BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2022

Prepared through the joint efforts of CalPERS team members.

Available online at **www.calpers.ca.gov**

CalPERS

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

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Management's Discussion & Analysis (Unaudited)

INTRODUCTION

This section presents Management's Discussion & Analysis of the California Public Employees' Retirement System's (CalPERS or the System) financial performance during the fiscal year ended June 30, 2022. It is a narrative overview and analysis that is presented in conjunction with the Chief Executive Officer's Letter of Transmittal included in the Introductory Section of this Annual Comprehensive Financial Report. It should also be read in conjunction with the Basic Financial Statements as presented in this report.

In addition to historical information, the Management's Discussion & Analysis includes certain forward-looking statements, which involve currently known facts and 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, legislative changes, and 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.

MANAGEMENT DISCUSSION

Strategic Planning

CalPERS finished the final year of its *2017-22 Strategic Plan*. This plan is a blueprint that guided the enterprise to meet the investment, retirement, and health benefit needs of our members and their families.

The *2017-22 Strategic Plan* was developed over the course of a year-long effort by CalPERS Board of Administration (the Board) members, senior leaders, and team members, with contributions from multiple stakeholders including employer associations, labor groups, retiree associations, federal representatives, health and investment business partners, and state government officials.

The current strategic plan took effect on July 1, 2017, and had five overarching goals:

- Strengthen long-term sustainability of the pension fund
- Transform health care purchasing and delivery to achieve affordability
- Reduce complexity across the enterprise
- Cultivate a risk-intelligent organization
- Promote a high-performing and diverse workforce

The *strategic planning framework* includes the annual Business Plan Initiatives. The 2021-22 Business Plan Initiatives allowed the organization to set priorities and guide in the allocation of resources. It aligns to the 2021-22 budget cycle to accomplish the goals and objectives of the strategic plan. CalPERS identified 26 initiatives to continue the work needed to support the overall strategic direction of the organization.

CalPERS successfully completed a reflective and collaborative process to develop the *2022-27 Strategic Plan* in alignment with the CalPERS mission and vision. The following five strategic goals will continue to guide the enterprise over the next five years:

- Member Experience: Ensure member satisfaction through accuracy, responsiveness, and respect
- Pension Sustainability: Strengthen the long-term sustainability of the pension fund
- Exceptional Health Care: Ensure our members have access to equitable, high-quality, affordable health care
- Stakeholder Engagement: Promote collaboration, support, and transparency
- Organizational Excellence: Cultivate a diverse, risk-intelligent, and innovative culture through our team and processes

Key Initiatives

CalPERS continued to enhance its operations as follows:

- CalPERS continues the Asset Liability Management (ALM) process to expand its review of assets and liabilities to ensure financial risks to the System are better understood, communicated, and mitigated. To establish appropriate levels of risk, ALM is focused on investment and actuarial policies. These policies include key decision factors and are intended to result in optimum asset allocations to assure the competency of the assets, while stabilizing employer contribution rates and the volatility of those rates from year to year. Additionally, to better manage risks arising from terminating agencies, CalPERS has enhanced its oversight of contracting public agencies' financial health through its development of a standardized review criteria. These improvements include streamlining the collection and termination process to reduce the time frame, accelerating notifications to the Board and members, and adopting a risk oversight process to improve early detection of financial hardship issues. CalPERS conducted the ALM process during calendar year 2021 for the next four-year cycle. During the first half of the year team members provided a series of webinars to stakeholders, as well as educational agenda items to the CalPERS Board. During the second half of the year staff presented results of the ALM analysis to the CalPERS Board for adoption of changes to asset allocations or actuarial assumptions. The effective date for the selected strategic asset allocation implementation is July 1, 2022.

- CalPERS' five-year sustainable investment strategy (2017-22) takes an enterprise-wide view on improving the sustainability of long-term pension benefits and actively managing business risks. CalPERS has associated key performance indicators (KPIs) with this strategy, and includes a strategic focus on:
  - Data and Corporate Reporting Standards
  - Climate Action 100+ Engagement
  - Diversity and Inclusion
  - Manager Expectations
  - Research
  - Private Equity Fee and Profit Sharing Transparency

  Core work areas include integration of environmental, social, and governance (ESG) factors into the investment process, Financial Markets Advocacy, Shareowner Campaigns, Corporate & Manager Engagement, Proxy Voting, Responsible Contractor Program, Carbon Footprinting, and Ad Hoc Media & Stakeholder Requests.

- In November 2020, the Board approved a portfolio rating strategy for Basic Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) plans that commenced in the 2022 plan year with a two-year phase-in period. Portfolio rating will enable CalPERS to manage population health risk within the portfolio of Basic health plans, improve quality and affordability of health care, promote efficient care management, and mitigate year-over-year premium volatility and large premium increases. Additionally, the Board approved to replace three PPO Basic and Medicare Supplemental plans (PERSCare, PERS Choice, and PERS Select) with two plans, PERS Platinum and PERS Gold, effective January 1, 2022. This change will benefit members by eliminating adverse selection and stabilizing the health plan portfolio.

OVERVIEW OF THE FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION

Management's Discussion & Analysis provides an overview of the financial position, which is comprised of the following components: Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information. Collectively, this information presents the combined net position restricted for pension benefits, other post-employment benefits (OPEB), deferred compensation, replacement benefits, and the unrestricted net position of the proprietary funds administered by CalPERS as of June 30, 2022. It also summarizes the combined changes in fiduciary net position restricted for pension, other post-employment, and replacement benefits; the changes in unrestricted net position; and the cash flows of the proprietary funds for the year then ended, along with disclosures about the net pension liabilities of the single-employer and cost-sharing multiple-employer defined benefit pension plans.

FINANCIAL HIGHLIGHTS

Major events and initiatives impacting the current fiscal year's financial statements include:

- The Public Employees' Retirement Fund (PERF) realized a money-weighted rate of return (MWRR) of -7.5 percent and realized a time-weighted rate of return of -6.1 percent in Fiscal Year 2021-22. The investment results reflect challenging public equity and debt markets. However, strong performances from real assets and private equity diversified the portfolio to alleviate some losses and offset the negative returns from public equity and debt.

- In July 2021, the Board approved health plan premiums for calendar year 2022, at an overall average premium increase of 4.86 percent.

- In Fiscal Year 2020-21, the Board of Administration approved a rate increase for all Long-Term Care Program policyholders, to be implemented over two years. The first increase of 52 percent took effect beginning in November 2021. The second increase of 25 percent will take effect November 2022. Policyholders received an offer letter allowing them to modify their coverage and either maintain or reduce their current premium. The Long-Term Care Program remained closed to new enrollments in Fiscal Year 2021-22 due to continued uncertainty in the long-term care market.

- CalPERS agreed to a proposed settlement in the Long-Term Care Program class action lawsuit that was approved preliminarily in July 2021, but was terminated in April 2022 because of the high number of opt-outs. The parties are now back on course for a trial that is scheduled for May 2023.

- CalPERS as the State Social Security Administrator (SSSA) began collecting an Annual Maintenance Fee on July 1, 2019. The fee is charged to fund the State Social Security Administration (SSA) and its services. Due to adequate funding, the Annual Maintenance Fee was suspended in Fiscal Year 2021-22.

- During the calendar year 2020, the World Health Organization announced a global health emergency from a new strain of coronavirus (COVID-19) that has resulted in a global pandemic outbreak. This pandemic has adversely affected global economic activity and greatly contributed to uncertainty and instability in the global financial markets. CalPERS' investment portfolio was exposed to the volatility of the financial markets. While negative market conditions could have an impact on CalPERS' ability to earn the actuarial assumed rate of return and negatively impact the receipt of contributions and premiums due from public agencies and participants, CalPERS cannot predict the long-term impact of the COVID-19 pandemic. Although CalPERS cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, management continues to closely monitor the situation, to assess further possible adverse implications that may occur to operations, investments, public agencies and participants, and to take actions to mitigate resulting consequences.

  In March 2022, most CalPERS team members returned to a hybrid in-office work schedule: at least three days a week in office, two days a week teleworking. Contact (call) center teams and desktop support have the option to work up to five days a week remotely. CalPERS closely follows federal, state, and county guidelines related to COVID-19 protocols and measures.

  As of March 2022, CalPERS Board of Administration meetings returned to in-person meetings. Members of the public are allowed to attend and to provide public comment in person or by phone. CalPERS has transitioned the regular slate of stakeholder meetings to a hybrid format, with approximately one-quarter of stakeholders choosing to participate in-person, and the other three-quarters preferring to participate remotely.

  CalPERS received $1.4 million from the Coronavirus Relief Fund per Section 11.90(c), Chapter 21, Statutes of 2021 in December 2021, to reimburse various funds for payroll costs incurred by departments for state employees redirected to COVID-19 contact tracing and vaccine coordination activities.

  The U.S. House of Representatives on March 10, 2021, passed the Senate-amended H.R. 1319, the American Rescue Plan (ARP). The ARP provides $1.9 trillion in additional relief to respond to the novel coronavirus (COVID-19). This follows the enactment of nearly $4 trillion in COVID relief in 2020. President Joe Biden called for Congress to enact the ARP to provide relief for individuals and businesses struggling due to COVID-19, as well as to achieve other priorities of the Biden Administration and Congress. ARP includes provisions on aid to state and local governments, hard-hit industries and communities, tax changes affecting individuals and businesses, and other provisions. Although CalPERS received funds from the state for reimbursement of employees of the trust who worked on contract tracing, CalPERS has assessed the applicability of directly applying for relief and has not acted to take part in applying for and receiving any such relief funds. Management is continuing to monitor applicability of any new funding or programs that may become available.

- The total pension administration cost in Fiscal Year 2020-21 (most recent available) was $202 per active member and annuitant.

BASIC FINANCIAL STATEMENTS

The June 30, 2022, financial statements separate the funds administered by CalPERS into two categories: fiduciary funds and proprietary funds. With the exception of the Old Age and Survivors' Insurance Revolving Fund (OASI), CalPERS' role as a trustee and monitoring of financial position occur in both categories, and a primary focus of fiduciary funds is CalPERS' duty with respect to the payment of benefits, whereas a core function for proprietary funds is the payment of services.

Fiduciary Funds – include the PERF (split into PERF A, PERF B, and PERF C), Legislators' Retirement Fund (LRF), Judges' Retirement Fund (JRF), Judges' Retirement Fund II (JRF II), Public Employees' Deferred Compensation Fund (DCF), Supplemental Contributions Program Fund (SCPF), California Employers' Pension Prefunding Trust Fund (CEPPTF), Annuitants' Health Care Coverage Fund, also known as California Employers' Retiree Benefit Trust Fund (CERBTF), OASI, and Replacement Benefit Fund (RBF). Generally, 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, 2022, along with comparative total information as of, and for, fiscal year ended June 30, 2021. 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 – include Public Employees' Health Care Fund (HCF), 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, fiscal year ended June 30, 2022, along with comparative total information as of, and for, fiscal year ended June 30, 2021. 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. The following is a description of information available in the Notes to the Basic Financial Statements:

Note 1 – provides general information on CalPERS, each of the funds administered, employer and member participation in the pension plans, and other post-employment benefit plans administered by CalPERS.

Note 2 – provides a summary of significant accounting policies, including the basis of accounting for each of the fund types, target asset allocation, management's use of estimates, and other significant accounting policies.

Note 3 – provides information on cash and cash equivalents.

Note 4 – provides detail on the fair value of investments, and information on MWRR.

Note 5 – provides information about investment risk categorizations.

Note 6 – provides information about securities lending.

Note 7 – provides information about derivatives.

Note 8 – provides information about the net pension liabilities/(asset) and actuarial assumptions for cost-sharing and single-employer plans.

Note 9 – provides information about the CEPPTF, including plan members, participating employers, and contributions.

Note 10 – provides information about the CERBTF, including plan members, participating employers, and contributions.

Note 11 – provides information about the RBF, as well as applicable internal revenue and government codes.

Note 12 – provides detailed information about the OASI.

Note 13 – provides detailed information about the HCF and the estimated claims liability of the HCF.

Note 14 – provides additional information about participating agencies and insurance premiums paid by the CRF.

Note 15 – provides information about the LTCF actuarial valuation and the estimated liability for future policy benefits.

Note 16 – provides information on potential contingencies of CalPERS.

Note 17 – provides information about future accounting pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION

The Required Supplementary Information schedules include information about the changes in the net pension liability, employer contributions, actuarial assumptions used to calculate the actuarially determined contributions, historical trends, and other required supplementary information related to the System's cost-sharing multiple-employer and single-employer defined benefit pension plans as required by Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* (GASB 67).

The MWRR expresses investment performance, net of investment expense, and is disclosed per the requirements of GASB 67 and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74).

The Schedule of Claims Development Information for the HCF provides earned revenues and expenses over the past 10 years.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary schedules include detailed information on administrative expenses incurred by CalPERS-administered funds, investment expenses, and other professional services expenses incurred.

FINANCIAL ANALYSIS

PUBLIC EMPLOYEES' RETIREMENT FUND (PERF)

The PERF is a trust fund established under section 20170 of the Public Employees' Retirement Law (PERL). The PERF provides retirement benefits to State of California, school, and other California public agency employees. The PERF benefits are funded by member and employer contributions and by earnings on investments.

For financial reporting purposes only, the PERF is comprised of, and reported as, three separate entities. PERF A is comprised of agent multiple-employer plans, which includes the State of California and most public agency 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 with generally fewer than 100 active members. Under applicable law, the Board may terminate, or a public agency may terminate, that agency's plan under either PERF A or PERF C. The terminated agency is liable to the System for all costs to fund all benefits under the agency's contract. An unpaid deficit in funding will result in a commensurate reduction in benefits provided under that agency's contract.

Movements of member account asset balances occur between PERF A, PERF B, and PERF C when employer rate plans have fewer than 100 members, or when there are other member accounting adjustments. These plan-to-plan resource movements are reported as a separate line item within the additions and deductions sections, respectively, of each plan's Statement of Changes in Fiduciary Net Position.

The PERF net position decreased by $38.0 billion or 8.0 percent from $477.3 billion as of June 30, 2021, to $439.4 billion as of June 30, 2022, mainly due to negative return on investments this year. Receivables increased $7.9 billion or 173.8 percent due to higher outstanding investment trades. Investment balances decreased by $41.2 billion from $485.2 billion as of June 30, 2021, to $444.0 billion as of June 30, 2022, due to unfavorable market conditions. Securities lending cash collateral increased $11.0 billion, and securities lending obligations increased $10.9 billion as a result of an overall increase in demand to borrow securities at year-end. Capital Assets, Net and Other Assets decreased $21.1 million or 8.1 percent primarily due to increased cumulative depreciation of buildings and equipment.

Total liabilities increased $15.2 billion or 88.3 percent primarily due to higher outstanding investment trades and securities lending obligations. Total net pension and OPEB liabilities decreased by $216.7 million or 21.1 percent. The net OPEB liability decrease was primarily due to favorable healthcare claims, experience and plan design changes, and changes in pension-related assumptions. The net pension liability decreased due to higher than projected investment returns in Fiscal Year 2020-21.

Additions to the PERF net position include member contributions, employer contributions, and investment income. Member contributions increased $402.7 million or 8.5 percent, primarily attributable to the cancellation this fiscal year of an effective 9.23 percent reduction in member compensation due to projected State revenue shortfalls in the prior year because of COVID. Employer contributions increased $2.7 billion or 13.3 percent this fiscal year, also due to the lifting of the prior fiscal year's COVID-19 related payroll reduction reduction. Employer contribution rates decreased between 2.0 percent and 15.8 percent for state, but increased 2.2 percent for schools, and 1.7 percent and 2.5 percent on average for public agency miscellaneous and safety plans, respectively.

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 losses were $36.2 billion in Fiscal Year 2021-22, compared to gains of $88.1 billion in Fiscal Year 2020-21, a decrease of $124.2 billion or 141.1 percent. The current year returns were driven by losses in public equity and public debt. The PERF recognized a MWRR of -7.5 percent for Fiscal Year 2021-22 compared with 22.4 percent for Fiscal Year 2020-21.

Deductions from the PERF are comprised of benefit payments, refunds of contributions to members and beneficiaries, and costs of administering the PERF. Benefit payments are the primary expense of a retirement system. For Fiscal Year 2021-22, retirement, death, and survivor benefits payments increased $1.7 billion or 6.2 percent, primarily due to cost-of-living increases in benefit payments, and an increase in the number of retirees and beneficiaries from 750,618 as of June 30, 2021, to 775,285 as of June 30, 2022. Administrative expenses for CalPERS personnel decreased $94.7 million or 24.1 percent primarily due to a decrease in pension and OPEB expenses as a result of lower net pension and net OPEB liabilities.

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

Fiduciary Net Position – PERF (Dollars in Thousands)

	PERF A Agent	PERF B Cost-Sharing Schools	PERF C Cost-Sharing Public Agencies	2022 PERF Total	2021 PERF Total	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash & Cash Equivalents	$532,310	$131,239	$62,775	$726,324	$1,072,757	($346,433)
Receivables	8,963,574	2,505,923	1,027,552	12,497,049	4,564,537	7,932,512
Investments	325,637,794	79,972,862	38,414,294	444,024,950	485,218,056	(41,193,106)
Securities Lending Collateral	10,482,900	2,584,527	1,236,243	14,303,670	3,350,881	10,952,789
Capital Assets, Net & Other Assets	174,857	43,110	20,621	238,588	259,711	(21,123)
Total Assets	**$345,791,435**	**$85,237,661**	**$40,761,485**	**$471,790,581**	**$494,465,942**	**($22,675,361)**
Deferred Outflows of Resources	$86,178	$21,247	$10,163	$117,588	$109,917	$7,671
Total Assets and Deferred Outflows of Resources	**$345,877,613**	**$85,258,908**	**$40,771,648**	**$471,908,169**	**$494,575,859**	**($22,667,690)**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Retirement Benefits, Investment Settlement & Other	$12,652,540	$3,105,398	$1,472,124	$17,230,062	$12,798,619	$4,431,443
Net Pension & OPEB Liabilities	592,251	146,017	69,844	808,112	1,024,776	(216,664)
Securities Lending Obligations	10,477,624	2,583,226	1,235,620	14,296,470	3,351,059	10,945,411
Total Liabilities	**$23,722,415**	**$5,834,641**	**$2,777,588**	**$32,334,644**	**$17,174,454**	**$15,160,190**
Deferred Inflows of Resources	$157,202	$38,758	$18,539	$214,499	$78,656	$135,843
Total Liabilities and Deferred Inflows of Resources	**$23,879,617**	**$5,873,399**	**$2,796,127**	**$32,549,143**	**$17,253,110**	**$15,296,033**
TOTAL NET POSITION RESTRICTED FOR PENSION BENEFITS	**$321,997,996**	**$79,385,509**	**$37,975,521**	**$439,359,026**	**$477,322,749**	**($37,963,723)**

Changes in Fiduciary Net Position – PERF (Dollars in Thousands)

	PERF A Agent	PERF B Cost-Sharing Schools	PERF C Cost-Sharing Public Agencies	2022 PERF Total	2021 PERF Total	Increase/ (Decrease)
ADDITIONS						
Member Contributions	$3,638,294	$1,104,241	$417,129	$5,159,664	$4,757,000	$402,664
Employer Contributions	16,860,860	3,557,108	2,284,579	22,702,547	20,034,757	2,667,790
Net Investment Income (Loss)	(26,599,645)	(6,464,830)	(3,117,947)	(36,182,422)	88,059,909	(124,242,331)
Securities Lending & Other Income	74,714	18,388	8,759	101,861	113,411	(11,550)
Plan-to-Plan Resource Movement	8,332	3	—	8,335	348,384	(340,049)
Total Additions	**($6,017,445)**	**($1,785,090)**	**($407,480)**	**($8,210,015)**	**$113,313,461**	**($121,523,476)**
DEDUCTIONS						
Retirement, Death & Survivor Benefits	$21,609,247	$5,182,681	$2,326,426	$29,118,354	$27,415,194	$1,703,160
Refund of Contributions	190,272	116,077	23,206	329,555	287,556	41,999
Administrative Expenses	218,079	53,699	25,686	297,464	392,119	(94,655)
Plan-to-Plan Resource Movement	—	—	8,335	8,335	348,384	(340,049)
Total Deductions	**$22,017,598**	**$5,352,457**	**$2,383,653**	**$29,753,708**	**$28,443,253**	**$1,310,455**
INCREASE (DECREASE) IN NET POSITION	**($28,035,043)**	**($7,137,547)**	**($2,791,133)**	**($37,963,723)**	**$84,870,208**	**($122,833,931)**
NET POSITION						
Beginning of Year	**$350,033,039**	**$86,523,056**	**$40,766,654**	**$477,322,749**	**$392,452,541**	**$84,870,208**
End of Year	**$321,997,996**	**$79,385,509**	**$37,975,521**	**$439,359,026**	**$477,322,749**	**($37,963,723)**

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 number of LRF members has been declining as eligible incumbent legislators leave office and are replaced by others who are 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.

Because the LRF is closed to new members and income is primarily limited to investment returns and contributions based on a declining number of active members, CalPERS expects the net position of the fund to decrease over time.

The LRF's net position in Fiscal Year 2021-22 decreased by $19.4 million or 15.9 percent from the beginning balance of $122.0 million to $102.6 million mainly due to negative return on investments. Investments at fair value decreased by $19.5 million or 15.9 percent, due to unfavorable market conditions. The total liabilities decreased by $0.2 million or 11.1 percent, mainly due to the decreases in both net pension and OPEB liabilities in Fiscal Year 2021-22.

Additions to the LRF's net position decreased to negative $12.3 million as a result of net investment loss of $12.5 million in Fiscal Year 2021-22, which is 182.5 percent lower than income of $15.1 million in the prior year due to unfavorable market conditions. The LRF recognized a MWRR of -10.3 percent for Fiscal Year 2021-22 compared with 13.4 percent for Fiscal Year 2020-21. A slight increase in member contributions was offset by lower employer contributions, which decreased by 7.6 percent for the year.

Deductions from the LRF are primarily comprised of benefit payments and administrative expenses. Total deductions decreased by $0.1 million or 1.8 percent due to a slight decrease in benefit payments.

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, and the benefits are funded on a pay-as-you-go basis.

The JRF's net position in Fiscal Year 2021-22 decreased by $12.8 million or 20.7 percent from the beginning balance of $61.6 million to $48.9 million mainly due to a decrease in the State General Fund contributions. Investments decreased by $13.1 million or 20.1 percent, primarily due to higher cash outflows for benefit payments than inflows from contributions. The total liabilities decreased by $0.9 million or 10.4 percent, mainly due to the decreases in both net pension and OPEB liabilities in Fiscal Year 2021-22.

Additions to the JRF come from employer, member, and state balancing contributions from the General Fund. The total additions decreased $31.2 million or 13.5 percent primarily due to a decrease in the State General Fund contributions compared to the prior year.

Deductions from the JRF are primarily comprised of benefit payments, refunds, and administrative expenses. Retirement, death, and survivor benefits decreased by $0.5 million or 0.2 percent, and administrative expenses for CalPERS personnel decreased by $0.1 million or 3.1 percent, primarily due to a decrease in the pension expense as a result of lower net pension liability.

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.

The net position of JRF II in Fiscal Year 2021-22 decreased by $263.6 million or 11.0 percent from the beginning net position of $2.4 billion to $2.1 billion. Receivables increased by $2.7 million or 37.2 percent primarily due to increased outstanding employers' contributions owed to the fund as of fiscal year ended June 30, 2022. JRF II investments decreased by $266.7 million or 11.1 percent primarily due to a decrease in assets for investment in the JRF II, combined with a negative return on investments in Fiscal Year 2021-22. Total liabilities decreased by $0.9 million or 14.2 percent primarily due to a decrease in the net pension obligation.

Additions to the JRF II net position include member contributions, employer contributions, and investment income. Despite a slight decrease in the number of active members (1,625 as of June 30, 2021, and 1,624 as of June 30, 2022), member and employer contributions increased due to the restoration of pay following a furlough pay reduction for state employees in Fiscal Year 2020-21. Member contributions increased by $2.4 million or 7.1 percent, while employer contributions increased by $8.6 million or 10.3 percent. Net investment income decreased by $787.8 million or 170.0 percent from $463.5 million in Fiscal Year 2020-21 to a loss of $324.4 million in Fiscal Year 2021-22 due to unfavorable market conditions. The JRF II recognized a MWRR of negative 13.4 percent for Fiscal Year 2021-22 compared with 24.3 percent for Fiscal Year 2020-21.

