

13/14

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

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, 2014**

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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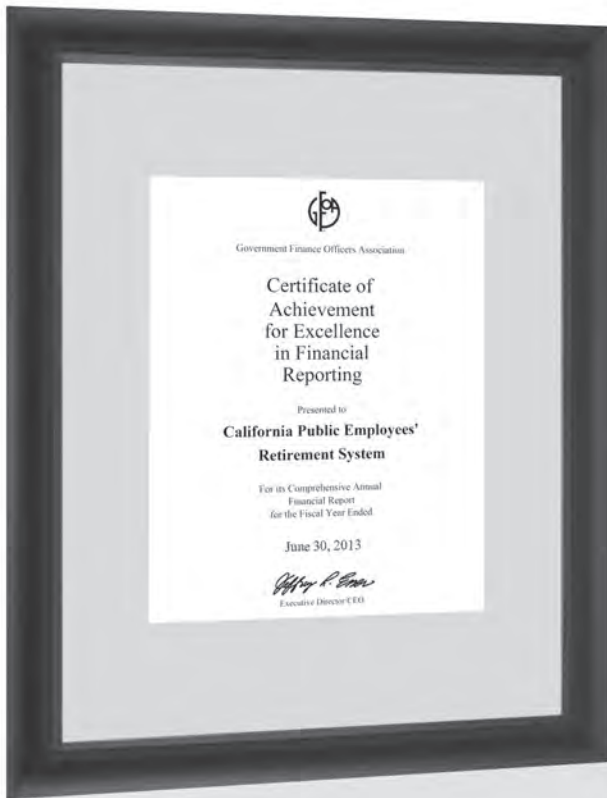
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Professional Awards



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, 2013. This was the 18th year that CalPERS has achieved this prestigious award. 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, 2014. This is the 12th 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, 2014

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, 2014.

This year was marked by strong performance and forward momentum in the financial markets, underpinned by several innovative enterprise-wide achievements that exemplify our commitment to a sustainable and sound pension fund.

Our public pension asset value surpassed \$300 billion—a record level boosted by an 18.4 percent return on investments. This is the fourth double-digit return the Public Employees' Retirement Fund (Fund) has earned in the last five years. For perspective, the Fund has grown by nearly 83 percent since its low of \$164 billion at the bottom of the global financial crisis in 2009.

Returns for 2013-14 were especially strong in global public equity and real estate. Domestic and international stock investments returned 24.8 percent, outperforming the CalPERS custom public equity benchmark by 0.5 percent. Income-generating real assets such as office, industrial, and retail assets returned 13.4 percent, outperforming the Fund's benchmark by 1.6 percentage points.

The 18.4 percent return is well above the Fund's discount rate of 7.5 percent, the long-term return required to meet current and future obligations. The CalPERS 20-year annualized investment return is 8.5 percent.

As part of our fiduciary duty, we continued to focus on integrating the Asset Liability Management (ALM) decisions, which began in 2012, into our administration of the Fund. The ALM process seeks to balance assets and liabilities and achieve appropriate levels of risk in the Fund for future generations. The first-ever ALM cycle concluded in February 2014 as the Board of Administration lowered the investment risk with modest changes in the asset allocation mix while holding the Fund's long-term rate of return at 7.5 percent. To take into account recent findings that public employees are living longer, the Board also adopted stronger demographic assumptions as part of this process. These assumptions are based on a recent experience study that showed life expectancy increasing by two years for men to age 82 and by a year and a half for women to age 85.

To help steer this process and advance our long-term strategic goals, we developed a set of innovative Pension and Investment Beliefs during the year. The Pension Beliefs articulate the Fund's views on public pension design, funding, and administration, while the Investment Beliefs provide a clear basis for strategic management of the investment portfolio.

In the rapidly changing health care environment, we added three new health maintenance organization options and three new health plans to our roster of carriers. We

were able to negotiate premium cuts of about 3 percent for almost 600,000 members while containing increases for hundreds of thousands more.

We also reopened the CalPERS Long-Term Care Program, offering a continuous application period with new options for public employees and their family members. We started accepting new applicants in December 2013 for the first time since 2008, with more coverage flexibility to meet our participants' future health care needs.

Additionally, the number of contracted employers taking advantage of the California Employers' Retiree Benefit Trust Fund (CERBT) to prefund future retiree health care obligations increased by 15 percent. The CERBT, an optional program administered by CalPERS, now includes more than 400 contracted employers with assets under management of nearly \$4 billion, a \$1.2 billion increase over the previous fiscal year.

As these programs and our membership grow each year, we look for new ways to improve our customer service. During the last fiscal year, we created a new Employer Response Team to handle time-sensitive and complex issues, reduced average call wait times to less than two minutes, and hosted six CalPERS Benefits Education Events that reached more than 9,000 members. With the addition of 40,000 new members in the last fiscal year, these enhancements will strengthen the customer experience and overall service delivery for our members and employers.

Management Responsibility for Financial Reporting

CalPERS' management prepared the financial statements in this CAFR for Fiscal Year 2013-14. 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 LLP 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. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*; 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 Postemployment 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' funded status is on the rise as we take steps to move toward a stronger, integrated view of our assets and liabilities that will help stabilize pension costs over time. The Fund is the main trust fund from which nearly all CalPERS retirement benefits are paid. The PERF was approximately 77 percent funded as of the end of June 2014 – a positive growth of more than 7 percentage points. The Actuarial section contains a summary of CalPERS' unfunded actuarial accrued liabilities.

In Closing

CalPERS invests for the long term. With the many sweeping changes we have faced over the years in the pension and health care environments, it is essential that we focus on our primary commitment to more than 1.7 million members – providing responsible and efficient stewardship of the System to deliver promised retirement and health benefits, while promoting wellness and retirement security for our members and beneficiaries. Our mission is aligned with our strategic plan that drives the objectives for current and future generations. As the workplace undergoes a vast transition with a mix of generations and increased baby-boomer retirements each year, it is more important than ever to help our members achieve a financially secure retirement. At CalPERS, we are proud to serve those who serve California, and we are dedicated to building a foundation for long-term sustainability and advocating for the value of defined benefit plans.

Anne Stausboll
Chief Executive Officer

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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 \$301.8 billion as of June 30, 2014.

Headquartered in Sacramento, CalPERS provides retirement and health benefit services to more than 1.7 million members and 3,093 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 1,129,014 active and inactive members and 594,842 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

- Strive 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
- Consider, understands, and manages risk

Respect

- Treat every person with kindness and humility
- Value and recognizes every individual for their unique skills, talents, and contributions
- Stay present in the moment and actively listens to understand others
- Are courteous, responsive, and professional

Accountability

- Take ownership of, and responsibility for, actions, risks, and results and uses outcomes as learning opportunities
- Make sound decisions from experience, good judgment, and collaboration
- Give and seeks clear expectations
- Find solutions that contribute to desired results

Integrity

- Act in all endeavors with an ethical, honest mindset and in a professional manner
- Honor commitments, keeps promises, and builds trust
- Are truthful in all actions and communications

Openness

- Approach every situation with good intentions
- Are receptive to new and diverse ideas
- Listen, cooperate and share across the organization
- Encourage a trusting environment by being genuine and transparent in our actions and communications

Balance

- Support a healthy personal and professional balance
- Maintain focus on long-term goals while meeting short-term needs
- Embrace opportunities for personal and professional development
- Support 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

PENSION BELIEFS

In May 2014, the CalPERS Board of Administration adopted a set of 11 Pension Beliefs that articulate the pension fund's views on public pension design, funding, and administration.

Pension Belief 1

A retirement system must meet the needs of members and employers to be successful.

Pension Belief 2

Plan design should ensure that lifetime retirement benefits reflect each employee's years of service, age, and earnings and are adequate for full-career employees.

Pension Belief 3

Inadequate financial preparation for retirement is a growing national concern; therefore, all employees should have effective means to pursue retirement security.

Pension Belief 4

A retirement plan should include a defined benefit component, have professionally managed funds with a long-term horizon, and incorporate pooled investments and pooled risks.

Pension Belief 5

Funding policies should be applied in a fair, consistent manner, accommodate investment return fluctuations, and support rate stability.

Pension Belief 6

Pension benefits are deferred compensation and the responsibility for appropriate funding should be shared between employers and employees.

Pension Belief 7

Retirement system decisions must give precedence to the fiduciary duty owed to members but should also consider the interests of other stakeholders.

Pension Belief 8

Trustees, administrators and all other fiduciaries are accountable for their actions, and must transparently perform their duties to the highest ethical standards.

Pension Belief 9

Sound understanding and deployment of enterprise-wide risk management is essential to the ongoing success of a retirement system.

Pension Belief 10

A retirement system should offer innovative and flexible financial education that meets the needs of members and employers.

Pension Belief 11

As a leader, CalPERS should advocate for retirement security for America's workers and for the value of defined benefit plans.

INVESTMENT BELIEFS

In September 2013, the CalPERS Board of Administration adopted a set of 10 Investment Beliefs intended to provide a basis for strategic management of the investment portfolio, and to inform organizational priorities.

Investment Belief 1

Liabilities must influence the asset structure.

Investment Belief 2

A long time investment horizon is a responsibility and an advantage.

Investment Belief 3

CalPERS investment decisions may reflect wider stakeholder views, provided they are consistent with its fiduciary duty to members and beneficiaries.

Investment Belief 4

Long-term value creation requires effective management of three forms of capital: financial, physical, and human.

Investment Belief 5

CalPERS must articulate its investment goals and performance measures and ensure clear accountability for their execution.

Investment Belief 6

Strategic asset allocation is the dominant determinant of portfolio risk and return.

Investment Belief 7

CalPERS will take risk only where we have a strong belief we will be rewarded for it.

Investment Belief 8

Costs matter and need to be effectively managed.

Investment Belief 9

Risk to CalPERS is multi-faceted and not fully captured through measures such as volatility or tracking error.

Investment Belief 10

Strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives.

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

John Chiang
State Controller
Ex Officio Member

Richard Costigan
State Personnel Board Member
Ex Officio Member

Richard Gillihan
Director
California Department of Human Resources
Ex Officio Member

Dana Hollinger
Insurance Industry Representative¹
Principal, Dana Hollinger Group
Term Ends: January 15, 2017

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 15, 2016

Bill Lockyer
State Treasurer
Ex Officio Member

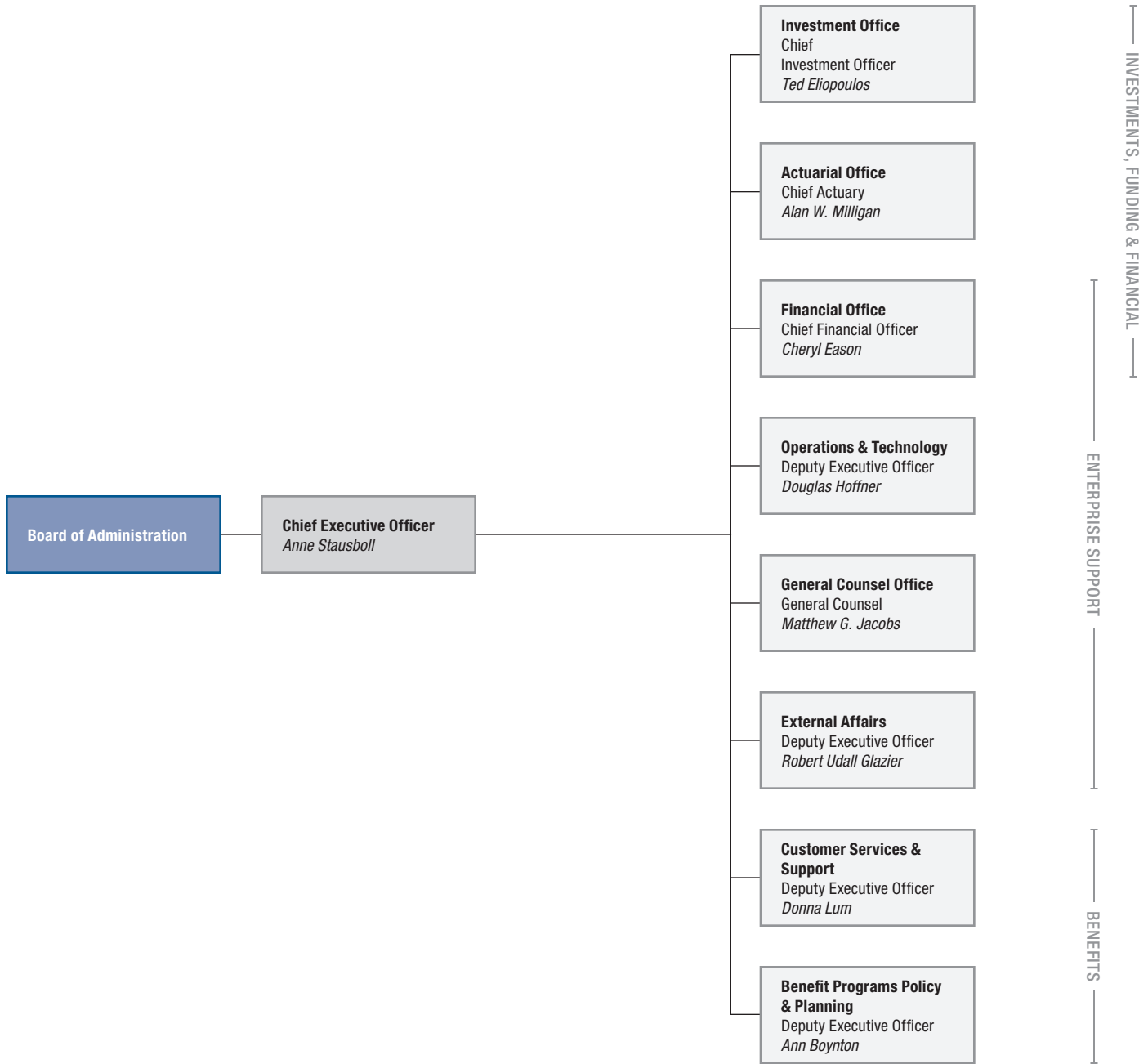
Priya Mathur
Public Agency Representative
Principal Financial Analyst
Bay Area Rapid Transit
Term Ends: January 15, 2019

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

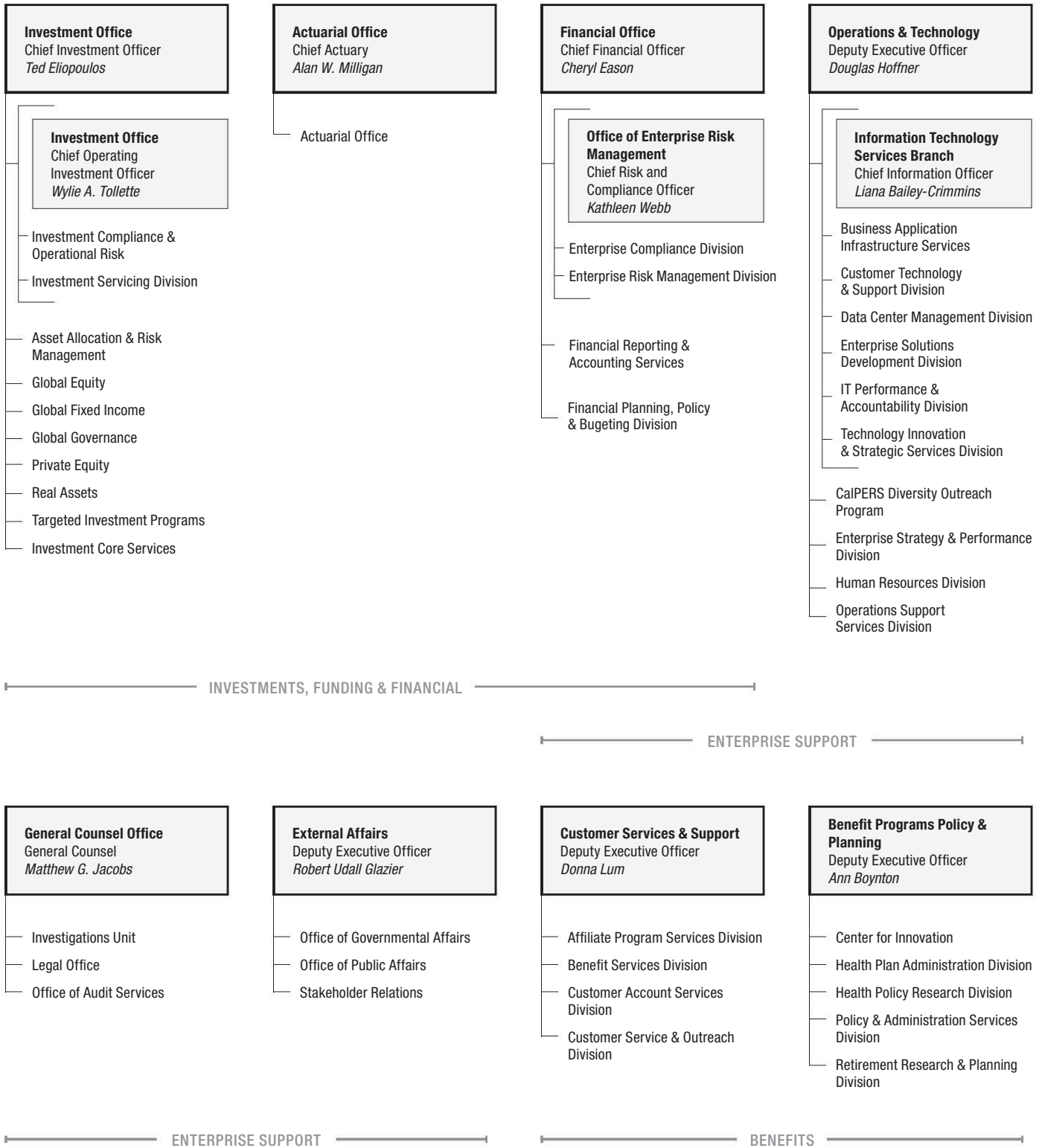
¹ Governor appointee

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

Organizational Chart — Executive Staff



Organizational Chart — Expanded



Consultant & Professional Services

Individual or Firm ¹
Accenture LLP
ADSI, Inc.
Advanced Systems Group, LLC
Aisitech, LLC
Ambire Consulting, Inc
Andes Consulting, LLC
Anthem Blue Cross
ATV Video Center, Inc.
Ballard Group, Inc
Base 3 Consulting
Bedrosian & Associates
Belmonte Enterprises, LLC
Blue Shield of California
Borden Lee Consulting
Business Advantage Consulting, Inc.
California Department of Health Care Services
Capio Group
Capital Technology Associates
Celer Systems, Inc.
Cheiron, Inc.
CoachSource, LLC
Compliance11
Cornerstone Fitness, Inc.
Covington & Burling, LLP
CVS Caremark
Daniel J. Edelman, Inc.
Dee Hansford Consulting
Delegata Corporation
Department of General Services/RR Donnelly
Department of Human Resources
Department of Justice
Dolamont Consulting, Inc.
Downey, Brand, Seymour & Rohwer, LLP
Drinker Biddle & Reath LLP
DSS Research
Eagle Management Group, LLC., dba Matran
Eaton Interpreting Services, Inc.
Enclipse Corporation
Equanim Technologies
Esoft Infosystems, Inc
Eterasys Consulting, Inc.
Ferenczy & Paul, LLP
FutureSense, Inc.
Government Operations Agency
GovernmentJobs.com, Inc. dba NEOGOV
Grant Thornton, LLP
H&B Joint Venture
Health Management Systems, Inc. (HMS)
Health Net of California
Heidrick & Struggles
Highlands Consulting Group, LLC
HP Enterprise Services, LLC
Human Factors International, Inc.

Individual or Firm ¹
Information Technology Software Professional
Informatix, Inc
ING
J & K Court Reporting, LLC
JLynnConsulting, Inc.
K & L Gates LLP
Kath Straub and Associates, LLC
Katrina Kennedy Training
Kearnford Application Systems Design
Kenera Consulting, Inc.
Knowledge Structures, Inc.
Kong Consulting, Inc.
Korn/Ferry International
KPMG LLP
Landor Associates
LCS Technologies, Inc.
Lincoln Crow Strategic Communications
Linsonic, LLC
Lussier, Vienna, Gregor & Associates, Inc.
M Corp
Macias Gini & O'Connell LLP
Martin & Chapman Co.
Maximus Federal Services, Inc.
Mckinsey & Company, Inc., Washington, DC
McLagan
Mellon Bank
Mennemeier, Glassman & Stroud LLP
Mercer Health and Benefits
Michael Strategic Analysis
Milliman, Inc.
Mindstorm Creative, Inc.
Modis, Inc.
Monarch Enterprises, Inc.
Netresult, LLC
Nexus IS, Inc.
Northeast Retirement Services
Oncore Consulting, LLC
Pacific Business Group on Health
Pasanna Consulting Group, LLC
Performance Technology Partners, LLC
Pillsbury Winthrop Shaw Pittman, LLP
Princeton Solutions Group, Inc.
Pyramid Technical Consultants, Inc.
Qualapps, Inc.
Radian Solutions, LLC
Reed Smith, LLP
Regents of the University of CA, Davis
Ridgeway Partners, LLC
Risk 2 Reputation
Rosenberg and Kaplan, A Law Corporation
Saba Software, Inc.
Safeguard Web & Graphics
Sage 2.0

Consultant & Professional Services (continued)

Individual or Firm ¹
SAS International, Inc.
Shah & Associates, A Professional Law Co
Sharp Health Plan
Shaw Valenza, LLP
Shooting Star Solutions, LLC
Sign Language Interpreting Service Agency
Softsol Technologies, Inc.
SRI Infotech, Inc.
Stanfield Systems, Inc.
State Controller's Office
State Treasurer's Office
Steptoe & Johnson, LLP
Stoel Rives, LLP
T5 Consulting
Take 1 Productions
Taylor Feldman Group, LLC, The
Technology Crest Corporation
Trinity Technology Group, Inc.
Truven Health Analytics, Inc.
United Health Actuarial Services, Inc.
UnitedHealthcare
University of California Berkeley
Univita
Unleashing Leaders, Inc.
Vantage Consulting Group, Inc.
VanWrite Writing Consultants, LLC
Viaspire
Visionary Integration Profess, LLC (VIP)
Weaver Schlenger Mazel, LLP
Worktank Enterprises, LLC

Note:

- ¹ Additional information regarding investment professionals who provide services to the System can be found in the Financial Section: Other Supplemental Information.

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Financial Section

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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, 2014, 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, 2014, 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 2 to the basic financial statements, the System implemented the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans- an Amendment of GASB Statement No. 25*, for the fiscal year ended June 30, 2014.

As discussed in Note 7 to the basic financial statements, the total pension liabilities of the Public Employees' Retirement Fund Schools Cost-Sharing Pension Plan and Public Agencies Cost-Sharing Pension Plan, based on the most recent actuarial valuations as of June 30, 2013 rolled forward to June 30, 2014, exceeded the plans' fiduciary net position by \$11.3 billion and \$5.8 billion, respectively. The actuarial valuations are very sensitive to the underlying actuarial assumptions, including a discount rate of 7.50 percent, which represents the long-term expected rate of return.

As discussed in Note 1 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 2015. Management and legal counsel believe the State is legally required to provide the required contributions to fund the benefits. As discussed in Note 7 to the basic financial statements, the total pension liability of the Judges' Retirement Fund, based on the most recent actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014, exceeded the plan's fiduciary net position by \$3.3 billion.

As discussed in Note 8 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 for their respective agent plan. Based on the most recent actuarial valuations of the California Employers' Retiree Benefit Trust Fund as of June 30, 2013, the actuarial accrued liability exceeded the actuarial value of assets by \$29.0 billion.

As discussed in Note 12 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, voluntary termination, conversion rates to fixed term policies, mortality, and rate increase.

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, 2013, from which such partial information was derived.

We have previously audited the System's 2013 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 6, 2013. In our opinion, the partial comparative information presented herein as of and for the fiscal year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

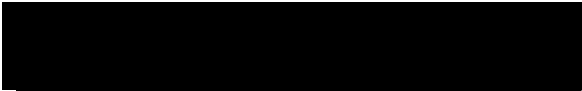
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedules of Changes in Net Pension Liability/(Asset) and Related Ratios, Schedules of Plan Contributions – Pension Plans, Schedule of Investment Returns, Schedule of Funding Progress – OPEB Trust Fund, Schedule of Employer Contributions – OPEB Trust Fund, and 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, introductory, investment, actuarial, statistical, and compliance sections, as listed in the table of contents, are presented for purposes of additional analysis and are 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.

The introductory, investment, actuarial, statistical, and compliance sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Sacramento, California
December 22, 2014

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, 2014. 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.

OVERVIEW OF THE FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION

Management's Discussion and Analysis provides an introduction to and overview of the 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 restricted for pension benefits, other post-employment benefits (OPEB), deferred compensation, and the unrestricted net position of the proprietary funds administered by CalPERS as of June 30, 2014. It also summarizes the combined changes in net position restricted for pension and other post-employment benefits, the changes in unrestricted net position, and the cash flows of the proprietary funds for the year then ended, along with an actuarial view on the funded status of the defined benefit pension and other post-employment benefit plans. The information available in each of these sections is briefly summarized in the following sections.

CalPERS implemented the provisions of Governmental

Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25* (GASB 67), during the year ended June 30, 2014. GASB 67 replaces the requirements of 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 equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. GASB 67 requires the disclosures of the total pension liability, fiduciary net position, and net pension liability for single-employer and cost-sharing multiple-employer defined benefit pension plans. GASB 67 also requires certain additional note disclosures for defined benefit pension plans including the annual money-weighted rate of return on plan investments. GASB 67 revised the reporting requirements for required supplementary information to include schedules that provide trend information related to 1) changes in the net pension liability, 2) the actuarially and contractually determined contributions of employer contributing entities, and 3) the annual money-weighted rate of return on plan investments. As a result of implementing GASB 67, CalPERS determined that the cost-sharing and agent multiple-employer plans for the Public Employees' Retirement Fund (PERF) that were previously reported as a single plan in the basic financial statements should be reported as three separate plans (columns).

Management uses a time-weighted rate of return to calculate the investment returns for performance while GASB 67 requires disclosure of the money-weighted rate of return (MWRR). Money-weighted and time-weighted rates of return are two methods of measuring performance, or the rate of return on an investment portfolio. A MWRR is similar in concept to an internal rate of return: it is the discount rate of the present value of inflows less the present value of outflows, net of pension plan investment expenses. The time-weighted rate of return is not sensitive to contributions or withdrawals. It is defined as the compounded growth rate of \$1 over the period being measured.

Fund Financial Statements

At June 30, 2014, 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

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

services provided and the focus is on determining financial position, operating and non-operating income, cash flows, and changes in net position.

Fiduciary Funds - includes 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 Fund (SPOFF), Public Agency Deferred Compensation Fund (DCF), Supplemental Contributions Program Fund (SCPF), the California Employers' Retiree Benefit Trust Fund (CERBTF) and Replacement Benefit Fund (RBF). 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 are presented for the fiduciary funds as of and for the fiscal year ended June 30, 2014, along with comparative total information as of and for the fiscal year ended June 30, 2013. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries as of year-end, and the changes in those resources during the year.

Proprietary Funds - includes the combined Public Employees' Health Care Fund (HCF) and Public Employees' Contingency Reserve Fund (CRF) and the Public Employees' Long-Term Care Fund (LTCF). 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, 2014, along with comparative total information as of and for the fiscal year ended June 30, 2013. These financial statements reflect the net position, changes in net position, and cash flows resulting from CalPERS business-type activities.

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 general description of CalPERS, and 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 2 — 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 3 — provides information on cash and cash equivalents.

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

Note 5 — provides information about securities lending.

Note 6 — provides information regarding derivatives.

Note 7 — provides information regarding the net pension liability and actuarial assumptions for the PERF, LRF, JRF, and JRF II.

Note 8 — provides information regarding the funded status and actuarial assumptions for the CERBTF.

Note 9 — provides information about CalPERS participation in the State of California's other post-employment benefits (OPEB).

Note 10 — provides detailed information on the estimated claims liability of the HCF.

Note 11 — provides additional information about participating agencies, and insurance premiums paid by the CRF.

Note 12 — provides information regarding the LTCF June 30, 2014 actuarial valuation and the estimated liability for future policy benefits.

Note 13 — provides additional information regarding retirees receiving replacement benefits, as well as the internal revenue and government codes that regulate the System.

Note 14 — provides information on commitments.

Note 15 — provides information on potential contingencies of CalPERS.

Note 16 — provides information about future accounting pronouncements.

Note 17 — provides information on subsequent events.

Required Supplementary Information

The Required Supplementary Information schedules include actuarial assumptions used to calculate net pension liability, historical trends and other required supplementary information related to the System's defined benefit pension plans as required by GASB 67.

The schedule of funding progress for CERBTF contains actuarial information about the status of the plan from an ongoing, long-term perspective, showing whether there are sufficient assets to pay post-employment benefits when due.

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

The schedule of employer contributions for CERBTf contains historical trend information regarding the value of the total annual contributions employers must pay and the actual contributions made to meet this requirement.

The schedule of claims development information for HCF provides earned revenues and expenses over the past three years.

Other Supplemental Information

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

FINANCIAL ANALYSIS

Public Employees' Retirement Fund (PERF)

The PERF provides retirement benefits to State of California, schools and other California public agency employees. The PERF benefits are funded by member and employer contributions and by earnings on investments.

PERF is comprised of and reported as three separate entities for accounting purposes. PERF A is comprised of agent multiple-employer plans, which includes State of California and most public agencies rate plans with more than 100 active members. PERF B is a cost-sharing multiple-employer plan of school employers consisting of non-teaching and non-certified employees. PERF C is a cost-sharing multiple-employer plan of public agencies plans with generally less than 100 active members.

The PERF net position increased by \$39.8 billion or 15.2 percent,

which is mainly attributable to strong investment performance.

Investments increased by \$41.3 billion or 15.9 percent, which included increases in global equity of \$25.3 billion or 19.1 percent and global debt securities of \$12.9 billion or 21.6 percent. The remaining holdings of short-term, private equity, and real assets increased \$3.1 billion or 4.6 percent.

Additions to PERF net position include employer and member contributions and investment income. Increases in additions are due primarily to more favorable conditions in the financial markets compared to previous year and increases to employer contribution rates. Contribution rates increased due to the recognition of previous year investment losses and change in discount rate. Despite increases in member contribution rates and the number of active members contributing to the plans, member contributions decreased due to a decrease in service credit purchases in Fiscal Year 2013-14.

Net investment income is comprised of interest income, dividend income, and net appreciation or depreciation in fair value of investments, and is net of investment expenses. Net investment income increased by \$15.3 billion or 50.9 percent due to strong performance in global equities, both public and private, and global debt securities.

Benefit payments are the primary expense of a retirement system. Total deductions are comprised of benefit payments, refund of contributions to members and beneficiaries, and cost of administering the System. The increase in benefit payments is mainly attributable to the increase in number of members and beneficiaries.

The PERF recognized a MWRR of 18.3 percent for the Fiscal Year 2013-14.

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

Net Position - PERF (Dollars in Thousands)

	PERF A	PERF B	PERF C	2014 PERF Total	2013 PERF Total	Total Percentage Change
ASSETS						
Cash, Cash Equivalents & Receivables	\$2,237,243	\$460,154	\$195,904	\$2,893,301	\$3,039,073	(5%)
Investments	219,520,454	57,018,497	24,944,954	301,483,905	260,182,927	16%
Securities Lending Collateral	12,559,775	3,262,290	1,427,216	17,249,281	17,142,084	1%
Capital Assets, Net & Other Assets	511,001	132,758	58,039	701,798	710,722	(1%)
Total Assets	\$234,828,473	\$60,873,699	\$26,626,113	\$322,328,285	\$281,074,806	15%
LIABILITIES						
Retirement Benefits, Investment Settlement & Other	\$2,575,845	\$629,236	\$272,282	\$3,477,363	\$2,196,264	58%
Securities Lending Obligations	12,443,313	3,232,767	1,413,303	17,089,383	16,888,638	1%
Total Liabilities	\$15,019,158	\$3,862,003	\$1,685,585	\$20,566,746	\$19,084,902	8%
TOTAL NET POSITION	\$219,809,315	\$57,011,696	\$24,940,528	\$301,761,539	\$261,989,904	15%

Changes in Net Position - PERF (Dollars in Thousands)

	PERF A	PERF B	PERF C	2014 PERF Total	2013 PERF Total	Total Percentage Change
ADDITIONS						
Member Contributions	\$2,738,829	\$744,437	\$291,772	\$3,775,038	\$3,896,078	(3%)
Employer Contributions	6,826,837	1,203,071	747,694	8,777,602	8,123,833	8%
Net Investment Income	33,109,453	8,601,820	3,760,548	45,471,821	30,142,076	51%
Securities Lending & Other Income	92,055	23,781	10,387	126,223	149,907	(16%)
Total Additions	\$42,767,174	\$10,573,109	\$4,810,401	\$58,150,684	\$42,311,894	37%
DEDUCTIONS						
Retirement, Death & Survivor Benefits	\$13,398,700	\$3,045,993	\$1,315,891	\$17,760,584	\$16,635,263	7%
Refund of Contributions	123,058	93,930	19,980	236,968	242,595	(2%)
Administrative Expenses	277,780	72,167	31,550	381,497	426,077	(10%)
Total Deductions	\$13,799,538	\$3,212,090	\$1,367,421	\$18,379,049	\$17,303,935	6%
INCREASE IN NET POSITION	\$28,967,636	\$7,361,019	\$3,442,980	\$39,771,635	\$25,007,959	59%
NET POSITION						
Beginning of Year	\$190,841,679	\$49,650,677	\$21,497,548	\$261,989,904	\$236,981,945	11%
End of Year	\$219,809,315	\$57,011,696	\$24,940,528	\$301,761,539	\$261,989,904	15%

Other Defined Benefit Plans

Legislators' Retirement Fund (LRF)

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.

Net investment income was \$15.3 million in the Fiscal Year 2013-14, compared with \$6.9 million in the Fiscal Year 2012-13. The strong performance of global equities was the primary factor in the solid growth of the LRF.

The employer contribution rate was increased from 5.4 percent for the Fiscal Year 2012-13 to 38.381 percent for the Fiscal Year 2013-14, resulting in an increase in employer contributions from approximately \$0.1 million in the Fiscal Year 2012-13 to \$0.6 million in the Fiscal Year 2013-14. This large increase in contribution rates was due to PEPRA, which added a provision into law that prevents employers from using surplus to lower contribution requirements.

The LRF recognized a MWRR of 13.1 percent for the Fiscal Year 2013-14.

Judges' Retirement Fund (JRF)

The JRF provides retirement benefits to California Supreme and Appellate Court Justices and Superior Court Judges appointed or elected before November 9, 1994. The State of California does not pre-fund the benefits for this fund. The benefits are funded on a pay-as-you-go basis.

For the Fiscal Year 2013-14, employer, member, and state "balancing contributions" increased \$29.0 million (17.4 percent) to \$195.9 million, from \$166.9 million for the Fiscal Year 2012-13, primarily due to an increase in the State General Fund contributions.

Judges' Retirement Fund II (JRF II)

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.

Additions to JRF II net position restricted for benefits include employer and member contributions, as well as investment income. Contributions were \$77.4 million, an increase of \$4.6 million from \$72.8 million from the Fiscal Year 2012-13. The number of active members who contribute increased from 1,352 as of June 30, 2013 to 1,396 as of June 30, 2014. For the Fiscal Year 2013-14, the fund had a net investment income of \$149.7 million, an increase of \$71.1 million, compared with \$78.6 million for the Fiscal Year 2012-13. The increase was largely due to higher gains from global equity and global debt securities.

The JRF II recognized a MWRR of 18.4 percent for the Fiscal Year 2013-14.

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

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

	LRF			JRF			JRF II		
	2014	2013	Total Percentage Change	2014	2013	Total Percentage Change	2014	2013	Total Percentage Change
ASSETS									
Cash, Cash Equivalents & Receivables	\$632	\$1,379	(54%)	\$3,002	\$2,008	50%	\$10,984	\$5,815	89%
Investments	130,553	121,498	7%	55,087	52,636	5%	1,002,770	789,684	27%
Securities Lending Collateral	8,581	9,317	(8%)	—	—	—	78,033	72,197	8%
Total Assets	\$139,766	\$132,194	6%	\$58,089	\$54,644	6%	\$1,091,787	\$867,696	26%
LIABILITIES									
Retirement Benefits, Investment Settlement & Other	\$892	\$841	6%	\$890	\$824	8%	\$470	\$400	18%
Securities Lending Obligations	8,520	9,205	(7%)	—	—	—	77,478	71,330	9%
Total Liabilities	\$9,412	\$10,046	(6%)	\$890	\$824	8%	\$77,948	\$71,730	9%
TOTAL NET POSITION RESTRICTED FOR PENSION BENEFITS	\$130,354	\$122,148	7%	\$57,199	\$53,820	6%	\$1,013,839	\$795,966	27%

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

	LRF			JRF			JRF II		
	2014	2013	Total Percentage Change	2014	2013	Total Percentage Change	2014	2013	Total Percentage Change
ADDITIONS									
Member Contributions	\$113	\$31	265%	\$4,724	\$4,909	(4%)	\$20,413	\$18,819	8%
Employer Contributions	565	80	606%	191,148	161,945	18%	57,027	54,025	6%
Net Investment Income	15,332	6,910	122%	54	76	(29%)	149,679	78,619	90%
Securities Lending & Other Income	40	64	(38%)	2,529	2,694	(6%)	489	595	(18%)
Total Additions	\$16,050	\$7,085	127%	\$198,455	\$169,624	17%	\$227,608	\$152,058	50%
DEDUCTIONS									
Retirement, Death & Survivor Benefits	\$7,482	\$7,548	(1%)	\$193,925	\$187,084	4%	\$8,865	\$10,518	(16%)
Refund of Contributions	—	—	—	10	—	N/A	85	58	47%
Administrative Expenses	362	418	(13%)	1,141	1,413	(19%)	785	899	(13%)
Total Deductions	\$7,844	\$7,966	(2%)	\$195,076	\$188,497	3%	\$9,735	\$11,475	(15%)
INCREASE (DECREASE) IN NET POSITION	\$8,206	(\$881)	1,031%	\$3,379	(\$18,873)	118%	\$217,873	\$140,583	55%
NET POSITION RESTRICTED FOR PENSION BENEFITS									
Beginning of Year	\$122,148	\$123,029	(1%)	\$53,820	\$72,693	(26%)	\$795,966	\$655,383	21%
End of Year	\$130,354	\$122,148	7%	\$57,199	\$53,820	6%	\$1,013,839	\$795,966	27%

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

ASSET LIABILITY MANAGEMENT - DEFINED BENEFIT PLANS

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

The initial review began in 2012 and culminated at the November 2013 Investment Committee meeting with a discussion on the objectives as they relate to these Investment Beliefs: "Liabilities must influence the asset structure"; "Strategic asset allocation is the dominant determinant of portfolio risk and return"; "CalPERS will take risk only where we have a strong belief we will be rewarded for it"; "Risk to CalPERS is multi-faceted and not fully captured through measures such as volatility or tracking error." Aimed to balance assets and liabilities to achieve appropriate levels of risk, ALM is focused on investment and actuarial policies and key decision factors that could drive an optimum asset allocation while stabilizing employer rates and the volatility of those rates year to year.

ALM looks at trend analysis on a holistic view of the organization, focusing on the trends that affect all of CalPERS. Based on this analysis a trend has developed where benefits are beginning to exceed contributions by a noticeable margin. This trend is not likely to change as retirement continues to grow. ALM is designed to help CalPERS meet its pension obligations to current and future members based on the sustainability and soundness of the fund.

Based on the ALM process, in February 2014 the Board adopted strategic asset allocation targets effective July 1, 2014. In May 2014, the Board adopted interim targets to be used during the two year transition period to the strategic targets. These allocation targets are listed below:

PERF Target Asset Allocation Changes

Asset Class	Interim Target Allocation	New Strategic Allocation	Current Allocation	Change
Global Equity	51%	47%	50%	(3%)
Global Fixed Income	19	19	17	2
Inflation Sensitive	6	6	4	2
Private Equity	10	12	14	(2)
Real Estate	10	11	9	2
Infrastructure & Forest	2	3	2	1
Liquidity	2	2	4	(2)

FUNDING ANALYSIS – DEFINED BENEFIT PLANS

In February 2014, the CalPERS Board made important decisions regarding the funding of pension benefits at CalPERS. Specifically, the Board adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of investment returns while holding the fund's long-term assumed rate of return at 7.5 percent. The Board also adopted more significant changes to the actuarial assumptions, most importantly, the inclusion of future mortality improvements in the actuarial assumptions. Finally, the Board approved a financing method that determines when and how quickly these changes will impact employer contributions. The actuarial assumptions adopted by the CalPERS Board of Administration are designed to ensure greater sustainability and soundness of the defined benefit plans, and will be better at predicting future experience resulting in more secure retirement benefits in the decades to come. The current experience study was based on demographic CalPERS data for years 1997 to 2011. The study focused on recent patterns of termination, death, disability, retirement and salary increases. For the LRF, JRF, JRF II and state plans, the new assumptions were implemented in the June 30, 2013 valuation, setting the employer contribution rates for Fiscal Year 2014-15. These new assumptions will apply beginning with the June 30, 2015 valuation for the schools pool, setting the employer contribution rate for the Fiscal Year 2016-17. For public agencies, the new assumptions will apply in the June 30, 2014 valuations, setting rates for the Fiscal

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

Year 2016-17. Note that the net pension liabilities in this report incorporate the impact of the change in actuarial assumptions adopted by the Board.

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. The amortization would have a five-year ramp-up of rates at the start and a five-year ramp-down at the end. Over time, the proposed methods are designed to improve funding levels and help to reduce overall funding level risk. These new policies will apply beginning with the June 30, 2014 valuation for the LRF, JRF, JRF II, state plans and schools pool, setting employer contribution rates for the Fiscal Year 2015-16. For public agencies, the new policies apply in the June 30, 2013 valuations, setting rates for the Fiscal Year 2015-16.

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 2014-15.

With the implementation of GASB 67, there is a difference between the pension cost that must be reported in financial statements and pension costs established as part of funding valuations. The Actuarial Section included in the report provides actuarial information that was derived for purposes of establishing the funding requirements of employers for which CalPERS administers the retirement benefits.

As of June 30, 2013, the funded status of the PERF was 69.8 percent. The funded status as of June 30, 2014 is estimated to increase to about 77.0 percent as a result of the investment return in Fiscal Year 2013-14. As of June 30, 2013, the funded status of JRF II was 95.1 percent. The funded status as of June 30, 2014 is estimated to increase to about 105.0 percent, mostly as a result of the investment return in Fiscal Year 2013-14. As of June 30, 2013, the funded status of LRF was 105.2 percent. The funded status as of June 30, 2014 is estimated to increase to about 113.0 percent, mostly as a result of the investment return in Fiscal Year 2013-14. All these funded status were calculated based on the market value of assets used in actuarial valuations that set funding requirement for employers.

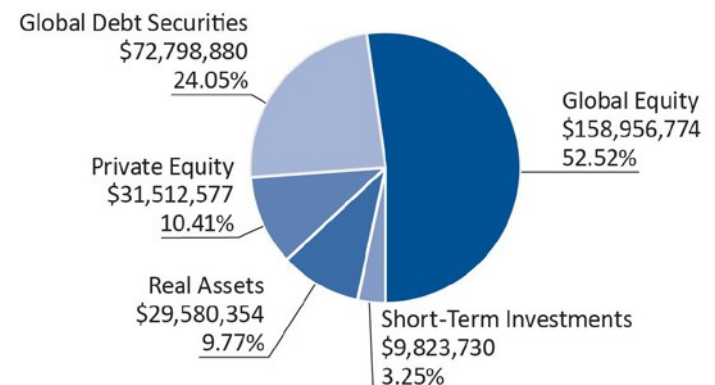
For GASB 67 purposes, the assets that are used for financial reporting are slightly greater than the assets used for funding requirements. We are required to report Plan Fiduciary Net Position as a Percentage of Total Pension Liability for the cost-sharing multiple employer plans, PERF B and PERF C, and for the single-employer pension plans, LRF, JRF, and JRF II. As of June 30, 2014, the Plan Fiduciary Net Position as a Percentage of Total Pension Liability is 83.5 percent for PERF B, 81.0 percent for PERF C, 112.8 percent for LRF, 1.7 percent for JRF, and 104.7 percent for JRF II.

INVESTMENTS – DEFINED BENEFIT PLANS

CalPERS general investment goals are broad in nature. The overall objective of CalPERS investment program is to provide members and beneficiaries with benefits as required by law. This will be accomplished through a carefully planned and executed long-term investment program that efficiently and effectively allocates and manages the assets of CalPERS. CalPERS investment policies have been designed to allow CalPERS to achieve a long-term total return. Prudent risk-taking is appropriate within the context of overall diversification to meet CalPERS long-term investment objectives. The assets of CalPERS will be broadly diversified to minimize the effect of short-term losses within any investment program.

The following illustrates the investment holdings in the defined benefit plans as of June 30, 2014:

Investment Summary by Fair Value - as of June 30, 2014



DEFINED CONTRIBUTION PLANS

The State Peace Officers' & Firefighters' Defined Contribution Plan Fund (SPOFF) provides supplemental retirement benefits to eligible safety employees. The Supplemental Contributions Program Fund (SCPF) was established effective January 1, 2000, to provide supplemental retirement benefits to members of CalPERS and is entirely member funded. The Public Agency Deferred Compensation Fund (DCF), (formally presented as Public Agency Deferred Compensation Plan (IRC 457)), is available to public agencies and school districts within the State of California and is established to provide a deferred compensation plan.

The net position of the defined contribution plans increased by \$233.3 million or 14.6 percent, which was mainly attributable to strong investment performance. Investments increased by \$232.5 million or 14.6 percent which included increases in global equity of \$70.2 million or 6.7 percent, global debt securities of

\$7.6 million or 1.9 percent and short-term investments of \$154.6 million or 110.0 percent. All investments held in SPOFF, SCPF, and DCF were transitioned to external manager SSgA and invested into SSgA commingled funds in Fiscal Year 2013-14.

Additions to the defined contribution plans net position include member and employer contributions and investment income. Increases in additions are due primarily to more favorable conditions in the financial markets compared to previous year. Net investment income is comprised of net appreciation or depreciation in fair value of investments, interest income and is net of investment expenses. Net investment income increased by \$65.5 million or 38.6 percent due to good performance in global equities and global debt securities.

Total deductions are comprised of participant withdrawals and costs of administering the plans. The increase is mainly attributable to increases in participant withdrawals from the plans which increased by 14.8 percent.

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

Net Position - Defined Contribution Plan Funds (Dollars in Thousands)

	SPOFF			DCF			SCPF		
	2014	2013	Total Percentage Change	2014	2013	Total Percentage Change	2014	2013	Total Percentage Change
ASSETS									
Cash, Cash Equivalents & Receivables	\$7	\$8	(13%)	\$12,097	\$10,707	13%	\$12	\$13	(8%)
Investments	523,425	492,046	6%	1,277,661	1,077,851	19%	20,587	19,311	7%
Securities Lending Collateral	—	3,366	100%	—	6,965	100%	—	132	100%
Total Assets	\$523,432	\$495,420	6%	\$1,289,758	\$1,095,523	18%	\$20,599	\$19,456	6%
LIABILITIES									
Retirement Benefits, Investment Settlement & Other	\$805	\$752	7%	\$2,945	\$2,579	14%	\$30	\$29	3%
Securities Lending Obligations	—	3,326	100%	—	6,882	100%	—	131	100%
Total Liabilities	\$805	\$4,078	(80%)	\$2,945	\$9,461	(69%)	\$30	\$160	(81%)
TOTAL NET POSITION RESTRICTED FOR PENSION BENEFITS	\$522,627	\$491,342	6%	\$1,286,813	\$1,086,062	18%	\$20,569	\$19,296	7%

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

	SPOFF			DCF			SCPF		
	2014	2013	Total Percentage Change	2014	2013	Total Percentage Change	2014	2013	Total Percentage Change
ADDITIONS									
Member Contributions	\$103	\$169	(39%)	\$131,900	\$99,977	32%	\$160	\$164	(2%)
Employer Contributions	43	105	(59%)	698	455	53%	—	—	—
Net Investment Income	68,597	53,126	29%	164,384	114,390	44%	2,077	2,050	1%
Securities Lending & Other Income	1,683	39	N/A	5,258	81	N/A	111	1	N/A
Total Additions	\$70,426	\$53,439	32%	\$302,240	\$214,903	41%	\$2,348	\$2,215	6%
DEDUCTIONS									
Administrative Expenses	\$1,556	\$1,460	7%	\$4,101	\$3,467	18%	\$62	\$58	7%
Participant Withdrawals	37,585	34,417	9%	97,388	82,587	18%	1,013	1,448	(30%)
Total Deductions	\$39,141	\$35,877	9%	\$101,489	\$86,054	18%	\$1,075	\$1,506	(29%)
INCREASE IN NET POSITION	\$31,285	\$17,562	78%	\$200,751	\$128,849	56%	\$1,273	\$709	80%
NET POSITION RESTRICTED FOR PENSION BENEFITS									
Beginning of Year	\$491,342	\$473,780	4%	\$1,086,062	\$957,213	13%	\$19,296	\$18,587	4%
End of Year	\$522,627	\$491,342	6%	\$1,286,813	\$1,086,062	18%	\$20,569	\$19,296	7%

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

OTHER POST-EMPLOYMENT BENEFIT FUND

The California Employers' Retiree Benefit Trust Fund (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 restricted for benefits on June 30, 2014 was \$3.9 billion, an increase of \$1.2 billion due primarily to strong investment returns and increased employer contributions from an increasing number of participating employers from 373 in the Fiscal Year 2012-13, to 427 (representing 431 OPEB plans) at June 30, 2014.

Additions to the CERBTF net position restricted for OPEB benefits include employer contributions, which totaled \$1.7 billion in the Fiscal Year 2013-14, an increase of \$649.5 million (63.0 percent) compared to \$1.03 billion in the Fiscal Year 2012-13, primarily due to the increase in participating employers. During the Fiscal Year 2013-14, the fund earned a net investment income of \$515.5 million, an increase of \$279.1 million compared to \$236.4 million in the Fiscal Year 2012-13. The increase resulted from higher investment returns from global equity securities.

Deductions for OPEB reimbursements from the CERBTF net position restricted for benefits totaled \$1.02 billion in the Fiscal Year 2013-14, an increase of \$385.8 million (60.8 percent) from \$635.1 million in the Fiscal Year 2012-13. The increase was due to additional employer participants utilizing the trust. Deductions for administrative and investment expenses totaled \$3.0 million. The amounts reported for contributions and reimbursements include \$972.6 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, 2013, the date of the most recent actuarial valuations, the funded status is 8.4 percent and the actuarial accrued liabilities exceeded the actuarial value of assets by approximately \$29.0 billion.

Employers can select from three strategies to invest their assets. During Fiscal Year 2013-2014, the conservative option, which is time-weighted, earned 12.9 percent, intermediate risk earned 15.6 percent and growth earned 18.5 percent.

In May 2014, the Actuarial Standards Board adopted revisions to the Actuarial Standards of Practice 6 (ASOP 6) to essentially eliminate the "Community Rating Exemption". The effect of this change to the actuarial standard is that for any OPEB valuation dated on or after March 31, 2015, the actuary must use, with limited exceptions, the "age-adjusted" rates when calculating

the employer OPEB liability. For many employers, including the participating employers in the CERBT program, whose OPEB liability is currently calculated based on a community rated blended premium, their OPEB liability could increase substantially.

