County	14	Water Employee Services Authority	224
Treasure Island Development Authority	0	Water Facilities Authority	9
Tri-City Mental Health Center	344	Water Replenishment District of Southern California	50
Tri-Counties Association for the Developmentally Disabled	445	Weaverville Community Services District	9
Tri-County Schools Insurance Group	6	Weaverville Sanitary District	3
Tri-Dam Project	28	West Almanor Community Services District	1
Trindel Insurance Fund	9	West Basin Municipal Water District	41
Trinity County Waterworks District #1	4	West Bay Sanitary District	31
Trinity Public Utilities District	24	West Cities Communication Center	31
Truckee Donner Public Utility District	76	West Contra Costa Integrated Waste Management Authority	8
Truckee Fire Protection District	47	West County Transportation Agency	167
Truckee Sanitary District	42	West County Wastewater District	62
Truckee Tahoe Airport District	47	West End Communications Authority	0
Tulare Mosquito Abatement District	6	West Kern Water District	47
Tulare Public Cemetery District	11	West Stanislaus Irrigation District	18
Tuolumne Fire District	3	West Valley Mosquito and Vector Control District	22
Tuolumne Utilities District	82	West Valley Sanitation District of Santa Clara County	35
Turlock Mosquito Abatement District	13	West Valley Water District	70
Twain Harte Community Services District	16	West Valley-Mission Community College District	482
Twentynine Palms Water District	37	Westborough Water District	6
Twin Cities Police Authority	67	Western Contra Costa Transit Authority	7
Twin Rivers Unified School District	1,676	Western Municipal Water District	169
Ukiah Valley Fire District	9	Western Riverside Council of Governments	36
Union Public Utility District	10	Westlands Water District	139
Union Sanitary District	161	Westwood Community Services District	6
United Water Conservation District	80	Wheeler Ridge-Maricopa Water Storage District	51
		Wildomar Cemetery District	1

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits *(continued)*

Willow County Water District	6	Yolo County Housing Authority	55
Willow Creek Community Services District	6	Yolo County In-Home Supportive Services Public Authority	4
Willows Cemetery District	4	Yolo County Public Agency Risk Management Insurance Authority	7
Wilton Fire Protection District	2	Yolo County Transportation District	12
Windsor Fire Protection District	19	Yolo Emergency Communications Agency	59
Winterhaven Water District	5	Yolo-Solano Air Quality Management District	33
Winters Cemetery District	5	Yorba Linda Water District	86
Winters Fire Protection District	3	Yuba Community College District	269
Winton Water and Sanitary District	10	Yuba County Water Agency	40
Woodbridge Rural County Fire Protection District	42	Yuba Sutter Transit Authority	4
Woodlake Fire District	2	Yucaipa Valley Water District	84
Woodside Fire Protection District	50	Yuima Municipal Water District	11
Yolo County Federal Credit Union	98		

Legislators' Retirement System Program Data

PRIMARY BENEFITS

CalPERS has administered the Legislators' Retirement System (LRS) since its inception in 1947. The duties of the Board with respect to administering LRS are the same as CalPERS on such items as determining membership and benefit rights, making investments, crediting interest, and obtaining information necessary for administration. Benefits payable from LRS are financed through the State's contribution as an employer, member contributions, and interest earned on investments.

The CalPERS Board is authorized to establish actuarially determined rates. For fiscal year 2012-13, the Board approved an employer contribution rate of 5.380%. Effective January 1, 2013, Assembly Bill 340, added Government Code section 7522.52. Section 7522.52 requires that a public employer's contribution to a defined benefit plan, in combination with employee contributions to that defined benefit plan, shall not be less than the normal cost.

Member contributions to LRS are made by active members based on position and membership date. Active Legislative Members and Constitutional Officers contribute 4 percent of compensation if first elected before March 4, 1972, or 8 percent of compensation if first elected after March 4, 1972. The interest credited to member accounts is the net earnings rate of investments.

ASSEMBLY BILL 340 – PUBLIC EMPLOYEES' PENSION REFORM ACT (PEPRA)

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 31, 2012. The financial impact will be gradually realized as total pension costs and the employer share of those costs decrease.

PEPRA amended the Legislators' Retirement Law, and prohibits any Constitutional Officer or Legislative Statutory Officer who takes office on or after January 1, 2013 from participating in LRS

PROPOSITION 140

Proposition 140, the Political Reform Act of 1990, requires that Legislators (Senators and Members of the Assembly) first elected after November 7, 1990 participate in the federal Social Security program and in no other retirement system.

MEMBERSHIP

Members of the Legislature serving prior to November 7, 1990, elected Constitutional Officers and Legislative Statutory Officers serving prior to January 1, 2013, were eligible for membership.

SERVICE RETIREMENT

Retirement Age

The retirement age is 60, with four or more years of service credit, or any age with 20 or more years. The retirement age for Legislative Statutory Officers is 55, or any age with 20 years or more of service credit.

Members of the Legislature Benefit Formula

The retirement formula consists of three separate formulas that are totaled together to provide the members with their allowance. The first part of the formula consists of 5 percent of the first \$500 of salary up to 15 years of service. The second part is 3 percent per year of the same \$500 of salary for years in excess of 15 years. And finally, total years of service is multiplied by 3 percent per year of their salary above \$500. In no case may a member receive more than two-thirds of their salary.

Constitutional Officers' Benefit Formula

Five percent per year of service up to eight years (40 percent) of their highest salary. If the member has 24 or more years of service, the retirement allowance is 60 percent of their final salary.

Statutory Officers' Benefit Formula

Statutory Officers receive 3 percent per year of service, not to exceed 66 percent of final monthly compensation.

Legislators' Retirement System Program Data (continued)

Early Retirement Options for Members of the Legislature & Constitutional Officers

Legislators and Constitutional Officers may retire before age 60 with 15 years of service. However, their retirement allowance is reduced by 2 percent for each year they retire before age 60.

DISABILITY RETIREMENT

Disability retirement uses the same formula as service retirement. There is no reduction if retirement is before age 60 for members of the Legislature.

DEATH BENEFITS (BEFORE RETIREMENT)

Not Eligible to Retire

One month's salary for each year of service, plus the return of the member's contributions with interest payable to a survivor.

Eligible to Retire

If the member has elected one of the optional settlements, their beneficiary will receive the benefit provided by the option selected, calculated as if the date of death had been the date of retirement. In lieu of this benefit, the beneficiary may elect an allowance of one-half the unmodified retirement allowance, payable until death or remarriage.

DEATH BENEFITS WHILE IN OFFICE

Beneficiaries receive a lump sum benefit in an amount equal to the annual compensation of an LRS member during the 12 months preceding the member's death, regardless of whether the member was eligible to retire.

DEATH BENEFITS (AFTER RETIREMENT)

Members choose between one of four options. The level of survivor benefit is based on the option chosen, without a reduction in allowance for members of the Legislature. Constitutional Officers and Statutory Officers receive a reduced allowance based on their age at time of retirement and the option they choose. Beneficiaries also receive a \$600 lump sum payment.

COST-OF-LIVING ADJUSTMENTS (COLA)

The annual COLA is determined by the Consumer Price Index.

LRS ACTIVE & INACTIVE MEMBERS

Category	Active	Inactive	TOTAL
Members of the Legislature	1	6	7
Constitutional Officers	10	7	17
Legislative Statutory Officers	0	4	4
TOTAL	11	17	28

LRS BENEFIT RECIPIENTS BY RETIREMENT TYPE

Category	Retired LRS	Survivors & Beneficiaries	TOTAL
Members of Legislature			
Service Retirement	115	111	226
Disability Retirement	—	7	7
Pre-Retirement Option 2	—	2	2
TOTAL MEMBERS OF LEGISLATURE	115	120	235
Constitutional Officers			
Service Retirement	7	3	10
Disability Retirement	1	—	1
Pre-Retirement Option 2	—	1	1
TOTAL CONSTITUTIONAL OFFICERS	8	4	12
Legislative Statutory Officers			
Service Retirement	—	1	—
TOTAL LEGISLATIVE STATUTORY OFFICERS	—	1	—
TOTAL	123	125	248

LRS BENEFIT PAYMENTS BY TYPE

Category	Amount Paid
Service Retirement	\$7,299,555
Disability Retirement	170,540
Beneficiary Death Benefits	3,000
Beneficiary Death Benefits/Allowance	74,519
TOTAL	\$7,547,614

Legislators' Retirement System Program Data (continued)

LRS Average Benefit Payments – As of June 30, 2012 | Eight-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2011/12^{1,5}							
Average Monthly Allowance ²	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average Final Compensation ³	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Number of Recipients ²	—	—	—	—	—	—	—
2010/11							
Average Monthly Allowance ²	\$0	\$4,258	\$2,103	\$0	\$8,206	\$0	\$0
Average Final Compensation ³	\$0	\$6,481	\$4,375	\$0	\$9,215	\$0	\$0
Number of Recipients ²	—	3	1	—	1	—	—
2009/10							
Average Monthly Allowance ²	\$0	\$435	\$1,759	\$6,604	\$4,965	\$3,842	\$4,452
Average Final Compensation ³	\$0	\$1,600	\$0	\$13,767	\$0	\$0	\$0
Number of Recipients ²	—	4	1	1	1	1	1
2008/09							
Average Monthly Allowance ²	\$0	\$0	\$1,250	\$2,957	\$6,456	\$0	\$0
Average Final Compensation ³	\$0	\$0	\$0	\$0	\$9,684	\$0	\$0
Number of Recipients ²	—	—	2	1	2	—	—
2007/08							
Average Monthly Allowance ²	\$0	\$2,212	\$1,250	\$0	\$1,710	\$0	\$0
Average Final Compensation ³	\$0	\$7,858	\$0	\$0	\$0	\$0	\$0
Number of Recipients ²	—	2	3	—	2	—	—
2006/07							
Average Monthly Allowance ²	\$0	\$2,134	\$310	\$5,717	\$4,921	\$0	\$0
Average Final Compensation ³	\$0	\$8,434	\$0	\$8,250	\$9,240	\$0	\$0
Number of Recipients ²	—	6	9	1	2	—	—
2005/06							
Average Monthly Allowance ²	\$704	\$441	\$2,011	\$1,042	\$4,404	\$0	\$0
Average Final Compensation ³	\$0	\$0	\$4,375	\$0	\$0	\$0	\$0
Number of Recipients ²	2	4	2	1	3	—	—
2004/05⁴							
Average Monthly Allowance ²	\$565	\$1,053	\$935	\$1,067	\$5,358	\$0	\$0
Average Final Compensation ³	\$4,375	\$4,375	\$0	\$0	\$8,714	\$0	\$0
Number of Recipients ²	1	1	1	5	5	—	—

Notes:

- ¹ The data for fiscal year 2011-12 is the most recent data available.
- ² These averages and totals are for retired members, beneficiaries, and community property recipients.
- ³ Average Final Compensation information does not include salary averages for beneficiaries.
- ⁴ CalPERS began reporting Average Benefit Payments for the LRS in the June 30, 2006 Comprehensive Annual Financial Report. Additional years of information will be added each year as it becomes available to provide a ten-year review.
- ⁵ There were no retirements in FY 2011-12, thus no benefit amounts to report.

Judges' Retirement System Program Data

PRIMARY BENEFITS

The Judges' Retirement System (JRS) was established in 1937. The operational activities of the JRS were transferred from the State Controller's Office to CalPERS in 1979. Benefits payable through the JRS are financed by the General Fund, the payroll contributions of members, and the State's contribution as an employer. Both employer and members contribute at the rate of 8 percent of compensation.

MEMBERSHIP

The Judges' Retirement System provides retirement, death, health, and dental benefits for Supreme and Appellate Court Justices, Superior Court Judges, and beneficiaries.

SERVICE RETIREMENT

Retirement Age

Members must be at least age 60 with 20 years of service, or age 70 with at least 10 years of service.

Retirement Benefit Formula

The retirement allowance is a percentage of the current salary of the last judicial office held and is increased proportionally with active judicial salaries. The allowance is based on a member's age and years of service as follows:

Age	Years of Service	Retirement Allowance
60-70	20	75%
66	18	65%
67	16	65%
68	14	65%
69	12	65%
70	10	65%

Judges can work as long as they want and receive their full pension of either 65 percent or 75 percent (depending on credited service). In addition, a surviving spouse benefit of at least one-half of the judge's allowance is provided.

Deferred Retirement

Judges are eligible for deferred retirement at any age if they have at least five years of service. However, judges are not paid the allowance until they reach the age they would be eligible for normal retirement if they had remained in office. A judge must be at least age 63, or age 60 with 20 years of service, to receive a retirement allowance. The allowance is based on years of service multiplied by a percentage of the judge's final salary — varying from 2 percent for five years to 3.75 percent for 12 or more years of service. The maximum benefit they can receive is 75 percent of salary.

DISABILITY RETIREMENT (NON-WORK RELATED)

Judges must apply to the Commission on Judicial Performance to receive a disability retirement. There is no age requirement.

The service requirement is four years. The retirement allowance is 65 percent of the judge's final salary, or 75 percent of their final salary if the judge has 20 or more years of service.

DISABILITY RETIREMENT (WORK RELATED)

Judges receive the same amount for work related disability retirement as non-work related disability retirement. Any person becoming a judge between January 1, 1980 and December 31, 1988, must have at least two years of judicial service; or after January 1, 1989, must have four years of judicial service, unless the disability is a result of injury or disease arising out of and in the course of judicial service.

Judges' Retirement System Program Data (continued)

DEATH BENEFITS (BEFORE RETIREMENT)

Not Eligible to Retire

Spouses or registered domestic partners can receive 25 percent of a current active judge's salary for life or return of contributions plus one month's salary, for each year of service not to exceed six months; or the surviving spouse or registered domestic partner can elect a monthly allowance for life, if the judge had paid an extra \$2 per month and had 10 to 20 years of service. This allowance would be equal to 1.625 percent of the salary multiplied by the number of years of service.

Eligible to Retire

Spouses or registered domestic partners receive one-half of what the retirement allowance would have been if the judge had retired on date of death.

DEATH BENEFITS (AFTER RETIREMENT)

Spouses or registered domestic partners receive one-half of the retirement pension for life, if the member retired with the standard retirement benefit formula, or on disability. Judges may elect to take a reduced retirement allowance in order to enhance the survivor benefits to their spouse, registered domestic partner, or a designated beneficiary.

COST-OF-LIVING ADJUSTMENTS (COLA)

The allowance increases are based on the current salary of an active judge. Retirees receive the same increase as active judges.

JRS ACTIVE MEMBERS & FORMER JUDGES ON DEFERRED RETIREMENT

Active	319
Deferred Retirement	6
TOTAL ACTIVE & DEFERRED MEMBERS	325

JRS BENEFIT RECIPIENTS BY RETIREMENT TYPE

Category	Retired Judges	Survivors & Beneficiaries	TOTAL
Service Retirement	827	324	1,151
Disability Retirement	45	5	50
Deferred Retirement	457	175	632
Optional Settlement	—	—	—
Pre-Retirement Survivor	—	63	63
TOTAL	1,329	567	1,896

JRS BENEFIT PAYMENTS BY TYPE

Category	Amount Paid
Service Retirement	\$155,996,207
Disability Retirement	5,432,941
Beneficiary Death Benefits/Life Allowance	25,655,307
TOTAL	\$187,084,455

Judges' Retirement System Program Data (continued)

JRS Average Benefit Payments – As of June 30, 2012 | Eight-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2011/12¹							
Average Monthly Allowance ²	\$1,316	\$3,160	\$7,580	\$8,055	\$9,795	\$10,090	\$0
Average Final Compensation	\$14,899	\$15,473	\$17,879	\$15,114	\$15,042	\$15,168	\$0
Number of Recipients ²	2	4	5	20	30	9	—
2010/11							
Average Monthly Allowance ²	\$1,447	\$4,186	\$5,586	\$8,680	\$8,645	\$7,809	\$9,245
Average Final Compensation	\$14,899	\$14,899	\$14,899	\$14,899	\$14,382	\$17,299	\$17,018
Number of Recipients ²	3	8	10	22	41	16	4
2009/10							
Average Monthly Allowance ²	\$2,352	\$3,914	\$7,133	\$8,742	\$8,730	\$8,892	\$7,771
Average Final Compensation	\$15,974	\$15,290	\$15,042	\$14,947	\$15,042	\$15,437	\$14,899
Number of Recipients ²	2	11	15	45	45	8	3
2008/09							
Average Monthly Allowance ²	\$1,385	\$3,388	\$6,231	\$9,236	\$9,313	\$10,636	\$10,189
Average Final Compensation	\$14,899	\$15,114	\$15,095	\$15,071	\$15,412	\$14,193	\$14,899
Number of Recipients ²	1	10	11	25	50	15	4
2007/08							
Average Monthly Allowance ²	\$3,410	\$5,643	\$6,108	\$8,432	\$8,297	\$9,838	\$12,787
Average Final Compensation	\$14,899	\$14,899	\$15,186	\$14,899	\$15,069	\$14,899	\$17,050
Number of Recipients ²	3	6	15	38	47	15	1
2006/07							
Average Monthly Allowance ²	\$1,555	\$4,411	\$5,800	\$7,855	\$8,512	\$9,348	\$10,661
Average Final Compensation	\$14,304	\$13,984	\$13,884	\$13,854	\$14,134	\$13,824	\$14,304
Number of Recipients ²	2	7	16	31	33	7	2
2005/06							
Average Monthly Allowance ²	\$2,934	\$2,592	\$6,031	\$6,550	\$7,451	\$7,942	\$8,282
Average Final Compensation	\$13,327	\$12,485	\$12,724	\$12,510	\$12,723	\$12,727	\$12,558
Number of Recipients ²	2	7	14	16	51	10	1
2004/05³							
Average Monthly Allowance ²	\$2,205	\$3,179	\$5,226	\$6,116	\$7,720	\$7,454	\$7,328
Average Final Compensation	\$11,987	\$12,208	\$12,405	\$12,370	\$12,484	\$12,531	\$13,327
Number of Recipients ²	3	8	17	23	59	9	2

Note:

- ¹ The data for fiscal year 2011-12 is the most recent data available.
- ² These averages and totals are for retired members, beneficiaries, and community property recipients.
- ³ CalPERS began reporting Average Benefit Payments for the JRF in the June 30, 2006 Comprehensive Annual Financial Report. Additional years of information will be added each year as it becomes available to provide a ten-year review.