Deductions from the JRF II are comprised of benefit payments, refunds, and administrative expenses. There was an increase in benefit payments of $4.8 million or 7.7 percent due to an increase in benefit recipients from 406 in Fiscal Year 2020-21 to 471 in Fiscal Year 2021-22. Administrative expenses increased by $0.1 million or 8.2 percent primarily as a result of the cancellation of a reduction in employee compensation due to projected state COVID-related revenue shortfalls, made during Fiscal Year 2020-21.

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

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

	LRF			JRF			JRF II		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
Cash & Cash Equivalents	$1,201	$1,201	$0	$3,440	$3,361	$79	$906	$724	$182
Receivables	54	56	(2)	1,837	1,893	(56)	9,985	7,279	2,706
Investments	103,396	122,900	(19,504)	52,096	65,189	(13,093)	2,129,716	2,396,459	(266,743)
Total Assets	**$104,651**	**$124,157**	**($19,506)**	**$57,373**	**$70,443**	**($13,070)**	**$2,140,607**	**$2,404,462**	**($263,855)**
Deferred Outflows of Resources	$175	$166	$9	$493	$457	$36	$623	$580	$43
Total Assets and Deferred Outflows of Resources	**$104,826**	**$124,323**	**($19,497)**	**$57,866**	**$70,900**	**($13,034)**	**$2,141,230**	**$2,405,042**	**($263,812)**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES									
Retirement Benefits, Investment Settlement & Other	$660	$632	$28	$4,664	$4,560	$104	$1,383	$1,095	$288
Net Pension & OPEB Liabilities	1,281	1,551	(270)	3,311	4,339	(1,028)	4,285	5,514	(1,229)
Total Liabilities	**$1,941**	**$2,183**	**($242)**	**$7,975**	**$8,899**	**($924)**	**$5,668**	**$6,609**	**($941)**
Deferred Inflows of Resources	$261	$92	$169	$1,005	$361	$644	$1,174	$404	$770
Total Liabilities and Deferred Inflows of Resources	**$2,202**	**$2,275**	**($73)**	**$8,980**	**$9,260**	**($280)**	**$6,842**	**$7,013**	**($171)**
TOTAL NET POSITION RESTRICTED FOR PENSION BENEFITS	**$102,624**	**$122,048**	**($19,424)**	**$48,886**	**$61,640**	**($12,754)**	**$2,134,388**	**$2,398,029**	**($263,641)**

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

	LRF			JRF			JRF II		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
ADDITIONS									
Member Contributions	$23	$21	$2	$1,956	$2,146	($190)	$36,529	$34,094	$2,435
Employer Contributions	85	92	(7)	194,960	225,824	(30,864)	92,773	84,147	8,626
Net Investment Income (Loss)	(12,450)	15,098	(27,548)	194	163	31	(324,365)	463,478	(787,843)
Securities Lending & Other Income	1	—	1	2,305	2,462	(157)	3	—	3
Total Additions	**($12,341)**	**$15,211**	**($27,552)**	**$199,415**	**$230,595**	**($31,180)**	**($195,060)**	**$581,719**	**($776,779)**
DEDUCTIONS									
Retirement, Death & Survivor Benefits	$6,647	$6,761	($114)	$210,492	$210,951	($459)	$66,382	$61,613	$4,769
Refund of Contributions	—	—	—	—	—	—	357	381	(24)
Administrative Expenses	436	450	(14)	1,677	1,731	(54)	1,842	1,703	139
Total Deductions	**$7,083**	**$7,211**	**($128)**	**$212,169**	**$212,682**	**($513)**	**$68,581**	**$63,697**	**$4,884**
INCREASE (DECREASE) IN NET POSITION	**($19,424)**	**$8,000**	**($27,424)**	**($12,754)**	**$17,913**	**($30,667)**	**($263,641)**	**$518,022**	**($781,663)**
NET POSITION									
Beginning of Year	**$122,048**	**$114,048**	**$8,000**	**$61,640**	**$43,727**	**$17,913**	**$2,398,029**	**$1,880,007**	**$518,022**
End of Year	**$102,624**	**$122,048**	**($19,424)**	**$48,886**	**$61,640**	**($12,754)**	**$2,134,388**	**$2,398,029**	**($263,641)**

ASSET LIABILITY MANAGEMENT – DEFINED BENEFIT PLANS

The Asset Liability Management (ALM) process is an integrated review of pension assets and liabilities to inform decisions designed to achieve a sound and sustainable fund. CalPERS continues to expand its review of assets and liabilities so that financial risks to the System can be better understood, communicated, and managed.

To establish appropriate levels of risk, ALM is focused on investment and actuarial policies and key decision factors that are intended to drive an optimum asset allocation while stabilizing employer rates and the volatility of those rates from year to year. ALM is designed to improve the sustainability and soundness of the PERF, and the goal is to achieve 100 percent funding at an acceptable level of risk. Reducing the risk in the funding of the System will involve tradeoffs between short-term and long-term priorities.

In December 2017, the Board voted on the asset allocation of the PERF's investment portfolio for the next four years. The Board examined four potential portfolios and their impact on the PERF. Each portfolio represented different distributions of assets based on varying rates of expected return and risk of volatility. The Board selected the portfolio with expected volatility of 11.4 percent and an expected return of 7.0 percent, which aligns with the December 2016 decision to lower the discount rate to 7.0 percent over three years.

In February 2018, the Board approved modifications to the amortization policy that shorten the period over which actuarial gains and losses are amortized from 30 to 20 years and amortize unfunded liability with level dollar payments rather than increasing payments. The effective date of the policy changes was June 30, 2019, and the changes apply only to unfunded accrued liability bases created on and after this date.

In June 2020, CalPERS' investment staff presented updates on capital market assumptions and economic assumptions to the Board. The capital market assumptions update compared the 10-year 2020 expected returns to 2017 for the PERF and 2018 for the affiliates. The economic assumptions presented an economic overview based on the unprecedented impact caused by COVID-19. Topics addressed were U.S. unemployment, U.S. GDP, U.S. and global responses, and the economic uncertainty forecasted.

In March 2021, CalPERS investment staff updated the Board on current ALM risk concepts and provided examples of choices that balance the risks arising from the variability of three components: liabilities, contributions, and returns.

In November 2021, the CalPERS Board of Administration selected a new asset allocation mix that will guide the fund's investment portfolio for the next four years, while at the same time retaining the current 6.8 percent target it assumes those investments will earn over the long term. The Board also approved adding 5 percent leverage to increase diversification. As part of the ALM process, led by CalPERS' investment, actuarial, and financial offices, the Board examined different investment portfolios and their potential impact to the CalPERS fund. Each portfolio presented a different mix of assets and corresponding rate of expected return and risk volatility. Ultimately, the Board selected the portfolio with expected volatility of 12.1 percent and a return of 6.8 percent. The discount rate has been at 6.8 percent since July 2021, when a strong double-digit fiscal year investment return automatically triggered a reduction under the Funding Risk Mitigation Policy. The effective date for the new strategic asset allocation is July 1, 2022.

In order to better manage risks arising from terminating agencies, CalPERS has enhanced its oversight of contracting public agencies' financial health through its development of a standardized review criteria. These improvements include streamlining the collection and termination process to reduce the time frame, accelerating notifications to the Board and members, and adopting a risk oversight process to improve early detection of financial hardship issues. These processes and monitoring improvements support Fund Sustainability and Risk Management Goals of the CalPERS *2017-22 Strategic Plan*, which aims to strengthen the long-term sustainability of the pension funds.

FUNDING ANALYSIS – DEFINED BENEFIT PLANS

The Board has made several important decisions in the recent past that impact the current funding of pension benefits at CalPERS. In February 2018, the Board voted to shorten the period over which actuarial gains and losses are amortized from 30 to 20 years. Over time, these policies are designed to improve funding levels and help reduce overall funding level risk.

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 Fiscal Year 2022-23.

As of June 30, 2021, the funded ratio of the PERF was 81.2 percent. This percentage was determined by dividing the total assets in the PERF by the sum of liabilities for all plans reported under the PERF. CalPERS calculated the PERF funded ratio using a 6.8 percent discount rate. The discount rate was lowered from 7.0 percent due to the application of the

CalPERS Funding Risk Mitigation Policy triggered by the 21.3 percent investment return for Fiscal Year 2020-21. As of June 30, 2021, the funded ratio of the JRF II was 122.3 percent. CalPERS calculated the JRF II funded ratio value using a 6.0 percent discount rate. As of June 30, 2021, the funded ratio of the LRF was 129.3 percent. CalPERS calculated the LRF funded ratio value using a 4.5 percent discount rate. All funded ratios were calculated based on the market value of assets used in actuarial valuations that set funding requirements for employers.

Under GASB 67, there is a difference between the assumptions and components used to determine the net pension liabilities that must be reported in financial statements, the actuarial accrued liabilities, and actuarial value of assets used to determine pension contributions established as part of funding valuations. The Actuarial Section included in this report provides actuarial information derived for purposes of establishing the funding requirements of employers for which CalPERS administers retirement benefits.

The GASB 67 financial reporting discount rate for the PERF decreased from 7.15 percent to 6.90 percent. Assets used for GASB 67 financial reporting purposes are slightly greater than assets used for funding requirements, as the former include amounts for deficiency reserves and fiduciary self-insurance, which creates differences in plan assets reported in the funding actuarial valuation report. CalPERS is 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). The discount rates used for financial reporting for the PERF B, PERF C, LRF, and JRF II are set equal to the unadjusted long-term expected return assumption for each plan. The discount rates used for funding are net of administrative expenses. The funding discount rate used in the JRF valuation differs from the financial reporting discount rate which is based on 20-year tax-exempt General Obligation Municipal Bonds.

In March 2022, the CalPERS Board voted to lower the discount rates for the LRF and JRF II, which will impact employer rates beginning in Fiscal Year 2022-23. These funding rates are used in the June 30, 2021, actuarial valuation reports for the LRF and JRF II. The LRF funding discount rate was lowered from 5.00 percent to 4.50 percent and the JRF II was lowered from 6.50 percent to 6.00 percent. The JRF funding discount rate remained unchanged at 3.00 percent.

The following table displays the discount rates for the LRF, JRF, and JRF II for funding and financial reporting purposes as of June 30, 2022:

Fund	Funding Discount Rate	Financial Reporting Discount Rate
LRF	4.50%	4.85%
JRF	3.00%	3.69%
JRF II	6.00%	6.15%

DEFINED CONTRIBUTION PLANS

PUBLIC EMPLOYEES' DEFERRED COMPENSATION FUND (DCF)

The DCF is a fund into which CalPERS deposits contributions by employees of public agencies and school districts within the State of California that have elected to contract for a deferred compensation plan. To help administer the program, CalPERS contracts with a third-party administrator (TPA). In January 2020, the Board approved the renewal of a five-year contract through December 2025 with Voya Financial, LLC (Voya). As the TPA, Voya provides full recordkeeping, plan administration services, and new business development in support of the DCF.

The net position of the DCF decreased by $253.7 million or 11.6 percent from the beginning balance of $2.2 billion to $1.9 billion mainly due to negative return on investments. Investment balances decreased by $255.4 million or 11.8 percent from Fiscal Year 2020-21 to Fiscal Year 2021-22 due to unfavorable market conditions. There was a slight increase of $0.4 million or 2.4 percent in receivables due to more outstanding contributions at year-end. Total liabilities decreased by $1.8 million or 25.3 percent due to lower amounts of outstanding distributions combined with a decrease in the net pension obligation.

Member contributions to the fund increased $10.3 million or 8.1 percent compared with the prior year primarily due to an increase in members from 31,733 in Fiscal Year 2020-21 to 33,222 in Fiscal Year 2021-22.

However, the total additions decreased $745.1 million primarily due to investment losses of $276.4 million in Fiscal Year 2021-22 compared with $479.3 million in gains in Fiscal Year 2020-21, resulting in a 157.7 percent decrease in investment income.

Total deductions in the DCF decreased by $88.7 million or 42.2 percent. This was primarily due to a decrease of $88.7 million in participant withdrawals from the plan from $205.5 million in Fiscal Year 2020-21 to $116.9 million in Fiscal Year 2021-22. Administrative expenses for CalPERS personnel increased $9 thousand or 0.2 percent primarily as a result of the cancellation of a reduction in employee compensation due to projected state COVID-related revenue shortfalls made during Fiscal Year 2020-21.

SUPPLEMENTAL CONTRIBUTIONS PROGRAM FUND (SCPF)

Established on January 1, 2000, the SCPF is a member-funded program that provides supplemental retirement benefits to State of California employees who are CalPERS members. To help administer the program, CalPERS contracts with a TPA. In January 2020, the Board approved the renewal of a five-year contract through December 2025 with Voya. As the TPA, Voya provides full recordkeeping, plan administration services, and new business development in support of the SCPF.

The net position of the SCPF decreased $19.5 million or 14.9 percent from the beginning balance of $130.8 million to $111.3 million mainly due to negative return on investments. Total assets decreased by $19.5 million or 14.8 percent mainly due to a decrease in investments, and total liabilities decreased by $47 thousand or 4.2 percent due to a decrease in the net pension and OPEB obligation.

Total additions decreased $37.2 million primarily due to an investment loss in Fiscal Year 2021-22. Net investment income decreased by $37.1 million, from a gain of $22.7 million in Fiscal Year 2020-21 to a loss of $14.4 million in Fiscal Year 2021-22 due to unfavorable market conditions.

The primary deductions in the SCPF reflect withdrawals made by participants. Participant withdrawals decreased $0.3 million or 5.4 percent, from $5.5 million in Fiscal Year 2020-21 to $5.2 million in Fiscal Year 2021-22. Administrative expenses for CalPERS personnel decreased $14 thousand or 5.3 percent primarily due to a decrease in the pension expense as a result of lower net pension liability.

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

Fiduciary Net Position – Defined Contribution Plan Funds (Dollars in Thousands)

	DCF			SCPF		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash & Cash Equivalents	$1	$1	$0	$0	$1	($1)
Receivables	17,808	17,395	413	653	712	(59)
Investments	1,916,995	2,172,365	(255,370)	111,755	131,205	(19,450)
Total Assets	**$1,934,804**	**$2,189,761**	**($254,957)**	**$112,408**	**$131,918**	**($19,510)**
Deferred Outflows of Resources	$496	$462	$34	$43	$41	$2
Total Assets and Deferred Outflows of Resources	**$1,935,300**	**$2,190,223**	**($254,923)**	**$112,451**	**$131,959**	**($19,508)**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Retirement Benefits, Investment Settlement & Other	$1,815	$2,654	($839)	$736	$727	$9
Net Pension & OPEB Liabilities	3,449	4,392	(943)	327	383	(56)
Total Liabilities	**$5,264**	**$7,046**	**($1,782)**	**$1,063**	**$1,110**	**($47)**
Deferred Inflows of Resources	$927	$336	$591	$60	$25	$35
Total Liabilities and Deferred Inflows of Resources	**$6,191**	**$7,382**	**($1,191)**	**$1,123**	**$1,135**	**($12)**
TOTAL NET POSITION RESTRICTED FOR PENSION BENEFITS	**$1,929,109**	**$2,182,841**	**($253,732)**	**$111,328**	**$130,824**	**($19,496)**

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

	DCF			SCPF		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
ADDITIONS						
Member Contributions	$137,437	$127,135	$10,302	$243	$343	($100)
Net Investment Income (Loss)	(276,428)	479,324	(755,752)	(14,391)	22,713	(37,104)
Other Income	6,608	6,212	396	88	87	1
Total Additions	**($132,383)**	**$612,671**	**($745,054)**	**($14,060)**	**$23,143**	**($37,203)**
DEDUCTIONS						
Administrative Expenses	$4,475	$4,466	$9	$250	$264	($14)
Participant Withdrawals	116,874	205,540	(88,666)	5,186	5,484	(298)
Total Deductions	**$121,349**	**$210,006**	**($88,657)**	**$5,436**	**$5,748**	**($312)**
INCREASE (DECREASE) IN NET POSITION	**($253,732)**	**$402,665**	**($656,397)**	**($19,496)**	**$17,395**	**($36,891)**
NET POSITION						
Beginning of Year	**$2,182,841**	**$1,780,176**	**$402,665**	**$130,824**	**$113,429**	**$17,395**
End of Year	**$1,929,109**	**$2,182,841**	**($253,732)**	**$111,328**	**$130,824**	**($19,496)**

PENSION PREFUNDING TRUST FUND

CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST FUND (CEPPTF)

The California Employers' Pension Prefunding Trust Fund (CEPPTF) was created on September 21, 2018, pursuant to Senate Bill (SB) 1413, Chapter 665, Statutes of 2018. The CEPPTF is a trust dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies.

The net position of the CEPPTF was $85.1 million at June 30, 2022, an increase of $27.0 million or 46.6 percent from the net position of $58.0 million at June 30, 2021.

Additions to the CEPPTF net position are primarily employer contributions and net investment income. Employer contributions were $36.5 million, a decrease of $9.3 million or 20.3 percent. Contributions are voluntarily determined by the employer's own funding schedule, and there are no long-term contracts for required contributions to the trust. The fund experienced net investment losses of $9.5 million, a decrease of $12.5 million or 418.7 percent primarily due to unfavorable market conditions. The CEPPTF recognized a MWRR of negative 13.9 percent for Fiscal Year 2021-22 compared with 14.4 percent for Fiscal Year 2020-21. Deductions from the CEPPTF are primarily administrative expenses. There were no employer withdrawals in Fiscal Year 2021-22.

Fiduciary Net Position – Pension Prefunding Trust Fund (Dollars in Thousands)

	CEPPTF		
	2022	2021	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash & Cash Equivalents	$0	$1	($1)
Receivables	1,117	138	979
Investments	$84,038	$57,977	$26,061
Total Assets	**$85,155**	**$58,116**	**$27,039**
Deferred Outflows of Resources	$19	$19	$0
Total Assets and Deferred Outflows of Resources	**$85,174**	**$58,135**	**$27,039**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Investment Settlement & Other	$13	$7	$6
Net Pension & OPEB Obligation	7	26	(19)
Total Liabilities	**$20**	**$33**	**($13)**
Deferred Inflows of Resources	$85	$74	$11
Total Liabilities and Deferred Inflows of Resources	**$105**	**$107**	**($2)**
TOTAL NET POSITION RESTRICTED FOR PENSION	**$85,069**	**$58,028**	**$27,041**

Changes in Fiduciary Net Position – Pension Prefunding Trust Fund (Dollars in Thousands)

	CEPPTF		
	2022	2021	Increase/ (Decrease)
ADDITIONS			
Employer Contributions	$36,474	$45,764	($9,290)
Net Investment Income (Loss)	(9,544)	2,995	(12,539)
Other Income	154	53	101
Total Additions	**$27,084**	**$48,812**	**($21,728)**
DEDUCTIONS			
Administrative Expenses	$43	$16	$27
Employer Withdrawals	—	1,707	(1,707)
Total Deductions	**$43**	**$1,723**	**($1,680)**
INCREASE (DECREASE) IN NET POSITION	**$27,041**	**$47,089**	**($20,048)**
NET POSITION			
Beginning of Year	**$58,028**	**$10,939**	**$47,089**
End of Year	**$85,069**	**$58,028**	**$27,041**

OTHER POST-EMPLOYMENT BENEFIT TRUST FUND

CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST FUND (CERBTF)

The CERBTF is a trust for employers to pre-fund health, dental, and other non-pension post-employment benefits. CalPERS contracts with a TPA, Northeast Retirement Services (NRS), to perform recordkeeping for individual CERBTF employer accounts.

Net position restricted for OPEB benefits as of June 30, 2022, decreased $306.3 million or 2.0 percent from the prior year mainly due to negative return on investments. Receivables increased $63.9 million or 119.6 percent primarily due to higher outstanding employer contributions pending at year-end. Investments at fair value decreased $370.5 million or 2.4 percent due to unfavorable market conditions.

Total liabilities decreased $2.3 million or 2.3 percent primarily due to a decrease in net state pension and OPEB liabilities. Total net pension and OPEB liabilities decreased by $3.3 million or 35.7 percent. Net OPEB liability decrease was primarily due to favorable healthcare claims, experience and plan design changes, and changes in pension-related assumptions. Net pension liability decreased due to higher than projected investment returns in Fiscal Year 2020-21.

Additions to the CERBTF net position restricted for OPEB benefits are primarily made up of employer contributions (directly to the trust and outside the trust) and net investment income. Employer contributions increased $1.4 billion or 34.9 percent primarily due to higher contributions from existing participating employers. During Fiscal Year 2021-22, the fund experienced net investment losses of $2.3 billion, a decrease of $5.4 billion or 175.9 percent from a net investment income of $3.1 billion in Fiscal Year 2020-21. Additionally, the CERBTF recognized a MWRR of negative 14.0 percent in Fiscal Year 2021-22, compared with 25.6 percent in Fiscal Year 2020-21.

Deductions from the CERBTF net position restricted for OPEB benefits were primarily made up of OPEB reimbursements to employers (directly from the trust and outside the trust), which increased $94.8 million or 2.9 percent due to increased volume of reimbursement requests among existing participating employers. Employer withdrawals increased by $134.1 million due to a higher amount of balance transfers out of the plan. The amounts reported for contributions and reimbursements made directly by employers to health care providers outside the trust amounted to $3.2 billion for Fiscal Year 2021-22 compared with $3.1 billion in Fiscal Year 2020-21. Administrative expenses for CalPERS personnel decreased $0.3 million or 6.7 percent primarily due to a decrease in pension and OPEB expenses as a result of lower net pension and net OPEB liabilities.

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

Fiduciary Net Position – Other Post-Employment Benefit Trust Fund (Dollars in Thousands)

	CERBTF		
	2022	2021	Increase/(Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash & Cash Equivalents	$1	$25	($24)
Receivables	117,403	53,468	63,935
Investments	15,314,595	15,685,090	(370,495)
Total Assets	**$15,431,999**	**$15,738,583**	**($306,584)**
Deferred Outflows of Resources	$1,028	$913	$115
Total Assets and Deferred Outflows of Resources	**$15,433,027**	**$15,739,496**	**($306,469)**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Other Post-Employment Benefits, Investment Settlement & Other	$91,956	$90,942	$1,014
Net Pension & OPEB Liabilities	5,888	9,158	(3,270)
Total Liabilities	**$97,844**	**$100,100**	**($2,256)**
Deferred Inflows of Resources	$2,889	$839	$2,050
Total Liabilities and Deferred Inflows of Resources	**$100,733**	**$100,939**	**($206)**
TOTAL NET POSITION RESTRICTED FOR OPEB	**$15,332,294**	**$15,638,557**	**($306,263)**

Changes in Fiduciary Net Position – Other Post-Employment Benefit Trust Fund (Dollars in Thousands)

	CERBTF		
	2022	2021	Increase/(Decrease)
ADDITIONS			
Employer Contributions	$5,503,086	$4,079,904	$1,423,182
Net Investment Income (Loss)	(2,346,058)	3,091,811	(5,437,869)
Other Income	14,097	11,704	2,393
Total Additions	**$3,171,125**	**$7,183,419**	**($4,012,294)**
DEDUCTIONS			
Administrative Expenses	$4,241	$4,544	($303)
Employer Withdrawals	135,440	1,318	134,122
OPEB Reimbursements	3,337,707	3,242,939	94,768
Total Deductions	**$3,477,388**	**$3,248,801**	**$228,587**
INCREASE (DECREASE) IN NET POSITION	**($306,263)**	**$3,934,618**	**($4,240,881)**
NET POSITION			
Beginning of Year	**$15,638,557**	**$11,703,939**	**$3,934,618**
End of Year	**$15,332,294**	**$15,638,557**	**($306,263)**

CUSTODIAL FUNDS

REPLACEMENT BENEFIT FUND (RBF)

The RBF is a qualified excess benefit arrangement pursuant to Internal Revenue Code (IRC) section 415(m) and provides for the replacement of the portion of retirement allowance that exceeds IRC section 415(b) dollar limits. Employers are invoiced by CalPERS for amounts payable to their former employees, and CalPERS subsequently pays the replacement benefit to retirees. Participants of the RBF cover the administrative costs to maintain the fund.

The net position of the RBF decreased by $0.3 million or 65.1 percent, primarily due to decrease in investment assets. Total assets decreased $1.8 million, or 7.9 percent, due to a decrease in investments and lower receivables. Total liabilities decreased by $1.5 million, or 6.8 percent, primarily due to fewer participants in the plan.

Additions to the fund include replacement benefits received from participating employers, investment income, and other income. Employer contributions increased $1.5 million or 4.2 percent. Other income increased $0.2 million or 100.0 percent due to determination made to charge a 1.5 percent administrative fee starting January 2022 from retirees.

Deductions from the RBF include benefit payments and administrative expenses. Benefit payments increased $1.5 million or 4.2 percent primarily due to more warrants processed in Fiscal Year 2021-22 compared to the prior year.