Net Position - Other Post-Employment Benefit Fund

(Dollars in Thousands)

	CERBTF		Total Percentage Change
	2014	2013	
ASSETS			
Cash, Cash Equivalents & Receivables	\$107,598	\$48,249	123%
Investments	3,810,731	2,684,477	42%
Securities Lending Collateral	60,551	47,457	28%
Total Assets	\$3,978,880	\$2,780,183	43%
LIABILITIES			
Other Post-Employment Benefits, Investment Settlement & Other	\$30,000	\$22,869	31%
Securities Lending Obligations	60,120	46,887	28%
Total Liabilities	\$90,120	\$69,756	29%
TOTAL NET POSITION RESTRICTED FOR OPEB BENEFITS	\$3,888,760	\$2,710,427	43%

Changes in Net Position -

Other Post-Employment Benefit Fund (Dollars in Thousands)

	CERBTF		Total Percentage Change
	2014	2013	
ADDITIONS			
Employer Contributions	\$1,681,053	\$1,031,619	63%
Investment Income	515,507	236,443	118%
Securities Lending & Other Income	4,483	1,267	254%
Total Additions	\$2,201,043	\$1,269,329	73%
DEDUCTIONS			
Administrative Expenses	\$1,786	\$2,062	(13%)
Reimbursements	1,020,924	635,074	61%
Total Deductions	\$1,022,710	\$637,136	61%
INCREASE IN NET POSITION	\$1,178,333	\$632,193	86%
NET POSITION RESTRICTED FOR OPEB BENEFITS			
Beginning of Year	\$2,710,427	\$2,078,234	30%
End of Year	\$3,888,760	\$2,710,427	43%

ENTERPRISE FUNDS

Public Employees' Health Care Fund (HCF) and Public Employees' Contingency Reserve Fund (CRF)

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 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. The HCF and CRF statements and schedules were combined to give a better overview of the health programs administered by CalPERS.

For 2014, CalPERS implemented three improvements to its Health Program: expanded health plan offerings, risk adjustment, and flex funding.

CalPERS added three new Health Maintenance Organization (HMO) carriers: Health Net of California with two health plans in six counties, Sharp Health Plan in San Diego County, and UnitedHealthcare in 22 counties. In addition, Anthem Blue Cross offered three new health plans: Anthem HMO Traditional in 36 counties, Anthem HMO Select in 22 counties, and Anthem Exclusive Provider Organization (EPO) in Monterey County. The addition of these new plans helps reduce costs by increasing competition and offering more options for members.

The objective of the CalPERS risk adjustment program is to encourage health plans to compete on the basis of medical and administrative efficiency and quality of care rather than on their ability to attract healthier members. Health plan premiums are adjusted based on medical diagnosis data, demographic data, and geographic cost differences so that plans are not placed at a competitive disadvantage when they pursue members who are sicker and/or in higher cost areas.

CalPERS began flex funding its HMO plans to obtain greater transparency in health plan operations and to reduce costs by generating interest revenue on health plan reserves.

The net position of the HCF/CRF decreased by \$11.5 million or 2.5 percent, which was mainly attributable to an increase in administrative expenses due to the implementation of the flex funding HMO plans. Investments increased by \$222.2 million or 21.8 percent, which included an increase in fixed income of \$19.4 million and short-term of \$202.7 million or 32.3 percent.

All investments held in HCF were transitioned to external manager SSgA and invested into SSgA commingled funds in Fiscal Year 2013-14. As a result, securities lending activities are no longer allocated to the HCF. The insurance premiums and claim payable increase is mainly attributable to the introduction of flex funding and cash flow timing differences.

Revenues of HCF/CRF include premiums collected from members and employers, federal subsidies, investment income, and administrative fees collected to administer the plans. Increases in revenues are primarily due to premium increases resulting from the new flex funding HMO plans effective January 2014, the increase in federal subsidies as Fiscal Year 2013-14 was the first full year this program was in place, and strong investment performance. The premium increases are due to flex funding implementation. Non-operating revenues are comprised of net appreciation or depreciation in fair value of investments and interest income. Investment income increased by \$15.9 million or 319.9 percent due to good performance in global debt securities.

Total expenses are comprised of claims expense, investment expense, and costs of administering the plans. The increase is mainly attributable to claim expense, which increased by 39.1 percent.

Public Employees' Long-Term Care Fund (LTCF)

The LTCF helps to provide financial protection to active participants from the high cost of eligible covered services 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.

LTCF participation is voluntary and benefits are funded by member premiums and the LTCF investment income. The LTCF is continuously appropriated under the exclusive control of the Board for the exclusive benefit of participants in the program. LTCF contracts with a third-party service provider to administer the program.

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

In October 2012, the Board approved the following LTCF stabilization actions for participants:

- Adding new 3, 6, and 10-year retained inflation (RI) benefit design options for LTC participants to mitigate future rate increases;
- Extending the RI option to all plans with built-in inflation protection;
- Including an optional Daily Benefit Amount (DBA) "buy-back" for those participants who dropped their built-in inflation protection or decreased their DBA after the 2010 premium increase.

In February 2013, the Board approved a new benefit design and premium pricing for a new product offering called - LTC 4. Some key benefit design features include: international benefit, in-home care services, inflation protection options, daily benefit allowance ranging from \$150 to \$400, return of premium death benefit, restoration of benefits, and paid-up survivor benefit. In December 2013, LTC 4 was launched with a continuous open application period. Also in 2013, LTCF program eligibility was expanded, through the legislation, to include adult children and other qualified persons.

The net position of the LTCF increased by \$84.1 million or 12.4 percent, which was mainly attributable to an increase in the global fixed income investment performance of \$270.6 million.

The large percentage increase in the cash equivalents and receivables and other liabilities is due to the timing of cash flow. The claims payable increase is mainly attributable to an increase of 7.8 percent in active claimants.

The LTCF revenues to administer the plan include premiums collected from participants and investments income. Participation in the plan decreased by 3.5 percent due to participant coverage cancellations, non-payment of premiums, deaths and exhaustion of benefits. This directly impacted the premium revenue, which decreased by 7.0 percent. Non-operating revenues are comprised of net appreciation or depreciation in fair value of investments and interest income. Investment income increased by \$273.7 million due to good performance in global debt securities.

Total expenses are comprised of claims, investments, and administrative costs of the program. The increase in expenses is mainly attributable to claims expense which increased by 13.9 percent.

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

Net Position - Enterprise Funds (Dollars in Thousands)

	HCF/CRF			LTCF		
	2014	2013	Total Percentage Change	2014	2013	Total Percentage Change
ASSETS						
Cash, Cash Equivalents & Receivables	\$175,872	\$72,162	144%	\$18,912	\$4,383	331%
Investments	1,239,870	1,017,718	22%	4,148,188	3,713,371	12%
Securities Lending Collateral	—	2,479	100%	—	—	—
Loan Receivable	13,500	22,500	(40%)	—	—	—
Total Assets	\$1,429,242	\$1,114,859	28%	\$4,167,100	\$3,717,754	12%
LIABILITIES						
Insurance Premiums & Claims Payable & Estimated Insurance Claims Due	\$658,302	\$557,372	18%	\$274,757	\$243,538	13%
Member & Employer Premium Payable	49,370	—	N/A	—	—	—
Securities Lending Obligations	—	2,450	100%	—	—	—
Other Liabilities	278,012	99,955	178%	21,766	4,092	432%
Estimated Liability for Future Policy Benefits	—	—	—	3,107,329	2,791,002	11%
Total Liabilities	\$985,684	\$659,777	49%	\$3,403,852	\$3,038,632	12%
TOTAL UNRESTRICTED NET POSITION	\$443,558	\$455,082	(3%)	\$763,248	\$679,122	12%

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

	HCF/CRF			LTCF		
	2014	2013	Total Percentage Change	2014	2013	Total Percentage Change
REVENUES						
Premiums	\$2,831,603	\$1,921,838	47%	\$286,571	\$307,812	(7%)
Federal Government Subsidies	43,900	22,375	96%	—	—	—
Federal Government Reimbursements	—	17	100%	—	—	—
Non-Operating Revenues	20,846	4,964	320%	393,354	119,607	229%
Administrative Fees & Other	24,899	17,809	40%	—	—	—
Securities Lending Income	15	41	(63%)	—	909	100%
Total Revenues	\$2,921,263	\$1,967,044	49%	\$679,925	\$428,328	59%
EXPENSES						
Claims Expense	\$2,536,953	\$1,824,082	39%	\$225,691	\$198,185	14%
Increase (Decrease) in Estimated Liabilities	173,796	16,781	936%	345,547	(631,804)	155%
Non-Operating Expenses	160	95	68%	1,615	1,280	26%
Administrative Expenses	221,878	132,556	67%	22,946	21,819	5%
Total Expenses	\$2,932,787	\$1,973,514	49%	\$595,799	(\$410,520)	245%
INCREASE (DECREASE) IN UNRESTRICTED NET POSITION	(\$11,524)	(\$6,470)	78%	\$84,126	\$838,848	(90%)
UNRESTRICTED NET POSITION (DEFICIT)						
Beginning of Year	\$455,082	\$461,552	(1%)	\$679,122	(\$159,726)	525%
End of Year	\$443,558	\$455,082	(3%)	\$763,248	\$679,122	12%

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

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 Financial Office, 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, 2014, with Comparative Totals as of June 30, 2013 (Dollars in Thousands)

	Pension Trust Funds			
	PERF A	PERF B	PERF C	PERF Total
ASSETS				
Cash & Cash Equivalents	\$449,399	\$116,754	\$51,042	\$617,195
Receivables				
Members	\$779,244	\$107,174	\$62,994	\$949,412
Employers	656,559	144,766	41,884	843,209
Investment Sales & Other	134,653	34,983	15,293	184,929
Interest & Dividends	172,100	44,711	19,547	236,358
Due from Other Funds	4,971	1,292	565	6,828
Other Program	40,317	10,474	4,579	55,370
Total Receivables	\$1,787,844	\$343,400	\$144,862	\$2,276,106
Investments, at Fair Value				
Short-Term Investments	\$7,109,813	\$1,846,711	\$807,916	\$9,764,440
Global Equity Securities	115,162,647	29,912,479	13,086,375	158,161,501
Global Debt Securities	52,764,200	13,705,034	5,995,799	72,465,033
Real Assets	21,601,884	5,610,899	2,454,705	29,667,488
Debt on Real Assets	(63,445)	(16,479)	(7,210)	(87,134)
Private Equity	22,945,355	5,959,853	2,607,369	31,512,577
Total Investments	\$219,520,454	\$57,018,497	\$24,944,954	\$301,483,905
Securities Lending Collateral	\$12,559,775	\$3,262,290	\$1,427,216	\$17,249,281
Capital Assets, Net & Other Assets	511,001	132,758	58,039	701,798
TOTAL ASSETS	\$234,828,473	\$60,873,699	\$26,626,113	\$322,328,285
LIABILITIES				
Retirement & Other Benefits	\$1,136,504	\$258,658	\$110,354	\$1,505,516
Investment Purchases & Other	1,213,101	315,163	137,783	1,666,047
Due to Members, Public Agencies, State & Schools	4,091	—	—	4,091
Securities Lending Obligations	12,443,313	3,232,767	1,413,303	17,089,383
Due to Other Funds	8,819	2,291	1,002	12,112
Other Program	213,330	53,124	23,143	289,597
TOTAL LIABILITIES	\$15,019,158	\$3,862,003	\$1,685,585	\$20,566,746
NET POSITION - RESTRICTED FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS	\$219,809,315	\$57,011,696	\$24,940,528	\$301,761,539

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

Statement of Fiduciary Net Position – Fiduciary Funds (continued)

As of June 30, 2014, with Comparative Totals as of June 30, 2013 (Dollars in Thousands)

	Pension Trust Funds						Other Post-Employment Benefit Trust Fund	Agency Fund	Totals	
	LRF	JRF	JRF II	SPOFF	DCF	SCPF	CERBTF	RBF	2014	2013
ASSETS										
Cash & Cash Equivalents	\$1	\$1	\$1	\$1	\$0	\$0	\$0	\$0	\$617,199	\$745,325
Receivables										
Members	\$99	\$1,052	\$150	\$0	\$3,527	\$12	\$0	\$0	\$954,252	\$970,748
Employers	503	1,808	10,704	6	—	—	107,267	1,275	964,772	830,400
Investment Sales & Other	5	—	57	—	—	—	23	—	185,014	347,246
Interest & Dividends	—	17	4	—	—	—	6	4	236,389	168,544
Due from Other Funds	19	66	44	—	—	—	302	1	7,260	6,777
Other Program	5	58	24	—	8,570	—	—	—	64,027	38,430
Total Receivables	\$631	\$3,001	\$10,983	\$6	\$12,097	\$12	\$107,598	\$1,280	\$2,411,714	\$2,362,145
Investments, at Fair Value										
Short-Term Investments	\$1,236	\$55,087	\$2,967	\$68,839	\$220,762	\$5,479	\$85,110	\$9,094	\$10,213,014	\$8,664,113
Global Equity Securities	55,582	—	739,691	325,507	781,113	6,936	2,757,384	—	162,827,714	136,443,141
Global Debt Securities	73,735	—	260,112	129,079	275,786	8,172	968,237	—	74,180,154	60,943,029
Real Assets	—	—	—	—	—	—	—	—	29,667,488	27,245,522
Debt on Real Assets	—	—	—	—	—	—	—	—	(87,134)	(142,142)
Private Equity	—	—	—	—	—	—	—	—	31,512,577	32,272,146
Total Investments	\$130,553	\$55,087	\$1,002,770	\$523,425	\$1,277,661	\$20,587	\$3,810,731	\$9,094	\$308,313,813	\$265,425,809
Securities Lending Collateral	\$8,581	\$0	\$78,033	\$0	\$0	\$0	\$60,551	\$0	\$17,396,446	\$17,281,518
Capital Assets, Net & Other Assets	—	—	—	—	—	—	—	—	701,798	710,722
TOTAL ASSETS	\$139,766	\$58,089	\$1,091,787	\$523,432	\$1,289,758	\$20,599	\$3,978,880	\$10,374	\$329,440,970	\$286,525,519
LIABILITIES										
Retirement & Other Benefits	\$649	\$10	\$0	\$0	\$421	\$0	\$28,210	\$0	\$1,534,806	\$1,438,698
Investment Purchases & Other	1	—	13	—	—	—	7	—	1,666,068	520,039
Due to Members, Public Agencies, State & Schools	4	49	2	—	—	—	—	—	4,146	3,221
Securities Lending Obligations	8,520	—	77,478	—	—	—	60,120	—	17,235,501	17,026,399
Due to Other Funds	31	53	145	180	430	7	277	1	13,236	7,541
Management Fees	—	—	—	147	1,044	9	981	—	2,181	3,186
Other Program	207	778	310	478	1,050	14	525	10,373	303,332	257,470
TOTAL LIABILITIES	\$9,412	\$890	\$77,948	\$805	\$2,945	\$30	\$90,120	\$10,374	\$20,759,270	\$19,256,554
NET POSITION - RESTRICTED FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS	\$130,354	\$57,199	\$1,013,839	\$522,627	\$1,286,813	\$20,569	\$3,888,760	\$0	\$308,681,700	\$267,268,965

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

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the Fiscal Year Ended June 30, 2014, with Comparative Totals for the Fiscal Year Ended June 30, 2013 (Dollars in Thousands)

	Pension Trust Funds			
	PERF A	PERF B	PERF C	PERF Total
ADDITIONS				
Retirement and OPEB Contributions				
Members	\$2,738,829	\$744,437	\$291,772	\$3,775,038
Employers	6,826,837	1,203,071	747,694	8,777,602
Total Retirement and OPEB Contributions	\$9,565,666	\$1,947,508	\$1,039,466	\$12,552,640
Investment Income				
Net Appreciation in Fair Value of Investments	\$32,338,497	\$8,401,526	\$3,672,984	\$44,413,007
Interest	434,126	112,786	49,307	596,219
Dividends	832,018	216,158	94,500	1,142,676
Real Assets	104,924	27,259	11,917	144,100
Private Equity	416,399	108,180	47,294	571,873
Other Investment Income	27,842	7,233	3,163	38,238
Less Investment Expenses:				
Real Assets	(66,742)	(17,339)	(7,581)	(91,662)
Other	(977,611)	(253,983)	(111,036)	(1,342,630)
Net Investment Income	\$33,109,453	\$8,601,820	\$3,760,548	\$45,471,821
Securities Lending Income	\$107,881	\$28,027	\$12,253	\$148,161
Securities Lending Expense	(21,487)	(5,582)	(2,440)	(29,509)
Net Securities Lending	\$86,394	\$22,445	\$9,813	\$118,652
Other Income	\$5,661	\$1,336	\$574	\$7,571
TOTAL ADDITIONS	\$42,767,174	\$10,573,109	\$4,810,401	\$58,150,684
DEDUCTIONS				
Retirement, Death & Survivor Benefits	\$13,398,700	\$3,045,993	\$1,315,891	\$17,760,584
Refund of Contributions	123,058	93,930	19,980	236,968
Administrative Expenses	277,780	72,167	31,550	381,497
TOTAL DEDUCTIONS	\$13,799,538	\$3,212,090	\$1,367,421	\$18,379,049
INCREASE IN NET POSITION	\$28,967,636	\$7,361,019	\$3,442,980	\$39,771,635
NET POSITION-RESTRICTED FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS				
Beginning of Year	\$190,841,679	\$49,650,677	\$21,497,548	\$261,989,904
End of Year	\$219,809,315	\$57,011,696	\$24,940,528	\$301,761,539

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

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

For the Fiscal Year Ended June 30, 2014, with Comparative Totals for the Fiscal Year Ended June 30, 2013 (Dollars in Thousands)

	Fiduciary Funds						Other Post-Employment Benefit Trust Fund	Totals	
	LRF	JRF	JRF II	SPOFF	DCF	SCPF	CERBTF	2014	2013
ADDITIONS									
Retirement and OPEB Contributions									
Members	\$113	\$4,724	\$20,413	\$103	\$131,900	\$160	\$0	\$3,932,451	\$4,020,147
Employers	565	7,067	57,027	43	698	—	—	8,843,002	8,185,392
State of California General Fund	—	184,081	—	—	—	—	—	184,081	155,051
Employer Contributions Direct – OPEB	—	—	—	—	—	—	708,449	708,449	441,708
Employer Contributions Outside of Trust – OPEB	—	—	—	—	—	—	972,604	972,604	589,911
Total Retirement and OPEB Contributions	\$678	\$195,872	\$77,440	\$146	\$132,598	\$160	\$1,681,053	\$14,640,587	\$13,392,209
Investment Income									
Net Appreciation in Fair Value of Investments	\$15,379	\$0	\$149,975	\$68,821	\$160,013	\$2,077	\$516,717	\$45,325,989	\$29,438,106
Interest	—	59	14	2	308	—	14	596,616	174,884
Dividends	—	—	—	—	—	—	—	1,142,676	1,038,143
Real Assets	—	—	—	—	—	—	—	144,100	157,958
Private Equity	—	—	—	—	—	—	—	571,873	667,673
Other Investment Income	—	—	—	254	4,860	15	6	43,373	26,912
Less Investment Expenses:									
Real Assets	—	—	—	—	—	—	—	(91,662)	(157,098)
Other	(47)	(5)	(310)	(480)	(797)	(15)	(1,230)	(1,345,514)	(712,888)
Net Investment Income	\$15,332	\$54	\$149,679	\$68,597	\$164,384	\$2,077	\$515,507	\$46,387,451	\$30,633,690
Securities Lending Income	\$51	\$0	\$615	\$9	\$21	\$0	\$117	\$148,974	\$183,237
Securities Lending Expense	(11)	—	(126)	(2)	(5)	—	(34)	(29,687)	(38,459)
Net Securities Lending	\$40	\$0	\$489	\$7	\$16	\$0	\$83	\$119,287	\$144,778
Other Income	\$0	\$2,529	\$0	\$1,676	\$5,242	\$111	\$4,400	\$21,529	\$9,870
TOTAL ADDITIONS	\$16,050	\$198,455	\$227,608	\$70,426	\$302,240	\$2,348	\$2,201,043	\$61,168,854	\$44,180,547
DEDUCTIONS									
Retirement, Death & Survivor Benefits	\$7,482	\$193,925	\$8,865	\$0	\$0	\$0	\$0	\$17,970,856	\$16,840,413
Refund of Contributions	—	10	85	—	—	—	—	237,063	242,653
Administrative Expenses	362	1,141	785	1,556	4,101	62	1,786	391,290	435,854
Participant Withdrawals	—	—	—	37,585	97,388	1,013	—	135,986	118,452
OPEB Reimbursements Direct	—	—	—	—	—	—	48,320	48,320	45,163
OPEB Reimbursements – Outside Trust	—	—	—	—	—	—	972,604	972,604	589,911
TOTAL DEDUCTIONS	\$7,844	\$195,076	\$9,735	\$39,141	\$101,489	\$1,075	\$1,022,710	\$19,756,119	\$18,272,446
INCREASE IN NET POSITION	\$8,206	\$3,379	\$217,873	\$31,285	\$200,751	\$1,273	\$1,178,333	\$41,412,735	\$25,908,101
NET POSITION-RESTRICTED FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS									
Beginning of Year	\$122,148	\$53,820	\$795,966	\$491,342	\$1,086,062	\$19,296	\$2,710,427	\$267,268,965	\$241,360,864
End of Year	\$130,354	\$57,199	\$1,013,839	\$522,627	\$1,286,813	\$20,569	\$3,888,760	\$308,681,700	\$267,268,965

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

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

Statement of Net Position – Proprietary Funds

As of June 30, 2014, with Comparative Totals as of June 30, 2013 (Dollars in Thousands)

	Proprietary Funds		Totals	
	HCF/CRF	LTCF	2014	2013
ASSETS				
Current Assets				
Cash & Cash Equivalents	\$35	\$318	\$353	\$3,919
Receivables				
Members, Public Agencies, State & Schools	\$130,678	\$261	\$130,939	\$44,366
Interest & Dividends	454	—	454	341
Due from Other Funds	10,386	1,294	11,680	5,469
Due from Federal Government	—	—	—	11,406
Investment Sales and Other	—	17,039	17,039	392
Short-Term Loan	9,000	—	9,000	9,750
Other Receivables	25,319	—	25,319	902
Total Receivables	\$175,837	\$18,594	\$194,431	\$72,626
Subtotal Current Assets	\$175,872	\$18,912	\$194,784	\$76,545
Investments, at Fair Value				
Short-Term Investments	\$829,608	\$0	\$829,608	\$626,972
Global Equity Securities	—	1,475,936	1,475,936	1,241,724
Global Debt Securities	410,262	2,672,252	3,082,514	2,862,393
Total Investments	\$1,239,870	\$4,148,188	\$5,388,058	\$4,731,089
Long-Term Loan Receivable	\$13,500	\$0	\$13,500	\$22,500
Securities Lending Collateral	—	—	—	2,479
TOTAL ASSETS	\$1,429,242	\$4,167,100	\$5,596,342	\$4,832,613
LIABILITIES				
Current Liabilities				
Insurance Premiums & Claims Payable	\$268,624	\$29,025	\$297,649	\$147,749
Member and Employer Premium Payable	49,370	—	49,370	—
Estimated Insurance Claims Due	389,678	245,732	635,410	432,394
Securities Lending Obligations	—	—	—	2,450
Due to Other Funds	4,779	925	5,704	4,704
Due to State & Public Agencies	61,546	—	61,546	69,322
Investment Purchases & Other	—	17,039	17,039	—
Management Fees	29	1,040	1,069	789
Other	191,281	2,544	193,825	233,208
Total Current Liabilities	\$965,307	\$296,305	\$1,261,612	\$890,616
Long-Term Liabilities				
Estimated Liability for Future Policy Benefits	\$0	\$3,107,329	\$3,107,329	\$2,791,002
OPEB Obligation	20,377	218	20,595	16,791
Total Long-Term Liabilities	\$20,377	\$3,107,547	\$3,127,924	\$2,807,793
TOTAL LIABILITIES	\$985,684	\$3,403,852	\$4,389,536	\$3,698,409
TOTAL UNRESTRICTED NET POSITION	\$443,558	\$763,248	\$1,206,806	\$1,134,204

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, 2014, with Comparative Totals for the Fiscal Year Ended June 30, 2013 (Dollars in Thousands)

	Proprietary Funds		Totals	
	HCF/CRF	LTCF	2014	2013
Operating Revenues				
Premiums	\$2,831,603	\$286,571	\$3,118,174	\$2,229,650
Federal Government Subsidies	43,900	—	43,900	22,375
Federal Government Reimbursements	—	—	—	17
Administrative Fees Earned	24,884	—	24,884	17,799
Other	15	—	15	10
Total Operating Revenues	\$2,900,402	\$286,571	\$3,186,973	\$2,269,851
Operating Expenses				
Claims Expense	\$2,536,953	\$225,691	\$2,762,644	\$2,022,267
Increase (Decrease) in Estimated Liabilities	173,796	345,547	519,343	(615,023)
Administrative Expenses	221,878	22,946	244,824	154,375
Total Operating Expenses	\$2,932,627	\$594,184	\$3,526,811	\$1,561,619
OPERATING INCOME (LOSS)	(\$32,225)	(\$307,613)	(\$339,838)	\$708,232
Non-Operating Revenues				
Net Appreciation in Fair Value of Investments	\$17,765	\$390,170	\$407,935	\$123,177
Interest, Dividends, & Other Investment Income	3,081	3,184	6,265	1,394
Total Non-Operating Revenues	\$20,846	\$393,354	\$414,200	\$124,571
Non-Operating Expenses				
Other Investment Expenses	157	1,615	1,772	1,247
Total Non-Operating Expenses	\$157	\$1,615	\$1,772	\$1,247
Securities Lending Income	\$15	\$0	\$15	\$950
Costs of Lending Securities	(3)	—	(3)	(128)
Net Securities Lending	\$12	\$0	\$12	\$822
NON-OPERATING INCOME	\$20,701	\$391,739	\$412,440	\$124,146
CHANGE IN UNRESTRICTED NET POSITION	(\$11,524)	\$84,126	\$72,602	\$832,378
TOTAL UNRESTRICTED NET POSITION				
Beginning of Year	\$455,082	\$679,122	\$1,134,204	\$301,826
End of Year	\$443,558	\$763,248	\$1,206,806	\$1,134,204

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

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2014, with Comparative Totals for the Fiscal Year Ended June 30, 2013 (Dollars in Thousands)

	Proprietary Funds		Totals	
	HCF/CRF	LTCF	2014	2013
Cash Flows From Operating Activities				
Premiums Collected	\$2,719,728	\$286,643	\$3,006,371	\$2,287,074
Member and Employer Premium Payable	49,370	—	49,370	—
Federal Government Subsidies	43,900	—	43,900	22,375
Federal Government Reimbursements	—	—	—	17
Claims Paid	(2,356,041)	(223,426)	(2,579,467)	(1,989,508)
Other (Payments) Receipts, Net	(255,915)	(23,605)	(279,520)	(153,252)
Net Cash Provided by Operating Activities	\$201,042	\$39,612	\$240,654	\$166,706
Cash Flows From Investing Activities				
Net Sales (Purchases) of Investments	(\$1,648)	(\$44,751)	(\$46,399)	\$13,895
Net Change in Short-Term Investments	(202,739)	104	(202,635)	(201,852)
Net Proceeds from Securities Lending	48	386	434	1,444
Interest & Dividends Received	1,290	1	1,291	1,493
Other Investment (Payments) Receipts, Net	1,521	1,568	3,089	(1,248)
Net Cash Used for Investing Activities	(\$201,528)	(\$42,692)	(\$244,220)	(\$186,268)
NET DECREASE IN CASH & CASH EQUIVALENTS	(\$486)	(\$3,080)	(\$3,566)	(\$19,562)
Cash & Cash Equivalents, Beginning of Year	\$521	\$3,398	\$3,919	\$23,481
Cash & Cash Equivalents, End of Year	\$35	\$318	\$353	\$3,919
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	(\$32,225)	(\$307,613)	(\$339,838)	\$708,232
Changes in Assets & Liabilities :				
Receivables:				
Members, Public Agencies, State & Schools	(86,912)	338	(86,574)	12,329
Due from Other Funds	(4,918)	(1,294)	(6,212)	(4,311)
Due from Federal Government	11,406	—	11,406	1,227
Loans	750	—	750	(9,750)
Other	(15,416)	—	(15,416)	(22,177)
Insurance Premiums & Claims Payable	147,902	1,999	149,901	87,327
Member and Employer Premium Payable	49,370	—	49,370	—
Estimated Insurance Claims Due	173,796	29,220	203,016	16,781
Estimated Liability for Future Policy Benefits	—	316,327	316,327	(631,804)
Due to State & Public Agencies	(7,777)	—	(7,777)	(12,004)
Due to Other Funds	887	113	1,000	(469)
Management Fees	29	251	280	789
OPEB Obligation	3,586	218	3,804	3,433
Other	(39,436)	53	(39,383)	17,103
Net Cash Provided by Operating Activities	\$201,042	\$39,612	\$240,654	\$166,706
Noncash Investing, Capital & Financing Activities				
Noncash Change in Fair Value of Investments	(\$92,044)	\$391,041	\$298,997	(\$735,694)

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

Notes to the Basic Financial Statements

1. DESCRIPTION OF CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

ORGANIZATION

The California Public Employees' Retirement System (CalPERS or the System) was established by legislation in 1931 for the purpose of providing a secure retirement to employees of the State of California (State). In 1939, new legislation allowed public agency and classified school employees to join CalPERS for retirement benefits. CalPERS began administering health benefits for State employees in 1962, and five years later, offered health benefits to public agencies on a contract basis.

CalPERS is governed by the Board of Administration (the Board) which consists of 13 members; two elected by CalPERS members, one elected by active State members, one elected by active CalPERS school members, one elected by active CalPERS public agency members, one elected by retired members of CalPERS, two appointed by the Governor, one public representative appointed jointly by Speaker of the Assembly and Senate Rules Committee and four ex officio members: State Treasurer, State Controller, Director of California Department of Human Resources and Designee of the State Personnel Board. The Board of Administration is responsible for the management and control of CalPERS, including the exclusive control of the administration and investment of the System.

CalPERS acts as the common investment and administrative agency for the following plans:

Plan Name	Type of Plan
Defined Benefit Plans:	
Public Employees' Retirement Fund A	Agent multiple-employer
Public Employees' Retirement Fund B	Cost-sharing multiple-employer
Public Employees' Retirement Fund C	Cost-sharing multiple-employer
Legislators' Retirement Fund	Single-employer
Judges' Retirement Fund	Single-employer
Judges' Retirement Fund II	Single-employer
Defined Contribution Plans:	
State Peace Officers' & Firefighters' Fund	Single-employer (money purchase plan)
Deferred Compensation Fund	Multiple-employer (457 & 401K plans)
Supplemental Contributions Program Fund	Single-employer
Defined Benefit Other Post-Employment Benefit Plan:	
California Employers' Retiree Benefit Trust Fund	Agent multiple-employer

DEFINED BENEFIT PLANS

Below is a summary description of each defined benefit pension plan administered by CalPERS:

Public Employees' Retirement Fund (PERF) - The PERF was established in 1932 and provides retirement, death and disability benefits to its member employers, which include the State of California, non-teaching, non-certified employees in schools and various other public agencies. 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.

PERF is comprised of and reported as three separate entities for accounting purposes. PERF A is comprised of agent multiple-employer plans, which includes State of California and most public agencies rate plans with more than 100 active members. PERF B is a cost-sharing multiple-employer plan of school employers consisting of non-teaching and non-certified employees. PERF C is a cost-sharing multiple-employer plan of public agencies plans with generally less than 100 active members.

As of June 30, 2014, the PERF had the following participating employers:

Affiliated Employers for PERF

PERF Participants	2014
PERF A	
State	1
Public Agencies ¹	426
Total	427
PERF B	
School Districts and Charter Schools	1,517
PERF C	
Public Agencies ¹	1,320
Total Employers	3,264

(1) Each public agency employer can participate in multiple rate plans and may be counted in both PERF A and PERF C.

Legislators' Retirement Fund (LRF) - The LRF was established in 1947 and provides retirement, death, and disability benefits to members employed by the State of California. LRF members consist of state legislators, constitutional offices, and legislative statutory officers. The benefits for the LRF are established in accordance with the provisions of the Legislators' Retirement Law. In November 1990, Article IV, Section 4.5 was added to the

Notes to the Basic Financial Statements (continued)

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 is one legislator 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 2014 (PEPRA) closed the Legislators' Retirement System to new participants effective January 1, 2013.

Judges' Retirement Fund (JRF) - The JRF was established in 1937 and provides retirement, death, and disability benefits to members employed by the State of California. JRF members consist of judges working in the California Supreme Court, the Courts of Appeal, and the Superior Courts who were appointed or elected before November 9, 1994. The benefits for the JRF are established in accordance with the provisions of the Judges' Retirement Law.

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 2014-15.

Judges' Retirement Fund II (JRF II) - The JRF II was established in 1994 and provides retirement, death, and disability benefits to members employed by the State of California. JRF II's members consist of judges working in the California Supreme Court, the Courts of Appeal, and the Superior Courts who were appointed or elected on or after November 9, 1994. The benefits for the JRF II are established in accordance with the provisions of the Judges' Retirement System II Law.

Plan Membership

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. As of June 30, 2014, membership in the defined benefit pension plans consisted of the following:

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

Plan	Members				Total
	Retirees	Survivors & Beneficiaries	Active	Inactive or Deferred	
PERF A	403,690	62,861	418,178	221,248	1,105,977
PERF B	181,214	26,818	278,362	159,139	645,533
PERF C	45,973	6,007	41,882	26,473	120,335
Total PERF	630,877	95,686	738,422	406,860	1,871,845
LRF	122	125	11	16	274
JRF	1,341	581	277	8	2,207
JRF II	61	12	1,396	0	1,469
Total	632,401	96,404	740,106	406,884	1,875,795

Plan Benefits

The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions

The benefits for the defined benefit pension plans 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 PERF, 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 zero dollars to \$863 monthly.

Notes to the Basic Financial Statements (continued)

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2014 were as follows:

Required Contribution Rates

	Employee-Required Contribution Rates	Employer-Required Contribution Rates
PERF A		
State:		
Miscellaneous - First Tier	5% to 11%	21.12%
Miscellaneous - Second Tier	1.5%	20.99%
Industrial	5% to 11%	15.68%
Safety	9% to 11%	17.21%
Peace Officers and Firefighters	8% to 12%	30.50%
California Highway Patrol	11.5 %	34.62%
Public Agency	4% to 15.25%	5.42% to 47.42%
PERF B		
Classified School	6% or 7%	11.44%
PERF C		
Public Agency	4% to 15.25%	0% to 285.84%
LRF	4% or 8%	38.38%
JRF	8%	N/A
JRF II	8% or 14.25%	22.69%

DEFINED CONTRIBUTION PLANS

CalPERS administers three defined contribution plans to certain members as further described below:

The State Peace Officers' and Firefighters' Plan (SPOFF) - The SPOFF was established in 1998 under Section 401(a) of Title 26 of the United States Code. The SPOFF is a qualified money purchase pension plan 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. Contributions to the plan are funded entirely by the State of California.

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, 2014, the duration of the suspension is unknown. Distributions are allowed only at retirement or permanent separation from all state employment. In October 2013, Senate

Bill No. 227 was signed by the Governor. This legislation terminates the State Peace Officers' and Firefighters' Defined Contribution Plan on January 1, 2014 upon specified Internal Revenue Service (IRS) approvals, whichever is later.

The Deferred Compensation Fund (DCF) - The Deferred Compensation Fund was established in 1990 by Government Code Section 21670 through 21685 under Section 457 of Title 26 of the United States Code, under Section 403(b) of Title 26 of the United States Code, and other tax-preferred retirement saving arrangements under Title 26 of the United States Code. The Deferred Compensation Fund is available to public agencies and school districts in the State of California on a voluntary basis. Members may contribute up to the limit established under the Internal Revenue Code, and may access their funds upon retirement, separation from employment, or other distributable events as allowed under the Internal Revenue Code.

The Supplemental Contribution Plan Fund (SCPF) - The SCPF was established on January 1, 2000 by Chapter 307 of the 1999 Statutes. SCPF is qualified under Section 401(a) of Title 26 of the United States Code. The SCPF is available to State of California employees who are members of CalPERS, 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 SCPF, subject to Internal Revenue Code Section 415(c) limits. 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.

As of June 30, 2014, membership in the defined contribution plans consisted of the following:

Members in SPOFF, DCF and SCPF

Plan	Employers	Members
SPOFF	1	33,729
DCF	747	27,012
SCPF	1	527

OTHER POST-EMPLOYMENT BENEFIT PLAN

The California Employers' Retiree Benefit Trust Fund (CERBTf) - The CERBTf was established by Chapter 331 of the 1988 California Statutes, and employers elect to participate in the CERBTf to save

Notes to the Basic Financial Statements (continued)

funds to pay future retiree and survivors health care and other post-employment benefits. Currently, the CERBTF has 427 participating employers. The CERBTF is more fully described in Note 8 to the financial statements.

OTHER ADMINISTRATIVE ACTIVITIES

CalPERS administers other activities as follows:

Old Age & Survivors' Insurance Revolving Fund (OASI) - The 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 used to reimburse the PERF for OASI contract management and related services, as provided in Government Code Section 22601. The residual balances are now being reported in the PERF A for accounting and financial reporting purposes.

Public Employees' Health Care Fund (HCF) - The HCF was established under the Public Employees' Medical and Hospital Care Act (PEMHCA) as of July 1, 1988, providing health insurance coverage to CalPERS members through a pooled risk plan. The HCF is more fully described in Note 10 to the financial statements.

Public Employees' Contingency Reserve Fund (CRF) - The CRF was established in 1962 with the passage of PEMHCA, and provides a contingency reserve for items such as future rates or future benefits. The CRF is more fully described in Note 11 to the financial statements.

Public Employees' Long-Term Care Fund (LTCF) - The LTCF was established in 1995 as the Public Employees Long-Term Care Act (PERL, Chapter 15). The LTCF provides self-insured long-term care plans to enrolled participants. The LTCF is described in more depth in Note 12 to the financial statements.

Replacement Benefit Fund (RBF) - The RBF was established by Chapter 938 of the 1995 State of California Statutes, providing replacement benefits to members of the defined benefit pension

plans. The RBF is more fully described in Note 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The accompanying financial statements include all activities and funds administered by CalPERS. CalPERS is a component unit of the State of California for financial reporting purposes. CalPERS financial statements are included in fiduciary and proprietary funds in the State of California Comprehensive Annual Financial Report.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING & BASIS OF PRESENTATION

The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, CalPERS, adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accounts of CalPERS are organized and operated on the basis of funds. The Board has a fiduciary responsibility for the investments within both the fiduciary and proprietary funds. CalPERS has the following fund types as of June 30, 2014:

Fiduciary Funds - includes pension trust, other post-employment trust, and agency funds, and account for assets held by the government in a trustee capacity or as an agent on behalf of others. The pension trust funds, which include the PERF A, PERF B, PERF C, LRF, JRF, JRF II, SPOFF, DCF, and SCPF, and the other post-employment benefits fund (CERBTF), are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Contributions to the pension trust funds are recognized in the period in which the contributions are due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The RBF is an agency fund and is custodial in nature, and does not measure the results of operations. Assets and liabilities are recorded using the accrual basis of accounting.

Proprietary Funds - includes the combined Public Employees' Health Care Fund (HCF) and Public Employees' Contingency Reserve Fund (CRF) and the Public Employees' Long-Term Care Fund (LTCF). The HCF and CRF statements and schedules were combined to give a better overview of the health programs administered by CalPERS. These funds are accounted for on

Notes to the Basic Financial Statements (continued)

the flow of economic resources measurement focus and use the accrual basis of accounting. 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 and CRF are derived from premiums, Federal Employer Group Waiver Plan (EGWP) subsidies, and administrative service fees. The principal operating revenue for the LTCF is premiums. Operating expenses include the cost of claims and related administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating.

INVESTMENTS

State statutes and Board policies allow investments in government, domestic and international debt, domestic and international equities, mutual funds, private equity, real assets, absolute return funds, and other investments.

The following is the Board adopted target asset allocation policy for the defined benefit pension plans as of June 30, 2014:

Target Asset Allocation

Asset Class	Target Allocation					
	PERF A	PERF B	PERF C	LRF	JRF	JRF II
Public Equity	50%	50%	50%	32%	—	63%
Private Equity	14	14	14	—	—	—
Global Fixed Income	17	17	17	42	—	20
Real Assets	11	11	11	—	—	—
Liquidity	4	4	4	—	100%	—
Inflation Assets	4	4	4	15	—	6
REITs	—	—	—	8	—	8
Commodities	—	—	—	3	—	3
Total	100%	100%	100%	100%	100%	100%

Investments are reported at fair value using a variety of different techniques. 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.

Domestic and international equity securities are actively traded on major stock exchanges or over-the-counter, thus fair value is obtained using values from these exchanges, which are based 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.

Purchases and sales of investments are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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 net asset value (NAV) of the partnership. The investment 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.

Private equity, infrastructure and forestland 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: United States Generally Accepted Accounting Principals (US GAAP), International Financial Reporting Standards (IFRS), etc.

Fair value of commingled equity funds and absolute return funds are based upon the NAV determined by the investment managers, subject to annual audit.

Notes to the Basic Financial Statements (continued)

POOLED INVESTMENT UNIT TRUST ACCOUNTING

CalPERS has established internal unitized investment pools where by its plans can participate in the unitized pools. These internal investment pools are valued at NAV, which includes investment receivables, payables, interest, and dividend income. For financial reporting purposes, in accordance with GASB standards criteria, each fund participating in the unitized pool reports the fund's pro rata share of participation in the pool. As such, unitized investment pool holdings 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 in the fair value of investments.

CAPITAL ASSETS

Capital assets are defined 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 consist of buildings, furniture, equipment, and intangible assets recorded at cost or, if donated, at their estimated fair value at the date of 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.

LOANS RECEIVABLE

In August 2012, the HCF incurred loan receivables totaling \$36 million; the terms require monthly principal-only payments totaling \$750 thousand beginning January 2013 for 48 months. Loans receivable currently consist of \$13.5 million in long-term loans and \$9 million in short-term loans.

CRF PAYABLE TO MEMBERS/EMPLOYERS PREMIUMS

The Blue Shield contract (2004-2013) set forth the methodology for determining monthly premiums. Each year, an elaborate accounting and reconciliation process determined any money owed or refunded which would be rolled over to the following year's premium. If Blue Shield had to refund money, the following year's premium would be proportionally decreased. If CalPERS owed money, the following year's premium would be proportionally increased. The contract expired on December 31, 2013, which

included post-expiration roll overs from 2011, 2012 and 2013.

The CRF payable to members/employers premiums reflects the rollover amounts from 2011 and 2012. The 2013 amounts are not yet known and therefore no accrual has been made in the accompanying financial statements.

INVESTMENT EXPENSES

Investment expenses presented within the accompanying financial statements include 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. The 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 relating to directly-held real asset investments.

The investment expenses do not include fees and costs for private equity, 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. The investment fees and costs are presented for informational purposes within the unaudited Investment Section of the Comprehensive Annual Financial Report in the following schedules: Schedule of Fees and Costs for Private Equity Partners, 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.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of

Notes to the Basic Financial Statements (continued)

contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

CalPERS invests in investment securities which are exposed to a variety of risks which include interest rate, market, credit risk and foreign currency risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

The total pension liabilities and actuarial accrued liability disclosed in the notes to the financial statements for the defined benefit pension and OPEB plans are reported based on certain assumptions, including the long-term rate of return on pension investments, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

RECLASSIFICATIONS

Certain reclassifications have been made to the comparative totals as of and for the year ended June 30, 2013, to conform to the presentation as of and for the year ended June 30, 2014.

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. Accordingly, such information should be read in conjunction with CalPERS financial statements for the year ended June 30, 2013, from which the summarized information was derived.

TERMINATION OF PENSION PLANS

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.

NEW ACCOUNTING PRONOUNCEMENTS

CalPERS implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* (GASB 67), during the year ended June 30, 2014. GASB 67 replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. GASB 67 requires the disclosures of the components of the net pension liability and the assumptions and other methods used to measure the total pension liability for single-employer and cost-sharing multiple-employer defined benefit pension plans. GASB 67 also requires certain additional note disclosures for defined benefit pension plans including the annual money-weighted rate of return on plan investments. GASB 67 revised the reporting requirements for required supplementary information to include schedules that provide trend information related to 1) changes in the net pension liability and related ratios, 2) the actuarially and contractually determined contributions of employer contributing entities, and 3) the annual money-weighted rate of return on plan investments. As a result of implementing GASB 67, CalPERS determined that the cost-sharing and agent multiple-employer plans for the PERF that were previously reported in one column in the basic financial statement should be reported as three separate plans (columns).

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of approximately \$0.6 billion at June 30, 2014 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.

Notes to the Basic Financial Statements (continued)

4. INVESTMENTS

The following table presents a summary of CalPERS' investments by type as of June 30, 2014, at fair value:

Investments at Fair Value (Dollars in Thousands)

Investment Type	Fair Value
Short-Term	\$11,042,622
Global Debt:	
Domestic Debt:	
Asset-Backed	\$6,281,388
Mortgages	1,965,536
Swaps	28,377
U.S. Agencies	143,217
U.S. Corporate	46,486,209
U.S. Treasuries	13,809,540
International Debt Securities	8,548,401
Global Equity:	
Absolute Return Strategies	\$4,532,252
REITS	390,803
Domestic Equities	84,556,020
International Equities	74,824,575
Private Equity	31,512,577
Real Assets:	
Real Estate	\$25,302,965
Infrastructure	2,012,777
Forestland	2,264,612
Total	\$313,701,871

SHORT-TERM INVESTMENTS

Short-term investments 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.

DEPOSIT AND INVESTMENT RISK DISCLOSURES

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, 2014, 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

CalPERS does not have investments in any single issuer that represent five percent or more of net position or total investments.

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. CalPERS 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.

CalPERS 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.

Notes to the Basic Financial Statements (continued)

The following table presents the weighted average effective duration for CalPERS investments subject to interest rate risk as of June 30, 2014:

CalPERS - Debt Securities Subject to Interest Rate Risk

(Dollars in Thousands)

Debt Security Type	Portfolio Weighted Average Effective Duration	Fair Value June 30, 2014	Percent of Debt Securities
U.S. Treasuries and Agencies:			
U.S. Treasury Notes	6.27%	\$19,968,552	26.9%
U.S. Treasury Bonds	17.85	5,003,425	6.8
U.S. Agencies	11.65	1,353,788	1.8
U.S. Treasury Strips	12.16	58,664	0.1
U.S. Treasury Bills	0.27	10,380	0.0
Corporate	10.08	14,335,863	19.3
Mortgages	4.28	11,620,197	15.7
International	8.06	10,149,371	13.7
Asset Backed	8.65	9,170,207	12.4
Commingled Fund	13.36	891,264	1.2
Municipal	11.72	9,369	0.0
Swaps	9.52	(158,098)	(0.2)
No Effective Duration:			
Commercial Paper	N/A	\$1,166,447	1.6
Swaps	N/A	196,546	0.3
Asset Backed	N/A	132,816	0.2
International	N/A	104,355	0.1
Commingled Fund	N/A	79,389	0.1
Corporate	N/A	25,265	0.0
U.S. Treasury Bill	N/A	3,991	0.0
Mortgages	N/A	670	0.0
Total¹		\$74,122,461	100.0%

(1) This table represents the fair value of investments in the fixed income portfolios. The global debt securities reported in the statement of fiduciary net position and the statement of proprietary net position are reported at fair value for non-united investments and at net asset value for investments in the unitized pools, which includes accruals in the unitized portfolios.

CalPERS invests in the State Treasury pool and two State Street Bank Global Advisors' (SSgA) funds: 1) Short Term Investment Fund (STIF) and 2) U.S. Government Short-Term Investment Fund (GSTIF). These investments are included as part of the short-term investments in the financial statements. As of June 30, 2014, the pooled money investment account with the State Treasury totaled approximately \$2.4 billion, the SSgA STIF totaled approximately \$10.7 billion and, the SSgA GSTIF totaled approximately \$294 million. As of June 30, 2014, the weighted average maturity

is 232 days for the State Treasury pool, 40 days for the SSgA STIF, and 41 days for the SSgA GSTIF. Both the SSgA STIF and the SSgA GSTIF are rated as P1. The State Treasury pool is not rated. As of June 30, 2014, the SCPF, DCF, and SPOFF were the only funds invested in GSTIF.

The LTCF, HCF, SCPF, DCF, and SPOFF invest in various SSgA funds, with weighted average maturities and credit ratings as of June 30, 2014 as follows:

CalPERS - SSgA Weighted Average Maturity and Credit Risk

(Dollars in Thousands)

SSgA Fund	Fair Value June 30, 2014	Credit Rating ¹	Weighted Average Maturity
U.S. Aggregate Bond Indx SL QP CTF	\$410,262	AA2	7.68
3-10 Year U.S. Agency Indx SL QP	8,366	AA1	4.66
3-10 Year U.S. Credit Indx SL QP C	195,696	A3	6.16
3-10 Year U.S. Treasury Indx SL Q	222,643	AAA	5.60
Long U.S. Agency Indx SL QP CTF	33,526	AA1	19.08
Long U.S. Credit Corporate Indx SL QP CTF	353,467	BAA1	24.05
Long U.S. Credit Non-Corporate Indx SL QP CTF	98,021	A3	23.92
Long U.S. Treasury Indx SL QP CTF	450,046	AAA	24.84
U.S. Asset Backed/Comm Mort Backed Indx NL QP CTF	60,891	AA2	4.10
U.S. High Yield Bond Indx NL QP CT	94,070	B1	6.70
U.S. Mortgage Backed Indx SL QP C	673,021	AAA	7.10
U.S. Short-Term Govt/Credit Bond Index SL SF CL I	43,961	AA2	1.94
U.S. Bond Indx SL SF CL I	369,076	AA2	7.67
U.S. Tips Indx NL QP CTF	225,898	AAA	8.58
Total	\$3,238,944		

(1) Credit rating reflects market value weight of all the rated securities held by the portfolio using the middle rating provided by the NRSROs.

Notes to the Basic Financial Statements (continued)

The following table presents the weighted average duration for securities lending collateral subject to interest rate risk as of June 30, 2014:

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

Security Type	Portfolio Weighted Average Effective Duration	Fair Value June 30, 2014	Percent of Securities Lending Collateral
Asset Backed Securities	0.11%	\$972,190	12.1%
Mortgage Backed Securities	0.08	8,405	0.1
No Effective Duration:			
Structured Investment Vehicles ¹	N/A	\$152,595	1.9
Cash	N/A	1,854,782	23.0
Money Market Fund ²	N/A	5,068,476	62.9
Total³		\$8,056,448	100.0%

(1) Structured Investment Vehicles have a weighted average maturity (to final maturity) of 151 days.

(2) Money Market Fund is invested in U.S. Treasury securities with a weighted average maturity (to final maturity) of less than 1 day (0.35).

(3) This figure does not include \$9,340,000 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 \$17,396,446 for fiduciary fund type.

As of June 30, 2014, 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 both general and 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.

Following is a summary of the ratings of CalPERS fixed income securities as of June 30, 2014:

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

Moody's Quality Rating	Fair Value June 30, 2014	Fair Value as a Percent of Debt Security Investments
Aaa	\$10,006,554	13.5%
Aa1	2,273,738	3.1
Aa2	817,811	1.1
Aa3	1,207,176	1.6
A1	696,405	0.9
A2	1,119,276	1.5
A3	2,065,463	2.8
Baa1	2,625,222	3.6
Baa2	6,543,026	8.8
Baa3	2,450,816	3.3
Ba1	555,932	0.8
Ba2	306,174	0.4
Ba3	448,723	0.6
B1	676,969	0.9
B2	347,100	0.5
B3	267,108	0.4
Caa	499	0.0
Caa1	217,789	0.3
Caa2	166,487	0.2
Caa3	35,360	0.0
Ca	37,624	0.1
C	4,389	0.0
NA ¹	26,134,659	35.3
NR ²	6,930,179	9.3
NR ^{2,3}	8,187,982	11.0
Total⁴	\$74,122,461	100.0%

(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 by the U.S. Government, 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 reported in the statement of fiduciary net position and the statement of proprietary net position are reported at fair value for non-united investments and at net asset value for investments in the unitized pools, which includes accruals in the unitized portfolios.

Notes to the Basic Financial Statements (continued)

Following is a summary of the ratings of the securities lending collateral subject to credit risk:

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	\$1,991,565	24.7%
P-2	399,324	5.0
NR ^{1,2}	5,665,559	70.3
Total³	\$8,056,448	100.0%

(1) NR represents those securities that are not rated.

(2) This figure includes \$5,068,476 invested in money market fund.

(3) This figure does not include \$9,340,000 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 \$17,396,446 for fiduciary fund type.