Judges' Retirement System II Program Data

PRIMARY BENEFITS

The Judges' Retirement System II (JRS II) was established in 1994 to create a fully funded, actuarially sound retirement system for judges appointed or elected on or after November 9, 1994. This system provides a unique combination of two basic types of retirement benefits: a defined benefit plan and a monetary credit plan. The defined benefit plan provides a lifetime monthly retirement allowance of up to 75 percent of final compensation. The monetary credit plan allows for a refund of member contributions, a portion of the employer contributions, and interest. Members contribute at the rate of 8 percent of compensation.

ASSEMBLY BILL 340 – PUBLIC EMPLOYEES' PENSION REFORM ACT (PEPRA)

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 31, 2012. The financial impact will be gradually realized as total pension costs and the employer share of those costs decrease.

The new law implemented new member contribution requirements for judges that meet the definition of a new member under PEPRA, effective January 1, 2013. The new requirements provide that all new PEPRA members must contribute to JRS II an amount equal to half of the normal cost.

MEMBERSHIP

The JRS II provides retirement, death, health, and dental benefits for Supreme and Appellate Court Justices, and Superior Court Judges, first appointed or elected after November 9, 1994, and their beneficiaries.

SERVICE RETIREMENT

Retirement Age

Judges must be at least age 65 with 20 years of service or age 70 with a minimum of five years of service to receive the defined benefit plan. Judges must have at least five years of service to receive the monetary credit plan.

RETIREMENT FORMULA

Defined Benefit Plan

This option provides a defined benefit of 3.75 percent of the highest 12-month average salary per year of service, up to 75 percent for judges reaching age 65 with at least 20 years of service. Optional settlements are available which reduce a judge's retirement allowance to provide a lifetime benefit for a surviving spouse upon death of the judge.

The Public Employees' Pension Reform Act of 2013 (Chapter 296, Stats. 2012) (PEPRA) also added Government Code section 7522.32, which for the purpose of determining the retirement benefits to be paid to a new member of a public retirement system, defines final compensation as the highest average annual pensionable compensation earned by the member during a period of at least 36 consecutive months.

Monetary Credit Plan

This option provides a cash payment in a single lump sum, or the member may elect to receive an annuity at retirement based on the accumulated contributions of the employee and the employer. To receive the annuity a judge must meet the minimum qualifications required under the defined benefit plan. Lifetime benefits are not provided under this plan.

DISABILITY RETIREMENT (NON-WORK RELATED)

Judges who have five years of service and become permanently disabled because of a mental or physical disability may apply to the Commission on Judicial Performance for disability retirement.

An allowance is based on the judge's age and will be the amount equal to the lower of the following:

- the monthly benefit of 3.75 percent of the final compensation multiplied by the number of years of service the judge would have been credited had the judge continued to work until the age the judge would have first been eligible to retire, or
- 65 percent of the judge's average monthly salary during the 12 months preceding the retirement date.

DISABILITY RETIREMENT (WORK RELATED)

Judges receive 65 percent of their average monthly salary during the 12 months preceding their retirement date, regardless of age or length of service.

DEATH BENEFITS (BEFORE RETIREMENT)

Eligible for the Defined Benefit Plan

Spouses or registered domestic partners receive either the monthly retirement allowance equal to one-half of the judge's defined benefit plan allowance or the judge's monetary credits. At any time while in office, a judge may make an irrevocable election for their eligible surviving spouse or registered domestic partner to receive the maximum survivor benefit (Option 2) in the event of the judge's pre-retirement death.

Eligible for the Monetary Credit Plan

Spouses or registered domestic partners receive the judge's monetary credits or three times the annual salary at the time of death, whichever is greater.

DEATH BENEFITS (AFTER RETIREMENT)

Defined Benefit Plan

Judges retiring on the defined benefit plan are offered the choice of one of four optional settlement benefits to increase the survivor benefits to their eligible surviving spouse or registered domestic partner.

Monetary Credit Plan

If the judge elected to receive the monetary credit plan in a lump sum, there are no survivor benefits. If the judge elected monetary credit plan in an annuity, the spouse or registered domestic partner receives a lump sum payment of the remaining funds at the time of the judge's death.

COST-OF-LIVING ADJUSTMENTS (COLA)

The retirement allowance of retired judges who have elected the defined benefit plan will be adjusted every January after the judge has been retired six months. The adjustment is based on the United States city average of the Consumer Price Index For All Urban Consumers, as published by the United States Bureau of Statistics. This adjustment will not be less than 1 percent or more than 3 percent.

JRS II ACTIVE JUDGES

Active Members	1,352
TOTAL	1,352

JRS II BENEFIT RECIPIENTS BY RETIREMENT TYPE

Category	Retired Judges	Survivors & Beneficiaries	TOTAL
Service Retirement	28	2	30
Disability Retirement	13	5	18
Pre-Retirement Survivor	—	2	2
36-month Judge's Salary	—	2	2
TOTAL	41	11	52

JRS II BENEFIT PAYMENTS BY TYPE

Category	Amount Paid
Service Retirement	\$2,197,091
Disability Retirement	1,475,957
Beneficiary Death Benefits	147,457
Beneficiary Death Benefits/Life Allowance	297,231
Monetary Credit	6,400,160
TOTAL	\$10,517,896

Judges' Retirement System II Program Data (continued)

JRS II Average Benefit Payments – As of June 30, 2012 | Eight-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2011/12¹							
Average Monthly Allowance ²	\$0	\$3,812	\$8,824	\$8,192	\$0	\$0	\$0
Average Final Compensation	\$0	\$14,899	\$15,975	\$14,899	\$0	\$0	\$0
Number of Recipients ²	—	3	2	4	—	—	—
2010/11							
Average Monthly Allowance ²	\$0	\$11,423	\$8,150	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$14,899	\$14,899	\$0	\$0	\$0	\$0
Number of Recipients ²	—	3	6	1	1	—	—
2009/10							
Average Monthly Allowance ²	\$0	\$9,684	\$6,025	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$14,899	\$15,437	\$0	\$0	\$0	\$0
Number of Recipients ²	—	1	4	—	—	—	—
2008/09							
Average Monthly Allowance ²	\$14,899	\$4,476	\$0	\$0	\$0	\$0	\$0
Average Final Compensation	\$14,899	\$15,975	\$0	\$0	\$0	\$0	\$0
Number of Recipients ²	1	2	—	—	—	—	—
2007/08							
Average Monthly Allowance ²	\$0	\$8,624	\$7,748	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$14,638	\$15,244	\$0	\$0	\$0	\$0
Number of Recipients ²	—	1	4	—	—	—	—
2006/07							
Average Monthly Allowance ²	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Number of Recipients ²	—	—	—	—	—	—	—
2005/06							
Average Monthly Allowance ²	\$0	\$10,982	\$4,275	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$12,434	\$12,459	\$0	\$0	\$0	\$0
Number of Recipients ²	—	3	3	—	—	—	—
2004/05³							
Average Monthly Allowance ²	\$11,987	\$7,080	\$0	\$0	\$0	\$0	\$0
Average Final Compensation	\$11,987	\$11,987	\$0	\$0	\$0	\$0	\$0
Number of Recipients ²	1	2	—	—	—	—	—

Note:

- ¹ The data for fiscal year 2011-12 is the most recent data available.
- ² These averages and totals are for retired members, beneficiaries, and community property recipients.
- ³ CalPERS began reporting Average Benefit Payments for the JRF II in the June 30, 2006 Comprehensive Annual Financial Report. Additional years of information will be added each year as it becomes available to provide a ten-year review.

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Revenues & Expenses – Enterprise Funds

Health Care Fund | 10-Year Review (Dollars in Thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
OPERATING REVENUES										
Self-Insurance Premiums	\$1,921,838	\$1,846,210	\$1,709,975	\$1,362,081	\$1,586,942	\$1,509,064	\$1,390,819	\$1,211,210	\$1,105,131	\$1,042,720
Federal Government Subsidies	22,375	—	—	—	—	—	—	—	—	—
Federal Government Reimbursements	17	32,710	42,583	—	—	—	—	—	—	—
Total Operating Revenues	\$1,944,230	\$1,878,920	\$1,752,558	\$1,362,081	\$1,586,942	\$1,509,064	\$1,390,819	\$1,211,210	\$1,105,131	\$1,042,720
OPERATING EXPENSES										
Actual & Estimated Claims	1,840,863	\$1,728,231	\$1,728,156	\$1,572,084	\$1,461,601	\$1,314,531	\$1,212,706	\$1,131,419	\$1,026,058	\$886,460
Administrative Expenses	105,154	96,043	88,391	90,292	85,511	79,146	74,771	67,679	65,902	58,182
Health Premiums Remitted to Insurance Carriers	—	—	—	—	—	—	—	—	—	—
Total Operating Expenses	\$1,946,017	\$1,824,274	\$1,816,547	\$1,662,376	\$1,547,112	\$1,393,677	\$1,287,477	\$1,199,098	\$1,091,960	\$944,642
OPERATING INCOME (LOSS)	(\$1,787)	\$54,646	(\$63,989)	(\$300,295)	\$39,830	\$115,387	\$103,342	\$12,112	\$13,171	\$98,078
NON-OPERATING REVENUES										
Investment Income	\$4,260	\$33,468	\$22,447	\$47,540	\$21,796	\$34,579	\$20,069	\$18,029	\$10,041	\$5,321
Securities Lending Income	41	54	—	—	—	—	—	—	—	—
Total Non-Operating Revenues	\$4,301	\$33,522	\$22,447	\$47,540	\$21,796	\$34,579	\$20,069	\$18,029	\$10,041	\$5,321
NON-OPERATING EXPENSES										
Cost of Lending Securities	\$8	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Investment Expenses	87	75	—	—	—	—	—	—	—	—
Total Non-Operating Expenses	\$95	\$87	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NON-OPERATING INCOME	\$4,206	\$33,435	\$22,447	\$47,540	\$21,796	\$34,579	\$20,069	\$18,029	\$10,041	\$5,321
CHANGE IN UNRESTRICTED NET POSITION	\$2,419	\$88,081	(\$41,542)	(\$252,755)	\$61,626	\$149,966	\$123,411	\$30,141	\$23,212	\$103,399
TOTAL UNRESTRICTED NET POSITION										
Beginning of Year	\$453,956	\$365,875	\$407,417	\$660,172	\$598,546	\$448,580	\$325,169	\$295,028	\$271,816	\$168,417
End of Year	\$456,375	\$453,956	\$365,875	\$407,417	\$660,172	\$598,546	\$448,580	\$325,169	\$295,028	\$271,816

Revenues & Expenses – Enterprise Funds (continued)

Contingency Reserve Fund | 10-Year Review (Dollars in Thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
OPERATING REVENUES										
Health Premiums Collected	\$0	\$0	\$0	\$0	\$0	\$0	\$0 ¹	\$1,633,317	\$1,520,622	\$1,410,584
Administrative Fees & Other	17,809	25,490	23,956	22,528	25,633	14,928	16,509	13,140	16,808	16,218
Total Operating Revenues	\$17,809	\$25,490	\$23,956	\$22,528	\$25,633	\$14,928	\$16,509	\$1,646,457	\$1,537,430	\$1,426,802
OPERATING EXPENSES										
Health Premiums Remitted to Insurance Carriers	\$0	\$0	\$0	\$0	\$0	\$0	\$0 ¹	\$1,633,317	\$1,520,622	\$1,410,584
Administrative Expenses	27,402	28,073	27,448	27,065	27,288	24,358	20,854	16,356	17,109	15,384
Total Operating Expenses	\$27,402	\$28,073	\$27,448	\$27,065	\$27,288	\$24,358	\$20,854	\$1,649,673	\$1,537,731	\$1,425,968
OPERATING INCOME (LOSS)	(\$9,593)	(\$2,583)	(\$3,492)	(\$4,537)	(\$1,655)	(\$9,430)	(\$4,345)	(\$3,216)	(\$301)	\$834
NON-OPERATING REVENUES										
Investment Income	\$704	\$874	\$993	\$1,071	\$3,706	\$8,037	\$9,279	\$5,049	\$2,817	\$1,787
Total Non-Operating Revenues	\$704	\$874	\$993	\$1,071	\$3,706	\$8,037	\$9,279	\$5,049	\$2,817	\$1,787
NON-OPERATING EXPENSES										
Other Investment Expenses	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-Operating Expenses	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NON-OPERATING INCOME	\$704	\$873	\$993	\$1,071	\$3,706	\$8,037	\$9,279	\$5,049	\$2,817	\$1,787
CHANGE IN UNRESTRICTED NET POSITION	(\$8,889)	(\$1,710)	(\$2,499)	(\$3,466)	\$2,051	(\$1,393)	\$4,934	\$1,833	\$2,516	\$2,621
TOTAL UNRESTRICTED NET POSITION										
Beginning of Year	\$7,596	\$9,306	\$11,805	\$15,271	\$13,220	\$14,613	\$9,679	\$7,846	\$5,330	\$2,709
End of Year	(\$1,293)	\$7,596	\$9,306	\$11,805	\$15,271	\$13,220	\$14,613	\$9,679	\$7,846	\$5,330

Note:

¹ PEMHCA health premiums collected from public agencies is shown as agency fund activity in accordance with GASB No. 43.

Revenues & Expenses – Enterprise Funds (continued)

Long-Term Care Fund | 10-Year Review (Dollars in Thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
OPERATING REVENUES										
Self-Insurance Premiums	\$307,812	\$313,466	\$314,099	\$285,948	\$296,529	\$299,489	\$241,495	\$243,690	\$241,663	\$225,128
Total Operating Revenues	\$307,812	\$313,466	\$314,099	\$285,948	\$296,529	\$299,489	\$241,495	\$243,690	\$241,663	\$225,128
OPERATING EXPENSES										
Claims	\$198,185	\$174,896	\$156,118	\$133,042	\$116,191	\$101,349	\$87,324	\$78,007	\$65,369	\$53,022
Increase (Decrease) in Estimated Liabilities	(631,804)	1,063,318	(115,600)	(208,200)	469,800	(600,900)	487,800	219,400	840,700	585,000
Administrative Expenses	21,819	21,718	21,303	19,663	18,421	18,479	18,198	17,053	16,285	15,305
Total Operating Expenses	(\$411,800)	\$1,259,932	\$61,821	(\$55,495)	\$604,412	(\$481,072)	\$593,322	\$314,460	\$922,354	\$653,327
OPERATING INCOME (LOSS)	\$719,612	(\$946,466)	\$252,278	\$341,443	(\$307,883)	\$780,561	(\$351,827)	(\$70,770)	(\$680,691)	(\$428,199)
NON-OPERATING REVENUES										
Investment Income	\$119,607	\$114,947	\$537,156	\$351,745	(\$369,021)	(\$73,039)	\$281,068	\$121,703	\$124,474	\$141,686
Securities Lending Income	909	1,624	—	—	—	—	—	—	—	—
Total Non-Operating Revenues	\$120,516	\$116,571	\$537,156	\$351,745	(\$369,021)	(\$73,039)	\$281,068	\$121,703	\$124,474	\$141,686
NON-OPERATING EXPENSES										
Cost of Lending Securities	\$120	\$274	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Investment Expenses	1,160	540	—	—	—	—	—	—	—	—
Total Non-Operating Expenses	\$1,280	\$814	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NON-OPERATING INCOME (LOSS)	\$119,236	\$115,757	\$537,156	\$351,745	(\$369,021)	(\$73,039)	\$281,068	\$121,703	\$124,474	\$141,686
CHANGE IN UNRESTRICTED NET POSITION	\$838,848	(\$830,709)	\$789,434	\$693,188	(\$676,904)	\$707,522	(\$70,759)	\$50,933	(\$556,217)	(\$286,513)
TOTAL UNRESTRICTED NET POSITION										
Beginning of Year	(\$159,726)	\$670,983	(\$118,451)	(\$811,639)	(\$134,735)	(\$842,257)	(\$771,498)	(\$822,431)	(\$266,214)	\$20,299
End of Year	\$679,122	(\$159,726)	\$670,983	(\$118,451)	(\$811,639)	(\$134,735)	(\$842,257)	(\$771,498)	(\$822,431)	(\$266,214)

Health Benefits Program Data

Total Enrollments by Health Plan

	Basic			Medicare			Total Enrollments (Subs) ¹
	Active	Retired	TOTAL	Active	Retired	TOTAL	
Blue Shield Access+	63,760	15,054	78,814	6	21,706	21,712	100,526
Blue Shield NetValue	59,623	9,445	69,068	—	4,179	4,179	73,247
CAHP	6,343	2,097	8,440	—	2,611	2,611	11,051
CCPOA	9,510	1,897	11,407	—	388	388	11,795
Kaiser	157,383	31,385	188,768	11	55,905	55,916	244,684
Kaiser/Out-of-State	23	353	376	0	1,202	1,202	1,578
PERS Choice	62,510	25,266	87,776	5	40,010	40,015	127,791
PERS Select	19,050	1,436	20,486	—	770	770	21,256
PERSCare	3,076	2,572	5,648	3	38,424	38,427	44,075
PORAC	6,465	2,486	8,951	—	1,156	1,156	10,107
TOTAL	387,743	91,991	479,734	25	166,351	166,376	646,110

Five-Year Enrollments

	2013	2012	2011	2010	2009
Total Covered Lives – Employees, Annuitants, & Dependents	1,374,794	1,373,606	1,354,987	1,309,902	1,286,349
Total Prime Lives – Employees & Annuitants	646,110	639,682	631,413	624,996	607,570

Basic & Supplemental Health Plan Total Enrollments

	Basic			Medicare			Total Enrollments (Subs) ¹
	Active	Retired	TOTAL	Active	Retired	TOTAL	
HMOs	280,789	56,237	337,026	17	82,992	83,009	420,035
Self-Funded PPOs	84,636	29,274	113,910	8	79,204	79,212	193,122
Association Plans	22,318	6,480	28,798	0	4,155	4,155	32,953
TOTAL	387,743	91,991	479,734	25	166,351	166,376	646,110

Participating Public Agency Summary

	2013	2012
Counties	29	29
Cities	304	306
School Employers	156*	150*
Districts & Other Public Agencies	736*	729*
TOTAL	1,225	1,214
TOTAL COVERED LIVES	625,687	586,465

*Three charter schools and the LA Office of Education were set up as Districts & Other Public Agencies due to the construction of their retirement contracts. We have moved them to the School Employers category for accuracy of the employer type in the 2013 CAFR.