OLD AGE AND SURVIVORS' INSURANCE REVOLVING FUND (OASI)

The OASI was established to consolidate the collection and payment of employee and employer contributions for California public agencies under the provisions of the federal Social Security regulations.

The Board serves as the State Social Security Administrator (SSSA). Between 1955 and 1986, the SSSA was responsible for collecting Social Security and Medicare taxes from public employers, reconciling the submissions, and then submitting to the Internal Revenue Service. Effective January 1, 1987, with the enactment of the Omnibus Budget Reconciliation Act of 1986, the responsibility of collecting taxes moved from CalPERS to the Internal Revenue Service. Starting in 1987, the SSSA operated using the interest that was earned over time on the OASI. The OASI funds diminished, requiring additional funding to pay for the costs of administering the SSSA program. Starting July 1, 2019, CalPERS began charging participating agencies a fee to pay for these costs. For the Fiscal Year 2021-22, this Annual Maintenance Fee was suspended due to adequate funding from prior year assessments. CalPERS will continue to analyze current funding and expenses to determine future fee assessments.

The net position of the OASI decreased by $0.8 million or 20.1 percent primarily due to suspending the collection of fees from the participating agencies. Total assets decreased $0.9 million or 23.3 percent in Fiscal Year 2021-22 due to decreased investments and lower receivables. Total liabilities decreased in Fiscal Year 2021-22 by $0.5 million or 430.2 percent due to a decrease in both net pension and OPEB liabilities.

Additions to the fund include investment income and fees, which decreased by $2.3 million or 98.0 percent in Fiscal Year 2021-22 primarily due to the decision not to issue Annual Maintenance Fee invoices in Fiscal Year 2021-22 because the fees collected during the prior Fiscal Year 2020-21 exceeded the targeted amount to fund the current year's anticipated expenditures. Deductions from the OASI are primarily costs incurred to administer the fund. Administrative expenses for CalPERS personnel increased $0.3 million or 57.5 percent in Fiscal Year 2021-22 primarily due to the fact that expenses were lower in the prior year because of a reversal of a duplicate charge to the fund for the prior fiscal year and due to the addition of pro-rata charges to the fund in Fiscal Year 2021-22.

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

Fiduciary Net Position – Custodial Funds (Dollars in Thousands)

	RBF			OASI		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash & Cash Equivalents	$1	$1	$0	$1	$0	$1
Receivables	319	433	(114)	69	502	(433)
Investments	20,732	22,427	(1,695)	2,969	3,460	(491)
Total Assets	**$21,052**	**$22,861**	**($1,809)**	**$3,039**	**$3,962**	**($923)**
Deferred Outflows of Resources	$0	$0	$0	$18	$1	$17
Total Assets and Deferred Outflows of Resources	**$21,052**	**$22,861**	**($1,809)**	**$3,057**	**$3,963**	**($906)**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Due to Other Funds	$63	$57	$6	$92	$67	$25
Net Pension & OPEB Liabilities	—	—	—	(442)	39	(481)
Unearned Replacement Benefits	20,841	22,380	(1,539)	—	—	—
Total Liabilities	**$20,904**	**$22,437**	**($1,533)**	**($350)**	**$106**	**($456)**
Deferred Inflows of Resources	$0	$0	$0	$420	$118	$302
Total Liabilities and Deferred Inflows of Resources	**$20,904**	**$22,437**	**($1,533)**	**$70**	**$224**	**($154)**
TOTAL NET POSITION RESTRICTED FOR REPLACEMENT BENEFITS/PROGRAM ADMINISTRATION	**$148**	**$424**	**($276)**	**$2,987**	**$3,739**	**($752)**

Changes in Fiduciary Net Position – Custodial Funds (Dollars in Thousands)

	RBF			OASI		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
ADDITIONS						
Replacement Benefits	$37,072	$35,594	$1,478	$0	$0	$0
Investment Income	74	85	(11)	12	11	1
Other Income	246	—	246	36	2,344	(2,308)
Total Additions	**$37,392**	**$35,679**	**$1,713**	**$48**	**$2,355**	**($2,307)**
DEDUCTIONS						
Replacement Benefit Payments	$37,071	$35,594	$1,477	$0	$0	$0
Administrative Expenses	597	605	(8)	800	508	292
Total Deductions	**$37,668**	**$36,199**	**$1,469**	**$800**	**$508**	**$292**
INCREASE (DECREASE) IN NET POSITION	**($276)**	**($520)**	**$244**	**($752)**	**$1,847**	**($2,599)**
NET POSITION						
Beginning of Year	**$424**	**$944**	**($520)**	**$3,739**	**$1,892**	**$1,847**
End of Year	**$148**	**$424**	**($276)**	**$2,987**	**$3,739**	**($752)**

ENTERPRISE FUNDS

PUBLIC EMPLOYEES' HEALTH CARE FUND (HCF)

The HCF accounts for the activities of the CalPERS self-funded health plans (PERS Choice, PERSCare, and PERS Select up to December 31, 2021, and PERS Platinum and PERS Gold effective January 1, 2022), and flex-funded health plans (Anthem Blue Cross, Blue Shield of California, Health Net, Sharp, UnitedHealthcare, and Western Health Advantage).

The net position of the HCF was negative $75.3 million at June 30, 2022, a decrease of $394.9 million or 123.6 percent from the net position of $319.6 million at June 30, 2021.

Total assets decreased by $197.3 million or 14.8 percent primarily due to a decrease of $191.0 million or 36.8 percent in investments. Cash and cash equivalents decreased by $34.4 million or 22.7 percent primarily due to timing. Total liabilities increased by $183.6 million or 18.0 percent primarily due to an increase in estimated insurance claims combined with an increase in third-party administrator fees liability in Fiscal Year 2021-22.

Revenues include premiums collected from members and employers, federal subsidies, and investment income (non-operating revenue). Premiums collected increased by $197.7 million or 5.0 percent primarily due to an increase in premium rates. The fund experienced net investment losses of $39.2 million, a decrease of $40.2 million due to unfavorable market conditions in the fixed income market.

Expenses are comprised of claims, investment fees, and costs incurred to oversee the plans. Claim expenses increased by $449.0 million, or 12.4 percent primarily due to an increase in both medical and drug claims. Administrative expenses increased by $4.5 million or 1.5 percent primarily due to an increase in shared administrative expenses combined with an increase in third-party administrator fees.

PUBLIC EMPLOYEES' CONTINGENCY RESERVE FUND (CRF)

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

The net position of the CRF was negative $56.4 million at June 30, 2022, a decrease of $0.5 million or 0.8 percent from the net position of negative $56.9 million at June 30, 2021.

Cash and cash equivalents increased by $27.7 million or 3.8 percent. Total receivables increased by $6.2 million or 21.5 percent primarily due to an increase in risk adjustment allocation due from the Health Care Fund. Total liabilities increased by $23.9 million or 2.9 percent primarily due to an increase in health premiums that need to be transferred to health carriers at the end of Fiscal Year 2021-22.

Revenues include administrative fees collected and investment income. Administrative fees are determined as a percentage of total active and retired health premiums. These fees increased by $2.2 million or 9.0 percent primarily due to an increase in the administrative fee rate from 0.24 percent in Fiscal Year 2020-21 to 0.25 percent in Fiscal Year 2021-22. Investment income decreased by $0.4 million or 20.0 percent due to a decrease in interest rates.

Expenses are comprised of costs incurred to administer the CRF. Administrative expenses decreased by $1.3 million or 4.5 percent primarily due to a decrease in pension and OPEB expenses as a result of lower net pension and OPEB liabilities, partially offset by an increase in shared administrative expenses.

PUBLIC EMPLOYEES' LONG-TERM CARE FUND (LTCF)

The LTCF provides financial protection to 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 services (activities of daily living) such as bathing, dressing, toileting, transferring, continence, and eating, which are not typically covered by traditional health insurance or Medicare.

Long-term care participation is voluntary, and benefits are funded by participant-paid 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. Long-Term Care Group (LTCG) is the third-party administrator (TPA) for the CalPERS Long-Term Care Program. CalPERS has suspended open enrollment in the CalPERS Long-Term Care Program due to current uncertainty in the long-term care market. Therefore, effective June 17, 2020, and until further notice, the CalPERS Long-Term Care Program will not be accepting new applications for coverage.

Unrestricted net position of the LTCF decreased by $879.0 million from beginning net position of positive $479.7 million to negative $399.3 million, primarily due to a decrease in investment income in Fiscal Year 2021-22 and increase in the estimated liabilities for future claim benefits. Total assets decreased by $578.4 million or 10.6 percent primarily due to unfavorable market conditions in Fiscal Year 2021-22. Investments decreased by $589.5 million or 10.8 percent due to unfavorable market conditions. Total liabilities increased by $298.4 million or 6.0 percent primarily due to an increase in estimated liability for future policy benefits per updated cash flow projection and actuarial assumptions from June 30, 2021, actuarial valuation.

The LTCF revenues include premiums collected from participants and investment income. In Fiscal Year 2020-21, the Board of Administration approved a rate increase for all Long-Term Care Program policyholders to be implemented over two years. The first increase of 52 percent took effect beginning in November 2021, which resulted in an increase in premiums of $25.6 million, or 9.4 percent. Non-operating revenues are comprised of net appreciation or depreciation in fair value of investments and interest, dividend, and other investment income. The investment income for Fiscal Year 2021-22 decreased by $1.2 billion or 183.6 percent from the prior year due to unfavorable market conditions.

Total expenses are comprised of claims, changes in estimated liabilities for future policy benefits, change in the estimated settlement liability, administrative costs to the program, and investment expenses. In Fiscal Year 2021-22, total expenses increased by $2.4 billion or 136.6 percent. Administrative expenses decreased by $2.0 million or 7.9 percent primarily due to a decrease in pension expense as a result of lower net pension liability. The increase/(decrease) in estimated liabilities for future policy benefits line item was $3.2 billion, which was partially offset by reversed estimated settlement liability due to the settlement offer being terminated and not reasonably estimable. CalPERS agreed to a proposed settlement in the Long-Term Care Program class action lawsuit that was approved preliminarily in July 2021, but was terminated in April 2022. Please refer to Note 15 for additional information.

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

Net Position – Enterprise Funds (Dollars in Thousands)

	HCF			CRF			LTCF		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
Cash & Cash Equivalents	$116,807	$151,180	($34,373)	$756,132	$728,470	$27,662	$16,261	$5,591	$10,670
Receivables	692,586	664,543	28,043	34,857	28,690	6,167	838	417	421
Investments	327,465	518,418	(190,953)	—	—	—	4,886,776	5,476,314	(589,538)
Total Assets	**$1,136,858**	**$1,334,141**	**($197,283)**	**$790,989**	**$757,160**	**$33,829**	**$4,903,875**	**$5,482,322**	**($578,447)**
Deferred Outflows of Resources	$12,312	$11,477	$835	$8,362	$7,793	$569	$1,132	$1,006	$126
Total Assets and Deferred Outflows of Resources	**$1,149,170**	**$1,345,618**	**($196,448)**	**$799,351**	**$764,953**	**$34,398**	**$4,905,007**	**$5,483,328**	**($578,321)**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES									
Claims Payable, Unearned Premiums, Estimated Insurance Claims Due & Due to Carriers	$1,010,017	$878,906	$131,111	$475,408	$374,997	$100,411	$37,553	$34,542	$3,011
Due to Employers	—	—	—	238	241	(3)	—	—	—
Other Liabilities	107,487	31,393	76,094	307,483	367,980	(60,497)	6,434	6,596	(162)
Estimated Settlement Liability	—	—	—	—	—	—	—	2,900,000	(2,900,000)
Estimated Liability for Future Policy Benefits	—	—	—	—	—	—	5,250,421	2,051,292	3,199,129
Net Pension & OPEB Liabilities	84,048	107,619	(23,571)	56,582	72,631	(16,049)	6,537	10,086	(3,549)
Total Liabilities	**$1,201,552**	**$1,017,918**	**$183,634**	**$839,711**	**$815,849**	**$23,862**	**$5,300,945**	**$5,002,516**	**$298,429**
Deferred Inflows of Resources	$22,917	$8,138	$14,779	$16,019	$5,957	$10,062	$3,328	$1,102	$2,226
Total Liabilities and Deferred Inflows of Resources	**$1,224,469**	**$1,026,056**	**$198,413**	**$855,730**	**$821,806**	**$33,924**	**$5,304,273**	**$5,003,618**	**$300,655**
TOTAL UNRESTRICTED NET POSITION (DEFICIT)	**($75,299)**	**$319,562**	**($394,861)**	**($56,379)**	**($56,853)**	**$474**	**($399,266)**	**$479,710**	**($878,976)**

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

	HCF			CRF			LTCF		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
REVENUES									
Premiums	$4,137,604	$3,939,906	$197,698	$0	$0	$0	$297,388	$271,766	$25,622
Federal Government Subsidies	728	8,263	(7,535)	—	—	—	—	—	—
Non-Operating Revenues (Losses)	(39,207)	986	(40,193)	1,463	1,829	(366)	(531,313)	635,250	(1,166,563)
Administrative Fees & Other	101	—	101	26,135	23,981	2,154	271	890	(619)
Total Revenues	**$4,099,226**	**$3,949,155**	**$150,071**	**$27,598**	**$25,810**	**$1,788**	**($233,654)**	**$907,906**	**($1,141,560)**
EXPENSES									
Claims Expense	$4,063,516	$3,614,513	$449,003	$0	$0	$0	$319,122	$308,976	$10,146
Increase (Decrease) in Estimated Liabilities	112,696	35,438	77,258	—	—	—	3,199,129	(5,001,779)	8,200,908
Federal Government Subsidy Recapture	8,267	—	8,267	—	—	—	—	—	—
Increase (Decrease) in Estimated Settlement Liability	—	—	—	—	—	—	(2,899,100)	2,900,000	(5,799,100)
Non-Operating Expenses	135	145	(10)	—	—	—	2,408	2,231	177
Administrative Expenses	309,473	304,990	4,483	27,124	28,414	(1,290)	23,763	25,804	(2,041)
Total Expenses	**$4,494,087**	**$3,955,086**	**$539,001**	**$27,124**	**$28,414**	**($1,290)**	**$645,322**	**($1,764,768)**	**$2,410,090**
INCREASE (DECREASE) IN UNRESTRICTED NET POSITION	**($394,861)**	**($5,931)**	**($388,930)**	**$474**	**($2,604)**	**$3,078**	**($878,976)**	**$2,672,674**	**($3,551,650)**
UNRESTRICTED NET POSITION (DEFICIT)									
Beginning of Year	**$319,562**	**$325,493**	**($5,931)**	**($56,853)**	**($54,249)**	**($2,604)**	**$479,710**	**($2,192,964)**	**$2,672,674**
End of Year	**($75,299)**	**$319,562**	**($394,861)**	**($56,379)**	**($56,853)**	**$474**	**($399,266)**	**$479,710**	**($878,976)**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of CalPERS finances. Address questions concerning any of the information provided in this report or requests for additional financial information to the CalPERS Financial Office, P.O. Box 942703, Sacramento, CA, 94229-2703, or call 888 CalPERS (or 888-225-7377).

Basic Financial Statements

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

As of June 30, 2022, with Comparative Totals as of June 30, 2021 (Dollars in Thousands)

	Pension Trust Funds					
	PERF A	PERF B	PERF C			
	Agent	Schools Cost-Sharing	Public Agency Cost-Sharing	LRF	JRF	JRF II
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash & Cash Equivalents	**$532,310**	**$131,239**	**$62,775**	**$1,201**	**$3,440**	**$906**
Receivables						
Members	$380,984	$95,440	$35,851	$44	$1,054	$1,447
Employers	593,930	440,903	49,603	9	708	8,518
Investment Sales & Other	7,120,169	1,755,456	839,678	1	—	7
Interest & Dividends	789,889	194,745	93,151	—	75	13
Due from Other Funds	9,696	2,391	1,143	—	—	—
Other Program	68,906	16,988	8,126	—	—	—
Total Receivables	**$8,963,574**	**$2,505,923**	**$1,027,552**	**$54**	**$1,837**	**$9,985**
Investments, at Fair Value						
Short-Term Investments	$11,988,711	$2,944,288	$1,414,264	$724	$52,096	$3,110
Public Equity	139,649,518	34,296,301	16,473,941	34,418	—	1,299,385
Fixed Income	80,925,257	19,874,304	9,546,455	68,254	—	827,221
Real Assets	51,831,359	12,729,180	6,114,355	—	—	—
Private Equity/Debt	41,242,949	10,128,789	4,865,279	—	—	—
Total Investments	**$325,637,794**	**$79,972,862**	**$38,414,294**	**$103,396**	**$52,096**	**$2,129,716**
Securities Lending Collateral	$10,482,900	$2,584,527	$1,236,243	$0	$0	$0
Capital Assets, Net & Other Assets	174,857	43,110	20,621	—	—	—
TOTAL ASSETS	**$345,791,435**	**$85,237,661**	**$40,761,485**	**$104,651**	**$57,373**	**$2,140,607**
Deferred Outflows of Resources	$86,178	$21,247	$10,163	$175	$493	$623
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$345,877,613**	**$85,258,908**	**$40,771,648**	**$104,826**	**$57,866**	**$2,141,230**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Retirement & Other Benefits	$1,842,468	$442,750	$198,743	$575	$0	$0
Investment Purchases & Other	10,698,991	2,637,804	1,261,726	—	—	—
Due to Members & Employers	9,534	—	—	14	49	7
Net Pension & OPEB Liabilities	592,251	146,017	69,844	1,281	3,311	4,285
Securities Lending Obligations	10,477,624	2,583,226	1,235,620	—	—	—
Due to Other Funds	—	—	—	60	210	299
Management & Third-Party Administrator Fees	778	191	92	8	—	163
Unearned Replacement Benefits	—	—	—	—	—	—
Other Program	100,769	24,653	11,563	3	4,405	914
TOTAL LIABILITIES	**$23,722,415**	**$5,834,641**	**$2,777,588**	**$1,941**	**$7,975**	**$5,668**
Deferred Inflows of Resources	$157,202	$38,758	$18,539	$261	$1,005	$1,174
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$23,879,617**	**$5,873,399**	**$2,796,127**	**$2,202**	**$8,980**	**$6,842**
NET POSITION – RESTRICTED FOR PENSION, OTHER POST-EMPLOYMENT, REPLACEMENT BENEFITS, AND PROGRAM ADMINISTRATION	**$321,997,996**	**$79,385,509**	**$37,975,521**	**$102,624**	**$48,886**	**$2,134,388**

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

Pension Trust Funds		Investment Trust Fund	Other Post-Employment Benefit Trust Fund	Custodial Funds		Totals	
DCF	SCPF	CEPPTF	CERBTF	RBF	OASI	2022	2021
$1	$0	$0	$1	$1	$1	$731,875	$1,078,072
$4,310	$647	$0	$0	$16	$0	$519,793	$568,295
—	—	1,116	117,343	260	—	1,212,390	1,147,051
—	—	—	—	—	—	9,715,311	1,800,012
10	6	1	60	43	6	1,077,999	1,019,713
—	—	—	—	—	—	13,230	10,714
13,488	—	—	—	—	63	107,571	100,628
$17,808	**$653**	**$1,117**	**$117,403**	**$319**	**$69**	**$12,646,294**	**$4,646,413**
$149,668	$11,712	$9,205	$49,331	$20,732	$2,969	$16,646,810	$24,643,516
1,346,137	56,856	27,711	9,843,780	—	—	203,028,047	252,654,826
421,190	43,187	47,122	5,421,484	—	—	117,174,474	136,538,957
—	—	—	—	—	—	70,674,894	47,207,101
—	—	—	—	—	—	56,237,017	44,830,728
$1,916,995	**$111,755**	**$84,038**	**$15,314,595**	**$20,732**	**$2,969**	**$463,761,242**	**$505,875,128**
$0	$0	$0	$0	$0	$0	$14,303,670	$3,350,881
—	—	—	—	—	—	238,588	259,711
$1,934,804	**$112,408**	**$85,155**	**$15,431,999**	**$21,052**	**$3,039**	**$491,681,669**	**$515,210,205**
$496	$43	$19	$1,028	$0	$18	$120,483	$112,556
$1,935,300	**$112,451**	**$85,174**	**$15,433,027**	**$21,052**	**$3,057**	**$491,802,152**	**$515,322,761**
$0	$0	$0	$89,752	$0	$0	$2,574,288	$2,404,359
—	—	—	—	—	—	14,598,521	10,365,085
413	656	—	—	—	—	10,673	10,193
3,449	327	7	5,888	—	(442)	826,218	1,050,178
—	—	—	—	—	—	14,296,470	3,351,059
515	31	5	1,054	63	92	2,329	1,741
887	49	8	1,150	—	—	3,326	6,238
—	—	—	—	20,841	—	20,841	22,380
—	—	—	—	—	—	142,307	111,744
$5,264	**$1,063**	**$20**	**$97,844**	**$20,904**	**($350)**	**$32,474,973**	**$17,322,977**
$927	$60	$85	$2,889	$0	$420	$221,320	$80,905
$6,191	**$1,123**	**$105**	**$100,733**	**$20,904**	**$70**	**$32,696,293**	**$17,403,882**
$1,929,109	**$111,328**	**$85,069**	**$15,332,294**	**$148**	**$2,987**	**$459,105,859**	**$497,918,879**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2022, with Comparative Totals for the Fiscal Year Ended June 30, 2021 (Dollars in Thousands)

	Pension Trust Funds					
	PERF A	PERF B	PERF C			
	Agent	Schools Cost-Sharing	Public Agency Cost-Sharing	LRF	JRF	JRF II
ADDITIONS						
Retirement and OPEB Contributions						
Members	$3,638,294	$1,104,241	$417,129	$23	$1,956	$36,529
Employers	16,860,860	3,557,108	2,284,579	85	2,799	91,887
Replacement Benefits	—	—	—	—	—	—
State of California General Fund	—	—	—	—	192,161	886
Employer Contributions Direct – OPEB	—	—	—	—	—	—
Employer Contributions Outside of Trust – OPEB	—	—	—	—	—	—
Total Retirement and OPEB Contribution	**$20,499,154**	**$4,661,349**	**$2,701,708**	**$108**	**$196,916**	**$129,302**
Investment Income						
Net Appreciation/(Depreciation) in Fair Value of Investments	($31,507,200)	($7,674,772)	($3,696,692)	($12,412)	$0	($323,611)
Interest & Amortization	2,060,675	508,053	243,014	1	202	27
Dividends	3,792,322	934,986	447,227	—	—	—
Other Investment Income	34,097	8,406	4,021	12	—	214
Less Investment Costs:						
Management & Performance Fees	(676,419)	(166,769)	(79,770)	(34)	—	(663)
Other	(303,120)	(74,734)	(35,747)	(17)	(8)	(332)
Net Investment Income	**($26,599,645)**	**($6,464,830)**	**($3,117,947)**	**($12,450)**	**$194**	**($324,365)**
Securities Lending Income	$99,728	$24,588	$11,761	$0	$0	$0
Securities Lending Expense	(31,512)	(7,769)	(3,716)	—	—	—
Net Securities Lending	**$68,216**	**$16,819**	**$8,045**	**$0**	**$0**	**$0**
Other Income	$6,498	$1,569	$714	$1	$2,305	$3
Plan-to-Plan Resource Movement	8,332	3	—	—	—	—
TOTAL ADDITIONS	**($6,017,445)**	**($1,785,090)**	**($407,480)**	**($12,341)**	**$199,415**	**($195,060)**
DEDUCTIONS						
Retirement, Death & Survivor Benefits	$21,609,247	$5,182,681	$2,326,426	$6,647	$210,492	$66,382
Replacement Benefit Payments	—	—	—	—	—	—
Refund of Contributions	190,272	116,077	23,206	—	—	357
Administrative Expenses	218,079	53,699	25,686	436	1,677	1,842
Plan-to-Plan Resource Movement	—	—	8,335	—	—	—
Participant & Employer Withdrawals	—	—	—	—	—	—
OPEB Reimbursements Direct	—	—	—	—	—	—
OPEB Reimbursements – Outside Trust	—	—	—	—	—	—
TOTAL DEDUCTIONS	**$22,017,598**	**$5,352,457**	**$2,383,653**	**$7,083**	**$212,169**	**$68,581**
INCREASE (DECREASE) IN NET POSITION	**($28,035,043)**	**($7,137,547)**	**($2,791,133)**	**($19,424)**	**($12,754)**	**($263,641)**
NET POSITION						
Beginning of Year	**$350,033,039**	**$86,523,056**	**$40,766,654**	**$122,048**	**$61,640**	**$2,398,029**
End of year	**$321,997,996**	**$79,385,509**	**$37,975,521**	**$102,624**	**$48,886**	**$2,134,388**