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.

RATE OF RETURN

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Following is the annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2014 for each defined benefit pension plan:

Money-Weighted Rate of Return

Plan	Rate of Return (%)
PERF A	18.3%
PERF B	18.3
PERF C	18.3
LRF	13.1
JRF	0.0 ¹
JRF II	18.4

(1) The percentage for JRF is less than 0.01%.

REAL ASSETS

Real assets, which include real estate, infrastructure, and forestland investments, are classified as investments in accordance with GASB Statement No. 67. 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. Real asset investments of approximately \$29.6 billion are reported at estimated fair value net of related debt. Total recourse debt is \$214.1 million.

5. 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 noncash (i.e., securities) collateral. Domestic and international securities are collateralized at 102 percent and 105 percent, respectively, of the loaned securities market value. CalPERS cannot seize the collateral security without borrower defaults; as such, the collateral security or noncash 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. Securities on loan can be recalled or returned by CalPERS or the borrower 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, 2014, the fair value of the securities on loan was approximately \$16.9 billion. The securities on loan remain on CalPERS' Statement of Fiduciary Net Position in their respective investment categories. At June 30, 2014, cash collateral received totaling \$17.2 billion is reported as securities lending obligation, and the fair value of re-invested cash collateral totaling \$17.4 billion is reported as securities lending

collateral on the Statement of Fiduciary 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.

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, 2014, the collateral invested in CalPERS Internal Short-Term Pools had an aggregate weighted average maturity (to final maturity) of 327 days and duration of 14 days. SSB and eSec have weighted average maturity (to final maturity) of 35 and 160 days, respectively.

6. 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 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.

At June 30, 2014, the aggregate fair value of investment derivatives in an asset position subject to counterparty credit risk was approximately \$131 million. The aggregate amount of cash collateral held by CalPERS on behalf of over the counter derivatives was approximately \$28 million.

Notes to the Basic Financial Statements (continued)

CalPERS Derivative Instruments Summary¹ (Dollars in Thousands)

Investment	Net Appreciation/(Depreciation) in Fair Value For the Fiscal Year Ended June 30, 2014		Fair Value June 30, 2014	
	Amount	Classification	Amount	Notional (Dollars)
Commodity Futures Long	(\$4,893)	Equity Securities	\$0	\$0
Commodity Futures Short	1,356	Equity Securities	—	—
Credit Default Swaps Bought	(33)	Debt Securities	(62)	3,100
Credit Default Swaps Written	3,173	Debt Securities	(2,396)	132,900
Fixed Income Futures Long	24,801	Equity Securities	—	567,429
Fixed Income Futures Short	(24,213)	Equity Securities	—	(654,170)
Fixed Income Options Written	8,314	Equity Securities	(1,433)	(100,545)
Foreign Currency Futures Long	(31)	Equity Securities	—	4,390
Foreign Currency Options Bought	(2,728)	Equity Securities	1,640	161,661
Foreign Currency Options Written	6,995	Equity Securities	(3,094)	(358,061)
Futures Options Bought	(24,084)	Equity Securities	—	—
Futures Options Written	4,710	Equity Securities	—	—
FX Forwards	(616,355)	Investment Sales/Purchases	(142,638)	22,914,786
Index Futures Long	2,248,478	Equity Securities	—	8,455,572
Index Futures Short	(18,869)	Equity Securities	—	(765,065)
Index Options Written	1	Equity Securities	—	—
Pay Fixed Interest Rate Swaps	(7,884)	Debt Securities	(4,753)	241,232
Receive Fixed Interest Rate Swaps	(3,302)	Debt Securities	1,228	54,659
Rights ²	9,382	Equity Securities	6,576	19,344
Total Return Bond Swaps	100,557	Debt Securities	44,431	3,034,575
Warrants ²	(248)	Equity Securities	11,267	3,116
Total	\$1,705,127		(\$89,234)	

(1) The information presented in this table is derived from CalPERS June 30, 2014 accounting records and in some instances may reflect trades on a one-day lag basis.

(2) Rights and warrants are notional units.

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

Investment Type	Fair Value June 30, 2014	Investment Maturities (in years)			
		Under-1	1-5	6-10	10+
Credit Default Swaps Bought	(\$62)	\$0	(\$62)	\$0	\$0
Credit Default Swaps Written	(2,396)	—	(2,036)	(360)	—
Fixed Income Options Written	(1,433)	(1,433)	—	—	—
Pay Fixed Interest Rate Swaps	(4,753)	—	(109)	1,197	(5,841)
Receive Fixed Interest Rate Swaps	1,228	—	—	1,090	138
Total Return Bond Swaps	44,431	43,791	640	—	—
Total	\$37,015	\$42,358	(\$1,567)	\$1,927	(\$5,703)

Notes to the Basic Financial Statements (continued)

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

Investment Type	Reference Rate	Fair Value June 30, 2014	Notional
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.694%	\$1,576	\$29,720
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.764%	141	13,260
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 3.000%	(189)	4,800
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 3.750%	(1,770)	19,800
Interest Rate Swaps	Receive Variable 6-month LIBOR, Pay Fixed 3.500%	(558)	12,482
Interest Rate Swaps	Receive Variable 6-month LIBOR, Pay Fixed 3.000%	(53)	3,933
Interest Rate Swaps	Receive Variable 6-month EURIB, Pay Fixed 2.750%	(769)	6,024
Interest Rate Swaps	Receive Variable 6-month EURIB, Pay Fixed 2.000%	(2,692)	55,314
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.500%	(190)	8,400
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.250%	(237)	77,500
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.250%	(12)	9,999
Interest Rate Swaps	Receive Fixed 1.500%, Pay Variable 6-month LIBOR	112	6,910
Interest Rate Swaps	Receive Fixed 3.795%, Pay Variable 3-month BKBM	(209)	2,802
Interest Rate Swaps	Receive Fixed 5.750%, Pay Variable 1-month TIE	(95)	10,414
Interest Rate Swaps	Receive Fixed 5.750%, Pay Variable 1-month TIE	(54)	5,889
Interest Rate Swaps	Receive Fixed 6.800%, Pay Variable 1-month TIE	1,215	20,065
Interest Rate Swaps	Receive Fixed 6.800%, Pay Variable 1-month TIE	136	2,243
Interest Rate Swaps	Receive Fixed 6.800%, Pay Variable 1-month TIE	38	632
Interest Rate Swaps	Receive Fixed 6.800%, Pay Variable 1-month TIE	58	956
Interest Rate Swaps	Receive Fixed 7.380%, Pay Variable 1-month TIE	39	509
Interest Rate Swaps	Receive Fixed 6.600%, Pay Variable 1-month TIE	(3)	1,195
Interest Rate Swaps	Receive Fixed 6.600%, Pay Variable 1-month TIE	(9)	3,044
Subtotal – Interest Rate Swaps		(\$3,525)	\$295,891
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.231%	\$4,181	\$135
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.080%	6,072	286,817
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	3,179	150,180
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.080%	2,912	137,526
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.070%	3,274	154,650
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.075%	5,493	259,452
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.070%	(820)	198,245
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.080%	477	123
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 1.100%	(544)	107,407
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	(849)	205,352
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.070%	(629)	152,175
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	(4)	330
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	54	108
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 1.000%	(13)	59
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	72	79
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	17,933	118
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	(211)	2,067
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.080%	9,267	437,747
Total Return Bond Swaps	Receive Fixed 0.0800%, Pay Fixed 0.080%	(1,044)	49,327
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.080%	(424)	40,141
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.080%	(560)	135,412
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	(191)	1,880

Notes to the Basic Financial Statements (continued)

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

Investment Type	Reference Rate	Fair Value June 30, 2014	Notional
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	(\$81)	\$800
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	(115)	82
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	(78)	1,699
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	(52)	128
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	(483)	1,351
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	127	177
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 1.000%	(330)	52,748
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 1.000%	(163)	25,998
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.072%	(1,268)	306,624
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.750%	381	52,435
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.750%	187	25,838
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.080%	(560)	110,963
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.080%	(686)	135,989
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 1.000%	(241)	70
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 0.000%	168	343
Subtotal – Total Return Bond Swaps		\$44,431	\$3,034,575
TOTAL		\$40,906	\$3,330,466

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.	21.63%	A	A	A2
Barclays Bank PLC Wholesale	9.36	A	A	A2
J. P. Morgan Chase Bank N.A.	8.06	A+	A+	Aa3
Goldman Sachs + Co	7.16	A-	A	Baa1
Credit Suisse Securities (USA) LLC	6.85	A	A	A1
BNP Paribas SA	6.48	A+	A+	A1
Goldman Sachs International	6.38	A-	A	Baa1
Commonwealth Bank of Australia Sydney	3.71	AA-	AA-	Aa2
J. P. Morgan Securities Inc	3.63	A	A+	A3
HSBC Bank USA	3.52	AA-	AA-	A1
Toronto Dominion Bank	3.50	AA-	AA-	Aa1
Morgan Stanley Capital Services Inc.	3.41	A-	A	Baa2
State Street Bank and Trust	3.19	AA-	A+	Aa3
Societe Generale	3.18	A	A	A2
J. P. Morgan Chase Bank	1.21	A+	A+	Aa3
Citibank N.A.	1.02	A	A	A2
Credit Suisse International	0.98	A	A	A1
Goldman Sachs Capital Markets LP	0.96	A-	A	Baa1
Westpac Banking Corporation	0.90	AA-	AA-	Aa2
Barclays Capital	0.60	A	A	A2
J. P. Morgan	0.54	A	A+	A3
UBS AG London	0.54	A	A	A2
UBS AG	0.53	A	A	A2
Deutsche Bank AG London	0.50	A	A+	A2
Bank of Montreal	0.49	A+	AA-	Aa3
Standard Chartered Bank	0.41	AA-	AA-	A1
Deutsche	0.36	A	A+	A2
J. P. Morgan Chase Bank NA London	0.33	A+	A+	Aa3
Deutsche Bank Securities	0.17	A	A+	A2
State Street Bank London	0.15	A+	A+	A1
Barclays Bank CME	0.09	A	A	A2
Royal Bank of Canada	0.06	AA-	AA	Aa3
HSBC Securities	0.05	A+	AA-	Aa3
Barclays Bank PLC	0.04	A	A	A2
Credit Suisse London Branch (GFX)	0.01	A	A	A1
TOTAL	100.00%			

Notes to the Basic Financial Statements (continued)

CalPERS International Investment Securities - Fair Value at June 30, 2014 (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	\$24,860	\$3,952,576	\$297,531	\$242,485	\$0	(\$11,389)	\$4,506,063
Brazilian Real	4,383	1,560,185	1,174,441	1,231,234	—	(5,727)	3,964,516
British Pound	57,220	10,927,175	1,297,264	355,464	225	(71,900)	12,565,448
Bulgarian Lev	—	—	—	209	—	—	209
Canadian Dollar	19,130	5,527,248	400,627	586,313	209,392	(32,601)	6,710,109
Chilean Peso	381	193,333	1,476	—	—	596	195,786
Chinese Yuan Renminbi	—	—	—	564,561	—	(50)	564,511
Colombian Peso	125	81,920	—	—	—	751	82,796
Czech Koruna	273	87,371	10,919	3,562	—	(76)	102,049
Danish Krone	126	914,048	21,872	—	—	(1,083)	934,963
Egyptian Pound	7,410	63,241	—	—	—	—	70,651
Euro Currency	305,860	17,016,500	2,931,571	569,050	3,617,487	12,035	24,452,503
Guatemala Quetzal	—	—	—	80,805	—	—	80,805
Hong Kong Dollar	10,002	3,671,018	—	83,973	—	(148)	3,764,845
Hungarian Forint	373	69,427	—	—	—	—	69,800
Indian Rupee	3,056	1,365,215	—	338,651	—	(542)	1,706,380
Indonesian Rupiah	667	413,956	—	—	—	(34)	414,589
Israeli Shekel	1,317	317,022	50,445	—	—	(727)	368,057
Japanese Yen	94,799	12,886,458	704,892	400,759	84,669	(27,199)	14,144,378
Malaysian Ringgit	2,453	491,490	29,825	106,044	—	79	629,891
Mexican Peso	17,190	547,210	591,920	127,368	—	(2,034)	1,281,654
Moroccan Dirham	14	3,913	—	—	—	—	3,927
New Taiwan Dollar	10,255	1,940,533	—	—	—	(13)	1,950,775
New Zealand Dollar	1,183	135,257	107,641	—	—	(2,360)	241,721
Nigerian Naira	—	—	1,489	—	—	—	1,489
Norwegian Krone	1,259	590,255	41,866	—	—	1,846	635,226
Pakistan Rupee	168	47,294	—	—	—	—	47,462
Peruvian Noveau Sol	19	6,325	23,584	—	—	(176)	29,752
Phillipine Peso	310	187,501	—	1,324	—	—	189,135
Polish Zloty	371	203,125	145,795	—	—	(322)	348,969
Romanian Leu	336	—	36,656	—	—	(335)	36,657
Russian Ruble	20	—	224,156	514,116	—	947	739,239
Singapore Dollar	1,942	823,013	23,656	26,171	—	(408)	874,374
South African Rand	2,337	1,268,991	127,817	—	—	(1,015)	1,398,130
South Korean Won	3,005	2,445,536	—	254	—	93	2,448,888
Sri Lanka Rupee	3	—	—	—	—	—	3
Swedish Krona	1,221	1,603,455	157,947	117,696	—	4,525	1,884,844
Swiss Franc	453	4,164,734	42,196	—	—	(3,950)	4,203,433
Thailand Baht	209	459,675	—	—	—	(43)	459,841
Turkish Lira	376	414,953	142,883	—	—	(1,383)	556,829
Uae Dirham	206	108,632	—	—	—	—	108,838
Uruguayan Peso	—	—	—	—	—	5	5
Total	\$573,312	\$74,488,585	\$8,588,469	\$5,350,039	\$3,911,773	(\$142,638)	\$92,769,540

Notes to the Basic Financial Statements (continued)

7. EMPLOYERS' NET PENSION LIABILITY/ (ASSET)

The components of the net pension liability of the PERF B, PERF C, LRF, JRF and JRF II as of June 30, 2014 were as follows:

Net Pension Liability/(Asset) (Dollars in Thousands)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
PERF B:				
Schools Cost-Sharing Plan	\$68,306,696	\$57,011,696	\$11,295,000	83.5%
PERF C:				
Public Agencies Cost-Sharing Plan	30,789,194	24,940,528	5,848,666	81.0
LRF:				
State of California	115,521	130,354	(14,833)	112.8
JRF:				
State of California	3,357,212	57,199	3,300,013	1.7
JRF II:				
State of California	967,962	1,013,839	(45,877)	104.7

The total pension liability/(asset) was determined by actuarial valuations as of June 30, 2013, which were rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Assumptions Used to Measure the Total Pension Liability

	PERF B	PERF C	LRF	JRF	JRF II
Inflation Rate	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service	3.00%	3.00%	3.00%
Mortality Rate Table ¹	Derived using CalPERS membership data for all funds				
Period Upon Which Actuarial Experience Survey Assumptions Were Based	1997-2011	1997-2011	1997-2011	1997-2011	1997-2011
Post Retirement Benefit Increase	2.00% until PPPA floor on purchasing power applies, 2.75% thereafter	Contract COLA up to 2.75% until PPPA floor on purchasing power applies, 2.75% thereafter	2.75%	3.00%	2.75%
Discount Rate	7.50%	7.50%	5.75%	4.25%	7.00%

(1) The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

For more details on this table, please refer to the 2014 experience study report available online at <http://www.calpers.ca.gov/eip-docs/about/pubs/employer/2014-experience-study.pdf>.

Notes to the Basic Financial Statements (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Long-Term Expected Real Rate of Return by Asset Class

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) an expected inflation of 2.50% used for this period.

(2) an expected inflation of 3.00% used for this period.

DISCOUNT RATE

PERF B, PERF C, LRF, and JRF II

The discount rates used to measure the total pension liability/(asset) for the PERF B, PERF C, LRF, and JRF II were 7.50, 7.50, 5.75, and 7.00 percent, respectively. To determine whether the municipal bond rate should be used in the calculation of a discount rate the amortization and smoothing periods

recently adopted by the Board were utilized. For PERF B, a projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF B.

For PERF C, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, neither of the plans tested failed to run out of assets. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset) for PERF C.

For LRS, since the fair value of assets exceeded the present value of benefits, all benefit payments would be expected to be paid from the trust. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

For JRS II, because the fair value of assets exceeds the total pension liability as of June 30, 2014 and is over 95% as of June 30, 2013 and all future normal cost payments and amortization payments are expected to be paid as due, all benefit payments would be expected to be paid from the trust. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods for projected benefit payments to determine the total pension liability/(asset).

JRF

The discount rate used to measure the total pension liability was 4.25 percent. The state funds the JRF benefit obligations using the pay-as-you-go method. Under the pay-as-you-go method, the pension plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments of current active and inactive employees. Therefore a discount rate of 4.25 percent, which falls within a reasonable range of yields on 20-year tax-exempt General Obligation Municipal Bonds with an average rating of AA, (as measured by the Bond Buyer 20-Bond GO Index) was applied to all periods of projected benefit payments to measure the total pension liability.

Notes to the Basic Financial Statements (continued)

SENSITIVITY OF THE NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability/(asset) of PERF B, PERF C, LRF, JRF, and JRF II calculated using the current actuarially assumed discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (-100 basis points) or 1 percentage-point higher (+100 basis points) than the current rate:

Sensitivity Analysis (Dollars in Thousands)

Discount Rate (assumed)

Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
PERF B				
Schools	\$68,306,696	\$57,011,696	\$11,295,000	83.5%
PERF C				
Pooled Public Agencies	30,789,194	24,940,528	5,848,666	81.0
LRF				
State of California	115,521	130,354	(14,833)	112.8
JRF				
State of California	3,357,212	57,199	3,300,013	1.7
JRF II				
State of California	967,962	1,013,839	(45,877)	104.7

Sensitivity Analysis (Dollars in Thousands)

Discount Rate +1%

Plan	Total Pension Liability (+1%)	Plan Fiduciary Net Position	Net Pension Liability / (Asset) (+1%)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
PERF B				
Schools	\$61,150,480	\$57,011,696	\$4,138,784	93.2%
PERF C				
Pooled Public Agencies	27,394,924	24,940,528	2,454,396	91.0
LRF				
State of California	104,344	130,354	(26,010)	124.9
JRF				
State of California	3,030,023	57,199	2,972,824	1.9
JRF II				
State of California	862,863	1,013,839	(150,976)	117.5

Sensitivity Analysis (Dollars in Thousands)

Discount Rate -1%

Plan	Total Pension Liability (-1%)	Plan Fiduciary Net Position	Net Pension Liability / (Asset) (-1%)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
PERF B				
Schools	\$76,870,830	\$57,011,696	\$19,859,134	74.2%
PERF C				
Pooled Public Agencies	34,895,360	24,940,528	9,954,832	71.5
LRF				
State of California	129,191	130,354	(1,163)	100.9
JRF				
State of California	3,747,841	57,199	3,690,642	1.5
JRF II				
State of California	1,099,910	1,013,839	86,071	92.2

8. OTHER POST-EMPLOYMENT BENEFIT TRUST FUND

The CERBTF was established by Chapter 331 of the 1988 Statutes and initially funded in 2007. At June 30, 2014, 427 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 one of the following: 1) transfer will satisfy applicable requirements of the Internal Revenue Code and the Board's fiduciary duties, or 2) 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, 2014, there were 204,079 active or inactive members and 110,674 retirees for the miscellaneous plan and 31,192 active or inactive members and 25,721 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.

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 fewer than 100 plan members may use the alternative measurement method as permitted by GASB Statement No. 57.

The total Fiscal Year 2013-14 actual OPEB employer contributions from 427 participating employers representing 431 OPEB plans was \$1.68 billion, compared to the actuarially determined average annual required contribution of 15.5 percent of covered payroll, or \$2.5 billion. This amount includes the \$708.5 million in contributions made to the CERBTF, plus an additional \$972.6 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 PEMHCA, for employers participating in that program.

The following represents the funded status of the post-employment health care fund as of June 30, 2013. These actuarial valuations involve estimates of the value and assumptions about the probability 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.

Notes to the Basic Financial Statements (continued)

Funded Status of the CERBTF¹ (Dollars in Thousands)

Fund	Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) (3) = (2) - (1)	Funded Ratio (1) / (2)	Annual Covered Payroll (4)	UAAL as a % of Covered Payroll (3) / (4)
CERBTF ³	6/30/13 ²	\$2,669,139	\$31,715,956	\$29,046,817	8.4%	\$17,200,975	168.9%

- (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 OPEB benefits over time.
- (2) The June 30, 2013 data represents the rolled forward and backward data based on the actuarial information from 395 OPEB valuations with the measurement date as of June 30, 2013 or later and 36 OPEB valuations with an earlier measurement date, applying methods allowed under Actuarial Standards of Practice and under Generally Accepted Accounting Principles.
- (3) 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 CERBTF represents aggregated liabilities calculated under any allowable cost method.

Actuarial Information, Assumptions and Methods Used in the Most Recent Actuarial Valuations and Actuarial Valuations Used to Determine Annual Required Contributions

CERBTF	
Funded Status & ARC Valuation Date	June 30, 2013 ¹
Adoption Date	N/A
Actuarial Cost Method	Entry Age Normal or Projected Unit Credit ²
Amortization Method	Varies ³
Amortization Approach	Varies ⁴
Remaining Amortization Period	30 Years ⁵
Asset Valuation Method	Varies ⁶
Actuarial Assumptions:	
Net Investment Rate of Return	6.39%–7.61% ⁷
Projected Salary Increases	3.25% ⁸
Inflation Rate	3.00% ⁹
Post Retirement Benefit Increase	N/A
Health Care Cost Trend Rates:	
Select Period	0–10 Years
Initial Rate	4.00–12.00%
Ultimate Rate	4.00–6.00%

- (1) The CERBTF ARC for the fiscal year ended June 30, 2014 was primarily derived from OPEB valuations as of June 30, 2013.
- (2) While the significant majority of the valuations utilized the Entry Age Normal or Projected Unit Credit actuarial cost method, other methods are allowed under the OPEB model.
- (3) The employers used either a level dollar or level percentage of payroll for their amortization method.
- (4) The employers were able to use both open and closed amortization approaches.
- (5) While the majority of valuations have a remaining amortization period of between 25 and 30 years, many have shorter remaining amortization periods, with some as low as 0 years.
- (6) Most valuations used the current market value of assets and a few used the smoothed market value of assets.
- (7) 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.
- (8) While the significant majority of valuations utilized a 3.25% projected salary increase assumption, some valuations used different rate.
- (9) While the significant majority of valuations utilized a 3.00% inflation rate assumption, some valuations used a different rate.

Notes to the Basic Financial Statements (continued)

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATION

The State of California, 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 is a component unit of the state and CalPERS participates in the state's plan as a single-employer plan. 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 a 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 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, 2013 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.

For the fiscal year ended June 30, 2014, the costs of these benefits were as follows for the respective funds:

OPEB Costs (Dollars in Thousands)

Fund	Amount
PERF A	\$19,813
PERF B	5,147
PERF C	2,250
LRF	39
JRF	94
JRF II	62
CERBTF	125
HCF /CRF	3,586
LTCF	218
DCF	109
SPOFF	45
SCP	2
Total	\$31,490

CalPERS net OPEB obligation as of June 30, 2014 were as follows for the respective funds:

Net OPEB Obligations (Dollars in Thousands)

Fund	Amount
PERF A	\$102,218
PERF B	26,556
PERF C	11,610
LRF	197
JRF	516
JRF II	309
CERBTF	525
HCF /CRF	20,377
LTCF	218
DCF	109
SPOFF	45
SCP	2
Total	\$162,682

The net OPEB obligation is reported as an 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.

10. PUBLIC EMPLOYEES' HEALTH CARE FUND (HCF)

The HCF was established under the PEMHCA as of July 1, 1988. Health plan offerings include self-funded plans, PERS Choice, PERSCare and PERS Select, and effective in 2014, flex-funded plans, Anthem Blue Cross, Blue Shield of California, Health Net, Sharp and UnitedHealthCare. Health plans are available to all entities that contract for health insurance coverage under PEMHCA based on zip codes, as prescribed by state law. Having members in large risk pools spreads the catastrophic claims over a larger base and minimizes administrative expenses. The self-funded plans retain all risk of loss of allowable health claims while the flex-funded plans share a percentage of the risk of loss. 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

Notes to the Basic Financial Statements (continued)

incurred and the actuarially determined required level of reserves. The health plans rely on operating cash flows and investment income to fund health benefit payments. During the Fiscal Year 2013-14, the Board approved increases in member premiums to mitigate the impact of increasing costs associated with enrollment growth, increases in provider pricing, and increased benefit use. Management believes that the current sources of funding will be adequate to provide for benefits of the health plans.

Public agencies participating in the health 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), for those members participating in Medicare. 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.

The 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 health plan partners, at June 30, 2014, 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 \$389.7 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, 2014, but have not been reported to the HCF. The total estimated claims at the end of the Fiscal Year 2013-14 also includes \$246.3 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. CalPERS has entered into agreements with flex-funded health plan partners that limit HCF risk to a maximum aggregate monthly cost per member.

The following schedule represents changes in the aggregate estimated claims liabilities of the HCF for the fiscal years ended June 30, 2014 and June 30, 2013.

Changes in the Aggregate Estimated Claims Liabilities of the HCF

(Dollars in Thousands)

Year Ended June 30	2014	2013
Total Estimated Claims at Beginning of Fiscal Year	\$281,248	\$233,390
Incurred Claims and Claim Adjustment Expenses		
Provision for Insured Events of Current Fiscal Year	\$2,836,119	\$1,921,957
Decrease in Provision for Insured Events of Prior Years	(125,370)	(81,094)
Total Incurred Claims and Claim Adjustment Expenses	\$2,710,749	\$1,840,863
Payments		
Claims and Claim Adjustment Expenses Attributable to Insured Events of Current Fiscal Year	\$2,200,163	\$1,640,709
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Year	155,878	152,296
Total Payments	\$2,356,041	\$1,793,005
Total Estimated Claims at End of Fiscal Year	\$635,956	\$281,248

11. PUBLIC EMPLOYEES' CONTINGENCY RESERVE FUND (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

Notes to the Basic Financial Statements (continued)

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 the HCF/CRF enterprise 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 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, 2014, was 0.33 percent. 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 Fund, which in turn remits the premiums to the respective health care provider, which includes the Self-Funded Health Program PERSCare, PERS Choice, PERS Select and flex-funded plans.

At June 30, 2014, 1,149 public agencies participated in health insurance coverage under PEMHCA.

12. PUBLIC EMPLOYEES' LONG-TERM CARE FUND (LTCF)

The Public Employees' Long-Term Care Fund (LTCF) began offering Self-Insured Long-Term Care (LTC) plans in 1995. The LTCF provides LTC coverage to enrolled participants under the Public Employees Long-Term Care Act (PERL, Chapter 15). The LTC program 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.

There are four LTC policy types:

- LTC 1: policies purchased from the program inception in 1995 through 2002.
- LTC 2: policies purchased from 2003 through 2004.
- LTC 3: policies purchased from 2005 through 2008.
- LTC 4: policies purchased effective December 2013 and forward through open application.

As of June 30, 2014, there are 139,947 active participants in the LTC 1, LTC 2, LTC 3, and LTC 4 policy types, of which 5,778 are receiving benefits.

The LTCF estimate of the funding level, to provide for the payment of future claim benefits, is projected based on actual enrolled participant 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 actuarial valuations are very sensitive to the underlying actuarial assumptions, including a discount rate of 5.75 percent, morbidity, voluntary termination conversion rates to fixed term policies, mortality, and rate increase. In Fiscal Year 2013-14, the actual investment return was greater than expected and the conversion rates due to the premium increase were higher than expected. The morbidity and mortality assumptions improved resulting in higher longevity and lower projected claims.

The total estimated liability for future policy benefits as of June 30, 2014 was \$3.4 billion. Of that amount, \$245.7 million is expected to be paid in Fiscal Year 2014-15.

13. REPLACEMENT BENEFIT FUND (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 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 Federal Insurance Contributions Act (FICA) taxes. CalPERS is responsible for calculating the applicable dollar limit under IRC Section 415(b) and setting the employer rates. At June 30, 2014, there were 572 retirees receiving replacement benefits.

Government Code Section 7522.43 provides that a public retirement system may continue to administer a plan of

Notes to the Basic Financial Statements (continued)

replacement benefits for employees first hired prior to January 1, 2013 only. Section 7522.43 prohibits any employer from offering a plan of replacement benefits for employees hired on or after January 1, 2013.

14. COMMITMENTS TO FUND PARTNERSHIPS

At June 30, 2014, CalPERS total capital commitments to fund partnerships was \$94.0 billion. Of this amount, \$21.9 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 (Dollars in Thousands)

Asset Class	Total Commitments	Unfunded Commitments
Real Assets	\$33,985,985	\$9,072,508
Private Equity	59,869,574	12,778,383
Global Fixed Income	100,000	881
Total	\$93,955,559	\$21,851,772

15. CONTINGENCIES

CalPERS has entered into agreements with a number of issuers of nontaxable debt to provide payment of principal and interest in the event of issuer nonpayment. 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, 2014, the credit enhancement program had contingent liabilities of approximately \$1.3 billion and net fee income of approximately \$9.54 million.

CalPERS participates, as lender, in asset-based lending transactions, which is secured debt that is loaned primarily to noninvestment 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 Fiscal Year 2013-14, interest and fee income earned was roughly \$2 million, and as of June 30, 2014, \$181 million was committed by CalPERS and the total outstanding loan balance was zero.

CalPERS is a defendant in litigation involving investments, 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, specific cases arose that could potentially impact the future financial health of funds administered by CalPERS.

In the case of *Robert M. Mallano, et al. v. John Chiang*, Controller of the State of California (SCO), the Judges' Retirement System (JRS) and the Judges' Retirement System II (JRS II), JRS and JRS II were sued as part of a purported class action by all active and retired jurists in the State of California. The judges' primary contention is that they have not been paid salary increases required by applicable statutes over the past five years, and that JRS and JRS II must independently raise pension benefits to these retirees/beneficiaries based on the statutory salary mandates. JRS and JRS II in turn contend that they do not have statutory authority to increase benefits until the active judges have received an actual pay increase and JRS and JRS II receive an official Pay Letter from CalHR to SCO authorizing an increase. JRS has been included in this suit because retired JRS judges receive increases to their retirement benefits when active judges receive salary increases. For JRS II, salary increases impact final compensation at retirement.

Sanchez, Elma et al. v. CalPERS is a putative class action lawsuit by members of the CalPERS Long-Term Care Plan against CalPERS and eight individual CalPERS Board members. Plaintiffs claim that CalPERS breached its contract with the long-term care purchasers by allegedly promising that long-term care premiums would never increase during the lifetime of the purchaser, but then increasing the premiums, and by failing to continue the Inflation Prevention Benefit without an increase in premiums. Plaintiffs seek to recover all money paid for the long-term care coverage and rescission of the policies sold to the class members, as well as interest and attorneys' fees. CalPERS' demurrer to the complaint was overruled and the parties are engaged in

Notes to the Basic Financial Statements (continued)

discovery. The court has set a May 2015 deadline for plaintiffs to file a motion to certify a class in this case.

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

Staniforth, et al. v. Judges Retirement System (JRS) is a petition for writ of mandate and complaint for declaratory relief filed against JRS on behalf of numerous retired judges and the heirs of deceased retired judges. Plaintiffs claim that for over three decades retired judges were not paid correctly under the holding in the California Supreme Court case of *Olson v. Cory* (1980) 27 Cal.3d 532. JRS' demurrer was sustained without leave to amend and judgment was entered in favor of JRS in April 2013. Plaintiffs appealed the decision, and in May 2014, the Fourth District Court of Appeal affirmed the judgment in favor of JRS, but remanded the case as to ten plaintiffs whom the Court of Appeal ruled should have been given an opportunity to amend their complaints to more clearly assert their claims. JRS has filed a demurrer to the amended complaint of the ten plaintiffs and the hearing on the demurrer is scheduled for February 20, 2015. CalPERS believes that the amount at issue on remand is less than \$1 million.

16. FUTURE ACCOUNTING PRONOUNCEMENTS

In June 2012, GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. 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. The requirements of this Statement will improve the decision-usefulness and accountability through new note disclosures and required supplementary information. CalPERS is currently working with participating employers to provide data needed for the implementation of this Statement.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, provides guidance by defining the terms government combinations and operations for purposes of determining applicability. As used in this Statement, the term government combinations, includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of the Statement are effective for government combinations and disposals of government operations in financial

statement periods beginning after December 15, 2013, and should be applied on a prospective basis.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, will address an issue regarding application of the transition provisions of Statement No. 68. It is required that the Statement be applied simultaneously with the provisions of Statement No. 68.

17. SUBSEQUENT EVENTS

Legal Settlements

On October 28, 2014, CalPERS received \$249.4 million in damages from Bank of America as part of a federal investigation settlement. Bank of America came under federal criminal investigation over its role in the 2008 financial crisis, due to its misrepresentation of mortgage-backed securities it sold along with those sold by Merrill Lynch and Countrywide Financial, two companies it acquired in 2008.

On September 16, 2014, CalPERS received a settlement check from Citigroup MBS Securities in the amount of \$87.9 million. The global settlement required Citigroup to pay based on its conduct in packaging, issuing, and selling residential mortgage-backed securities prior to 2009. As part of the settlement, Citigroup acknowledged it made serious misrepresentations to the public, including investors, about the mortgage loans it securitized in residential mortgage-backed securities.

Foreign Currency Risk

Prior to July 1, 2014, CalPERS used a currency overlay program to reduce risk by hedging approximately 15 percent of the total exposure to international securities. In subsequent reporting periods, the overlay program will be discontinued.

Hedge Fund Program

As of September 15, 2014, the Board made a decision to eliminate the hedge fund program, as part of an ongoing effort to reduce complexity and costs to the investment program. The Board of Administration has elected to exit 24 hedge funds and six hedge funds-of-funds valued at approximately \$4.5 billion. CalPERS will spend the next year strategically exiting current investments in a manner that best serves the interest of the portfolio and ensures the System continues to meet its investment objectives.

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Financial Section: Required Supplementary Information

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Schedules of Changes in Net Pension Liability/(Asset) and Related Ratios (Unaudited)

PERF B (Dollars in Thousands)

	2014
Total Pension Liability:	
Service Cost	\$1,576,667
Interest	4,820,116
Changes of Benefit Terms	—
Differences Between Expected and Actual Experience	—
Changes of Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(3,139,923)
Net Change in Total Pension Liability	\$3,256,860
Total Pension Liability – Beginning	65,049,836
Total Pension Liability – Ending (a)	\$68,306,696
Plan Fiduciary Net Position:	
Contributions - Employer	\$1,203,071
Contributions - Member	744,437
Total Net Investment Income	8,601,820
Other Miscellaneous Income	23,781
Benefit Payments, Including Refunds of Member Contributions	(3,139,923)
Administrative Expenses	(72,167)
Net Change in Plan Fiduciary Net Position	\$7,361,019
Plan Fiduciary Net Position – Beginning	\$49,650,677
Plan Fiduciary Net Position – Ending (b)	57,011,696
Plan's Net Pension Liability (a) - (b)	\$11,295,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	
Covered-Employee Payroll	83.5%
Net Pension Liability as a Percentage of Covered-Employee Payroll	111.6%

PERF C (Dollars in Thousands)

	2014
Total Pension Liability:	
Service Cost	\$713,731
Interest	2,169,786
Changes of Benefit Terms	—
Differences Between Expected and Actual Experience	—
Changes of Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(1,335,871)
Net Change in Total Pension Liability	\$1,547,646
Total Pension Liability – Beginning	29,241,548
Total Pension Liability – Ending (a)	\$30,789,194
Plan Fiduciary Net Position:	
Contributions - Employer	\$747,694
Contributions - Member	291,772
Total Net Investment Income	3,760,548
Other Miscellaneous Income	10,387
Benefit Payments, Including Refunds of Member Contributions	(1,335,871)
Administrative Expenses	(31,550)
Net Change in Plan Fiduciary Net Position	\$3,442,980
Plan Fiduciary Net Position – Beginning	\$21,497,548
Plan Fiduciary Net Position – Ending (b)	24,940,528
Plan's Net Pension Liability (a) - (b)	\$5,848,666
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	
Covered-Employee Payroll	81.0%
Net Pension Liability as a Percentage of Covered-Employee Payroll	180.1%

Schedules of Changes in Net Pension Liability/(Assets) and Related Ratios (Unaudited) (continued)

Schedules of Changes in Net Pension Liability/(Asset) and Related Ratios (unaudited) - continued

LRF (Dollars in Thousands)		JRF (Dollars in Thousands)	
	2014		2014
Total Pension Liability:		Total Pension Liability:	
Service Cost	\$732	Service Cost	\$27,581
Interest	6,465	Interest	140,256
Changes of Benefit Terms	—	Changes of Benefit Terms	—
Differences Between Expected and Actual Experience	—	Differences Between Expected and Actual Experience	—
Changes of Assumptions	—	Changes of Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(7,482)	Benefit Payments, Including Refunds of Member Contributions	(193,935)
Net Change in Total Pension Liability	(\$285)	Net Change in Total Pension Liability	(\$26,098)
Total Pension Liability – Beginning	115,806	Total Pension Liability – Beginning	3,383,310
Total Pension Liability – Ending (a)	\$115,521	Total Pension Liability – Ending (a)	\$3,357,212
Plan Fiduciary Net Position:		Plan Fiduciary Net Position:	
Contributions - Employer	\$565	Contributions - Employer	\$191,148
Contributions - Member	113	Contributions - Member	4,724
Total Net Investment Income	15,332	Total Net Investment Income	54
Other Miscellaneous Income	40	Other Miscellaneous Income	2,529
Benefit Payments, Including Refunds of Member Contributions	(7,482)	Benefit Payments, Including Refunds of Member Contributions	(193,935)
Administrative Expenses	(362)	Administrative Expenses	(1,141)
Net Change in Plan Fiduciary Net Position	\$8,206	Net Change in Plan Fiduciary Net Position	\$3,379
Plan Fiduciary Net Position – Beginning	\$122,148	Plan Fiduciary Net Position – Beginning	\$53,820
Plan Fiduciary Net Position – Ending (b)	130,354	Plan Fiduciary Net Position – Ending (b)	57,199
Plan's Net Pension Asset (a) - (b)	(\$14,833)	Plan's Net Pension Liability (a) - (b)	\$3,300,013
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	
Covered-Employee Payroll	112.8%	Covered-Employee Payroll	1.7%
Net Pension Asset as a Percentage of Covered-Employee Payroll	(1009.0%)	Net Pension Liability as a Percentage of Covered-Employee Payroll	6,038.6%

Schedules of Changes in Net Pension Liability/(Assets) and Related Ratios (Unaudited) (continued)

JRF II (Dollars in Thousands)

	2014
Total Pension Liability:	
Service Cost	\$78,670
Interest	61,044
Changes of Benefit Terms	—
Differences Between Expected and Actual Experience	—
Changes of Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(8,950)
Net Change in Total Pension Liability	\$130,764
Total Pension Liability – Beginning	837,198
Total Pension Liability – Ending (a)	\$967,962
Plan Fiduciary Net Position:	
Contributions - Employer	\$57,027
Contributions - Member	20,413
Total Net Investment Income	149,679
Other Miscellaneous Income	489
Benefit Payments, Including Refunds of Member Contributions	(8,950)
Administrative Expenses	(785)
Net Change in Plan Fiduciary Net Position	\$217,873
Plan Fiduciary Net Position – Beginning	\$795,966
Plan Fiduciary Net Position – Ending (b)	1,013,839
Plan's Net Pension Asset (a) - (b)	(\$45,877)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.7%
Covered-Employee Payroll	\$249,248
Net Pension Asset as a Percentage of Covered-Employee Payroll	(18.4%)

NOTES TO SCHEDULE

Changes in Benefit Terms

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 the plan's annual valuation report.

Change of Assumptions and Methods

In February 2014, the CalPERS Board adopted new actuarial assumptions. The most significant change to the actuarial assumptions that the Board adopted was the inclusion of future mortality improvement. The actuarial assumptions adopted by the Board are designed to ensure greater sustainability and soundness of the defined benefit pension plans, and will be better at predicting future experience resulting in more secure retirement benefits in the decades to come. The current experience study was based on demographic CalPERS data for years 1997 to 2011. The study focused on recent patterns of termination, death, disability, retirement and salary increases. These new assumptions were reflected in the total pension liabilities as of June 30, 2013. The 2013 liabilities were rolled forward to the measurement date of June 30, 2014 using standard update procedures.

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 2014-15.

Schedules of Plan Contributions — Pension Plans (Unaudited)

Schedules of Plan Contributions - Pension Plans

(Dollars in Thousands)

	2014
PERF B:	
Actuarially Determined Contribution	\$1,189,286
Contributions in Relation to the Actuarially Determined Contribution	1,189,286
Contribution Excess	—
Covered-Employee Payroll	\$10,120,248
Contributions as a Percentage of Covered-Employee Payroll	11.8%
PERF C:	
Actuarially Determined Contribution	\$732,142
Contributions in Relation to the Actuarially Determined Contribution	732,142
Contribution Excess	—
Covered-Employee Payroll	\$3,248,018
Contributions as a Percentage of Covered-Employee Payroll	22.5%
LRF:	
Actuarially Determined Contribution	\$33
Contributions in Relation to the Actuarially Determined Contribution	565
Contribution Excess	(\$532)
Covered-Employee Payroll	\$1,470
Contributions as a Percentage of Covered-Employee Payroll	38.4%

Schedules of Plan Contributions - Pension Plans -

Continued (Dollars in Thousands)

	2014
JRF:	
Actuarially Determined Contribution	\$1,569,630
Contributions in Relation to the Actuarially Determined Contribution	191,148
Contribution Deficiency	\$1,378,482
Covered-Employee Payroll	\$54,649
Contributions as a Percentage of Covered-Employee Payroll	349.8%
JRF II:	
Actuarially Determined Contribution	\$55,538
Contributions in Relation to the Actuarially Determined Contribution	55,538
Contribution Excess	—
Covered-Employee Payroll	\$249,248
Contributions as a Percentage of Covered-Employee Payroll	22.3%

Actuarial Assumptions and Methods Used to Set the 2014 Actuarially Determined Contributions

	PERF B	PERF C	LRF	JRF	JRF II
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar	Level Percentage of Payroll
Remaining Amortization Periods	30 years	30 years	30 years	2 years	30 years
Asset Valuation Method	Smoothing of Market Value	Smoothing of Market Value	Smoothing of Market Value	Market Value	Smoothing of Market Value
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	3.00%	3.00%	3.00%
Investment Rate of Return	7.50%	7.50%	5.75%	4.25%	7.00%

Schedule of Investment Returns (Unaudited)

Annual Money-Weighted Rate of Return,
Net of Investment Expense

Plan	2014 Rate of Return (%)
PERF A	18.3%
PERF B	18.3
PERF C	18.3
LRF	13.1
JRF	0.0 ¹
JRF II	18.4

(1) The percentage for JRF is less than 0.01%.

Schedule of Funding Progress — OPEB Trust Fund (Unaudited)

OTHER POST-EMPLOYMENT BENEFIT PLAN – CALIFORNIA EMPLOYERS’ RETIREE BENEFIT TRUST FUND (CERBTF)

Schedule of Funding Progress

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 valuation of 258 participating employers in the CERBTF as of June 30, 2010, aligned to a measurement date of June 30, 2009, in compliance with GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent-Multiple-Employer Plans*.

Beginning with reporting for the fiscal year ended June 30, 2011, valuation results from participating employers are aligned as of a single measurement date to comply with GASB Statement No. 57. Data is rolled forward or backward to that date by CalPERS staff, using methods allowed under Actuarial Standards of Practice and under U.S. Generally Accepted Accounting Principles.

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 government accounting standards.

Schedule of Funding Progress (Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) Entry Age (2)	Unfunded AAL(UAL) (AVA Basis) (2) - (1)	Funded Ratio Actuarial Value of Assets Basis (1) / (2)	Annual Covered Payroll (3)	UAAL as a % of Covered Payroll [(2) - (1) / (3)]
6/30/08	\$48	\$4,845	\$4,797	1.0%	\$5,092	94.2%
6/30/09	873	10,462	9,589	8.3	9,307	103.0
6/30/10	1,287	14,288	13,001	9.0	10,435	124.6
6/30/11	1,818	15,522	13,704	11.7	10,374	132.1
6/30/12	2,072	17,612	15,540	11.8	11,175	139.1
6/30/13	2,669	31,716	29,047	8.4	17,201	168.9

Schedule of Employer Contributions — OPEB Trust Fund (Unaudited)

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	% of Required Contribution Made ¹
2009	\$611,607,510	95.7%
2010	870,842,132	76.9
2011	1,141,450,654	65.6
2012	1,221,939,827	63.2
2013	1,342,067,800	73.1
2014	2,523,163,977	66.6

(1) The required contributions made include retiree health premiums paid directly to health carriers, OPEB related administrative costs paid outside the CERBTf, and implicit rate subsidy.

In the fiscal years ended June 30, 2008, 2009, 2010, and 2011, contributions made toward the annual required contribution excluded \$48.9 million, \$10.4 million, \$4.4 million, and \$9.9 million, respectively, that were contributed to the CERBTf, but were treated as pre-existing assets for purposes of calculating the ARC.

The annual required contributions for the fiscal years ended June 30, 2011, 2012, and 2013 include amounts from some employers who had not yet begun making contributions to the trust at the time of the respective reporting periods. Had the contributions been included, the reported annual required contributions for the fiscal years ended June 30, 2011, 2012, and 2013 would have been \$916.9 million, \$969.9 million, and \$1.1 billion, respectively, and the contributions made toward the annual required contributions would represent 73.0 percent, 70.3 percent, and 80.5 percent.

Schedule of Claims Development Information (Unaudited)

PUBLIC EMPLOYEES' HEALTH CARE FUND

The Schedule of Claims Development Information presents the Public Employees Health Care Fund (HCF) earned revenue and investment income, as well as losses and other expenses over the last 10 years.

Schedule of Claims Development Information (Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1) Net Earned Required Premium and Investment Revenues	\$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	\$2,895,682
2) Unallocated Expenses	65,902	67,679	74,771	78,607	85,511	90,292	88,392	96,043	105,154	192,987
3) Estimated Incurred Claims and Expenses, End of Policy Year	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	2,836,119
4) Paid (Cumulative) as of:										
End of Policy Year	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	2,200,163
One Year Later	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	1,788,135	1,796,587	—
Two Years Later	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	1,788,135	—	—
Three Years Later	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	—	—	—
Four Years Later	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	—	—	—	—
Five Years Later	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	—	—	—	—	—
Six Years Later	1,012,021	1,146,876	1,197,334	1,316,774	—	—	—	—	—	—
Seven Years Later	1,012,021	1,146,876	1,197,334	—	—	—	—	—	—	—
Eight Years Later	1,012,021	1,146,876	—	—	—	—	—	—	—	—
Nine Years Later	1,012,021	—	—	—	—	—	—	—	—	—
5) Re-Estimated Incurred Claims Expenses:										
End of Policy Year	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	2,836,119
One Year Later	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	1,788,135	1,796,587	—
Two Years Later	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	1,788,135	—	—
Three Years Later	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	—	—	—
Four Years Later	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	—	—	—	—
Five Years Later	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	—	—	—	—	—
Six Years Later	1,012,021	1,146,876	1,197,334	1,316,774	—	—	—	—	—	—
Seven Years Later	1,012,021	1,146,876	1,197,334	—	—	—	—	—	—	—
Eight Years Later	1,012,021	1,146,876	—	—	—	—	—	—	—	—
Nine Years Later	1,012,021	—	—	—	—	—	—	—	—	—
6) Decrease in Estimated Incurred Claims and Expenses From End of Policy Year	(70,990)	(55,533)	(70,906)	(68,664)	(82,130)	(64,443)	(93,984)	(28,110)	(125,370)	—

Rows 1 through 6 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 HCFs 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 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.