Note:

¹ Total Enrollments (Subs) shows health plan subscribers only, not the dependents. The total covered lives — 1,373,606 — is shown in the Five Year Enrollments table above.

Health Benefits Program Data (continued)

PARTICIPATING PUBLIC AGENCIES BY TYPE

Approximate number of all covered lives active, retired, and dependents for each public agency.

Counties (29 total)

Amador	245	Nevada	2,539
Butte	4,332	Placer	7,295
Colusa	731	Plumas	245
Contra Costa	2,890	Riverside	2,773
Glenn	1,076	San Benito	1,042
Humboldt	3,874	San Luis Obispo	5,159
Inyo	1,142	Santa Cruz	6,328
Lake	153	Shasta	5,280
Lassen	728	Siskiyou	1,632
Madera	3,238	Solano	5,425
Mariposa	1,097	Trinity	1,116
Modoc	386	Tuolumne	1,161
Mono	871	Yolo	3,570
Monterey	9,843	Yuba	1,725
Napa	3,329	Total Covered Lives	79,225

Cities (304 total)

Agoura Hills	96	Buena Park	852
Alameda	1,585	Burbank	2,944
Albany	187	Burlingame	835
Alhambra	916	Calabasas	219
Aliso Viejo	32	California City	119
American Canyon	158	Calimesa	2
Angels	89	Calistoga	98
Antioch	784	Camarillo	332
Arcadia	788	Campbell	313
Arroyo Grande	281	Canyon Lake	6
Artesia	117	Capitola	134
Atherton	128	Carlsbad	1,531
Atwater	228	Carmel-by-the-Sea	173
Auburn	160	Carpinteria	98
Avalon	170	Carson	1,061
Avenal	9	Cathedral City	501
Azusa	571	Cerritos	807
Baldwin Park	481	Chino	558
Barstow	481	Chino Hills	70
Bell	334	Citrus Heights	337
Bellflower	268	Clayton	58
Belmont	351	Coachella City	147
Belvedere	58	Colma	124
Beverly Hills	2,283	Colton	149
Biggs	17	Colusa	89
Bishop	183	Commerce	609
Blythe	253	Compton	1,617
Brawley	209	Concord	1,397
Brea	961	Corona	2,145
Brentwood	637	Coronado	492
Brisbane	196	Corte Madera	181
Buellton	40	Costa Mesa	1,506

Covina	413	lone	36
Crescent City	155	Irwindale	296
Cudahy	68	Jackson	94
Culver City	2,183	La Canada Flintridge	64
Cupertino	596	La Habra	605
Cypress	373	La Habra Heights	26
Daly City	1,312	La Mesa	701
Dana Point	113	La Mirada	268
Davis	995	La Palma	151
Del Rey Oaks	19	La Puente	136
Diamond Bar	96	La Quinta	181
Dixon	162	Laguna Niguel	128
Downey	1,934	Laguna Woods	15
Duarte	136	Lake Elsinore	226
Dublin	271	Lake Forest	136
Eastvale	11	Lakewood	288
El Cajon	748	Larkspur	204
El Monte	914	Lathrop	145
El Segundo	1,071	Lawndale	111
Elk Grove	443	Lemon Grove	168
Emeryville	196	Lemoore	141
Encinitas	492	Lincoln	633
Etna	15	Live Oak	47
Fairfax	66	Lodi	1,010
Fillmore	36	Loma Linda	138
Firebaugh	70	Lomita	124
Fort Jones	11	Lompoc	837
Foster - Elected Officials	0	Loomis	26
Fountain Valley	780	Los Alamitos	158
Fremont	2,100	Los Altos	300
Fullerton	315	Los Altos Hills	60
Galt	392	Los Banos	409
Garden Grove	1,587	Los Gatos	415
Gilroy	558	Lynwood	496
Glendora	368	Malibu	162
Goleta	94	Mammoth Lakes	149
Grand Terrace	45	Manhattan Beach	650
Grass Valley	249	Manteca	899
Gridley	119	Marina	194
Grover Beach	121	Martinez	166
Guadalupe	62	Maywood	64
Half Moon Bay	53	Menifee	40
Hanford	411	Menlo Park	616
Hawaiian Gardens	185	Millbrae	266
Hawthorne	984	Milpitas	1,110
Hayward	2,573	Mission Viejo	266
Hercules	141	Modesto	345
Hesperia	192	Montague	15
Hidden Hills	6	Monte Sereno	9
Highland	60	Montebello	1,018
Hillsborough	288	Monterey	1,133
Hollister	166	Moorpark	141
Huntington Beach	1,035	Moreno Valley	575
Huntington Park	643	Morgan Hill	326
Imperial Beach	141	Morro Bay	271
Indian Wells	111	Mt. Shasta	43
Indio	660	Murrieta	588

Health Benefits Program Data (continued)

Cities (continued)

Napa	209	Rancho Mirage	211	Sand City	21	Tustin	686
Newark	281	Rancho Santa Margarita	38	Santa Ana	1,864	Twentynine Palms	64
Newport Beach	1,979	Red Bluff	151	Santa Clara	2,126	Ukiah	15
Norco	228	Redlands	1,208	Santa Clarita	658	Union City	562
Norwalk	833	Redwood City	1,687	Santa Cruz	1,853	Upland	675
Novato	364	Reedley	296	Santa Fe Springs	752	Vacaville	1,608
Oakdale	168	Rialto	884	Santa Maria	854	Vallejo	1,859
Oakland	15,415	Richmond	2,718	Santa Monica	603	Villa Park	23
Ojai	107	Ridgecrest	162	Santa Paula	155	Walnut	66
Ontario	3,519	Rio Vista	85	Santa Rosa	854	Weed	49
Orange	1,487	Rocklin	652	Saratoga	134	West Covina	1,007
Orinda	64	Rolling Hills	15	Sausalito	196	West Hollywood	492
Oxnard	1,998	Rolling Hills Estates	51	Scotts Valley	175	West Sacramento	739
Pacific Grove	200	Rosemead	166	Seal Beach	305	Westlake Village	34
Pacifica	279	Roseville	3,212	Selma	232	Westminster	850
Palm Desert	358	Ross	47	Shasta Lake	126	Wildomar	23
Palm Springs	334	Salinas	1,088	Sierra Madre	153	Williams	58
Palo Alto	4,948	San Anselmo	113	Signal Hill	364	Willows	64
Paradise	262	San Carlos	241	Solana Beach	134	Winters	53
Paramount	228	San Clemente	432	Solvang	89	Woodland	903
Pasadena	4,141	San Dimas	160	South El Monte	92	Woodside	43
Patterson	183	San Fernando	413	South Gate	718	Yorba Linda	271
Perris	213	San Francisco	143	South Pasadena	426	Yountville	79
Petaluma	688	San Gabriel	417	Stanton	96	Yreka	96
Pico Rivera	479	San Jacinto	6	Suisun City	170	Yuba City	160
Piedmont	266	San Juan Capistrano	185	Sunnyvale	3,074	Yucaipa	85
Pinole	302	San Leandro	1,150	Temecula	281	Yucca Valley	85
Pismo Beach	198	San Luis Obispo	863	Temple City	132	Total Covered Lives	173,206
Placentia	449	San Marcos	158	Thousand Oaks	1,125		
Pomona	1,891	San Marino	260	Tiburon	100		
Port Hueneme	222	San Mateo	1,674	Torrance	3,591		
Portola Valley	32	San Pablo	343	Truckee	358		
Rancho Cordova	102	San Rafael	1,363	Tulelake	15		

Districts & Other Public Agencies (736 total)

Academic Senate for California Community Colleges	11	Amador Water Agency	100
Agoura Hills and Calabasas Community Center	17	American Canyon Fire Protection District	47
Alameda Corridor Transportation Authority	26	Anderson Cemetery District	6
Alameda County Congestion Management Agency	11	Anderson Fire Protection District	34
Alameda County Fire Department	1,278	Antelope Valley Mosquito and Vector Control District	15
Alameda County Law Library	38	Apple Valley Fire Protection District	124
Alameda County Mosquito Abatement District	51	Aptos/La Selva Fire Protection Agency	98
Alameda County Schools Insurance Group	2	Arbuckle-College City Fire Protection District	9
Alameda County Transportation Authority	0	Arcade Creek Recreation and Park District	13
Alameda County Transportation Commission	49	Arcade Water District	0
Alameda County Transportation Improvement Authority	13	Arcata Fire Protection District	83
Alameda County Waste Management Authority	111	Area 12 Agency on Aging	26
Alameda County Water District	754	Arrowbear Park County Water District	19
Albany Municipal Services Joint Powers Authority	38	Arroyo Grande District Cemetery	9
Alhambra Redevelopment Agency	2	Associated Students California State University San Bernardino	9
Aliso Water Management Agency	0	Associated Students Incorporated of California State University Stanislaus	11
Alliance Of Schools For Cooperative Insurance Programs	53	Associated Students, Inc.	6
Alpine Springs County Water District	6	Association of Bay Area Governments	219
Altadena Library District	66	Association of Monterey Bay Area Governments	23
Amador County Superior Court	53	Atascadero Cemetery District	13

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Auburn Public Cemetery District	19	California Municipal Utilities Association	13
Aztec Shops, Ltd.	192	California State and Federal Employees #20 Credit Union	19
BETA Healthcare Group Risk Management Authority	136	California State University, Bakersfield Foundation	51
Banning-Cabazon Cemetery District	0	California State University, Dominguez Hills Foundation	111
Bardsdale Cemetery District	6	California State University, Fresno Athletic Corporation	126
Bay Area Air Quality Management District	1,039	California State University, Los Angeles-Usu Board	53
Bay Area Library And Information System	4	California State University, Stanislaus Auxiliary and Business Services	11
Bay Area Water Supply and Conservation Agency	17	California State University-Fresno Association, Inc.	339
Beach Cities Health District	104	Calleguas Municipal Water District	198
Bear Mountain Recreation And Park District	11	Camarillo Health Care District	36
Bear Valley Community Healthcare District	567	Cambria Cemetery District	2
Beaumont District Library	17	Cambria Community Healthcare District	28
Beaumont Public Cemetery District	0	Cambria Community Services District	132
Beaumont-Cherry Valley Recreation And Park District	19	Cameron Park Community Services District	30
Beaumont-Cherry Valley Water District	60	Capistrano Bay Community Services District	2
Bella Vista Water District	79	Capitol Area Development Authority	94
Belmont Fire Protection District	47	Carmel Highlands Fire Protection District of Monterey County	2
Belmont-San Carlos Fire Department	117	Carmel Regional Fire Ambulance Authority	2
Belvedere-Tiburon Joint Recreation	6	Carmel Valley Fire Protection District	0
Belvedere-Tiburon Library Agency	26	Carmichael Water District	64
Ben Lomond Fire Protection District	2	Carpinteria Public Cemetery District	4
Benicia City Housing Authority	32	Castaic Lake Water Agency	245
Bennett Valley Fire Protection District	6	Castro Valley County Fire Protection District	0
Big Bear Area Regional Wastewater Agency	47	Castro Valley Sanitary District	66
Big Bear City Airport District	21	Castroville Community Services District	11
Big Bear City Community Services District	213	Cayucos Sanitary District	17
Black Gold Cooperative Library System	15	Cayucos-Morro Bay Cemetery District	4
Blanchard/Santa Paula Public Library District	19	Central Calaveras Fire and Rescue Protection District	9
Bonita-Sunnyside Fire Protection District	60	Central Coast Water Authority	66
Boulder Creek Fire Protection District	6	Central Contra Costa Transit Authority	464
Branciforte Fire Protection District	9	Central County Fire Department	320
Brannan-Andrus Levee Maintenance District	2	Central Fire Protection District of Santa Cruz County	215
Buena Park Library District	51	Central Marin Sanitation Agency	134
Butte County Air Quality Management District	19	Central Plumas Recreation and Park District	4
Butte County Association of Governments	23	Central Sierra Child Support Agency	79
Butte County In-Home Supportive Services Public Authority	6	Central Valley Regional Center, Inc.	807
Butte County Law Library	4	Cesar Chavez Student Center, Inc	58
Butte County Superior Court	232	Channel Islands Beach Community Services District	15
Butte Local Agency Formation Commission	6	Chester Public Utility District	30
Byron, Brentwood, Knightsen Union Cemetery District	15	Children and Families Commission of San Luis Obispo County	4
CSAC Excess Insurance Authority	113	Chino Basin Watermaster	15
Cal Poly Corporation	645	Chino Valley Independent Fire District	292
Calaveras County Superior Court	60	Chowchilla Cemetery District	11
Calaveras County Water District	230	Christian Valley Park Community Service District	0
Calaveras Public Utility District	17	Citrus Pest Control District No. 2 of Riverside County	2
California Administrative Services Authority	0	City/County Association of Governments of San Mateo County	4
California Authority of Racing Fairs	23	Clear Creek Community Services District	30
California Bear Credit Union	49	Cloverdale Citrus Fair	0
California Dried Plum Board	11	Coachella Valley Association of Governments	23
California Fair Services Authority	94	Coachella Valley Mosquito and Vector Control District	102
California Fairs Financing Authority	30	Coachella Valley Public Cemetery District	17
California Interscholastic Federation North Coast Section	17	Coalinga-Huron Recreation and Park District	19
California Interscholastic Federation, Northern Section	2	Coastal Animal Services Authority	11
California Interscholastic Federation, Southern Section	60	Coastal Developmental Services Foundation DBA Westside Regional Center	415
California Joint Powers Insurance Authority	75	Coastal San Luis Resource Conservation	0
California Joint Powers Risk Management Authority	13	Coastside Fire Protection District	60
California Maritime Academy Foundation, Inc.	0		

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Colusa County Superior Court	32	El Camino Irrigation District	0
Colusa Mosquito Abatement District	4	El Dorado County Fire Protection District	258
Community College League of California	40	El Dorado County Transit Authority	49
Compton Creek Mosquito Abatement District	0	El Dorado County Transportation Commission	13
Conejo Recreation and Park District	209	El Dorado Hills Community Services District	36
Contra Costa County Law Library	17	El Dorado Hills County Water District	158
Contra Costa County Schools Insurance Group	40	El Dorado Irrigation District	707
Contra Costa Fire Protection District	1497	Encina Wastewater Authority	132
Contra Costa Mosquito Vector Control Dist	79	Encinitas Fire Protection District	0
Contra Costa Special Ed Local Plan Area	17	Encinitas Sanitary District	0
Contra Costa Transportation Authority	49	Esparto Community Services District	4
Cordelia Fire Protection District Of Solano County	6	Estero Municipal Improvement District	452
Corning Water District	6	Fair Oaks Cemetery District	9
Costa Mesa Sanitary District	17	Fair Oaks Fire District	0
Cosumnes Community Services District	667	Fair Oaks Recreation and Park District	36
Cottonwood Cemetery District	4	Fairfield-Suisun Sewer District	126
Cottonwood Fire Protection District	13	Fallbrook Healthcare District	2
Crescent City Harbor District	38	Feather River Air Quality Management District	17
Crestline Lake Arrowhead Water Agency	32	Feather Water District	9
Crestline Sanitation District	36	Felton Fire Protection District	4
Cutler-Orosi Joint Powers Wastewater Authority	0	Fern Valley Water District	11
Cuyama Valley Recreation District	0	First Five of Mariposa County	0
Cypress Recreation And Park District	0	Florin County Water District	19
Dairy Council Of California	87	Foothill/Eastern Transportation Corridor Agency	162
Davis Cemetery District	11	Forestville County Water District	13
Deer Springs Fire Protection District	4	Forestville Fire Protection District	17
Del Norte County Library District	0	Fort Bragg Fire Protection Authority	11
Del Norte Healthcare District	6	Fort Ord Reuse Authority	28
Del Paso Manor Water District	9	Fresno County Law Library	9
Del Paso Manor Water District-Directors	0	Fresno Irrigation District	190
Del Puerto Water District	6	Fresno-Madera Area Agency On Aging	66
Del Rey Community Services District	9	Fruitridge Fire Protection District	2
Delta Diablo Sanitation District	215	Fullerton California State University Associated Students	166
Delta Vector Control District	34	Fulton El-Camino Recreation and Park District	32
Denair Community Services District	13	Galt Fire Protection District	0
Desert Healthcare District	26	Garden Valley Fire Protection District	15
Diamond Springs/El Dorado Fire Protection District	68	Georgetown Fire Protection District	28
Dixon Housing Authority	0	Gilsizer County Drainage District	6
Dominguez Hills CSU Associated Students	11	Glen Ellen Fire Protection District	9
Dominguez Hills CSU Associated Students - Child Development Center	9	Glenn County Mosquito and Vector Control District	6
Donald P. and Katherine B. Loker University Student Union, Inc.	19	Glenn County Superior Court	51
Dougherty Regional Fire Authority	21	Glenn-Colusa Irrigation District	0
Dublin San Ramon Services District	307	Gold Coast Transit	330
Dunnigan Water District	6	Gold Ridge Fire Protection District	23
Durham Mosquito Abatement District	2	Golden Sierra Job Training Agency	79
East Bay Dischargers Authority	15	Goleta Cemetery District	9
East Bay Regional Park District	5,412	Goleta Sanitary District	72
East Diablo Fire District	109	Goleta West Sanitary District	26
East Kern Airport District	83	Great Basin Unified Air Pollution Control District	72
East Palo Alto Sanitary District	26	Greater Anaheim Special Education Local Plan Area	47
East Quincy Services District	9	Greater Los Angeles County Vector Control District	177
East Valley Water District	170	Greater Vallejo Recreation District	121
Eastern Municipal Water District	1,295	Green Valley County Water District	4
Eastern Plumas Health Care District	273	Greenfield Fire Protection District	9
Eastern Sierra Community Service Dist	15	Gridley Biggs Cemetery District	15
Eastern Sierra Transit Authority	47	Grossmont Healthcare District	28
Eden Township Healthcare District	2	Grossmont Schools Federal Credit Union	23
		Half Moon Bay Fire Protection District	0