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

Basic Financial Statements (continued)

Pension Trust Funds		Investment Trust Fund	Other Post-Employment Benefit Trust Fund	Custodial Funds		Totals	
DCF	**SCPF**	**CEPPTF**	**CERBTF**	**RBF**	**OASI**	**2022**	**2021**
$137,437	$243	$0	$0	$0	$0	$5,335,852	$4,920,739
—	—	36,474	—	—	—	22,833,792	20,167,634
—	—	—	—	37,072	—	37,072	35,594
—	—	—	—	—	—	193,047	222,950
—	—	—	2,344,227	—	—	2,344,227	1,009,680
—	—	—	3,158,859	—	—	3,158,859	3,070,224
$137,437	**$243**	**$36,474**	**$5,503,086**	**$37,072**	**$0**	**$33,902,849**	**$29,426,821**
($276,599)	($14,367)	($9,532)	($2,339,519)	$0	$0	($45,854,704)	$85,521,951
951	23	2	151	74	12	2,813,185	2,770,301
—	—	—	—	—	—	5,174,535	4,672,358
(2)	(1)	7	46	—	—	46,800	187,482
(479)	(29)	(15)	(4,530)	—	—	(928,708)	(720,098)
(299)	(17)	(6)	(2,206)	—	—	(416,486)	(296,407)
($276,428)	**($14,391)**	**($9,544)**	**($2,346,058)**	**$74**	**$12**	**($39,165,378)**	**$92,135,587**
$0	$0	$0	$0	$0	$0	$136,077	$122,628
—	—	—	—	—	—	(42,997)	(16,872)
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$93,080**	**$105,756**
$6,608	$88	$154	$14,097	$246	$36	$32,319	$30,517
—	—	—	—	—	—	8,335	348,384
($132,383)	**($14,060)**	**$27,084**	**$3,171,125**	**$37,392**	**$48**	**($5,128,795)**	**$122,047,065**
$0	$0	$0	$0	$0	$0	$29,401,875	$27,694,519
—	—	—	—	37,071	—	37,071	35,594
—	—	—	—	—	—	329,912	287,937
4,475	250	43	4,241	597	800	311,825	406,406
—	—	—	—	—	—	8,335	348,384
116,874	5,186	—	135,440	—	—	257,500	214,049
—	—	—	178,848	—	—	178,848	172,715
—	—	—	3,158,859	—	—	3,158,859	3,070,224
$121,349	**$5,436**	**$43**	**$3,477,388**	**$37,668**	**$800**	**$33,684,225**	**$32,229,828**
($253,732)	**($19,496)**	**$27,041**	**($306,263)**	**($276)**	**($752)**	**($38,813,020)**	**$89,817,237**
$2,182,841	**$130,824**	**$58,028**	**$15,638,557**	**$424**	**$3,739**	**$497,918,879**	**$408,101,642**
$1,929,109	**$111,328**	**$85,069**	**$15,332,294**	**$148**	**$2,987**	**$459,105,859**	**$497,918,879**

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

As of June 30, 2022, with Comparative Totals as of June 30, 2021 (Dollars in Thousands)

	Proprietary Funds			Totals	
	HCF	CRF	LTCF	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets					
Cash & Cash Equivalents	$1	$1	$16,087	$16,089	$5,442
Short-Term Investments	116,806	756,131	174	873,111	879,799
Receivables					
Members & Employers	$0	$20,984	$838	$21,822	$25,607
Health Carriers & Pharmacy Benefit Managers	401,142	1,592	—	402,734	304,997
Interest & Dividends	393	1,139	—	1,532	726
Due from Other Funds	291,040	11,142	—	302,182	362,309
Other Receivables	11	—	—	11	11
Total Receivables	**$692,586**	**$34,857**	**$838**	**$728,281**	**$693,650**
Subtotal Current Assets	**$809,393**	**$790,989**	**$17,099**	**$1,617,481**	**$1,578,891**
Noncurrent Assets					
Investments, at Fair Value					
Public Equity	$0	$0	$1,617,307	$1,617,307	$2,028,606
Fixed Income	327,465	—	3,269,469	3,596,934	3,966,126
Total Investments	**$327,465**	**$0**	**$4,886,776**	**$5,214,241**	**$5,994,732**
Subtotal Noncurrent Assets	**$327,465**	**$0**	**$4,886,776**	**$5,214,241**	**$5,994,732**
TOTAL ASSETS	**$1,136,858**	**$790,989**	**$4,903,875**	**$6,831,722**	**$7,573,623**
Deferred Outflows of Resources	$12,312	$8,362	$1,132	$21,806	$20,276
Total Assets and Deferred Outflows of Resources	**$1,149,170**	**$799,351**	**$4,905,007**	**$6,853,528**	**$7,593,899**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current Liabilities					
Claims Payable	$244,647	$0	$23,659	$268,306	$267,060
Unearned Premiums	146,690	—	13,894	160,584	140,404
Due to Employers	—	238	—	238	241
Estimated Insurance Claims Due	618,680	—	—	618,680	505,984
Estimated Liability for Future Policy Benefits Short-Term	—	—	—	—	54,879
Due to Carriers	—	475,408	—	475,408	374,997
Due to Other Funds	16,528	294,442	2,114	313,084	371,283
Estimated Settlement Liability	—	—	—	—	2,900,000
Management & Third-Party Administrator Fees	90,959	—	1,907	92,866	28,465
Other	—	13,041	2,413	15,454	6,221
Total Current Liabilities	**$1,117,504**	**$783,129**	**$43,987**	**$1,944,620**	**$4,649,534**
Long-Term Liabilities					
Estimated Liability for Future Policy Benefits	$0	$0	$5,250,421	$5,250,421	$1,996,413
Net Pension & OPEB Liabilities	84,048	56,582	6,537	147,167	190,336
Total Long-Term Liabilities	**$84,048**	**$56,582**	**$5,256,958**	**$5,397,588**	**$2,186,749**
TOTAL LIABILITIES	**$1,201,552**	**$839,711**	**$5,300,945**	**$7,342,208**	**$6,836,283**
Deferred Inflows of Resources	$22,917	$16,019	$3,328	$42,264	$15,197
Total Liabilities and Deferred Inflows of Resources	**$1,224,469**	**$855,730**	**$5,304,273**	**$7,384,472**	**$6,851,480**
TOTAL UNRESTRICTED NET POSITION (DEFICIT)	**($75,299)**	**($56,379)**	**($399,266)**	**($530,944)**	**$742,419**

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, 2022, with Comparative Totals for the Fiscal Year Ended June 30, 2021 (Dollars in Thousands)

	Proprietary Funds			Totals	
	HCF	**CRF**	**LTCF**	**2022**	**2021**
Operating Revenues					
Premiums	$4,137,604	$0	$297,388	$4,434,992	$4,211,672
Federal Government Subsidies	728	—	—	728	8,263
Administrative Fees Earned	—	26,002	—	26,002	23,921
Other	101	133	271	505	950
Total Operating Revenues	**$4,138,433**	**$26,135**	**$297,659**	**$4,462,227**	**$4,244,806**
Operating Expenses					
Claims Expense	$4,063,516	$0	$319,122	$4,382,638	$3,923,489
Increase (Decrease) in Estimated Liabilities	112,696	—	3,199,129	3,311,825	(4,966,341)
Federal Government Subsidy Recapture	8,267	—	—	8,267	—
Increase (Decrease) in Estimated Settlement Liability	—	—	(2,899,100)	(2,899,100)	2,900,000
Administrative Expenses	309,473	27,124	23,763	360,360	359,208
Total Operating Expenses	**$4,493,952**	**$27,124**	**$642,914**	**$5,163,990**	**$2,216,356**
OPERATING INCOME (LOSS)	**($355,519)**	**($989)**	**($345,255)**	**($701,763)**	**$2,028,450**
Non-Operating Revenues					
Net Appreciation/(Depreciation) in Fair Value of Investments	($40,814)	$0	($531,876)	($572,690)	$632,804
Interest, Dividends & Other Investment Income	1,607	1,463	563	3,633	5,261
Total Non-Operating Revenues/Losses	**($39,207)**	**$1,463**	**($531,313)**	**($569,057)**	**$638,065**
Non-Operating Expenses					
Management Fees	$63	$0	$1,614	$1,677	$1,549
Other Investment Expenses	72	—	794	866	827
Total Non-Operating Expenses	**$135**	**$0**	**$2,408**	**$2,543**	**$2,376**
NON-OPERATING INCOME (LOSS)	**($39,342)**	**$1,463**	**($533,721)**	**($571,600)**	**$635,689**
CHANGE IN UNRESTRICTED NET POSITION	**($394,861)**	**$474**	**($878,976)**	**($1,273,363)**	**$2,664,139**
TOTAL UNRESTRICTED NET POSITION (DEFICIT)					
Beginning of Year	**$319,562**	**($56,853)**	**$479,710**	**$742,419**	**($1,921,720)**
End of Year	**($75,299)**	**($56,379)**	**($399,266)**	**($530,944)**	**$742,419**

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

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2022, with Comparative Totals for the Fiscal Year Ended June 30, 2021 (Dollars in Thousands)

	Proprietary Funds			Totals	
	HCF	CRF	LTCF	2022	2021
Cash Flows From Operating Activities					
Premiums Collected	$4,137,797	$0	$299,664	$4,437,461	$4,069,442
Federal Government Subsidies	728	—	—	728	8,263
Federal Government Subsidy Recapture	(8,267)	—	—	(8,267)	—
Administrative Fees Collected	—	26,135	—	26,135	23,981
Claims Paid	(4,062,841)	—	(318,550)	(4,381,391)	(3,952,953)
Administrative Expenses Paid	(253,368)	(32,984)	(25,330)	(311,682)	(358,971)
Other (Payments) Receipts, Net	101	33,721	(950)	32,872	(1,022)
Net Cash Provided by (Used for) Operating Activities	**($185,850)**	**$26,872**	**($45,166)**	**($204,144)**	**($211,260)**
Cash Flows From Investing Activities					
Net Sales of Investments	$150,139	$0	$57,662	$207,801	$68,581
Net Change in Short-Term Investments	34,373	(27,662)	(23)	6,688	126,348
Interest & Dividends Received	1,474	790	99	2,363	7,427
Other Investment (Payments) Receipts, Net	(136)	—	(1,925)	(2,061)	(2,482)
Net Cash Provided by (Used for) Investing Activities	**$185,850**	**($26,872)**	**$55,813**	**$214,791**	**$199,874**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**$0**	**$0**	**$10,647**	**$10,647**	**($11,386)**
Cash & Cash Equivalents, Beginning of Year	**$1**	**$1**	**$5,440**	**$5,442**	**$16,828**
Cash & Cash Equivalents, End of Year	**$1**	**$1**	**$16,087**	**$16,089**	**$5,442**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	($355,519)	($989)	($345,255)	($701,763)	$2,028,450
Changes in Assets and Liabilities:					
Receivables:					
Members & Employers	—	4,206	(421)	3,785	(7,667)
Health Carriers & Pharmacy Benefit Managers	(98,400)	663	—	(97,737)	(115,165)
Due from Other Funds	70,490	(10,363)	—	60,127	(35,271)
Claims Payable	675	—	571	1,246	(29,464)
Unearned Premiums	17,740	—	2,440	20,180	5,045
Due to Employers	—	(3)	—	(3)	49
Estimated Insurance Claims Due	112,696	—	—	112,696	35,438
Net Pension & OPEB Liabilities	(9,627)	(6,556)	(1,450)	(17,633)	(2,286)
Estimated Liability for Future Policy Benefits Short-Term	—	—	(54,879)	(54,879)	(55,112)
Estimated Liability for Future Policy Benefits Long-Term	—	—	3,254,008	3,254,008	(4,946,667)
Estimated Settlement Liability	—	—	(2,900,000)	(2,900,000)	2,900,000
Due to Carriers	—	100,411	—	100,411	(23,600)
Due to Other Funds	11,640	(69,794)	(45)	(58,199)	36,015
Management & Third-Party Administrator Fees	64,455	—	(72)	64,383	1,779
Other	—	9,297	(63)	9,234	(2,804)
Net Cash Provided by (Used for) Operating Activities	**($185,850)**	**$26,872**	**($45,166)**	**($204,144)**	**($211,260)**
Noncash Investing Activities					
Noncash Increase/(Decrease) in Fair Value of Investments	**($72,980)**	**$0**	**($667,359)**	**($740,339)**	**$600,229**

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. 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 all active and retired 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 the Senate Rules Committee and the Speaker of the Assembly, 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 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:

CalPERS Plans

Plan Name	Type of Plan
Defined Benefit Pension 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:	
Public Employees' Deferred Compensation Fund	Multiple-employer (457 & 401K plans)
Supplemental Contributions Program Fund	Single-employer
Pension Prefunding Plan:	
California Employers' Pension Prefunding Trust Fund	Multiple-employer (Investment Trust Fund)
Defined Benefit Other Post-Employment Benefit Plan:	
California Employers' Retiree Benefit Trust Fund	Agent multiple-employer

DEFINED BENEFIT PENSION PLANS

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

Public Employees' Retirement Fund (PERF) – The PERF was established by Chapter 700 of the 1931 Statutes and provides retirement, death, and disability benefits to members of participating 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 benefit options for the public agencies are established by statute and voluntarily selected by contract with the System in accordance with the provisions of the Public Employees' Retirement Law.

For financial reporting purposes only, the PERF is comprised of and reported as three separate entities. PERF A is an agent multiple-employer plan, which includes the 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 with generally fewer than 100 active members. Under applicable law, the Board may terminate or a public agency may terminate that agency's plan under either PERF A or PERF C. The terminated agency is liable to the System for all costs to fund all benefits under the agency's contract. An unpaid deficit in funding will result in a commensurate reduction in benefits provided under that agency's contract.

As of June 30, 2022, the PERF had the following participating employers:

Employers for PERF

PERF Employers	2022
PERF A	
State	1
Public Agencies[1]	307
Total	**308**
PERF B	
School Districts and Charter Schools	1,335
PERF C	
Public Agencies[1]	1,294
Total Employers	**2,937**

(1) Each public agency employer may be counted in both PERF A and PERF C due to active contracts under both plans.

Legislators' Retirement Fund (LRF) – The LRF was established by Chapter 879 of the 1947 Statutes and provides retirement, death, and disability benefits to state legislators, constitutional officers, 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 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. The only active members in the fund are constitutional officers and legislative statutory officers. The Public Employees' Pension Reform Act of 2013 (PEPRA) closed the Legislators' Retirement System to new participants effective January 1, 2013.

Judges' Retirement Fund (JRF) – The JRF was established by Chapter 206 of the 1953 Statutes and provides retirement, death, and disability benefits to judges working in the California Supreme Court, the Courts of Appeal, and the Superior Courts, who were appointed or elected before November 9, 1994. 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 Fiscal Year 2022-23.

Judges' Retirement Fund II (JRF II) – The JRF II was established by Chapter 879 of the 1994 Statutes and provides retirement, death, and disability benefits to 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. 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. The underlying data included in the following table reflects current categorizations of members and beneficiaries in the defined benefit pension plans.

As of June 30, 2022, membership in the defined benefit pension plans consisted of the following:

Benefit Recipients and Members in the PERF A, PERF B, PERF C, LRF, JRF, and JRF II

Plan	Retirees[1]	Survivors & Beneficiaries[1]	Members		Total
			Active	Inactive or Deferred not receiving benefits	
PERF A Agent	414,633	67,227	492,589	231,798	1,206,247
PERF B Schools Cost-Sharing	213,234	32,339	341,697	234,230	821,500
PERF C Public Agency Cost-Sharing	42,009	5,843	50,657	29,640	128,149
Total PERF	**669,876**	**105,409**	**884,943**	**495,668**	**2,155,896**
LRF	91	103	2	2	198
JRF	1,160	605	99	1	1,865
JRF II	416	55	1,624	—	2,095
Total	**671,543**	**106,172**	**886,668**	**495,671**	**2,160,054**

(1) Retirees and Survivors & Beneficiaries represent inactives receiving benefits.

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 vested in their retirement benefits earned to date, to the extent funded, after five years (10 years for state Second Tier members) of credited service. All non-state Second Tier members are eligible to receive cost-of-living adjustments (COLA) up to a maximum of 2 percent compounded annually (up to 5 percent maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

Notes to the Basic Financial Statements (continued)

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-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. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and 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. Non-employer contributions are not expected each year, but when provided they are accrued for.

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.

PEPRA, which took effect in January 2013, changed the way CalPERS retirement benefits are applied, and places compensation limits on members with the most impact felt by new CalPERS members. Under PEPRA, new members include:

(1) Members first joining on or after January 1, 2013, with no prior membership in another California public retirement system.

(2) Members first joining before January 1, 2013, who are hired by a different CalPERS employer after January 1, 2013, and have a break in service greater than six months.

(3) Members first joining on or after January 1, 2013, who are ineligible for reciprocity with another California public retirement system.

All members that do not fall into the definitions above will generally be considered classic members.

Required contribution rates for active plan members and employers as a percentage of payroll for the fiscal year ended June 30, 2022, were as follows:

Required Contribution Rates

	Employee Contribution Rates		Employer - Required Contribution Rates
	Classic	PEPRA	
PERF A – Agent			
State:			
Miscellaneous – First Tier	5% - 11%	6% - 11%	29.22%
Miscellaneous – Second Tier	3.75%	3.75%	29.22%
Industrial – First Tier	5% - 11%	6% - 11%	17.34%
Industrial – Second Tier	3.75%	3.75%	17.34%
Safety	11% - 11.50%	11% - 11.50%	19.47%
Peace Officers and Firefighters	8% - 13%	12% - 13%	32.84%
California Highway Patrol	12.50%	12.50%	62.78%
Public Agency:			
Miscellaneous	5% - 8%	5.75% - 8.75%	varies[1]
Safety	7% - 9%	10% - 15.50%	varies[1]
PERF B – Schools Cost-Sharing			
Classified School	7%	7%	22.91%
PERF C – Public Agency Cost-Sharing			
Public Agency:			
Miscellaneous	2% - 7.96%	4.50% - 8%	varies[1]
Safety	6.95% - 14.25%	10% - 16.50%	varies[1]
LRF	4% or 8%	N/A	29.38%
JRF	8%	N/A	8%[2]
JRF II	8%	16%	24.24%

(1) Required contributions for individual public agencies plans are the sum of the normal cost (expressed as a percentage of pay) and a payment toward any unfunded liability. Individual plan results vary.

(2) The employee and state contribution rates for the JRF are set by statute and are equal to 8% of payroll each. The JRF is currently funded using a pay-as-you-go approach, and statutory contributions made by the employees and the State are not adequate to meet current benefit payments. In Fiscal Year 2021-22, an additional State contribution of $210,757,479 was required to satisfy the pay-as-you-go cost.

DEFINED CONTRIBUTION PLANS

CalPERS currently administers a defined contribution plan and a deferred compensation plan for certain members. The following is a further description of each of these funds:

Public Employees' Deferred Compensation Fund (DCF) – The DCF was established by Chapter 1659 of the 1990 Statutes, granting the maximum tax-preferred retirement saving opportunities. The DCF is available to public agencies and school districts in the State of California on a voluntary basis. Participants may contribute up to the limit established under the Internal Revenue Code (IRC) 457(b), and may access their funds upon retirement, separation from employment, or other distributable events as allowed under the IRC.

Supplemental Contributions Program Fund (SCPF) – The SCPF was established by Chapter 307 of the 1999 Statutes. The SCPF is qualified under section 401(a) of Title 26 of the United States Code. The SCPF is currently 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 made voluntarily in addition to defined benefit contributions. Participants may contribute to a deferred compensation plan in conjunction with the SCPF, subject to IRC section 415(c) limits. Distributions are allowed only at retirement or permanent separation from employment.

As of June 30, 2022, membership in the defined contribution plans consisted of the following:

Members in DCF and SCPF

Plan	Employers	Members
DCF	829	33,222
SCPF	1	6,280

PENSION PREFUNDING PLAN

The California Employers' Pension Prefunding Trust Fund (CEPPTF) – The CEPPTF was established by Chapter 665 of the 2018 Statutes, and employers elect to participate in the CEPPTF to prefund pension contributions to their defined benefit pension plans. Currently, the CEPPTF has 72 participating employers. Of the 72 participating employers, 51 employers have contributed assets in the CEPPTF as of June 30, 2022. The CEPPTF is more fully described in Note 9 to the financial statements.

DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT PLAN

The California Employers' Retiree Benefit Trust Fund (CERBTF) – The Annuitants' Health Care Coverage Fund, also known as the CERBTF, was established by Chapter 331 of the 1988 Statutes, and employers elect to participate in the CERBTF to save funds to pay future retiree and survivor health care and other post-employment benefits (OPEB). Currently, the CERBTF has 598 participating employers. Of the 598 participating employers, 582 employers have contributed assets in the CERBTF as of June 30, 2022. The CERBTF is more fully described in Note 10 to the financial statements.

OTHER ADMINISTRATIVE ACTIVITIES

CalPERS administers other activities as follows:

Replacement Benefit Fund (RBF) – The RBF was established by Chapter 798 of the 1990 Statutes, providing replacement benefits to participants of the defined benefit pension plans. The RBF is more fully described in Note 11 to the financial statements.

Old Age and Survivors' Insurance Revolving Fund (OASI) – The OASI was established pursuant to Government Code section 22600 in order to carry out all of the provisions of the Old Age and Survivors' Insurance Program in accordance with Section 218 of Title II of the Social Security Act. The OASI Fund is more fully described in Note 12 to the financial statements.

Public Employees' Health Care Fund (HCF) – The HCF was created by Chapter 1129 of the 1987 Statutes under the Public Employees' Medical and Hospital Care Act (PEMHCA), providing health insurance coverage to CalPERS members through a pooled risk plan. The HCF is more fully described in Note 13 to the financial statements.

Public Employees' Contingency Reserve Fund (CRF) – The CRF was created by Chapter 1236 of the 1961 Statutes with the passage of PEMHCA, and provides a contingency reserve for items such as future premiums or future benefits. The CRF is more fully described in Note 14 to the financial statements.

Public Employees' Long-Term Care Fund (LTCF) – The LTCF was established by Chapter 1154 of the 1992 Statutes as part of the Public Employees Long-Term Care Act to administer the long-term care insurance plans available to eligible participants. The LTCF is described in more depth in Note 15 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 Annual Comprehensive 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, 2022:

Fiduciary Funds – include pension trusts (PERF A, PERF B, PERF C, LRF, JRF, JRF II, DCF, SCPF), an investment trust (CEPPTF), an other post-employment trust (CERBTF), and custodial funds RBF and OASI, which account for assets held by the government in a trustee capacity or as a custodian on behalf of others. The pension trust funds include defined benefit plans and defined contribution plans, which are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Contributions to the defined benefit pension plans are recognized in the period in which the contributions are due pursuant to legal requirements. Contributions to the defined contribution plans, the investment plan, and the other post-employment benefit plan are recognized when received. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The RBF and OASI are custodial funds and are fiduciary in nature, accounted for on the flow of economic resources measurement focus and the accrual basis of accounting.

Proprietary Funds – include the HCF, CRF, and LTCF. These funds are accounted for on 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.

TARGET ASSET ALLOCATION

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

The following table shows the Board-adopted target asset allocation policy for the defined benefit pension plans, which was in effect as of June 30, 2022:

Target Asset Allocation

Asset Class	PERF A	PERF B	PERF C	LRF	JRF	JRF II
Public Equity	50%	50%	50%	22%	—	52%
Private Equity	8%	8%	8%	—	—	—
Fixed Income	28%	28%	28%	49%	—	32%
Real Assets	13%	13%	13%	—	—	—
Liquidity	1%	1%	1%	—	100%	—
Inflation	—	—	—	16%	—	5%
REITs	—	—	—	8%	—	8%
Commodities	—	—	—	5%	—	3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

The California Employers' Retiree Benefit Trust Fund (CERBTF) enables employers to pre-fund liabilities for other post-employment benefits (OPEB). Three diversified policy portfolios (Strategy 1, 2, and 3) are available for employers to select depending on employer preferences for return and risk (volatility) expectations. By comparison, Strategy 1 has the higher long-term expected rate of return and return volatility, Strategy 2 has a moderate long-term expected rate of return and return volatility, and Strategy 3 has the lower long-term expected rate of return and return volatility. The following table shows the Board-adopted target asset allocation policy for the three CERBTF strategies:

CERBTF Target Asset Allocation

Asset Class	CERBTF Strategy 1	CERBTF Strategy 2	CERBTF Strategy 3
Public Equity	59%	40%	22%
Fixed Income	25%	43%	49%
Inflation Assets	5%	5%	16%
REITs	8%	8%	8%
Commodities	3%	4%	5%
Total	**100%**	**100%**	**100%**

The California Employers' Pension Prefunding Trust Fund (CEPPTF) enables employers to prefund employer contributions to defined benefit pension plans. Two diversified policy portfolios (Strategy 1 and 2) are available for employers to select depending on employer preferences for return and risk (volatility) expectations. By comparison, Strategy 1 has the higher long-term expected rate of return and return volatility. Strategy 2 has the lower long-term expected rate of return and return volatility.