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Financial Section: Other Supplemental Information

- 84 Administrative and Investment Management Fees — All Funds
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Administrative and Investment Management Fees – All Funds

Administrative Expenses (Dollars in Thousands)

	Fees
PERSONNEL SERVICES	
Salaries & Wages	\$159,319
Employee Benefits	66,345
Total Personnel Services	\$225,664
CONSULTANT & PROFESSIONAL SERVICES	
State of California Agencies	\$7,116
External Consultants	63,135
Retiree Benefit Trust Management Fees	83
Deferred Compensation Management/Custody Fees	4,021
Health Plan Administrator Fees	170,727
Long-Term Care Administrator Fees	20,117
Total Consultant & Professional Services	\$265,199
OPERATING EXPENSES & EQUIPMENT	
General Expense	\$6,614
Software	5,739
Printing	1,504
Building	23,306
Postage	4,719
Communications	1,595
Data Processing Services	18,175
Travel	1,214
Training	1,194
Medical Examiners	1,674
Facilities Operation	3,666
Central Administrative Services	46,287
Administrative Hearings	465
Consolidated Data Center	122
Equipment	6,569
Total Operating Expenses & Equipment	\$122,843
OTHER EXPENSES & ADJUSTMENTS	
Depreciation Expense	\$17,230
Increase in Paid Absence Obligation	910
Amortization	1,901
Miscellaneous	2,367
Total Other Expenses & Adjustments	\$22,408
TOTAL ADMINISTRATIVE EXPENSES — ALL FUNDS	\$636,114

Investment Management Fees¹ (Dollars in Thousands)

	Fees
Absolute Return Strategy Managers	
47 Degrees North New Generation 1848 Fund, LP	\$878
AIS Highbury Fund, LP	267
Aspect Alternative Fund, LLC	1,871
Black River Commodity Multi-Strategy Fund, LLC	28
Black River CTF	3,015
Black River Fixed Income Relative Value Opportunity Fund, LTD	6,723
Bluetrend Fund, LP	4,180
Breton Hill Eureka Fund, LP	1,963
Brookside Capital Partners Fund, LP	224
Canyon Value Realization Fund, LP	87
Chatham Eureka Fund, LP	8,236
Deephaven Market Neutral, LLC	18
Double Haven Eureka, LLC	763
Eraam Highbury Fund, LP	2,202
Ermitage Highbury Fund, LP	62
Kylin Eureka Fund, LLP	1,057
Lansdowne Eureka Fund, LP	2,865
Northwest Eureka Fund, LLP	577
O'Connor Global Fundamental Market Neutral Long Short, LLC	1,026
Oz Domestic Partners II, LP	300
Oz Eureka Fund, LP	10,685
PAAMCO 1848 Fund, LP	1,876
PAAMCO Blue Diamond	558
PFM Diversified Eureka Fund	5,214
Rock Creek 1848 Fund, LP	1,807
Standard Pacific Eureka Fund, LLP	1,233
Symphony Eureka Fund, LP	2,973
Vision Blue Diamond Fund, LP	811
Total Absolute Return Strategy Managers	\$61,499
Equity Managers	
Alliance Bernstein, LP	\$724
Arrowstreet Capital, LP	1,682
Ashmore Equities Investment Management	670
Baillie Gifford Overseas, LTD	1,881
Blum Strategic Partners III, LP Investment # 64 & #8	856
Blum Strategic Partners IV, LP	247
Cartica Corporate Governance Fund, LP	4,473
Dimensional Fund Advisors, LP	2,959
First Quadrant, LP	686
FIS Group, INC	1,573
Genesis Asset Managers, LP	2,589
Go Second European Focus Fund	654
Grantham, Mayo, Van Otterloo & Co., LLC	497
Hermes Sourecap Limited	1,958

Investment Management Fees – All Funds

Investment Management Fees¹ (Dollars in Thousands) - Continued

	Fees		Fees
J.P. Morgan Investment Management, INC	\$528	American Value Partners Fund I, LP	\$699
Knight Vinke Institutional Partners I, LP	1,171	Apollo Real Estate Finance Corporation	604
Lazard Asset Management, LLC	2,538	ARA Asia Dragon Fund	3,466
Leading Edge Investment Advisors, LLC	3,474	ARA Asia Dragon Fund II	751
Legato Capital Management, LLC	1,557	ARA China Long-Term Hold	2,495
New Mountain Vantage (California), LP	3,216	Area Real Estate Investment Fund V, LP	552
Nomura Asset Mgt. USA, INC	271	Bridge Urban Infill Land Development, LLC (Build)	116
Piedmont Investment Advisors, LLC	276	Buchanan Urban Investors II, LLC	756
Progress Investment Management Company	1,375	CalEast Canada Limited Partnership	685
Pyramis Global Advisors Trust Company	2,005	CalEast Industrial Investors, LLC	2,664
Pzena Investment Management, LLC	1,228	CalEast Solstice, LLC	14,743
QS Investors, LLC	748	California Smart Growth Fund IV, LP	779
Quotient Investors, LLC	1,794	Calsmart, LLC (Canyon)	578
Redwood Investments, LLC	1,100	CalWest - CalPERS	2,039
Relational Investors, LP	1,202	Canyon Catalyst Fund, LLC	908
Relational Mid-Cap	4,489	Canyon Johnson Urban Fund, III	1,817
Research Affiliates, LLC	1,488	Carlyle Infrastructure Partners, LP	567
State Street Bank And Trust Company	137	CBRE Strategic Partners Europe Fund, III	372
Strategic Investment Management, LP	532	CBRE Strategic Partners UK Fund, II	91
Stux Capital Management	1,364	CBRE Strategic Partners UK Fund, III	231
T. Rowe Price Associates, INC.	3,937	Centerline Urban Capital I, LLC	956
Taiyo Cypress Fund, LP	2,148	CIM Fund III, LP	8,184
Taiyo Fund, LP	10,015	CIM Infrastructure Fund, LP	1,795
Taiyo Pearl Fund, LP	1,216	CIM Urban Real Estate Fund, LP	4,146
The Boston Company Asset Management, LLC	368	CIM Urban Reit, LLC	3,743
Tobam SAS	833	Cityview LA Urban Fund I, LP	334
Victoria 1522 Investments, LP	907	CUIP Properties, LLC	27
Wasatch Advisors, INC	197	European Property Investors, LP	22
Total Equity Managers	\$71,563	Fifth Street Properties	8
Fixed Income Managers		Fillmore East Fund, LP	202
Alliance Bernstein, LP	\$379	Fortress Holiday Investment Fund, LP	940
Baring International Investment Limited	374	Fortress Investment Fund IV (Fund A), LP	942
Pacific Investment Management Co.	713	Fortress Residential Investment Deutschland (Fund A)	1,297
Rogge Global Partners	364	Fortress RIC Coinvestment Fund, LP	266
State Street Bank And Trust Company	640	FSP - Base	3,075
Total Fixed Income Managers	\$2,470	FSP - Dt 2011	3,999
Real Asset Managers		FSP - Dt 2012 And Beyond	4,089
301 Capitol Mall, LP	\$97	GI Partners Fund II, LP	669
Aetos Capital Asia TE II, LTD.	1,726	GI Partners Fund III, LP	2,364
Aetos Capital Asia TE, LP	24	Global Infrastructure Partners II, LP (GIP II)	3,472
AEW Senior Housing Company, LLC	626	Global Retail Investors, LLC	5,668
AEW-SHP Managed Portfolio	2,050	GRI - Base	679
AGI-TMG Housing Partners I, LLC	163	GRI - Dt 2011	326
Alinda Infrastructure Fund I, LP	1,310	Guggenheim Structured Real Estate III, LP	205
Alinda Infrastructure Fund II, LP	1,562	Hampshire Partners Fund VI, LP	276
		Harbert European Real Estate Fund II, LP	400

Investment Management Fees - All Funds (continued)

Investment Management Fees¹ (Dollars in Thousands) - Continued

	Fees		Fees
Harbert Gulf Pacific Power, LLC (HGPP)	\$836	ORA Residential Investments I, LP	\$3,381
Harbert Power Fund V, LLC (HPFV)	29	Pacific Multifamily Investors, LLC	22
HC Green Development Fund, LP	190	Pacific Vineyard Partners, LLC	868
HC NOP Holdings, LP	118	PLA Retail Fund I, LP	1,113
HCB Interests II, LP	2,989	PRECO Account Partnership III, LP	418
HCB Interests, LP	7	Rockpoint Real Estate Fund II, LP	216
HCB LTH	5,757	Rockpoint Real Estate Fund III, LP	1,047
HCC Interests, LP	623	RREEF Global Opportunities Fund II, LLC	104
HCM Holdings II, LP	630	Savanna Real Estate Fund I, LP	443
HCM Holdings, LP	485	SDL Hospitality Co-Invest Fund, LP	125
HCR LTH, LLC	3,795	Secured Capital Japan Real Estate Partners Asia, LP	2,266
Hearthstone Housing Partners II, LLC	3,120	Secured Capital Japan Real Estate Partners II, LP	545
Hearthstone Housing Partners III, LLC	155	Shea Capital I, LLC	5,034
Hearthstone Multi-State Residential Value-Added III	—	Shea Mountain House, LLC	1,839
Hearthstone Path-Of-Growth Fund, LLC	3,082	Starwood Capital Hospitality Fund I-2, LP	915
Hines European Development Fund II, LP	175	Starwood Capital Hospitality Fund II Global, LP	1,949
Hines European Development Fund, LP	195	Stockbridge Hollywood Park Co-Investors, LP	751
IHP Investment Fund I, LP	1,440	Stockbridge Real Estate Fund II-B, LP	399
IHP Investment Fund II, LP	712	Strategic Partners Value Enhancement Fund, LP	484
IHP Investment Fund III, LP	1,092	Sun-Apollo India Real Estate Fund, LLC	422
IL&FS India Realty Fund II, LLC	2,042	Sylvanus, LLC	2,616
IL&FS India Realty Fund, LLC	1,500	Techcore, LLC	3,180
IMI - Base	12,711	TPG Hospitality Investments IV, LLC	1,986
IMI - Dt 2011	1,211	Urbanamerica, LP II	959
IMP - Base	2,115	Whitney Ranch Venture, LLC	334
IMP - Dt 2011	2,465	Windsor Realty Fund VII, LP	317
Institutional Core Multifamily Investors	888	Xander Co-Investment	3,506
Institutional Logistics Partners, LLC	902	Xander JV Fund I (India Realty)	475
Institutional Multifamily Partners	5,675	Total Real Asset Managers	\$206,296
JER Europe Fund III, LP	343	Other Investment Management Fees	
JER Us Debt Co-Investment Vehicle, LP	277	Fund 00259 Supplemental Contributions Program Fund	\$9
KAREC California Development Program, LLC	1,066	Fund 00615 State Peace Officers And Firefighters Defined Contribution Plan Fund	298
KC 2011, LLC	2,922	Fund 00833 Annuitants Health Care Coverage Fund	542
KSC Affordable Housing Investment Fund, LLC	922	Fund 00883 Public Employees Long-Term Care Fund	1,383
Lasalle Asia Opportunity Fund III, LP	1,131	Fund 00885 Public Employees Deferred Compensation Fund	415
Lasalle French Fund II, LP	444	Fund 10822 Public Employees Health Care Fund - PERSCare	8
Lasalle Japan Logistics Fund II, LP	212	Fund 10950 Contingency Reserve Fund - Administration	—
Lincoln Timber, LP	4,549	Fund 20822 Public Employees Health Care Fund - PERS Choice	22
Market Street Capital Partners, LP	861	Hamilton Lane Advisors, LLC	343
Meriwether Farms, LLC	1,732	Total Other Investment Management Fees	\$3,020
MGPA Asia Fund II, LP	945	Total Management Fees	\$344,848
MGPA Europe Parallel Fund II, LP	841		
National Office Partners, LLC (CWP)	4,657		
Niam Nordic Investment Fund, III	226		
Niam Nordic Investment Fund, IV	888		
ORA Multifamily Investments I, LLC	3,072		

(1) Expenses and fees less than a thousand dollars are indicated by a dash.

Performance Fees - All Funds

Performance Fees^{1,2} (Dollars in Thousands)

	Fees
Absolute Return Strategy Managers	
Black River CTF	(\$165)
Black River Fixed Income Relative Value Opportunity Fund, LTD	8,728
Breton Hill Eureka Fund, LP	383
Brookside Capital Partners Fund, LP	1,278
Canyon Value Realization Fund, LP	—
Chatham Eureka Fund, LP	10,317
Double Haven Eureka, LLC	658
ERAAM Highbury Fund, LP	958
Kylin Eureka Fund, LLP	951
Lansdowne Eureka Fund, LP	7,553
O'Connor Global Fundamental Market Neutral Long Short, LLC	693
Oz Domestic Partners II, LP	534
Oz Eureka Fund, LP	18,734
PFM Diversified Eureka Fund	10,510
Rock Creek 1848 Fund, LP	1,221
Standard Pacific Eureka Fund, LLP	437
Suttonbrook Eureka Fund, LP	(294)
Symphony Eureka Fund, LP	5,873
Vision Blue Diamond Fund, LP	51
Total Absolute Return Strategy Managers	\$68,420
Equity Managers	
Arrowstreet Capital, LP	\$18,422
Blum Strategic Partners II, LP	(56)
Cartica CG Fund, LP	5,507
First Quadrant, LP	4,984
Grantham, Mayo, Van Otterloo & Co., LLC	33
Knight Vinke Institutional Partners I, LP	4,736
Lazard Asset Management, LLC	5,262
Legato Capital Management, LLC	1,127
Nomura Asset Mgt. USA, INC	353
Progress Investment Management Company	421
Pyramis Global Advisors Trust Company	374
Pzena Investment Management, LLC	671
Strategic Investment Management, LP	449
Taiyo Cypress Fund, LP	256
Taiyo Fund, LP	33,159
Taiyo Pearl Fund, LP	1,344
Total Equity Managers	\$77,042
Fixed Income Managers	
Alliance Bernstein, LP	\$1,106
Baring International Investment Limited	273
Pacific Investment Management Co.	2,516
Rogge Global Partners	304
Total Fixed Income Managers	\$4,199

	Fees
Real Asset Managers	
Aetos Capital Asia TE, LP	(\$147)
AEW-SHP Managed Portfolio	1,750
CalEast Solstice, LLC	5,696
Calsmart, LLC (Canyon)	17,715
CalWest - CalPERS	387
Canyon Johnson Urban Fund, III	8,967
CIM Infrastructure Fund, LP	15,075
DB Real Estate Global Opportunities IA, LP	(21)
DB Real Estate Global Opportunities IB, LP	(977)
FSP - Base	9,180
FSP - Dt 2011	18,814
FSP - Dt 2012 And Beyond	11,650
Global Infrastructure Partners II, LP (GIP II)	5,955
Global Innovation Partners, LLC	(29)
Global Retail Investors, LLC	159,740
GRI - Base	298
GRI - Dt 2011	1,862
Harbert European Real Estate Fund II, LP	452
HC Green Development Fund, LP	1,717
HCB Interests II, LP	10,091
HCC Interests, LP	(98)
Hearthstone Housing Partners, LP	89
Hearthstone Multi-State Residential Value-Added III	(617)
Hearthstone-MSII Homebuilding Investors, LLC	35
IHP Investment Fund III, LP	2,960
IMI - Base	16,997
IMP - Base	2,047
IMP - Dt 2011	3,752
IMP - Dt 2012 And Beyond	95
Institutional Multifamily Partners	223,875
Ivy Investment Vehicle LDC (SWPM)	17,766
National Office Partners, LLC (CWP)	76,691
ORA Multifamily Investments I, LLC	15,300
ORA Residential Investments I, LP	34,597
SDL Hospitality Co-Invest Fund, LP	(2,623)
Starwood Capital Hospitality Fund II Global, LP	1,104
Total Real Asset Managers	\$660,145
Total Performance Fees	\$809,806
Total Management And Performance Fees	\$1,154,654

(1) Negative performance fees are due to the reversal of accruals caused by fluctuation in market values.

(2) Expenses and fees less than a thousand dollars are indicated by a dash.

Other Investment Expenses - All Funds

Other Investment Expenses^{1,2} (Dollars in Thousands)

	Fees
Auditor Fees	
Carolyn Sangil David, CPA & Assoc.	\$49
Conrad, LLP	364
KNL Support Services	68
KPM & Associates	490
Total Auditor Fees	\$971
Appraisal Fees	
Altus Group	\$4,888
Total Appraisal Fees	\$4,888
Company Expense	
Legato Capital Management, LLC	\$195
Strategic Investment Management, LP	41
Total Company Expense	\$236
Investment Consultant Fees	
Altius Associates Limited	\$30
American Express	9
APCI Worldwide, INC	32
Bard Consulting, LLC	1,045
Callan Associates, INC	1,598
Cambria Solutions, INC	576
Cambridge Associates, LLC	475
Coachsource, LLC	26
Courtland Partners, LTD	266
Crosswater Realty Advisors, LLC	939
Cutter Associates, LLC	688
Drobny Global Asset Management, LP	120
FTI Consulting, INC	210
Garland Associates, INC	22
Governance Holdings Co., dba GMI Ratings	32
Hamilton Lane Advisors, LLC	50
Heidrick & Struggles	(34)
Jay Gaines & Company, INC	(5)
Korn/Ferry International	163
KPMG, LLP	83
Le Plastrier Consulting Group, INC	2,044
Loop Capital Markets	75
LP Capital Advisors, LLC	244
Meketa Investment Group, INC	97
Mercer Investment Consulting, INC	(15)
MK Partners, INC	23
Mosaic Investment Advisors, INC	471
Nichols Consulting	510
Pacific Alternative Asset Mgmt Co., LLC	229
Pacific Community Ventures, INC	365
Pension Consulting Alliance, INC	2,018

	Fees
Performance Technology Partners, LLC	\$5
Propoint Technology, INC	1,205
Pyramid Technical Consultants, INC	232
RG & Associates	72
Ridgeway Partners, LLC	84
RSR Partners	(1)
SAS International, INC	171
Senn-Delaney Leadership Conslt Grp, LLC	62
Sheraton Grand Sacramento Hotel	36
Stanfield Systems, INC	79
Starting Point	90
Strategic Investment Solutions, INC	25
Suzanne Stone Freelance Services	19
The Highlands Consulting Group, LLC	8
The Regents of the University of California	149
Trinity Technology Group, INC	940
UBS Alternative & Quantitative Inv., LLC	2,317
University of California Davis-Graduate	249
VanWrite Writing Consultants, LLC	11
Voyager	1
Wellington Management Company, LLP	449
Wilcox Miller & Nelson	—
Wilshire Associates, INC	3,145
Total Investment Consultant Fees	\$21,734
Legal Fees	
Alvaradosmith, A Professional Corporation	\$4
Berman Devalerio	41
Chapman & Cutler, LLP	289
Cox, Castle & Nicholson, LLP	227
Downey Brand, LLP	123
Felderstein Fitzgerald Willoughby Pascuz	11
Foster Pepper, PLLC	208
Institutional Multifamily Partners, LLC	547
K & L Gates, LLP	664
Katten Muchin Rosenman, LLP	106
Morgan Lewis & Bockius, LLP	814
Pillsbury Winthrop Shaw Pittman, LLP	881
Polsinelli Shughart, LLP	23
Soltman, Levitt, Flaherty & Wattles, LLP	31
Total Legal Fees	\$3,969
Master Custodian Fees	
State Street Bank And Trust Company	\$5,225
Total Master Custodian Fees	\$5,225
Tax Advisory Fees	
Ernst & Young, LLP	\$801

Other Investment Expenses - All Funds (continued)

Other Investment Expenses^{1,2} (Dollars in Thousands) - Continued

	Fees
KPMG Limited Taiwan	\$125
Philippine Long Distance Telephone Co	—
S.R. Baitilboi & Co, LLP	(5)
Total Tax Advisory Fees	\$921
Technology Expenses	
13D Research, INC	\$60
Adobe Government at Carahsoft	97
Albourne America, LLC	333
Alternativesoft Ag	31
Altura Capital Group	25
Argus Financial Software	1
Axioma, INC	179
Bank Credit Analyst Research Group	249
Barclays Capital	100
Barra, INC	1,867
Blackrock Financial Management, INC	5,381
Bloomberg, LP	2,696
Cambridge Associates, LLC	175
Candial, INC	14
Capital Analytics II, LLC	941
CB Richard Ellis Investors	290
Charles River Systems, INC	3,534
Compucom Systems, INC	20
Cornerstone Macro, LP	100
Cost Effectiveness Measurement, INC	60
Covenant Review, LLC	45
Credit Suisse Securities (USA) LLC	100
Creditsights	100
Dow Jones - Irwin	18
Efront Financial Solutions, INC	325
EMBS, INC	10
Empirical Research Partners, LLC	240
Equilar, INC	8
ERa Equity Research Associates, INC	1
Ermitage Asset Management Jersey Limited	(21)
Etrali North America, LLC	92
Eurasia Group	112
Evestment Alliance	25
Factset Research Systems, INC	2,866
Fan Asset Management, LLC	336
Farient Adviser,s LLC	18
Firstrain, INC	10
Fitch, INC	286
FTSE	350
FX Alliance, INC	21
Glass Lewis & Co., LLC	965

	Fees
Global Investor Collaboration Svcs., LLC	\$5
Governance Holdings Co., dba GMI Ratings	273
GP Analytics	120
Green Street Advisors	70
High Frequency Economics, LTD	26
IHS Global, INC	50
Inframation, LTD	4
Institutional Shareholder Services, INC	182
Intex Solutions, INC	194
Ives Group INC	13
Macroeconomic Adviser, LLC	18
Markit North America, LTD	140
Mcube Investment Technologies, LLC	74
Microsoft Services	5
Moody's Analytics, INC	432
Moody's Investors Service, INC	90
MRI Software, LLC	245
MSCI, INC	327
NCREIF	1
New York Stock Exchange	42
Northfield Info. Svcs., INC	120
Omgeo	96
Oxford Analytica, INC	43
Preqin Limited	27
Principal Life Insurance Company-02210	338
Quantal International, INC	45
Radianz Americas, INC	28
RBS Smart Productions, INC	100
Real Capital Analytics, INC	75
Revere Data, LLC	6
Roubini Global Economics	10
Russell Investment Group	106
SNL Financial, LC	87
Standard & Poor's Corporation	1,626
Strategic Economic Decisions, INC	15
Style Research, INC	84
Sustainalytics U.S., INC	40
The Depository Trust & Clearing Corp	5
The Mathworks, INC	279
The World Markets Company Plc	6
Thomson Financial/Nelson	534
Thomson Reuters (Healthcare), INC	9
Toronto Stock Exchange	6
Trade Web	85
William O'Neil & Company	27
Yardeni Research, INC	15

Other Investment Expenses - All Funds (continued)

Other Investment Expenses^{1,2} (Dollars in Thousands) - Continued

	Fees
Yield Book, INC	\$129
Zeno Consulting Group, LLC	49
Total Technology Expenses	\$28,361
Total Other Investment Fees	\$66,305
Internal Investment Personnel And Administrative Expenses	
Internal Investment Personnel And Administrative Expenses	\$59,593
Total Internal Investment Personnel And Administrative Expenses	\$59,593
Miscellaneous Investment Expense Fees	
Miscellaneous Investment Expense Fees	\$199
Mortgage Servicing Fees	7,689
Transaction Fees	58,846
Total Miscellaneous Investment Expense Fees	\$66,734
Total Investment Expenses - All Funds	\$1,347,286

(1) Negative other investment expenses are due to the reversal of accruals caused by fluctuations in market value.

(2) Expenses and fees less than a thousand dollars are indicated with a dash.

Consultant and Professional Services Expenses

Consultant and Professional Services Expenses (Dollars in Thousands)

Individual or Firm	Fees	Nature of Services
Accenture LLP	\$12,070	Consulting Services on Pension System Resumption (PSR) Project
ADSI, Inc.	156	Project Management Services, Architecture, Data Services, Application Development & Management Support Services
Advanced Systems Group, LLC	30	Production Equipment Maintenance Services
Aisitech, LLC	347	Application Development, Release Management/Quality Assurance/Configuration Management Services
Ambire Consulting, Inc	206	Project Management Services, Application Development & Specialized IT Support Services for Investment Systems/Business
Andes Consulting, LLC	173	Architecture, Systems Support, IT Security
Anthem Blue Cross	78,743	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation & Development, Wellness, Prevention & Disease Management Services
ATV Video Center, Inc.	206	Audiovisual Support & Live Event Presentation Services
Ballard Group, Inc	158	Information Technology Consultant Services
Base 3 Consulting	979	Application Development & Management Support Services
Bedrosian & Associates	21	Writing & Editorial Services, Marketing Services
Belmonte Enterprises, LLC	1,237	Project Management Services, Architecture, Data Services & Application Development
Blue Shield of California	78,765	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation & Development, Wellness, Prevention & Disease Management Services
Borden Lee Consulting	26	Floor Warden & Emergency Response Teams Training, Emergency Response Enhancement Training, Standardized Emergency Management System (SEMS)/National Incident Management System (NIMS)/Incident Command System (ICS) Training, Offsite Drill Scenario Creation/Evaluation
Business Advantage Consulting, Inc.	338	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	953	Database Administration, Management Support Services, Business Process Reengineering, Business Transformation/Transition & IT Security
Capital Technology Associates	197	Management Support Services, Project Management & Oversight Services
Celer Systems, Inc.	141	Architecture, Data Services, Application Development, Database Administration, & Application Servers
Cheiron, Inc.	225	Professional Actuarial Auditing Services, Annual Actuarial Valuations, Actuarial Experience Studies, General Actuarial Consulting Services, Review & Consulting on Mortality & Disability Insurance Programs
CoachSource, LLC	28	Leadership Development, Survey & Performance Tracking Systems, 360 degree Leadership Evaluation Program, Curriculum Design & Development
Compliance11	132	Personal Trading Software Services
Cornerstone Fitness, Inc.	100	Organizational Development & Readiness, Employee Training & Development
Covington & Burling, LLP	418	Legal Services to the Board
CVS Caremark	5,254	Pharmacy Claims Administration, Account Management, Eligibility, Retail & Other Reporting Services
Daniel J. Edelman, Inc.	294	Media Training, Marketing Services, Crisis Communications Services
Dee Hansford Consulting	28	Writing, Editorial, Education, Marketing & Outreach Campaigns Services
Delegata Corporation	1,194	Data Services, Application Development, Architecture, Database Administration, Management Support Services & Business Process Reengineering
Department of General Services/RR Donnelly	506	Open Enrollment Printing, Mail Processing & Postage
Department of Human Resources	228	Election Forms for the Alternate Retirement Program (ARP) Processing Services
Department of Justice	472	Conduct & Provide External Investigative Services
Dolamont Consulting Inc.	807	Business Transformation/Transition, Specialized IT Support Services for Investment Systems/Business & Management Support Services
Downey, Brand, Seymour & Rohwer, LLP	68	Legal Opinions & Advices. Analyze Employee Benefit, Federal & State Tax Laws
Drinker Biddle & Reath LLP	337	Legal Services to the Board
DSS Research	62	Project Management, Design & Development, Database Preparation, Printing & Survey Tracking
Eagle Management Group, LLC., dba Matran	167	Coordinate Conference/Event Participation Services & Display Exhibit Shipping & Set-Up
Eaton Interpreting Services, Inc.	64	Professional Sign Language Interpreter Services
Eclipse Corporation	352	Application Development & Database Administration, Network & Backup Management

Consultant and Professional Services Expenses (continued)

Consultant and Professional Services Expenses (Dollars in Thousands) - Continued

Individual or Firm	Fees	Nature of Services
Equanim Technologies	\$1,214	Project Oversight & Management Services, Management Support Services & Release Management/Quality Assurance/Configuration Management
Esoft Infosystems Inc.	137	Data Services, Application Development, Data Base Administration
Eterasys Consulting, Inc.	63	Data Base Administration
Ferency & Paul, LLP	30	Legal Opinions & Advices. Analyze Federal & State Tax Laws
FutureSense, Inc.	53	Organizational & Leadership Development, Performance Management & Program Evaluation
Government Operations Agency	338	Budget, Personnel, Legislative, and Information Technology Services, Policy Oversight, Communications Oversight, Legal Services
GovernmentJobs.com, Inc. DBA NEOGOV	21	Publicize, Post CalPERS Recruitments, Collect & Retain Applications
Grant Thornton, LLP	94	Strategic & Operational Business Planning, Performance Management & Program Evaluation, Management Analysis, Project Oversight Services, Project Management Services, Management Support Services, Business Process Reengineering, Business Transformation/Transition
H&B Joint Venture	202	Consulting Services on Pension System Resumption (PSR) Project
Health Management Systems, Inc. (HMS)	1,549	Dependent Eligibility Verification of Selected Subscribers of CalPERS healthcare benefit programs
Health Net of California	187	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation & Development, Wellness, Prevention & Disease Management Services
Heidrick & Struggles	83	High Quality Management Executive & Actuarial Search Services
Highlands Consulting Group, LLC	779	Survey & Research Services
HP Enterprise Services LLC	197	Project Management Services, Architecture, Data Services & Database Administration
Human Factors International, Inc.	299	User Experience Design, Strategy & Research
Information Technology Software Professional	278	Data Services, Project Management Services, Architecture, Application Development & Content Management
Informatix, Inc	366	Business Process Reengineering, Business Transformation/Transition, Management Support Services, Technical Writing, Data Network & Services
ING	4,021	Third party member record-keeper
J & K Court Reporting, LLC	48	Transcribe Administrative Hearings & Appeals, Protest Proceedings & Full Hearing
JLynnConsulting, Inc.	816	Database Administration & Services, Application Development, Technical Writing, Business Process Reengineering & Training Services
K & L Gates LLP	4,373	Legal & Advise Services. Monitor & Report on State & Federal Judicial Proceedings
Kath Straub and Associates, LLC	310	User Experience Design, Strategy & Research
Katrina Kennedy Training	42	Organizational Development & Readiness. Employee Training & Development & Leadership Development
KearnFord Application Systems Design	1,831	Project Management Services, Architecture, Data Services, Application Development, Management Support Services & Business Process Reengineering
Kenera Consulting, Inc.	148	Business Transformation/Transition, Management Support Services, Application Development & Project Management Services
Knowledge Structures, Inc.	67	Employee Training & Development
Kong Consulting, Inc.	595	PeopleSoft Financials Functional Support Services
Korn/Ferry International	142	High Quality Management Executive, Investment Management Executive & Actuarial Search Services
KPMG LLP	259	Organizational & Leadership Development, Strategic & Operational Business Planning, Performance Management, Program Evaluation & Management Analysis
Landor Associates	100	Writing, Editorial, Marketing, Survey & Research Services
LCS Technologies, Inc.	471	Application Development & Database Administration
Lincoln Crow Strategic Communications	44	Writing, Editorial & Marketing Services
Linsonic, LLC	170	Architecture, Data Services, Application Development & Database Administration
Lussier, Vienna, Gregor & Associates, Inc.	761	Identify & Monitor Proposed Legislations, Regulations & Issues of Interest or Concern to CalPERS
M Corp	1,209	Project Management Services, Data Services, Application Development, Release Management/Quality Assurance/Configuration Management, Management Support Services & Business Process Reengineering
Macias Gini & O'Connell LLP	605	Independent Financial Statement Audit in Accordance with Generally Accepted Auditing Standards (GAAS)
Martin & Chapman Co.	119	Ballot Counting & Ballot Card Services for CalPERS Board of Administration Elections
Maximus Federal Services, Inc.	31	Independent Medical Review of Appeal Cases & Research of Various Benefit Issues
Mckinsey & Company, Inc. Washington, DC	30	Organizational & Structural Analysis & Specialty Consulting
McLagan	39	Biennial Salary Surveys & Consultation on the Structure & Administration of the Compensation Program

Consultant and Professional Services Expenses (continued)

Consultant and Professional Services Expenses (Dollars in Thousands) - Continued

Individual or Firm	Fees	Nature of Services
Mellon Bank	\$315	Banking Services
Mennemeier, Glassman & Stroud LLP	197	Legal Services
Mercer Health and Benefits	726	Actuarial Consulting of Health Program & Benefits, Medical & Utilization Management Consulting, Pharmaceutical Benefit Management Consulting & Leveraging Health Care Information System
Michael Strategic Analysis	32	Survey & Research Services
Milliman, Inc.	1,147	Actuarial Consulting for Health Program, Health Benefits Consulting, Medical & Utilization Management Consulting, Pharmaceutical Benefit Management Consulting & Leveraging Health Care Information Systems, GEN3 Project Management, GEN3 Data Warehouse Training, Implementation & Transition, Maintenance & Operations Services
Mindstorm Creative, Inc.	80	Video & Multimedia Production Services & Post Production Services
Modis, Inc.	108	System Support, Database Administration, Data Services, Project Oversight & Management Services, IT Security & Specialized IT Support Services
Monarch Enterprises, Inc.	132	Application Development
Netresult, LLC	188	Project Management Services, Architecture, Data Services, Application Development, Database Administration, Content Management & Business Process Reengineering
Nexus IS, Inc.	152	System Support, Data Network & Telecommunications
Northeast Retirement Services	83	Third party member record-keeper
Oncore Consulting, LLC	714	Project Management Services, Architecture, Data Services, and Application Development
Pacific Business Group on Health	56	Maintenance of the Existing Customized Internet Based Health Plan Chooser Tool, Annual Update to Accommodate New Plan & Benefit Design Changes
Pasanna Consulting Group, LLC	614	Architecture & Application Development
Performance Technology Partners, LLC	1,047	Telecommunications, Release Management/Quality Assurance/Configuration Management, Management Support Services, Business Process Reengineering & IT Security
Pillsbury Winthrop Shaw Pittman, LLP	173	Legal Services & Other Related Services as Requested by the Board's General Counsel
Princeton Solutions Group, Inc.	362	Project Oversight & Management Services, Architecture, Application Development & Release Management/Quality Assurance/Configuration Management
Pyramid Technical Consultants, Inc.	502	Project Management Services & Specialized IT Support Services for Investment Systems/Business
Qualapps, Inc.	883	Project Oversight & Management Support Services
Radian Solutions, LLC	99	Data Services, Application Development, and Database Administration
Reed Smith, LLP	514	Legal & Litigation Services
Regents of the University of CA, Davis	177	Evaluation Study on the Impact of the CalPERS Reference Pricing Benefit on the Use of & Expenditures for Hip & Knee Replacement Surgery
Ridgeway Partners, LLC	143	High Quality Investment Management Executive Search Services
Risk 2 Reputation	220	Media Research and Analysis, Reputational Risk Assessment Survey
Rosenberg and Kaplan, A Law Corporation	173	Legal Services, Advice & Representation in Negotiations of Agreements with Different Health Care Insurance Companies
Saba Software, Inc.	151	Business & Technical Consulting & Development
Safeguard Web & Graphics	893	Typesetting, Printing, Packaging & Mailing Services for Board of Administration Elections & Possible Run-Off Elections
Sage 2.0	202	Project Management & Data Services & Application Development
SAS International, Inc.	207	Application Servers, Desktop Services, Unix/Linux Platform & Data Network
Shah & Associates, A Professional Law Co	85	Legal Services & Representation of the Board in State, Federal & Quasi-Judicial Proceeding
Sharp Health Plan	230	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation & Development, Wellness, Prevention & Disease Management Services
Shaw Valenza, LLP	130	Litigation & Advisory Legal Services. Labor Negotiations
Shooting Star Solutions, LLC	164	Project Oversight & Management Services, Management Support Services, Business Process Reengineering & IT Security
Sign Language Interpreting Service Agency	28	Professional Sign Language Interpreter Services
Softsol Technologies, Inc.	1,192	Data Network & Backup Management, Database Administration, Mainframe, Application Servers, & Disaster Recovery
SRI Infotech, Inc.	383	Architecture, Data Services, Application Development, Database Administration & Application Servers
Stanfield Systems, Inc.	157	Database Administration, Content Management, Mainframe, Disaster Recovery & Specialized IT Support Services for Investment Systems/Business
State Controller's Office	10,982	Interest Earning Computation Services & Claims Schedule Processing Services, Information Technology, Other Post Employment Benefits & General Administrative Services

Consultant and Professional Services Expenses (continued)

Consultant and Professional Services Expenses (Dollars in Thousands) - Continued

Individual or Firm	Fees	Nature of Services
State Treasurer's Office	\$26	Wiring Services
Steptoe & Johnson, LLP	2,742	Legal Services & Advice to the Board on Federal & State Tax Law & Employee Benefit Law
Stoel Rives, LLP	202	Legal Services & Assistance with the Negotiation of Contacts Between CalPERS & Health Plans & Third Party Administrators of Health Programs
T5 Consulting	1,020	Application Development
Take 1 Productions	54	Video & Multimedia Production Services, Post Production Services & Captioning Services
Taylor Feldman Group, LLC, The	183	Management Support Services
Technology Crest Corporation	205	Architecture, Application Development, Systems Support & Application Servers
Trinity Technology Group, Inc.	1,880	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.	2,355	Advantage Application Service Provider Services & Advantage Suite Data Consulting Services
United Health Actuarial Services, Inc.	161	Administrative Support
United Healthcare	1,324	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation & Development, Wellness, Prevention & Disease Management Services
University of California Berkeley	50	Evaluation of the Impact of the CalPERS Reference Pricing Benefit Design on Use & Expenditures for Hip & Knee Replacement Surgery
Univita	19,782	Billing, Banking, Claims Administration, Underwriting, Care Advisory, Enrollment, Customer & Specialist, Reporting, Data Feed Services
Unleashing Leaders, Inc.	379	Executive Reporting & Communication. Oversight & Assessment. Mentoring & Organization Change Management
Vantage Consulting Group, Inc.	608	Production Support, Sub-System Production Support, Pension Reform/Health Reform Analysis & Support
VanWrite Writing Consultants, LLC	88	Employee Training & Development
Viaspire	168	User Experience Design, Strategy & Research
Visionary Integration Profess, LLC (VIP)	305	IT Security, Business Process Reengineering, Management Support Services, Application Servers, Data Services & Network & Database Administration
Weaver Schlenger Mazel, LLP	57	Legal Services to the Board in connection with Immigration Employment Matters
Worktank Enterprises, LLC	455	Media Training and Web Event Services
Various	229	
Total Consultant and Professional Services Expenses ¹	<u>\$263,537</u>	

(1) Total Consultant and Professional Services Expenses does not match Total Consultant & Professional Services on the Administrative Fee Schedule due to accrual adjustments.

Statement of Changes in Assets & Liabilities – Agency Fund

Statement of Changes in Assets & Liabilities - Agency Fund (Dollars in Thousands)

	RBF			Balance June 30, 2014
	Balance June 30, 2013	Additions	Deductions	
ASSETS				
Cash & Cash Equivalents	\$1	\$44,774	\$44,775	\$0
Employer Receivables	212	13,835	12,772	1,275
Interests & Dividends Receivables	4	4	4	4
Due From Other Funds	1	1	1	1
Short-Term Investments	5,379	11,702	7,987	9,094
TOTAL ASSETS	\$5,597	\$70,316	\$65,539	\$10,374
LIABILITIES				
Due to Other Funds	\$0	\$10	\$9	\$1
Other Program	5,597	44,586	39,810	10,373
TOTAL LIABILITIES	\$5,597	\$44,596	\$39,819	\$10,374

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Investment Section

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Chief Investment Officer's Letter

December 31, 2014

On behalf of CalPERS Investment Office, I am pleased to report on CalPERS' investment performance, operations, and initiatives for the one-year period ending on June 30, 2014. The CalPERS Public Employees' Retirement Fund (PERF) earned a time-weighted rate of return of 18.4 percent this fiscal year, with the market value at \$301.1 billion. Strong returns in global equity markets and real assets continue to bolster our performance.

The gain marks the fourth double-digit return CalPERS has earned in the last five years. The return of 18.4 percent outperformed its benchmark by 40 basis points and pushed the three-year return to 10.4 percent, also exceeding that benchmark by 40 basis points.

Investments in domestic and international stocks returned 24.8 percent, outperforming the CalPERS custom public equity benchmark by 50 basis points. Investments in income-generating real assets like office, industrial, and retail buildings returned 13.4 percent, outperforming the benchmark by 160 basis points. This is the fourth consecutive year of positive growth in these investments.

Several significant accomplishments were achieved this year in furthering our commitment to ensure the long-term sustainability of our investment operations and portfolio. First, the CalPERS Board of Administration adopted a set of ten investment beliefs to provide a basis for the strategic management of the investment portfolio, inform organizational priorities, and ensure alignment between the Board and CalPERS staff.

The Investment Office also completed its work with the Board as well as the Actuarial and Finance Offices on asset allocation and risk management through the Asset Liability Management (ALM) process. This work took an integrated view of assets and liabilities so that financial risks to the System can be better understood, communicated and managed.

The ALM process culminated with the Board deciding on a new asset allocation mix for the portfolio. The new mix allows the PERF to maintain its

7.5 percent assumed rate of return, while also lowering the portfolio's expected volatility slightly by reducing the allocation to equities and increasing allocation to Fixed Income and Real Assets.

CalPERS continues to work to integrate environmental, social, and governance (ESG) factors into investment decisions across the portfolio, and released its second report chronicling the Fund's efforts on sustainable investing and leadership, *Towards Sustainable Investments and Operations*.

We remain committed to our emerging manager programs, and released our first annual report of the work we have completed as part of our Emerging Manager Five-Year Plan. In an ongoing effort to engage and strengthen relationships with our partners in the emerging manager community, we held our second Emerging and Diverse Manager Forum.

We continue to invest in California. CalPERS has \$27.0 billion invested in California, across all asset classes, helping to support approximately 1.2 million local jobs, infrastructure for communities and commerce, and business expansion and related economic activity.

CalPERS is a long-term investor. As stated in the Investment Beliefs, that provides us with both advantages and responsibilities. We take pride in the success we have achieved but always keep an eye focused on the horizon. Adding to our recent returns, our 20-year and since inception returns for the PERF has earned 8.5 percent and 8.9 percent, respectively. These returns are more than our expected rate of return of 7.5 percent, and demonstrate that CalPERS is able to weather the ups and downs of multiple market cycles. With conviction, we remain steadfast in our focus on delivering our promised benefits to our members for generations to come.

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.

Ted Eliopoulos
Chief Investment Officer

Summary of Investments – PERF (As of June 30, 2014) (Dollars in Thousands)

Category	Book Value	Market Value	% of Investments at Market Value
Cash and Short Term Investment	\$9,763,195	\$9,764,440	3%
Global Equity	113,772,741	158,161,501	52%
Global Debt Securities	55,297,373	72,465,033	24%
Real Assets	23,497,039	29,580,354	10%
Private Equity	29,650,241	31,512,577	11%
TOTAL INVESTMENT VALUE	\$231,980,589	\$301,483,905	100.0%

Investment Performance – PERF

PERF Portfolio Comparisons (Time-Weighted Rates of Return)

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	18.4%	10.4%	12.5%	7.2%	Asset Allocation Policy Index ¹	18.0%	10.0%	13.0%	8.1%
					Trust Universe Comparison Service (TUCS) Public Fund Median	15.7%	9.4%	12.1%	7.0%
					Wilshire Large Fund Universe Median	17.3%	10.1%	13.0%	7.6%
Public Equity	24.8%	11.3%	15.6%	7.6%	CalPERS FTSE Global All Cap Custom	24.3%	11.0%	15.1%	7.9%
Private Equity	20.0%	12.8%	18.7%	13.3%	67% FTSE USTMI+33% FTSEAWEXUS+3%	23.3%	14.5%	23.2%	15.4%
Total Growth	23.9%	11.7%	16.3%	8.2%	Growth Benchmark²	24.3%	12.0%	16.9%	9.0%
Global Fixed Income	8.3%	6.3%	9.2%	7.0%	CalPERS TOT GBL FI INC Policy EX Tobacco³	7.1%	5.6%	7.0%	6.3%
Real Assets	13.4%	12.4%	0.8%	3.7%	REAL ASSETS BENCHMARK ⁴	11.8%	10.9%	8.2%	9.1%
Liquidity	0.6%	1.5%	1.0%	2.3%	75% BC TREAS 2-10YR+25%1 MO TBILL	1.4%	1.9%	1.3%	2.3%
Inflation ⁴	8.3%	2.8%	6.2%	—	Inflation Benchmark ⁵	8.2%	3.1%	5.4%	—
Absolute Return Strategies	7.1%	3.9%	5.6%	4.8%	1 yr Treasury Note + 5%	5.3%	5.3%	5.5%	7.2%

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% 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), 15% Infrastructure Benchmark (CPI + 4%) and 8% Forestland Benchmark (NCREIF Timberland (Gross)).
- ⁵ Inflation Benchmark: 75% ILB Benchmark and 25% Commodities Benchmark.
- ⁶ Inception Date for Inflation Asset Class is 2007.
- ⁷ Index benchmarks are as of June 30, 2014, 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
Public Equity	53.1%	50.0%	50.0%
Private Equity	10.5%	14.0%	14.0%
Global Fixed Income	15.6%	17.0%	17.0%
Real Assets	10.0%	11.0%	11.0%
Liquidity	3.0%	4.0%	4.0%
Inflation Assets	3.3%	4.0%	4.0%
Absolute Return Strategies ³	1.5%	—	—
Total Plan Level ⁴	3.0%	—	—
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 are due to differences in reporting methods.
- ³ These asset classes do not have targets because they are not components of the Total Fund Policy benchmark.
- ⁴ The Total Plan Level include multi-asset class, transition, and plan level portfolios. These assets do not have targets because they are not components of the Total Fund Policy benchmark.

Portfolio of California Investments at Market Value – PERF

(Dollars in Millions)	California Investments
EQUITY	
Domestic Equity	\$13,616
International Equity	80
TOTAL EQUITY	\$13,696
FIXED INCOME	
Domestic Fixed Income	\$ 2,734
TOTAL FIXED INCOME	\$ 2,734
REAL ASSETS¹	\$5,998
PRIVATE EQUITY¹	\$3,696
ABSOLUTE RETURN STRATEGIES²	\$881
TOTAL CALIFORNIA INVESTMENTS	\$27,005

Note:

- ¹ Private Equity and Real Assets are as of March 31, 2014.
- ² Absolute Return Strategies are as of April 30, 2014.

Largest Stock & Bond Holdings at Market Value – PERF

Largest Stock Holdings (Dollars in Thousands)

Rank	Security Name	Shares	Market Value
1	Apple	18,943,842	\$1,760,451
2	Exxon Mobil Corporation	13,923,573	1,401,825
3	Microsoft Corporation	24,651,269	1,027,958
4	Johnson & Johnson	9,082,215	950,181
5	Wells Fargo & Company	17,870,239	939,260
6	Chevron Corporation	6,230,779	813,428
7	Nestle SA Reg	10,388,165	804,767
8	General Electric Company	29,985,569	788,021
9	JP Morgan Chase & Company	12,364,458	712,440
10	Verizon Communications Incorporation	13,860,160	678,178

Note:

Market Value is based on holdings from Global Equity only.

Largest Bond Holdings (Dollars in Thousands)

Rank	Bond	Interest Rate	Maturity Date	Par Value	Market Value
1	United States Treasury	2.500%	05/15/2024	\$4,332,101	\$4,325,582
2	United States Treasury	2.750%	02/15/2024	2,873,450	2,938,476
3	United States Treasury	2.875%	05/15/2043	2,790,374	2,550,206
4	United States Treasury	0.625%	01/15/2024	2,404,738	2,492,897
5	United States Treasury	0.125%	04/15/2017	993,555	964,940
6	United States Treasury	1.250%	10/31/2018	972,477	1,028,170
7	United States Treasury	0.250%	12/15/2015	911,000	911,156
8	United States Treasury	1.875%	09/30/2017	776,000	797,426
9	United States Treasury	1.125%	01/15/2021	692,765	750,741
10	United States Treasury	0.125%	01/15/2023	664,957	662,982

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.	1,080,071	\$10
Academy Securities Inc.	1,128,188	28
Agora Corde Titul E Val Mob	1,317,900	10
Ambit Capital Private, Ltd.	240,125	16
ATR Kim Eng Securities, Inc.	2,950,900	15
Aviate Global, LLP	1,687,451	23
Avondale Partners, LLC	257,507	10
Balylock Robert Van, LLC	2,783,318	43
Banco De Investimentos Credit	430,511	13
Banco Itau SA	2,297,945	15
Banco Pactual SA	3,094,649	15
Banco Santander Brasil SA	1,647,700	34
Banco Santander Central Hispano	6,053,151	36
Banco Santander Mexicano, S.A	1,714,782	15
Barclays Capital Inc./LE	71,984,555	965
Barclays Capital, Inc.	30,396,782	223
Bloomberg Tradebook, LLC	1,121,740	22
BMO Capital Markets	783,668	20
BNP Paribas Peregrine Securities	64,085	9
BNP Paribas Prime Brokerage, Inc.	357,480	8
BNP Paribas Securities (Asia) Ltd.	21,415,160	52
BNP Paribas Securities India Private Ltd.	602,976	10
BNP Paribas Securities Services	2,280,125	37
BOCI Securities Ltd.	10,477,400	21
BTIG LLC	9,039,907	145
Cabrera Capital Markets	322,104	9
Canaccord Genuity Ltd.	628,257	22
Canaccord Genuity, Inc.	1,010,348	40
Cantor Fitzgerald & Co.	11,085,877	185
Cantor Fitzgerald & Co./Castleoak Sec.	818,476	19
Capital Institutional Svcs Inc., Equities	9,477,419	86
Cheevers & Co., Inc.	664,861	24
China International Capital Corp.	21,128,200	81
Cimb Securities (HK) Ltd.	22,483,447	24
Cimb-GK Securities Pte., Ltd.	2,258,868	13
Citation Group	689,305	17
Citibank N.A.	2,240,800	9
Citigroup Global Market Korea Secs., Ltd.	331,343	21
Citigroup Global Markets CME	23,930	48
Citigroup Global Markets India	2,152,071	36
Citigroup Global Markets Taiwan	16,068,000	35
Citigroup Global Markets, Inc.	248,036,619	1,282
Citigroup Global Markets, Inc. Salomon Bro.	380,479	770
Citigroup Global Markets, Ltd.	95,782,797	533
CLSA Australia PTY, Ltd.	4,750,600	59
CLSA Securities Korea, Ltd	185,940	22
CLSA Securities Malaysia SDN BHD	2,001,700	8
CLSA Singapore PTE, Ltd.	19,238,726	65
Concordiasa CVMCC	1,345,140	10
Convergex Execution Solutions, LLC	741,169	24
Cowen and Company, LLC	868,770	24
Craig - Hallum	564,212	17
Credit Lyonnais Securities (Asia)	20,093,955	99
Credit Lyonnais Securities India	6,080,198	54
Credit Suisse First Boston	16,886,200	42

Broker	Number of Shares Traded	Base Commission & Fees Amount
Credit Suisse First Boston (Europe)	67,333	\$12
Credit Suisse First Boston SA CTVM	4,178,540	42
Credit Suisse Securities India Private, Ltd.	3,587,090	60
Credit Suisse Securities (Europe), Ltd.	23,718,024	224
Credit Suisse Securities (USA), LLC	116,800,763	1030
CS First Boston (Hong Kong), Ltd	32,919,836	95
CSFB Australia Equities, Ltd.	721,242	16
CSI US Institutional Desk	525,921	18
Daewoo Securities Company, Ltd.	156,152	9
Daiwa SBCM Europe	7,355,258	58
Daiwa Securities (HK), Ltd.	55,156,052	173
Daiwa Securities America, Inc.	44,099,163	85
Daiwa Securities Company, Ltd.	29,991	11
Daiwa Securities SMBC Cathy Company	7,143,956	22
Davy Stockbrokers	4,422,579	10
DBS Vickers (Hong Kong), Ltd.	5,637,799	12
Deutsche Bank AG London	75,368,427	250
Deutsche Bank Securities, Inc.	486,456,799	692
Deutsche Eq In Prvt LIM DB	4,179,095	53
Deutsche Morgan Grenfell Secs	2,061,441	38
Deutsche Securities Asia, Ltd.	59,029,418	206
Dongwon Securities	133,474	10
Dougherty Company	219,744	8
Drexel Hamilton, LLC	745,514	16
DSP Merrill Lynch, Ltd.	4,172,159	38
Dundas Unlu Securities, Inc.	777,761	12
Edelweiss Securities Pvt. Ltd.	440,238	14
Erste Bank Befektetesi Rt.	280,830	19
Exane SA	5,611,113	132
Financial Brokerage Group	642,696	10
Frank Russell Sec/BroadCort CAP Clearing	262,184	9
G Trade Services, Ltd.	36,766,679	143
Goldman Sachs (Asia), LLC	12,290,711	40
Goldman Sachs (India)	5,053,259	39
Goldman Sachs and Company	124,303,213	720
Goldman Sachs CME	616,969	1234
Goldman Sachs Do Brasil Corretora	5,463,800	85
Goldman Sachs International	14,070,202	203
Goodbody Stockbrokers	2,648,925	11
Gordon, Haskett and Company	769,486	27
Great Pacific Securities, Inc.	6,084,210	90
Guzman and Company	7,880,686	121
Hong Kong and Shanghai Banking, Corp.	69,140,987	99
HSBC Bank Brasil SA Banco Multiplo	4,296,215	20
HSBC Bank, Plc	150,100,154	495
HSBC Brokerage (USA), Inc.	357,619	9
HSBC Securities (USA), Inc.	328,887,752	273
HSBC Securities India Holdings	17,685,789	33
ICICI Brokerage Services, Ltd.	2,752,621	8
Imperial Capital, LLC	392,791	13
India Infoline, Ltd.	526,200	15
Instinet	31,427,756	420
Instinet Australia Clearing Srvc. Pty., Ltd.	11,585,152	45
Instinet Pacific, Ltd.	127,395,726	218
Instinet UK, Ltd.	279,615,424	902

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

Broker	Number of Shares Traded	Base Commission & Fees Amount
Instinet, LLC	20,142,897	\$188
Intermonte Sim S.P.A	6,359,500	16
Investec Bank PLC	1,694,624	25
Investment Technology Group, Inc.	11,323,092	145
Investment Technology Group, Ltd.	93,622,398	474
ISI Group, Inc.	1,460,263	51
Itau USA Securities, Inc.	560,131	20
ITG Australia, Ltd.	53,850,140	59
ITG Canada	29,840,938	121
ITG Securities (HK), Ltd.	87,872,516	61
ITG, Inc.	10,650,788	161
Ivy Securities, Inc.	1,296,624	21
Janney Montgomery, Scott Inc.	492,687	18
Jefferies and Company, Inc.	9,538,232	152
Jefferies International, Ltd.	37,224,285	62
JMP Securities	540,374	21
JNK Securities, Inc.	199,069	8
Joh Berenberg Gossler and Company	444,789	19
Jones Trading Institutional Services, LLC	14,805,402	249
JP Morgan Chase Bank N.A London	1,628,796	17
JP Morgan Clearing Corp.	27,527,908	376
JP Morgan India Private, Ltd.	9,385,478	83
JP Morgan Securities (Asia Pacific), Ltd.	82,586,528	157
JP Morgan Securities (Far East), Ltd. Seoul	255,079	27
JP Morgan Securities (Singapore)	5,820,438	23
JP Morgan Securities Australia, Ltd.	12,693,642	42
JP Morgan Securities, Inc.	284,243,367	665
JP Morgan Securities, PLC	134,539,753	716
KCG Americas, LLC	6,209,730	65
Keefe Bruyette and Woods, Inc.	485,910	17
Kepler Equities Paris	2,961,847	55
KGI Securities Company, Ltd.	3,278,000	14
Kim Eng Securities (Hong Kong), Ltd.	3,469,491	21
Kim Eng Securities (Thailand)	2,666,200	11
Kim Eng Securities Pte.	11,031,400	11
Knight Equity Markets, L.P	30,311,684	311
Kotak Securities, Ltd.	1,212,621	29
Larrain Vial	19,131,365	12
Leerink Swann and Company	553,817	21
Liquidnet Asia Ltd.	3,650,755	8
Liquidnet, Inc.	7,125,233	135
Loop Capital Markets, LLC	6,280,707	71
M. Ramsey King Securities, Inc.	22,717,835	314
Macquarie Bank, Ltd.	102,622,895	164
Macquarie Equities, Ltd. (Sydney)	1,390,058	32
Macquarie Securities (India) PVT, Ltd.	1,243,116	46
Macquarie Securities (USA), Inc.	1,727,031	63
Macquarie Securities, Ltd.	6,050,314	32
Macquarie Securities, Ltd. Seoul	221,741	19
MainFirst Bank DE	187,917	8
Maybank	3,189,800	14
Merrill Lynch International	270,966,808	705
Merrill Lynch Pierce Fenner and Smith	172,975,267	881
Mischler Financial Group, Inc.-Equities	3,496,562	58
Mitsubishi UFJ Securities (USA)	569,000	13