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Hamilton Branch Fire Protection District	2	Linden-Peters Rural County Fire Protection District	34
Hamilton City Community Services District	4	Littlerock Creek Irrigation District	15
Harbor Developmental Disabilities Foundation, Inc.	454	Live Oak Cemetery District	4
Hayward California State University, Auxiliary Foundation, Inc.	115	Livermore/Amador Valley Transit Authority	45
Heartland Communications Facility Authority	15	Local Agency Formation Commission of Monterey County	6
Heritage Ranch Community Services District	23	Local Agency Formation Commission of San Luis Obispo County	0
Hesperia Fire Protection District	2	Local Government Services Authority, A Joint Powers Authority	55
Hesperia Recreation And Park District.	102	Lompoc Cemetery District	11
Hesperia Water District	92	Lompoc Healthcare District	648
Hilton Creek Community Services District	4	Los Angeles City Community Redevelopment Agency	496
Housing Authority of the City of Alameda	75	Los Angeles County Area 'E' Civil Defense And Disaster Board	2
Housing Authority of the City of Eureka	43	Los Angeles County Law Library	149
Housing Authority of the City of Los Angeles	1527	Los Angeles County Sanitation District No. 2	5,847
Housing Authority of the City of South San Francisco	9	Los Angeles County West Vector Control District	75
Housing Authority of the County of Santa Clara	317	Los Angeles Memorial Coliseum Commission	75
Housing Authority of the County of Santa Cruz	128	Los Osos Community Services District	13
Hub Cities Consortium	45	Lower Tule River Irrigation District	77
Humboldt County Association of Governments	4	Lumberjack Enterprises, Inc.	0
Humboldt County Superior Court	213	Madera Cemetery District	62
Humboldt No. 1 Fire Protection District of Humboldt County	36	Madera County Economic Development Commission	0
Humboldt State University Center Board of Directors	256	Majestic Pines Community Services District	4
Humboldt Transit Authority	117	Mammoth Lakes Fire District	34
Hydesville County Water District	2	Mammoth Lakes Mosquito Abatement District	0
Idyllwild Fire Protection District	38	Management of Emeryville Services Authority	226
Indian Valley Community Services District	0	March Joint Powers Authority	19
Indian Valley Health Care District	0	Marin Children and Families Commission	4
Inland Empire Utilities Agency	581	Marin County Housing Authority	104
Intelcom Intelligent Telecommunications	38	Marin County Sanitary District No 1	83
Inverness Public Utility District	13	Marin Healthcare District	0
Ironhouse Sanitary District	104	Marin Municipal Water District	895
Irvine Ranch Water District	769	Marinwood Community Services District	64
Isla Vista Recreation and Park District	19	Maxwell Public Utility District	6
JRS Los Angeles County Superior Court	888	Mayers Memorial Hospital District	311
JRS Riverside County Superior Court	107	McCloud Community Services District	28
JRS Ventura County Superior Court	62	Meadow Vista County Water District	11
Jamestown Sanitary District	17	Meeks Bay Fire Protection District	13
Jurupa Community Services District	271	Meiners Oaks County Water District	11
Kanawha Water District	9	Mendocino County Russian River Flood Control and Water Conservation Improvement Dt	2
Kensington Community Services District	47	Menlo Park Fire Protection District	332
Kensington Fire Protection District	21	Merced County Housing Authority	79
Kentfield Fire Protection District	55	Mesa Water District	124
Kenwood Fire Protection District	6	Metropolitan Transportation Commission	447
Kern County Council Of Governments	60	Metropolitan Water District of Southern California	6,744
Kern County Housing Authority	339	Mid Carmel Valley Fire Protection Dist	6
Kern County Law Library	6	Midpeninsula Regional Open Space District	204
Kern Regional Center	407	Midway City Sanitary District	104
Kirkwood Meadows Public Utility District	62	Midway Heights County Water District	4
Lake County Winegrape Commission	2	Millville Masonic and Odd Fellows Cemetery District	2
Lake Don Pedro Community Services District	0	Mission Valley Regional Occupational Center/Program	53
Lake Hemet Municipal Water District	128	Mojave Desert Air Quality Management	72
Lake Valley Fire Protection District	58	Mojave Water Agency	94
Lakeside Fire Protection District	177	Monte Vista County Water District	53
Las Gallinas Valley Sanitary District of Marin County	72	Montecito Fire Protection District	170
Last Frontier Healthcare District	162	Monterey Bay Unified Air Pollution Control District	66
Lathrop-Manteca Fire Protection District	89	Monterey County Law Library	2
Leucadia Wastewater District	49	Monterey County Regional Fire Protection District	164
Levee District No.1 of Sutter County	6	Monterey County Superior Court	396
Linda Fire Protection District	34		

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Monterey County Water Resources Agency	119	Oroville Mosquito Abatement District	2
Monterey Peninsula Airport District	100	Oxnard Harbor District	102
Monterey Peninsula Regional Park District	43	Pacific Fire Protection District	28
Monterey-Salinas Transit District	409	Pajaro Valley Fire Protection Agency	0
Moraga-Orinda Fire Protection Dist.	302	Pajaro Valley Public Cemetery District	19
Morongo Basin Transit Authority	53	Palm Drive Health Care District	275
Mosquito and Vector Management District of Santa Barbara County	15	Palm Ranch Irrigation District	13
Moss Landing Harbor District	11	Palm Springs Cemetery District	13
Mother Lode Job Training Agency	49	Palm Springs Desert Resorts Convention and Visitors Authority	79
Mountain Valley Emergency Medical Services Agency	6	Palo Verde Valley District Library	0
Mt View Sanitary District of Contra Costa County	45	Paradise Recreation and Park District	28
Mt. San Antonio College Auxiliary Services	100	Paso Robles City Housing Authority	23
Muir Beach Community Services District	4	Peardale Chicago Park Fire Protection District	2
Municipal Pooling Authority	28	Peninsula Health Care District	6
Murphys Sanitary District	0	Peninsula Library System	28
Murrieta Fire Protection District	128	Peninsula Traffic Congestion Relief Alliance	17
Napa County Mosquito Abatement District	26	Penn Valley Fire Protection District	28
Napa County Superior Court	183	Penryn Fire Protection District	0
Napa County Transportation and Planning Agency	28	Pine Cove Water District	9
Napa Sanitation District	170	Pine Grove Mosquito Abatement District	2
Nevada Cemetery District	9	Pinedale County Water District	26
Nevada County Superior Court	147	Pioneer Cemetery District	9
Nevada Irrigation District	669	Pixley Irrigation District	17
Nevada-Sierra Regional IHSS Public Authority	13	Placer County Resource Conservation District	11
Newport Beach City Employees Federal Credit Union	6	Placer County Transportation Planning Agency	19
Nipomo Community Services District	43	Placer County Water Agency	577
North Bay Regional Center	386	Placer Hills Fire Protection District	6
North Bay Schools Insurance Authority	30	Placer Mosquito and Vector Control District	38
North Coast Railroad Authority	4	Planning and Service Area II Area Agency On Aging	4
North Coast Unified Air Quality Management District	45	Pleasant Valley Recreation and Park District	81
North County Fire Protection District of Monterey County	100	Plumas County Community Development Commission	34
North County Fire Protection District of San Diego County	194	Plumas Local Agency Formation Commission	2
North County Regional Occupational Program Joint Powers Agency	9	Point Montara Fire Protection District	0
North County Transit District	377	Pomerado Cemetery District	9
North Delta Water Agency	0	Pomona, California State Polytechnic University, Associated Students, Inc.	115
North Los Angeles County Regional Center Inc	865	Port San Luis Harbor District	70
North Marin Water District	162	Port of Oakland	0
North State Cooperative Library System	6	Princeton-Codora-Glenn Irrigation Dist.	11
North Tahoe Fire Protection District	128	Processing Strawberry Advisory Board	11
Northern California Power Agency	524	Processing Tomato Advisory Board	9
Northern California Special Districts Insurance Authority	9	Provident Irrigation District	9
Northern Salinas Valley Mosquito Abatement District	13	Public Agency Risk Sharing Authority of California	13
Northern Sierra Air Quality Management District	15	Public Entity Risk Management Authority	11
Northridge Water District	0	Quincy Cemetery District	2
Northridge, Csu, Associated Students	85	Quincy Community Services District	13
Northstar Community Services District	83	Rainbow Municipal Water District	4
Northwest Mosquito and Vector Control District	21	Ramona Cemetery District	11
Novato Fire Protection District	320	Rancho Cucamonga Fire Protection District	334
Novato Sanitary District	89	Rancho Murieta Community Services District	77
Oak Hill Cemetery District	0	Rancho Simi Recreation and Park District	211
Oakland City Housing Authority	944	Reclamation District No. 70	17
Ojai Valley Sanitary District	55	Reclamation District No. 341	4
Ophir Hill Fire Protection District	4	Reclamation District No. 800	9
Orange County Fire Authority	777	Reclamation District No. 833	9
Orange County Vector Control District	138	Reclamation District No. 900	9
Oro Loma Sanitary District	175	Reclamation District No. 1000	130
Oroville Cemetery District	21		

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Reclamation District No. 1001	36	San Jacinto Valley Cemetery District	34
Reclamation District No. 1601	4	San Joaquin County Housing Authority	332
Reclamation District No. 1660	0	San Joaquin County Mosquito and Vector Control District	107
Redway Community Services District	13	San Joaquin Hills Transportation Corridor Agency	0
Regional Center of the East Bay	648	San Jose State University Foundation	616
Regional Council of Rural Counties	45	San Jose State University, Associated Students	89
Regional Government Services Authority	21	San Juan Water District	149
Regional Housing Authority of Sutter and Nevada Counties	60	San Lorenzo Valley Water District	47
Regional Water Authority	19	San Luis Obispo Air Pollution Control District	40
Richardson Bay Sanitary District	19	San Luis Obispo Cal Poly Associated Students, Inc.	207
Rincon Del Diablo Municipal Water District	83	San Luis Obispo Council of Governments	34
Riverbank City Housing Authority	4	San Luis Obispo County Pension Trust	15
Riverdale Public Utility District	6	San Luis Obispo Regional Transit Authority	13
Riverside County Air Pollution Control District	0	San Marcos Fire Protection District	0
Riverside County Housing Authority	0	San Mateo County Resource Conservation District	0
Riverside County Superior Court	0	San Mateo County Schools Insurance Group	15
Riverside County Transportation Commission	111	San Mateo County Transit District	1,845
Rodeo-Hercules Fire Protection District	75	San Miguel Community Services District	11
Roseville Public Cemetery District	21	San Miguel Consolidated Fire Protection District	200
Ross Valley Fire Department	136	San Ramon Valley Fire Protection Dist.	626
Rubidoux Community Services District	4	San Simeon Community Services District	2
Ruth Lake Community Services District	0	Sanitary District No. 5 of Marin County	34
Sacramento Area Council of Governments	136	Santa Barbara Co Association Of Gov	51
Sacramento City Housing Authority	858	Santa Barbara County Law Library	6
Sacramento County Fire Protection District	0	Santa Clara County Health Authority	309
Sacramento County Public Law Library	40	Santa Clara County Law Library	2
Sacramento Metropolitan Air Quality Management District	162	Santa Cruz County Law Library	0
Sacramento Metropolitan Cable Television Commission	13	Santa Cruz County Regional Transportation Commission	45
Sacramento Metropolitan Fire District	2,614	Santa Cruz County Superior Court	290
Sacramento Regional Fire/EMS Communications Center	128	Santa Cruz Local Agency Formation Commission	6
Sacramento Regional Transit District	2,358	Santa Cruz Metropolitan Transit District	1,135
Sacramento Suburban Water District	153	Santa Cruz Regional 9-1-1	128
Sacramento Transportation Authority	2	Santa Fe Irrigation District	164
Salinas Valley Solid Waste Authority	77	Santa Maria Public Airport District	28
Salton Community Services District	45	Santa Paula City Housing Authority	21
Samoa Peninsula Fire Protection District	0	Saratoga Fire Protection District	21
San Andreas Regional Center Inc	656	Sausalito-Marin City Sanitary District	51
San Andreas Sanitary District	17	School Personnel Credit Union	15
San Benito County Water District	47	Schools Excess Liability Fund	19
San Bernardino County Housing Authority	415	Scotts Valley Water District	47
San Bernardino County Law Library	11	Selma-Kingsburg-Fowler County Sanitation District	89
San Bernardino County Transportation Authority	0	Sequoia Healthcare District	11
San Bernardino Economic Development Agency	28	Serra Cooperative Library System	0
San Bernardino, California State University, Student Union	47	Sewer Authority Mid-Coastside	34
San Diego Association of Governments	645	Shasta Area Safety Communications Agency	102
San Diego County Law Library	81	Shasta Community Services District	0
San Diego State University Associated Students	64	Shasta County Superior Court	447
San Dieguito Water District	77	Shasta Dam Area Public Utility District	0
San Elijo Joint Powers Authority	38	Shasta Mosquito and Vector Control District	40
San Francisco Bay Area Rapid Transit District	10,535	Shasta Regional Transportation Agency	21
San Francisco Bay Area Water Emergency Transportation Authority	15	Shasta Valley Cemetery District	11
San Francisco City and County Housing Authority	511	Sierra Lakes County Water District	19
San Francisco City and County Redevelopment Agency	349	Sierra-Sacramento Valley Emergency Medical Services Agency	32
San Francisco Community College District Bookstore Auxilliary	30	Silicon Valley Animal Control Authority	32
San Francisco County Transportation Authority	75	Silveyville Cemetery District	11
San Gabriel Valley Mosquito And Vector Control District	26	Siskiyou County Superior Court	96
San Gorgonio Pass Water Agency	13	Smith River Community Services District	11