Notes to the Basic Financial Statements (continued)

The following table shows the Board-adopted target asset allocation policy for the two CEPPTF strategies:

CEPPTF Target Asset Allocation

Asset Class	CEPPTF Strategy 1	CEPPTF Strategy 2
Public Equity	40%	14%
Fixed Income	47%	73%
Inflation Assets	5%	5%
REITs	8%	8%
Total	**100%**	**100%**

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 acquisition value. Capital assets are depreciated over their estimated useful lives, ranging from three to five years for furniture and equipment, and 40 years for buildings, and determined on an asset-by-asset basis for intangible assets, using the straight-line method of depreciation.

INVESTMENT COSTS

Investment costs presented within the accompanying financial statements consist of management and performance fees and other investment-related fees. Management and performance fees include all fees paid to external managers for public and private markets. Other investment-related fees include costs for fund administration, internal investment staff salaries, dividend tax withholding, certain trading fees, consultants, data, analytics, certain other taxes, custody, appraisals, legal services, technology, trading and portfolio management systems, audits, and tax advisory services. These other investment-related fees are reported in the Other Investment Expenses within the Statement of Changes in Fiduciary Net Position and detailed in the Investment Expenses Schedule in the Other Supplementary Information section.

The investment costs do not include the commissions and fees paid to transact public securities and private equity profit sharing realized by the PERF. These are reported in the Net Appreciation in Fair Value of Investments line in the Statement of Changes in Fiduciary Net Position. For additional detail, refer to the Schedule of Commissions & Fees table and the Private Equity Management Fees & Profit Sharing table within the Investment Section.

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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue/additions and expenses/deductions during the reporting period. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

CalPERS invests in securities that are exposed to a variety of risks, including interest rate, market, credit, and foreign currency risks. Due to the level of risk associated with certain investment securities, it is 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 net pension liabilities disclosed in Note 8 to the Basic Financial Statements for the cost-sharing multiple-employer and single-employer defined benefit pension plans are measured 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.

The estimated liability for future policy benefits in the Long-Term Care Fund is based on the present value of future benefits and expenses less the present value of future premiums. This liability is reported in the Statement of Net Position and is measured based on certain assumptions including a discount rate of 4.75 percent, morbidity rates, lapse rates, mortality, and plan expenses.

Due to uncertainties inherent in the estimations and assumptions described in this section, it is reasonably possible that changes in these estimates and assumptions in the near term may be material to the financial statements.

CalPERS participates in commercial insurance programs and is self-insured for fiduciary liability. During the fiscal year, insurance settlements did not exceed insurance coverage.

RECLASSIFICATIONS

Certain reclassifications have been made to the comparative totals as of, and for, the fiscal year ended June 30, 2021, to conform to the presentation as, of and for, the fiscal year ended June 30, 2022.

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with CalPERS financial statements for the fiscal year ended June 30, 2021, from which the summarized information was derived.

TERMINATION OF PENSION PLANS

Public agency participation in the System may be terminated either due to a transfer of a public agency's plan to another qualified system as permitted by law, a public agency terminating its plan, or an involuntary termination by the Board. In the event that a public agency elects to transfer its plan, the assets of the plan and the related liability for benefits accrued are transferred to the other system. In the event that a public agency elects to terminate its plan or if there is an involuntary termination of a plan by the Board, the terminated agency is liable to the System for all costs to fund all benefits under the agency's contract. An unpaid deficit in funding will result in a commensurate reduction in benefits provided under that agency's contract.

EMPLOYER SHARE OF POST-EMPLOYMENT BENEFITS

As of June 30, 2022, CalPERS has adjusted its proportionate share of the state's net pension and OPEB liabilities totaling approximately $372 million and $601 million, respectively. CalPERS recorded these post-employment liabilities along with the corresponding amount of deferred inflows and outflows of resources and related post-employment benefit expense for all affected funds. CalPERS is not providing additional disclosures as it has concluded that presenting such employer related pension and post-employment obligations disclosures would be misleading to the users of CalPERS financial statements where the focus is on plans, not individual employer pension and post-employment obligations. Refer to the State of California Annual Comprehensive Financial Report for additional information on CalPERS pension and OPEB liabilities.

INTERFUND BALANCES

The Basic Financial Statements include amounts Due from Other Funds and Due to Other Funds. The principal purposes for these interfund balances include administration expense reimbursements due from other CalPERS funds to the PERF; incoming health premiums in transit and due from the CRF and due to the HCF; and member transfers in transit and due to and due from one pension plan to another. The balance of health premiums due from CRF to HCF was $291 million as of June 30, 2022. All interfund balances are expected to be repaid within one year from the date of these financial statements. This interfund activity occurs on a routine basis and is consistent with the activities of the fund making the transfer.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of approximately $0.7 billion at June 30, 2022, represent amounts held in the CalPERS general operating accounts with the State Treasury and the master custodian, State Street Bank and Trust Company. The underlying investments at the State Treasurer's Office are not individually identifiable by fund, as CalPERS monies are pooled with the monies of other state agencies and invested. The cash balances reported in the Statement of Cash Flows for proprietary fund types include cash in general operating accounts with the State Treasury and cash and money market funds (short-term investments) held at the Bank of New York Mellon in checking and demand deposit accounts, respectively.

4. INVESTMENTS

SHORT-TERM INVESTMENTS

Short-term investments consist of U.S. Treasury and government-sponsored securities, money market funds, commercial paper, certificates of deposit, repurchase agreements, asset-backed securities, notes, bonds issued by U.S. corporations, and other allowable instruments that meet short-term maturity or average life, diversification, and credit quality restrictions.

INVESTMENTS AT FAIR VALUE

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72) requires investments measured at fair value to be categorized under a fair value hierarchy. CalPERS determines fair value of its investments based upon both observable and unobservable inputs. The System categorizes its fair value measurements within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.
- Level 3 – unobservable inputs for an asset or liability, which generally results in a government using the best information available and may include the government's own data.

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (NAV). NAV is used as a practical expedient to estimate the fair value of CalPERS interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2022, CalPERS had no specific plans or intentions to sell investments at amounts different from NAV.

Notes to the Basic Financial Statements (continued)

The following table presents a summary of CalPERS investments by type as of June 30, 2022, at fair value:

CalPERS – Investments at Fair Value[1] (Dollars in Thousands)

	Fair Value June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Public Equity				
Domestic Equity	$110,228,435	$110,228,435	$0	$0
International Equity	73,332,422	73,332,422	—	—
Total Public Equity	**$183,560,857**	**$183,560,857**	**$0**	**$0**
Global Debt				
Asset-Backed	$32,448,231	$0	$31,319,896	$1,128,335
Bank Loans	274,759	—	274,759	—
International Debt	2,518,759	—	2,518,759	—
Municipal/Public Bonds	52,029	—	52,029	—
Sovereign Debt	2,883,530	—	2,883,530	—
U.S. Corporate	23,269,470	—	23,269,470	—
U.S. Treasuries, STRIPS and TIPS	26,545,217	—	26,545,217	—
Total Global Debt	**$87,991,995**	**$0**	**$86,863,660**	**$1,128,335**
Derivatives				
Futures	($60,414)	($60,414)	$0	$0
Rights & Warrants	553	—	553	—
Forward Contract Assets	1,275,860	—	1,275,860	—
Forward Contract (Liabilities)	(532,629)	—	(532,629)	—
Swap Assets	135,760	—	135,760	—
Swap (Liabilities)	(41,437)	—	(41,437)	—
Total Derivatives	**$777,693**	**($60,414)**	**$838,107**	**$0**
Other				
Rule 144(a) Securities	$28,329,053	$0	$28,329,053	$0
Securitized Assets	409,038	—	—	409,038
Private Equity[2]	1,993,615	—	—	1,993,615
Total Other	**$30,731,706**	**$0**	**$28,329,053**	**$2,402,653**
Total Investments by Fair Value Level	**$303,062,251**	**$183,500,443**	**$116,030,820**	**$3,530,988**
Investments Measured at NAV				
Commingled/Pooled Funds	$24,659,532			
Real Assets	70,674,894			
Private Equity[2]	47,952,320			
Private Debt	6,291,082			
Other Investments	621,109			
Total Investments Measured at NAV	**$150,198,937**			
Total Investments Measured at Fair Value	**$453,261,188**			

(1) Certain securities and derivatives disclosed in this table may be classified as short-term investments, global equity or debt securities, investment sales and other receivables, and investment purchases and other payables on the combined Statement of Fiduciary Net Position – Fiduciary Funds and the Statement of Net Position – Proprietary Funds. Accordingly, the totals presented in this table will not agree to the combined totals of investments presented in those statements.
(2) Private Equity is shown at NAV on the Statement of Fiduciary Net Position – Fiduciary Funds, while the direct holdings categorized in Level 3 represent the fair value of the assets for each private equity investment for GASB 72 purposes and investments recorded at sales price. Real assets are valued at NAV.

Notes to the Basic Financial Statements (continued)

Public equity includes both domestic and international securities, and are classified in Level 1. Fair value is obtained using a quoted price from active markets. The security price is generated by market transactions involving identical or similar assets, which is the market approach to measuring fair value. Inputs are observable in exchange markets, dealer markets, brokered markets, and principal-to-principal markets, for which prices are based on trades of identical securities.

Fixed Income consists primarily of asset-backed securities (securitized offerings backed by residential and commercial mortgages, credit cards, auto and student loans), bank loans, international debt securities, municipal/public bonds, sovereign debt, U.S. treasuries, and U.S. corporate securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification that values these investments using observable inputs. Asset-backed securities not classified as Level 2 include collateralized mortgage obligations (CMO), which are mortgage-backed securities that contain a pool of mortgages bundled together and sold as an investment. These are classified in Level 3 of the fair value hierarchy, as assumptions are made by CalPERS to determine prepayment rates, probability of defaults, and loss severity, all of which are unobservable inputs.

Futures are actively traded on major exchanges with quoted prices, and are classified in Level 1 of the fair value hierarchy. Index, commodity, and fixed income futures are publicly traded on active markets, which is the market approach to valuing securities. All other derivatives are classified in Level 2 of the fair value hierarchy. For swaps, observable inputs may include yield curves or interest rates. Options, rights, warrants, and forward contracts are priced using the cost approach and/or are on a dealer market traded on lower frequencies. When these derivative securities are valued, they may not have similar or observable pricing inputs compared to securities that are valued using the market approach. Refer to Note 7 in the Notes to the Basic Financial Statements for further detail regarding other derivatives.

Other investments at fair value include securities subject to Rule 144(a) of the Securities Act of 1933, which modifies a two-year holding period requirement on privately placed securities to permit qualified institutional buyers to trade these positions among themselves. These securities are typically acquired through unregistered, private sales, or constitute a control stake in an issuing company. Due to pricing inputs that are observable either directly or indirectly, which include quoted prices for similar securities in active or inactive markets, or market-corroborated inputs, these securities are classified as Level 2. Additionally, other investments include securitized investments, which contain pooled debt instruments, limited partnership investments, and various other investment structures. Many securitized assets are created by combining similar financial assets into a security, and are marketed to investors as a single investment. Typically, these assumptions are internally generated and cannot be observed in an active market. Due to the fact that these assumptions are unobservable for holdings categorized as other investments, these are also classified as Level 3. Private equity holdings, in which CalPERS invests directly, are valued at Level 3 of the fair market value hierarchy. Private equity holdings are valued at the income, cost, or market approach depending on the type of holdings. All direct holdings are valued using unobservable inputs and are classified in Level 3 of the fair value hierarchy.

Investments Measured at NAV (Dollars in Thousands)

Asset class	Fair Value	Unfunded Commitments
Commingled/Pooled Funds	$24,659,532	$0
Real Assets	70,674,894	2,551,318
Private Equity	47,952,320	31,911,908
Private Debt/Other Investments	6,912,191	14,150,399
Total	**$150,198,937**	**$48,613,625**

A commingled fund/pooled investment vehicle is a fund with capital pooled from multiple investors that is deployed to a mutually agreed upon strategy. The fair value of commingled funds/pooled investment vehicles is measured at NAV, where fair value is measured by multiplying the pool's share price by the number of shares held. Typically, there are no redemption constraints for the commingled funds.

Real asset investments (real estate, infrastructure, and forestland) are held either in separate accounts, as a limited partner, or in a joint venture or commingled fund. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

Private equity holdings include fund and co-investments with existing CalPERS general partners, direct secondary investments, and fund of funds. By their very nature, these investments are illiquid and typically not resold or redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over an average of 10 years.

Other investments include funds that hold securities for varying investment strategies, which include:

- Emerging Managers Program – objectives include:
    - Generating appropriate risk-adjusted returns by identifying early stage funds and managers with strong potential for success.
    - Accessing unique investment opportunities that may be otherwise overlooked.
    - Cultivating the next generation of external investment manager talent.
- Absolute Return Strategies – investments that focus on management of total risk, and on generation of returns independent of broad market movements. This strategy is no longer actively managed but some residual balances exist at fiscal year end.
- Multi-Asset Class Program – management of portfolios that attempt to outperform the CalPERS assumed rate of return with less risk than the PERF.
- Venture Capital Funds – investments made to finance small, early-stage, emerging firms that are believed to have long-term growth potential.
- Opportunistic Strategies – objectives include:
    - Invests outside the mandate of traditional asset classes. Strategies may include middle market direct lending, specialty lending, public market dislocation, liquidity financing, structured products and whole loans, real estate financing, bank loans and CLO.

The other investment strategies are reported at NAV as they are externally managed fund-structure investments in nongovernmental entities that do not have readily determinable fair values. The redemption terms for these investments typically range from at-will up to 90 days, with the exception of the Multi-Asset Class Strategies, Absolute Return Strategies, Opportunistic Strategies, and Venture Capital Funds.

CalPERS invests in privately held real assets with vehicles such as separate accounts, direct investments, and commingled funds. Separate accounts, with co-invested external managers, are the predominant vehicle and operate through an annual investment process where commitments are generally revocable and excluded from the unfunded commitment disclosure. Direct vehicles generally entail a contractual commitment to an operating company, not controlled by a general partner. With commingled funds, CalPERS commits a stated amount of capital and funds such capital at the partners' request; undrawn balances are included in the unfunded commitment disclosure.

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 $70.7 billion are reported at NAV.

RATE OF RETURN

The money-weighted rate of return (MWRR) expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Following is the annual MWRR, net of investment expense, for the fiscal year ended June 30, 2022:

Money-Weighted Rate of Return

Plan	Rate of Return
PERF A	
Agent	(7.5%)
PERF B	
Schools Cost-Sharing	(7.5%)
PERF C	
Public Agency Cost-Sharing	(7.5%)
LRF	(10.3%)
JRF	0.3%
JRF II	(13.4%)
CERBTF	(14.0%)
CEPPTF	(13.9%)

5. INVESTMENT RISK DISCLOSURES

INVESTMENT LEGAL DISCLOSURES

The Board of Administration's investment authority as well as other administrative duties and responsibilities are outlined in the California Constitution, Article 16, Section 17, the Public Employees' Retirement Law, Article 6, Section 20190, and the California Public Employees' Pension Reform Act of 2013, Article 4 of Chapter 21 of Division 7 of Title 1, which, among other things, require diversification of investments so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. As such, policies voted on by the Board allow for investments in government, domestic and international debt, domestic and international equities, mutual funds, private equity, real assets, and other investments, except for certain investments specifically prohibited by other statutes.

DEPOSIT AND INVESTMENT RISK DISCLOSURES

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3* (GASB 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, 2022, a portion of the System's investments, other than posted collateral for futures and over-the-counter 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 custodial credit risk.

Concentration of Credit Risk

Other than U.S. Government Securities, which are not subject to the GASB 40 disclosure requirements, CalPERS utilizes its control framework that includes policies and policy-related procedures that are inclusive of issuer concentration and credit quality limits. CalPERS does not have investments in any single issuer that represent 5 percent or more of fiduciary 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. Generally, this risk is managed within the portfolios using the effective duration or option-adjusted methodology. CalPERS investment policy and policy-related procedures require the option-adjusted duration of the fixed income segment to either stay within negative 10 percent to positive 10 percent or negative 0.50 to positive 0.50 of the relevant benchmark depending on the fixed income segment. Generally, 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, commercial mortgage-backed securities, securities backed by residential and commercial mortgage loans, high yield and investment grade corporate securities, sovereign credit, and U.S. Treasuries. 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.

The following table presents the weighted average effective duration for CalPERS investments subject to interest rate risk as of June 30, 2022:

CalPERS – Debt Securities Subject to Interest Rate Risk

(Dollars in Thousands)

Debt Security Type	Portfolio Weighted Average Effective Duration	Fair Value June 30, 2022	Percent of Debt Securities
Corporate	8.71	$40,962,103	37.12%
U.S. Treasuries and Agencies:			
U.S. Treasury Bonds	17.30	21,395,633	19.39%
U.S. Treasury Notes	8.36	5,085,715	4.61%
U.S. Treasury Strips	10.67	63,869	0.06%
Mortgages	5.20	32,016,464	29.01%
Asset-Backed	1.49	13,410,316	12.15%
Foreign Government	11.38	2,971,346	2.70%
Municipals	13.19	52,029	0.05%
No Effective Duration:			
Commingled Fund	N/A	$397,011	0.36%
Asset-Backed	N/A	333,102	0.30%
Mortgages	N/A	32,943	0.03%
Corporate	N/A	70,159	0.06%
Swaps	N/A	(6,444,674)	(5.84%)
Total		**$110,346,016**	**100.00%**

CalPERS invests in the State Treasury pool, State Street Bank Global Advisors' (SSGA) fund: Short-Term Investment Fund (STIF), U.S. Government Short-Term Investment Fund (GSTIF), and other short-term investment funds. These investments are included as part of the short-term investments in the financial statements. As of June 30, 2022, the pooled money investment account with the State Treasury totaled approximately $3.5 billion. The SSGA STIF totaled approximately $4.5 billion, and the SSGA GSTIF totaled approximately $0.6 billion. The short-term securities reported in the Statement of Fiduciary Net Position and the Statement of Proprietary Net Position are reported at fair value. As of June 30, 2022, the weighted average maturity was 311 days for the State Treasury pool, 11 days for the SSGA STIF, and 16 days for the SSGA GSTIF. Both the SSGA STIF and the SSGA GSTIF are rated as P1. The State Treasury pool is not rated.

The LRF, JRF II, CERBTF, SCPF, DCF, HCF, LTCF, and CEPPTF invest in various SSGA funds, with weighted average maturities and credit ratings as of June 30, 2022:

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

SSGA Fund	Fair Value June 30, 2022	Credit Rating[1]	Weighted Average Maturity[2]
Bloomberg Barclays Long Liability Index	$8,128,468	Aa3	14.79
1-10 Year U.S. TIPS Index	13,590	Aaa	4.81
U.S. Aggregate Bond Index	373,786	Aa2	8.65
U.S. Bond Index	404,763	Aa2	8.72
U.S. Short-Term Government/ Credit Bond Index	38,621	Aa2	2.02
U.S. TIPS Index Non Lending	1,145,662	Aaa	7.40
U.S. TIPS Index Security Lending	123,036	Aaa	7.40
Total	**$10,227,926**		

(1) Credit rating reflects fair value weight of all the rated securities held by the portfolio (excludes unrated securities) using the middle rating provided by either S&P, Moody's, and Fitch or lower if only two agency ratings are available.
(2) The weighted average maturity disclosed in this table is in years.

The following table presents the weighted average duration for securities lending collateral subject to interest rate risk as of June 30, 2022:

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

Security Type	Fair Value June 30, 2022	Percent of Securities Lending Collateral
No Effective Duration:		
Money Market Fund[1]	$13,247,788	92.90%
Short-Term Investment Fund[2]	1,007,284	7.10%
Total[3]	**$14,255,072**	**100.00%**

(1) Money Market Fund is invested in high quality, short-term securities with a considered weighted average maturity (to final maturity) of one day.
(2) Short-Term Investment Fund has a considered weighted average maturity (to final maturity) of one day.
(3) This figure does not include $48,598 in repurchase agreements since those investments are not subject to GASB 40 disclosure. The fair value of the investments in the securities lending collateral portfolio is $14,303,670 for fiduciary funds.

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 controls framework, which includes investment policy and policy-related procedures, establish both general and specific risk measures. We manage credit risk through our policy and policy-related procedures, which is inclusive, but not limited to sector, issuer concentration, and credit quality limits. Of the total fixed income portfolio of the rated securities, 68 percent are investment-grade securities.

Investment-grade securities have low default probabilities and are rated at a minimum of Baa3 or BBB- by independent agencies (Moody's or Standard & Poor's, respectively). Each portfolio is required to maintain a specified risk level.

The following table is a summary of the ratings of CalPERS fixed income securities as of June 30, 2022:

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

Moody's Quality Rating	Fair Value June 30, 2022	Fair Value as a Percent of Debt Security Investments
Aaa	$8,445,157	7.65%
Aa1	142,601	0.13%
Aa2	1,533,145	1.39%
Aa3	887,961	0.80%
A1	2,677,294	2.43%
A2	2,649,472	2.40%
A3	2,337,891	2.12%
Baa1	5,719,651	5.18%
Baa2	6,379,579	5.78%
Baa3	3,942,321	3.57%
Ba1	1,758,618	1.59%
Ba2	2,787,975	2.53%
Ba3	3,427,448	3.11%
B1	3,075,285	2.79%
B2	2,756,886	2.50%
B3	2,062,754	1.87%
Caa1	513,487	0.47%
Caa2	161,689	0.15%
Caa3	1,016	—%
Ca	449	—%
C	2,651	—%
NA[1]	31,083,165	28.17%
NR[2]	27,999,521	25.37%
Total	**$110,346,016**	**100.00%**

(1) NA represents U.S. government securities that are not applicable to the GASB 40 disclosure requirements.
(2) NR represents those securities that are not rated by credit agencies.

The following table 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
NR[1, 2]	$14,255,072	100.00%
Total[3]	**$14,255,072**	**100.00%**

(1) NR represents those securities that are not rated.
(2) This figure includes $1,007,284 invested in a money market fund and $13,247,788 invested in short-term investments.
(3) This figure does not include $48,598 in repurchase agreements since they are not subject to GASB 40 disclosure. The fair value of the investments in the securities lending collateral portfolio is $14,303,670 for fiduciary funds.

Notes to the Basic Financial Statements (continued)

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 to reflect benchmarks that have both U.S. domestic and foreign currency. While there is not a formal policy related to foreign currency risk, the System manages and addresses the risk in asset class policies and policy-related procedures through metrics such as tracking error, and is required to report total non-USD currency exposures to the Board as part of its Trust Level Review. The proportion of international stocks within the public equity portfolio is roughly equal to their market capitalization weight in the public equity benchmark. For fixed income, investing includes exposure to non-dollar denominated issues. Real assets and private equity do not have a target allocation for international investments. Foreign currency risk disclosures are shown in the CalPERS – International Investment Securities table.