Broker	Number of Shares Traded	Base Commission & Fees Amount
Mitsubishi UFJ Securities International, PLC	1,430,607	\$17
Mizuho Securities Asia Ltd.	8,868,587	64
Monument Securities, Ltd.	646,401	9
Morgan Stanley and Company Inc.	529,626,878	538
Morgan Stanley and Company International	68,949,518	123
Morgan Stanley and Company International Taipei Metro	3,867,000	25
Morgan Stanley Dean Witter, Inc.	17,348,674	171
Morgan Stanley Securities, Ltd.	4,001,881	26
Motilal Oswal Securities, Ltd.	6,420,096	58
Mr. Beal & Company	424,905	11
Needham and Company	485,595	18
Nesbitt Burns	1,343,200	28
Nomura Financial Advisory and Securities India	989,714	18
North Land Securities, Inc.	520,590	19
North South Capital, LLC	5,137,622	79
Numis Securities, Inc.	1,539,951	17
Numis Securities, Ltd.	1,569,430	18
Oppenheimer and Co., Inc.	724,624	27
OSK Asia Securities, Ltd.	2,327,500	13
Pacific Crest Securities	646,679	22
Parel	8,254,850	38
Pavilion Global Markets Ltd.	20,051,900	62
Penserra Securities, LLC	21,686,053	292
Pershing, LLC	3,393,941	91
Pershing Securities, Ltd.	1,988,106	61
Piper Jaffray	1,357,969	50
PT Mandiri Sekuritas	5,711,500	9
Pulse Trading, LLC	1,872,456	30
Raymond James and Associates, Inc.	1,477,200	52
RBC Capital Markets	3,649,799	89
RBC Dominion Securities, Inc.	4,344,697	62
Redburn Partners, LLP	2,471,787	26
Renaissance Capital, Ltd.	345,325	15
Robert W. Baird Company, Inc.	1,226,681	45
Roberts and Ryan Investments, Inc.	470,919	14
Robotti and Company, LLC	5,893,007	89
Rosenblatt Securities, LLC	12,849,137	162
Royal Bank of Canada Europe, Ltd.	5,309,310	129
Samsung Securities Co., Ltd.	409,255	108
Sanford C Bernstein Co., LLC	55,374,492	346
Sanford C. Bernstein, Ltd.	40,327,540	209
Scotia Capital (USA), Inc.	717,154	17
Scotia Capital Markets	1,033,110	17
SG Americas Securities, LLC	4,733,619	30
SG Asia Securities (India) Pvt, Ltd.	31,709,239	85
SG Securities (London), Ltd.	12,535,914	15
SG Securities Hong Kong	99,376,569	132
Shinhan Investment Corp.	121,251	10
Shidoti and Company, LLC	384,625	15
SJ Levinson and Sons, LLC	3,093,771	50
SMBC Nikko Securities (Honk Kong) Ltd.	10,828,296	104

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

Broker	Number of Shares Traded	Base Commission & Fees Amount
Societe Generale Bank and Trust	193,574	\$11
Societe Generale London Branch	103,498,050	484
Standard Bank of South Africa, Ltd.	187,836	10
Standard Chartered Bank (Hong Kong), Ltd.	6,618,522	28
Standard Chartered Bank London	1,863,424	8
State Street Global Markets, LLC	674,983	13
Stephens, Inc.	659,509	27
Sterne, Agee and Leach, Inc.	574,082	21
Stifel Nicolaus and Co., Inc.	4,370,749	118
Stuart Frankel and Co., Inc.	19,044,392	224
Sturdivant and Co., Inc.	417,933	12
Suntrust Capital Markets, Inc.	252,686	10
Telsey Advisory Group, LLC	242,278	8
Tera Menkul Degerler A.S.	7,729,227	20
The Hong Kong and Shanghai Bank	6,063,071	55
Topeka Capital Markets, Inc.	528,118	14
UBS Ag	86,093,914	516
UBS Ag London	1,558,184	11
UBS Securities Asia, Ltd.	321,439,073	196
UBS Securities Canada, Inc.	1,217,861	18

Broker	Number of Shares Traded	Base Commission & Fees Amount
UBS Securities Pte.,Ltd.	233,625,475	\$97
UBS Securities Pte.,Ltd., Seoul	124,459	9
UBS Securities, LLC	12,207,158	248
UBS Warburg Australia Equities	1,520,296	26
UBS Warburg, LLC	1,803,292	48
UBS Warburg, Ltd.	7,189,922	76
UTI Securities Exchange, Ltd.	761,789	12
VTB Bank Europe, PLC	183,949	8
Wedbush Morgan Securities, Inc.	251,247	9
Weeden and Company	20,631,591	247
Wells Fargo Prime Services, LLC	733,815	8
Wells Fargo Securities, LLC	10,296,806	154
William Blair and Company, LLC	1,371,142	53
William Capital Group LP	576,584	16
Woori Investment Securities	116,232	9
Wunderlich Securities, Inc.	371,127	14
XP Investimentos CCTVM SA	2,407,000	20
Yuanta Securities Company, Ltd.	3,846,000	15
Various ¹	73,488,561	513
TOTAL	6,451,490,482	\$28,368

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	2013 Fees & Costs ¹
57 Stars Global Opportunities Fund II, LLC	\$1,922
57 Stars Global Opportunities Fund, LLC	2,451
Aberdare Ventures IV, LP	1,088
Aberdare Ventures III, LP	182
Acon-Bastion Partners II, LP	601
Advent Global Private Equity IV, LP	12
Advent International GPE V-D, LP	464
Advent International GPE VI, LP	6,375
Advent International GPE VII, LP	7,719
Advent Latin America Private Equity Fund IV, LP	2,376
Advent Latin America Private Equity Fund V, LP	2,068
Advent Latin American Private Equity Fund III, LP	293
Affinity Asia Pacific Fund III, LP	1,813
Aisling Capital II, LP	977
Aisling Capital III, LP	1,756
Alta BioPharma Partners II, LP	63
Alta V, LP	7
APA Excelsior IV, LP	6
Apollo Asia Opportunity Fund, LP	16
Apollo Co-Investors (MHE), LP	37
Apollo Credit Opportunities Fund, LP	6,481
Apollo European Principal Finance Fund, LP	2,187
Apollo Investment Fund III, LP	125
Apollo Investment Fund IV, LP	25
Apollo Investment Fund V, LP	135
Apollo Investment Fund VI, LP	1,106
Apollo Investment Fund VII, LP	7,277
Apollo Investment Fund VIII, LP	1,952
Apollo Special Opp. Managed Acct, LP	4,496
Apollo/Artus Investors 2007, LP	58
ArcLight Energy Partners Fund II, LP	271
ArcLight Energy Partners III, LP	1,658
ArcLight Energy Partners IV, LP	2,035
Ares Corporate Opportunities Fund II, LP	681
Ares Corporate Opportunities Fund III, LP	2,214
Ares Corporate Opportunities Fund, LP	261
Ares Special Situations Fund, LP	668
Asia Alternatives Capital Partners, LP	2,628
Asia Recovery Co-Investment Fund, LP	19
Asia Recovery Fund, LP	22
Audax Credit Opportunities Fund, LP	366
Audax Mezzanine Fund II, LP	499
Audax Private Equity Fund III, LP	1,089
Aurora Equity Partners II, LP	16
Aurora Equity Partners III, LP	101
Aurora Resurgence Fund (c), LP	1,207
Avenue Asia Special Situations Fund III, LP	3
Avenue Asia Special Situations Fund IV, LP	2,131
Avenue Europe Special Situations Fund, LP	67
Avenue Special Situations Fund IV, LP	38
Avenue Special Situations Fund V, LP	27
Avenue Special Situations Fund VI (A), LP	1,573
Bank of America CA Community Venture Fund, LP	243
Baring Vostok Private Equity Fund IV, LP	1,050
BCP III Merchant Banking Fund, LP	8

Fund Name	2013 Fees & Costs ¹
Birch Hill Equity Partners (US) III, LP	\$1,237
Birch Hill Equity Partners (US) IV, LP	3,357
Blackstone - GSO Capital Solutions LP	905
Blackstone Capital Partners IV, LP	95
Blackstone Capital Partners V, LP	374
Blackstone Capital Partners VI, LP	1,182
Blackstone Communications Partners I, LP	152
Blackstone Mezzanine Partners, LP	2
Blackstone TOP Fund, LP	5,215
Bridgepoint Europe II	5
Bridgepoint Europe III, LP	1,780
Bridgepoint Europe IV, LP	5,531
Cadence Bancorp, LLC	16
California Asia Investors, LP	4,486
California Emerging Ventures II, LLC	311
California Emerging Ventures III, LLC	714
California Emerging Ventures IV, LLC	629
California Emerging Ventures, LLC	107
CalPERS Clean Energy & Technologies Fund, LLC	793
CalPERS Corporate Partners, LLC	923
Capital Link Fund II, LP	348
Capital Link, LLC	329
Carlyle Asia Growth Partners III, LP	1,154
Carlyle Asia Growth Partners IV, LP	3,155
Carlyle Asia Partners II, LP	1,392
Carlyle Asia Partners III, LP	4,153
Carlyle Asia Venture Partners II, LP	53
Carlyle Europe Partners II, LP	211
Carlyle Europe Partners III, LP	2,890
Carlyle Europe Technology Partners II, LP	1,762
Carlyle Global Financial Services Partners, LP	2,881
Carlyle Japan International Partners II, LP	1,615
Carlyle Japan Partners, LP	161
Carlyle MC Partners, LP	7
Carlyle Mexico Partners, LP	482
Carlyle Partners II, LP	1
Carlyle Partners III, LP	14
Carlyle Partners IV, LP	638
Carlyle Partners V, LP	3,402
Carlyle Partners VI, LP	2,631
Carlyle Realty Qualified Ptrs III, LP	1
Carlyle Strategic Partners II, LP	282
Carlyle U.S. Growth Fund III, LP	762
Carlyle Venture Partners II, LP	76
Carlyle/Riverstone Global Energy and Power Fund II, LP	504
Carlyle/Riverstone Global Energy and Power Fund III, LP	20,595
Carlyle/Riverstone Renewable Energy Infrastructure Fund I, LP	160
Castlelake I, LP	455
Central Valley Fund II, LP, The	648
Cerberus CP Partners, LP	1,732
Cerberus Institutional Partners V, LP	2,404
CHK Mid Con Co-Invest Vehicle Preferred, LP	38

Note:

¹ Fees and costs for the 1-year period ending December 31, 2013.

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

Fund Name	2013 Fees & Costs ¹	Fund Name	2013 Fees & Costs ¹
Clarus Lifesciences I, LP	\$934	Khosla Ventures III, LP	\$2,104
Clarus Lifesciences II, LP	1,206	Khosla Ventures Seed, LP	1,538
Clearlake Capital Partners III, LP	725	KKR 2006 Fund, LP	728
Clearwater Capital Partners Fund II, LP	536	KKR Asian Fund II, LP	5,523
Clearwater Capital Partners Fund III, LP	3,031	KKR Asian Fund, LP	1,033
Clearwater Capital Partners I, LP	259	KKR European Fund II, LP	424
Clessidra Capital Partners	274	KKR European Fund III, LP	2,393
Clessidra Capital Partners II, LP	3,212	KKR European Fund, LP	10
Coller International Partners IV, LP	385	KKR Millennium Fund, LP	24
Coller International Partners V, LP	4,907	Kline Hawkes Pacific, LP	176
Conversus Capital	1,290	KM Corporate Partners Fund II, LP	1,729
Craton Equity Investors I, LP	542	KPS Special Situations III, LP	1,546
CVC European Equity Partners II, LP	39	Levine Leichtman Capital Partners Deep Value Fund, LP	601
CVC European Equity Partners III, LP	42	Levine Leichtman Capital Partners II, LP	25
CVC European Equity Partners IV, LP	162	Levine Leichtman Capital Partners III, LP	174
CVC European Equity Partners Tandem Fund (B), LP	1,680	Levine Leichtman Capital Partners IV, LP	834
CVC European Equity Partners V, LP	4,640	Lexington Capital Partners II, LP	86
CVC European Equity Partners, LP	20	Lexington Capital Partners III, LP	65
Darby Covering Europe Mezzanine Fund, LP	603	Lexington Capital Partners IV, LP	91
DFJ Frontier Fund, LP	47	Lexington Capital Partners V, LP	118
EM Alternatives	685	Lexington Middle Market Investors, LP	486
Energy Future Holdings Corporation	6	Lime Rock Partners III, LP	19
ESP - Golden Bear Europe Fund, LP	9,505	Lime Rock Partners IV, LP	548
Essex Woodlands Health Ventures VIII, LP	2,117	Lime Rock Partners V, LP	1,709
First Reserve Fund X, LP	211	Lion Capital Fund II, LP	1,152
First Reserve Fund XI, LP	3,645	Lombard Asia III, LP	372
First Reserve Fund XII, LP	5,109	Lombard Thailand Partners, LP	19,309
Francisco Partners II, LP	1,100	Lombard/Pacific Partners, LP	67
Francisco Partners III, LP	1,617	Madison Dearborn Capital Partners III, LP	1
Francisco Partners, LP	8	Madison Dearborn Capital Partners IV, LP	34
Garage California Entrepreneurs Fund, LP	33	Madison Dearborn Capital Partners V, LP	1,186
Generation Capital Partners, LP	34	Magnum Capital, LP	6
Gleacher Mezzanine Fund I, LP	3	MHR Institutional Partners II, LP	197
Golden State Investment Fund LLC	4,686	MHR Institutional Partners III, LP	6,224
Granite Global Ventures II, LP	40	New Mountain Partners II, LP	29
Granite Global Ventures III, LP	1,216	New Mountain Partners III, LP	321
Green Equity Investors III, LP	79	Newbridge Asia III, LP	31
Green Equity Investors IV, LP	170	Newbridge Asia IV, LP	1,300
Green Equity Investors V, LP	98	NGEN II, LLC	45
GSO Capital Opportunities Fund II, LP	759	Nogales Investors Fund I, LP	134
GSO Capital Opportunities Fund, LP	274	Oak Hill Capital Partners II, LP	378
GSO Capital Solutions LP	444	Oak Hill Capital Partners III, LP	6,206
GSO Giant Co-Invest I, LP	8	Oaktree Opportunities Fund VIII B, LP	3,891
Health Evolution Investments, LLC	213	Pacific Community Ventures Investments Partners II, LP	30
Health Evolution Management Co., LLC	1	PAG Asia I, LP	2,004
Health Evolution Partners, LLC	11,624	Palladium Equity Partners III, LP	1,440
Hellman & Friedman Capital Partners II, LP	3	Permira Europe I	12
Hellman & Friedman Capital Partners V, LP	660	Permira Europe III	527
Hellman & Friedman Capital Partners VI, LP	2,277	Permira U.K. Venture IV	1,616
Hellman & Friedman Capital Partners VII, LP	5,105	Perseus-Soros Biopharmaceutical Fund, LP	28
Huntsman Gay Capital Partners, LP	1,719	Polish Enterprise Fund IV, LP	38
ICV Partners II, LP	24	Polish Enterprise Fund V, LP	389
Insight Venture Partners V, LP	472	Polish Enterprise Fund VI, LP	1,688
Insight Venture Partners VI, LP	1,127		

Note:

¹ Fees and costs for the 1-year period ending December 31, 2013.

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

Fund Name	2013 Fees & Costs ¹
Providence Equity Partners V, LP	\$676
Providence Equity Partners VI, LP	1,439
Q Street/Century LLC	13,602
Resolute Fund II, The	1,517
RFG Private Equity Limited Partnership No.1	175
Rhone Partners III, LP	229
Richardson Capital Private Equity Limited Partnership No. 2	148
Riverstone Fieldwood Partners, LP	4
Riverstone Global Energy and Power Fund V, LP	4,609
Riverstone/Carlyle Global Energy & Power Fund IV, LP	1,997
Riverstone/Carlyle Renewable and Alternative Energy Fund II, LP	28,943
Riverwood Capital Partners, LP	749
SAIF Partners III, LP	1,791
SAIF Partners IV LP	2,466
Samson Co-Invest III, LP	2
Silver Lake Credit Fund, LP	634
Silver Lake Partners II, LP	383
Silver Lake Partners III, LP	3,172
Silver Lake Partners IV, LP	2,366
Silver Lake Partners, LP	7
Silver Lake Sumeru Fund, LP	3,764
Silver Lake Technology Investors III, LP	13
Silver Lake Technology Management, LLC	3,275
Spectrum Healthcare Fund, LLC	4,419
T3 Partners II, LP	45
Tailwind Capital Partners, LP	665
Thomas H. Lee Equity Fund V, LP	69
Thomas H. Lee Equity Fund VI, LP	486
TowerBrook Investors II, LP	1,762
TowerBrook Investors III, LP	4,906
TowerBrook Investors IV, LP	1,256
TowerBrook Investors, LP	70
TPG Asia V, LP	2,902

Fund Name	2013 Fees & Costs ¹
TPG Biotechnology Partners II, LP	579
TPG Biotechnology Partners III, LP	1,023
TPG Biotechnology Partners, LP	111
TPG Holding, LP	46
TPG Partners III, LP	53
TPG Partners IV, LP	215
TPG Partners V, LP	2,364
TPG Partners VI, LP	10,320
TPG Star, LP	1,734
TPG Ventures, LP	94
Triton Fund IV LP	1,304
Trius Co-Investment Limited Partnership	11
VantagePoint CleanTech Partners, LP	28
VantagePoint Venture Partners 2006 (Q), LP	1,166
Vicente Capital Partners Growth Equity Fund, LP	714
W Capital Partners II, LP	1,706
W Capital Partners, LP	165
Wayzata Opportunities Fund II, LLC	2,582
Wayzata Opportunities Fund, LLC	797
Wellspring Capital Partners V, LP	\$2,411
Welsh, Carson, Anderson & Stowe IX, LP	9
Welsh, Carson, Anderson & Stowe VI, LP	3
Welsh, Carson, Anderson & Stowe VIII, LP	4
Welsh, Carson, Anderson & Stowe X, LP	467
Welsh, Carson, Anderson & Stowe XI, LP	1,216
WLR Recovery Fund II, LP	283
WLR Recovery Fund III, LP	851
WLR Recovery Fund IV, LP	2,554
Yucaipa American Alliance Fund I, LP	2,569
Yucaipa American Alliance Fund II, LP	7,143
Yucaipa American Special Situations Fund I, LP	64
Yucaipa Corporate Initiatives Fund I, LP	2,176
Yucaipa Corporate Initiatives Fund II, LP	558
TOTAL	\$439,799

Note:

¹ Fees and costs for the 1-year period ending December 31, 2013.

Investment Performance – LRF

LRF Portfolio Comparisons (Time-Weighted Rates of Return)

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	13.2%	8.4%	11.4%	Weighted Policy Benchmark	12.7%	8.3%	10.6%
Global Equity	24.4%	11.6%	15.4%	LRS Global Equity Benchmark	24.3%	11.6%	15.4%
Domestic Fixed Income	8.2%	6.7%	9.1%	Barclays Long Liability Index	6.9%	6.1%	7.3%
TIPS	4.2%	3.5%	5.5%	Barclays Long Liability Index TIPS	4.4%	3.6%	5.6%
REITs	14.6%	—	—	CalPERS Custom REIT Index	14.4%	—	—
Commodities	8.9%	—	—	GSCI Total Return (Daily)	10.4%	—	—

LRF Asset Allocation

Asset Class	Current Allocation	Current Year Target	Prior Year Target
Global Equity	32.0%	32.0%	32.0%
Domestic Fixed Income	42.0%	42.0%	42.0%
TIPS	15.0%	15.0%	15.0%
REITs	8.1%	8.0%	8.0%
Commodities	2.9%	3.0%	3.0%
TOTAL FUND	100.0%	100.0%	100.0%

Investment Performance – JRF II

JRF II Portfolio Comparisons (Time-Weighted Rates of Return)

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	18.6%	10.7%	14.0%	Weighted Policy Benchmark	18.3%	10.7%	13.6%
Global Equity	24.4%	11.4%	15.2%	JRS II Global Equity Benchmark	24.3%	11.3%	15.1%
Domestic Fixed Income	8.2%	6.7%	9.1%	Barclays Long Liability Index	6.9%	6.1%	7.3%
TIPS	4.2%	—	—	Barclays Long Liability TIPS	4.4%	—	—
REITs	14.6%	10.2%	18.5%	CalPERS Custom REIT Index	14.4%	10.2%	18.5%
Commodities	8.9%	—	—	GSCI Total Return (Daily)	10.4%	—	—

JRF II Asset Allocation

Asset Class	Current Allocation	Current Year Target	Prior Year Target
Global Equity	63.0%	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	2.9%	3.0%	3.0%
TOTAL FUND	100.0%	100.0%	100.0%

Investment Performance – CERBTF

CERBTF Strategy 1 Portfolio Comparisons (Inception date is June 1, 2007) (Time-Weighted Rates of Return)

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	18.5%	9.9%	14.0%	CERBT Strategy 1 Policy Benchmark	18.1%	9.8%	13.7%
Global Equity	23.8%	11.5%	15.2%	MSCI All Country World Index IMI (net)	23.4%	11.4%	15.1%
Domestic Fixed Income	8.2%	6.8%	9.1%	CalPERS Custom Long Liability	6.9%	6.1%	7.3%
TIPS	4.2%	—	—	CalPERS TIPS	4.4%	—	—
REITs	13.5%	9.6%	18.0%	FTSE EPRA/NAREIT Developed Liquid Index (net)	12.8%	9.4%	18.0%
Commodities	8.9%	—	—	S&P GSCI Total Return Index	10.4%	—	—

CERBTF Strategy 2 Portfolio Comparisons (Inception date is October 1, 2011) (Time-Weighted Rates of Return)

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	15.6%	—	—	CERBT Strategy 2 Policy Benchmark	15.2%	—	—
Global Equity	23.7%	—	—	MSCI All Country World Index IMI (net)	23.4%	—	—
Domestic Fixed Income	8.2%	—	—	CalPERS Custom Long Liability	6.9%	—	—
TIPS	4.2%	—	—	CalPERS TIPS	4.4%	—	—
REITs	13.4%	—	—	FTSE EPRA/NAREIT Developed Liquid Index (net)	12.8%	—	—
Commodities	8.9%	—	—	S&P GSCI Total Return Index	10.4%	—	—

CERBTF Strategy 3 Portfolio Comparisons (Inception date is January 1, 2012) (Time-Weighted Rates of Return)

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	12.9%	—	—	CERBT Strategy 3 Policy Benchmark	12.3%	—	—
Global Equity	23.7%	—	—	MSCI All Country World Index IMI (net)	23.4%	—	—
Domestic Fixed Income	8.2%	—	—	CalPERS Custom Long Liability	6.9%	—	—
TIPS	4.2%	—	—	CalPERS TIPS	4.4%	—	—
REITs	13.5%	—	—	FTSE EPRA/NAREIT Developed Liquid Index (net)	12.8%	—	—
Commodities	8.9%	—	—	S&P GSCI Total Return Index	10.4%	—	—

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	65.2%	66.0%	50.0%	50.0%	31.8%	32.0%
Domestic Fixed Income	17.8%	18.0%	23.7%	24.0%	42.1%	42.0%
TIPS	4.9%	5.0%	14.8%	15.0%	15.0%	15.0%
REITs	7.9%	8.0%	8.2%	8.0%	8.0%	8.0%
Commodities	2.9%	3.0%	2.9%	3.0%	3.0%	3.0%
Cash Equivalents	1.3%	—	0.4%	—	0.1%	—
TOTAL FUND	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Investment Performance – HCF

HCF Portfolio Comparisons (Time-Weighted Rates of Return)

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	5.0%	4.3%	5.9%	Weighted Policy Benchmark	4.4%	3.7%	4.9%

Investment Performance – LTCF

LTCF Portfolio Comparisons (Time-Weighted Rates of Return)

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	10.5%	5.7%	10.6%	Weighted Policy Benchmark	10.1%	5.6%	10.1%
Global Equity	23.7%	11.8%	15.4%	MSCI All Country World Index (net)	23.4%	11.7%	15.3%
				TUCS Equity Median	23.8%	12.7%	16.9%
Domestic Fixed Income	7.0%	6.1%	8.7%	Barclays Long Liability Index	6.9%	6.1%	7.3%
TIPS	4.4%	3.5%	5.4%	Barclays Long Liability TIPS	4.4%	3.6%	5.6%
REITs	13.4%	9.6%	18.1%	FTSE EPRA/NAREIT Developed Liquid Index (Net)	12.8%	9.4%	18.0%
				TUCS Real Estate Median	13.3%	12.4%	8.7%
Commodities	10.2%	—	—	GSCI Total Return (Daily)	10.4%	—	—

LTCF Asset Allocation

Asset Class	Current Allocation	Current Year Target	Prior Year Target
Global Equity	17.1%	15.0%	15.0%
Domestic Fixed Income	59.0%	61.0%	61.0%
TIPS	5.5%	6.0%	6.0%
REITs	12.6%	12.0%	12.0%
Commodities	5.8%	6.0%	6.0%
TOTAL FUND	100.0%	100.0%	100.0%

Actuarial Section

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Actuarial Certification – PERF

June 30, 2014

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

As authorized, the CalPERS actuarial staff performs annual actuarial valuations of the CalPERS state, schools, and public agency defined benefit pension plans; the latest such valuations are as of June 30, 2013.

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 unfunded liabilities or surplus assets are amortized over periods not exceeding 30 years.

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 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 Certifications – Other Plans

JUDGES' RETIREMENT SYSTEM

March 2014

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, 2013.

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, 2013. 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 are reasonable for this plan.

Further, information has been provided by the actuarial office for the completion of Exhibits A through 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

March 2014

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, 2013.

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, 2013. 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 the actuarial office for the completion of Exhibits A through 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

March 2014

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, 2013 .

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 the actuarial office for the completion of Exhibits A through 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.

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, 2013. 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. 67 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.

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.

In April 2013, the CalPERS Board approved new actuarial policies that are aimed at returning the System to fully funded status within 30 years. The new policies include a rate-smoothing method with a 30-year fixed amortization period for gains and losses. The amortization would have a five-year ramp-up of rates at the start and a five-year ramp-down at the end. These new policies will apply beginning with the June 30, 2014 valuation for the State and Schools Pool, setting employer contribution rates for the 2015-16 Fiscal Year. For Public Agencies, the new policies will apply in the June 30, 2013 valuations, setting rates for the 2015-16 Fiscal Year.

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. Note that for the purpose of deriving the actuarially determined contribution rate, there is a minimum employer contribution equal to normal cost, less 30-year amortization of surplus (negative unfunded liability), if any. Note that there is a requirement in state statute that employers always contribute an amount never less than normal cost.

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

As of April 2013, the Board decided to move away from

using an actuarial value of assets for setting contribution requirements and use the market value of assets. This change was implemented in the June 30, 2013 actuarial valuations and is reflected in the information provided in this section for the state plans, JRF, JRF II and LRF. For the schools pool and local agencies, the change to using the market value of assets will be implemented next year. Therefore, the actuarial value of assets was used based on the method described below.

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.

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.

Actuarial Methods & Assumptions (continued)

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, 2011) that was completed and adopted by the Board in April 2014.

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

In April 2013, the CalPERS Board approved new actuarial policies that are aimed at returning the System to fully funded status within 30 years. The new policies include a rate-smoothing method with a 30 year fixed amortization period for gains and losses. The amortization would have a five-year ramp-up of rates at the start and a five-year ramp-down at the end. In addition to closing the funding gap in 30 years, the new method will also help avoid large increases in employer contribution rates in extreme years, while maintaining a reasonable level of change in normal years. Based on investment return simulations performed for the next 30 years, increasing contributions more rapidly in the short term is

expected to result in almost a 25 percent improvement in funded status over a 30 year period. These new policies will apply beginning with the June 30, 2014 valuation for the State of California and schools pool, setting employer contribution rates for the 2015-16 Fiscal Year. For Public Agencies, the new policies will apply in the June 30, 2013 valuations, setting rates for the 2015-16 Fiscal Year.

Changes in Actuarial Assumptions

In February 2014, the CalPERS Board made important decisions regarding the funding of pension benefits at CalPERS. Specifically, the Board adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of investment returns while holding the PERF's long-term assumed rate of return at 7.5 percent. The Board also adopted more significant changes to the actuarial assumptions, most importantly, the inclusion of future mortality improvements in the actuarial assumptions. Finally, the Board approved a financing method which determines when and how quickly these changes will impact employer contributions. The actuarial assumptions adopted by the CalPERS Board of Administration are designed to ensure greater sustainability and soundness of the pension fund, and will be better at predicting future experience resulting in more secure retirement benefits in the decades to come. The current experience study was based on demographic CalPERS data for years 1997 to 2011. The study focused on recent patterns of termination, death, disability, retirement and salary increases. For the state plans, the new assumptions were implemented in the June 30, 2013 valuation setting the employer contribution rates for 2014-15 Fiscal Year. These new assumptions will apply beginning with the June 30, 2015 valuation for the schools pool, setting employer contribution rate for the 2016-17 Fiscal Year. For Public Agencies, the new assumptions will apply in the June 30, 2014 valuations, setting rates for the 2016-17 Fiscal Year. Note that all actuarial information included in this section is based on the new assumptions.

Changes in Plan Provisions

There were no changes in the plan provisions for the state plans, school pools, JRF, JRF II, and LRF. 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. As stated earlier, beginning with the June 30, 2014 valuations, all plans will use an actuarial value of assets set equal to the market value of assets.

SOLVENCY TEST

Exhibit B, Funding Progress — Solvency Test, demonstrates System solvency as measured using the System's own assumptions and liability calculation methods.

INDEPENDENT REVIEW

To ensure the quality of its valuations, CalPERS contracts with independent consulting actuaries to review the valuations on an annual basis with the valuating broken into three groups so that each group is reviewed 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)/ Surplus (AVA Basis)	Funded Ratio – Actuarial Value of Assets Basis	Annual Covered Payroll	UAAL/ Surplus as a % of Covered Payroll	Market Value of Assets (MVA)	Unfunded AAL (UAAL)/ Surplus (MVA Basis)	Funded Ratio – Market Value of Assets Basis
	(1)	(2)	(2)–(1)	(1)÷(2)	(3)	[(2)–(1)]÷(3)	(4)	(2)–(4)	(4)÷(2)
PERF									
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	83.1	42,599	134.8	236,800	103,629	69.6
6/30/13	281,928	375,019	93,091	75.2	42,575	218.7	261,622	113,397	69.8
LRF									
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
6/30/13	123	116	(7)	106.0	1	(700.0)	122	(6)	105.2
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
6/30/13	54	3,383	3,329	1.6	61	5,457.4	54	3,329	1.6
JRF II									
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
6/30/13	779	837	58	93.1	242	24.0	796	41	95.1
CERBT³									
6/30/08	\$48	\$4,845	\$4,797	1.0%	\$5,092	94.2%	\$48	\$4,797	1.0%
6/30/09 ¹	873	10,462	9,589	8.3	9,307	103.0	845	9,617	8.1
6/30/10 ²	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
6/30/13	2,669	31,716	29,047	8.4	17,201	168.9	2,708	29,008	8.5

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

Notes:

- ¹ 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.
- ² Beginning with reporting for 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.
- ³ 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.

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)								
6/30/08	\$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
6/30/13	46.3	203.7	125.0	375.0	281.9	100	100	25.5
LRF (Dollars in Millions)								
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
6/30/13	0.351	110.313	5.142	115.806	123.201	100	100	243.8
JRF (Dollars in Millions)								
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
6/30/13	84.692	2,691.326	607.292	3,383.310	53.820	64	0.0	0.0
JRF II (Dollars in Millions)								
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
6/30/13	243.049	58.393	535.756	837.198	778.980	100	100	89.1

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	9.50%	8.60%	7.30%	10.00%	10.00%	9.20%	11.20%	10.00%	8.30%
3	7.50	6.80	5.60	7.70	7.40	6.60	6.50	6.10	5.60
5	6.90	6.20	5.20	7.00	6.60	5.80	5.10	4.90	4.80
10	5.20	4.70	4.10	5.90	5.30	4.60	3.60	3.60	3.60
15	4.30	4.10	3.70	5.00	4.70	4.30	3.60	3.50	3.40
20	3.80	3.70	3.50	4.40	4.30	4.10	3.60	3.50	3.20
25	3.50	3.50	3.40	3.90	3.90	3.80	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	17.30%	18.20%	18.60%	8.00%	8.00%	8.00%	10.80%	9.60%	8.20%
3	9.70	9.70	9.40	6.50	6.50	6.50	7.50	7.00	6.20
5	7.50	7.20	6.70	5.40	5.40	5.40	6.30	6.00	5.30
10	4.20	4.00	3.70	3.80	3.80	3.80	4.50	4.40	4.10
15	4.20	4.00	3.70	3.80	3.80	3.80	3.90	3.80	3.50
20	4.20	4.00	3.70	4.50	4.50	4.50	3.60	3.50	3.20
25	4.20	4.00	3.70	4.50	4.50	4.50	3.40	3.40	3.20
30	4.20	4.00	3.70	3.80	3.80	3.80	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 and 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	0.01040	0.05560	N/A	N/A	0.00031	0.00020	0.00019	0.00039	N/A	N/A
25	0.00940	0.05040	N/A	N/A	0.00040	0.00023	0.00019	0.00039	N/A	N/A
30	0.00840	0.04520	N/A	N/A	0.00049	0.00025	0.00019	0.00046	N/A	N/A
35	0.00750	0.04000	N/A	N/A	0.00057	0.00035	0.00036	0.00096	N/A	N/A
40	0.00650	0.03490	N/A	N/A	0.00075	0.00050	0.00103	0.00206	N/A	N/A
45	0.00550	0.00000	N/A	N/A	0.00106	0.00071	0.00204	0.00346	N/A	N/A
50	0.00460	0.00000	0.00800	0.02400	0.00155	0.00100	0.00274	0.00415	N/A	N/A
55	0.00360	0.00000	0.04800	0.10800	0.00228	0.00138	0.00238	0.00325	N/A	N/A
56	0.00340	0.00000	0.03900	0.09000	0.00249	0.00148	0.00222	0.00295	N/A	N/A
57	0.00320	0.00000	0.04400	0.10000	0.00265	0.00157	0.00200	0.00277	N/A	N/A
58	0.00300	0.00000	0.04800	0.10800	0.00280	0.00166	0.00200	0.00264	N/A	N/A
59	0.00280	0.00000	0.05900	0.13000	0.00294	0.00174	0.00200	0.00257	N/A	N/A
60	0.00260	0.00000	0.07400	0.16300	0.00308	0.00182	0.00200	0.00256	N/A	N/A
61	0.00240	0.00000	0.08500	0.18600	0.00328	0.00196	0.00200	0.00256	N/A	N/A
62	0.00220	0.00000	0.13600	0.29500	0.00347	0.00208	0.00200	0.00256	N/A	N/A
63	0.00200	0.00000	0.13700	0.29600	0.00366	0.00225	0.00200	0.00256	N/A	N/A
64	0.00190	0.00000	0.11400	0.24600	0.00383	0.00241	0.00200	0.00256	N/A	N/A
65	0.00170	0.00000	0.14600	0.31600	0.00400	0.00257	0.00200	0.00256	N/A	N/A
70	0.00070	0.00000	0.12800	0.27800	0.00524	0.00367	0.00200	0.00256	N/A	N/A

State Industrial | 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	0.00950	0.04960	N/A	N/A	0.00031	0.00020	0.00043	0.00003	0.00015
25	0.00860	0.04490	N/A	N/A	0.00040	0.00023	0.00085	0.00007	0.00015
30	0.00770	0.04050	N/A	N/A	0.00049	0.00025	0.00136	0.00010	0.00015
35	0.00680	0.03560	N/A	N/A	0.00057	0.00035	0.00204	0.00012	0.00029
40	0.00590	0.03110	N/A	N/A	0.00075	0.00050	0.00315	0.00013	0.00029
45	0.00500	0.00000	N/A	N/A	0.00106	0.00071	0.00468	0.00014	0.00044
50	0.00420	0.00000	0.01100	0.03100	0.00155	0.00100	0.00621	0.00015	0.00044
55	0.00330	0.00000	0.05200	0.14100	0.00228	0.00138	0.00791	0.00016	0.00058
56	0.00310	0.00000	0.03700	0.10000	0.00249	0.00148	0.00816	0.00016	0.00058
57	0.00290	0.00000	0.03500	0.09400	0.00265	0.00157	0.00850	0.00016	0.00058
58	0.00270	0.00000	0.04600	0.12500	0.00280	0.00166	0.00867	0.00016	0.00058
59	0.00260	0.00000	0.05300	0.14600	0.00294	0.00174	0.00893	0.00017	0.00058
60	0.00240	0.00000	0.07000	0.19100	0.00308	0.00182	0.00918	0.00017	0.00058
61	0.00220	0.00000	0.07100	0.19500	0.00328	0.00196	0.00935	0.00017	0.00058
62	0.00210	0.00000	0.13900	0.37800	0.00347	0.00208	0.00952	0.00017	0.00058
63	0.00180	0.00000	0.11400	0.31200	0.00366	0.00225	0.00969	0.00017	0.00058
64	0.00170	0.00000	0.08700	0.23700	0.00383	0.00241	0.00986	0.00018	0.00058
65	0.00150	0.00000	0.15300	0.41600	0.00400	0.00257	0.01003	0.00018	0.00058
70	0.00060	0.00000	0.16300	0.44400	0.00524	0.00367	0.01003	0.00019	0.00058

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	0.00031	0.00020	0.00014	0.00003	0.00026	
1	0.01240	25	0.00930	N/A	N/A	0.00040	0.00023	0.00014	0.00007	0.00058	
2	0.01210	30	0.00930	N/A	N/A	0.00049	0.00025	0.00014	0.00010	0.00114	
3	0.01160	35	0.00930	N/A	N/A	0.00057	0.00035	0.00014	0.00012	0.00204	
4	0.01130	40	0.00930	N/A	N/A	0.00075	0.00050	0.00014	0.00013	0.00337	
5	0.00400	45	0.00000	N/A	N/A	0.00106	0.00071	0.00028	0.00014	0.00527	
6	0.00380	50	0.00000	0.05000	0.14900	0.00155	0.00100	0.00028	0.00015	0.02023	
7	0.00360	55	0.00000	0.05000	0.14900	0.00228	0.00138	0.00028	0.00016	0.09011	
8	0.00340	56	0.00000	0.05100	0.15200	0.00249	0.00148	0.00028	0.00016	0.11848	
9	0.00310	57	0.00000	0.05100	0.15400	0.00265	0.00157	0.00028	0.00016	0.15516	
10	0.00290	58	0.00000	0.04900	0.14600	0.00280	0.00166	0.00028	0.00017	0.20240	
15	0.00190	59	0.00000	0.08800	0.26300	0.00294	0.00174	0.00028	0.00017	0.26302	
20	0.00110	60	0.00000	1.00000	1.00000	0.00308	0.00182	0.00028	0.00017	0.34051	
25	0.00060	61	0.00000	1.00000	1.00000	0.00328	0.00196	0.00028	0.00017	0.43917	
30	0.00030	62	0.00000	1.00000	1.00000	0.00347	0.00208	0.00028	0.00017	0.45622	
35	0.00030	63	0.00000	1.00000	1.00000	0.00366	0.00225	0.00028	0.00018	0.45659	
40	0.00030	64	0.00000	1.00000	1.00000	0.00383	0.00241	0.00028	0.00018	0.45696	
45	0.00030	65	0.00000	1.00000	1.00000	0.00400	0.00257	0.00028	0.00018	0.45733	
50	0.00000	70	0.00000	1.00000	1.00000	0.00524	0.00367	0.00028	0.00019	0.45918	

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	0.00031	0.00020	0.00036	0.00003	0.00002	
1	0.09670	25	0.03690	N/A	N/A	0.00040	0.00023	0.00054	0.00007	0.00076	
2	0.06220	30	0.03690	N/A	N/A	0.00049	0.00025	0.00063	0.00010	0.00170	
3	0.04610	35	0.03690	N/A	N/A	0.00057	0.00035	0.00072	0.00012	0.00264	
4	0.03740	40	0.03690	N/A	N/A	0.00075	0.00050	0.00072	0.00013	0.00360	
5	0.00800	45	0.00000	N/A	N/A	0.00106	0.00071	0.00108	0.00014	0.00457	
6	0.00750	50	0.00000	0.01200	0.03900	0.00155	0.00100	0.00216	0.00015	0.00557	
7	0.00710	55	0.00000	0.06800	0.13900	0.00228	0.00138	0.00306	0.00016	0.00658	
8	0.00660	56	0.00000	0.05600	0.11700	0.00249	0.00148	0.00324	0.00016	0.00679	
9	0.00620	57	0.00000	0.05400	0.11500	0.00265	0.00157	0.00342	0.00016	0.00700	
10	0.00580	58	0.00000	0.06200	0.12800	0.00280	0.00166	0.00351	0.00017	0.00720	
15	0.00390	59	0.00000	0.05900	0.12200	0.00294	0.00174	0.00369	0.00017	0.00741	
20	0.00250	60	0.00000	0.07300	0.14800	0.00308	0.00182	0.00387	0.00017	0.00762	
25	0.00130	61	0.00000	0.09000	0.17800	0.00328	0.00196	0.00396	0.00017	0.00783	
30	0.00090	62	0.00000	0.11500	0.22200	0.00347	0.00208	0.00414	0.00017	0.00805	
35	0.00090	63	0.00000	0.11700	0.22700	0.00366	0.00225	0.00432	0.00018	0.00826	
40	0.00090	64	0.00000	0.11300	0.21900	0.00383	0.00241	0.00441	0.00018	0.00847	
45	0.00090	65	0.00000	0.14800	0.28100	0.00400	0.00257	0.00459	0.00018	0.00869	
50	0.00000	70	0.00000	0.14300	0.27100	0.00524	0.00367	0.00459	0.00019	0.00978	

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	0.00031	0.00020	0.00010	0.00003	0.00039	
1	0.07790	25	0.01730	N/A	N/A	0.00040	0.00023	0.00010	0.00007	0.00087	
2	0.04310	30	0.01730	N/A	N/A	0.00049	0.00025	0.00010	0.00010	0.00167	
3	0.03530	35	0.01730	N/A	N/A	0.00057	0.00035	0.00020	0.00012	0.00289	
4	0.02750	40	0.01730	N/A	N/A	0.00075	0.00050	0.00040	0.00013	0.00464	
5	0.00560	45	0.00000	N/A	N/A	0.00106	0.00071	0.00060	0.00014	0.00706	
6	0.00520	50	0.00000	0.05200	0.14600	0.00155	0.00100	0.00098	0.00015	0.01027	
7	0.00490	55	0.00000	0.07800	0.21300	0.00228	0.00138	0.00143	0.00016	0.01442	
8	0.00460	56	0.00000	0.07400	0.20300	0.00249	0.00148	0.00150	0.00016	0.01538	
9	0.00420	57	0.00000	0.07100	0.19700	0.00265	0.00157	0.00158	0.00016	0.01638	
10	0.00390	58	0.00000	0.08100	0.22000	0.00280	0.00166	0.00165	0.00017	0.01742	
15	0.00250	59	0.00000	0.08900	0.23900	0.00294	0.00174	0.00180	0.00017	0.01852	
20	0.00150	60	0.00000	0.08800	0.24100	0.00308	0.00182	0.00188	0.00017	0.01966	
25	0.00060	61	0.00000	0.09100	0.24800	0.00328	0.00196	0.00195	0.00017	0.02085	
30	0.00030	62	0.00000	0.09900	0.26700	0.00347	0.00208	0.00203	0.00017	0.02209	
35	0.00030	63	0.00000	0.09100	0.24600	0.00366	0.00225	0.00218	0.00018	0.02339	
40	0.00030	64	0.00000	0.10700	0.28800	0.00383	0.00241	0.00225	0.00018	0.02474	
45	0.00030	65	0.00000	0.10300	0.27700	0.00400	0.00257	0.00233	0.00018	0.02614	
50	0.00000	70	0.00000	1.00000	1.00000	0.00524	0.00367	0.00233	0.00019	0.03403	

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	0.00501	0.00466	0.01680	0.01158	0.00501	0.00466
55	0.00599	0.00416	0.01973	0.01149	0.00599	0.00416
60	0.00710	0.00436	0.02289	0.01235	0.00754	0.00518
65	0.00829	0.00588	0.02451	0.01607	0.01122	0.00838
70	0.01305	0.00993	0.02875	0.02211	0.01635	0.01395
75	0.02205	0.01722	0.03990	0.03037	0.02834	0.02319
80	0.03899	0.02902	0.06083	0.04725	0.04899	0.03910
85	0.06969	0.05243	0.09731	0.07762	0.07679	0.06251
90	0.12974	0.09887	0.14804	0.12890	0.12974	0.09887
95	0.22444	0.18489	0.22444	0.21746	0.22444	0.18489
100	0.32536	0.30017	0.32536	0.30017	0.32536	0.30017

Exhibit E: Single Life Retirement Values

Present value of \$1 monthly increasing 2 percent annually after two-year waiting period. Discount rate of 7.50 percent.

Public Agencies and Schools							State						
Age	Service Retirement		Non-Industrial Disability Retirement		Industrial Disability Retirement		Age	Service Retirement		Non-Industrial Disability Retirement		Industrial Disability Retirement	
	Male	Female	Male	Female	Male	Female		Male	Female	Male	Female	Male	Female
50	171.997	179.856	142.365	153.150	167.117	171.823	50	174.201	180.132	146.566	161.023	171.308	176.597
51	169.749	177.842	140.490	151.425	164.943	169.771	51	172.546	178.765	145.064	159.681	169.482	175.022
52	167.454	175.746	138.492	149.823	162.711	167.655	52	170.822	177.335	143.528	158.267	167.575	173.371
53	165.107	173.573	136.367	148.289	160.388	165.476	53	169.025	175.819	141.958	156.776	165.585	171.622
54	162.703	171.318	134.251	146.707	157.946	163.233	54	167.155	174.197	140.356	155.200	163.509	169.752
55	160.238	168.984	132.112	145.038	155.380	160.928	55	165.216	172.433	138.729	153.491	161.351	167.729
56	157.712	166.572	129.925	143.274	152.709	158.561	56	163.195	170.523	137.091	151.636	159.098	165.544
57	155.117	164.076	127.653	141.410	149.966	156.127	57	161.080	168.475	135.456	149.637	156.735	163.206
58	152.448	161.509	125.269	139.426	147.150	153.634	58	158.853	166.304	133.781	147.502	154.245	160.728
59	149.699	158.869	122.790	137.302	144.225	151.075	59	156.529	164.021	132.064	145.255	151.648	158.156
60	146.857	156.120	120.227	135.029	141.150	148.425	60	154.108	161.628	130.294	142.913	148.969	155.504
61	143.913	153.283	117.602	132.625	137.937	145.696	61	151.594	159.121	128.455	140.485	146.206	152.769
62	140.864	150.360	114.955	130.054	134.661	142.890	62	148.959	156.492	126.530	137.967	143.367	149.943
63	137.696	147.341	112.296	127.311	131.355	139.998	63	146.195	153.733	124.502	135.345	140.462	147.022
64	134.404	144.254	109.646	124.420	128.023	137.040	64	143.287	150.858	122.347	132.655	137.490	144.025
65	130.995	141.100	106.993	121.476	124.635	134.011	65	140.230	147.876	120.051	129.907	134.438	140.956
70	113.166	124.295	92.905	107.145	106.783	117.806	70	123.167	131.573	106.473	115.386	117.503	124.624
75	93.674	105.363	76.532	91.830	87.186	99.581	75	104.262	113.259	90.538	98.992	98.938	106.897
80	73.931	84.941	61.264	75.069	67.853	80.134	80	83.998	93.429	73.663	80.985	80.609	88.688
85	55.387	64.944	45.183	57.216	52.776	61.177	85	64.107	72.594	57.941	63.116	63.244	70.925
90	40.042	47.042	34.010	43.734	39.987	44.281	90	45.736	52.607	44.449	46.502	45.736	52.607
95	29.556	33.069	24.348	30.602	27.949	30.890	95	32.030	36.161	32.030	32.986	32.030	36.161
100	21.536	22.973	16.364	19.710	18.287	21.046	100	22.430	23.866	22.430	23.866	22.430	23.866

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
6/30/04	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)
6/30/13	752,681	42,575	56,564	1.2

Exhibit G: Members in Valuation

State Miscellaneous First Tier | By Attained Age & Years of Service – June 30, 2013

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	1,051	8	—	—	—	—	1,059	\$33,563,092
25-29	6,022	1,196	56	—	—	—	7,274	308,751,164
30-34	6,573	4,477	1,326	50	—	—	12,426	633,316,464
35-39	4,953	4,692	4,071	707	47	—	14,470	841,526,448
40-44	4,495	4,823	5,868	2,304	948	90	18,528	1,152,337,530
45-49	3,907	4,123	5,915	2,930	3,299	1,436	21,610	1,390,663,069
50-54	3,659	3,860	6,048	3,219	4,137	5,648	26,571	1,739,852,144
55-59	3,034	3,314	4,944	2,758	3,443	6,744	24,237	1,606,605,366
60-64	1,849	2,194	2,973	1,726	2,052	3,582	14,376	974,969,369
65 & up	963	1,065	1,407	751	730	1,268	6,184	422,276,036
TOTAL	36,506	29,752	32,608	14,445	14,656	18,768	146,735	\$9,103,860,682

State Miscellaneous Second Tier | By Attained Age & Years of Service – June 30, 2013

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	—	—	—	—	—	1	\$48,212
25-29	17	1	—	—	—	—	18	821,362
30-34	38	12	39	4	—	—	93	4,940,456
35-39	28	31	226	104	2	—	391	21,372,654
40-44	35	48	308	344	159	2	896	49,393,836
45-49	35	43	327	417	385	63	1,270	68,935,635
50-54	32	35	272	379	373	226	1,317	73,960,602
55-59	26	29	229	307	281	291	1,163	62,796,566
60-64	12	28	116	149	152	187	644	36,278,637
65 & up	14	15	69	80	75	53	306	16,772,724
TOTAL	238	242	1,586	1,784	1,427	822	6,099	\$335,320,684

State Industrial First & Second Tier | By Attained Age & Years of Service – June 30, 2013

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	77	3	—	—	—	—	80	\$2,506,580
25-29	552	141	1	—	—	—	694	27,031,526
30-34	525	411	82	1	—	—	1,019	44,713,742
35-39	454	382	214	53	1	—	1,104	53,384,405
40-44	453	418	317	156	48	1	1,393	71,241,339
45-49	426	486	345	203	114	38	1,612	85,570,615
50-54	370	463	343	262	191	123	1,752	95,024,306
55-59	264	337	233	201	103	85	1,223	66,499,288
60-64	166	180	154	113	49	31	693	38,922,948
65 & up	63	87	52	55	16	12	285	16,899,515
TOTAL	3,350	2,908	1,741	1,044	522	290	9,855	\$501,794,264

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, 2013

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	216	4	—	—	—	—	220	\$9,970,740
25-29	1,005	286	4	—	—	—	1,295	68,634,572
30-34	1,214	875	84	—	—	—	2,173	132,151,892
35-39	1,127	1,245	236	26	—	—	2,634	191,743,594
40-44	1,053	1,461	453	145	13	—	3,125	238,108,621
45-49	954	1,536	522	327	82	11	3,432	256,575,689
50-54	880	1,598	661	510	224	89	3,962	301,290,010
55-59	682	1,389	663	506	197	74	3,511	278,653,528
60-64	382	903	446	355	109	49	2,244	193,981,309
65 & up	144	377	234	180	62	29	1,026	101,848,047
TOTAL	7,657	9,674	3,303	2,049	687	252	23,622	\$1,772,958,002

California Highway Patrol | By Attained Age & Years of Service – June 30, 2013

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	32	—	—	—	—	—	32	\$2,343,784
25-29	447	296	—	—	—	—	743	64,630,147
30-34	446	600	226	—	—	—	1,272	115,885,507
35-39	245	425	726	215	1	—	1,612	153,774,885
40-44	55	167	598	733	150	—	1,703	169,576,128
45-49	3	15	99	433	440	267	1,257	135,302,396
50-54	2	—	2	73	193	292	562	64,129,174
55-59	—	1	1	17	33	92	144	17,137,327
60-64	—	—	—	—	—	—	—	—
65 & up	—	—	—	—	—	—	—	—
TOTAL	1,230	1,504	1,652	1,471	817	651	7,325	\$722,779,348

State Peace Officer/Firefighter | By Attained Age & Years of Service – June 30, 2013

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	433	—	—	—	—	—	433	\$11,507,445
25-29	1,489	1,196	—	—	—	—	2,685	141,854,244
30-34	1,310	3,235	818	3	—	—	5,366	353,599,497
35-39	770	2,544	2,815	573	5	—	6,707	492,800,801
40-44	558	1,789	2,323	2,661	442	5	7,778	605,103,736
45-49	382	1,206	1,514	2,193	1,631	855	7,781	634,105,560
50-54	213	729	919	1,316	956	774	4,907	401,953,272
55-59	124	339	406	691	416	323	2,299	186,048,354
60-64	44	104	179	252	121	114	814	66,266,830
65 & up	12	30	45	62	30	26	205	16,785,569
TOTAL	5,335	11,172	9,019	7,751	3,601	2,097	38,975	\$2,910,025,308

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, 2013

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	6,851	73	—	—	—	—	6,924	\$159,328,996
25-29	14,682	3,402	57	—	—	—	18,141	488,057,388
30-34	12,169	8,753	2,260	13	—	—	23,195	751,891,616
35-39	10,601	9,111	6,318	64	—	—	26,094	918,320,170
40-44	11,984	9,997	9,800	139	9	—	31,929	1,128,065,687
45-49	13,030	12,625	14,587	191	34	5	40,472	1,447,820,633
50-54	11,705	15,312	21,440	311	52	44	48,864	1,807,997,983
55-59	8,329	14,042	22,751	404	48	58	45,632	1,712,644,155
60-64	4,423	8,790	14,286	251	44	33	27,827	1,035,988,869
65 & up	2,317	3,896	5,026	82	13	10	11,344	375,332,239
TOTAL	96,091	86,001	96,525	1,455	200	150	280,422	\$9,825,447,736

Public Agency Miscellaneous | By Attained Age & Years of Service – June 30, 2013

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	3,536	109	—	—	—	—	3,645	\$118,410,745
25-29	9,095	3,553	100	—	—	—	12,748	567,391,604
30-34	8,942	8,989	2,270	104	—	—	20,305	1,136,032,855
35-39	6,707	8,574	5,558	1,238	79	—	22,156	1,413,830,998
40-44	5,954	8,041	6,611	3,158	1,107	128	24,999	1,714,074,342
45-49	5,307	7,321	6,696	3,982	3,188	1,663	28,157	2,021,238,465
50-54	4,830	7,147	6,829	4,453	4,384	4,977	32,620	2,411,411,889
55-59	3,523	5,477	5,612	3,669	3,342	4,742	26,365	1,935,762,256
60-64	1,833	3,223	3,438	2,266	1,896	2,340	14,996	1,073,539,643
65 & up	851	1,374	1,439	860	660	779	5,963	395,651,137
TOTAL	50,578	53,808	38,553	19,730	14,656	14,629	191,954	\$12,787,343,934

Public Agency Safety | By Attained Age & Years of Service – June 30, 2013

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	776	21	—	—	—	—	797	\$44,136,317
25-29	3,280	1,567	11	—	—	—	4,858	351,651,850
30-34	2,481	4,854	970	2	—	—	8,307	708,914,638
35-39	1,208	3,311	3,451	628	1	—	8,599	808,496,007
40-44	734	2,023	3,423	2,593	732	8	9,513	968,183,527
45-49	385	947	1,590	1,962	2,429	1,114	8,427	932,755,728
50-54	232	391	618	851	1,203	1,557	4,852	553,825,989
55-59	106	142	256	269	356	653	1,782	191,921,639
60-64	39	53	73	79	76	134	454	45,725,603
65 & up	12	13	16	19	21	24	105	9,927,107
TOTAL	9,253	13,322	10,408	6,403	4,818	3,490	47,694	\$4,615,538,405

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								
6/30/09	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
6/30/13	39,121	1,434,115,000	17,310	379,821,000	577,288	17,242,387,000	6.9	29,868
6/30/14	36,000	1,229,596,000	17,358	393,057,000	595,930	18,422,824,000	6.8	30,914
JRF								
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
6/30/13	49	6,082,000	74	7,383,000	1,867	182,464,000	(1.3)	97,731
6/30/14	55	6,608,000	68	6,696,000	1,854	186,768,000	2.4	100,738
JRF II								
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
6/30/13	13	1,172,000	2	232,000	48	3,522,700	13.9	73,390
6/30/14	20	1,648,000	3	378,000	65	4,779,000	35.7	73,523
LRF								
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
6/30/13	2	133,000	14	587,000	233	7,297,000	(5.0)	31,318
6/30/14	1	13,000	10	434,000	224	7,362,000	0.9	32,866

Note: These total counts and allowances are for service, disability, and industrial retirement, special death, 1957 Survivor, Pre-Retirement Option 2, and 1959 Survivor beneficiaries and non-members.