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Solano County Mosquito Abatement District	32	Truckee Fire Protection District	126
Solano County Superior Court	400	Truckee Sanitary District	185
Solano County Water Agency	26	Tulare County Housing Authority	132
Solano Transportation Authority	40	Tulare Mosquito Abatement District	17
Sonoma Marin Area Rail Transit District	45	Tuolumne Fire District	4
Sonoma State Enterprises, Inc.	2	Tuolumne Regional Water District	0
Sonoma Student Union Corporation	6	Tuolumne Utilities District	466
Soquel Creek Water District	138	Turlock Mosquito Abatement District	36
South Bay Regional Public Communications Authority	109	Twain Harte Community Services District	23
South Bayside System Authority	226	Twin Cities Police Authority	198
South County Area Transit	9	Ukiah Valley Fire District	11
South Feather Water and Power Agency	177	Union Public Utility District	11
South Kern Cemetery District	0	Union Sanitary District	422
South Orange County Wastewater Authority	166	United Water Conservation District	124
South Placer Fire District	102	University Auxiliary and Research Services Corp.	102
South Placer Municipal Utility District	66	University Corporation	320
South San Luis Obispo County Sanitation District	23	University Glen Corporation	49
Southeast Area Social Services Funding Authority	19	University Student Union California State University Stanislaus	11
Southern California Association of Governments	358	Upland City Housing Authority	43
Southern California Library Cooperative	19	Vacaville Fire Protection District	17
Southern California Public Power Authority	23	Vacaville-Elmira Cemetery District	17
Southern California Regional Rail Authority	613	Vallejo Sanitation and Flood Control District	277
Southern Humboldt Community HealthCare District	100	Valley County Water District	94
Southern Inyo Healthcare District	113	Valley Mountain Regional Center, Inc.	481
Southern San Joaquin Municipal Utility District	64	Valley Preparatory Academy, Inc.	0
Spartan Shops, Inc.	160	Valley Sanitary District	43
Squaw Valley Public Service District	55	Valley of The Moon Water District	36
State Assistance Fund for Enterprise, Business Industrial Development	23	Valley-Wide Recreation and Park District	64
Stanislaus County Housing Authority	266	Ventura County Law Library	19
State Water Contractors	17	Ventura County Transportation Commission	49
State and Federal Contractors Water Agency	4	Ventura Port District	72
Stege Sanitary District	23	Ventura Regional Sanitation District	143
Stinson Beach County Water District	19	Veterans Home of California Post Fund	17
Stockton Port District	151	Victor Valley Wastewater Reclamation Authority	100
Strawberry Recreation District	6	Water Facilities Authority	17
Student Union Of San Jose State University	68	Weaverville Community Services District	17
Suisun Resource Conservation District	15	Weaverville Fire Protection District	0
Summit Cemetery District	40	Weaverville Sanitary District	0
Sunnyslope County Water District	34	West Bay Sanitary District	53
Superior Court of California County of San Luis Obispo	262	West Cities Communication Center	26
Susanville Sanitary District	17	West Cities Communication Center Joint Powers Authority	0
Sutter Cemetery District	26	West Contra Costa Healthcare District	11
Sweetwater Springs Water District	23	West Contra Costa Integrated Waste Management Authority	11
Sylvan Cemetery District	11	West County Wastewater District	158
Tahoe City Fire Protection District	0	West Plainfield Fire Protection Dist.	0
Tahoe City Public Utility District	121	Western Canal Water District	26
Tahoe-Truckee Sanitation Agency	168	Western Riverside Council of Governments	40
Temecula Public Cemetery District	9	Westlands Water District	1,551
Templeton Community Services District	47	Wildomar Cemetery District	2
Three Arch Bay Community Services District	2	Willow Creek Community Services District	6
Tiburon Fire Protection District	87	Willow Oak Fire District	0
Tower Foundation, San Jose State University	17	Willows Cemetery District	6
Trabuco Canyon Water District	55	Wilton Fire Protection District	2
Tracy Rural County Fire Protection District	2	Winterhaven Water District	2
Transbay Joint Powers Authority	23	Winters Cemetery District	11
Transportation Agency for Monterey County	23	Winters Fire Protection District	2
Tri-Counties Association for the Developmentally Disabled	579	Woodlake Fire District	0

Health Benefits Program Data (continued)

Woodside Fire Protection District	187
Yolo County Housing Authority	85
Yolo County In-Home Supportive Services Public Authority	9
Yolo County Public Agency Risk Management Insurance Authority	17
Yolo County Superior Court	198
Yolo County Transit Authority	0
Yolo County Transportation District	26
Yolo Emergency Communications Agency	75
Yolo-Solano Air Quality Management District	64
Yuba County Water Agency	98
Yuba Sutter Transit Authority	4
Yuima Municipal Water District	2
Total Covered Lives	106,634

School Employers (156 total)

Acalanes Union High School District	1,263
Alameda City Unified School District	1,747
Albany City Unified School District	907
Alta-Dutch Flat Union Elementary School District	9
Antioch Charter Academy	0
Antioch Charter Academy II	28
Antioch Unified School District	2,771
Auburn Union Elementary School District	70
Baldy View Regional Occupational Program	60
Bassett Unified School District	271
Bayshore Preparatory Charter School	9
Berrysessa Union Elementary School District	1,640
Beverly Hills Unified School District	1,189
Bonita Unified School District	1,502
Brisbane Elementary School District	162
Burbank Unified School District	3,084
Burlingame Elementary School District	479
Campbell Union Elementary School District	1,425
Campbell Union High School District	1,610
Capo-Laguna R.O.P.	66
Castaic Union Elementary School District	379
Centinela Valley Union High School District	1,617
Cerritos Community College District	1,889
Charter Learning Center	21
Chatom Union Elementary School District	28
Compton Unified School District	4,562
Connecting Waters	170
County School Service - Contra Costa County Schools	1,314
County School Service - Napa County Schools	400
County School Service - Sacramento County Schools	1,779
County School Service - San Mateo County Schools	1,212
County School Services - Alameda County Schools	458
County Superintendent of Schools Office - Riverside County Schs.	3,868
Culver City Unified School District	1,402
Davis Joint Unified School District	1,242
Duarte Unified School District	635
Dublin Unified School District	522
Eastern Sierra Unified School District	55
El Camino Community College District	2,202
El Dorado Union High School District	47

Empire Union Elementary School District	53
Fairfield-Suisun Adult Education	0
Fairfield-Suisun Cafeteria	0
Fairfield-Suisun Child Care Center	0
Fairfield-Suisun Unified School District	3,276
Fillmore Unified School District	760
Foothill-De Anza Community College District	11,619
Fountain Valley Elementary School District	995
Fremont Unified School District	3,966
Fremont Union High School District	794
Gavilan Joint Community College District	547
Golden Lakes Charter School	13
Hayward Unified School District	3,059
Healdsburg Unified School District	236
Hillsborough City School District	277
Holtville Unified School District	2
Howell Mountain Elementary School District	21
John Swett Unified School District	334
Knightsen School District	47
Las Lomas Elementary School District	311
Las Virgenes Unified School District	2,149
Liberty Union High School District	1,048
Little Lake City Elementary School District	763
Lodi Unified School District	4,277
Los Altos Elementary School District	1,071
Los Angeles Community College District	43,137
Los Angeles County Office of Education	7,894
Los Nietos Elementary School District	371
Lowell Joint Elementary School District	505
Lynwood Unified School District	1,291
Magnolia Elementary School District	1,242
Manteca Unified School District	60
Martinez Unified School District	841
Menlo Park City Elementary School District	633
Metropolitan Education District	332
Mill Valley Elementary School District	622
Millbrae Elementary School District	377
Modesto City Elementary School District	4,403
Montebello Unified School District	7,625
Monterey Peninsula Unified School District	3,135
Moreland Elementary School District	788
Morgan Hill Unified School District	1,459
Mountain House Elementary School District	0
Mt. Baldy Joint School District	15
Mt. Diablo Unified School District	6,565
Mt. Pleasant Elementary School District	403
Mt. San Antonio Community College District	3,025
Napa Community College District	905
Napa Valley Unified School District	2,995
Natomas Unified School District	675
New Haven Unified School District	1,772
Newark Unified School District	505
Newhall Elementary School District	1,005
Newman-Crows Landing Unified School District	360
North Monterey County Unified School District	575
North Orange County Community College District	4,243
Ocean Grove Charter School	121

Health Benefits Program Data (continued)

School Employers (continued)

Ohlone Community College District	746	Saugus Union Elementary School District	1,069
Orange Unified School District	5,738	Sequoia Union High School District	2,450
Orinda Union School District	573	Sky Mountain Charter School	98
Pacifica School District	880	Solano Community College District	963
Palos Verdes Peninsula Unified School District	2,111	Solano County Schools	709
Paradise Elementary School District	19	Soledad Unified School District	760
Pittsburg Unified School District	1,887	Sonoma Valley Unified School District	903
Pleasanton Unified School District	364	South Pasadena Unified School District	912
Ravenswood City Elementary School District	850	South San Francisco Unified School District	2,234
Redwood City Elementary School District	1,938	South Sutter Charter School	170
Reed Union Elementary School District	358	South Whittier School District	652
Ridgecrest Charter School	34	Southeast Los Angeles County Regional Occupational Program	68
Rio Hondo Community College District	1,482	Stanislaus County Office of Education	4
River Delta Joint Unified School District	362	Stockton Unified School District	6,856
Riverbank Unified School District	439	Temple City Unified School District	816
Ross Elementary School District	143	Turlock Joint Elementary School District	0
Ross Valley Elementary School District	490	Turlock Joint Unified School District	1,071
Rowland Unified School District	2,846	Turlock Joint Union High School District	0
Sacramento City Unified School District	6,094	Twin Rivers Unified School District	5,557
San Bruno Park Elementary School District	547	Union Elementary School District	718
San Carlos Elementary School District	479	Vacaville Unified School District	2,128
San Leandro Unified School District	990	Valle Lindo Elementary School District	183
San Lorenzo Unified School District	1,295	Vallejo City Unified School District	3,218
San Mateo County Community College District	3,293	Walnut Valley Unified School District	765
San Mateo-Foster City School District	2,024	West Contra Costa Unified School District	8,863
San Rafael City Elementary School District	662	West Covina Unified School District	1,504
San Rafael City High School District	641	Whittier City Elementary School District	1,114
Santa Clarita Community College District	351	William S. Hart Union High School District	3,655
Santa Monica Community College District	2,486	Wiseburn Elementary School District	368
Santa Monica-Malibu Unified School District	3,101	Total Covered Lives	266,622

Supplemental Income Plans (SIP)

CalPERS provides members with the Supplemental Income Plans to save for retirement.

The CalPERS Supplemental Income Plans include:

- CalPERS Supplemental Income 457 Plan
- Supplemental Contributions Plan (SCP)
- State Peace Officers and Firefighters (SPOFF) Supplemental Plan.

CalPERS SUPPLEMENTAL INCOME 457 PLAN

The CalPERS Supplemental Income 457 Plan is a way for participants to defer a portion of pre-tax salary into investments of an individual's choosing. It allows both the amount deferred and the amount earned on the investment to be protected from income tax until the money is taken out during retirement. The plan supplements the retirement benefit plans offered by CalPERS. All California public agencies and school districts may adopt the 457 Plan for the benefit of their employees.

The CalPERS Board controls the investment and administrative functions of the CalPERS Supplemental Income 457 Plan. Assets are held in trust by the Board for the exclusive benefit of participating employees.

As of June 30, 2013, the CalPERS Supplemental Income 457 Plan was adopted by 734 California public agencies and school districts. Below is a summary of participating public agencies within the CalPERS Supplemental Income 457 Plan. For a full listing of the CalPERS Supplemental Income 457 Plan participating public agencies, please visit our public agency employer page at www.calpers.ca.gov.

Participating Public Agency Summary

Agency	
Cities	110
Counties	17
Community College Districts, School Districts & County Offices of Education	156
Districts & Other Public Agencies	309
Police & Fire Districts	56
Water Districts	86
TOTAL	734

SUPPLEMENTAL CONTRIBUTIONS PLAN

The Supplemental Contributions Plan is available to State of California employees who are members of CalPERS, as well as active judges who are members of the Judges' Retirement System I or II. Participants may invest after-tax contributions through payroll deductions or cash contributions by check. Participant earnings grow tax-deferred until SCP participants begin to take withdrawals in retirement or upon separation from State employment.

SPOFF SUPPLEMENTAL PLAN

The State Peace Officers' and Firefighters' (SPOFF) Supplemental Plan (also known as State POFF Defined Contribution Plan), is an employer provided retirement benefit negotiated between the State of California and certain employee groups. The contributions are invested by CalPERS and credited to each participant's account along with any net earnings. The balance of the account is available to SPOFF participants only at retirement or upon permanent separation from all State employment.

In October 2013, Senate Bill No. 277 was signed by the Governor. This legislation terminates the State Peace Officers' and Firefighters' Defined Contribution Plan (Plan) on January 1, 2014 or upon specified Internal Revenue Service (IRS) approvals, whichever is later. It prohibits new participants in the Plan, requires the cessation of all contributions into the Plan, allows rollovers into the CalPERS Supplemental Contributions Program and other specified means of asset distribution, and discharges the CalPERS Board from liability and responsibility upon Plan assets distribution.

SIP FUND LINEUP

The CalPERS Supplemental Income 457 Plan and Supplemental Contributions Plan for the fiscal year 2012-13 investment line-up allows participants to choose from two styles of asset allocation funds, or build their own portfolio with the 10 core funds.

The two styles of CalPERS-managed Asset Allocation Funds include:

- Eleven Target Retirement Date Funds
 - Structured with 5-year increments to allow participants to target their retirement date.

Supplemental Income Plans (SIP) (continued)

- Utilizes glide path strategy to reduce risk as the member approaches retirement.
- Three Risk-Based Asset Allocation Funds
 - Conservative, Moderate and Aggressive.

Ten Core Funds

- Complete asset class coverage to build a portfolio tailored to participant investment goals and allow the opportunity for a well-diversified portfolio; and
- Spans the risk-return spectrum, without duplication.

The SPOFF investment is a balanced Moderate Asset Allocation Fund internally managed by CalPERS.

Fees collected from participant accounts provide funding to administer the Plans and are assessed based on the investment options selected.

The financial statements for this plan are in this report as part of the Financial Section and the accompanying notes and schedules.

Long-Term Care Program Data

The CalPERS Long-Term Care program (LTC) helps to provide financial protection from the high cost of care caused by chronic illness, injury or old age. Long-Term Care products reimburse the cost for covered personal care (Activities of Daily Living) services such as bathing, dressing, toileting, transferring, continence and eating, which are not typically covered by traditional health insurance or Medicare.

The LTC program is self-funded and not-for-profit and offers participants several products with coverage and benefit options. As of June 30, 2013, the total long-term care participant count decreased 3.6 percent to 144,933. This decrease may be attributable to the LTC program stabilization and sustainability measures and realized participant population morbidity. Annual premiums as of June 30, 2013 were \$307.8 million.

The LTC program's total investments were approximately \$3.7 billion, with \$198.2 million paid out in benefits to its participants during fiscal year 2012-13. The total benefits paid since the LTC program's inception in 1995 through June 30, 2013 have reached approximately \$1.2 billion.

The financial statements for the LTC program are found in the Financial Section of this report and in the accompanying notes and schedules. The tables on the next page provide a summary of plan types and participant counts as of June 30, 2013 as well as five-year historical participant counts.

Long-Term Care Program Data (continued)

Participant Count by TLC Plan Type (as of 6/30/2013)

Benefit Period	Comprehensive Plans		Facility Only Plans		Partnership Plans	Total
	With Inflation	No Inflation	With Inflation	No Inflation	With Inflation	
Lifetime	42,812	17,387	7,760	4,572	—	72,531
10 Year	—	9,166	—	2,480	—	11,646
6 Year	10,080	8,324	2,157	2,416	—	22,977
3 Year	13,866	8,680	5,424	4,243	—	32,213
2 Year	—	—	—	—	3,402	3,402
1 year	—	—	—	—	1,999	1,999
6 Month	—	—	—	—	165	165
TOTAL	66,758	43,557	15,341	13,711	5,566	144,933

Five-Year Historical Participant Counts

	2013	2012	2011	2010	2009
TOTAL COVERED LIVES	144,933	150,330	154,634	159,528	165,023

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Introduction

OUR COMPLIANCE PHILOSOPHY

An enterprise-wide commitment is crucial to establishing an effective compliance program. Commitment from all staff is necessary to achieve a truly functioning program. By putting our core values into action, we inspire trust, cooperation, and participation from others. The result is the assurance that employees will do the right thing, ask questions, come forward, and speak up about errors or concerns.

Our compliance approach is based on continual improvement, building partnerships, and establishing trust. We bring together the right people at the right times across the entire compliance lifecycle, from the initial analysis of new laws and regulations to implementation and day-to-day work. We believe that by working together to develop awareness and identify and address compliance risks before they cause problems, we position ourselves to provide the best possible service to our members, employers and constituents.

SCOPE AND METHODOLOGY

This report summarizes the compliance accomplishments of the California Public Employees' Retirement System (CalPERS) for the period from July 1, 2012, through June 30, 2013.

The Office of Enterprise Risk Management (OERM) coordinated input from throughout CalPERS to generate

this report, which reflects CalPERS strong commitment to practicing ethics, compliance, risk management and good governance, at all levels of operation. This commitment is demonstrated on a daily basis by the CalPERS Board of Administration, executives, management, and staff throughout the organization and has resulted in significant improvements to the security, stability, and quality of our programs.

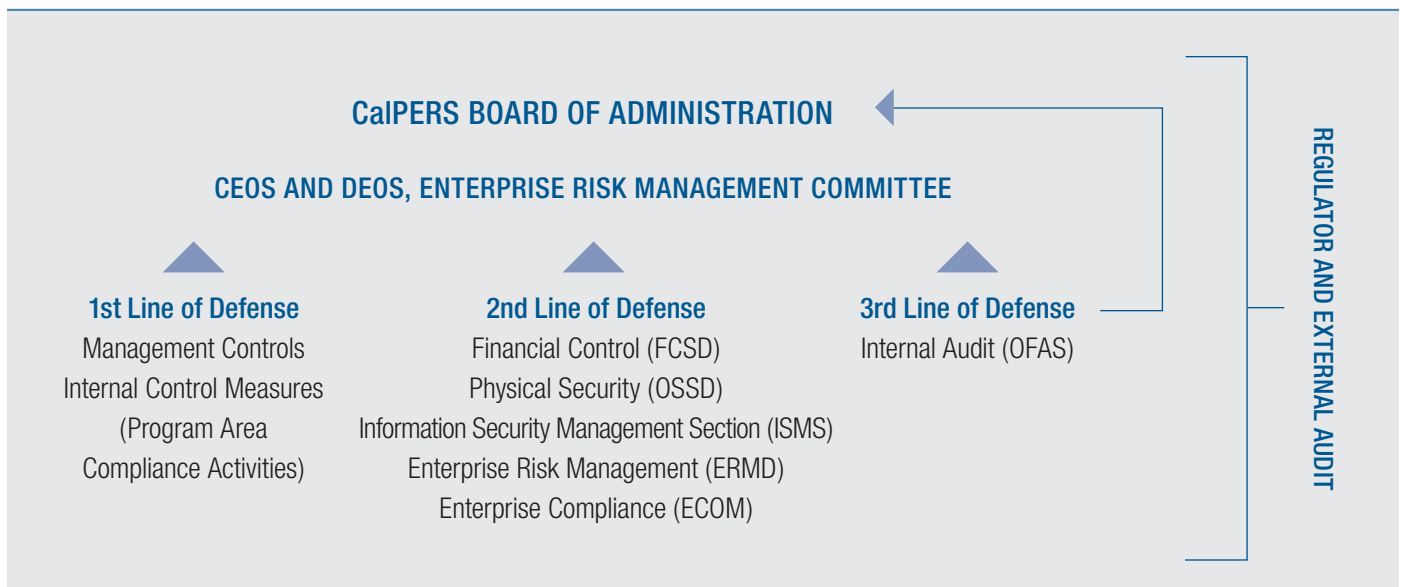
INTEGRATED ASSURANCE MODEL

CalPERS Strategic Plan Goal B directs staff to "Cultivate a high-performing, risk-intelligent and innovative organization."