CalPERS – International Investment Securities[1] – Fair Value at June 30, 2022 (U.S. Dollars in Thousands)

Currency	Cash	Equity	Real Assets	Private Equity	Forward Contracts	Total
Argentina Peso	$0	$0	$32,600	$0	$0	$32,600
Australian Dollar	6,102	2,552,760	1,177,146	—	23,073	3,759,081
Bahamian Dollar	—	—	10,500	—	—	10,500
Brazilian Real	1,344	704,201	545,206	—	(8,788)	1,241,963
British Pound	5,242	5,342,291	2,202,851	241,583	111,024	7,902,991
Canadian Dollar	192,028	4,634,923	81,515	163,455	(6,839)	5,065,082
Chilean Peso	5	—	43,563	—	(7,248)	36,320
Chinese Yuan Renminbi	4,436	813,083	1,173,536	—	(713)	1,990,342
Colombian Peso	—	—	—	—	(3,702)	(3,702)
Czech Koruna	2	—	—	—	3,719	3,721
Danish Krone	355	1,458,309	23,537	—	37,498	1,519,699
Egyptian Pound	—	—	—	—	(2,651)	(2,651)
Uae Emirati	—	—	7,200	—	(9)	7,191
Euro Currency	493,420	11,469,289	2,074,391	6,676,599	386,257	21,099,956
Guatemalan Quetzal	—	—	102,062	—	—	102,062
Hong Kong Dollar	665	7,863,709	4,791	—	201	7,869,366
Hungarian Forint	—	—	—	—	(11,891)	(11,891)
Indian Rupee	8,419	3,536,409	27,824	—	(4,177)	3,568,475
Indonesian Rupiah	333	445,290	—	—	299	445,922
Israeli Shekel	224	431,538	(24,500)	—	3,162	410,424
Japanese Yen	837,400	14,481,648	70,207	—	133,023	15,522,278
Kuwaiti Dinar	—	—	—	—	(2)	(2)
Malaysian Ringgit	236	515,824	22,262	—	—	538,322
Moroccan Dirham	—	—	—	—	—	—
New Taiwan Dollar	888	4,680,583	—	—	19,848	4,701,319
New Zealand Dollar	191	180,376	30,609	—	(9,191)	201,985
Pakistan Rupee	—	—	—	—	—	—
Peruvian Nuevo Sol	32	—	—	—	667	699
Philippine Peso	147	175,469	—	—	(4,101)	171,515
Polish Zloty	5	—	—	—	(21,153)	(21,148)
Qatari Riyal	129	421,371	—	—	—	421,500
Russian Ruble	459	—	87,578	—	35,374	123,411
Saudi Riyal	489	1,656,476	—	—	(5)	1,656,960
Singapore Dollar	1,190	1,000,356	132,796	—	1,189	1,135,531
South African Rand	270	499,542	—	—	(6,814)	492,998
South Korean Won	578	2,002,769	11,018	—	17,391	2,031,756
Swedish Krona	39,936	1,213,034	52,684	—	18,360	1,324,014
Swiss Franc	401	6,011,745	—	—	9,526	6,021,672
Thailand Baht	156	621,768	—	—	1,437	623,361
Turkish Lira	—	—	—	—	130	130
West African CAF franc	—	—	3,500	—	—	3,500
Total	**$1,595,623**	**$73,332,193**	**$7,898,097**	**$7,081,637**	**$714,594**	**$90,622,144**

(1) This table presents investment securities of all CalPERS managed funds, including derivative instruments that are subject to foreign currency risk; investment securities includes partnership level information for private assets. Applicable derivative instrument amounts are reflected under Equity and Forward Contracts columns.

6. SECURITIES LENDING

The State Constitution and Board policy permits CalPERS to enter into securities lending transactions, which are 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) as securities lending agent 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 a minimum of 102 percent and 105 percent, respectively, of the loaned securities' fair value. CalPERS cannot seize the collateral without borrower default; the non-cash collateral is therefore not reported in CalPERS financial statements in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions* (GASB 28). Management believes CalPERS has minimized credit risk exposure to borrowers by requiring the borrower to provide collateralization greater than 100 percent of the fair value of the securities loaned. The securities loaned are priced daily by third-party sources, and margins are delivered/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, 2022, the fair value of the securities on loan was approximately $36.5 billion. The securities on loan remain on CalPERS' Statement of Fiduciary Net Position in their respective investment categories. At June 30, 2022, cash collateral received totaling $14.3 billion is reported as securities lending obligation, and the fair value of reinvested cash collateral totaling $14.3 billion is reported as securities lending collateral on the Statement of Fiduciary Net Position. The changes in fair value of the reinvested cash collateral are reported as net appreciation/depreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position.

CalPERS securities lending reinvestment collateral guidelines prescribe that cash collateral received needs to be invested in short-term, high-credit-quality securities. Currently, eSecLending and CalPERS manage the collateral.

7. DERIVATIVES

CalPERS holds investments in swaps, options, futures, rights, and warrants and enters into forward foreign currency exchange contracts. The fair value of futures is determined using the market approach based upon quoted market prices. The fair value of options, rights, warrants, and swaps is determined using the cost approach, because these are traded with lower frequencies. The fair value of derivative investments that are exchange-traded, such as options, rights, and warrants, are priced using the exchange they are traded on. Non-exchange-traded investments, such as swaps, are determined by an external pricing service using various proprietary methods. 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 occurs 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 occurs 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, in addition to adherence to the standard International Swaps and Derivatives Association and Credit Support Annex agreements with all counterparties.

At June 30, 2022, the aggregate fair value of investment derivatives in an asset position subject to counterparty credit risk was approximately $1.4 billion. The aggregate amount of cash collateral held by CalPERS on behalf of over-the-counter derivatives was approximately $570.2 million.

Notes to the Basic Financial Statements (continued)

CalPERS – Derivative Instruments Summary[1, 2] (Dollars in Thousands)

Investment	Net Appreciation/ (Depreciation) in Fair Value for the Fiscal Year Ended June 30, 2022	Fair value at June 30, 2022		
Derivatives (by Type)	**Amount**	**Classification**	**Amount**	**Notional**
Fixed Income Futures Long	($2,511,864)	Investment Revenue	$106,656	$1,485,510,153
Fixed Income Futures Short	228,418	Investment Revenue	(138,628)	(191,123,906)
FX Forwards	1,042,457	Investment Revenue	743,230	30,254,429
Index Futures Long	(618,476)	Investment Revenue	(29,010)	4,106,651
Index Futures Short	1,268	Investment Revenue	568	(113,345)
Rights[3]	11,899	Investment Revenue	504	604
Total Return Swaps Bond	(108,224)	Investment Revenue	—	705,909
Total Return Swaps Equity	(219,248)	Investment Revenue	94,323	(6,444,669)
Warrants[3]	500	Investment Revenue	50	2,841
Total	**($2,173,270)**		**$777,693**	

(1) The information presented in this table is derived from CalPERS' June 30, 2022, accounting records and in some instances may reflect trades on a one-day lag basis.
(2) Derivative instruments subject to foreign currency risk include FX Forwards, and a portion of the Rights and Index Futures amounts listed. These amounts are reflected in the International Investment Securities table under Forward Contracts and Equity columns.
(3) Rights and Warrants are Notional units.

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

		Investment Maturities (in years)			
Investment Type	**Fair Value June 30, 2022**	**Under 1**	**1–5**	**6–10**	**10+**
Total Return Swaps Equity	$94,323	$94,358	($35)	$0	$0
Total	**$94,323**	**$94,358**	**($35)**	**$0**	**$0**

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 at June 30, 2022	Notional
Total Return Bond Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0%	—	$89,739
Total Return Bond Swaps	Receive Variable 1-day, ON Fed Funds Rate, Pay Fixed 0%	—	616,170
Subtotal – Total Return Bond Swaps		**$0**	**$705,909**
TOTAL		**$0**	**$705,909**

CalPERS – Derivative Instruments Subject to Counterparty Credit Risk

Counterparty	Percentage of Net Exposure	Moody's Ratings
Goldman Sachs International	23.60%	A1
UBS AG	15.12%	Aa3
JP Morgan Chase Bank, N.A.	12.52%	Aa2
Citibank, N.A.	11.74%	Aa3
Societe Generale	6.09%	A1
Natwest Markets Plc	6.00%	A2
Morgan Stanley Capital Services, Inc.	4.02%	A1
Standard Chartered Bank	3.79%	A1
BNP Paribas, S.A.	3.09%	Aa3
Credit Suisse International	2.87%	A1
Wells Fargo Bank, N.A.	2.52%	A1
HSBC Bank USA	2.08%	Aa3
Bank of America, N.A.	2.01%	Aa2
State Street Bank and Trust Company	1.59%	Aa3
Deutsche Bank AG	1.47%	A2
Barclays Bank Plc Wholesale	0.58%	A1
Bank of New York	0.52%	A1
Commonwealth Bank of Australia Syndney	0.31%	Aa3
Bank of America International Ltd.	0.08%	A2
TOTAL	**100.00%**	

8. 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, 2022, are reported in the Net Pension Liability/(Asset) table. PERF A is an agent multiple-employer plan and therefore not disclosed in the following tables, consistent with GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* (GASB 67) reporting requirements.

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	$113,794,594	$79,385,509	$34,409,085	69.8%
PERF C				
Public Agencies Cost-Sharing	49,526,338	37,975,521	11,550,817	76.7%
LRF				
State of California	89,659	102,624	(12,965)	114.5%
JRF				
State of California	2,528,973	48,886	2,480,087	1.9%
JRF II				
State of California	2,105,851	2,134,388	(28,537)	101.4%

The total pension liability for each defined benefit plan was determined by actuarial valuations as of June 30, 2021, which were rolled forward to June 30, 2022, using the following actuarial assumptions:

Actuarial Assumptions Used to Measure the Total Pension Liability

	PERF B Schools Cost-Sharing	PERF C Public Agency Cost-Sharing	LRF	JRF	JRF II
Inflation Rate	2.30%	2.30%	2.30%	2.30%	2.30%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service	2.80%	2.80%	2.80%
Mortality Rate Table[1]	Derived using CalPERS membership data for all funds				
The above actuarial assumptions were based upon the following experience study periods:	2000-2019	2000-2019	2000-2019	2000-2019	2000-2019
Post-Retirement Benefit Increase	2.00% until PPPA[2] floor on purchasing power applies, 2.30% thereafter	Contract COLA up to 2.30% until PPPA[2] floor on purchasing power applies, 2.30% thereafter	2.30%	2.80%	2.30%
Long-term rate of return assumption on plan investments used in discounting liabilities:	6.90%	6.90%	4.85%	3.69%	6.15%

(1) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

(2) Purchasing Power Protection Allowance (PPPA) is a benefit designed to restore the original purchasing power of CalPERS retirees to a predetermined limit.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

PERF B & PERF C – Long-Term Expected Real Rates of Return by Asset Class

Asset Class	Assumed Asset Allocation	Real Return[1, 2]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected price inflation of 2.30% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Management study.

LRF – Long-Term Expected Real Rates of Return by Asset Class

Asset Class[1]	Assumed Asset Allocation	Real Return[2,3]
Public Equity	18.00%	4.50%
Fixed Income	45.00%	1.40%
TIPS	20.00%	0.50%
Commodities	3.00%	1.10%
REITs	14.00%	3.70%

(1) In the Basic Financial Statements, Commodities and REITs are included in Public Equity; TIPS are included in Fixed Income.
(2) An expected inflation of 2.30% used for this period.
(3) Figures are based on the 2021-22 Asset Liability Management study.

JRF II – Long-Term Expected Real Rates of Return by Asset Class

Asset Class[1]	Assumed Asset Allocation	Real Return[2,3]
Public Equity	51.00%	4.50%
Fixed Income	21.00%	1.40%
TIPS	5.00%	0.50%
Commodities	3.00%	1.10%
REITs	20.00%	3.70%

(1) In the Basic Financial Statements, Commodities and REITs are included in Public Equity; TIPS are included in Fixed Income.
(2) An expected inflation of 2.30% used for this period.
(3) Figures are based on the 2021-22 Asset Liability Management study.

DISCOUNT RATE

PERF B, PERF C, LRF, and JRF II

The discount rates used to measure the total pension liability as of June 30, 2022, for the PERF B, PERF C, LRF, and JRF II were 6.90 percent, 6.90 percent, 4.85 percent, and 6.15 percent, respectively. These discount rates are equal to the long-term expected rate of return of the respective plan assets and are net of investment expense but not reduced for administrative expenses.

PERF B, PERF C, LRF, and JRF II fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

JRF

The discount rate used to measure the total pension liability as of June 30, 2022, was 3.69 percent, which differs from the discount rate used as of June 30, 2021, of 1.92 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. The discount rate is based on a 20-year tax-exempt General Obligation Municipal Bond with an average rating of AA (as reported in Fidelity Index's "20-Year Municipal GO AA Index") and 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 the PERF B, PERF C, LRF, JRF, and JRF II calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (-100 basis points) or one 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 Cost-Sharing	$113,794,594	$79,385,509	$34,409,085	69.8%
PERF C				
Public Agencies Cost-Sharing	49,526,338	37,975,521	11,550,817	76.7%
LRF				
State of California	89,659	102,624	(12,965)	114.5%
JRF				
State of California	2,528,973	48,886	2,480,087	1.9%
JRF II				
State of California	2,105,851	2,134,388	(28,537)	101.4%

Sensitivity Analysis (Dollars in Thousands)

Discount Rate -1.00%

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 Cost-Sharing	$129,091,175	$79,385,509	$49,705,666	61.5%
PERF C				
Public Agencies Cost-Sharing	56,327,657	37,975,521	18,352,136	67.4%
LRF				
State of California	100,672	102,624	(1,952)	101.9%
JRF				
State of California	2,768,156	48,886	2,719,270	1.8%
JRF II				
State of California	2,350,075	2,134,388	215,687	90.8%

Sensitivity Analysis (Dollars in Thousands)

Discount Rate +1.00%

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 Cost-Sharing	$101,152,532	$79,385,509	$21,767,023	78.5%
PERF C				
Public Agencies Cost-Sharing	43,951,778	37,975,521	5,976,257	86.4%
LRF				
State of California	80,792	102,624	(21,832)	127.0%
JRF				
State of California	2,528,973	48,886	2,480,087	1.9%
JRF II				
State of California	1,902,980	2,134,388	(231,408)	112.2%

9. CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST FUND

The CEPPTF was established by Chapter 665 of the 2018 Statutes and initially funded in 2019. At June 30, 2022, 72 employers had elected to participate in the fund. Of the 72 participating employers, 51 employers have contributed assets in the CEPPTF as of June 30, 2022. The CEPPTF is an Internal Revenue Code (IRC) Section 115 Trust Fund with the purpose to receive contributions from participating employers and establish separate employer prefunding accounts to pay for future contributions to their defined benefit pension plans. Contributions are voluntarily determined by the employer's own funding schedule, and there are no long-term contracts for contributions to the trust. As such, contributions to the CEPPTF are elective and not required. The CEPPTF is an investment trust fund as defined in GASB Statement No. 84, *Fiduciary Activities*, with pooled administrative and investment functions.

Participating employers may receive disbursements from the fund not to exceed the actual contributions made to their pension plans during the fiscal year. 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) the transfer will satisfy applicable requirements of the IRC, other law and accounting standards, and the Board's fiduciary duties, or (2) the employer substantiates to the Board that in conformance with applicable requirements of the IRC, other laws and accounting standards, and the Board's fiduciary duties that all of the employer's obligations for the payment of defined benefit pension plan benefits and reasonable administrative costs have been satisfied.

The CEPPTF costs include direct administrative and investment costs as well as indirect costs that are allocated through the Board-approved annual budget and cost-allocation process. CalPERS contracts with a third-party service provider, Northeast Retirement Services (NRS), to perform recordkeeping for individual CEPPTF employer accounts.

The total Fiscal Year 2021-22 employer contributions from participating employers were $36.5 million. There were no disbursements from the CEPPTF this fiscal year.

The CEPPTF mirrors the investment policies of the System as a whole. These policies are adopted by the CalPERS Investment Committee, which sets forth the System's overarching investment beliefs, purposes, and objectives with respect to all investment programs. Additionally, the CEPPTF has separate, Board-approved asset allocation policies in place for the two investment options offered by the fund. Each strategy seeks to offer employers investment alternatives dependent upon expected levels of return and volatility.

10. OTHER POST-EMPLOYMENT BENEFIT TRUST FUND

The CERBTF (also known as Annuitants' Health Care Coverage Fund) was established by Chapter 331 of the 1988 Statutes and initially funded in 2007. At June 30, 2022, 598 employers had elected to participate in the fund. Of the 598 participating employers, 582 employers have contributed assets in the CERBTF as of June 30, 2022. The CERBTF is an Internal Revenue Code (IRC) Section 115 Trust Fund with the purpose 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. As such, contributions to the CERBTF are elective and not required. The CERBTF is an agent multiple-employer plan as defined in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74), 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) the transfer will satisfy applicable requirements of the IRC, other law and accounting standards, and the Board's fiduciary duties, or (2) the employer substantiates to the Board that in conformance with applicable requirements of the IRC, other laws and accounting standards, and the Board's fiduciary duties that all of the employer's obligations for the payment of post-employment benefits have been satisfied.

As of June 30, 2022, there were 509,711 active plan members, 325,855 inactive plan members currently receiving benefit payments, and 13,973 inactive plan members entitled to but not yet receiving benefit payments.

The CERBTF costs include direct administrative and investment costs as well as indirect costs that are allocated through the Board-approved annual budget and cost-allocation process. CalPERS contracts with a third-party service provider, NRS, to perform recordkeeping for individual CERBTF employer accounts.

The total Fiscal Year 2021-22 actual OPEB employer contributions from participating employers representing 615 OPEB plans were $5.5 billion. In compliance with GASB 74, this amount includes the $2.34 billion in contributions made to the CERBTF, plus an additional $3.16 billion in retiree health care premiums paid by employers directly to health care providers.

The CERBTF mirrors the investment policies of the System as a whole. These policies are adopted by the CalPERS Investment Committee, which sets forth the System's overarching investment beliefs, purposes, and objectives with respect to all investment programs. Additionally, the CERBTF has separate, Board-approved asset allocation policies in place for the three investment options offered by the fund. Each strategy seeks to offer employers investment alternatives dependent upon expected levels of return and volatility. Overall, the CERBTF recognized an annual money-weighted rate of return of -14.0 percent for Fiscal Year 2021-22.

11. REPLACEMENT BENEFIT FUND (RBF)

The RBF was established as a custodial fund by Chapter 798 of the 1990 Statutes. Regulations implementing the Replacement Benefits Plan (RBP) were effective in 2001. The RBP provides benefits to participants of the PERF whose retirement allowance exceeds the IRC 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 on a calendar year basis and upon receipt of payment by the employers, CalPERS remits the replacement benefits to the participants on a monthly basis. 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) and, if applicable, employer Federal Insurance Contributions Act taxes. CalPERS is responsible for calculating the applicable dollar limit under IRC section 415(b) and notifying the employer. At June 30, 2022, there were 1,674 participants receiving replacement benefits.

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

12. OLD AGE AND SURVIVORS' INSURANCE REVOLVING FUND (OASI)

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

The Board of Administration serves as the State Social Security Administrator (SSSA). Between 1955 and 1986, the SSSA was responsible for collecting Social Security and Medicare taxes from public employers, reconciling the submissions, and then submitting to the Internal Revenue Service. Effective January 1, 1987, with the enactment of the Omnibus Budget Reconciliation Act of 1986, the responsibility of collecting taxes moved from CalPERS to the Internal Revenue Service. Starting in 1987, the SSSA operated using the interest that was earned over time on the OASI. The OASI funds diminished, requiring additional funding to pay for the costs of administering the SSSA program. Starting July 1, 2019, CalPERS began charging participating agencies a fee to pay for these costs. For the Fiscal Year 2021-22, this Annual Maintenance Fee was suspended due to adequate funding from prior year assessments. CalPERS will continue to analyze current funding and expenses to determine future fee assessments.

13. 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 up to December 31, 2021. Effective January 1, 2022, PERS Platinum replaced PERSCare and PERS Choice while PERS Gold replaced PERS Select health plans for the existing self-funded PPO plans with no changes to provider networks and the same benefit designs as PERSCare and PERS Select, respectively. Effective January 1, 2014, flex-funded plans, Anthem Blue Cross, Blue Shield of California, Health Net, Sharp, and UnitedHealthcare were added. Western Health Advantage was added effective January 1, 2018. Health plans are available to 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 for allowable health claims while, effective January 1, 2019, the flex-funded plans retain no risk of loss when capitated and fee-for-service expenses are higher than agreed with the contractor. Members are not subject to a supplemental assessment in the event of deficiencies. Health insurance premiums are set by the Board based on a trend analysis of the historic cost, utilization, demographics, and administrative expenses of the HCF to provide for the claims incurred and the actuarially determined required level of reserves. The health plans rely on operating cash flows and investment income to fund health benefit payments. During Fiscal Year 2021-22 the Board approved aggregate increases in member premiums to continue to provide health plan benefits.

Public agencies participating in the health plans are required to make monthly payments based on premiums established annually by CalPERS. Employers' share 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.

At June 30, 2022, 100 percent of the HCF's investments in fixed income are in the SSGA U.S. Aggregate Bond Index Fund with further details in Note 4.

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 claims liability was calculated by health plan partners as of June 30, 2022, 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 $618.7 million is carried at its face amount, and no interest discount is assumed. The IBNR portion of $524 million represents an estimate for claims that have been incurred prior to June 30, 2022, but have not been reported to the HCF. The total of the estimated claims liabilities at the end of the Fiscal Year 2021-22 is $863.3 million. The year-end amount also includes $244.6 million of known claims, which is reported as 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 the HCF's risk to a maximum aggregate monthly cost per member.

The following schedule represents changes in the aggregate estimated claims liabilities for the fiscal years ended June 30, 2022, and June 30, 2021.

Changes in the Aggregate Estimated Claims Liabilities of the HCF (Dollars in Thousands)

Year Ended June 30	2022	2021
Total Estimated Claims at Beginning of Fiscal Year	**$749,956**	**$738,158**
Total Incurred Claims and Claim Adjustment Expenses	4,176,212	3,649,951
Total Payments	(4,062,841)	(3,638,153)
Total Estimated Claims at End of Fiscal Year	**$863,327**	**$749,956**

14. PUBLIC EMPLOYEES' CONTINGENCY RESERVE FUND (CRF)

The CRF was established in 1962, with the passage of PEMHCA, to fund administrative expenses related to the PEMHCA program, and as a contingency reserve for such items as increases in future premiums 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 expenses incurred for administering the program.

PEMHCA establishes eligibility rules for the following:

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

Amounts charged to employers toward the CRF administrative expenses are determined as a percentage of gross health insurance premiums paid by the employer and employees. The percentage of the insurance premiums paid for the fiscal year ended June 30, 2022, was 0.25 percent. Administrative rates are reviewed annually and are adjusted, if needed, to cover budgeted administrative expenses.

As of June 30, 2022, there were 1,151 public agencies and schools participating in health insurance coverage under PEMHCA.

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

The LTCF began offering long-term care benefits in 1995 through the CalPERS Long-Term Care (LTC) Program. The LTC Program provides LTC coverage to enrolled participants under the Public Employees' Retirement Law (PERL), Chapter 15. Administered by a third-party administrator, Long Term Care Group, Inc. (LTCG), the self-insured LTC Program is a voluntary program, funded solely by participant-paid premiums and investment income.

There are four LTC policy series:

- 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 through fiscal year 2020

As of June 30, 2022, there are 105,370 active participants in the LTC 1, LTC 2, LTC 3, and LTC 4 policy series, of which 6,438 are receiving benefits.

In June 2020, CalPERS suspended open enrollment on the LTC Program due to current uncertainty in the long-term care market until further notice. Currently, the LTC Program is not accepting new applications for coverage.

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 4.75 percent, morbidity, lapse rates, mortality, and plan expenses. In Fiscal Year 2021-22, the actual investment returns were approximately $788.9 million lower than expected investment income due to unfavorable market conditions. Economic assumptions are evaluated periodically in accordance with Board policy. The last time the assumptions were updated was during the June 30, 2021 valuation. The estimated liability for future policy benefits for the June 30, 2022, Annual Comprehensive Financial Report was rolled forward from the June 30, 2021, actuarial valuation using standard actuarial techniques. The increase in the estimated liability for future policy benefit as of June 30, 2022, compared to June 30, 2021, is partially due to reversal of the settlement liability accrued in the prior year. The estimated liability for future policy benefit as of June 30, 2022 also reflects the updated cashflow projection and actuarial assumptions from the June 30, 2021, actuarial valuation.

The following schedule represents changes in the aggregate estimated claims liabilities and liabilities for future policy benefits for the fiscal years ended June 30, 2022, and June 30, 2021.

Changes in the Aggregate Estimated Claims Liabilities of the LTCF (Dollars in Thousands)

Year Ended June 30	2022	2021
Total Estimated Future Policy Liabilities at Beginning of Fiscal Year	**$2,051,292**	**$7,053,071**
Increase (Decrease) in Liability and Change in Estimate	618,579	(1,786,979)
Claim Payments	(318,550)	(314,800)
Change in Estimated Settlement Liability	2,899,100	(2,900,000)
Total Estimated Future Policy Liabilities at End of Fiscal Year	**$5,250,421**	**$2,051,292**

Total LTCF investments as of June 30, 2022, were approximately $4.9 billion. On June 30, 2022, the LTCF's investment portfolio consisted of approximately 60 percent, 15 percent, 11 percent, 8 percent, and 6 percent of the respective SSGA Funds: Bloomberg Barclays Long Liability Index, MSCI ACWI Investable Market Index, Global Real Estate, S&P GSCI Commodity Index, and U.S. TIPS Index, respectively, with further details in Note 4.