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					
2013/14	\$3,775,038	\$8,777,602	\$45,471,821	\$126,223	\$58,150,684
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
LRF					
2013/14	\$113	\$565	\$15,332	\$40	\$16,050
2012/13	31	80	6,974	—	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
JRF					
2013/14	\$4,724	\$191,148	\$54	\$2,529	\$198,455
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

Additions by Source – Retirement Programs (continued)

10-Year Review (Dollars in Thousands)

	Member Contributions	Employer Contributions	Investment Income/(Loss)	Miscellaneous Income	Total
JRF II					
2013/14	\$20,413	\$57,027	\$149,679	\$489	\$227,608
2012/13	18,819	54,025	79,214	—	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
SPOFF					
2013/14	\$103	\$43	\$68,597	\$1,683	\$70,426
2012/13	169	105	53,165	—	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
DCF					
2013/14	\$131,900	\$698	\$164,384	\$5,258	\$302,240
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
SCPF					
2013/14	\$160	\$0	\$2,077	\$111	\$2,348
2012/13	164	—	2,051	—	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

Deductions by Type – Retirement Programs

10-Year Review (Dollars in Thousands)

	Benefit Payments	Contribution Refunds	Administrative Expenses	Total
PERF				
2013/14	\$17,760,584	\$236,968	\$381,497	\$18,379,049
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
LRF				
2013/14	\$7,482	\$0	\$362	\$7,844
2012/13	7,548	—	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
JRF				
2013/14	\$193,925	\$10	\$1,141	\$195,076
2012/13	187,084	—	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
JRF II				
2013/14	\$8,865	\$85	\$785	\$9,735
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

Deductions by Type – Retirement Programs (continued)

10-Year Review (Dollars in Thousands)

	Participant Withdrawals	Administrative Expenses	Total
SPOFF			
2013/14	\$37,585	\$1,556	\$39,141
2012/13	34,417	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
DCF			
2013/14	\$97,388	\$4,101	\$101,489
2012/13	82,587	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
SCPF			
2013/14	\$1,013	\$62	\$1,075
2012/13	1,448	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

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					
2013/14	\$58,150,684	\$18,379,049	\$39,771,635	\$261,989,904	\$301,761,539
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
LRF					
2013/14	\$16,050	\$7,844	\$8,206	\$122,148	\$130,354
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
JRF					
2013/14	\$198,455	\$195,076	\$3,379	\$53,820	\$57,199
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
JRF II					
2013/14	\$227,608	\$9,735	\$217,873	\$795,966	\$1,013,839
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

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					
2013/14	\$70,426	\$39,141	\$31,285	\$491,342	\$522,627
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
DCF					
2013/14	\$302,240	\$101,489	\$200,751	\$1,086,062	\$1,286,813
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
SCPF					
2013/14	\$2,348	\$1,075	\$1,273	\$19,296	\$20,569
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

Notes:

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
ACTIVE & INACTIVE MEMBERS										
STATE MEMBERS										
Miscellaneous	236,552	227,291	228,667	223,251	224,084	224,966	222,806	219,101	214,721	219,919
University of California	44	44	45	49	56	81	93	103	111	127
Industrial	13,669	13,038	13,734	13,732	13,624	12,822	11,862	10,815	11,695	11,032
Alternative Retirement Plan	7,407	12,160	9,491	13,972	16,477	19,422	19,086	16,608	13,955	—
Highway Patrol	7,479	7,556	7,565	7,573	7,589	7,471	7,133	6,987	6,968 ¹	11,359
Safety	31,150	28,878	28,935	29,402	29,305	29,911	28,763	26,099	23,129	21,750
Peace Officer/Firefighter	45,346	45,116	47,162	48,243	49,437	51,260	51,371	48,722	46,605	46,485
Total State Members	341,647	334,083	335,599	336,222	340,572	345,933	341,114	328,435	317,184	310,672
PUBLIC AGENCY MEMBERS										
Schools	442,088	430,865	428,117	425,186	427,211	432,383	426,686	409,675	394,911	380,374
Cities	160,127	158,649	160,253	163,430	167,994	173,315	175,240	171,546	166,192	161,515
Counties	97,780	94,980	93,468	93,651	95,122	97,188	98,395	95,177	92,013	88,717
Districts & Other Public Agencies	87,372	85,660	85,003	84,937	85,145	85,578	84,698	82,067	78,595	75,704
Total Public Agency Members	787,367	770,154	766,841	767,204	775,472	788,464	785,019	758,465	731,711	706,310
TOTAL ACTIVE & INACTIVE MEMBERS	1,129,014	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
BENEFIT RECIPIENTS										
Service Retirement	505,031	486,625	464,601	450,263	428,821	408,428	393,328	380,162	367,737	353,212
Disability Retirement	44,242	43,857	43,626	43,347	43,090	43,074	42,813	42,965	42,383	41,857
Industrial Disability Retirement	37,686	36,493	35,495	34,733	33,951	33,453	32,757	32,081	31,157	30,025
Industrial Death	891	894	903	1,070	1,056	1,045	1,039	1,013	995	972
1957 Survivor Benefit	3,775	3,698	3,831	3,626	3,535	3,398	3,246	3,164	3,074	2,960
1959 Survivor Benefit	3,217	3,192	3,171	3,195	3,170	3,115	3,069	2,985	2,295	2,875
TOTAL BENEFIT RECIPIENTS¹	594,842	574,759	551,627	536,234	513,623	492,513	476,252	462,370	447,641	431,901
TOTAL MEMBERS	1,723,856	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

Legislators' Retirement System | 10-Year Review

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
ACTIVE & INACTIVE MEMBERS										
Members of the Legislature	6	7	8	8	15	17	18	23	27	28
Constitutional Officers	17	17	19	20	17	18	18	19	15	15
Legislative Statutory Officers	4	4	4	4	4	4	4	4	4	4
TOTAL ACTIVE & INACTIVE MEMBERS	27	28	31	32	36	39	40	46	46	47
BENEFIT RECIPIENTS										
Members of the Legislature										
Service Retirement	225	226	200	210	214	221	222	228	227	228
Disability Retirement	7	7	9	9	9	9	11	11	6	6
Pre-Retirement Option 2	2	2	—	—	(1)	—	—	—	—	—
Total Members of the Legislature	234	235	209	219	222	230	233	239	233	234
Constitutional Officers										
Service Retirement	11	10	26	26	25	21	21	22	22	23
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
Total Constitutional Officers	12	12	29	29	28	24	24	25	25	26
Legislative Statutory Officers										
Service Retirement	1	1	5	5	5	5	5	5	5	6
Total Legislative Statutory Officers	1	1	5	5	5	5	5	5	5	6
TOTAL BENEFIT RECIPIENTS	247	248	243	253	255	259	262	269	263	266
TOTAL MEMBERS	274	276	274	285	291	298	302	315	309	313

Membership & Retirement Data – Retirement Programs (continued)

Judges' Retirement System | 10-Year Review

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
ACTIVE & INACTIVE MEMBERS										
Judges & Deferred										
Retirement Judges	285	325	431	466	528	620	682	756	825	917
TOTAL ACTIVE & INACTIVE MEMBERS	285	325	431	466	528	620	682	756	825	917
BENEFIT RECIPIENTS										
Service Retirement	1,157	1,151	654	655	648	641	619	610	607	612
Disability Retirement	100	50	46	46	46	48	47	52	50	48
Deferred Retirement	598	632	582	590	595	595	604	611	618	673
Optional Settlement Benefit	—	—	527	510	478	433	390	352	306	196
Industrial Disability Retired	1	—	—	—	—	—	—	—	—	—
Pre-Retirement Survivor	—	63	75	73	76	72	75	77	79	77
Pre-Retirement Death	66	—	—	—	—	—	—	—	—	—
TOTAL BENEFIT RECIPIENTS	1,922	1,896	1,884	1,874	1,843	1,789	1,735	1,702	1,660	1,606
TOTAL MEMBERS	2,207	2,221	2,315	2,340	2,371	2,409	2,417	2,458	2,485	2,523

Judges' Retirement System II | 10-Year Review

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
ACTIVE & INACTIVE MEMBERS										
Active Judges	1,396	1,352	1,272	1,290	1,197	1,119	979	915	831	748
TOTAL ACTIVE & INACTIVE MEMBERS	1,396	1,352	1,272	1,290	1,197	1,119	979	915	831	748
BENEFIT RECIPIENTS										
Service Retirement	47	30	14	7	6	4	3	4	1	1
Disability Retirement	11	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
Industrial Disability Retirement	3	—	—	—	—	—	—	—	—	—
Surviving Spouse 50% Allowance	6	—	—	—	—	—	—	—	—	—
Survivor Continuance	4	—	—	—	—	—	—	—	—	—
36-month Judge's Salary	2	2	1	2	—	—	—	—	—	—
TOTAL BENEFIT RECIPIENTS	73	52	37	30	19	15	14	9	13	9
TOTAL MEMBERS	1,469	1,404	1,309	1,320	1,216	1,134	993	924	844	757

Note:

¹ This total differs from Total Benefit Recipients table in the Financial and Statistical sections. 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

Program Data - PERF (continued)

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 may 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	153,375	54,767	208,142
State Miscellaneous – Second Tier	5,836	22,574	28,410
State Industrial – First Tier	10,205	1,949	12,154
State Industrial – Second Tier	547	968	1,515
State ARP ¹	4,823	2,584	7,407
Highway Patrol	7,165	314	7,479
State Safety	25,702	5,448	31,150
Peace Officer/Firefighter	39,180	6,166	45,346
University of California ²	1	43	44
TOTAL STATE MEMBERS	246,834	94,813	341,647
School – Miscellaneous	289,695	151,622	441,317
School – Safety	617	154	771
TOTAL SCHOOL MEMBERS	290,312	151,776	442,088
Public Agency – Miscellaneous	193,599	95,346	288,945
Public Agency – Safety	45,684	10,650	56,334
TOTAL PUBLIC AGENCY MEMBERS	239,283	105,996	345,279
TOTAL MEMBERS	776,429	352,585	1,129,014

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$15,299,540,852
Disability Retirement	578,546,365
Industrial Disability Retirement	1,588,541,572
PPPA Payments ³	—
TOTAL	\$17,466,628,789
Basic Death Benefit/Group Term Life Insurance	\$70,140,829
1957 Survivor Benefit	88,082,342
1959 Survivor Benefit	33,699,064
Industrial Death Allowance	44,747,555
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	57,285,779
TOTAL	\$293,955,569
GRAND TOTAL	\$17,760,584,358

Benefit Recipients by Employer Category⁴

Employer/Category	Retired Members	Survivors & Beneficiaries	Total
State Miscellaneous – First Tier	123,473	23,263	146,736
State Miscellaneous – Second Tier	967	129	1,096
State Miscellaneous – Mixed Tier	1,840	510	2,350
State Industrial – First Tier	5,463	662	6,125
State Industrial – Second Tier	149	18	167
State Industrial – Mixed Tier	32	6	38
Highway Patrol	6,559	1,183	7,742
State Safety	14,123	2,383	16,506
Peace Officer/Firefighter	28,060	2,421	30,481
TOTAL STATE	180,666	30,575	211,241
School – Miscellaneous	165,413	23,448	188,861
School – Safety	397	42	439
TOTAL SCHOOL	165,810	23,490	189,300
Public Agency – Miscellaneous	122,636	15,718	138,354
Public Agency – Safety	42,558	5,506	48,064
TOTAL PUBLIC AGENCY	165,194	21,224	186,418
TOTAL	511,670	75,289	586,959

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	2014	2013	2012	2011	2010	2009
Service Retirement	\$15,299,540,852	\$14,304,469,220	\$13,100,533,228	\$12,078,836,537	\$10,886,413,443	\$9,832,150,382
Disability Retirement	578,546,365	560,645,818	566,771,017	557,833,490	540,419,698	526,320,720
Industrial Disability Retirement	1,588,541,572	1,494,486,150	1,425,569,675	1,349,369,869	1,276,846,198	1,211,176,434
PPPA Payments	—	37,957,813	38,927,217	42,656,666	51,590,524	60,244,271
TOTAL	\$17,466,628,789	\$16,397,559,001	\$15,131,801,137	\$14,028,696,562	\$12,755,269,863	\$11,629,891,807
Basic Death Benefit/Group Term Life Insurance	\$70,140,829	\$45,181,888	\$43,730,806	\$41,224,228	\$42,385,815	\$40,509,577
1957 Survivor Benefit	88,082,342	83,210,337	77,780,450	74,103,991	69,745,915	65,076,391
1959 Survivor Benefit	33,699,064	34,606,918	32,855,386	33,355,374	33,158,971	32,209,689
Industrial Death Allowance	44,747,555	42,555,263	42,035,922	38,985,369	37,042,156	35,506,591
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	57,285,779	32,149,825	28,492,596	25,893,151	34,855,181	28,642,393
TOTAL	\$293,955,569	\$237,704,231	\$224,895,160	\$213,562,113	\$217,188,038	\$201,944,641
Refunds	\$236,967,051	\$242,595,215	\$218,082,685	\$227,167,877	\$182,387,623	\$186,783,064
GRAND TOTAL	\$17,997,551,409	\$16,877,858,447	\$15,574,778,982	\$14,469,426,552	\$13,154,845,524	\$12,018,619,512

Program Data - PERF (continued)

Average Benefit Payments – As of June 30, 2014 | Ten-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2013/14							
Average Monthly Allowance ¹	\$530	\$837	\$1,340	\$1,890	\$2,791	\$4,295	\$4,975
Average Final Compensation	\$5,923	\$4,680	\$4,782	\$5,041	\$5,643	\$6,680	\$6,720
Number of Recipients ¹	880	5,029	5,707	4,890	5,013	5,085	5,808
2012/13							
Average Monthly Allowance ¹	\$540	\$774	\$1,304	\$1,911	\$2,806	\$4,337	\$4,954
Average Final Compensation	\$6,098	\$4,537	\$4,758	\$5,127	\$5,651	\$6,692	\$6,686
Number of Recipients ¹	774	5,053	5,864	4,958	5,664	5,557	6,861
2011/12¹							
Average Monthly Allowance ¹	\$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 ¹	763	4,688	5,628	4,735	5,746	5,163	6,726
2010/11							
Average Monthly Allowance ¹	\$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 ¹	713	4,322	5,128	4,607	5,993	5,243	7,572
2009/10							
Average Monthly Allowance ¹	\$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 ¹	878	4,172	4,322	4,208	5,596	5,322	7,092
2008/09							
Average Monthly Allowance ¹	\$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 ¹	680	3,796	3,598	3,681	4,157	3,977	5,801
2007/08							
Average Monthly Allowance ¹	\$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 ¹	727	3,620	3,371	3,652	3,765	3,458	4,883
2006/07							
Average Monthly Allowance ¹	\$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 ¹	648	3,943	3,536	4,059	3,738	3,606	4,467
2005/06							
Average Monthly Allowance ¹	\$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 ¹	560	3,624	3,788	4,462	3,807	3,650	5,249
2004/05							
Average Monthly Allowance ¹	\$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 ¹	549	3,487	4,032	4,668	3,861	3,859	5,876

Notes:

¹ These averages and totals are for retired members, survivors, beneficiaries, and community property recipients.

Public Agency Employers

CONTRACT ACTIONS SUMMARY

On June 30, 2014, 1,580 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 1,032 districts and other public agencies. The 57 County Offices of Education contracts provide benefits for 1,513 school districts and charter schools, bringing the total number of public agency employers to 3,093.

	Added	Merged	Terminated	Total
County Offices of Education (for 1,513 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	—	—	—	450
Counties	—	—	—	37
Districts and Other Public Agencies	2	—	-3	1,032 ¹
TOTAL PUBLIC AGENCY CONTRACTS	2	—	-3	1,580²

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 42 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 2013-14 Fiscal Year, 43 contract amendments were completed. Four 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 2013-14 Fiscal Year, two public agencies amended their contracts to provide the two years of additional service credit and 12 additional window periods were established. The County Offices of Education established 16 additional window periods for the Golden Handshake benefit.

POPULAR BENEFIT AMENDMENTS

Benefit	Number of amendments
Different Level of Benefits	4
Cost Sharing	23
Pre-Retirement Option 2W Death Benefit	5
Two Year Additional Service Credit	2

TERMINATIONS

- Ben Lomond Fire Protection District, effective October 16, 2013.
- Coalinga-Huron Mosquito Abatement District, effective December 1, 2013.
- Mid-City Development Corporation, effective December 1, 2013.

Note:

¹ 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.

² Agencies that contract with CalPERS for retirement benefits and have zero participants were included. “Participants” is defined as active and inactive members and excludes retirees.

LARGEST PARTICIPATING EMPLOYERS

Employer	Number of Employees
State of California	334,242
Los Angeles County Office of Education	105,254
Los Angeles Unified School District	41,221
San Diego County Office of Education	37,698
Orange County Office of Education	33,454
County of Riverside	26,640
San Bernardino County Office of Education	25,035
Riverside County Office of Education	24,350
County of Santa Clara	21,001
Santa Clara County Office of Education	19,742

NEW CONTRACTS

During the 2013-2014 fiscal year, two 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
10/06/2013	El Dorado Local Agency Formation Commission (LAFCO)	2% @ 55	
1/01/2014	West Contra Costa Transportation Advisory Committee	2.5% @ 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	16,252	Orange	33,454
Alpine	53	Placer	4,305
Amador	263	Plumas	456
Butte	3,587	Riverside	24,350
Calaveras	674	Sacramento	17,067
Colusa	475	San Benito	833
Contra Costa	10,637	San Bernardino	25,035
Del Norte	241	San Diego	37,698
El Dorado	2,499	San Joaquin	9,033
Fresno	14,246	San Luis Obispo	3,736
Glenn	554	San Mateo	7,977
Humboldt	2,619	Santa Barbara	5,877
Imperial	3,148	Santa Clara	19,742
Inyo	325	Santa Cruz	3,675
Kern	14,230	Shasta	2,780
Kings	2,145	Sierra	56
Lake	924	Siskiyou	995
Lassen	534	Solano	4,394
Los Angeles	105,254	Sonoma	6,120
Madera	1,719	Stanislaus	8,307
Marin	2,970	Sutter	1,240
Mariposa	206	Tehama	1,357
Mendocino	2,053	Trinity	331
Merced	4,586	Tulare	7,956
Modoc	287	Tuolumne	592
Mono	263	Ventura	9,073
Monterey	6,729	Yolo	2,369
Napa	2,075	Yuba	1,388
Nevada	1,230		

School District Offices¹ (4 total)

Los Angeles Unified School District	41,221
Los Angeles Community College District	3,340
Los Angeles County Office of Education	3,148
San Diego County Office of Education	1,083

Counties (37 total)

Alpine	109	Napa	1,794
Amador	548	Nevada	1,156
Butte	2,875	Placer	3,008
Calaveras	639	Plumas	548
Colusa	483	Riverside	26,640
Del Norte	710	San Benito	591
El Dorado	2,611	San Joaquin	71
Glenn	587	Santa Clara	21,001
Humboldt	2,731	Santa Cruz	2,990
Inyo	553	Shasta	2,396
Kings	1,827	Sierra	147
Lake	1,372	Siskiyou	900
Lassen	707	Solano	3,510
Madera	1,856	Sutter	1,285
Mariposa	517	Tehama	1,183
Modoc	550	Trinity	486
Mono	447	Tuolumne	1,210
Monterey	6,545	Yolo	2,154
		Yuba	1,114

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	122	Campbell	199	El Cajon	641	Imperial	82
Agoura Hills	46	Canyon Lake	8	El Centro	352	Imperial Beach	112
Alameda	670	Capitola	97	El Cerrito	232	Indian Wells	43
Albany	104	Carlsbad	849	El Monte	345	Indio	305
Alhambra	627	Carmel-By-The-Sea	102	El Segundo	407	Industry	24
Aliso Viejo	24	Carpinteria	50	Elk Grove	326	Inglewood	836
Alturas	28	Carson	521	Emeryville	47	Ione	24
American Canyon	89	Cathedral City	233	Encinitas	293	Irvine	1,161
Anaheim	2,999	Cerritos	425	Escalon	45	Irwindale	89
Anderson	65	Chico	393	Escondido	1,168	Jackson	39
Angels	45	Chino	596	Etna	8	Kerman	73
Antioch	399	Chowchilla	97	Eureka	332	King City	55
Apple Valley	154	ChulaVista	1,262	Exeter	51	Kingsburg	78
Arcadia	438	Citrus Heights	263	Fairfax	55	La Canada Flintridge	44
Arcata	158	Claremont	293	Fairfield	648	La Habra	533
Arroyo Grande	106	Clayton	40	Farmersville	42	La Habra Heights	32
Artesia	41	Clearlake	77	Fillmore	43	La Mesa	336
Arvin	74	Cloverdale	62	Firebaugh	59	La Mirada	102
Atascadero	202	Clovis	953	Folsom	529	La Palma	89
Atherton	65	Coachella City	84	Fontana	1,110	La Puente	58
Atwater	126	Coalinga	113	Fort Bragg	82	La Quinta	100
Auburn	85	Colfax	10	Fortuna	102	La Verne	204
Avalon	83	Colma	59	Fountain Valley	270	Laguna Beach	304
Avenal	61	Colton	440	Fowler	36	Laguna Hills	55
Azusa	403	Colusa	47	Fremont	1,101	Laguna Niguel	141
Bakersfield	1,846	Commerce	167	Fullerton	780	Laguna Woods	10
Baldwin Park	530	Compton	518	Galt	247	Lake Elsinore	90
Banning	207	Concord	611	Garden Grove	818	Lake Forest	85
Barstow	201	Corcoran	105	Gardena	601	Lakeport	57
Beaumont	176	Corning	52	Gilroy	289	Lakewood	401
Bell	224	Corona	895	Glendale	2,455	Lancaster	659
Bell Gardens	213	Coronado	388	Glendora	254	Larkspur	79
Bellflower	125	Corte Madera	72	Goleta	71	Lathrop	113
Belmont	185	Costa Mesa	766	Gonzales	47	Lawndale	108
Belvedere	28	Cotati	57	Grand Terrace	92	Lemon Grove	94
Benicia	272	Covina	289	Grass Valley	121	Lemoore	170
Berkeley	1,850	Crescent City	91	Greenfield	59	Lincoln	186
Beverly Hills	1,116	Cudahy	29	Gridley	61	Lindsay	127
Biggs	10	Culver City	887	Grover Beach	84	Live Oak	25
Bishop	41	Cupertino	208	Guadalupe	57	Livermore	539
Blue Lake	11	Cypress	216	Gustine	39	Livingston	78
Blythe	97	Daly City	717	Half Moon Bay	49	Lodi	505
Bradbury	3	Dana Point	99	Hanford	348	Loma Linda	106
Brawley	194	Davis	509	Hawaiian Gardens	95	Lomita	55
Brea	434	Del Mar	73	Hawthorne	427	Lompoc	457
Brentwood	338	Del Rey Oaks	11	Hayward	982	Long Beach	6,068
Brisbane	108	Delano	56	Healdsburg	147	Loomis	14
Buellton	26	Desert Hot Springs	95	Hemet	370	Los Alamitos	61
Buena Park	372	Diamond Bar	73	Hercules	170	Los Altos	153
Burbank	1,728	Dinuba	258	Hermosa Beach	204	Los Altos Hills	25
Burlingame	264	Dixon	124	Hesperia	155	Los Banos	189
Calabasas	151	Dos Palos	41	Hidden Hills	4	Los Gatos	231
Calexico	245	Downey	557	Highland	43	Lynwood	232
California City	123	Duarte	62	Hillsborough	119	Madera	370
Calimesa	14	Dublin	132	Hollister	189	Malibu	107
Calipatria	18	Dunsmuir	11	Hughson	41	Mammoth Lakes	118
Calistoga	71	East Palo Alto	144	Huntington Beach	1,223	Manhattan Beach	392
Camarillo	167	Eastvale	13	Huntington Park	206	Manteca	417

Public Agency Employers (continued)

Cities & Towns (continued)

Marina	123	Parlier	46	San Gabriel	196	Sutter Creek	14
Martinez	49	Pasadena	2,307	San Jacinto	84	Taft	209
Marysville	82	Paso Robles	209	San Joaquin	20	Tehachapi	71
Maywood	73	Patterson	124	San Jose	11	Temecula	236
Menifee	55	Perris	95	San Leandro	463	Temple City	56
Menlo Park	349	Petaluma	418	San Luis Obispo	547	Thousand Oaks	446
Merced	533	Pico Rivera	160	San Marcos	325	Tiburon	52
Mill Valley	245	Piedmont	127	San Marino	182	Torrance	1,758
Millbrae	168	Pinole	142	San Mateo	653	Tracy	540
Milpitas	428	Pismo Beach	128	San Pablo	165	Truckee	158
Mission Viejo	206	Pittsburg	308	San Ramon	371	Tulare	474
Modesto	1,321	Placentia	146	Sand City	26	Tulelake	25
Monrovia	315	Placerville	109	Sanger	143	Turlock	489
Montague	7	Pleasant Hill	160	Santa Ana	1,462	Tustin	392
Montclair	258	Pleasanton	589	Santa Barbara	1,474	Twentynine Palms	54
Monte Sereno	10	Pomona	673	Santa Clara	1,030	Ukiah	267
Montebello	654	Port Hueneme	159	Santa Clarita	612	Union City	402
Monterey	606	Porterville	404	Santa Cruz	1,020	Upland	375
Monterey Park	457	Portola	17	Santa Fe Springs	202	Vacaville	572
Moorpark	85	Portola Valley	13	Santa Maria	700	Vallejo	553
Moraga	58	Poway	286	Santa Monica	3,005	Vernon	368
Moreno Valley	565	Rancho Cordova	79	Santa Paula	192	Victorville	595
Morgan Hill	260	Rancho Cucamonga	651	Santa Rosa	1,473	Villa Park	8
Morro Bay	129	Rancho Mirage	105	Santee	175	Visalia	706
Mountain View	809	Rancho Palos Verdes	171	Saratoga	92	Vista	439
Mt. Shasta	42	Rancho Santa Margarita	23	Sausalito	137	Walnut	69
Murrieta	302	Red Bluff	126	Scotts Valley	96	Walnut Creek	650
Napa	526	Redding	839	Seal Beach	117	Wasco	70
National City	417	Redlands	537	Seaside	255	Waterford	22
Needles	190	Redondo Beach	576	Sebastopol	51	Watsonville	463
Nevada City	41	Redwood City	806	Selma	154	Weed	36
Newark	251	Reedley	156	Shafter	215	West Covina	413
Newman	58	Rialto	398	Shasta Lake	50	West Hollywood	305
Newport Beach	1,074	Richmond	988	Sierra Madre	121	West Sacramento	502
Norco	94	Ridgecrest	169	Signal Hill	166	Westlake Village	22
Norwalk	281	Rio Vista	71	Simi Valley	679	Westminster	290
Novato	289	Ripon	23	Solana Beach	98	Whittier	493
Oakdale	111	Riverbank	76	Soledad	82	Wildomar	14
Oakland	4,774	Riverside	2,731	Solvang	46	Williams	39
Oakley	51	Rocklin	364	Sonoma	103	Willits	70
Oceanside	1,159	Rohnert Park	236	Sonora	53	Willows	34
Ojai	38	Rolling Hills	4	South El Monte	84	Windsor	135
Ontario	1,192	Rolling Hills Estates	25	South Gate	469	Winters	48
Orange	782	Rosemead	95	South Lake Tahoe	265	Woodlake	50
Orange Cove	49	Roseville	1,478	South Pasadena	254	Woodland	371
Orland	49	Ross	22	South San Francisco	548	Woodside	29
Oroville	136	Sacramento	5,337	St. Helena	93	Yorba Linda	147
Oxnard	2,562	Salinas	593	Stanton	53	Yountville	32
Pacific Grove	116	San Anselmo	73	Stockton	1,934	Yreka	66
Pacifica	252	San Bernardino	1,478	Suisun City	135	Yuba City	338
Palm Desert	157	San Bruno	290	Sunnyvale	1,156	Yucaipa	66
Palm Springs	545	San Buenaventura	881	Susanville	91	Yucca Valley	76
Palmdale	342	San Carlos	173				
Palo Alto	1,321	San Clemente	197				
Palos Verdes Estates	97	San Dimas	94				
Paradise	90	San Fernando	161				
Paramount	117	San Francisco (1)	1,276				

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 (1,032 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	24	Baldwin Park Unified School District	940
Access Services Incorporated	142	Bard Water District	24
Agoura Hills and Calabasas Community Center	11	Bardsdale Cemetery District	8
Alameda Alliance for Health	399	Barstow Cemetery District	4
Alameda Corridor Transportation Authority	14	Bay Area Air Quality Management District	410
Alameda County Fire Department	434	Bay Area Water Supply and Conservation Agency	12
Alameda County Law Library	16	Beach Cities Health District	168
Alameda County Mosquito Abatement District	18	Bear Mountain Recreation And Park District	16
Alameda County Schools Insurance Group	9	Bear Valley Community Services District	58
Alameda County Transportation Commission	27	Beaumont District Library	11
Alameda County Waste Management Authority	52	Beaumont-Cherry Valley Recreation And Park District	22
Alameda County Water District	261	Beaumont-Cherry Valley Water District	40
Albany Municipal Services Joint Powers Authority	22	Bella Vista Water District	30
Alhambra Redevelopment Agency	1	Belmont Fire Protection District	23
Alliance Of Schools For Cooperative Insurance Programs	31	Belmont-San Carlos Fire Department	4
Alpine Fire Protection District	22	Belvedere-Tiburon Library Agency	26
Alta California Regional Center Inc	501	Benicia City Housing Authority	14
Alta Irrigation District	38	Bennett Valley Fire Protection District	12
Altadena Library District	24	BETA Healthcare Group Risk Management Authority	90
Amador County Transportation Commission	5	Big Bear Area Regional Wastewater Agency	21
Amador Transit	41	Big Bear City Airport District	7
Amador Water Agency	60	Big Bear City Community Services District	76
American Canyon Fire Protection District	17	Big Bear Municipal Water District	10
American River Flood Control District	11	Bighorn-Desert View Water Agency	13
Anderson Cemetery District	3	Black Gold Cooperative Library System	17
Anderson Fire Protection District	11	Blanchard/Santa Paula Public Library District	9
Angiola Water District	7	Blue Lake Fire Protection District	1
Antelope Valley Mosquito and Vector Control District	6	Bodega Bay Fire Protection District	17
Antelope Valley Schools Transportation Agency	337	Bolinas Community Public Utility District	7
Antelope Valley Transit Authority	68	Bolinas Fire Protection District	2
Apple Valley Fire Protection District	51	Bonita-Sunnyside Fire Protection District	18
Aptos/La Selva Fire Protection Agency	39	Boron Community Services District	4
Arbuckle-College City Fire Protection District	4	Borrego Springs Fire Protection District	23
Arcade Creek Recreation and Park District	9	Borrego Water District	16
Arcata Fire Protection District	22	Boulder Creek Fire Protection District	1
Area 12 Agency On Aging	33	Branciforte Fire Protection District	4
Armona Community Services District	1	Brannan-Andrus Levee Maintenance District	2
Aromas Water District	5	Broadmoor Police Protection District	15
Arrowbear Park County Water District	6	Brooktrails Township Community Services District	12
Arroyo Grande District Cemetery	4	Browns Valley Irrigation District	16
Associated Students California State University San Bernardino	1	Buena Park Library District	28
Associated Students Inc California State University East Bay	18	Burney Basin Mosquito Abatement District	1
Associated Students Incorporated of California State University Stanislaus	5	Burney Fire District	9
Associated Students of California State University, Chico	151	Burney Water District	11
Association of Bay Area Governments	136	Butte County Air Quality Management District	14
Association of California Water Agencies	75	Butte County Association of Governments	12
Association of California Water Agencies - Joint Powers Insurance Authority	58	Butte County In-Home Supportive Services Public Authority	4
Association of Monterey Bay Area Governments	33	Butte County Mosquito and Vector Control District	19
Atascadero Cemetery District	3	Butte Local Agency Formation Commission	4
Auburn Area Recreation and Park District	89	Butte Schools Self-Funded Programs	2
Auburn Public Cemetery District	7	Butte-Glenn Community College District	507
Avila Beach Community Services District	1	Byron-Bethany Irrigation District	20
Aztec Shops, Ltd.	95	Cabrillo College Foundation	9
		Cachuma Operation and Maintenance Board	22
		Cal Poly Corporation	582

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Cal Poly Pomona Foundation, Inc.	462	Centerville Community Services District	6
Calaveras Council of Governments	4	Central Basin Municipal Water District	50
Calaveras County Water District	83	Central Calaveras Fire and Rescue Protection District	8
Calaveras Public Utility District	8	Central Coast Computing Authority	5
California Association For Park And Recreation Indemnity	6	Central Coast Water Authority	39
California Authority Of Racing Fairs	16	Central Contra Costa Transit Authority	358
California Bear Credit Union	83	Central County Fire Department	38
California Central Valley Flood Control Association	1	Central Fire Protection District of Santa Cruz County	49
California Fair Services Authority	42	Central Marin Police Authority	72
California Fairs Financing Authority	28	Central Marin Sanitation Agency	47
California Firefighter's Joint Apprenticeship Committee	40	Central Sierra Child Support Agency	54
California Interscholastic Federation North Coast Section	9	Central Sierra Planning Council	1
California Interscholastic Federation, Central Coast Section	8	Central Valley Regional Center, Inc.	414
California Interscholastic Federation, Central Section	3	Central Water District	4
California Interscholastic Federation, Northern Section	2	Chester Public Utility District	8
California Interscholastic Federation, Sac-Joaquin Section	7	Chico Area Recreation and Park District	116
California Interscholastic Federation, San Diego Section	4	Children and Families Commission of San Luis Obispo County	5
California Interscholastic Federation, Southern Section	16	Chino Basin Water Conservation District	18
California Interscholastic Federation, State Office	21	Chino Basin Watermaster	14
California Joint Powers Insurance Authority	26	Chino Valley Independent Fire District	140
California Joint Powers Risk Management Authority	8	Citrus Heights Water District	30
California Maritime Academy Foundation, Inc.	2	Citrus Pest Control District #2 of Riverside County	2
California Municipal Utilities Association	8	City/County Association of Governments of San Mateo County	2
California Pines Community Services District	21	Clear Creek Community Services District	12
California Redevelopment Association Foundation	11	Clearlake Oaks County Water District	26
California School Boards Association	186	Cloverdale Citrus Fair	4
California Special Districts Association	35	Cloverdale Fire Protection District	2
California State And Federal Employees #20 Credit Union	11	Clovis Cemetery District	14
California State University East Bay, Foundation Inc.	180	Coachella Valley Association of Governments	24
California State University, Bakersfield Foundation	75	Coachella Valley Mosquito and Vector Control District	89
California State University, Fresno Athletic Corporation	136	Coachella Valley Public Cemetery District	7
California State University, Stanislaus Auxiliary and Business Services	27	Coachella Valley Water District	570
California State University-Fresno Association, Inc.	225	Coalinga/Huron Unified School District Library District	9
Callayomi County Water District	4	Coalinga-Huron Cemetery District	2
Calleguas Municipal Water District	72	Coalinga-Huron Recreation and Park District	19
Camarillo Health Care District	61	Coast Life Support District	12
Cambria Cemetery District	1	Coastal Developmental Services Fdn DBA Westside Regional Center	272
Cambria Community Healthcare District	23	Coastside County Water District	22
Cambria Community Services District	42	Coastside Fire Protection District	9
Cameron Park Community Services District	20	Colfax Cemetery District	2
Camrosa Water District	26	College of the Canyons Foundation	2
Capitol Area Development Authority	51	College Town	0
Carmel Area Wastewater District	30	Colusa County One-Stop Partnership	17
Carmel Highlands Fire Protection District of Monterey County	0	Colusa Mosquito Abatement District	5
Carmel Regional Fire Ambulance Authority	2	Community College League of California	31
Carmel Valley Fire Protection District	0	Community Development Commission Of Mendocino County	41
Carmichael Water District	32	Community Development Commission of the County of Los Angeles	1,109
Carpinteria Sanitary District	22	Compton Creek Mosquito Abatement District	1
Carpinteria Valley Water District	25	Compton Unified School District	1,775
Casitas Municipal Water District	61	Conejo Recreation and Park District	297
Castaic Lake Water Agency	130	Consolidated Mosquito Abatement District	21
Castro Valley Sanitary District	24	Contra Costa Community College District	990
Castroville Community Services District	7	Contra Costa County Law Library	5
Cawelo Water District	22	Contra Costa County Schools Insurance Group	59
Cayucos Sanitary District	11	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 Transportation Commission	7
Cooperative Personnel Services	361	El Dorado Hills Community Services District	53
Copperopolis Fire Protection District	14	El Dorado Hills County Water District	59
Cordelia Fire Protection District Of Solano County	3	El Dorado Irrigation District	278
Cordova Recreation and Park District	68	El Dorado Local Agency Formation Commission	3
Corning Water District	4	Encina Wastewater Authority	100
Costa Mesa Sanitary District	14	Esparto Community Services District	7
Cosumnes Community Services District	573	Esparto Fire Protection District	2
Cottonwood Fire Protection District	5	Estero Municipal Improvement District	245
Cottonwood Water District	3	Exeter District Ambulance	28
CRA/LA, A Designated Local Authority	41	Exposition Metro Line Construction Authority	23
Crescent City Harbor District	15	Fair Oaks Recreation & Park District	52
Crescenta Valley Water District	39	Fair Oaks Water District	55
Crestline Lake Arrowhead Water Agency	13	Fairfield-Suisun Sewer District	71
Crestline Village Water District	12	Fall River Valley Community Services District	6
Crockett Community Services District	6	Fallbrook Public Utility District	77
CSAC Excess Insurance Authority	82	Far Northern Regional Center	205
Cucamonga Valley Water District	137	Feather River Air Quality Management District	12
Cutler Public Utility District	5	Feather River Recreation and Park District	36
Cutler-Orosi Joint Powers Wastewater Authority	4	Feather Water District	4
Cuyama Valley Recreation District	1	Felton Fire Protection District	3
Dairy Council Of California	102	Fern Valley Water District	4
Daly City Redevelopment Agency	0	Florin County Water District	10
Davis Cemetery District	7	Florin Resource Conservation District Elk Grove Water District	50
De Luz Community Services District	6	Fontana Unified School District	2,111
Del Norte County Library District	4	Foothill Municipal Water District	11
Del Paso Manor Water District	5	Foresthill Public Utility District	8
Del Puerto Water District	5	Forestville Fire Protection District	7
Del Rey Community Services District	12	Forestville Water District	6
Delano Mosquito Abatement District	6	Fort Bragg Fire Protection Authority	4
Delta Diablo	78	Fort Ord Reuse Authority	17
Delta Vector Control District	20	Foundation for California Community Colleges	222
Denair Community Services District	6	Fresno City Housing Authority	173
Desert Water Agency	92	Fresno County Housing Authority	171
Diablo Water District	14	Fresno County Law Library	5
Diamond Springs/El Dorado Fire Protection District	24	Fresno Westside Mosquito Abatement District	10
Dixon Public Library District	17	Fruitridge Fire Protection District	0
Donald P And Katherine B Loker University Student Union, Inc	15	Fullerton California State University Associated Students	99
Dougherty Regional Fire Authority	3	Fulton El-Camino Recreation and Park District	15
Downey Cemetery District	0	Garden Valley Fire Protection District	12
Dublin San Ramon Services District	127	Georgetown Divide Public Utility District	22
Durham Mosquito Abatement District	1	Georgetown Divide Resource Conservation District	2
East Bay Dischargers Authority	3	Georgetown Fire Protection District	8
East Bay Regional Park District	744	Gilsizer County Drainage District	6
East Contra Costa Irrigation District	20	Glen Ellen Fire Protection District	8
East Orange County Water District	9	Glendale College, Associated Students of	14
East Palo Alto Sanitary District	15	Glendale Community College District	456
East Quincy Services District	7	Glenn County Mosquito and Vector Control District	3
East San Gabriel Valley Human Services Consortium	145	Gold Coast Transit	305
East Valley Water District	79	Gold Ridge Fire Protection District	13
Eastern Municipal Water District	710	Gold Ridge Resource Conservation District	9
Eastern Sierra Transit Authority	40	Golden Gate Bridge Highway and Transportation District	554
Ebbetts Pass Fire Protection District	25	Golden Hills Community Services District	15
El Dorado County Fire Protection District	92	Golden Sierra Job Training Agency	40
El Dorado County Resource Conservation District	3	Goleta Sanitary District	49
El Dorado County Transit Authority	102	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 Waste Management Authority	51
Great Basin Unified Air Pollution Control District	27	Idyllwild Fire Protection District	11
Greater Anaheim Special Education Local Plan Area	101	Independent Cities Association, Inc.	0
Greater Los Angeles County Vector Control District	78	Indian Wells Valley Water District	38
Greater Vallejo Recreation District	90	Inland Counties Regional Center, Inc.	800
Green Valley County Water District	2	Inland Empire Health Plan	1,334
Greenfield Fire Protection District	6	Inland Empire Resource Conservation District	19
Gridley Biggs Cemetery District	5	Inland Empire Utilities Agency	355
Grossmont Healthcare District	10	Intelcom Intelligent Telecommunications	40
Grossmont Schools Federal Credit Union	29	Intergovernmental Training And Development Center	12
Grossmont-Cuyamaca Community College District	709	Inverness Public Utility District	3
Groveland Community Services District	29	Ironhouse Sanitary District	34
Gualala Community Services District	5	Irvine Child Care Project	0
Hacienda La Puente Unified School District	1,410	Irvine Ranch Water District	410
Hamilton Branch Fire Protection District	1	Isla Vista Recreation and Park District	19
Happy Camp Sanitary District	0	Jackson Valley Irrigation District	4
Happy Homestead Cemetery District	4	Jamestown Sanitary District	9
Happy Valley Fire District	3	Janesville Fire Protection District	1
Hayward Area Recreation and Park District	166	Joshua Basin Water District	26
Health Plan of San Joaquin	343	June Lake Public Utility District	8
Heartland Communications Facility Authority	47	Jurupa Area Recreation and Park District	15
Heber Public Utility District	15	Jurupa Community Services District	216
Helendale Community Services District	20	Kaweah Delta Water Conservation District	29
Helix Water District	178	Kelseyville Fire Protection District	32
Henry Miller Reclamation District #2131	48	Kensington Community Services District	13
Herald Fire Protection District	6	Kentfield Fire Protection District	18
Heritage Ranch Community Services District	14	Kenwood Fire Protection District	1
Herlong Public Utility District	4	Kern County Council Of Governments	25
Hesperia Fire Protection District	31	Kern County Housing Authority	165
Hesperia Water District	70	Kern County Law Library	7
Hidden Valley Lake Community Services District	17	Kern County Local Agency Formation Commission	3
Hi-Desert Water District	49	Kern Health Systems	472
Higgins Area Fire Protection District	16	Kern River Valley Cemetery District	2
Hilton Creek Community Services District	2	Kern-Tulare Water District	8
Hopland Public Utility District	0	Kettleman City Community Services District	4
Housing Authority of The City of Alameda	50	Kings County Area Public Transit Agency	28
Housing Authority Of The City Of Calexico	23	Kings County Association of Governments	7
Housing Authority of the City of Eureka	23	Kings County In-Home Supportive Services Public Authority	4
Housing Authority of the City of Livermore	18	Kings Mosquito Abatement District	20
Housing Authority of the City of Los Angeles	1,164	Kings Waste and Recycling Authority	74
Housing Authority of the City of Madera	50	Kinneloa Irrigation District	4
Housing Authority of the City of San Buenaventura	66	Kirkwood Meadows Public Utility District	33
Housing Authority of the City of San Luis Obispo	51	Konociti County Water District	11
Housing Authority of the City of South San Francisco	4	La Branza Water District	0
Housing Authority of The County of Butte	41	La Habra Heights County Water District	11
Housing Authority of the County of Santa Clara	183	La Puente Valley County Water District	18
Housing Authority of the County of Santa Cruz	86	Laguna Beach County Water District	48
Hub Cities Consortium	56	Lake Arrowhead Community Services District	71
Human Rights/Fair Housing Commission Of The City And County Of Sacramento	30	Lake County Fire Protection District	36
Humboldt Bay Harbor Recreation and Conservation District	24	Lake County Vector Control District	12
Humboldt Bay Municipal Water District	29	Lake Don Pedro Community Services District	14
Humboldt Community Services District	27	Lake Hemet Municipal Water District	55
Humboldt County Association of Governments	5	Lake Oroville Area Public Utility District	8
Humboldt No. 1 Fire Protection District of Humboldt County	18	Lake Shastina Community Services District	18
Humboldt State University Center Board of Directors	75	Lake Valley Fire Protection District	69
Humboldt Transit Authority	74	Lakeport County Fire Protection District	20
		Lakeside Fire Protection District	66