To achieve this goal, we bring together the right people, processes and systems to methodically manage performance and risk to achieve CalPERS strategic goals and objectives. CalPERS Integrated Assurance Model provides a coordinated approach to the management of risk by leveraging our limited resources while expanding our breadth of services provided through our assurance providers.

The chart below shows how CalPERS distributes responsibilities under the Integrated Assurance Model, using Three Lines of Defense to coordinate risk management and compliance responsibilities throughout CalPERS. It establishes a proactive framework that

THE THREE LINES OF DEFENSE



Program Compliance

provides integrated levels of assurance, promotes ethical behavior, and drives ethical decision-making. Compliance is an integral part of our decision-making and business responsibilities, no matter where we are in the organization.

Each line of defense operates in complimentary but different ways.

Program areas create our first line of defense, by complying with laws, regulations and policies, and establishing and administering controls to prevent and detect noncompliance.

The Office of Enterprise Risk Management (OERM) creates a second line of defense, by providing increased objectivity and independent validation through an independent reporting relationship. OERM includes:

- The Enterprise Risk Management Division (ERMD), which is responsible for identifying and monitoring risks of all types throughout CalPERS and helping program areas manage identified risks, and

- The Enterprise Compliance Division (ECOM), which is responsible for oversight of program area compliance with applicable laws, regulations, and policies. ECOM staff test and monitor compliance processes within the program areas to evaluate the effectiveness of existing compliance strategies and identify, develop, and implement solutions to address potential weaknesses.

The Office of Audit Services (OFAS) creates our third line of defense, by providing increased objectivity and independent validation through an independent reporting relationship. OFAS conducts point-in-time assessments of the design and operating effectiveness of internal controls over business and technology operations, compliance with laws and policies, and effective management of risks.

Working together, CalPERS strives to create a positive environment that supports staff acting in good faith while establishing and maintaining appropriate controls to prevent, detect, and address noncompliance.

Program Compliance

PROGRAM AREAS

Program areas are CalPERS first line of defense against noncompliance. As we conduct our day-to-day operations, CalPERS program staff identify compliance requirements that affect their jobs and consistently do the right thing in an increasingly complex and dynamic regulatory environment.

In addition to everyone's responsibility to comply with laws, regulations and policies as they pertain to the work we do, program staff undertake a wide range of activities to ensure compliance. They develop policies, procedures, and guidance to mitigate noncompliance risks and guide staff in effectively carrying out essential compliance functions. Many program areas have established quality assurance and compliance teams consisting of dedicated subject matter experts who help identify and address potential compliance concerns specific to the program area's scope of responsibility. Program areas also develop and maintain automated technology solutions that support

compliance efforts by recording key information and establishing ongoing controls that help reduce error and detect potentially inappropriate activity.

Transparency and outreach efforts benefit compliance by creating improved public accountability and educating members, employers, and other interested parties about what they can do to account for their own compliance responsibilities.

Actuarial Compliance

CalPERS responded to a wide range of changes and recommendations relating to actuarial standards and compliance. This fiscal year included the following:

- The CalPERS Board in April 2013 approved shortening smoothing and amortization periods and simplifying actuarial reports to improve system financial soundness and sustainability. Going forward, staff will use a method known as "Direct Rate Smoothing" to amortize costs over a 30 year period with a 5-year ramp-up of rates.

- To ensure compliance with Governmental Accounting Standards Board (GASB) Statement 68, CalPERS implemented processes, procedures, and systems to meet reporting requirements and provide employers the reporting information on a voluntary fee for service basis.

In support of Government Code (GC) § 20133¹ reporting requirements, CalPERS staff initiated an actuarial investigation into the mortality, service, and compensation experience of members and persons receiving benefits from the system. This report will be completed during Fiscal Year (FY) 2013-14.

The Actuarial Standards Board established two new Actuarial Standards of Practice: (ASOP) No. 46 – Risk Evaluation in Enterprise Risk Management and ASOP No. 47 – Risk Treatment in Enterprise Risk Management. CalPERS assessed its asset liability model, which deals with both risk evaluation and risk treatment, confirming that it met the new requirements.

Actuarial Report

CalPERS actuarial staff produced annual government-mandated actuarial reports that set the contribution rates for employers within the systems:

- Actuarial Valuation and Employer Contribution Rates for State and Schools
- Legislators' Retirement System Valuation Report
- Judges' Retirement System Valuation Report
- Judges' Retirement System II Valuation Report
- 1959 Survivor Benefit Program Valuation Report
- Actuarial Section of the Comprehensive Annual Financial Report

Actuarial Transparency

CalPERS took several steps to improve transparency and provide information employers can use to accurately project future financial obligations, allowing them to better anticipate and comply with their future employer contribution obligations. These changes included providing more detailed risk exposure information and disclosure elements in actuarial valuations and posting Actuarial Board Policies to the CalPERS On Line website at www.calpers.ca.gov.

CalPERS Logo Usage / Brand Guidelines

To protect and preserve our brand, CalPERS updated usage guidelines for the CalPERS logo and included the guidelines in the CalPERS Brand Guidelines document. Staff began revision efforts for all member publications to comply with CalPERS Brand Guidelines.

Employer Outreach and Monitoring

CalPERS staff created new reports to help monitor employer compliance with CalPERS governing statutes and policies. Six new reports have been posted on the my|CalPERS Employer Reports Status page of the online system to improve employer compliance capabilities. In addition, an internal Payroll and Payment Monitoring report was developed to assist staff with overseeing employer compliance, along with two internal reports on Supplemental Income Plans (SIP) Remittance Advice and Employer Defined Contribution Payments.

CalPERS program staff also worked with employers to resolve over 300 employer review findings, a significant increase over 2011-12. All employer review findings for the 2008-09 and 2009-10 fiscal years were completed and closed.

GASB Monitoring and Compliance

To help CalPERS remain compliant with all reporting requirements, CalPERS staff regularly communicates with Governmental Accounting Standards Board (GASB) staff and external auditors. CalPERS is also a member of the GASB Other Post-Employment Benefits (OPEB) Task Force.

Health

CalPERS developed and initiated the Dependent Eligibility Verification (DEV) project to validate that only eligible dependents of CalPERS members remain enrolled in CalPERS health plans, and established and implemented new processes in support of the Dependent Eligibility Verification project.

CalPERS staff also established the Out of Service Area batch process to identify members who are outside of their health plan service area to notify and transition these members to a valid health or dental plan.

Long-Term Care Program

The CalPERS Board approved restructuring the Long-Term-Care (LTC) Fund, pursuant to CalPERS fiduciary responsibility to enhance financial stabilization and solvency of the LTC Program. Changes included:

- Adjusting the asset allocation to be more consistent with the LTC industry in April 2012
- Obtaining board approval to lower the LTC Fund discount rate in September 2012
- Adding new 3, 6, and 10-year retained inflation benefit design options for LTC program participants to mitigate future rate increases
- Establishing a 10 percent LTC Fund margin as the threshold for reopening the LTC program

With the LTC Fund sufficiently stable, the CalPERS Board approved reopening the LTC program to new applicants in February 2013. Actual fund stabilization, policy conversion and margin statistics was to be reported to the CalPERS Board in October 2013 in the 2013 LTC Fund valuation.

Investments

CalPERS tested high-risk investment policies and best practices, developed a formal compliance program operating plan, and created new policies and procedures that reflect asset management industry best practices. Investment Office staff also attended internal comprehensive investment conflict of interest compliance training.

Mandated Reports

State law requires CalPERS to submit reports to the Legislative Counsel's Office (See Appendix C – Mandated Reports). Current copies of these reports can be obtained from the Legislative Counsel's website at www.agencyreports.ca.gov.

Pension

CalPERS revised our member retirement publications to ensure compliance with the Public Employees' Pension Reform Act of 2013 (PEPRA).

To ensure CalPERS complies with the statutes governing the Safety Officer Survivor Program, staff

developed and implemented policies and procedures related to eligibility and notification for the surviving beneficiaries of safety members.

The Judges' and Legislators' Retirement System achieved 100 percent payroll reporting compliance, improving confidence in financial reporting and annual member statement accuracy.

Staff implementing the Reduction and Elimination Backlog plans responded to 63,000 member requests for service credit purchases to improve compliance with laws governing service credit purchases. Staff also established a late/missing payroll tracking process to improve payroll monitoring and compliance.

At the June 2013 CalPERS Board of Administration meeting, the Board affirmed staff's determination that the Additional Retirement Service Credit (ARSC) statutes and original intent was for the employee to pay for the purchase and that employers paying on behalf of the employee is not allowable under the provisions. Consequently, the Board determined that Additional Retirement Service Credit (ARSC) purchases made by employers were unlawful; this decision was made precedential.

CalPERS also implemented changes to the online myCalPERS system parameters to more effectively monitor for pension spiking.

Public Records Act

To support and enhance understanding and compliance with the law, staff conducted a second annual training in January 2013 on the Public Records Act (PRA) laws and processes, which was provided to CalPERS staff assigned to facilitate PRA requests for their divisions.

CalPERS proudly supported "Sunshine Week 2013," a week dedicated to promoting transparent and open government. CalPERS used established social media channels to share the goals of Sunshine Week and to remind the public about steps CalPERS has taken to become more transparent.

Section 218

CalPERS is California's "State Social Security Administrator," (SSSA) and is responsible for all aspects of Section 218 coverage. The SSSA provides public employers with

information and advice about Social Security and Medicare coverage for state and local government employees.

To support member and business partner understanding and compliance, CalPERS provided a comprehensive update at the 2012 CalPERS Educational Forum, maintained educational webpages, and issued Circular Letters and Periodic Bulletins for California employers.

EDUCATION AND OUTREACH

CalPERS education and outreach efforts improve staff, employer, and members' compliance efforts by providing clear instructions and guidance about important timely compliance topics. Providing consistent information to all parties improves their understanding and awareness, and reduces the risk of noncompliance errors resulting from miscommunication or lack of knowledge.

Employer Education and Outreach

CalPERS revised retirement publications, State and public agency manuals and online content to maintain compliance with the system disclosure policy, system changes, and Public Employees' Pension Reform Act of 2013 (PEPRA).

Additionally, staff provided educational opportunities to State, school, and public agencies. More than 271 classes on CalPERS laws and business rules were held, to help employers reduce errors and inquiries and improve the accuracy of members' benefits. Staff also provided 36 Disability/Industrial Disability Employer Workshops throughout the State.

In order to support accurate and timely reporting and benefits, customer education channels were expanded to include four Business Rules Training webinars, myCalPERS system training, and 28 new computer-based training modules, including modules that address proper reporting of reportable compensation. In addition, CalPERS conducted PEPRA teleconferences for more than 1,500 business partners.

Staff updated our Employer Reference Guides to provide employers with accurate compliance information and CalPERS business protocols. Staff issued multiple Circular Letters, informing employers about new online resources, CalPERS Health Benefits Program business

rules and legislative and procedural changes.

Other avenues for communication were also developed to assist members with health benefit questions, including the new Public Agency Billing Inquiry Queue for Employers and participation in our retirement planning fairs.

Staff Education and Outreach

Based on our commitment to employee excellence and expertise, CalPERS staff are required to complete several mandatory training courses to guide their compliance efforts by informing them of their compliance obligations. A matrix showing mandatory compliance-related training provided to staff is available in Appendix A (Compliance Training).

Some State employment classifications require the possession and maintenance of specific licenses and certifications integral to the performance of their duties. A chart of affected positions is provided in Appendix B (Mandated Licenses and Certifications).

EQUAL EMPLOYMENT OPPORTUNITY

CalPERS is firmly committed to fair and equitable treatment and diversity of our employees and officers. By complying with the requirements described below, not only does CalPERS fulfill our legal obligations but we build a workplace that evaluates and rewards staff based on merit and accomplishment, resulting in improved outcomes throughout our operations.

Annual Workforce Analysis

GC § 19790¹, 19791, and Executive Order S-6-04 require the State of California to establish an effective Equal Employment Opportunity (EEO) program and to provide EEO to all individuals in all its activities. As required by law, CalPERS submitted its 2012 CalPERS Annual Workforce Analysis to the California Department of Human Resources (CalHR), pursuant to GC § 19797.

Disability Advisory Council

CalPERS hosted monthly meetings of the CalPERS Disability Advisory Council (DAC), pursuant to GC § 19230–19237 and 19795(b).

The DAC provided its members with the opportunity to attend Disability Awareness Training facilitated by the

California Department of Rehabilitation, including information about the Americans with Disabilities Act of 1990 (ADA) and EEO. DAC members also participated in a Veterans Day event that included education and awareness related to disabled veterans.

Disability Survey

Pursuant to the Rehabilitation Act of 1973 and GC § 19233, the California Department of Human Resources requires State agencies to provide employees with the opportunity to self-identify any disabilities. Survey data is confidential and protected under the Privacy Act of 1974. CalPERS last completed this survey in February 2011.

Equal Employment Opportunity Program

The CalPERS EEO Counselor received certification as a CalHR Certified EEO Investigator and received an Investigator certification from the National Association of Workplace Investigators.

To support management compliance with State fair-hiring practices and EEO laws, CalPERS conducted two Limited Examination and Appointment Program (LEAP) workshops for managers and supervisors and conducted EEO presentations at two Leadership Essentials and Direction for Your Emerging Role (LEADER) trainings and at each monthly New Employee Orientation (NEO) training. CalPERS also developed and conducted workshops related to diversity and inclusion initiatives.

CalPERS maintains an internal discrimination complaint process that is utilized for all concerns and complaints alleging discrimination, sexual harassment, or hostile work environment by all employees and/or official representatives of CalPERS. Employees have additional protection through complaint processes with the Department of Fair Employment and Housing and the Equal Employment Opportunity Commission. CalPERS continues to respond to employment discrimination complaints within 90 days of the complaint filing pursuant to 2 CCR 64.4².

INFORMATION TECHNOLOGY

Technology solutions support staff compliance efforts in several ways, including but not limited to automated controls, enhanced knowledge sharing and transparency. Effective webpage design, content and accessibility provide member, employer, and staff access to procedures and educational materials designed to improve transparency and promote awareness and understanding of their compliance responsibilities. Systems have also been designed and implemented to record key information, establishing automated controls that help reduce error and detect potentially inappropriate activity.

Accessibility

As a state agency, CalPERS is required to comply with federal and State laws that forbid discrimination against persons with disabilities, including the accessibility of its services provided via electronic and information technology. CalPERS established the Web Accessibility Policy and Social Media Employee Usage Guidelines and continues to make ongoing Web accessibility enhancements to the site, pursuant to GC § 11135(d)¹, which requires that all electronic and information technology developed or purchased by the State of California is accessible to persons with disabilities.

CalPERS Intranet

To enhance sharing of information CalPERS implemented a new intranet, including a complete review of all pre-existing human resource-related content for relevance and accuracy prior to and after migrating to the new intranet.

Human Resources

CalPERS upgraded the PeopleSoft Human Capital Management (HCM) system to increase automation and provide new system functionality while reducing system customizations to facilitate future upgrades. This upgrade also introduced new system features, including single sign-on and an application portal, which provides limited self-service functionality.

Assurance

Human resources staff piloted an automated timesheet, allowing staff and managers to process and approve timesheets electronically, improving accuracy and efficiency. CalPERS will also be able to automatically submit leave data to the control agency via data interface.

In addition, CalPERS implemented a new job applicant tracking system, which improves compliance with hiring laws by providing guidance to managers through the hiring process. The new system also improves business processes and provides detailed metrics, electronic archival of hiring records, and enhanced audit tools.

Assurance

AUDITS AND COMPLIANCE

Internal audits and compliance provide CalPERS second and third lines of defense. As the third line of defense, internal audits provide a point-in-time assessment of program activities, identifying compliance risks and other areas for improvement. In contrast, compliance is the second line of defense that involves ongoing monitoring designed to continually identify and address potential compliance risks. Compliance activities at CalPERS are related to preventing and detecting potential conflicts of interest and to mitigating risks of noncompliance with laws, rules, and regulations.

Audit Resolution Policy

CalPERS revised the Audit Resolution Policy to support internal audit findings resolution, consistent with the Standards for the Professional Practice of Internal Auditing. As of June 30, 2013, CalPERS is compliant with Board policy discouraging unresolved internal audit findings over one year old.

Board Fiduciary Training and Certification

Based on the Political Reform Act of 1974 (Government Code sections 81000 et seq.) and the Board's Governance Policy, approved in February 2012, all Board members are required to attend fiduciary training annually. Staff continue to monitor Board completion of the Fiduciary Training and Fiduciary Certification requirements.

