



Finance and Administration Committee

Agenda Item 4c

April 17, 2023

Item Name: Semi-Annual Financial Report (PERF)

Program: Financial Office

Item Type: Information Consent

Executive Summary

This item represents the CalPERS Fiscal Mid-Year (mid-FY) 2022-23 Financial Report to the committee. As of December 31, 2022, the net position of the CalPERS Public Employees' Retirement Fund decreased by 12 percent since December 31, 2021, primarily due to less favorable market conditions.

Strategic Plan

This agenda item supports efforts to strengthen the long-term sustainability of the pension fund.

Background

This agenda item is being presented to the committee to provide mid-year updates and report on any issues related to CalPERS financial reporting.

Analysis

As of December 31, 2022, the net position of Public Employees' Retirement Fund (PERF) was \$443.3 billion, which represents a decrease of \$58.3 billion (or 12 percent) since December 31, 2021. Diminished investment returns for all asset classes were the main driver for the decrease, with unrealized and realized losses in public equity being the biggest contributor, followed by losses in fixed income, private equity and private debt, and real asset investments, resulting from unfavorable market conditions this year to date.

Contributions as of mid-FY 2022-23 were \$18.3 billion, compared to \$17.3 billion as of mid-FY 2021-22. This increase results from an increasing proportion on PEPRA members as well as a state employee salary increase of 2.5% effective July 1, 2022. Benefit payments as of mid-FY 2022-23 were \$15.3 billion, compared to \$14.3 billion as of mid-FY 2021-22.

The total income amount excluding contributions for the fiscal year to mid-FY 2022-23 (including net investment & other income) was approximately \$1.3 billion. The total for expenditure amounts other than benefit payments for this period, which include refund of contributions and administration costs, was approximately \$0.4 billion.

Budget and Fiscal Impacts

This item is provided to the committee for informational purposes and has no direct impact on the CalPERS budget.

Benefits and Risks

There are no known risks associated with this item.

Attachments

Attachment 1 – Semi-Annual Financial Report (PERF)

Michele L. Nix
Acting Chief Financial Officer