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Lakeside Water District	20	Mc Kinleyville Community Services District	33
Lamont Public Utility District	10	McCloud Community Services District	10
Las Gallinas Valley Sanitary District of Marin County	23	Meeks Bay Fire Protection District	15
Las Virgenes Municipal Water District	156	Meiners Oaks County Water District	8
Lassen County Waterworks District #1	1	Mendocino City Community Services District	4
League Of California Cities	132	Mendocino County Russian River Flood Control & Water Conservation Improvement District	1
Lee Lake Water District	10	Mendocino Transit Authority	72
Leucadia Wastewater District	28	Menlo Park Fire Protection District	109
Levee District #1 of Sutter County	3	Merced County Housing Authority	75
Linda County Water District	12	Merced County Mosquito Abatement District	18
Linda Fire Protection District	13	Merced Irrigation District	253
Linden-Peters Rural County Fire Protection District	12	Mesa Water District	69
Lindsay Strathmore Public Cemetery District	3	Metro Gold Line Foothill Extension Construction Authority	18
Little Lake Fire Protection District	5	Metropolitan Transportation Commission	230
Littlerock Creek Irrigation District	7	Metropolitan Water District of Southern California	2,533
Live Oak Cemetery District	4	Midpeninsula Regional Open Space District	168
Livermore/Amador Valley Transit Authority	18	Mid-Peninsula Water District	22
Local Agency Formation Commission of Monterey County	5	Mid-Placer Public Schools Transportation Agency	72
Local Agency Formation Commission of Solano County	1	Midway City Sanitary District	34
Local Government Services Authority, A Joint Powers Authority	63	Millview County Water District	6
Long Beach City College Associated Student Body Enterprises	13	Minter Field Airport District	17
Long Beach State University, Associated Students	92	Mission Springs Water District	54
Long Beach State University, Forty-Niner Shops, Inc.	80	Mojave Air and Space Port	28
Loomis Fire Protection District	11	Mojave Water Agency	50
Los Alamos Community Services District	6	Mokelumne Rural Fire District	9
Los Angeles City Community Redevelopment Agency	108	Monte Vista County Water District	45
Los Angeles County Area 'E' Civil Defense And Disaster Board	2	Montecito Fire Protection District	52
Los Angeles County Law Library	62	Montecito Sanitary District of Santa Barbara County	19
Los Angeles County Sanitation District No. 2	2,012	Montecito Water District	30
Los Angeles County West Vector Control District	38	Monterey Bay Unified Air Pollution Control District	43
Los Angeles Memorial Coliseum Commission	21	Monterey County Regional Fire Protection District	56
Los Angeles Neuropsychiatric Institute	4	Monterey County Water Resources Agency	62
Los Gatos-Saratoga Department of Community Education And Recreation	77	Monterey Peninsula Airport District	49
Los Osos Community Services District	26	Monterey Peninsula Regional Park District	16
Lower Lake Cemetery District	2	Monterey Peninsula Water Management District	35
Lower Lake County Waterworks District #1	7	Monterey Regional Waste Management District	149
Lower Tule River Irrigation District	40	Monterey Regional Water Pollution Control Agency	101
Madera Cemetery District	22	Monterey-Salinas Transit District	375
Madera County Mosquito and Vector Control District	11	Montezuma Fire Protection District	16
Main San Gabriel Basin Watermaster	13	Morongo Basin Transit Authority	61
Majestic Pines Community Services District	4	Mother Lode Job Training Agency	27
Mammoth Lakes Fire District	14	Moulton-Niguel Water District	151
Mammoth Lakes Mosquito Abatement District	0	Mountains Recreation and Conservation Authority	292
Management of Emeryville Services Authority	146	Mountain-Valley Library System	0
March Joint Powers Authority	23	Mt View Sanitary District of Contra Costa County	21
Marin Children and Families Commission	8	Mt. San Antonio College Auxiliary Services	29
Marin Community College District	264	Municipal Pooling Authority	16
Marin County Housing Authority	98	Municipal Water District of Orange County	40
Marin County In-Home Supportive Services Public Authority	6	Murphys Sanitary District	10
Marin Healthcare District	0	Murrieta Fire Protection District	49
Marin Municipal Water District	293	Murrieta Valley Cemetery District	4
Marina Coast Water District	43	Napa County Mosquito Abatement District	7
Marinwood Community Services District	28	Napa County Resource Conservation District	15
Mariposa Public Utility District	7	Napa County Transportation and Planning Agency	15
Maxwell Public Utility District	4	Napa Sanitation District	54
Mc Farland Recreation And Park District	6	National Orange Show	148

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Natomas Fire Protection District	0	Oro Loma Sanitary District	51
Nevada Cemetery District	4	Orosi Public Utility District	6
Nevada County Consolidated Fire District	42	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	219
Nevada Irrigation District	196	Oxnard Harbor District	27
Nevada-Sierra Regional IHSS Public Authority	19	Pacific Fire Protection District	0
Newcastle, Rocklin, Gold Hill Cemetery District	8	Padre Dam Municipal Water District	156
Newhall County Water District	41	Pajaro Valley Fire Protection Agency	0
Newport Beach City Employees Federal Credit Union	3	Pajaro Valley Public Cemetery District	9
Niland Sanitary District	2	Pajaro Valley Water Management Agency	21
Nipomo Community Services District	19	Palm Ranch Irrigation District	5
North Bay Cooperative Library System	5	Palmdale Water District	113
North Bay Regional Center	267	Palo Verde Valley District Library	7
North Bay Schools Insurance Authority	40	Palos Verdes Library District	64
North Central Counties Consortium	11	Paradise Recreation and Park District	34
North Coast County Water District	24	Pasadena City College Bookstore	9
North Coast Railroad Authority	2	Pasadena Unified School District	1,797
North Coast Unified Air Quality Management District	19	Paso Robles City Housing Authority	7
North County Dispatch Joint Powers Authority	34	Patterson Irrigation District	14
North County Fire Protection District of Monterey County	36	Pauma Valley Community Services District	23
North County Fire Protection District of San Diego County	84	Peardale Chicago Park Fire Protection District	4
North County Transit District	444	Pebble Beach Community Services District	14
North Delta Water Agency	1	Peninsula Fire Protection District	16
North Kern Cemetery District	10	Peninsula Health Care District	5
North Kern Water Storage District	42	Peninsula Traffic Congestion Relief Alliance	16
North Kern-South Tulare Hospital District	255	Penn Valley Fire Protection District	22
North Los Angeles County Regional Center Inc	597	Personal Assistance Services Council	30
North Marin Water District	64	Phelan Pinon Hills Community Services District	24
North Of The River Municipal Water District	8	Pico Water District	20
North of the River Recreation and Park District	291	Pine Cove Water District	5
North State Cooperative Library System	5	Pine Grove Mosquito Abatement District	1
North Tahoe Fire Protection District	73	Pinedale County Water District	10
North Tahoe Public Utility District	45	Pioneer Cemetery District	3
Northern California Power Agency	182	Pixley Irrigation District	4
Northern California Special Districts Insurance Authority	2	Placer County Cemetery District #1	6
Northern Salinas Valley Mosquito Abatement District	6	Placer County Resource Conservation District	9
Northern Sierra Air Quality Management District	6	Placer County Transportation Planning Agency	9
Northshore Fire Protection District	25	Placer County Water Agency	217
Northstar Community Services District	44	Placer Hills Fire Protection District	26
Northwest Mosquito and Vector Control District	30	Placer Mosquito and Vector Control District	23
Novato Sanitary District	25	Planning and Service Area II Area Agency On Aging	5
Oakdale Irrigation District	96	Pleasant Hill - Martinez Joint Facilities Agency	156
Oakdale Rural Fire Protection District	17	Pleasant Hill Recreation and Park District	63
Oakland City Housing Authority	476	Pleasant Valley County Water District	4
Oakland Unified School District	3,078	Pleasant Valley Recreation and Park District	105
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	Pomeroado Cemetery District	6
Olivenhain Municipal Water District	107	Pomona Valley Transportation Authority	4
Omnitrans	904	Pomona, Calif State Polytechnic University, Associated Students, Inc.	88
Ophir Hill Fire Protection District	7	Port San Luis Harbor District	37
Orange County Health Authority	1,216	Porter Vista Public Utility District	2
Orange County Transportation Authority	6	Porterville Irrigation District	4
Orange County Vector Control District	71	Porterville Public Cemetery District	12
Orchard Dale Water District	13	Public Agency Risk Sharing Authority of California	5
Orland Cemetery District	3		

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Public Cemetery District No. 1 of Kern County	6	Running Springs Water District	44
Public Entity Risk Management Authority	8	Russian River Fire Protection District	23
Public Transportation Services Corporation	2,383	Sacramento Area Council of Governments	71
Pupil Transportation Cooperative	149	Sacramento City Housing Authority	289
Purissima Hills County Water District	10	Sacramento County Public Law Library	27
Quartz Hill Water District	19	Sacramento Metropolitan Air Quality Management District	113
Quincy Community Services District	15	Sacramento Metropolitan Cable Television Commission	15
Rainbow Municipal Water District	63	Sacramento Metropolitan Fire District	609
Ramona Municipal Water District	60	Sacramento Municipal Utility District	2,580
Rancho Adobe Fire Protection District	33	Sacramento Public Library Authority	402
Rancho California Water District	151	Sacramento Regional Fire/EMS Communications Center	100
Rancho Cucamonga Fire Protection District	119	Sacramento Suburban Water District	62
Rancho Murieta Community Services District	58	Sacramento Transportation Authority	4
Rancho Santa Fe Fire Protection District	68	Sacramento-Yolo Mosquito and Vector Control District	90
Rancho Santiago Community College Associated Students	0	Salida Fire Protection District	0
Rancho Simi Recreation & Park District	328	Salinas Valley Solid Waste Authority	43
Reclamation District # 1001	11	Salton Community Services District	23
Reclamation District # 1660	0	Samoa Peninsula Fire Protection District	0
Reclamation District # 833	1	San Andreas Regional Center Inc	352
Reclamation District # 999	5	San Andreas Sanitary District	8
Reclamation District #1000	11	San Benito County Water District	26
Reclamation District #3	2	San Bernardino City Unified School District	3,213
Red Bluff Cemetery District	5	San Bernardino County Housing Authority	160
Redevelopment Agency of the City of Fresno	12	San Bernardino County Transportation Authority	0
Redwood Coast Regional Center	131	San Bernardino Economic Development Agency	26
Redwood Empire Municipal Insurance Fund	12	San Bernardino Valley Municipal Water District	26
Redwood Empire School Insurance Group	29	San Bernardino Valley Water Conservation District	13
Reedley Cemetery District	6	San Diego Association of Governments	445
Regional Center of Orange County	563	San Diego County Law Library	53
Regional Center of the East Bay	541	San Diego County Water Authority	331
Regional Council of Rural Counties	62	San Diego Metropolitan Transit System	225
Regional Housing Authority of Sutter and Nevada Counties	52	San Diego Pooled Insurance Program Authority	1
Regional Water Authority	5	San Diego Rural Fire Protection District	7
Rescue Fire Protection District	10	San Diego State University Associated Students	34
Resort Improvement District No. 1	14	San Diego Trolley, Inc.	833
Resource Conservation District of the Santa Monica Mountains	13	San Diego Unified School District	10,035
Richardson Bay Sanitary District	6	San Dieguito Water District	25
Rincon Del Diablo Municipal Water District	22	San Elijo Joint Powers Authority	24
Rincon Valley Fire Protection District	24	San Francisco Bay Area Rapid Transit District	3,824
Rio Alto Water District	9	San Francisco Bay Area Water Emergency Transportation Authority	13
Rio Linda Elverta Community Water District	23	San Francisco City and County Housing Authority	320
Rio Vista-Montezuma Cemetery District	4	San Francisco City and County Redevelopment Agency	115
Riverbank City Housing Authority	2	San Francisco Community College District Bookstore Auxiliary	7
Riverside County Air Pollution Control District	0	San Francisco County Transportation Authority	67
Riverside County Flood Control and Water Conservation District	285	San Francisco Health Authority	455
Riverside County Law Library	15	San Francisco Law Library	11
Riverside County Regional Park and Open Space District	194	San Francisquito Creek Joint Powers Authority	5
Riverside County Transportation Commission	62	San Gabriel County Water District	17
Riverside County Waste Resources Management District	39	San Gabriel Valley Council of Governments	39
Riverside Transit Agency	576	San Gabriel Valley Mosquito And Vector Control District	51
Rosamond Community Services District	29	San Gabriel Valley Municipal Water District	8
Rose Bowl Operating Company	32	San Geronio Pass Water Agency	3
Rosedale-Rio Bravo Water Storage District	8	San Jacinto Valley Cemetery District	8
Roseville Public Cemetery District	10	San Joaquin County Housing Authority	107
Ross Valley Fire Department	33	San Joaquin County IHSS Public Authority	10
Rowland Water District	33	San Joaquin Delta Community College District	519
Rubidoux Community Services District	24		

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

San Juan Water District	55	Shasta Area Safety Communications Agency	68
San Lorenzo Valley Water District	33	Shasta Community Services District	7
San Luis Obispo Cal Poly Associated Students, Inc.	149	Shasta Lake Fire Protection District	11
San Luis Obispo Council of Governments	27	Shasta Local Agency Formation Commission	1
San Luis Obispo Regional Transit Authority	12	Shasta Mosquito and Vector Control District	17
San Luis Water District	18	Shasta Regional Transportation Agency	9
San Mateo County Harbor District	49	Shasta Valley Cemetery District	2
San Mateo County In-Home Supportive Services Public Authority	8	Shiloh Public Cemetery District	5
San Mateo County Law Library	4	Sierra Lakes County Water District	6
San Mateo County Schools Insurance Group	10	Sierra-Sacramento Valley Emergency Medical Services Agency	17
San Mateo County Transit District	961	Silicon Valley Animal Control Authority	19
San Miguel Community Services District	7	Silicon Valley Clean Water	96
San Miguel Consolidated Fire Protection District	35	Silveyville Cemetery District	5
San Simeon Community Services District	1	Solano County Mosquito Abatement District	9
Sanger Cemetery District	7	Solano County Water Agency	18
Sanitary District No 1 of Marin County	43	Solano Irrigation District	101
Sanitary District No. 5 of Marin County	12	Solano Transportation Authority	28
Santa Ana River Flood Protection Agency	0	Soledad Community Health Care District	0
Santa Ana Unified School District	2,490	Sonoma County Library	179
Santa Ana Watershed Project Authority	27	Sonoma Marin Area Rail Transit District	40
Santa Barbara County Law Library	2	Sonoma State Enterprises, Inc.	11
Santa Barbara County Special Education Local Plan Area	219	Sonoma Student Union Corporation	1
Santa Barbara Regional Health Authority	244	Soquel Creek Water District	53
Santa Clara County Central Fire Protection District	280	South Bay Regional Public Communications Authority	104
Santa Clara County Health Authority	211	South Central Los Angeles Regional Center for Developmentally Disabled Persons	339
Santa Clara County Law Library	5	South Coast Water District	102
Santa Clara County Open Space Authority	25	South County Support Services Agency	36
Santa Clara County Schools Insurance Group	8	South Feather Water and Power Agency	60
Santa Clara Valley Transportation Authority	815	South Kern Cemetery District	6
Santa Clara Valley Water District	791	South Orange County Wastewater Authority	75
Santa Clarita Valley School Food Services Agency	148	South Placer Fire District	53
Santa Cruz County Law Library	2	South Placer Municipal Utility District	25
Santa Cruz County Regional Transportation Commission	28	South San Joaquin Irrigation District	108
Santa Cruz Local Agency Formation Commission	1	South San Luis Obispo County Sanitation District	13
Santa Cruz Metropolitan Transit District	422	South Tahoe Public Utility District	123
Santa Cruz Port District	37	Southeast Area Social Services Funding Authority	114
Santa Cruz Regional 9-1-1	100	Southern California Association of Governments	249
Santa Fe Irrigation District	48	Southern California Library Cooperative	15
Santa Margarita Water District	168	Southern California Public Power Authority	14
Santa Maria Public Airport District	16	Southern California Regional Rail Authority	356
Santa Monica Community College District	704	Southern San Joaquin Municipal Utility District	13
Santa Nella County Water District	8	Southern Sonoma County Resource Conservation District	9
Santa Paula City Housing Authority	7	Southwest Transportation Agency	88
Santa Ynez River Water Conservation Dist., Improvement District No. 1	19	Special District Risk Management Authority	24
Sausalito-Marín City Sanitary District	13	Squaw Valley Public Service District	32
School Risk And Insurance Management Group	8	Stallion Springs Community Services District	15
Schools Excess Liability Fund	11	Stanislaus Consolidated Fire Protection District	60
Schools Insurance Authority	82	Stanislaus County Housing Authority	113
Scotts Valley Fire Protection District	25	State and Federal Contractors Water Agency	5
Scotts Valley Water District	25	State Bar of California	832
Selma Cemetery District	8	State Water Contractors	9
Selma-Kingsburg-Fowler County Sanitation District	28	Stege Sanitary District	12
Serrano Water District	16	Stinson Beach County Water District	12
Sewer Authority Mid-Coastside	16	Stockton East Water District	41
Sewerage Commission--Oroville Region	9	Stockton Unified School District	1,799
Shafter Wasco Irrigation District	10	Strawberry Recreation District	16

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Student Union, San Bernardino, California State University	30	University Student Union California State University Stanislaus	6
Successor Agency to the Redevelopment Agency of the City of Fresno	6	Upland City Housing Authority	25
Suisun Fairfield Rockville Cemetery District	12	Upper San Gabriel Valley Municipal Water District	12
Suisun Fire Protection District	1	Vacaville Fire Protection District	7
Suisun Resource Conservation District	10	Vacaville-Elmira Cemetery District	7
Summit Cemetery District	10	Vallecitos Water District	122
Sunnyslope County Water District	21	Vallejo Sanitation and Flood Control District	92
Susanville Sanitary District	11	Valley Center Municipal Water District	69
Sutter Cemetery District	17	Valley County Water District	29
Sweetwater Authority	175	Valley Mountain Regional Center, Inc.	441
Sweetwater Springs Water District	13	Valley of The Moon Water District	21
Sylvan Cemetery District	7	Valley Sanitary District	31
Tahoe City Public Utility District	74	Valley Springs Public Utility District	4
Tahoe Resource Conservation District	69	Valley-Wide Recreation and Park District	198
Tahoe Transportation District	0	Vandenberg Village Community Services District	11
Tahoe-Truckee Sanitation Agency	59	Ventura County Law Library	8
Tehachapi Valley Recreation And Park District	15	Ventura County Schools Business Services Authority	14
Tehachapi-Cummings County Water District	21	Ventura County Schools Self-Funding Authority	8
Tehama County Mosquito Abatement District	6	Ventura County Transportation Commission	28
Templeton Community Services District	30	Ventura Port District	51
Thermalito Water and Sewer District	11	Ventura River County Water District	9
Three Arch Bay Community Services District	0	Veterans Home of California Post Fund	10
Three Rivers Community Services District	2	Victor Valley Wastewater Reclamation Authority	54
Three Valleys Municipal Water District	28	Visalia Public Cemetery District	6
Tiburon Fire Protection District	29	Vista Irrigation District	111
Torrance City Redevelopment Agency	0	Walnut Valley Water District	65
Trabuco Canyon Water District	34	Wasco Recreation and Park District	12
Tracy Rural County Fire Protection District	1	Washington Colony Cemetery District	3
Transbay Joint Powers Authority	15	Water Employee Services Authority	228
Transportation Agency for Monterey County	14	Water Facilities Authority	9
Treasure Island Development Authority	0	Water Replenishment District of Southern California	50
Tri-City Mental Health Center	353	Weaverville Community Services District	9
Tri-Counties Association for the Developmentally Disabled	457	Weaverville Sanitary District	3
Tri-County Schools Insurance Group	6	West Almanor Community Services District	1
Tri-Dam Project	27	West Basin Municipal Water District	45
Trindel Insurance Fund	10	West Bay Sanitary District	32
Trinity County Waterworks District #1	4	West Cities Communication Center	32
Trinity Public Utilities District	24	West Contra Costa Integrated Waste Management Authority	6
Truckee Donner Public Utility District	74	West Contra Costa Transportation Advisory Committee	4
Truckee Fire Protection District	48	West County Transportation Agency	175
Truckee Sanitary District	42	West County Wastewater District	71
Truckee Tahoe Airport District	48	West End Communications Authority	0
Tulare Mosquito Abatement District	5	West Kern Water District	49
Tulare Public Cemetery District	10	West Stanislaus Irrigation District	16
Tuolumne Fire District	3	West Valley Mosquito and Vector Control District	24
Tuolumne Utilities District	82	West Valley Sanitation District of Santa Clara County	31
Turlock Mosquito Abatement District	14	West Valley Water District	72
Twain Harte Community Services District	15	West Valley-Mission Community College District	474
Twentynine Palms Water District	38	Westborough Water District	6
Twin Rivers Unified School District	1,629	Western Contra Costa Transit Authority	7
Ukiah Valley Fire District	9	Western Municipal Water District	176
Union Public Utility District	10	Western Riverside Council of Governments	39
Union Sanitary District	159	Westlands Water District	143
United Water Conservation District	78	Westwood Community Services District	6
University Enterprises Corporation at CSUSB	286	Wheeler Ridge-Maricopa Water Storage District	54
University Enterprises, Inc.	276	Wildomar Cemetery District	1
		Willow County Water District	7

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits *(continued)*

Willow Creek Community Services District	5	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	8
Windsor Fire Protection District	17	Yolo Emergency Communications Agency	60
Winterhaven Water District	5	Yolo-Solano Air Quality Management District	35
Winters Cemetery District	3	Yorba Linda Water District	91
Winters Fire Protection District	2	Yuba Community College District	273
Winton Water and Sanitary District	9	Yuba County Water Agency	43
Woodbridge Rural County Fire Protection District	46	Yuba Sutter Transit Authority	5
Woodlake Fire District	2	Yucaipa Valley Water District	79
Woodside Fire Protection District	54	Yuima Municipal Water District	11
Yolo County Federal Credit Union	98		
Yolo County Housing Authority	57		

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 2013-14, the Board approved an employer contribution rate of 38.381%. 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 members 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	5	6
Constitutional Officers	10	7	17
Legislative Statutory Officers	—	4	4
TOTAL	11	16	27

LRS BENEFIT RECIPIENTS BY RETIREMENT TYPE

Category	Retired LRS	Survivors & Beneficiaries	TOTAL
Members of Legislature			
Service Retirement	114	111	225
Disability Retirement	—	7	7
Pre-Retirement Option 2	—	2	2
TOTAL MEMBERS OF LEGISLATURE	114	120	234
Constitutional Officers			
Service Retirement	7	4	11
Disability Retirement	1	—	1
Pre-Retirement Option 2	—	—	—
TOTAL CONSTITUTIONAL OFFICERS	8	4	12
Legislative Statutory Officers			
Service Retirement	—	1	1
Disability Retirement	—	—	—
Pre-Retirement Option 2	—	—	—
TOTAL LEGISLATIVE STATUTORY OFFICERS	—	1	1
TOTAL	122	125	247

LRS BENEFIT PAYMENTS BY TYPE

Category	Amount Paid
Service Retirement	\$7,231,682
Disability Retirement	182,259
Beneficiary Death Benefits	1,800
Beneficiary Death Benefits/Allowance	66,499
TOTAL	\$7,482,240

Legislators' Retirement System Program Data (continued)

LRS Average Benefit Payments – As of June 30, 2014 | Ten-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2013/2014							
Average Monthly Allowance ¹	\$1,074	\$552	N/A	N/A	N/A	N/A	N/A
Average Final Compensation	\$2,342	\$780	N/A	N/A	N/A	N/A	N/A
Number of Recipients ¹	1	3	—	—	—	—	—
2012/2013							
Average Monthly Allowance ¹	N/A	\$4,479	\$2,103	\$6,699	N/A	N/A	N/A
Average Final Compensation	N/A	\$13,008	\$4,375	\$8,812	N/A	N/A	N/A
Number of Recipients ¹	—	2	1	2	—	—	—
2011/12²							
Average Monthly Allowance ¹	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Number of Recipients ¹	—	—	—	—	—	—	—
2010/11							
Average Monthly Allowance ¹	\$0	\$4,258	\$2,103	\$0	\$8,206	\$0	\$0
Average Final Compensation	\$0	\$6,481	\$4,375	\$0	\$9,215	\$0	\$0
Number of Recipients ¹	—	3	1	—	1	—	—
2009/10							
Average Monthly Allowance ¹	\$0	\$435	\$1,759	\$6,604	\$4,965	\$3,842	\$4,452
Average Final Compensation	\$0	\$1,600	\$0	\$13,767	\$0	\$0	\$0
Number of Recipients ¹	—	4	1	1	1	1	1
2008/09							
Average Monthly Allowance ¹	\$0	\$0	\$1,250	\$2,957	\$6,456	\$0	\$0
Average Final Compensation	\$0	\$0	\$0	\$0	\$9,684	\$0	\$0
Number of Recipients ¹	—	—	2	1	2	—	—
2007/08							
Average Monthly Allowance ¹	\$0	\$2,212	\$1,250	\$0	\$1,710	\$0	\$0
Average Final Compensation	\$0	\$7,858	\$0	\$0	\$0	\$0	\$0
Number of Recipients ¹	—	2	3	—	2	—	—
2006/07							
Average Monthly Allowance ¹	\$0	\$2,134	\$310	\$5,717	\$4,921	\$0	\$0
Average Final Compensation	\$0	\$8,434	\$0	\$8,250	\$9,240	\$0	\$0
Number of Recipients ¹	—	6	9	1	2	—	—
2005/06							
Average Monthly Allowance ¹	\$704	\$441	\$2,011	\$1,042	\$4,404	\$0	\$0
Average Final Compensation	\$0	\$0	\$4,375	\$0	\$0	\$0	\$0
Number of Recipients ¹	2	4	2	1	3	—	—
2004/05							
Average Monthly Allowance ¹	\$565	\$1,053	\$935	\$1,067	\$5,358	\$0	\$0
Average Final Compensation	\$4,375	\$4,375	\$0	\$0	\$8,714	\$0	\$0
Number of Recipients ¹	1	1	1	5	5	—	—

Notes:

¹ These averages and totals are for retired members, survivors, beneficiaries, and community property recipients.

² 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	277
Deferred Retirement	8
TOTAL ACTIVE & DEFERRED MEMBERS	285

JRS BENEFIT RECIPIENTS BY RETIREMENT TYPE

Category	Retired Judges	Survivors & Beneficiaries	TOTAL
Service Retirement	854	303	1,157
Disability Retirement	42	58	100
Deferred Retirement	444	154	598
Industrial Disability Retired	1	—	1
Pre-Retirement Death	—	66	66
TOTAL	1,341	581	1,922

JRS BENEFIT PAYMENTS BY TYPE

Category	Amount Paid
Service Retirement	\$156,136,276
Disability Retirement	5,373,966
Beneficiary Death Benefits/Life Allowance	27,050,947
Extended Service Incentive Program	5,363,606
TOTAL	\$193,924,795

Judges' Retirement System Program Data (continued)

JRS Average Benefit Payments – As of June 30, 2014 | Ten-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2013/14							
Average Monthly Allowance ¹	N/A	\$3,723	\$5,343	\$7,529	\$8,959	\$10,439	\$9,800
Average Final Compensation	N/A	\$12,142	\$9,432	\$10,218	\$7,426	\$10,581	\$3,776
Number of Recipients ¹	0	9	13	12	35	16	4
2012/13							
Average Monthly Allowance ¹	\$2,233	\$3,325	\$4,546	\$9,156	\$8,434	\$8,549	\$11,147
Average Final Compensation	\$14,899	\$7,049	\$3,044	\$1,752	\$974	\$1,655	\$0
Number of Recipients ¹	2	6	9	17	33	9	4
2011/12							
Average Monthly Allowance ¹	\$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 ¹	2	4	5	20	30	9	—
2010/11							
Average Monthly Allowance ¹	\$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 ¹	3	8	10	22	41	16	4
2009/10							
Average Monthly Allowance ¹	\$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 ¹	2	11	15	45	45	8	3
2008/09							
Average Monthly Allowance ¹	\$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 ¹	1	10	11	25	50	15	4
2007/08							
Average Monthly Allowance ¹	\$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 ¹	3	6	15	38	47	15	1
2006/07							
Average Monthly Allowance ¹	\$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 ¹	2	7	16	31	33	7	2
2005/06							
Average Monthly Allowance ¹	\$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 ¹	2	7	14	16	51	10	1
2004/05							
Average Monthly Allowance ¹	\$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 ¹	3	8	17	23	59	9	2

Note:

¹ These averages and totals are for retired members, survivors, beneficiaries, and community property recipients.

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 benefit provides a lump sum payment equal to 18 percent of the Judge's monthly salary. The benefit payment is comprised of member contributions and a portion of employer contributions, plus interest.

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.

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.

Judges' Retirement System II Program Data (continued)

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 as an annuity, they have a choice of one of four optional settlement benefits to increase the survivor benefits to their eligible surviving spouse or registered domestic partner.

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	1,396
TOTAL	1,396

JRS II BENEFIT RECIPIENTS BY RETIREMENT TYPE

Category	Retired Judges	Survivors & Beneficiaries	TOTAL
Service Retirement	47	—	47
Disability Retirement	11	—	11
Surviving Spouse 50% Allowance	—	6	6
Survivor Continuance	—	4	4
Industrial Disability Retirement	3	—	3
36-month Judge's Salary	—	2	2
TOTAL	61	12	73

JRS II BENEFIT PAYMENTS BY TYPE

Category	Amount Paid
Service Retirement	\$3,739,057
Disability Retirement	1,547,607
Beneficiary Death Benefits	—
Beneficiary Death Benefits/Life Allowance	302,474
Monetary Credit	3,275,910
TOTAL	\$8,865,048

Judges' Retirement System II Program Data (continued)

JRS II Average Benefit Payments – As of June 30, 2014 | Ten-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2013/14							
Average Monthly Allowance ¹	N/A	\$4,175	\$6,457	\$8,991	\$11,274	N/A	N/A
Average Final Compensation	N/A	\$11,205	\$14,949	\$14,942	\$15,032	N/A	N/A
Number of Recipients ¹	—	4	12	4	1	—	—
2012/13							
Average Monthly Allowance ¹	\$2,024	\$7,337	\$6,449	\$8,691	\$10,168	N/A	N/A
Average Final Compensation	\$14,899	\$14,899	\$14,899	\$14,899	\$14,899	N/A	N/A
Number of Recipients ¹	3	5	3	6	1	—	—
2011/12							
Average Monthly Allowance ¹	\$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 ¹	—	3	2	4	—	—	—
2010/11							
Average Monthly Allowance ¹	\$0	\$11,423	\$8,150	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$14,899	\$14,899	\$0	\$0	\$0	\$0
Number of Recipients ¹	—	3	6	1	1	—	—
2009/10							
Average Monthly Allowance ¹	\$0	\$9,684	\$6,025	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$14,899	\$15,437	\$0	\$0	\$0	\$0
Number of Recipients ¹	—	1	4	—	—	—	—
2008/09							
Average Monthly Allowance ¹	\$14,899	\$4,476	\$0	\$0	\$0	\$0	\$0
Average Final Compensation	\$14,899	\$15,975	\$0	\$0	\$0	\$0	\$0
Number of Recipients ¹	1	2	—	—	—	—	—
2007/08							
Average Monthly Allowance ¹	\$0	\$8,624	\$7,748	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$14,638	\$15,244	\$0	\$0	\$0	\$0
Number of Recipients ¹	—	1	4	—	—	—	—
2006/07							
Average Monthly Allowance ¹	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Number of Recipients ¹	—	—	—	—	—	—	—
2005/06							
Average Monthly Allowance ¹	\$0	\$10,982	\$4,275	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$12,434	\$12,459	\$0	\$0	\$0	\$0
Number of Recipients ¹	—	3	3	—	—	—	—
2004/05							
Average Monthly Allowance ¹	\$11,987	\$7,080	\$0	\$0	\$0	\$0	\$0
Average Final Compensation	\$11,987	\$11,987	\$0	\$0	\$0	\$0	\$0
Number of Recipients ¹	1	2	—	—	—	—	—

Note:

¹ These averages and totals are for retired members, survivors, beneficiaries, and community property recipients.

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Statistical Section: Other Programs

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Expenses & Revenues – Enterprise Funds

Health Care Fund/Contingency Reserve Fund | 10-Year Review (Dollars in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES										
Premiums	\$2,831,603	\$1,921,838	\$1,846,210	\$1,709,975	\$1,362,081	\$1,586,942	\$1,509,064	\$1,390,819	\$2,844,527	\$2,625,753
Federal Government Subsidies	43,900	22,375	—	—	—	—	—	—	—	—
Federal Government Reimbursements	—	17	32,710	42,583	—	—	—	—	—	—
Administrative Fees & Other	24,899	17,809	25,490	23,956	22,528	25,633	14,928	16,509	13,140	16,808
Total Operating Revenue	\$2,900,402	\$1,962,039	\$1,904,410	\$1,776,514	\$1,384,609	\$1,612,575	\$1,523,992	\$1,407,328	\$2,857,667	\$2,642,561
OPERATING EXPENSES										
Actual & Estimated Claims	\$2,710,749	\$1,840,863	\$1,728,231	\$1,728,156	\$1,572,084	\$1,461,601	\$1,314,531	\$1,212,706	\$2,764,736	\$2,546,680
Administrative Expenses	221,878	132,556	124,116	115,839	117,357	112,799	103,504	95,625	84,035	83,011
Total Operating Expenses	\$2,932,627	\$1,973,419	\$1,852,347	\$1,843,995	\$1,689,441	\$1,574,400	\$1,418,035	\$1,308,331	\$2,848,771	\$2,629,691
OPERATING INCOME (LOSS)	(\$32,225)	(\$11,380)	\$52,063	(\$67,481)	(\$304,832)	\$38,175	\$105,957	\$98,997	\$8,896	\$12,870
NON-OPERATING REVENUES										
Investment Income	\$20,846	\$4,964	\$34,342	\$23,440	\$48,611	\$25,502	\$42,616	\$29,348	\$23,078	\$12,858
Securities Lending Income	15	41	54	—	—	—	—	—	—	—
Total Non-Operating Revenues	\$20,861	\$5,005	\$34,396	\$23,440	\$48,611	\$25,502	\$42,616	\$29,348	\$23,078	\$12,858
NON-OPERATING EXPENSES										
Cost of Lending Securities	\$3	\$8	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Investment Expenses	157	\$87	76	—	—	—	—	—	—	—
Total Non-Operating Expenses	\$160	\$95	\$88	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NON-OPERATING INCOME	\$20,701	\$4,910	\$34,308	\$23,440	\$48,611	\$25,502	\$42,616	\$29,348	\$23,078	\$12,858
CHANGE IN UNRESTRICTED NET POSITION	(\$11,524)	(\$6,470)	\$86,371	(\$44,041)	(\$256,221)	\$63,677	\$148,573	\$128,345	\$31,974	\$25,728
TOTAL UNRESTRICTED NET POSITION										
Beginning of Year	\$455,082	\$461,552	\$375,181	\$419,222	\$675,443	\$611,766	\$463,193	\$334,848	\$302,874	\$277,146
End of Year	\$443,558	\$455,082	\$461,552	\$375,181	\$419,222	\$675,443	\$611,766	\$463,193	\$334,848	\$302,874

Expenses & Revenues – Enterprise Funds (continued)

Long-Term Care Fund | 10-Year Review (Dollars in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES										
Self-Insurance Premiums	\$286,571	\$307,812	\$313,466	\$314,099	\$285,948	\$296,529	\$299,489	\$241,495	\$243,690	\$241,663
Total Operating Revenue	\$286,571	\$307,812	\$313,466	\$314,099	\$285,948	\$296,529	\$299,489	\$241,495	\$243,690	\$241,663
OPERATING EXPENSES										
Claims	\$225,691	\$198,185	\$174,896	\$156,118	\$133,042	\$116,191	\$101,349	\$87,324	\$78,007	\$65,369
Increase (Decrease) in Estimated Liabilities	345,547	(631,804)	1,063,318	(115,600)	(208,200)	469,800	(600,900)	487,800	219,400	840,700
Administrative Expenses	22,946	21,819	21,718	21,303	19,663	18,421	18,479	18,198	17,053	16,285
Total Operating Expenses	\$594,184	(\$411,800)	\$1,259,932	\$61,821	(\$55,495)	\$604,412	(\$481,072)	\$593,322	\$314,460	\$922,354
OPERATING INCOME (LOSS)	(\$307,613)	\$719,612	(\$946,466)	\$252,278	\$341,443	(\$307,883)	\$780,561	(\$351,827)	(\$70,770)	(\$680,691)
NON-OPERATING REVENUES										
Investment Income	\$393,354	\$119,607	\$114,947	\$537,156	\$351,745	(\$369,021)	(\$73,039)	\$281,068	\$121,703	\$124,474
Securities Lending Income	—	909	1,624	—	—	—	—	—	—	—
Total Non-Operating Revenues	\$393,354	\$120,516	\$116,571	\$537,156	\$351,745	(\$369,021)	(\$73,039)	\$281,068	\$121,703	\$124,474
NON-OPERATING EXPENSES										
Cost of Lending Securities	\$0	\$120	\$274	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Investment Expenses	1,615	1,160	540	—	—	—	—	—	—	—
Total Non-Operating Expenses	\$1,615	\$1,280	\$814	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NON-OPERATING INCOME (LOSS)	\$391,739	\$119,236	\$115,757	\$537,156	\$351,745	(\$369,021)	(\$73,039)	\$281,068	\$121,703	\$124,474
CHANGE IN UNRESTRICTED NET POSITION	\$84,126	\$838,848	(\$830,709)	\$789,434	\$693,188	(\$676,904)	\$707,522	(\$70,759)	\$50,933	(\$556,217)
TOTAL UNRESTRICTED NET POSITION										
Beginning of Year	\$679,122	(\$159,726)	\$670,983	(\$118,451)	(\$811,639)	(\$134,735)	(\$842,257)	(\$771,498)	(\$822,431)	(\$266,214)
End of Year	\$763,248	\$679,122	(\$159,726)	\$670,983	(\$118,451)	(\$811,639)	(\$134,735)	(\$842,257)	(\$771,498)	(\$822,431)

Health Benefits Program Data

Total Enrollments by Health Plan

	Basic			Medicare			Total Enrollments (Subs) ¹
	Active	Retired	TOTAL	Active	Retired	TOTAL	
Anthem EPO	247	15	262	—	1	1	263
Anthem HMO Select	3,163	221	3,384	—	16	16	3,400
Anthem HMO Traditional	2,690	264	2,954	—	42	42	2,996
Blue Shield Access+	59,314	13,933	73,247	5	22,405	22,410	95,657
Blue Shield EPO	442	179	621	—	259	259	880
Blue Shield NetValue	68,716	9,812	78,528	—	5,123	5,123	83,651
CAHP	6,313	2,121	8,434	—	2,653	2,653	11,087
CCPOA	9,428	2,074	11,502	—	481	481	11,983
Health Net Salud y Mas	229	9	238	—	7	7	245
Health Net SmartCare	138	11	149	—	3	3	152
Kaiser	154,489	30,289	184,778	10	59,309	59,319	244,097
Kaiser/Out Of State	13	313	326	—	1,252	1,252	1,578
Pers Choice	55,706	23,089	78,795	4	41,976	41,980	120,775
Pers Select	16,601	1,296	17,897	—	884	884	18,781
Perscare	7,517	3,588	11,105	3	39,004	39,007	50,112
PORAC	6,572	2,582	9,154	—	1,273	1,273	10,427
Sharp	461	34	495	—	24	24	519
UnitedHealthcare	1,951	187	2,138	—	142	142	2,280
TOTAL	393,990	90,017	484,007	22	174,854	174,876	658,883

Five-Year Enrollments

Members	2014	2013	2012	2011	2010
Total Covered Lives	1,386,882	1,374,794	1,373,606	1,354,987	1,309,902
Subscribers	658,883	646,110	639,682	631,413	624,996

Basic & Supplemental Health Plan Total Enrollments

Medicare	Basic			Medicare			Total Enrollments (Subs) ¹
	Active	Retired	TOTAL	Active	Retired	TOTAL	
HMO	291,853	55,267	347,120	15	88,583	88,598	435,718
PPO	79,824	27,973	107,797	7	81,864	81,871	189,668
ASN	22,313	6,777	29,090	0	4,407	4,407	33,497
TOTAL	393,990	90,017	484,007	22	174,854	174,876	658,883

Participating Public Agency Summary

	2014 ²	2013 ²
Counties	29	29
Cities	305	303
School Employers	150*	152
Districts & Other Public Agencies	665*	670
TOTAL	1,149	1,154
TOTAL COVERED LIVES	572,361	565,130

Note:

¹ Total Enrollments (Subs) shows health plan subscribers only, not the dependents. The total covered lives — 1,386,882 — is shown in the Five Year Enrollments table above.

² Participating Public Agencies data was collected from year end enrollment, and includes agencies with at least one subscriber.

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	316	Nevada	2,233
Butte	4,164	Placer	7,866
Colusa	493	Plumas	360
Contra Costa	3,384	Riverside	2,900
Glenn	1,027	San Benito	1,059
Humboldt	3,156	San Luis Obispo	4,517
Inyo	1,179	Santa Cruz	6,007
Lake	142	Shasta	3,839
Lassen	518	Siskiyou	1,646
Madera	2,909	Solano	5,245
Mariposa	983	Trinity	643
Modoc	427	Tuolumne	1,046
Mono	919	Yolo	3,750
Monterey	10,739	Yuba	1,898
Napa	3,644	Total Covered Lives	77,009

Cities (305 total)

Agoura Hills	117	Buena Park	779
Alameda	1,729	Burbank	3,177
Albany	227	Burlingame	895
Alhambra	994	Calabasas	247
Aliso Viejo	32	California City	120
American Canyon	206	Calimesa	1
Angels	120	Calistoga	99
Antioch	888	Camarillo	332
Arcadia	842	Campbell	316
Arroyo Grande	317	Canyon Lake	3
Artesia	101	Capitola	146
Atherton	151	Carlsbad	1,754
Atwater	274	Carmel-By-The-Sea	188
Auburn	172	Carpinteria	113
Avalon	211	Carson	1,106
Avenal	7	Cathedral City	663
Azusa	588	Cerritos	794
Baldwin Park	441	Chino	653
Barstow	404	Chino Hills	118
Bell	342	Citrus Heights	465
Bellflower	313	Clayton	66
Belmont	316	Coachella City	167
Belvedere	65	Colma	171
Beverly Hills	2,535	Colton	176
Biggs	21	Colusa	56
Bishop	204	Commerce	653
Blythe	276	Compton	1,727
Brawley	204	Concord	1,674
Brea	1,005	Corona	2,443
Brentwood	823	Coronado	559
Brisbane	247	Corte Madera	209
Buellton	36	Costa Mesa	1,415

Covina	420	Irwindale	387
Crescent City	97	Jackson	98
Cudahy	73	La Canada Flintridge	54
Culver City	2,330	La Habra	615
Cupertino	476	La Habra Heights	26
Cypress	414	La Mesa	768
Daly City	1,185	La Mirada	312
Dana Point	125	La Palma	132
Davis	1,066	La Puente	145
Del Rey Oaks	24	La Quinta	196
Diamond Bar	113	Laguna Niguel	148
Dixon	168	Laguna Woods	8
Downey	1,183	Lake Elsinore	283
Duarte	157	Lake Forest	157
Dublin	307	Lakewood	278
Eastvale	16	Larkspur	192
El Cajon	669	Lathrop	179
El Monte	969	Lawndale	86
El Segundo	1,104	Lemon Grove	160
Elk Grove	707	Lemoore	178
Emeryville	213	Lincoln	479
Encinitas	583	Live Oak	52
Etna	8	Lodi	1,210
Fairfax	64	Loma Linda	140
Fillmore	42	Lomita	103
Firebaugh	105	Lompoc	980
Fort Jones	7	Loomis	31
Fountain Valley	766	Los Alamitos	165
Fremont	2,355	Los Altos	298
Fullerton	379	Los Altos Hills	54
Galt	259	Los Banos	538
Garden Grove	1,810	Los Gatos	476
Gilroy	722	Lynwood	526
Glendora	374	Malibu	178
Goleta	79	Mammoth Lakes	162
Grand Terrace	23	Manhattan Beach	744
Grass Valley	289	Manteca	1,091
Gridley	159	Marina	228
Grover Beach	165	Martinez	221
Guadalupe	60	Maywood	51
Half Moon Bay	34	Menifee	79
Hanford	502	Menlo Park	646
Hawaiian Gardens	249	Millbrae	272
Hawthorne	909	Milpitas	1,346
Hayward	2,790	Mission Viejo	256
Hercules	144	Modesto	420
Hesperia	223	Montague	10
Hidden Hills	3	Monte Sereno	8
Highland	57	Montebello	1,280
Hillsborough	311	Monterey	1,198
Hollister	382	Moorpark	181
Huntington Beach	1,445	Moreno Valley	565
Huntington Park	750	Morgan Hill	428
Imperial Beach	123	Morro Bay	287
Indian Wells	139	Mountain View	760
Indio	736	Mt. Shasta	31
lone	34	Murrieta	805

Health Benefits Program Data (continued)

Cities (continued)

Napa	252	Rancho Mirage	256	Sand City	21	Tulelake	8
Newark	249	Rancho Santa Margarita	54	Santa Ana	1,911	Tustin	713
Newport Beach	2,027	Red Bluff	207	Santa Clara	1,932	Twentynine Palms	54
Norco	251	Redlands	1,332	Santa Clarita	755	Ukiah	14
Norwalk	765	Redwood City	1,805	Santa Cruz	2,086	Union City	627
Novato	297	Rialto	988	Santa Fe Springs	857	Upland	655
Oakdale	195	Richmond	2,918	Santa Maria	888	Vacaville	2,090
Oakland	14,190	Ridgecrest	165	Santa Monica	743	Vallejo	1,808
Ojai	108	Rio Vista	104	Santa Paula	146	Villa Park	18
Ontario	3,404	Rocklin	761	Santa Rosa	1,179	Walnut	87
Orange	1,749	Rolling Hills	16	Saratoga	161	Weed	66
Orinda	83	Rolling Hills Estates	44	Sausalito	187	West Covina	1,161
Oxnard	2,297	Rosemead	149	Scotts Valley	211	West Hollywood	433
Pacific Grove	153	Roseville	3,675	Seal Beach	291	West Sacramento	795
Pacifica	231	Ross	50	Selma	311	Westlake Village	55
Palm Desert	481	Salinas	1,327	Shasta Lake	124	Westminster	797
Palm Springs	340	San Anselmo	103	Sierra Madre	175	Wildomar	31
Palo Alto	3,899	San Carlos	224	Signal Hill	361	Williams	62
Paradise	251	San Clemente	513	Simi Valley	1,664	Willows	89
Paramount	279	San Dimas	151	Solana Beach	122	Winters	69
Pasadena	4,492	San Fernando	467	Solvang	75	Woodland	1,062
Patterson	303	San Francisco	86	South El Monte	118	Woodside	48
Perris	249	San Gabriel	491	South Gate	917	Yorba Linda	253
Petaluma	860	San Jacinto	6	South Pasadena	390	Yountville	73
Pico Rivera	536	San Juan Capistrano	209	Stanton	77	Yreka	94
Piedmont	327	San Leandro	1,131	Suisun City	189	Yuba City	230
Pinole	333	San Luis Obispo	987	Sunnyvale	2,999	Yucaipa	94
Pismo Beach	232	San Marcos	236	Temecula	310	Yucca Valley	71
Placentia	482	San Marino	242	Temple City	120	Total Covered Lives	185,385
Pomona	1,893	San Mateo	1,582	Thousand Oaks	1,015		
Port Hueneme	265	San Pablo	380	Tiburon	76		
Portola Valley	31	San Rafael	1,272	Torrance	3,868		
Rancho Cordova	132	San Ramon	682	Truckee	210		

Districts & Other Public Agencies (665 total)

Academic Senate for California Community Colleges	4	Antelope Valley Mosquito and Vector Control District	14
Agoura Hills and Calabasas Community Center	14	Antioch Charter Academy II	27
Alameda Corridor Transportation Authority	25	Apple Valley Fire Protection District	124
Alameda County Fire Department	1,717	Aptos/La Selva Fire Protection Agency	139
Alameda County Law Library	27	Arbuckle-College City Fire Protection District	4
Alameda County Mosquito Abatement District	53	Arcade Creek Recreation and Park District	8
Alameda County Schools Insurance Group	4	Arcata Fire Protection District	84
Alameda County Transportation Commission	70	Area 12 Agency On Aging	16
Alameda County Waste Management Authority	134	Arrowbear Park County Water District	20
Alameda County Water District	825	Arroyo Grande District Cemetery	6
Albany Municipal Services Joint Powers Authority	51	Associated Students California State University San Bernardino	10
Alhambra Redevelopment Agency	1	Associated Students Inc California State University East Bay	31
Alliance Of Schools For Cooperative Insurance Programs	54	Associated Students Incorporated of California State University Stanislaus	8
Alpine Fire Protection District	59	Associated Students, Inc.	1
Alpine Springs County Water District	9	Association of Bay Area Governments	222
Altadena Library District	35	Association of Monterey Bay Area Governments	17
Amador County Superior Court	21	Atascadero Cemetery District	8
American Canyon Fire Protection District	61	Auburn Public Cemetery District	18
Anderson Cemetery District	3	Aztec Shops, Ltd.	159
Anderson Fire Protection District	31		

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Bardsdale Cemetery District	3	California State University-Fresno Association, Inc.	317
Bay Area Air Quality Management District	967	Calleguas Municipal Water District	247
Bay Area Library And Information System	2	Camarillo Health Care District	34
Bay Area Water Supply and Conservation Agency	32	Cambria Cemetery District	2
Beach Cities Health District	98	Cambria Community Healthcare District	28
Bear Mountain Recreation And Park District	14	Cambria Community Services District	110
Bear Valley Community Healthcare District	189	Cameron Park Community Services District	23
Beaumont District Library	12	Capistrano Bay Community Services District	4
Beaumont-Cherry Valley Recreation And Park District	14	Capitol Area Development Authority	84
Beaumont-Cherry Valley Water District	101	Carmel Highlands Fire Protection District of Monterey County	2
Bella Vista Water District	96	Carmel Regional Fire Ambulance Authority	1
Belmont Fire Protection District	66	Carmichael Water District	104
Belmont-San Carlos Fire Department	81	Carpinteria Public Cemetery District	4
Belvedere-Tiburon Joint Recreation	3	Castaic Lake Water Agency	299
Belvedere-Tiburon Library Agency	12	Castro Valley County Fire Protection District	1
Ben Lomond Fire Protection District	2	Castro Valley Sanitary District	67
Benicia City Housing Authority	35	Castroville Community Services District	20
Bennett Valley Fire Protection District	4	Cayucos Sanitary District	9
BETA Healthcare Group Risk Management Authority	149	Cayucos-Morro Bay Cemetery District	8
Big Bear Area Regional Wastewater Agency	46	Central Calaveras Fire and Rescue Protection District	6
Big Bear City Airport District	21	Central Coast Water Authority	91
Big Bear City Community Services District	267	Central Contra Costa Transit Authority	445
Black Gold Cooperative Library System	12	Central County Fire Department	381
Blanchard/Santa Paula Public Library District	9	Central Fire Protection District of Santa Cruz County	245
Bonita-Sunnyside Fire Protection District	66	Central Marin Police Authority	232
Boulder Creek Fire Protection District	7	Central Marin Sanitation Agency	129
Branciforte Fire Protection District	15	Central Plumas Recreation and Park District	3
Brannan-Andrus Levee Maintenance District	6	Central Sierra Child Support Agency	80
Buena Park Library District	41	Central Valley Regional Center, Inc.	568
Butte County Air Quality Management District	24	Cesar Chavez Student Center, Inc	51
Butte County Association Of Governments	40	Channel Islands Beach Comm. Svcs. Dist	18
Butte County In-Home Supportive Services Public Authority	7	Chester Public Utility District	39
Butte County Law Library	3	Children and Families Commission of San Luis Obispo County	2
Butte County Superior Court	210	Chino Basin Watermaster	19
Butte Local Agency Formation Commission	7	Chino Valley Independent Fire District	389
Byron, Brentwood, Knightsen Union Cemetery District	7	Chowchilla Cemetery District	7
Cal Poly Corporation	654	Citrus Pest Control District #2 of Riverside County	2
Calaveras County Superior Court	53	City/County Association of Governments of San Mateo County	3
Calaveras County Water District	271	Clear Creek Community Services District	36
Calaveras Public Utility District	19	Coachella Valley Association of Governments	26
Calif. State Univ. Los Angeles-Usu Board	49	Coachella Valley Mosquito and Vector Control District	149
California Authority Of Racing Fairs	15	Coachella Valley Public Cemetery District	28
California Bear Credit Union	56	Coalinga-Huron Recreation and Park District	17
California Dried Plum Board	9	Coastal Animal Services Authority	9
California Fair Services Authority	103	Coastal Developmental Services Fdn DBA Westside Regional Center	385
California Fairs Financing Authority	26	Coastside Fire Protection District	60
California Interscholastic Federation, Northern Section	2	Colusa County Superior Court	33
California Interscholastic Federation, Southern Section	54	Colusa Mosquito Abatement District	3
California Joint Powers Insurance Authority	89	Community College League of California	36
California Joint Powers Risk Management Authority	9	Conejo Recreation and Park District	192
California Municipal Utilities Association	15	Contra Costa County Law Library	8
California State And Federal Employees #20 Credit Union	8	Contra Costa County Schools Insurance Group	39
California State University East Bay, Foundation Inc.	78	Contra Costa Fire Protection District	1,677
California State University, Bakersfield Foundation	59	Contra Costa Mosquito Vector Control Dist	73
California State University, Dominguez Hills Foundation	111	Contra Costa Special Ed Local Plan Area	7
California State University, Fresno Athletic Corporation	96	Contra Costa Transportation Authority	61
California State University, Stanislaus Auxiliary and Business Services	5	Cordelia Fire Protection District Of Solano County	3