Compliance Reviews

The Enterprise Compliance Division (ECOM) developed and piloted an approach for conducting program compliance reviews to assess program area compliance with laws, rules, and regulations. Compliance review findings will be used to assist each program to identify best

practices and deliver continual business process improvement support.

ECOM also provided ongoing oversight and monitoring of systems used by the Investments Office and for personal trading activity conducted by key CalPERS staff. The Chief Compliance Officer investigated and oversaw resolution of violations identified through these monitoring activities.

Contract-Related Disclosure Policy

CalPERS staff continued to conduct contract-related disclosure reviews on solicitations, contracts and purchase orders over \$10,000, pursuant to the Contract-Related Disclosure Policy and GC § 559.1¹.

Contracting Public Agency Reviews

The Public Agency Review Program ensures CalPERS contracting public agencies comply with the requirements section of the California Government Code (GC) and the California Code of Regulations (CCR). The reviews validate that CalPERS membership and employee compensation were reported accurately. During the year, public agency reviews found issues such as excessive pay rates reported for pension purposes, employees enrolled in CalPERS who were not eligible members, and misclassified positions to enhance benefits. CalPERS expanded the program to increase the number of public contracting agencies reviewed per year.

Ethics Training for Form 700 Filers

In July 2012, CalPERS developed a new ethics training program for Form 700 filers through the Learning Management System (LMS). This web-based course provides information on ethics and conflict-of-interest training required for all employees who file Form 700

financial disclosure forms. The LMS now logs the completion of this mandatory training automatically in support of ongoing staff training compliance monitoring efforts.

External Audits and Reviews

CalPERS complied with federal audit requests regarding CalPERS Early Retiree Reinsurance Program (ERRP) claims pursuant to the Patient Protection and Affordable Care Act. CalPERS also contracted with an independent auditing firm to improve death benefit payment reliability and accuracy, improving CalPERS compliance with the Public Employees Retirement Law (PERL).

Financial Statement Audit

GC § 20228¹ requires the CalPERS Board of Administration to annually employ a certified public accountant, who is not in public employment, to audit CalPERS financial statements. CalPERS external auditor completed an audit of the CalPERS financial statements for FY 2011-12. The 2012 Management Letter accepted by the Board at its March 20, 2013, meeting identified several significant control deficiencies in financial reporting and identified opportunities for strengthening internal controls. There were no deficiencies in internal controls that were considered to be material weaknesses. CalPERS staff established a preliminary implementation plan for each response and staff is implementing these changes, which will help address risks of noncompliance with financial reporting standards.

Financial Integrity and State Manager's Accountability Act

The Financial Integrity and State Manager's Accountability Act of 1983 (FISMA), GC § 13400-13407, requires a biennial review of internal accounting systems, administrative control and monitoring practices. CalPERS satisfied the biennial reporting requirement in FY 2011-12.

CalPERS management complies with FISMA requirements by maintaining a system of internal controls that provides reasonable assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable.

Form 700 Process

To help detect and prevent potential conflicts of interest, CalPERS went above and beyond Fair Political Practices Commission (FPPC) minimum requirements for state agency oversight of the Form 700 financial disclosure filing process. During the period from May 1, 2013, through June 30, 2013, ECOM's Filing Officer began conducting reviews of all Form 700s submitted by CalPERS staff, Board members and consultants, including all annual, assuming office, and departure from office Form 700 submissions.

In February 2013, CalPERS received certification by the Fair Political Practices Commission to accept electronic filings of the Statement of Economic Interests (Form 700) using the automated Form 700 system. This certification provides additional benefits to CalPERS filers who electronically submit Form 700s, in the form of:

- Digital signatures and automatic date/time stamps
- Instant notification when Form 700 is successfully filed
- Reduced time and cost to file

Internal Audits

The Office of Audit Services performs assurance and consulting work consistent with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. Internal audits cover retirement, health, investments, information technology, fiscal, and operations support. CalPERS also evaluates risk exposures relating to the organization's governance, operations, and information systems.

As a result of CalPERS effective audit program, CalPERS has recovered significant funding from vendors for failing to meet contractual requirements.

Personal Trading Regulations

The CalPERS Board of Administration approved the Personal Trading Regulation in November 2012, which became codified effective December 2012 as CCR² § 558.1. Individuals defined as Covered Persons must now comply with the regulation, including use of the CalPERS automated personal trading platform to disclose all investment-trading-related activity and avoid transactions that could result in allegations of insider trading or front running.

Early adopters have been using the Personal Trading Platform since October 2012. The regulations went into effect for all users on December 1, 2012. As of June 30, 2013, CalPERS had achieved 100 percent compliance on the Initial Personal Trading Attestations.

CalPERS staff has produced nine online tutorials introducing users to Compliance 11, providing step-by-step instructions on how to log into the system, submit Pre-Clearance Requests, and manually enter transactions. The tutorial series is available on the Personal Trading Information Center as a training resource.

ETHICS

While some noncompliance can be detected procedurally, the first sign that something is wrong can also come from a staff member or citizen reporting their concerns to CalPERS. CalPERS maintains and monitors an Ethics Helpline, as one avenue for individuals to report these types of concerns, to help CalPERS identify and address potentially inappropriate activities. Likewise, the Undue Influence process provides staff with the opportunity to discuss concerns in an impartial setting, helping preserve staff's ability to make the best possible decisions, free of undue influence.

Both of these processes are part of CalPERS outreach to encourage employees and members of the public to speak up early about their concerns. Responding quickly to a problem or concern improves our ability to effectively limit and address potentially negative impacts.

Ethics Inquiries

The CalPERS Ethics Helpline allows CalPERS employees, members and business partners, contractors and the general public to anonymously and securely report concerns about potential misconduct or inappropriate activities, consistent with U.S. Federal Organizational Sentencing Guidelines. The CalPERS Ethics Helpline is hosted and monitored externally by a third-party vendor. A reporting party can submit an Ethics Helpline report 24 hours a day 365 days a year by either calling a toll-free phone number and speaking with a live vendor employee or by completing and submitting an online report via a secure website. Complaints can also be submitted to the Whistleblower Hotline administered by the California

Bureau of State Audits.

During FY 2012-13, 96 ethics-related complaints were submitted to the CalPERS Ethics Helpline, of which 72 (75 percent) had been closed as of June 30, 2013. Centralized compliance staff coordinated intake, conducted preliminary research, assigned the complaint to the appropriate program area and monitored ongoing ethics inquiries by program staff to promote timely completion and consistent reporting.

Staff presented status updates and trend analysis to the CalPERS Board Risk and Audit Committee throughout the 2012-13 fiscal year.

Undue Influence

In 2012, CalPERS implemented the Undue Influence Policy which requires Executive Staff and Investment Senior Management to certify annually that they have been free of undue influence, as defined by the policy, during the prior year. Certifications were received for the reporting period January 1, 2011 through December 31, 2011. ECOM conducted interviews and monitored compliance with the annual undue certification process. No incidents of Undue Influence were substantiated for Calendar Year 2011. CalPERS will continue to evaluate and enhance the Undue Influence process.

FINANCIAL CONTROLS

Financial transparency and accurate financial reporting establish a basis for CalPERS Board oversight of CalPERS operations and are a critical component of CalPERS compliance with federal and state accounting and reporting requirements and standards. By establishing effective controls and oversight, CalPERS provides additional assurance that the information we provide, and which the Board uses as a basis for its decision-making, is accurate, reliable and complete.

CalPERS received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 17th consecutive year for the FY 2011-12 CAFR. This award recognizes CalPERS for producing an efficiently organized and readable comprehensive annual financial report that meets Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

CalPERS initiated development of strategic measures to comply with Governor's Executive Order B-13-11, which directs the Department of Finance to collaborate with State agencies and departments to create a budget plan incorporating methods such as strategic planning, performance measures, and zero-based budgeting.

In 2013, CalPERS implemented the zero-based budgeting methodology to develop the FY 2013-14 CalPERS Budget. Using zero-based budgeting, CalPERS identified potential budget reductions based on critical business priority considerations, including alignment to business plan objectives, managing top risks, continued pension reform implementation, vacancy management of unfilled positions and delivering on Board approved commitments. This enhanced process ensured CalPERS focused on true budgetary needs rather than past expenditures. As a result, CalPERS developed a budget that addressed organizational needs and funding to meeting strategic objectives while eliminating unnecessary expenses.

The development of new annual cash forecasts supports the monitoring and assurance of CalPERS financial stability for the following funds:

- Public Employees' Retirement Fund
- Legislators' Retirement Fund
- Judges' Retirement Fund, Judges' Retirement Fund II
- Supplemental Contributions Program Fund
- Public Agency Deferred Compensation Program
- State Peace Officers' and Firefighters' Defined Contribution Plan Fund

CalPERS developed and implemented monthly investment expense reporting to track costs for public assets, hedge funds, administrative costs, and real assets. These monthly financial reports ensure investment expenses are appropriately captured, allocated, and reported, as well as allowing CalPERS to analyze investment expenditures to increase operational efficiencies and cost effectiveness.

To improve internal accountability, staff updated the process for clearing outstanding travel advances and implemented a new requirement for submitting timely Travel Expense Claims (TECs) when a travel advance is

requested. The improved monitoring and reporting includes monthly reporting of all outstanding travel advances to the CalPERS Chief Executive Officer, contacting CalPERS employees on the 11th day following the completion of travel if a Travel Expense Claim (TEC) has not been received, and providing employees with 15 days from contact to submit a TEC. Failure to comply within 15 days following notification results in a recovery of costs in the employee's next regular pay warrant if the TEC remains delinquent.

CalPERS reviewed the Supplemental Income Plan (SIP) programs and will be implementing new fees to participants in October 2013. The continued maintenance and monitoring of SIP pricing ensures the ongoing financial sustainability of the three funds: Public Agency Deferred Compensation Plan (IRC³ 457), State Peace Officers' and Firefighters' Defined Contribution Plan Fund and Supplemental Contributions Program Fund.

CalPERS enhanced the assurance review process for the FY 2012-13 Incentive Compensation Awards program. These enhancements included a review and assessment of the process and data sources utilized in the calculation of the quantitative investment performance plan measures. As a result, there is greater independence and assurance of the accuracy of individual quantitative assessment calculations.

Investment-Related Disclosures Process

CalPERS staff instituted a secondary review process for investment-related disclosures that are reported in the Comprehensive Annual Financial Report.

Pension Plan Funding Levels and Risks Report

CalPERS conducted the second annual review of the Pension Plan Funding Levels and Risks report as part of the Board Governance project for the CalPERS Board Finance and Administration Committee. This report allows the CalPERS Board to assess the overall financial soundness and sustainability of the pension plans within the Public Employees' Retirement Fund (PERF).

MONITORING AND OVERSIGHT

CalPERS faces an increasingly complex and dynamic regulatory environment. By monitoring and centrally reporting on the full range of policies, laws and regulations that affect CalPERS operations, we help staff identify requirements that may affect their conduct. The Policy Library monitors policies across their entire life-cycle, using a centralized process and location to assure that CalPERS policies remain current and consistent over time. Compliance staff also use the regulatory library as a basis for compliance reviews, including assessment of whether program staff have accurately identified the full range of laws and regulations that apply to their program areas. This, coupled with enhanced reporting and monitoring controls, establishes strong foundational elements for a robust compliance program.

Contract Services

New reporting and monitoring controls over contract services help detect conflict of interest and provide additional assurance that public funds are managed responsibly. By providing division chiefs and executive staff with mandatory compliance training regarding their contracting duties, CalPERS further reduces the likelihood of noncompliance resulting from lack of knowledge or awareness.

CalPERS staff continued to streamline and automate the contracting process to improve oversight and efficiency. The contracts database was brought in-house and staff successfully piloted contracts with several divisions, including the development and provision of related training.

To ensure accountability for leaders given delegated authority to sign general contracts for less than \$1 million, mandatory contract training is required for division chiefs and executive staff. Training is required within 90 days of appointment and every other year thereafter. The training provides an overview of the State and CalPERS contracting policies, processes, and their responsibilities for receiving delegated authority to sign contracts.

In compliance with the CalPERS Board's Contracting Activity Reporting Policy, reports were prepared and submitted to the Board for approval in December 2012 and April 2013.

Policy Library

CalPERS established a new oversight function to create and administer a central policy repository and guide the policy governance process. Following a structured life-cycle process for policy creation, review, revision, retirement, approval, implementation and enforcement, CalPERS has instituted an enterprise policy framework that enhances our capacity to comply with applicable laws, directives, ethical norms, acceptable standards, and best practices.

Regulatory Compliance Repository

CalPERS established an online Regulatory Compliance Library as a centralized reference source for statutes, regulations and rules governing each CalPERS division.

The library contains live links to all applicable statutes, regulations and rules and is located on the CalPERS intranet. The library allows staff to access, sort, and view statutes and regulations. Staff can also follow links within the library, leading to the current, full text of the law, regulation or rule, or to the portal leading to the specific citation.

RISK MANAGEMENT

Risk management is part of CalPERS second line of defense. By accurately identifying high-risk areas and processes, CalPERS risk management efforts establish a solid baseline that compliance staff can use to prioritize compliance activities, helping to ensure that high-risk areas receive appropriate attention and assistance.

CalPERS is conducting a business strategy review to centralize all enterprise risk, compliance, and security functions. As part of this process, staff has outlined the functions that are available to the retirement system related to information security, compliance, emergency management, and risk assessment and intelligence.

Business Continuity Program

Pursuant to Executive Order S-O4-06, CalPERS has coordinated and developed an enterprise-wide Business Impact Analysis, Gap Analysis, and Business Continuity Plan updates. These activities examine CalPERS business processes to determine the impact of interruptions and identify existing risks that may prevent CalPERS from

responding to an incident and recovering from a disaster.

Risk Identification Activities

In FY 2012-13, CalPERS conducted enterprise-wide risk assessments to identify the areas of highest risk. CalPERS completed 11 of 18 planned annual risk assessments and multiple ad-hoc risk management projects requested by the CalPERS Board or Executive Risk Management Committee.

CalPERS recalibrated and refreshed the following risk exposure reports for CalPERS management and Board members:

- Enterprise-wide risk dashboard to identify key risk results
- Top risk lists
- Emerging risks list
- Risk portfolio

CalPERS staff also developed tools and methodologies to help management identify, track and manage residual risks.

SECURITY

Security is another part of CalPERS second line of defense. Our building security and information security staff provide an additional layer of protection by helping detect, address, and deter potential misconduct affecting our members, employers, employees, and State assets.

Because CalPERS staff often work with personal, sensitive and confidential information, privacy and information security represent a significant area of risk for CalPERS. These activities include both physical and electronic security, reflecting the fact that information security is relevant to both electronic and hard-copy information.

Customer Service

To promote worker safety, CalPERS conducted an internal training for customer service staff and developed a new procedure for interactions with challenging customers.

Processes, procedures, and training were created to protect member confidentiality and privacy while responding to inquiries received through the Member Secured Messaging channel.

The CalPERS Customer Contact Center achieved an

average quality assurance evaluation score of 92 percent for member and employer phone teams, reflecting a high rate of compliance with proper security and verification procedures.

CalPERS staff also developed a Regional Office Minimum Security Roadmap and implementation plan to mitigate potential risks associated with worker safety. Implementation measures pursuant to the plan have been completed at our Walnut Creek and San Jose regional offices.

Health Insurance Portability and Accountability

Staff responsible for oversight of CalPERS HIPAA compliance efforts focus on three main areas: ensuring all new projects, RFPs, and contracts are vetted for HIPAA compliance; reviewing and assessing all health plan partner incident notifications to determine if a breach has occurred and reporting breach incidents to the Security Incident Team; and monitoring the annual HIPAA web-based training requirement for all staff and contractors.

CalPERS responded to two complaints received from the Office of Civil Rights (OCR), alleging that CalPERS violated Health Insurance Portability and Accountability (HIPAA) rules and regulations by releasing Protected Health Information (PHI) without consent. CalPERS conducted a full investigation into the allegations and provided responses and documentation to the OCR. The OCR then conducted their own investigation with the information provided and concluded that CalPERS used member information within the HIPAA guidelines and therefore no violation occurred.

Information Access Controls

Staff conducted access-rights clean review for certain benefit administration staff who have not accessed the system in more than 90 days. CalPERS updated and revised myCalPERS access requestor and approver procedures and rolled out updated procedures to business users.

Information Security

By establishing a new information security training through the online Learning Management System, CalPERS continues to enhance awareness enterprise wide.

Information Security Policy Refresh

The Information Security Policy Refresh Project is updating all CalPERS information security policies to become fully compliant with applicable laws, regulations, national standards and best practices. Currently all 532 applicable information security requirements from the following sources have been incorporated into CalPERS information security policies, which are being approved by CalPERS stakeholders:

- Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- Health Information Technology for Economic and Clinical Health (HITECH) Act
- International Organization for Standardization (ISO/IEC 27001-27002)
- US National Institute of Standards and Technology
- Cloud Security Alliance
- CA State Administrative Manual (SAM § 5300)
- Information Technology Infrastructure Library (ITIL)

Seventeen information security policies and 435 of 751 new or updated control standards were approved by the Enterprise Architecture Board to meet today's technology, regulatory and threat landscape. A new Information Security Policy Management System was also implemented, which includes a component for automatically updating security policies and standards as federal regulations and industry best practices evolve. This makes it easier for CalPERS to maintain up-to-date compliance regarding information security and privacy regulations.

Investigations/Breaches

CalPERS operates an information security program pursuant to GC¹ § 11549 and SAM § 5300⁷, relating to establishment of an information security program and investigation of potential information security incidents. In support of CalPERS compliance with these requirements, CalPERS has conducted 11 information security-related examinations.