For Fiscal Year 2021-22, the annual premium was $297.4 million and the total benefits paid out were $319.1 million. Since the program's inception in 1995 through June 30, 2022, the total benefits paid were approximately $3.8 billion. In Fall 2021, LTC Program implemented the Board approved 52 percent premium rate increase for all four LTC policy series and offered premium increase mitigation options. The Board also approved a 25 percent premium rate increase for all four LTC policy series, which will be implemented in Fiscal Year 2022-23.

CalPERS agreed to a proposed settlement in the Long-Term Care Program class action lawsuit that was approved preliminarily in July 2021, but was terminated in April 2022 because of the high number of opt-outs. The parties are now back on course for a trial that is scheduled for May 2023.

16. CONTINGENCIES

CalPERS is a Defendant in litigation involving investments, individual pension, health benefit payments and participant eligibility issues arising from its normal activities. Generally, in the event of an adverse decision, any payments awarded by the courts would be recovered by CalPERS through prospective adjustments to the affected employer's contribution rate or rates and, where applicable, member premiums. During the fiscal year, specific pending cases were litigated that could potentially impact the future financial health of funds administered by CalPERS.

Wedding, et al. v. CalPERS (previously identified as *Sanchez, et al. v. CalPERS*) was filed in 2013. This class action challenges the propriety of CalPERS' decision to increase premiums by 85 percent on certain categories of its Long-Term Care (LTC) policyholders. Plaintiffs allege that the increase breached the relevant insurance contracts and seek to recover all allegedly excess premiums paid by effected policyholders since the increase was effectuated in 2014 and 2015, as well as interest and attorneys' fees. CalPERS denies that it breached the relevant insurance contracts and denies that plaintiffs are entitled to any relief on any cause of action.

In January 2016, the court granted plaintiffs' Motion for Class Certification over CalPERS' objection. The claims certified for class treatment were (1) the breach of contract claim; and (2) the breach of fiduciary duty claim, on the "duty of care" only. However, the court later granted CalPERS' motion for summary adjudication of the breach of fiduciary duty claim, leaving only the breach of contract claim certified for class treatment.

The only other defendants in the case—the actuarial firm that originally helped CalPERS establish the LTC program (Towers-Watson)—entered into a settlement agreement with plaintiffs that was approved by the court in January 2018.

In early June 2019, the first part of the case regarding the proper interpretation of the insurance contracts (the "Evidence of Coverage") at issue was tried to the court, sitting without a jury. The court held in favor of plaintiffs on the interpretation of the "Inflation-Protection" clauses in the Evidence of Coverage, and in favor of CalPERS on the premium adjustments permitted by the "Guaranteed Renewable" clauses. The court held in favor of CalPERS on its Cross-Claim that CalPERS can subject insureds with Inflation-Protection benefits to future rate increases, insofar as any such rate increases are driven by cost factors other than the inherent escalation of daily/monthly limits on Inflation-Protection benefits over time, and as long as these increases are spread over the entire risk pool and not selectively imposed to a greater-than-average degree on the Inflation-Protection insureds. The second part of the case was set for trial by jury on the issue of whether the subject 85 percent premium increase had, in fact, breached the contracts given the court's interpretation of them in the first part of the trial.

After several continuances to the trial date, the parties settled the case in July 2021. However, the Settlement was terminated in April 2022 because more than 30% of the Settlement Class opted out of the Settlement in order to retain their CalPERS LTC policies. The court has set a May 15, 2023 trial date.

Heinz, et al. v. CalPERS, Anthem et al. is a putative class action lawsuit filed against CalPERS and one of its insurance programs, Anthem, in June 2017. The Complaint alleges breach of contract, breach of fiduciary duties, misrepresentation, and a variety of other claims. The class is described as "people who were enrolled in Preferred Provider Organization health insurance offered and/or administered by CalPERS and Anthem Blue Cross." The primary allegation is that CalPERS and Anthem engaged in a common policy of improperly and artificially reducing the "allowable amount" for "out-of-network" non-emergency medical services.

On May 7, 2018, the court issued a ruling that Plaintiff must proceed first with his Petition for Writ of Administrative Mandamus, and that all other causes of action were stayed in their entirety pending the outcome of the writ. On January 25, 2019, the court denied Plaintiff's Petition for Writ of Administrative Mandamus finding that there was no evidence that CalPERS and Anthem improperly reduced the "allowable amount" for "out-of-network" non-emergency medical services. As a result of this ruling, CalPERS demurred to the remaining causes of action. The court sustained CalPERS' demurrer and entered judgment in favor of CalPERS, ending the lawsuit. Plaintiff subsequently appealed the Superior Court's decision.

On April 19, 2021, the Court of Appeal issued its decision. The Court affirmed the trial court's order denying the Petition for Writ of Administrative Mandamus, but reversed the judgment dismissing the remaining causes of action, finding that the non-contractual causes of action were outside the scope of the issues raised in the administrative proceedings, were thus not barred by claim preclusion, and required further analysis of the equitable estoppel issue relevant to the statute of limitations tolling and Government Code claims presentation timing requirements.

Following remand, Plaintiff filed a Second Amended Complaint. Defendants demurred to the Second Amended Complaint on multiple grounds and moved to strike the class allegations. On April 27, 2022, the trial court sustained the demurrer with prejudice as to Plaintiff's causes of action for breach of fiduciary duty, statutory violations, and traditional writ and sustained the demurrer without prejudice as to Plaintiff's misrepresentation claim. The Court overruled the demurrer as to Plaintiff's remaining claim for violation of California's Unfair Competition Law and did not rule on the motion to strike.

On May 27, 2022, Plaintiff filed a Third Amended Complaint. Defendants plan to demur to the Third Amended Complaint and to again move to strike the class allegations. The case was recently assigned to a new judge who has set a hearing date on the demurrer/motion to strike of February 8, 2023 and has scheduled a status conference for September 27, 2022.

Liu et. al. v. CalPERS is a consolidated petition for writ of mandate and class action filed on September 19, 2019 in Los Angeles Superior Court. The Petitioners are two retirees of the Southern California Association of Governments ("SCAG"). The retirees allege that while employed by SCAG, they received payments that meet the regulatory definition of "Bonus," but that CalPERS determined that the payments could not be considered special compensation. The complaint further alleges a class of other retirees, from SCAG and other agencies as well, who have similarly had their bonuses rejected by CalPERS as an item of special compensation.

The dispute began on February 28, 2019 when one of the retirees filed an administrative appeal of CalPERS' determination. CalPERS had determined that the retiree had not received special compensation because the bonus SCAG paid to her was not for superior performance and was not available to others in the retiree's group or class. The Administrative Law Judge issued a proposed decision on May 9, 2019 affirming CalPERS' determination. CalPERS adopted the ALJ's proposed decision on June 19, 2019.

On September 19, 2019, the retiree petitioned for a writ of mandate under Code of Civil Procedure section 1094.5. After briefing and a hearing on the writ petition, the trial court entered on December 14, 2020 an order that the writ should be granted. The trial court found that the retiree's work performance was superior because she had received a performance rating of 3.45 on a five-point scale. The trial court also found that the retiree's bonus was available to others in the retiree's group or class, assuming one narrowly construed "group or class" to include only those employees already at the top of their pay schedules.

Subsequently, however, the trial court ruled that it could not issue the writ (which would permit an appeal) until the class claims were also adjudicated. The parties have since been conducting discovery on the propriety and scope of the alleged class claims. At the conclusion of the class discovery, the retirees will move for certification of a class. No deadline for the filing of the class certification motion has been set.

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 of litigation.

Economic Conditions

During the calendar year 2020, the World Health Organization announced a global health emergency from a new strain of coronavirus (COVID-19) that has resulted in a global pandemic outbreak. This pandemic has adversely affected global economic activity and greatly contributed to uncertainty and instability in the global financial markets. CalPERS' investment portfolio was exposed to the volatility of the financial markets. While negative market conditions could have an impact on CalPERS' ability to earn the actuarial assumed rate of return and negatively impact the receipt of contributions and premiums due from public agencies and participants, CalPERS cannot predict the long-term impact of the COVID-19 pandemic. Although CalPERS cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, management continues to closely monitor the situation, to assess further possible adverse implications that may occur to operations, investments, public agencies and participants, and to take actions to mitigate resulting consequences.

In March 2022, most CalPERS team members returned to a hybrid in-office work schedule: at least three days a week in office, two days a week teleworking. Contact (call) center teams and desktop support have the option to work up to five days a week remotely. CalPERS closely follows federal, state, and county guidelines related to COVID-19 protocols and measures.

As of March 2022, CalPERS Board of Administration meetings returned to in-person meetings. Members of the public are allowed to attend and to provide public comment in person or by phone. CalPERS has transitioned the regular slate of stakeholder meetings to a hybrid format, with approximately one-quarter of stakeholders choosing to participate in-person, and the other three-quarters preferring to participate remotely.

CalPERS received $1.4 million from the Coronavirus Relief Fund per Section 11.90(c), Chapter 21, Statutes of 2021 in December 2021, to reimburse various funds for payroll costs incurred by departments for state employees redirected to COVID-19 contact tracing and vaccine coordination activities.

The U.S. House of Representatives on March 10, 2021, passed the Senate-amended H.R. 1319, the American Rescue Plan (ARP). The ARP provides $1.9 trillion in additional relief to respond to the novel coronavirus (COVID-19). This follows the enactment of nearly $4 trillion in COVID relief in 2020. President Joe Biden called for Congress to enact the ARP to provide relief for individuals and businesses struggling due to COVID-19, as well as to achieve other priorities of the Biden Administration and Congress. ARP includes provisions on aid to state and local governments, hard-hit industries and communities, tax changes affecting individuals and businesses, and other provisions. Although CalPERS received funds from the state for reimbursement of employees of the trust who worked on contract tracing, CalPERS has assessed the applicability of directly applying for relief and has not acted to take part in applying for and receiving any such relief funds. Management is continuing to monitor applicability of any new funding or programs that may become available.

17. FUTURE ACCOUNTING PRONOUNCEMENT

The objectives of GASB Statement No. 99 *Omnibus 2022* are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The primary objective of GASB Statement No. 100, *Accounting Changes and Error Corrections*, is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The objective of GASB Statement No. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

Implementation of all three pronouncements will occur in Fiscal Year 2022-23. CalPERS' staff have been and will continue to monitor and analyze if these statements will have a material impact on the future financial statements.

Required Supplementary Information

SCHEDULES OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

PERF B – Nine-Year Review[1] (Dollars in Thousands)

	2022	2021	2020	2019	2018	2017
Discount Rate Assumption	**6.90%**	**7.15%**	**7.15%**	**7.15%**	**7.15%**	**7.15%**
Total Pension Liability:						
Service Cost	$2,485,322	$2,347,398	$2,302,877	$2,226,797	$2,172,696	$2,031,914
Interest	7,435,819	7,216,728	6,904,699	6,563,541	6,165,715	5,719,835
Changes of Assumptions	3,423,109	—	—	—	450,064	4,649,299
Differences Between Expected and Actual Experience	(1,108,386)	(63,915)	452,461	1,398,796	1,852,902	531,862
Benefit Payments, Including Refunds of Member Contributions	(5,298,758)	(4,932,395)	(4,671,357)	(4,347,426)	(4,053,119)	(3,724,910)
Net Change in Total Pension Liability	**$6,937,106**	**$4,567,816**	**$4,988,680**	**$5,841,708**	**$6,588,258**	**$9,208,000**
Total Pension Liability – Beginning	$106,857,488	$102,289,672	$97,300,992	$91,459,284	$84,871,026	$75,663,026
Total Pension Liability – Ending (a)	**$113,794,594**	**$106,857,488**	**$102,289,672**	**$97,300,992**	**$91,459,284**	**$84,871,026**
Plan Fiduciary Net Position:						
Contributions – Employer	$3,557,108	$2,972,220	$2,866,144	$2,527,726	$2,070,832	$1,783,736
Contributions – Member	1,104,241	1,019,154	1,047,983	1,014,070	952,979	897,438
Contributions – Nonemployer	—	—	904,000	—	—	—
Total Net Investment Income	(6,446,442)	15,928,499	3,398,535	4,212,090	5,095,064	6,211,781
Benefit Payments, Including Refunds of Member Contributions	(5,298,758)	(4,932,395)	(4,671,357)	(4,347,426)	(4,053,119)	(3,724,910)
Net Plan-to-Plan Resource Movement	3	—	164	304	2	(134)
Administrative Expenses	(53,699)	(71,018)	(95,614)	(46,159)	(92,448)	(82,489)
Net Change in Plan Fiduciary Net Position	**($7,137,547)**	**$14,916,460**	**$3,449,855**	**$3,360,605**	**$3,973,310**	**$5,085,422**
Plan Fiduciary Net Position – Beginning	$86,523,056	$71,606,596	$68,156,741	$64,796,136	$60,998,387	$55,912,965
Adjustments[2]	—	—	—	—	(175,561)	—
Total Adjusted Plan Fiduciary Net Position – Beginning	86,523,056	71,606,596	68,156,741	64,796,136	60,822,826	55,912,965
Plan Fiduciary Net Position – Ending (b)	79,385,509	86,523,056	71,606,596	68,156,741	64,796,136	60,998,387
Net Pension Liability (a) - (b)	**$34,409,085**	**$20,334,432**	**$30,683,076**	**$29,144,251**	**$26,663,148**	**$23,872,639**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**69.8%**	**81.0%**	**70.0%**	**70.0%**	**70.8%**	**71.9%**
Covered Payroll	$14,767,213	$14,885,212	$14,447,159	$13,819,881	$13,252,995	$12,643,354
Net Pension Liability as a Percentage of Covered Payroll	**233.0%**	**136.6%**	**212.4%**	**210.9%**	**201.2%**	**188.8%**

(1) Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.
(2) Cumulative effect of CalPERS employer proportionate share of post-employment benefit obligations.

NOTES TO SCHEDULE

Change of Assumptions and Methods

In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF B, these changes were implemented in the June 30, 2021 actuarial valuation for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21 there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The policy shortened the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption changes, investment gains/losses, and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

In Fiscal Year 2019-20, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In Fiscal Year 2018-19, CalPERS implemented a new actuarial valuation software system for the June 30, 2018,

Required Supplementary Information (continued)

2016	2015	2014
7.65%	**7.65%**	**7.50%**
$1,716,677	$1,624,993	$1,576,667
5,441,918	5,152,519	4,820,116
—	(1,217,974)	—
400,103	1,119,011	—
(3,546,836)	(3,334,081)	(3,139,923)
$4,011,862	**$3,344,468**	**$3,256,860**
$71,651,164	$68,306,696	$65,049,836
$75,663,026	**$71,651,164**	**$68,306,696**
$1,434,632	$1,323,090	$1,203,071
851,133	773,580	744,437
—	—	—
297,514	1,272,365	8,625,601
(3,546,836)	(3,334,081)	(3,139,923)
10	(71,460)	—
(34,554)	(64,124)	(72,167)
($998,101)	**($100,630)**	**$7,361,019**
$56,911,066	$57,011,696	$49,650,677
—	—	—
56,911,066	57,011,696	49,650,677
55,912,965	56,911,066	57,011,696
$19,750,061	**$14,740,098**	**$11,295,000**
73.9%	**79.4%**	**83.5%**
$11,747,602	$10,964,872	$10,120,248
168.1%	**134.4%**	**111.6%**

valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board of Administration adopted a new inflation assumption. The assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. These changes were implemented in two steps commencing in the June 30, 2018, funding valuation. For financial reporting purposes, these assumption changes were fully reflected in the results for Fiscal Year 2017-18.

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF B was lowered from 7.65 percent to 7.15 percent.

In December 2016, the Board approved lowering the funding discount rate used in the PERF B from 7.50 percent to 7.00 percent, which was phased in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2017, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

Required Supplementary Information (continued)

SCHEDULES OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS (CONTINUED)

PERF C – Nine-Year Review[1] (Dollars in Thousands)

	2022	2021	2020	2019	2018	2017
Discount Rate Assumption	**6.90%**	**7.15%**	**7.15%**	**7.15%**	**7.15%**	**7.15%**
Total Pension Liability:						
Service Cost	$1,039,473	$947,349	$912,529	$878,707	$844,273	$820,583
Interest	3,239,025	3,123,532	2,954,008	2,798,484	2,629,157	2,506,761
Changes of Benefit Terms	4,481	1,390	900	1,283	668	2,119
Changes of Assumptions	1,606,551	—	—	—	(248,318)	2,122,413
Differences Between Expected and Actual Experience	(188,502)	615,793	453,273	705,149	313,467	(18,554)
Benefit Payments, Including Refunds of Member Contributions[2]	(2,349,632)	(2,216,053)	(2,044,232)	(1,902,025)	(1,755,740)	(1,630,602)
Net Change in Total Pension Liability	**$3,351,396**	**$2,472,011**	**$2,276,478**	**$2,481,598**	**$1,783,507**	**$3,802,720**
Total Pension Liability – Beginning	$46,174,942	$43,702,931	$41,426,453	$38,944,855	$37,161,348	$33,358,628
Adjustment to Beginning Amount	—	—	—	—	—	—
Total Adjusted Pension Liability – Beginning	**$46,174,942**	**$43,702,931**	**$41,426,453**	**$38,944,855**	**$37,161,348**	**$33,358,628**
Total Pension Liability – Ending (a)	**$49,526,338**	**$46,174,942**	**$43,702,931**	**$41,426,453**	**$38,944,855**	**$37,161,348**
Plan Fiduciary Net Position:						
Contributions – Employer[2]	$2,284,579	$1,921,032	$1,594,811	$1,333,559	$1,182,686	$980,359
Contributions – Member[2]	417,129	395,130	381,786	357,159	334,140	317,024
Total Net Investment Income[2]	(3,109,188)	7,523,678	1,565,953	1,935,939	2,308,558	2,774,321
Benefit Payments, Including Refunds of Member Contributions[2]	(2,349,632)	(2,210,327)	(2,044,232)	(1,902,025)	(1,755,740)	(1,630,602)
Net Plan-to-Plan Resource Movement[2]	(8,335)	348,384	188,629	167,308	116,550	134,513
Administrative Expenses	(25,686)	(33,744)	(43,860)	(21,115)	(41,980)	(37,052)
Net Change in Plan Fiduciary Net Position	**($2,791,133)**	**$7,944,153**	**$1,643,087**	**$1,870,825**	**$2,144,214**	**$2,538,563**
Plan Fiduciary Net Position – Beginning	$40,766,654	$32,822,501	$31,179,414	$29,308,589	$27,244,095	$24,705,532
Adjustments[3]	—	—	—	—	(79,720)	—
Total Adjusted Plan Fiduciary Net Position – Beginning	40,766,654	32,822,501	31,179,414	29,308,589	27,164,375	24,705,532
Plan Fiduciary Net Position – Ending (b)	37,975,521	40,766,654	32,822,501	31,179,414	29,308,589	27,244,095
Net Pension Liability (a) - (b)	**$11,550,817**	**$5,408,288**	**$10,880,430**	**$10,247,039**	**$9,636,266**	**$9,917,253**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**76.7%**	**88.3%**	**75.1%**	**75.3%**	**75.3%**	**73.3%**
Covered Payroll	$4,428,659	$4,371,563	$4,155,772	$3,949,226	$3,793,609	$3,631,919
Net Pension Liability as a Percentage of Covered Payroll	**260.8%**	**123.7%**	**261.8%**	**259.5%**	**254.0%**	**273.1%**

(1) Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.
(2) May not agree to the Basic Financial Statements in 2021 and 2020 as a result of adjustments made in both years.
(3) Cumulative effect of CalPERS employer proportionate share of postemployment benefit obligations.

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 November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21, no changes were made to the actuarial assumptions in relation to financial reporting.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount.

Required Supplementary Information (continued)

2016	2015	2014
7.65%	**7.65%**	**7.50%**
$712,307	$698,416	$713,731
2,399,259	2,285,565	2,169,786
1,478	—	—
—	(543,686)	—
(6,333)	(5,678)	—
(1,519,301)	(1,423,756)	(1,335,871)
$1,587,410	**$1,010,861**	**$1,547,646**
$31,800,055	$30,789,194	$29,241,548
(28,837)	—	—
$31,771,218	**$30,789,194**	**$29,241,548**
$33,358,628	**$31,800,055**	**$30,789,194**
$882,991	$859,456	$747,694
300,135	278,529	291,772
127,043	548,097	3,770,935
(1,519,301)	(1,423,756)	(1,335,871)
22,621	(267,581)	—
(15,263)	(27,967)	(31,550)
($201,774)	**($33,222)**	**$3,442,980**
$24,907,306	$24,940,528	$21,497,548
—	—	—
24,907,306	24,940,528	21,497,548
24,705,532	24,907,306	24,940,528
$8,653,096	**$6,892,749**	**$5,848,666**
74.1%	**78.3%**	**81.0%**
$3,472,950	$3,356,312	$3,248,018
249.2%	**205.4%**	**180.1%**

In addition, the policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes, investment gains/losses, and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In Fiscal Year 2019-20, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In Fiscal Year 2018-19, CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This new system has refined and improved calculation methodology.

In December 2017, the Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. These changes will be implemented in two steps commencing in the June 30, 2017, funding valuation. For financial reporting purposes, these assumption changes are fully reflected in the results for Fiscal Year 2017-18.

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. In December 2016, the Board approved lowering the funding discount rate used in the PERF C from 7.50 percent to 7.00 percent, which was phased in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

Required Supplementary Information (continued)

SCHEDULES OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS (CONTINUED)

LRF – Nine-Year Review[1] (Dollars in Thousands)

	2022	2021	2020	2019	2018	2017
Discount Rate Assumption	**4.85%**	**5.25%**	**5.25%**	**5.25%**	**5.25%**	**5.25%**
Total Pension Liability:						
Service Cost	$108	$101	$100	$268	$542	$639
Interest	4,299	4,749	4,885	4,871	4,987	5,291
Changes of Assumptions	1,024	—	—	—	(2,529)	7,857
Differences Between Expected and Actual Experience	(992)	(732)	2,320	(427)	(2,061)	(5,998)
Benefit Payments, Including Refunds of Member Contributions	(6,647)	(6,761)	(6,939)	(7,349)	(6,918)	(7,249)
Net Change in Total Pension Liability	**($2,208)**	**($2,643)**	**$366**	**($2,637)**	**($5,979)**	**$540**
Total Pension Liability – Beginning	$91,867	$94,510	$94,144	$96,781	$102,760	$102,220
Adjustment to Beginning Amount	—	—	—	—	—	—
Total Adjusted Pension Liability – Beginning	**$91,867**	**$94,510**	**$94,144**	**$96,781**	**$102,760**	**$102,220**
Total Pension Liability – Ending (a)	**$89,659**	**$91,867**	**$94,510**	**$94,144**	**$96,781**	**$102,760**
Plan Fiduciary Net Position:						
Contributions – Employer	$85	$92	$98	$250	$467	$516
Contributions – Member	23	21	22	91	82	94
Total Net Investment Income	(12,449)	15,098	7,013	7,860	5,486	5,048
Benefit Payments, Including Refunds of Member Contributions	(6,647)	(6,761)	(6,939)	(7,349)	(6,918)	(7,249)
Administrative Expenses	(436)	(450)	(550)	(324)	(671)	(575)
Net Change in Plan Fiduciary Net Position	**($19,424)**	**$8,000**	**($356)**	**$528**	**($1,554)**	**($2,166)**
Plan Fiduciary Net Position – Beginning	$122,048	$114,048	$114,404	$113,876	$116,884	$119,050
Adjustments[2]	—	—	—	—	(1,454)	—
Total Adjusted Plan Fiduciary Net Position – Beginning	122,048	114,048	114,404	113,876	115,430	119,050
Plan Fiduciary Net Position – Ending (b)	102,624	122,048	114,048	114,404	113,876	116,884
Net Pension Asset (a) - (b)	**($12,965)**	**($30,181)**	**($19,538)**	**($20,260)**	**($17,095)**	**($14,124)**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**114.5%**	**132.9%**	**120.7%**	**121.5%**	**117.7%**	**113.7%**
Covered Payroll	$290	$267	$278	$655	$1,242	$1,360
Net Pension Asset as a Percentage of Covered Payroll	**(4,470.7%)**	**(11,303.7%)**	**(7,028.1%)**	**(3,093.1%)**	**(1,376.4%)**	**(1,038.5%)**

(1) Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.
(2) Cumulative effect of CalPERS employer proportionate share of postemployment benefit obligations.