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Corning Water District	4	Fern Valley Water District	11
Costa Mesa Sanitary District	30	Florin County Water District	12
Cosumnes Community Services District	990	Foothill/Eastern Transportation Corridor Agency	175
Cottonwood Cemetery District	4	Forestville Fire Protection District	14
Cottonwood Fire Protection District	7	Forestville Water District	14
CRA/LA, A Designated Local Authority	360	Fort Bragg Fire Protection Authority	10
Crescent City Harbor District	24	Fort Ord Reuse Authority	35
Crestline Lake Arrowhead Water Agency	32	Fresno County Law Library	5
Crestline Sanitation District	52	Fresno Irrigation District	193
CSAC Excess Insurance Authority	118	Fresno-Madera Area Agency On Aging	38
Cuyama Valley Recreation District	1	Fullerton California State University Associated Students	179
Dairy Council Of California	70	Fulton El-Camino Recreation and Park District	24
Davis Cemetery District	9	Garden Valley Fire Protection District	13
Deer Springs Fire Protection District	6	Georgetown Fire Protection District	24
Del Norte Healthcare District	3	Gilsizer County Drainage District	8
Del Paso Manor Water District	13	Glen Ellen Fire Protection District	10
Del Puerto Water District	18	Glenn County Mosquito and Vector Control District	10
Del Rey Community Services District	6	Glenn County Superior Court	50
Delta Diablo	265	Gold Coast Transit	387
Delta Vector Control District	36	Golden Sierra Job Training Agency	41
Denair Community Services District	18	Goleta Cemetery District	5
Desert Healthcare District	25	Goleta Sanitary District	114
Diamond Springs/El Dorado Fire Protection District	96	Goleta West Sanitary District	22
Dominguez Hills CSU Associated Students	14	Great Basin Unified Air Pollution Control District	73
Dominguez Hills CSU Associated Students - Child Development Center	7	Greater Anaheim Special Education Local Plan Area	33
Donald P And Katherine B Loker University Student Union, Inc	20	Greater Los Angeles County Vector Control District	224
Dougherty Regional Fire Authority	18	Greater Vallejo Recreation District	85
Dublin San Ramon Services District	342	Green Valley County Water District	2
Dunnigan Water District	3	Greenfield Fire Protection District	18
Durham Mosquito Abatement District	1	Gridley Biggs Cemetery District	11
East Bay Dischargers Authority	18	Grossmont Healthcare District	26
East Bay Regional Park District	1,565	Grossmont Schools Federal Credit Union	18
East Diablo Fire District	141	Hamilton Branch Fire Protection District	2
East Palo Alto Sanitary District	29	Hamilton City Community Services District	2
East Quincy Services District	14	Harbor Developmental Disabilities Foundation, Inc.	267
East Valley Water District	206	Heartland Communications Facility Authority	7
Eastern Municipal Water District	1,732	Heritage Ranch Community Services District	31
Eastern Plumas Health Care District	296	Hesperia Fire Protection District	2
Eastern Sierra Community Service Dist.	14	Hesperia Recreation And Park District	156
Eastern Sierra Transit Authority	45	Hesperia Water District	106
Eden Township Healthcare District	1	Hilton Creek Community Services District	3
El Dorado County Fire Protection District	312	Housing Authority of The City of Alameda	89
El Dorado County Transit Authority	58	Housing Authority of the City of Eureka	24
El Dorado County Transportation Commission	12	Housing Authority of the City of Los Angeles	1,302
El Dorado Hills Community Services District	38	Housing Authority of the City of Madera	63
El Dorado Hills County Water District	256	Housing Authority of the City of South San Francisco	8
El Dorado Irrigation District	862	Housing Authority of the County of Santa Clara	375
Encina Wastewater Authority	196	Housing Authority of the County of Santa Cruz	131
Esparto Community Services District	4	Hub Cities Consortium	35
Estero Municipal Improvement District	511	Humboldt County Association of Governments	2
Fair Oaks Cemetery District	5	Humboldt County Superior Court	158
Fair Oaks Recreation & Park District	46	Humboldt No. 1 Fire Protection District of Humboldt County	32
Fairfield-Suisun Sewer District	154	Humboldt State University Center Board of Directors	128
Fallbrook Healthcare District	1	Humboldt Transit Authority	124
Feather River Air Quality Management District	20	Hydesville County Water District	1
Feather Water District	9	Idyllwild Fire Protection District	31
Felton Fire Protection District	5	Inland Empire Utilities Agency	698
		Intelcom Intelligent Telecommunications	24

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Inverness Public Utility District	14	Mendocino County Russian River Flood Control & Water Conservation Improvement District	3
Ironhouse Sanitary District	123	Menlo Park Fire Protection District	372
Irvine Ranch Water District	949	Merced County Housing Authority	64
Isla Vista Recreation and Park District	9	Mesa Water District	122
Jamestown Sanitary District	14	Metropolitan Transportation Commission	478
Jurupa Community Services District	394	Metropolitan Water District of Southern California	7,456
Kanawha Water District	5	Mid Carmel Valley Fire Protection Dist.	5
Kensington Community Services District	48	Midpeninsula Regional Open Space District	226
Kensington Fire Protection District	16	Midway City Sanitary District	115
Kentfield Fire Protection District	65	Midway Heights County Water District	7
Kenwood Fire Protection District	8	Millville Masonic and Odd Fellows Cemetery District	1
Kern County Council Of Governments	65	Mission Valley Regional Occupational Center/Program	32
Kern County Housing Authority	352	Mojave Air and Space Port	87
Kern County Law Library	8	Mojave Desert Air Quality Management	76
Kern Regional Center	524	Mojave Water Agency	96
Kirkwood Meadows Public Utility District	54	Monte Vista County Water District	65
Lake Hemet Municipal Water District	159	Montecito Fire Protection District	221
Lake Valley Fire Protection District	85	Monterey Bay Unified Air Pollution Control District	66
Lakeside Fire Protection District	196	Monterey County Law Library	1
Las Gallinas Valley Sanitary District of Marin County	70	Monterey County Regional Fire Protection District	228
Last Frontier Healthcare District	86	Monterey County Superior Court	365
Lathrop-Manteca Fire Protection District	109	Monterey County Water Resources Agency	108
Leucadia Wastewater District	59	Monterey Peninsula Airport District	102
Levee District #1 of Sutter County	3	Monterey Peninsula Regional Park District	42
Linda Fire Protection District	47	Monterey-Salinas Transit District	495
Linden-Peters Rural County Fire Protection District	33	Moraga-Orinda Fire Protection Dist.	326
Little Lake Fire Protection District	11	Morongo Basin Transit Authority	37
Littlerock Creek Irrigation District	18	Mosquito and Vector Management District of Santa Barbara County	14
Live Oak Cemetery District	2	Moss Landing Harbor District	14
Livermore/Amador Valley Transit Authority	48	Mother Lode Job Training Agency	45
Local Agency Formation Commission of Monterey County	8	Mountain Valley Emergency Medical Services Agency	3
Lompoc Cemetery District	12	Mt. View Sanitary District of Contra Costa County	54
Lompoc Healthcare District	698	Mt. San Antonio College Auxiliary Services	81
Los Angeles City Community Redevelopment Agency	2	Muir Beach Community Services District	1
Los Angeles County Area E Civil Defense And Disaster Board	2	Municipal Pooling Authority	36
Los Angeles County Law Library	116	Murrieta Fire Protection District	193
Los Angeles County Office of Education	7,057	Napa County Mosquito Abatement District	32
Los Angeles County Sanitation District No. 2	6,728	Napa County Superior Court	204
Los Angeles County West Vector Control District	74	Napa County Transportation and Planning Agency	17
Los Angeles Memorial Coliseum Commission	39	Napa Sanitation District	184
Los Osos Community Services District	16	Nevada Cemetery District	9
Lower Tule River Irrigation District	66	Nevada County Superior Court	114
Madera Cemetery District	35	Nevada Irrigation District	636
Majestic Pines Community Services District	5	Nevada-Sierra Regional IHSS Public Authority	10
Mammoth Lakes Fire District	38	Newport Beach City Employees Federal Credit Union	4
Management of Emeryville Services Authority	226	Nipomo Community Services District	60
March Joint Powers Authority	28	North Bay Regional Center	332
Marin Children and Families Commission	3	North Bay Schools Insurance Authority	42
Marin County Housing Authority	81	North Coast Railroad Authority	4
Marin Municipal Water District	896	North Coast Unified Air Quality Management District	49
Marinwood Community Services District	70	North County Fire Protection District of Monterey County	104
Maxwell Public Utility District	3	North County Fire Protection District of San Diego County	256
Mayers Memorial Hospital District	307	North County Regional Occupational Program Joint Powers Agency	5
McCloud Community Services District	30	North County Transit District	364
Meadow Vista County Water District	11	North Los Angeles County Regional Center Inc	648
Meeks Bay Fire Protection District	13	North Marin Water District	158
Meiners Oaks County Water District	9		

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

North State Cooperative Library System	3	Public Entity Risk Management Authority	11
North Tahoe Fire Protection District	189	Quincy Cemetery District	2
Northern California Power Agency	630	Quincy Community Services District	13
Northern California Special Districts Insurance Authority	4	Rainbow Municipal Water District	1
Northern Salinas Valley Mosquito Abatement District	13	Ramona Cemetery District	9
Northern Sierra Air Quality Management District	10	Rancho Cucamonga Fire Protection District	468
Northridge, Csu, Associated Students	88	Rancho Murieta Community Services District	66
Northstar Community Services District	113	Rancho Simi Recreation & Park District	202
Northwest Mosquito and Vector Control District	34	Reclamation District No. 1001	25
Novato Fire Protection District	391	Reclamation District No. 833	8
Novato Sanitary District	85	Reclamation District No. 1000	40
Oakland City Housing Authority	989	Reclamation District No. 341	3
Ocean Grove Charter School	127	Reclamation District No. 70	18
Ojai Valley Sanitary District	65	Reclamation District No. 800	10
Ophir Hill Fire Protection District	3	Reclamation District No. 1601	6
Orange County Fire Authority	864	Reclamation District No. 900	5
Orange County Vector Control District	146	Redway Community Services District	6
Oro Loma Sanitary District	162	Regional Center of the East Bay	508
Oroville Cemetery District	18	Regional Council of Rural Counties	33
Oroville Mosquito Abatement District	5	Regional Housing Authority of Sutter and Nevada Counties	71
Oxnard Harbor District	110	Regional Water Authority	20
Pacific Fire Protection District	16	Richardson Bay Sanitary District	19
Pajaro Valley Public Cemetery District	18	Rincon Del Diablo Municipal Water District	90
Palm Ranch Irrigation District	16	Riverbank City Housing Authority	5
Palm Springs Cemetery District	8	Riverdale Public Utility District	5
Palm Springs Desert Resorts Convention and Visitors Authority	86	Riverside County Transportation Commission	126
Paradise Recreation and Park District	15	Rodeo-Hercules Fire Protection District	96
Paso Robles City Housing Authority	21	Roseville Public Cemetery District	20
Peardale Chicago Park Fire Protection District	3	Ross Valley Fire Department	143
Peninsula Health Care District	4	Rubidoux Community Services District	2
Peninsula Library System	20	Sacramento Area Council of Governments	131
Peninsula Traffic Congestion Relief Alliance	23	Sacramento City Housing Authority	660
Penn Valley Fire Protection District	25	Sacramento County Public Law Library	31
Pine Cove Water District	10	Sacramento Metropolitan Air Quality Management District	170
Pine Grove Mosquito Abatement District	1	Sacramento Metropolitan Cable Television Commission	17
Pinedale County Water District	23	Sacramento Metropolitan Fire District	3,304
Pioneer Cemetery District	10	Sacramento Regional Fire/EMS Communications Center	147
Pixley Irrigation District	22	Sacramento Regional Transit District	2,555
Placer County Resource Conservation District	7	Sacramento Suburban Water District	191
Placer County Transportation Planning Agency	28	Sacramento Transportation Authority	5
Placer County Water Agency	646	Salinas Valley Solid Waste Authority	114
Placer Hills Fire Protection District	11	Salton Community Services District	25
Placer Mosquito and Vector Control District	47	San Andreas Regional Center Inc	362
Planning and Service Area II Area Agency on Aging	2	San Andreas Sanitary District	16
Pleasant Valley Recreation and Park District	77	San Benito County Water District	36
Plumas County Community Development Commission	34	San Bernardino County Housing Authority	454
Plumas Local Agency Formation Commission	2	San Bernardino County Law Library	6
Pomerado Cemetery District	12	San Bernardino Economic Development Agency	18
Pomona, Calif State Polytechnic University, Associated Students, Inc.	151	San Diego Association of Governments	710
Port of Oakland	6	San Diego County Law Library	60
Port San Luis Harbor District	79	San Diego State University Associated Students	42
Princeton-Codora-Glenn Irrigation Dist.	9	San Dieguito Water District	60
Processing Strawberry Advisory Board	5	San Elijo Joint Powers Authority	51
Processing Tomato Advisory Board	11	San Francisco Bay Area Rapid Transit District	11,907
Provident Irrigation District	6	San Francisco Bay Area Water Emergency Transportation Authority	11
Public Agency Risk Sharing Authority of California	18	San Francisco City and County Housing Authority	512
		San Francisco City and County Redevelopment Agency	283

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

San Francisco Community College District Bookstore Auxiliary	27	Solano County Mosquito Abatement District	30
San Francisco County Transportation Authority	58	Solano County Superior Court	418
San Gabriel Valley Mosquito And Vector Control District	16	Solano County Water Agency	22
San Geronio Pass Water Agency	16	Solano Transportation Authority	45
San Jacinto Valley Cemetery District	20	Sonoma Marin Area Rail Transit District	56
San Joaquin County Housing Authority	283	Sonoma State Enterprises, Inc.	1
San Joaquin County Mosquito and Vector Control District	114	Sonoma Student Union Corporation	5
San Jose State University Foundation	590	Soquel Creek Water District	152
San Jose State University, Associated Students	90	South Bay Regional Public Communications Authority	130
San Juan Water District	184	South County Area Transit	2
San Lorenzo Valley Water District	52	South Feather Water and Power Agency	216
San Luis Obispo Air Pollution Control District	34	South Orange County Wastewater Authority	191
San Luis Obispo Cal Poly Associated Students, Inc.	215	South Placer Fire District	132
San Luis Obispo Council of Governments	32	South Placer Municipal Utility District	91
San Luis Obispo County Pension Trust	11	South San Luis Obispo County Sanitation District	31
San Luis Obispo Regional Transit Authority	23	Southeast Area Social Services Funding Authority	18
San Mateo County Schools Insurance Group	9	Southern California Association of Governments	282
San Mateo County Transit District	2,042	Southern California Library Cooperative	15
San Miguel Community Services District	8	Southern California Public Power Authority	28
San Miguel Consolidated Fire Protection District	206	Southern California Regional Rail Authority	715
San Ramon Valley Fire Protection Dist.	827	Southern Humboldt Community Health Care District	52
San Simeon Community Services District	2	Southern San Joaquin Municipal Utility District	67
Sanitary District No 1 of Marin County	101	Spartan Shops, Inc	138
Sanitary District No. 5 of Marin County	28	Squaw Valley Public Service District	65
Santa Barbara Co Association Of Gov	40	St Assist Fund En, Business Ind Dev	14
Santa Barbara County Law Library	3	Stanislaus County Housing Authority	179
Santa Clara County Health Authority	339	State and Federal Contractors Water Agency	7
Santa Clara County Law Library	2	State Water Contractors	22
Santa Cruz County Regional Transportation Commission	49	Steger Sanitary District	17
Santa Cruz County Superior Court	285	Stinson Beach County Water District	23
Santa Cruz Local Agency Formation Commission	5	Stockton Port District	180
Santa Cruz Metropolitan Transit District	1,152	Strawberry Recreation District	4
Santa Cruz Port District	30	Student Union of San Jose State University	58
Santa Cruz Regional 9-1-1	118	Student Union, San Bernardino, California State University	57
Santa Fe Irrigation District	193	Suisun Resource Conservation District	18
Santa Maria Public Airport District	29	Summit Cemetery District	44
Santa Paula City Housing Authority	16	Sunnyslope County Water District	34
Saratoga Fire Protection District	20	Superior Court of California County of San Luis Obispo	205
Sausalito-Marin City Sanitary District	54	Sutter Cemetery District	30
School Personnel Credit Union	6	Sweetwater Springs Water District	20
Schools Excess Liability Fund	24	Sylvan Cemetery District	11
Scotts Valley Fire Protection District	100	Tahoe City Public Utility District	129
Scotts Valley Water District	60	Tahoe-Truckee Sanitation Agency	189
Selma-Kingsburg-Fowler County Sanitation District	94	Temecula Public Cemetery District	5
Sequoia Healthcare District	12	Templeton Community Services District	52
Shasta Area Safety Communications Agency	98	Three Arch Bay Community Services District	1
Shasta County Superior Court	360	Tiburon Fire Protection District	106
Shasta Mosquito and Vector Control District	45	Tower Foundation, San Jose State University	26
Shasta Regional Transportation Agency	10	Trabuco Canyon Water District	79
Shasta Valley Cemetery District	5	Tracy Rural County Fire Protection District	2
Sierra Lakes County Water District	14	Transbay Joint Powers Authority	28
Sierra-Sacramento Valley Emergency Medical Services Agency	29	Transportation Agency for Monterey County	13
Silicon Valley Animal Control Authority	33	Tri-Counties Association for the Developmentally Disabled	547
Silicon Valley Clean Water	248	Truckee Fire Protection District	168
Silveyville Cemetery District	5	Truckee Sanitary District	122
Siskiyou County Superior Court	104	Tulare County Housing Authority	92
Smith River Community Services District	8	Tulare Mosquito Abatement District	22

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Tuolumne Fire District	5	West Bay Sanitary District	68
Tuolumne Utilities District	294	West Cities Communication Center	34
Turlock Mosquito Abatement District	25	West Contra Costa Healthcare District	10
Twain Harte Community Services District	39	West Contra Costa Integrated Waste Management Authority	9
Ukiah Valley Fire District	6	West Contra Costa Transportation Advisory Committee	16
Union Public Utility District	16	West County Wastewater District	187
Union Sanitary District	427	Western Canal Water District	34
United Water Conservation District	134	Western Riverside Council of Governments	46
University Auxiliary & Research Services Corp.	105	Westlands Water District	428
University Corporation	352	Wildomar Cemetery District	1
University Glen Corporation	75	Willow Creek Community Services District	11
University Student Union California State University Stanislaus	15	Willows Cemetery District	6
Upland City Housing Authority	30	Wilton Fire Protection District	2
Vacaville Fire Protection District	11	Winterhaven Water District	1
Vacaville-Elmira Cemetery District	17	Winters Cemetery District	5
Vallejo Sanitation and Flood Control District	346	Winters Fire Protection District	2
Valley County Water District	101	Woodside Fire Protection District	241
Valley Mountain Regional Center, Inc.	341	Yolo County Housing Authority	109
Valley of The Moon Water District	39	Yolo County In-Home Supportive Services Public Authority	8
Valley Sanitary District	65	Yolo County Public Agency Risk Management Insurance Authority	22
Valley-Wide Recreation and Park District	54	Yolo County Superior Court	196
Ventura County Law Library	9	Yolo County Transportation District	17
Ventura County Transportation Commission	55	Yolo Emergency Communications Agency	62
Ventura Port District	87	Yolo-Solano Air Quality Management District	78
Ventura Regional Sanitation District	173	Yuba County Superior Court	87
Veterans Home of California Post Fund	10	Yuba County Water Agency	142
Victor Valley Wastewater Reclamation Authority	110	Yuba Sutter Transit Authority	10
Water Facilities Authority	26	Yuima Municipal Water District	1
Weaverville Community Services District	18	Total Covered Lives	113,554

Health Benefits Program Data (continued)

School Employers (150 total)

Acalanes Union High School District	1,358	Liberty Union High School District	1,126
Alameda City Unified School District	1,257	Little Lake City Elementary School District	867
Albany City Unified Sch Dist	963	Lodi Unified Sch Dist	3,588
Alta-Dutch Flat Union Elementary School District	11	Los Altos Elementary School District	967
Antioch Unified School District	2,580	Los Angeles Community College District	13,451
Auburn Union Elementary School District	53	Los Gatos-Saratoga Joint Union High School District	758
Baldy View Regional Occupational Program	103	Los Nietos Elementary School District	402
Bassett Unified Sch Dist	275	Lowell Joint Elementary School District	590
Bayshore Preparatory Charter School	10	Lynwood Unified School District	2,763
Berryessa Union Elementary School District	1,368	Magnolia Elementary School District	896
Beverly Hills Unified Sch Dist	842	Manteca Unified Sch Dist	42
Bonita Unified Sch Dist	1,201	Martinez Unified School District	840
Brisbane Elementary School District	101	Menlo Park City Elementary School District	456
Burbank Unified Sch Dist	2,709	Metropolitan Education District	308
Burlingame Elementary School District	315	Mill Valley Elementary School District	679
Campbell Union Elementary School District	1,001	Millbrae Elementary School District	297
Campbell Union High School District	1,697	Modesto City Elementary School District	3,008
Castaic Union Elementary Sch Dist	400	Montebello Unified School District	7,073
Centinela Valley Union High Sch Dist	1,115	Moreland Elementary Sch Dist	742
Cerritos Community College Dist	1,850	Morgan Hill Unified Sch Dist	1,081
Charter Learning Center	18	Mountain View Elementary School District	664
Chatom Union Elementary School District	18	Mt. Baldy Joint School District	11
Compton Unified School District	4,326	Mt. Diablo Unified School District	5,331
Connecting Waters	163	Mt. Pleasant Elementary Sch Dist	237
County School Service - Contra Costa Co. Schools	1,291	Mt. San Antonio Community College District	2,585
County School Service - Napa Co. Schools	287	Napa Community College Dist	614
County School Service - Sacramento Co. Schools	1,190	Napa Valley Unified School District	2,083
County School Service - San Mateo County Schools	778	Natomas Unified School District	698
County School Services - Alameda Co Schools	274	New Haven Unified Sch Dist	1,455
County Superintendent of Schools Office - Riverside Co. Schs.	3,598	Newark Unified School District	355
Culver City Unified Sch Dist	1,216	Newhall Elementary School District	821
Davis Joint Unified School District	1,007	Newman-Crows Landing Unified School District	331
Duarte Unified School District	439	North Monterey County Unified School District	529
Dublin Unified School District	361	North Orange County Community College District	3,003
El Camino Community College Dist	2,150	Ohlone Community College District	640
El Dorado Union High School District	47	Orange Unified School District	6,047
Empire Union Elementary School District	34	Orinda Union School District	440
Fairfield-Suisun Child Care Center	1	Pacifica School District	785
Fairfield-Suisun Unified School District	2,483	Palos Verdes Peninsula Unified School District	1,722
Fillmore Unified Sch Dist	930	Paradise Elementary School District	16
Foothill-De Anza Community College District	3,612	Piedmont City Unified Sch Dist	4
Fountain Valley Elementary School District	633	Pittsburg Unified School District	2,022
Fremont Unified School District	2,730	Pleasanton Unified School District	941
Fremont Union High School District	611	Ravenswood City Elementary School District	483
Garvey Elementary Sch Dist	1,027	Redwood City Elementary School District	1,255
Gavilan Joint Community College District	537	Reed Union Elementary Sch Dist	331
Hayward Unified School District	1,736	Ridgecrest Charter School	37
Healdsburg Unified School District	142	Rio Hondo Community College Dist	1,426
Hillsborough City School District	240	River Delta Joint Unified School District	243
Holtville Unified School District	2	Riverbank Unified School District	300
Howell Mountain Elementary Sch Dist	17	Ross Elementary School District	111
John Swett Unified School District	344	Ross Valley Elementary School District	326
Knightsen School District	40	Rowland Unified Sch Dist	2,485
Lakeside Joint Elementary School District	12	Sacramento City Unified Sch Dist	5,467
Las Lomitas Elementary School District	230	San Bruno Park Elementary School District	386
Las Virgenes Unified School District	1,972	San Carlos Elementary School District	337
		San Leandro Unified School District	631

Health Benefits Program Data (continued)

School Employers (continued)

San Lorenzo Unified Sch Dist	1,002	Stanislaus County Office of Education	1
San Mateo County Community College District	2,722	Stockton Unified School District	7,977
San Mateo-Foster City School District	1,308	Temple City Unified Sch Dist	732
San Rafael City Elementary Sch Dist	619	Turlock Joint Unified School District	912
San Rafael City High Sch Dist	606	Twin Rivers Unified School District	5,074
Santa Clarita Community College Dist	429	Union Elementary Sch Dist	676
Santa Maria Joint Union High Sch Dist	801	Vacaville Unified Sch Dist	1,853
Santa Monica Community College District	2,327	Valle Lindo Elementary School District	134
Santa Monica-Malibu Unified School District	3,045	Vallejo City Unified School District	2,556
Saugus Union Elementary Sch Dist	1,065	Walnut Valley Unified School District	892
Sequoia Union High School District	2,428	West Contra Costa Unified School District	7,069
Sky Mountain Charter School	175	West Covina Unified School District	1,091
Solano Community College District	1,011	Whittier City Elementary School District	1,176
Solano County Schools	437	William S. Hart Union High School District	4,312
Soledad Unified School District	705	Wiseburn Unified School District	313
Sonoma Valley Unified School District	1,000	Total Covered Lives.	196,413
South Coast Regional Occupational Program	56		
South Pasadena Unified School District	885		
South San Francisco Unified School District	1,367		
South Sutter Charter School	207		
South Whittier School District	622		
Southeast Los Angeles County Reg Occup Program	37		

Defined Contribution Plans

CalPERS provides members with three Defined Contribution Plans to save for retirement.

The CalPERS Defined Contribution Plans include:

- Deferred Compensation Plan (DCF) (previously referred to as Supplemental Income 457 Plan, (IRC 457))
- Supplemental Contributions Plan (SCP)
- State Peace Officers and Firefighters (SPOFF) Supplemental Plan.

DEFERRED COMPENSATION PLAN (DCF)

The Deferred Compensation 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 employers may adopt the DCF for the benefit of their employees.

The CalPERS Board controls the investment and administrative functions of the DCF. Assets are held in trust by the Board for the exclusive benefit of participating employees.

As of June 30, 2014, the Deferred Compensation Plan was adopted by 747 California public agencies and school districts. For a full listing of the DCF Plan participating public agencies, please visit our public agency employer page at www.calpers.ca.gov.

SUPPLEMENTAL CONTRIBUTIONS PLAN (SCP)

SCP is available to State of California employees who are members of CalPERS, and 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.

STATE PEACE OFFICERS' AND FIREFIGHTERS' SUPPLEMENTAL PLAN (SPOFF)

SPOFF (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 Plan and other specified means of asset distribution, and discharges the CalPERS Board from liability and responsibility upon Plan assets distribution.

FUND LINEUP

DCF and SCP for the Fiscal Year 2013-14 investment line-up allows participants to choose from ten target retirement date funds, or build their own portfolio with the six core funds.

The Fund lineup includes:

- Ten Target Retirement Date Funds
 - Structured with five-year increments to allow participants to target their retirement date.
 - Utilizes glide path strategy to reduce volatility risk as the member approaches retirement.
- Six 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

As of June 30, 2014, the total long-term care participant count decreased 3.5 percent to 139,947. This decrease may be attributable to the LTC program stabilization and sustainability measures and realized participant population attrition. Annual premiums as of June 30, 2014 were \$286.6 million.

The LTC program's total investment assets value was approximately \$4.1 billion, with \$225.7 million paid out in benefits to its participants during Fiscal Year 2013-14.

The total benefits paid since the LTC program's inception in 1995 through June 30, 2014 have reached approximately \$1.4 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, 2014 and five-year historical participant counts.

Long-Term Care Program Data (continued)

Comprehensive Plans

Benefit Period	LTC 1 (1995-2002)		LTC 2 (2003-2004)		LTC 3 (2005-2008)		Total
	With Inflation	No Inflation	With Inflation	No Inflation	With Inflation	No Inflation	
Lifetime	31,870	13,896	3,443	1,756	1,158	1,084	53,207
10 Year		11,878		7		4	11,889
6 Year	7,000	5,445	132	98	3,307	3,639	19,621
3 Year	9,741	6,927	925	643	2,875	897	22,008
TOTAL	48,611	38,146	4,500	2,504	7,340	5,624	106,725

Facility Only Plans

Benefit Period	LTC 1 (1995-2002)		LTC 2 (2003-2004)		LTC 3 (2005-2008)		Total
	With Inflation	No Inflation	With Inflation	No Inflation	With Inflation	No Inflation	
Lifetime	5,501	3,921	511	229	183	150	10,495
10 Year		3,168		1			3,169
6 Year	1,923	1,631	35	34	231	885	4,739
3 Year	4,380	3,549	149	165	686	320	9,249
TOTAL	11,804	12,269	695	429	1,100	1,355	27,652

Partnership Plans with Inflation

Benefit Period	LTC 1 (1995-2002)	LTC 2 (2003-2004)	LTC 3 (2005-2008)	Total
2 Year	3,027	161	65	3,253
1 Year	1,781	82	37	1,900
6 Month	142	10	1	153
TOTAL	4,950	253	103	5,306

LTC 4¹ Comprehensive and Partnership Plans

Benefit Period	5% Compound Inflation	3% Compound Inflation	5% Simple Inflation	3% Simple Inflation	Benefit Increase Offer	No Inflation	Total
10 Year	2	4	—	27	12	2	47
6 Year	2	18	3	67	8	1	99
3 Year	12	17	2	71	6	5	113
2 Year	3	—	—	—	—	—	3
1 Year	2	—	—	—	—	—	2
TOTALS	21	39	5	165	26	8	264

Note:

¹ LTC 4 opened for enrollment in December 2013.

Five-Year Historical Participant Counts

	2014	2013	2012	2011	2010
TOTAL COVERED LIVES	139,947	144,933	150,330	154,634	159,528

Compliance Section

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(First Line of Defense)

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Summary

The California Public Employees’ Retirement System (CalPERS) first developed the Annual Compliance Report to communicate our compliance initiatives and accomplishments. Enterprise compliance at CalPERS helps achieve Strategic Plan Goal B: to cultivate a high-performing, risk-intelligent and innovative organization. This report highlights the compliance accomplishments of CalPERS for the period from July 1, 2013 through June 30, 2014.

CalPERS is committed to practicing strong ethics, compliance, risk management and good governance at all levels, grounded in the following principles:

- Documentation and a clear understanding of standards, policies and procedures.
- Oversight of compliance by the Board of Administration (Board) and executive officers.
- Proper delegation of authority and responsibilities.
- Effective compliance-related communication and training.
- Monitoring, auditing and reporting of internal control processes.
- Consistent and appropriate methods of response to noncompliance.
- Continuous review and assessment of our business practices.

Through CalPERS’ implementation of the integrated assurance model, we bring together the people, processes and systems to manage performance and risk to achieve our strategic goals and objectives. The model and its three lines of defense promote better collaboration and results in the more efficient use of limited resources.

Each line of defense operates in the following complementary, but different ways:

- **First Line of Defense** – The program areas comply with laws, rules, regulations and policies by establishing and administering controls to prevent and detect noncompliance.
- **Second Line of Defense** – The Office of Enterprise Risk Management consists of two divisions, focusing on Risk Management and Compliance:
 - The Enterprise Risk Management Division identifies and monitors risks of all types throughout CalPERS.
 - The Enterprise Compliance Division’s purpose is to monitor and oversee program area compliance with laws, regulations and policies, and work with program areas to identify and manage compliance risks.
- **Third Line of Defense** – The Office of Audit Services conducts independent assurance activities to determine the effectiveness of internal controls enterprise-wide, including adherence to laws and policies for effective risk management.

THE THREE LINES OF DEFENSE



Highlights

During Fiscal Year 2013-14, CalPERS continued to build and enhance compliance practices and controls throughout the organization, in support of our commitment to strong ethics, compliance, risk management and governance. CalPERS further developed our integrated assurance structure to ensure we accomplish our Strategic Goal of cultivating a high-performing, risk-intelligent and innovative organization.

During this reporting period, CalPERS business areas placed a significant focus on developing and maintaining automated technology solutions that support operational controls, streamline processes and improve consistency. These activities help improve data quality and accuracy used for decision-making, program administration, and service to members. Through a combination of enhancing existing systems and implementing new applications, CalPERS was able to ensure recording of key information, improve knowledge sharing and transparency, and establish ongoing management controls to reduce error and detect potentially inappropriate activity.

Enhanced educational programs were another major focus throughout the organization. Education and outreach improve our ability to ensure compliance internally for our employees as well as externally for employers, members and retirees, by providing up-to-date information on laws, rules and policies. New training programs were established internally to provide staff with the information they need to carry out their business functions. CalPERS provided retirement planning and

health benefit education to more than 53,000 members and over 2,940 employer representatives to provide information necessary for employers to accurately administer benefits and ensure members have the information necessary to make informed retirement and health decisions. By providing consistent information to all parties and improving understanding and awareness, CalPERS reduces the risk of noncompliance.

The CalPERS Board worked closely with the Actuarial, Financial and Investment Offices throughout the fiscal year to improve pension benefit and asset liability management policies in order to ensure transparency, proper funding and sustainability of the System, in compliance with applicable laws and regulations.

Assurance activities also included significant automation of compliance oversight, improving storage and retention of key information and enhancing staff's ability to detect incidents of noncompliance. During Fiscal Year 2013-14, CalPERS began the implementation of an automated Governance Risk and Compliance solution to centralize and coordinate governance, risk and compliance related incidents and activity and completed the first full year of CalPERS Personal Trading Regulation monitoring, strengthening CalPERS compliance oversight capabilities. CalPERS also significantly strengthened its information security infrastructure, by implementing a new information asset management system and implementing improvements to identity and access management to ensure that sensitive information is appropriately restricted and secured.

Business Operations (First Line of Defense)

CalPERS business areas undertook a wide range of activities to ensure compliance with the CalPERS legal and regulatory landscape. Business areas continued to develop or enhance policies, procedures and processes to guide staff to effectively carry out business operations while promoting a culture of sound governance and controls. CalPERS also worked to bring employers and members into compliance with existing requirements.

BENEFIT ADMINISTRATION

Health

Health Benefit Administration

CalPERS conducted activities designed to improve compliance, accuracy and timeliness of health benefit administration, including:

- Conducted the ongoing Dependent Eligibility Verification project to validate that only eligible dependents are enrolled in CalPERS health plans. Staff estimates that over \$41 million has already been saved, as a result of voluntary disenrollment during the amnesty period from March through June 2013.
- Implemented a new full file enrollment reconciliation process with health plans, resulting in more timely enrollment. Implementation of the new process ensures each health plan is in compliance with its contract with CalPERS by identifying and correcting enrollment data discrepancies between CalPERS and health plan records.
- Implemented system modifications to automatically generate Complementary Annuitant Premium Program notifications to affected members.
- Automated notification and future cancellation of members who fail to complete their enrollment with the new Medicare Advantage Plans.

Health Plan Contract Management

CalPERS standardized health plan contracting, resulting in the following benefits:

- Consistent rules apply to members enrolled in different health plans.
- Increased transparency and better aligned incentives with health outcomes.

- Health plan payment changes that allow for more transparency and control of certain types of payments made to providers.
- Implementation of risk-adjusted health plan premiums.
- Standardized Business Associate Agreements to provide protections regarding disclosure of CalPERS members' Protected Health Information, in accordance with the Health Insurance Portability and Accountability Act (HIPAA).

Patient Protection and Affordable Care Act (ACA)

CalPERS continued to implement the ACA, including:

- Administering internal tracking processes to ensure appropriate implementation of ACA rules.
- Partnering with the California Department of Human Resources and the State Controller's Office to identify impacts and to implement changes related to the Employer Shared Responsibility regulations under the ACA.

Health Insurance Portability and Accountability Act (HIPAA)

The CalPERS HIPAA program is responsible for oversight and administration of the organization's HIPAA compliance efforts. The program focuses on three main areas:

- Ensuring all new projects, Requests for Proposals, 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.
- Monitoring the annual HIPAA web-based training requirement for all staff and contractors.

CalPERS implemented an independent assurance process to verify that all database administrator access to member information is monitored and recorded, in compliance with HIPAA and information security best practice.

HIPAA regulations require all CalPERS business partners that are provided access to CalPERS Protected Health Information sign a Business Associate Agreement. CalPERS significantly revised its standard Business Associate Agreement to comply with new legal requirements. CalPERS also successfully negotiated Business Associate Agreements with two new major business partners.

Pension

CalPERS established several new safeguards to help accurately administer pension benefits in compliance with laws and regulations, including:

- Implemented a new internal quality assurance process over member-submitted service and disability retirement applications, to assist staff with applying procedures accurately and mitigating the risk of errors impacting member benefits.
- Worked with employers to reduce outstanding payroll reports by 68 percent, resulting in more accurate and timely updates to member accounts.
- Improved reporting to provide oversight of key transactions, in order to ensure appropriate checks and balances are being applied.

CalPERS applied forfeiture of benefits actions, in compliance with the Public Employees' Pension Reform Act of 2013 (PEPRA), which revokes benefit eligibility for public employees convicted of any state or federal felony arising out of or in the performance of his or her official duties. CalPERS also implemented legislation that took effect during FY 2013-14:

- Assembly Bills 1144 and 1346, which established alternative health vesting schedules for specified employees of the City of Carson and Sacramento Metropolitan Fire District.
- Assembly Bill 1222, which exempted specified transit employees from PEPRA.

CalPERS updated and implemented policies, procedures and job aids to provide staff with clear, accurate directions regarding compliance with laws, regulations and rules in the performance of their duties:

- Implemented policy and procedure changes related to determining the validity of federal tax withholding elections for retirement payments to ensure compliance with Internal Revenue Service regulations. Staff worked with over 89,000 impacted members to correct invalid tax withholding elections.
- Improved training and information on procedures for administering retirement applications and calculations to achieve more consistent documentation and improved oversight of workload overrides.

- Improved Service Credit Purchase procedures to help staff accurately and consistently administer service credit purchase transactions and provide effective oversight.

Actuarial

CalPERS adopted significant changes with actuarial standards of practice to ensure proper funding and sustainability of the system, in compliance with actuarial standards.

- At the March 19, 2014 meeting, the Board approved the adoption of new actuarial assumptions that included mortality improvements.
- At the May 21, 2014 meeting, the Board approved significant changes to the existing risk pool structure by combining all existing risk pools into two: one for safety plans and one for miscellaneous plans.

CalPERS took several steps to improve transparency and provide information employers can use to accurately project future financial obligations. These changes are reflected in the annual valuation reports and include projected rates for two additional years for a total of five years, and show the impact of the Board-adopted smoothing changes.

Pursuant to Government Code Section 20133, CalPERS completed an actuarial study into the mortality, service and compensation experience of members and persons receiving benefits from the system. An independent review was conducted to evaluate the completed Experience Study and assumption changes approved by the Board.

Customer Service

Customer contact center representatives achieved an average quality assurance evaluation score of 93 percent for member and employer phone teams, reflecting a high rate of compliance with proper security and verification procedures.

CalPERS developed and finalized a process for managing customer contacts that fall outside of the scope of normal business processes, in order to improve consistency and accuracy of information provided to members. Materials were also developed to promote uniform handling of calls on common scenarios in order to improve response accuracy.

Program Compliance (continued)

To ensure members make informed retirement and health decisions, CalPERS staff provided retirement planning and health program education to more than 53,000 members through various methods, including instructor-led classes, webinar offerings, computer based trainings, and at CalPERS Retirement Planning Fairs and Benefits Education Events.

Employer Education

To provide employers with the information they need to accurately administer their employee benefits in compliance with relevant laws, rules and regulations, CalPERS:

- Conducted over 255 training classes to employers.
- Provided an employer teleconference regarding PEPRAs changes.
- Conducted 35 Disability Retirement and Industrial Disability Retirement Employer Disability Workshops throughout the state.
- Published 15 updates to the Employer Reference Guides and 22 new computer based education modules.
- Issued a wide range of circular letters and periodic bulletins to improve employer knowledge about compliance requirements.
- Created new myCalPERS reports to provide employers with accurate, up to date financial and billing information.

As California's State Social Security Administrator, CalPERS provided public employers with information and advice about Social Security and Medicare coverage for state and local government employees. To this end, CalPERS maintained educational webpages and issued Circular Letters and Periodic Bulletins to California employers.

Investments

CalPERS completed initiatives across our core investment compliance functions and responsibilities, including operational risk assessments, internal and independent investment policy testing, development and modification of investment policies, procedures and controls, ongoing program surveillance and staff compliance training.

These initiatives included:

- Developed enhanced standards and practices for compliance monitoring and oversight.
- Tested investment policies using a risk-based methodology for compliance with stated requirements.
- Created new policies and procedures that reflect asset management industry best practices related to records retention and trading practices.
- Formalized the process to identify, report and remediate investment policy violations across the Investment Office to the Investment Committee.
- Completed the integration of the investment policy inventory with associated compliance testing methodology.
- Performed pre- and post-travel reviews for compliance with the Investment Office travel policy and Fair Political Practices Commission regulations for 100 percent of business-related travel.
- Facilitated comprehensive investment compliance training for all Investment Office staff.

ADMINISTRATION

To ensure compliance with the Public Records Act or PRA (Government Code Section 6250 et seq.), CalPERS maintained its on-line form for submission of PRA requests as well as guidelines and procedures to provide consistent, accurate information to members of the public about submitting a PRA request. The Board received a monthly summary report of PRAs processed and received; the reports were posted to CalPERS On-Line to support accountability and Board oversight.

CalPERS supported "Sunshine Week 2014," 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.

CalPERS implemented sustainable building practices and energy and water efficiency improvements, pursuant to Governor's Executive Orders B-18-12 and B-16-12, including water efficiency measures to reduce water consumption by 20 percent and installing additional Electric Vehicle infrastructure and charging stations.

Financial Controls

Financial transparency and accurate financial reporting establish a basis for Board oversight of CalPERS operations and are a critical component of CalPERS compliance with national and state accounting and reporting requirements and standards.

CalPERS implemented changes under Government Code Section 20537, related to charging interest on delinquent employer contribution receivables. Employer compliance with requirements governing timely payment of retirement contributions has improved, with delinquent employer accounts declining from a peak of 659 in August 2013 to 91 in June 2014.

Staff also enhanced investment accounting practices, as follows:

- Redesigned Real Assets and Private Equity general ledger reconciliations to enhance the unit's ability to perform the reconciliations more efficiently and accurately.
- Automated several real assets year-end reporting requirements via the Automated Real Estate Investment System, improving efficiency and accuracy by eliminating several manually-updated spreadsheets.

In February 2014, both PeopleSoft Contracts 9.1 and PeopleSoft Financials 9.1 modules successfully merged with the benefit of preserving all existing data and capitalizing on one integrated application known as PeopleSoft Financial and Supply Chain Management system. The unified system streamlines procurement processes, enforces expense policy and eliminates duplicate records, improving accuracy, completeness and availability of related contract and financial information.

CalPERS implemented GASB Statement No. 67, *Financial Reporting for Pension Plans, an Amendment to GASB Statement No. 25*, which was effective Fiscal Year 2013-14. This included the determination of the number of plans to separately present in the basic financial statements as well as the classification of each plan as single-employer, agent multiple-employer, or cost-sharing multiple employer. CalPERS developed the necessary notes to the financial statements and the supplementary schedules required by these changes and worked with our independent auditors to ensure conformity with the new standard.

Equal Employment Opportunity

CalPERS is strongly committed to fair and equitable treatment and diversity of our employees and officers. CalPERS is required to establish an effective Equal Employment Opportunity (EEO) Program and provide EEO to all individuals in all its activities. By doing so, CalPERS fulfills our legal obligations and builds a workplace that evaluates and rewards staff based on merit and accomplishment, resulting in improved outcomes throughout our operations. In Fiscal Year 2013-14, CalPERS submitted its Annual Workforce Analysis Report to the California Department of Human Resources and updated the Harassment Prevention Policy to include several new and revised protected categories.

Human Resources

CalPERS implemented the State Personnel Board's Transfer Rule 250, which defines the conditions under which employees may transfer between different State employment classifications. Staff clarified allowable transfers based on the new rule and communicated the new requirements to CalPERS management and employees.

CalPERS implemented automated systems to improve management of employment-related information and reduce frequency of errors, by establishing an automated timesheet system to process and approve timesheets electronically, improving accuracy and efficiency.

CalPERS developed and revised internal training programs to ensure staff are fully knowledgeable about compliance requirements affecting them. Topics implemented during this reporting period include contract management, procurement, Public Records Act requests, Section 508 of the Rehabilitation Act of 1973 document accessibility requirements and compliance review documentation.

CalPERS also established a new Leadership Essentials and Direction for Your Emerging Role (LEADER) program training policy which outlines the statutory requirements for all designated CalPERS supervisors in compliance with Government Code Section 19995.4.

Assurance (Second Line of Defense)

The CalPERS Compliance and Enterprise Risk Management programs provide a second line of defense. Compliance activities at CalPERS are related to preventing and detecting potential conflicts of interest and to ensure compliance with laws, rules and regulations. By centrally reporting on the full range of policies, laws and regulations that affect CalPERS operations, the compliance function helps identify requirements that may affect business operations.

COMPLIANCE MONITORING AND OVERSIGHT

Compliance Reviews

CalPERS staff completed several compliance reviews and validations, providing additional assurance that CalPERS is complying with relevant requirements in the following areas:

- CalPERS Diversity Outreach Program's annual reporting requirements to the California Department of Human Resources.
- California State Auditor's Whistleblower Hotline notification requirements.
- Contract-Related Disclosure Policy requirements related to identifying potential conflicts of interest.

Electronic Governance, Risk and Compliance (eGRC)

To enhance and coordinate CalPERS Governance, Risk and Compliance (GRC) activities, CalPERS has developed and currently has the following systems in production:

- Risk Dashboard Recalibration System.
- Enterprise Wide Risk Assessment System.

Form 700 Statement of Economic Interests

In accordance with the Political Reform Act (Government Code Section 81000 et seq.), the Board and designated staff and consultants are required to file disclosures of their financial interests, using the Form 700 Statement of Economic Interests, overseen by the Fair Political Practices Commission (FPPC). Consistent with FPPC requirements, CalPERS filing officer provided the oversight and monitoring of all filings.

As of June 30, 2014, Form 700s have been submitted by all Board members and staff required to submit Form 700s.

Personal Trading

This year marked CalPERS first full year of CalPERS Personal Trading Regulation monitoring and compliance, where all covered persons pre-cleared their security transactions before executing trades, safeguarding against trading with material non-public information. CalPERS administered the Personal Trading Regulations via the automated platform (Compliance11), providing additional safeguards and reducing the risk of restricted trading.

As of June 30, 2014, the Annual Attestation for all covered persons had been completed.

Policy Management Framework

An enterprise-wide Policy Management Framework and Policy Library were established. This included a policy oversight approach and compliance function, which monitors policies across their entire life-cycle, using a centralized process and location to assure that CalPERS policies remain current and consistent over time.

Regulatory Compliance Library

CalPERS maintains the Regulatory Compliance Library, which centralizes the laws, regulations and rules governing each program. The library is available as a reference for all CalPERS staff and provides compliance staff with a basis for compliance reviews.

ETHICS

CalPERS maintains and monitors an externally-hosted Ethics Helpline, allowing individuals internal or external to CalPERS to anonymously and securely report concerns about potential misconduct or inappropriate activities. By establishing systems and processes that support compliance and encourage reporting of unethical or inappropriate activities, CalPERS promotes a strong ethical culture.

During FY 2013-14, 96 ethics-related complaints were submitted to the CalPERS Ethics Helpline, of which 83 (86 percent) had been closed as of June 30, 2014.

INFORMATION SECURITY

CalPERS operates an information security program in compliance with Government Code Section 11549.3 and State Administrative Manual Section 5300.5. The program includes planning, oversight, and coordination of CalPERS information security program activities to effectively manage risk, provide for the protection of information assets, and prevent illegal activity, fraud, waste, and abuse in the use of information assets.

The existing privacy program was successfully expanded to support compliance with new requirements in State Administrative Manual Chapter 5310 Privacy. Staff also implemented a new Information Asset Management System, automating maintenance of the inventory and classification of CalPERS information assets. This new system streamlines processes for complying with the Information Security Program Management Standard (SIMM 5305-A), California Public Records Act, Information Practices Act of 1977, and the Standards for Security Categorization of Federal Information and Information Systems (FIPS, Publication 199).

Controls over users' access to myCalPERS application were strengthened, and staff revised myCalPERS procedures and required documentation to reflect these changes. CalPERS also established new controls over management of information security events and incidents.

Information Security Policy Refresh

Information Security Policies and Control Standards were updated to maintain compliance with revisions to State Administrative Manual Chapter 5300 - Information Security. This update resulted in mapping the new and revised State Administrative Manual Chapter 5300 requirements to individual CalPERS Information Security Policies and Control Standards.

CalPERS Identity and Access Management (CalIAM) Project

The CalIAM Project upgraded and enhanced CalPERS identity and access management security infrastructure to strengthen compliance with information security control standards. Of the 86 internal control standards identified for traceability to the CalIAM business and technical requirements, 80 (93 percent) were satisfied with the remaining 6 (7 percent) deferred to future identity and access management efforts when internal-facing applications will be integrated with the enterprise solution.

Implementation of the CalIAM Project and integration of myCalPERS provide important information security controls and position CalPERS to rapidly comply, in a standardized and security hardened manner, with future security control standards, as further onsite and cloud-based CalPERS business systems are integrated with the new identity and access management security infrastructure.

United States Government Configuration Baseline

The United States Government Configuration Baseline project implemented computer security controls for Microsoft Windows based personal computers. CalPERS reviewed the recommended settings and adopted approximately 88 percent of Windows 7 settings and almost 100 percent of Internet Explorer settings. These settings were used to establish the CalPERS configuration baseline, which strengthens and enhances PC security. The settings are now part of CalPERS standard PC build.

Audit Program (Third Line of Defense)

CalPERS maintains an effective audit program comprised of internal audits and contracting public agency reviews. CalPERS internal auditors perform assurance and consulting work consistent with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

CalPERS audit program provides assurance over the following activities:

- Internal audits covering retirement, health, investments, information technology, fiscal, operations support, and other internal areas. In Fiscal Year 2013-14, audits included private equity manager contract compliance, self-funded health plan administration compliance, health plan compliance and external real estate manager contract compliance reviews.
- The Public Agency Review Program, which reviews CalPERS contracting public agency compliance pertaining to their contracts with CalPERS and the accuracy of reported CalPERS membership and employee compensation information. In Fiscal Year 2013-14, changes arising from the implementation of PEPRA were added to the scope of the reviews.
- Financial Integrity and State Manager's Accountability Act of 1983 (FISMA) biennial review requirement, to assess internal accounting systems, administrative control and monitoring practices. In Fiscal Year 2013-14, CalPERS audited controls over revolving funds, human resources, and payroll.

As of June 30, 2014, CalPERS is in compliance with the Board Audit Resolution Policy prohibiting unresolved internal audit findings more than one year old.

Legislation and Regulations

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 and monitors changes to our governance framework to help ensure that amendments and new requirements are appropriately implemented.

LEGISLATION

In Fiscal Year 2013-14, CalPERS advocated for the successful passage and enactment of three Board sponsored state legislative proposals:

- Assembly Bill 373, the CalPERS Long-Term Care Bill, expands eligibility for participation in the CalPERS Long-Term Care Program.
- Senate Bill 215, the CalPERS 2013 Omnibus Bill, standardizes CalPERS health and pension contracting services and establishes technical changes and clarifications improving benefit administration.
- Senate Bill 220, the CalPERS Pension Reform Conformity Bill, amended the Public Employees' Retirement Law to conform with the PEPRA.

At the close of each legislative session, CalPERS compiles a list of all newly enacted legislation and monitors implementation progress for its successful completion.

REGULATIONS

CalPERS made the following regulatory changes:

- Amended Title 2 California Code of Regulations (CCR) Sections 599.500 and 599.508, which permit the Board to implement and apply a risk adjustment methodology in health plan rate negotiations, in conformity with the Patient Protection and Affordable Care Act.
- Amended Title 2 CCR Section 579.2 and added Title 2 CCR Section 579.3, 579.21, 579.22, and 579.25 to align CalPERS regulations with PEPRA, including:
 - Defining what constitutes a qualifying retirement plan.
 - Defining systems subject to reciprocity.
 - Clarifying final compensation determination factors.
 - Criteria for application of the pensionable compensation cap established by PEPRA.
 - Clarifying the Public Safety Officer exception to the 180-day wait period.

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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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