CalPERS has also responded to 18 information security incidents involving a variety of subjects. Thirteen of the information security incidents were not "Notice Triggering" events (e.g., not involving Security Breach

Notices) and did not involve any unauthorized disclosure of personally identifiable information. Corrective actions were taken to prevent future occurrences.

Four incidents involved "Notice Triggering" events (e.g., involving Security Breach Notices) and did involve the unauthorized disclosure of personally identifiable information. For these incidents, CalPERS offered each affected CalPERS member the opportunity to enroll in a credit monitoring service at no cost to the member.

Another incident involved the infringement of the CalPERS domain name. For this incident, the registered domain owner of the CalPERS infringed domain website agreed to release domain name from his ownership. To prevent this type of error from occurring in the future, CalPERS will monitor the usage of the CalPERS name and logo on the Internet.

Mail and Packages

CalPERS staff developed and implemented a policy pertaining to the delivery and receipt of personal packages at CalPERS headquarters to ensure a higher level of safety and security at the facility.

To enhance the security and accountability of parcels and envelopes received via express mail carriers, CalPERS also modified the existing incoming express mail tracking log information to include the requirement of a manager or supervisor's signature, verifying that they agree with both the package count and the time the parcels or envelopes were delivered by Central Receiving staff to the mailroom counter.

Periodic Security Assessment Project

In FY 2012-2013, the Periodic Security Assessment (PSA) Project developed a standardized process that will identify information systems security vulnerabilities and mitigation strategies to address identified risks. The new process also establishes a framework to assess technical security compliance on a periodic basis.

United States Government Configuration Baseline

CalPERS staff is working to bring CalPERS computer workstations into compliance with the United States Government Configuration Baseline (USGCB) initiative. Workstations with Windows 7 desktops and the Internet

Legislation and Regulations

Explorer web browser will comply with an established and widely used security configuration standard. This project will also establish an ongoing process to implement future changes to the USGCB framework. Of the 566 USGCB controls, 79 percent were applicable to CalPERS and were

used to create a new CalPERS Windows Configuration Baseline (CPWCB). CalPERS compliance with the new CPWCB is currently 93 percent.

Legislation and Regulations

The CalPERS governance framework is comprised of a wide range of laws, regulations, policies, and external guidance. CalPERS seeks amendments and regulations where necessary to support our business goals.

CalPERS also devotes considerable attention to monitoring and evaluating changes to our governance framework to help ensure that staff are aware of amendments and new requirements and that such changes are appropriately implemented.

At the close of each legislative session, CalPERS compiles a list of all newly enacted legislation and monitors implementation progress.

CalPERS successfully lobbied for the passage and enactment of the following CalPERS Board-sponsored state legislative proposals:

- CalPERS Wellness and Risk Adjustment Programs – AB 2142⁴ (Chapter 445, Stats. 2012) authorizes CalPERS to develop and administer wellness and risk adjustment programs based on rules and regulations established by the Board.
- CalPERS 2012 Omnibus Bill – SB 987⁵ (Chapter 833, Stats. 2012) makes minor policy and technical changes to the Public Employees' Retirement Law (PERL).

Additionally, CalPERS staff appeared before the Joint Legislative Conference Committee on Public Employee Pensions to provide information and analysis to lawmakers as they developed their report, which was enacted in AB 340 (Chapter 296, Stats. 2012). AB 340 (Public Employees' Pension Reform Act) extensively changes public employee retirement benefits for the State and most local government employees and employers.

CalPERS staff also provided support to lawmakers in the form of comments on regulations associated with federal healthcare and financial market reform and

supported efforts aimed at preventing the dismantling of the finance industry changes enacted by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Health

CalPERS promulgated regulations implementing AB 2142 (Chapter 445, Statutes of 2012), which allows risk adjustment and premium offsets for participation in health promotion and disease prevention programs (2 CCR² 599.500 and amendments to 2 CCR 599.508). CalPERS implemented the risk adjustment portions of the law and regulations by issuing risk-adjusted 2014 health plan rates.

CalPERS also amended 2 CCR 599.500 – 502 and 599.508, providing CalPERS with the flexibility to offer Medicare supplement health plans from the same or different carriers that provide basic coverage to CalPERS members. These regulatory changes enable CalPERS to consider opportunities to be part of a larger pool of enrollees and reduce administrative costs associated with maintaining a supplemental equivalent for each basic plan option.

CalPERS amended 2 CCR 599.506, which authorizes the Board to provide amnesty for employees and annuitants who voluntarily terminated their ineligible dependent(s) enrollment in a CalPERS health benefits plan on or before June 30, 2013. The amnesty period encouraged health plan members to voluntarily comply with CalPERS enrollment requirements.

Pursuant to 42 CFR 423⁶, CalPERS also implemented the Employer Group Waiver Plan for over 130,000 self-funded Medicare members, resulting in predicted savings of \$60 million annually in Medicare Part D drug costs.

Affordable Care Act (ACA)

In FY 2012-13, CalPERS continued to actively track, assess and implement requirements of the Affordable Care Act and related federal regulations. CalPERS developed a business process to implement the Patient-Centered Outcomes Research Institute (PCORI) annual fee, pursuant to Affordable Care Act (ACA) regulations 26 CFR 40⁶, 26 CFR 46 and 26 CFR 602. CalPERS partnered with California Department of Human Resource and State Controller's Office to identify implementation impacts and to implement changes related to Employer Shared Responsibility regulations, pursuant to ACA regulations at 26 CFR 1, 26 CFR 54, and 26 CFR 301 (2013).

CalPERS staff maintained the monthly enrollment reports on the health care plans and total covered lives required to comply with ACA-related taxes and fees, including requirements at 26 CFR 40, 26 CFR 46 and 26 CFR 602.

As part of outreach efforts to help improve contracting agency compliance with ACA-related laws and regulations, CalPERS participated on numerous panels and gave presentations related to federal and State healthcare market reform efforts. Staff also drafted Circular Letters to employers providing guidance and direction for complying with ACA provisions.

Pension

Internal Revenue Code (IRC) Sections 414(d) Compliance

The Internal Revenue Service (IRS) issued Advance Notice of Proposed Rulemaking Regarding Definition of a Governmental Plan. These regulations clarify which organizations qualify as governmental plans, affecting future eligibility for new contracting agencies.

In order to position ourselves to comply with the regulations when they take effect, CalPERS staff

established preliminary eligibility verification and tracking systems that will allow us to accommodate whatever definitions are ultimately established.

In particular, CalPERS staff created a database to record how all prospective agencies have met the eligibility requirements, as informed by the IRS Advance Guidance. Staff is reviewing new contracting employers and has established a denial and appeals process for new agencies that do not meet the legal parameters to contract with CalPERS.

In addition, CalPERS informs prospective employers of the legal requirements to contract with CalPERS and assures them that CalPERS is an IRC-compliant³ trust administrator.

Public Employees' Pension Reform Act (PEPRA)

CalPERS extensively reviewed, tested and implemented the requirements of PEPRA, including updating procedures and systems, and training staff to ensure that PEPRA rules and regulations were being followed appropriately. Staff revised publications and developed staff and employer communications, including revisions to six member publications.

Two new risk pools were created and approved by the CalPERS Board to accommodate the four new reduced retirement benefit formulas and increased retirement age provisions for new members hired after January 2013.

CalPERS also promulgated two regulatory packages related to PEPRA, describing CalPERS scope of authority and defining and clarifying definitions, calculations, and compensation.

CalPERS staff also contributed several amendments to SB⁵ 220, the CalPERS-sponsored PEPRA conformity bill for the Public Employees' Retirement Law (PERL), and SB 13, the PEPRA urgency legislation.

Notes:

- ¹ GC = Government Code
- ² CCR = California Code of Regulations
- ³ IRC = Internal Revenue Code
- ⁴ AB = Assembly Bill
- ⁵ SB = Senate Bill
- ⁶ CFR = Code of Federal Regulations
- ⁷ SAM = State Administrative Manual

APPENDICES

Appendix A

COMPLIANCE TRAINING

Just as CalPERS provides compliance training to employers and members, we also require staff to complete several mandatory courses of training to guide their compliance efforts by informing them of their compliance obligations.

The following compliance-related training was provided in 2012-13:

Course Title	Summary	Source of Mandate	Staff Required to Take Training	Frequency of Training	Staff Compliant with Training Mandate As of 6/30/12		
					# of staff required to take training	# of staff completed training	% of staff compliant with mandate
Contracts Delegated Authority Training	Contracts delegated authority training is required for any position being given delegated authority to sign contracts on behalf of CalPERS.	Board Direction	CEA level and above	Within 90 days of start date and biennially thereafter	13	10	76.9%
CalPERS Ethics Training	Familiarizes staff with Form 700 reporting obligations, gift limits and other ethical requirements.	GC § 11146.1	Form 700 filers	Biennial	728	663	91.1%
Health Insurance Portability and Accountability Act (HIPAA)	Familiarizes staff with basic information security principles and requirements pertaining to CalPERS business operations	HIPAA administrative training policy	All CalPERS staff, all contractors and consultants	Within 90 days of start date and annually thereafter	2,526	2,524	99.9%
Information Security Awareness	Familiarizes staff with basic information security principles and requirements pertaining to CalPERS business operations.	Awareness and Training Policy	All staff, including Executive staff, students, contractors, retired annuitants	Within 90 days of start date and annually thereafter	2521	2517	99.8%
LEADER	Introductory training for new supervisors and managers. Includes: Role of Leader, Effective Communication Employee Relations, Health & Safety Employee Performance, Selection Services Personnel Transaction, Recognition CalPERS Fundamentals Communicate Write (no longer offered) EEO and Ethics Change Management Intro to Coaching Time Management, Delegation	GC § 19995.4	New supervisors and managers	Once within probationary period or within 12 months of supervisory appointment	98	85	86.7%

Appendix A (continued)

Course Title	Summary	Source of Mandate	Staff Required to Take Training	Frequency of Training	Staff Compliant with Training Mandate As of 6/30/12		
					# of staff required to take training	# of staff completed training	% of staff compliant with mandate
New Employee Orientation (NEO)	Includes: CalPERS training policy Conflict of Interest/ Incompatible Activities EAP Ergonomics Disability awareness HIPAA Information Security Awareness IIPP Sexual Harassment Prevention	New Employee Orientation Attendance Policy (effective 7/1/11)	All new-to-CalPERS employees	Within 90 days of start date	356	343	96.3%
Sexual Harassment Prevention Training	Provides staff with tools to recognize, avoid and address potentially sexually harassing situations.	CalPERS Harassment Prevention Policy, revised March 2013 GC § 12950.1	All Supervisors and managers. CalPERS policy requires all employees to take the training within 90 days of hire and every other year, including students and retired annuitants.	All new supervisors or managers within six months of start and every other year thereafter All non-supervisory employees within 90 days of start All staff must complete biennially	502	496	98.8%
Working Values: Ethical Decision-Making	Provides staff with tools and strategies for identifying and appropriately responding to ethical dilemmas.	CalPERS 2011-12 Business Plan CEO Direction	Mandatory	Annual	2,280	2,270	99.6%

Appendix B

MANDATED LICENSES AND CERTIFICATIONS

Some State employment classifications require the possession and maintenance of specified licenses and certifications integral to the performance of staff's duties in these roles. The chart below shows the positions at CalPERS that are subject to this requirement and the number of CalPERS staff employed in each classification. In addition to meeting the State's minimum requirements for employment, CalPERS employs a wide range of experts who possess and maintain licenses and certifications demonstrating important professional competencies and accomplishments pertaining to their CalPERS duties.

Division	Classification	License / Certificate Required	# of Staff
LEGO	Attorney Series (I, III, IV)	California State Bar Membership	25
ACTO	Pension Actuary Class Series	Associate of the Society of Actuaries	16
BPPP	Nurse Consultant Class Series	Active valid license as a registered nurse in California.	1
BPPP	Pharmaceutical Consultant	Valid Certification of Registration in Pharmacy issued by the California State Board of Pharmacy	1
BPPP	Medical Consultant Class Series	Possession of the legal requirements for the practice of medicine in California as determined by the California Board of Medical Quality Assurance or the California Board of Osteopathic Examiners	1

Appendix C

MANDATED REPORTS

CalPERS is required to submit the reports below to the Legislative Counsel’s Office, consistent with state law.

An up-to-date record of submitted reports can be obtained from the Legislative Counsel’s website at:

<http://www.agencyreports.ca.gov/>.

Report Title and Summary	Mandate Source	Due
<p>Annual Health Premiums Report ‘aka’ 100 Day Report Report describing the methods the CalPERS Board of Administration employed to moderate annual health premium increases, including a discussion of actions that the board plans to take, if any, to attempt to reduce the rate of annual premium growth.</p>	1900-015-0822 of Section 2 of the Budget Act of 2012	Annually, within 100 days of adoption of annual health premium increases or decreases
<p>Audit of Financial Statements Independent audit of Public Employees’ Retirement System financial statements.</p>	GC § 20228	Annual
<p>Chief Investment Officer’s Quarterly Report Report of Public Employees’ Retirement System’s assets.</p>	GC § 20235	Quarterly
<p>Comprehensive Annual Financial Report Report of financial statements and investments of Public Employees’ Retirement System Board for the Fiscal Year.</p>	GC § 20232	As soon as practicable after close of each fiscal year
<p>Contract Investment Services Report on the nature, duration and cost of investment contract services used by Public Employees’ Retirement System.</p>	GC § 20208	Annually in April
<p>Final Expenditures Reports Expenditures and performance workload data provided to the CalPERS Board of Administration in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of Public Employees’ Retirement System expenditures, payable from the following funds:</p> <ul style="list-style-type: none"> Judges’ Retirement Fund Legislators’ Retirement Fund Public Employees’ Health Care Fund Public Employees’ Retirement Fund Annuitants’ Health Care Coverage Fund Replacement Benefit Custodial Fund Judges’ Retirement System II Fund 	<p>Section 2 of the Budget Act of 2012</p> <ul style="list-style-type: none"> 1900-015-0815 1900-015-0820 1900-015-0822 1900-015-0830 1900-015-0833 1900-015-0849 1900-015-0884 	<p>Proposed budget for 2013-14 due no later than 5/15/2013</p> <p>Final report due no later than 10/1/2013</p>
<p>Health Benefit Plans Report on success or failure of each health benefit plan.</p>	GC § 22866	Annually on November 1
<p>Health Benefits Positions Program improvements and savings in the CalPERS Health Benefits Division resulting from the two limited-term positions authorized in the Budget Act of 2011.</p>	1900-001-0950 of Section 2 of the Budget Act of 2012	9/13/2012

Mandated Reports (continued)

Report Title and Summary	Mandate Source	Due
<p>Holocaust Era Report on investments of the state and its pension funds in companies doing business in California, and affiliates of those companies, that owe compensation to victims of World War II slave and forced labor from 1929 to 1945.</p>	Section 3 of Chapter 216 of the Statutes of 1999	unspecified
<p>Information Technology Projects Reports on information technology projects that are submitted to the Board of Administration of the Public Employees' Retirement System.</p>	1900-015-0830 of Section 2 of the Budget Act of 2012	On an informational basis commencing July 1, 2012
<p>Investment Advisor Report Findings, determinations and description of type, quantity and yield of Public Employees' Retirement System investments substituted for residential realty investments.</p>	GC § 20194	Within 20 days following conclusion of fiscal year
<p>Iran Report Report on investments in companies with specified business operations in Iran, a summary of those business operations, and the sale or transfer of those investments, and an annual calculation of any costs or investment losses or other financial results incurred in compliance with the provisions of this section.</p>	GC § 7513.7	Annual – on or before January 1st
<p>Legislator's Retirement System Actuarial Valuation Report on rate of contributions for Legislators' Retirement Fund.</p>	GC § 9358.1	Annual
<p>Northern Ireland Report Report on extent to which United States and international corporations operating in Northern Ireland, in which assets of the State Teachers' Retirement System and the Public Employees' Retirement System are invested, adhere, in compliance with the law applicable in Northern Ireland, to the principles of nondiscrimination in employment and freedom of workplace opportunity.</p>	GC § 7513.5	Annual – on or before March 1st
<p>Placement Agent Activity Report on the use of placement agents in connection with investments made by the Public Employees' Retirement System and the State Teachers' Retirement System.</p>	Section 9 of Chapter 668 of the Statutes of 2010	Not later than August 1, 2012
<p>State Contribution Rates Actuarial Valuation Report on the investment return assumptions, amortization periods, and discount rates for state employees and employers.</p>	GC § 20229	Annual
<p>Sudan Report Report on any investments in a company with business operations in Sudan, a summary of those business operations, and the sale or transfer of investments in those companies.</p>	GC § 7513.6	Annual – on or before January 1st

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Glossary of Acronyms

- CalPERS: California Public Employees' Retirement System
- CERBTF: California Employers' Retiree Benefit Trust Fund
- CRF: Contingency Reserve Fund
- HCF: Health Care Fund
- IRC 457: Public Agency Deferred Compensation Program
- JRF: Judges' Retirement Fund
- JRS: Judges' Retirement System
- LRF: Legislators' Retirement Fund
- LRS: Legislators' Retirement System
- OASI: Old Age & Survivors' Insurance Revolving Fund
- PERF: Public Employees' Retirement Fund
- PERS: Public Employees' Retirement System
- RBF: Replacement Benefit Fund
- SIP: Supplemental Income Plans
- SPOFF: State Peace Officers' and Firefighters' Defined Contribution Plan Fund
- SCPF: Supplemental Contributions Program Fund

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