NOTES TO SCHEDULE

Change of Assumptions and Methods

In April 2022, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For the Legislators' Retirement Fund (LRF), these changes were implemented in the June 30, 2021, actuarial valuation for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was increased from 0.25 percent to 0.35 percent, and the discount rate was reduced from 5.00 percent to 4.50 percent. As a result, for financial reporting purposes, the discount rate for the LRF was lowered from 5.25 percent to 4.85 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21, there were no changes to the actuarial assumptions in relation to financial reporting. The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortened the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes, investment gains/losses, and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

Required Supplementary Information (continued)

2016	2015	2014
6.00%	**6.00%**	**5.75%**
$608	$769	$732
5,978	6,427	6,465
—	(2,655)	—
(3,530)	(4,246)	—
(7,407)	(9,086)	(7,482)
($4,351)	**($8,791)**	**($285)**
$106,730	$115,521	$115,806
(159)	—	—
$106,571	**$115,521**	**$115,806**
$102,220	**$106,730**	**$115,521**
$549	$590	$565
97	105	113
4,545	(94)	15,372
(7,407)	(9,086)	(7,482)
(203)	(400)	(362)
($2,419)	**($8,885)**	**$8,206**
$121,469	$130,354	$122,148
—	—	—
121,469	130,354	122,148
119,050	121,469	130,354
($16,830)	**($14,739)**	**($14,833)**
116.5%	**113.8%**	**112.8%**
$1,313	$1,545	$1,470
(1,281.8%)	**(954.0%)**	**(1,009.0%)**

In Fiscal Year 2018-19, CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This system refined and improved calculation methodology.

In December 2017, the Board adopted new mortality assumptions. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

In Fiscal Year 2016-17, the financial reporting discount rate for the LRF was lowered from 6.00 percent to 5.25 percent. In April 2017, the Board approved lowering the funding discount rate used in the LRF from 5.75 percent to 5.00 percent beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 25 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 5.75 percent to 6.00 percent resulting from eliminating the 25 basis-point reduction for administrative expenses. The funding discount rate remained at 5.75 percent during this period, and remained adjusted for administrative expenses.

Required Supplementary Information (continued)

SCHEDULES OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS (CONTINUED)

JRF – Nine-Year Review[1] (Dollars in Thousands)

	2022	2021	2020	2019	2018	2017
Discount Rate Assumption	**3.69%**	**1.92%**	**2.45%**	**3.13%**	**3.62%**	**3.56%**
Total Pension Liability:						
Service Cost	$10,345	$17,861	$17,026	$20,073	$19,131	$22,733
Interest	93,559	64,480	79,719	99,428	109,395	115,067
Changes of Assumptions	(598,096)	179,421	218,683	153,651	(20,879)	(107,670)
Differences Between Expected and Actual Experience	(92,633)	40,007	(41,794)	86,873	(121,259)	(366,200)
Benefit Payments, Including Refunds of Member Contributions	(210,491)	(210,951)	(213,233)	(221,954)	(207,823)	(200,440)
Net Change in Total Pension Liability	**($797,316)**	**$90,818**	**$60,401**	**$138,071**	**($221,435)**	**($536,510)**
Total Pension Liability – Beginning	$3,326,289	$3,235,471	$3,175,070	$3,036,999	$3,258,434	$3,794,944
Adjustment to Beginning Amount	—	—	—	—	—	—
Total Adjusted Pension Liability – Beginning	**$3,326,289**	**$3,235,471**	**$3,175,070**	**$3,036,999**	**$3,258,434**	**$3,794,944**
Total Pension Liability – Ending (a)	**$2,528,973**	**$3,326,289**	**$3,235,471**	**$3,175,070**	**$3,036,999**	**$3,258,434**
Plan Fiduciary Net Position:						
Contributions – Employer and General Fund[2]	$194,960	$225,824	$243,131	$195,903	$199,241	$204,475
Contributions – Member	1,956	2,146	2,843	2,679	3,062	3,398
Total Net Investment Income	2,499	2,625	3,087	3,942	3,378	2,819
Benefit Payments, Including Refunds of Member Contributions	(210,492)	(210,951)	(213,233)	(221,954)	(207,823)	(200,440)
Administrative Expenses	(1,677)	(1,731)	(2,270)	(10,032)	(2,106)	(1,771)
Net Change in Plan Fiduciary Net Position	**($12,754)**	**$17,913**	**$33,558**	**($29,462)**	**($4,248)**	**$8,481**
Plan Fiduciary Net Position – Beginning	$61,640	$43,727	$10,169	$39,631	$48,275	$39,794
Adjustments[3]	—	—	—	—	(4,396)	—
Total Adjusted Plan Fiduciary Net Position – Beginning	61,640	43,727	10,169	39,631	43,879	39,794
Plan Fiduciary Net Position – Ending (b)	48,886	61,640	43,727	10,169	39,631	48,275
Net Pension Liability (a) - (b)	**$2,480,087**	**$3,264,649**	**$3,191,744**	**$3,164,901**	**$2,997,368**	**$3,210,159**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**1.9%**	**1.9%**	**1.4%**	**0.3%**	**1.3%**	**1.5%**
Covered Payroll	$20,916	$20,808	$22,875	$31,945	$35,507	$39,413
Net Pension Liability as a Percentage of Covered Payroll	**11,857.4%**	**15,689.4%**	**13,953.0%**	**9,907.3%**	**8,441.6%**	**8,144.9%**

(1) Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.
(2) Includes State of California General Fund.
(3) Cumulative effect of CalPERS employer proportionate share of postemployment benefit obligations.

NOTES TO SCHEDULE

Change of Assumptions and Methods

In Fiscal Year 2021-22, the discount rate used to measure the total pension liability was 3.69 percent. The state funds the Judges' Retirement Fund (JRF) benefit obligations using the pay-as-you-go method. Member contributions plus state contributions are designed to cover only benefit payments and expenses each year. 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 3.69 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 reported in Fidelity Index's "20-Year Municipal GO AA Index") as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total pension liability. In November 2021 and April 2022, the CalPERS Board of Administration adopted several changes to actuarial assumptions. For the JRF, these changes were implemented in the June 30, 2021, actuarial valuation for funding purposes. Included in these changes were assumptions for inflation, mortality rates, and retirement rates. In addition, individual salary and overall payroll increase assumptions were increased from 2.75 percent to 2.8 percent. Retirement benefits are fully adjusted for increases in salaries for the active judges of the same court from which the member retired. Therefore, the Cost-of-Living Adjustment is increased to 2.8 percent.

In Fiscal Year 2020-21, the discount rate used to measure the total pension liability was 1.92 percent. There were no other changes to assumptions or methods in relation to financing reporting.

In Fiscal Year 2019-20, the discount rate used to measure the total pension liability was 2.45 percent. There were no

Required Supplementary Information (continued)

2016	2015	2014
2.85%	**3.82%**	**4.25%**
$29,314	$25,372	$27,581
107,515	127,074	140,256
384,306	167,036	—
(59,421)	57,568	—
(199,349)	(201,868)	(193,935)
$262,365	**$175,182**	**($26,098)**
$3,532,394	$3,357,212	$3,383,310
185	—	—
$3,532,579	**$3,357,212**	**$3,383,310**
$3,794,944	**$3,532,394**	**$3,357,212**
$192,287	$180,910	$191,148
3,559	3,877	4,724
2,762	2,286	2,583
(199,349)	(201,868)	(193,935)
(642)	(1,227)	(1,141)
($1,383)	**($16,022)**	**$3,379**
$41,177	$57,199	$53,820
—	—	—
41,177	57,199	53,820
39,794	41,177	57,199
$3,755,150	**$3,491,217**	**$3,300,013**
1.0%	**1.2%**	**1.7%**
$34,301	$41,378	$54,649
10,947.6%	**8,437.4%**	**6,038.6%**

other changes to assumptions or methods in relation to financing reporting.

In Fiscal Year 2018-19, the discount rate used to measure the total pension liability was 3.13 percent. CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This new system refined and improved calculation methodology.

In Fiscal Year 2017-18, the discount rate used to measure the total pension liability was 3.62 percent. In December 2017, the Board adopted new mortality assumptions. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

In Fiscal Year 2016-17, the discount rate used to measure the total pension liability was 3.56 percent. Assumption changes were made in the JRF June 30, 2016, valuation including a lowering of the rates of retirement to reflect that there were fewer actual retirements over the past six years than were assumed. In addition, pre-retirement termination and disability rates were removed due to low expected future terminations and disability retirements for this group.

In Fiscal Year 2015-16, the discount rate used to measure the total pension liability was 2.85 percent.

In Fiscal Year 2014-15, the discount rate used to measure the total pension liability was 3.82 percent. Changes to actuarial methods were made in the June 30, 2014, valuation including an increase in maximum benefit allowable for active members to 75 percent of pay from 65 percent of pay; the benefit payable for a termination changed from being equal to a retirement benefit to one equal to a percent (generally 3.75 percent) times years of service; and the allocated service for the nonmember spouse for a Qualified Domestic Relations Order changed to full service for the member in order to determine both eligibility and the benefit multiplier.

In Fiscal Year 2013-14, the discount rate used to measure the total pension liability was 4.25 percent. Changes to actuarial assumptions were made in the June 30, 2013, valuation. In February 2014, the Board adopted new mortality assumptions. The new mortality table was developed from the February 2014 Experience Study and includes 20 years of projected ongoing mortality improvement using the Scale BB table published by the Society of Actuaries.

SCHEDULES OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS (CONTINUED)

JRF II – Nine-Year Review[1] (Dollars in Thousands)

	2022	2021	2020	2019	2018	2017
Discount Rate Assumption	**6.15%**	**6.65%**	**6.65%**	**6.65%**	**6.65%**	**6.65%**
Total Pension Liability:						
Service Cost	$115,808	$116,782	$114,486	$103,791	$95,843	$97,678
Interest	120,585	126,948	115,517	103,889	91,419	85,654
Changes of Assumptions	(59,394)	—	—	—	(41,763)	69,233
Differences Between Expected and Actual Experience	(67,751)	(10,975)	(2,797)	30,291	(26,876)	(26,382)
Benefit Payments, Including Refunds of Member Contributions	(66,739)	(61,994)	(34,547)	(36,204)	(31,795)	(22,406)
Net Change in Total Pension Liability	**$42,509**	**$170,761**	**$192,659**	**$201,767**	**$86,828**	**$203,777**
Total Pension Liability – Beginning	$2,063,342	$1,892,581	$1,699,922	$1,498,155	$1,411,327	$1,207,550
Adjustment to Beginning Amount	—	—	—	—	—	—
Total Adjusted Pension Liability – Beginning	**$2,063,342**	**$1,892,581**	**$1,699,922**	**$1,498,155**	**$1,411,327**	**$1,207,550**
Total Pension Liability – Ending (a)	**$2,105,851**	**$2,063,342**	**$1,892,581**	**$1,699,922**	**$1,498,155**	**$1,411,327**
Plan Fiduciary Net Position:						
Contributions – Employer and General Fund[2]	$92,773	$84,147	$91,147	$84,099	$79,699	$67,102
Contributions – Member	36,529	34,094	35,796	31,376	27,513	25,076
Total Net Investment Income	(324,362)	463,478	80,074	106,781	101,820	115,057
Benefit Payments, Including Refunds of Member Contributions	(66,739)	(61,994)	(34,547)	(36,204)	(31,795)	(22,406)
Administrative Expenses	(1,842)	(1,703)	(2,552)	(1,477)	(2,370)	(1,683)
Net Change in Plan Fiduciary Net Position	**($263,641)**	**$518,022**	**$169,918**	**$184,575**	**$174,867**	**$183,146**
Plan Fiduciary Net Position – Beginning	$2,398,029	$1,880,007	$1,710,089	$1,525,514	$1,356,099	$1,172,953
Adjustments[3]	—	—	—	—	(5,452)	—
Total Adjusted Plan Fiduciary Net Position – Beginning	2,398,029	1,880,007	1,710,089	1,525,514	1,350,647	1,172,953
Plan Fiduciary Net Position – Ending (b)	2,134,388	2,398,029	1,880,007	1,710,089	1,525,514	1,356,099
Net Pension Liability/(Asset) (a) - (b)	**($28,537)**	**($334,687)**	**$12,574**	**($10,167)**	**($27,359)**	**$55,228**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**101.4%**	**116.2%**	**99.3%**	**100.6%**	**101.8%**	**96.1%**
Covered Payroll	$360,771	$361,108	$352,700	$318,827	$299,396	$291,097
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	**(7.9%)**	**(92.7%)**	**3.6%**	**(3.2%)**	**(9.1%)**	**19.0%**

(1) Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.
(2) Includes State of California General Fund.
(3) Cumulative effect of CalPERS employer proportionate share of postemployment benefit obligations.

NOTES TO SCHEDULE

Change of Assumptions and Methods

In April 2022, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For the Judges' Retirement Fund II (JRF II), these changes were implemented in the June 30, 2021, actuarial valuation for funding purposes. Included in these changes were assumptions for inflation and the discount rate, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent and the discount rate was reduced from 6.50 percent to 6.00 percent. As a result, for financial reporting purposes, the discount rate for the JRF II was lowered from 6.65 percent to 6.15 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21, no changes have occurred to the actuarial assumptions in relation to financing reporting.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortened the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes, investment gains/losses, and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In Fiscal

Required Supplementary Information (continued)

2016	2015	2014
7.15%	**7.15%**	**7.00%**
$86,635	$81,679	$78,670
78,412	70,389	61,044
—	(14,883)	—
(4,546)	(17,319)	—
(21,704)	(14,040)	(8,950)
$138,797	**$105,826**	**$130,764**
$1,073,788	$967,962	$837,198
(5,035)	—	—
$1,068,753	**$967,962**	**$837,198**
$1,207,550	**$1,073,788**	**$967,962**
$65,839	$65,629	$57,027
24,598	22,242	20,413
20,810	(2,401)	150,168
(21,704)	(14,040)	(8,950)
(732)	(1,127)	(785)
$88,811	**$70,303**	**$217,873**
$1,084,142	$1,013,839	$795,966
—	—	—
1,084,142	1,013,839	795,966
1,172,953	1,084,142	1,013,839
$34,597	**($10,354)**	**($45,877)**
97.1%	**101.0%**	**104.7%**
$280,879	$259,133	$249,248
12.3%	**(4.0%)**	**(18.4%)**

Year 2019-20, no changes have occurred to the actuarial assumptions in relation to financial reporting.

CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This system has refined and improved calculation methodology.

In December 2017, the Board adopted new mortality assumptions. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

In Fiscal Year 2016-17, the financial reporting discount rate for the JRF II was lowered from 7.15 percent to 6.65 percent. In April 2017, the Board approved lowering the funding discount rate used in the JRF II from 7.00 percent to 6.50 percent beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.00 percent to 7.15 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.00 percent during this period, and remained adjusted for administrative expenses.

Required Supplementary Information (continued)

SCHEDULES OF PLAN CONTRIBUTIONS

Nine-Year Review[1] (Dollars in Thousands)

	2022	2021	2020	2019	2018	2017
PERF B:						
Actuarially Determined Contribution	$3,511,338	$2,969,799	$2,759,835	$2,501,770	$2,048,531	$1,767,813
Contributions in Relation to the Actuarially Determined Contribution	3,511,338	2,969,799	3,663,835	2,501,770	2,048,531	1,767,813
Contribution Excess	**$0**	**$0**	**$904,000**	**$0**	**$0**	**$0**
Covered Payroll	$14,767,213	$14,885,212	$14,447,159	$13,819,881	$13,252,995	$12,643,354
Contributions as a Percentage of Covered Payroll	23.8%	20.0%	25.4%	18.1%	15.5%	14.0%
PERF C:						
Actuarially Determined Contribution	$2,284,579	$1,921,032	$1,597,137	$1,333,559	$1,182,686	$858,954
Contributions in Relation to the Actuarially Determined Contribution[2]	3,154,849	2,504,112	1,971,737	1,586,007	1,418,316	956,558
Contribution Excess	**$870,270**	**$583,080**	**$374,600**	**$252,448**	**$235,630**	**$97,604**
Covered Payroll	$4,428,659	$4,371,563	$4,155,772	$3,949,226	$3,793,609	$3,631,919
Contributions as a Percentage of Covered Payroll	71.2%	57.3%	47.4%	40.2%	37.4%	26.3%
LRF:						
Actuarially Determined Contribution[3]	$85	$78	$98	$250	$20	$0
Contributions in Relation to the Actuarially Determined Contribution[4]	85	78	98	250	467	516
Contribution Excess	**$0**	**$0**	**$0**	**$0**	**$447**	**$516**
Covered Payroll	$290	$267	$278	$655	$1,242	$1,360
Contributions as a Percentage of Covered Payroll	29.3%	29.2%	35.3%	38.2%	37.6%	37.9%
JRF:						
Actuarially Determined Contribution[5]	$352,881	$366,446	$414,849	$415,110	$438,156	$448,636
Contributions in Relation to the Actuarially Determined Contribution[6]	194,960	225,824	243,131	195,903	199,241	204,475
Contribution Deficiency	**$157,921**	**$140,622**	**$171,718**	**$219,207**	**$238,915**	**$244,161**
Covered Payroll	$20,916	$20,808	$22,875	$31,945	$35,507	$39,413
Contributions as a Percentage of Covered Payroll	932.1%	1,085.3%	1,062.9%	613.3%	561.1%	518.8%
JRF II:						
Actuarially Determined Contribution	$91,887	$84,147	$91,147	$84,099	$79,699	$67,102
Contributions in Relation to the Actuarially Determined Contribution	92,773	84,147	91,147	84,099	79,699	67,102
Contribution Excess	**$886**	**$0**	**$0**	**$0**	**$0**	**$0**
Covered Payroll	$360,771	$361,108	$352,700	$318,827	$299,396	$291,097
Contributions as a Percentage of Covered Payroll	25.7%	23.3%	25.8%	26.4%	26.6%	23.1%

(1) This is a 10-year schedule. Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.
(2) Additional discretionary contribution payments are not available prior to 2016.
(3) Does not agree to Basic Financial Statements due to an adjustment in 2021.
(4) Because of the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA), the required employer contribution is the greater of the actuarially determined employer contribution or the employer normal cost.
(5) The actuarially determined contributions 2016 and beyond are based on a 10-year amortization period, while the 2015 and 2014 actuarially determined contributions are based on a two-year amortization period.
(6) Contributions to the JRF are made on the pay-as-you-go basis.

Required Supplementary Information (continued)

2016	2015	2014
$1,421,289	$1,303,162	$1,201,125
1,421,289	1,303,162	1,201,125
$0	**$0**	**$0**
$11,747,602	$10,964,872	$10,120,248
12.1%	11.9%	11.8%
$789,103	$691,602	$732,142
881,767	691,602	732,142
$92,664	**$0**	**$0**
$3,472,950	$3,356,312	$3,248,018
25.4%	20.6%	22.5%
$141	$260	$33
549	590	565
$408	**$330**	**$532**
$1,313	$1,545	$1,470
41.8%	38.2%	38.4%
$463,073	$1,884,555	$1,569,630
192,287	180,910	191,148
$270,786	**$1,703,645**	**$1,378,482**
$34,301	$41,378	$49,287
560.6%	437.2%	387.8%
$65,839	$63,193	$55,538
65,839	63,193	55,538
$0	**$0**	**$0**
$280,879	$259,133	$249,248
23.4%	24.4%	22.3%

Required Supplementary Information (continued)

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions – Nine-Year Review

	2021-22	2020-21	2019-20	2018-19
PERF B				
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll (pre-2019 bases), Level Dollar (2019 and later bases), and Direct Rate Smoothing	Level Percentage of Payroll (pre-2019 bases), Level Dollar (2019 and later bases), and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Periods¹	9-28 years	10-29 years	11-30 years	12-30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.63%	2.75%
Salary Increases	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service
Investment Rate of Return	7.00%	7.00%	7.25%	7.38%
PERF C				
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll (pre-2019 bases), Level Dollar	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Periods¹	Differs by employer rate plan but no more than 29 years	Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.63%	2.75%
Salary Increases	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service
Investment Rate of Return	7.00%	7.00%	7.25%	7.38%
LRF				
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll and Direct Rate Smoothing	Level Dollar and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Periods¹	N/A	N/A	N/A	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.50%	2.50%
Salary Increases	2.75%	2.75%	2.75%	2.75%
Investment Rate of Return	5.00%	5.00%	5.00%	5.00%
JRF				
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Remaining Amortization Periods	10 years	10 years	10 years	10 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.50%	2.50%
Salary Increases	2.75%	2.75%	2.75%	2.75%
Investment Rate of Return	3.00%	3.00%	3.00%	3.00%
JRF II				
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Dollar	Level Dollar	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Periods¹	20 years	5 years	5-30 years	2-30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.50%	2.50%
Salary Increases	2.75%	2.75%	2.75%	2.75%
Investment Rate of Return	6.50%	6.50%	6.50%	6.50%

(1) Remaining periods vary by portion of unfunded liability balance being amortized.

Required Supplementary Information (continued)

2017-18	2016-17	2015-16	2014-15	2013-14
PERF B				
Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll	Level Percentage of Payroll
13-30 years	14-30 years	15-30 years	16-30 years	17-30 years
Fair Value	Fair Value	Fair Value	Smoothing of Fair Value	Smoothing of Fair Value
2.75%	2.75%	2.75%	2.75%	2.75%
Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service
7.50%	7.50%	7.50%	7.50%	7.50%
PERF C				
Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll	Level Percentage of Payroll
Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years
Fair Value	Fair Value	Fair Value	Smoothing of Fair Value	Smoothing of Fair Value
2.75%	2.75%	2.75%	2.75%	2.75%
Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service
7.50%	7.50%	7.50%	7.50%	7.50%
LRF				
Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll	Level Percentage of Payroll
30 years	63 years	29-30 years	30 years	30 years
Fair Value	Fair Value	Fair Value	Smoothing of Fair Value	Smoothing of Fair Value
2.75%	2.75%	2.75%	2.75%	2.75%
3.00%	3.00%	3.00%	3.00%	3.00%
5.00%	5.75%	5.75%	5.75%	5.75%
JRF				
Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
10 years	10 years	10 years	2 years	2 years
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
2.75%	2.75%	2.75%	2.75%	2.75%
3.00%	3.00%	3.00%	3.00%	3.00%
3.25%	4.25%	4.25%	4.25%	4.25%
JRF II				
Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll	Level Percentage of Payroll
20-30 years	30 years	30 years	16-30 years	17-30 years
Fair Value	Fair Value	Fair Value	Smoothing of Fair Value	Smoothing of Fair Value
2.75%	2.75%	2.75%	2.75%	2.75%
3.00%	3.00%	3.00%	3.00%	3.00%
6.50%	7.00%	7.00%	7.00%	7.00%

SCHEDULE OF INVESTMENT RETURNS

Annual Money-Weighted Rate of Return, Net of Investment Expense – Nine-Year Review[1]

Plan	2022 Rate of Return	2021 Rate of Return	2020 Rate of Return	2019 Rate of Return	2018 Rate of Return	2017 Rate of Return	2016 Rate of Return	2015 Rate of Return	2014 Rate of Return
PERF A									
Agent	(7.5%)	22.4%	5.0%	6.5%	8.4%	11.2%	0.5%	2.2%	17.7%
PERF B									
Schools Cost-Sharing	(7.5%)	22.4%	5.0%	6.5%	8.4%	11.2%	0.5%	2.2%	17.7%
PERF C									
Public Agency Cost-Sharing	(7.5%)	22.4%	5.0%	6.5%	8.4%	11.2%	0.5%	2.2%	17.7%
LRF	(10.3%)	13.4%	6.2%	7.0%	4.8%	4.3%	3.8%	(0.1%)	12.9%
JRF	0.3%	0.3%	2.3%	3.2%	1.9%	1.0%	0.5%	0.2%	0.1%
JRF II	(13.4%)	24.3%	4.1%	6.9%	7.4%	9.6%	1.9%	(0.2%)	18.3%
CERBTF[2]	(14.0%)	25.6%	4.0%	6.5%	7.3%	10.0%	1.6%	—%	—%
CEPPTF[3]	(13.9%)	14.4%	—%	—%	—%	—%	—%	—%	—%

(1) This is a 10-year schedule. Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future years until 10 years of data is presented.
(2) Information in this schedule is not available prior to 2016.
(3) Information in this schedule is not available prior to 2021.

Required Supplementary Information (continued)

PUBLIC EMPLOYEES' HEALTH CARE FUND

Schedule of Claims Development Information (Dollars in Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
1) Net Earned Required Premium and Investment Revenues	$4,099,125	$3,949,155	$3,772,501	$3,751,406	$3,985,393	$3,829,095	$3,801,266	$3,642,206	$2,808,384	$1,948,531
2) Unallocated Expenses	$309,473	$304,990	$331,235	$299,053	$304,408	$312,924	$355,779	$371,916	$192,987	$105,154
3) Estimated Incurred Claims and Expenses, End of Policy Year	$4,227,754	$3,750,063	$3,569,208	$3,666,596	$3,576,081	$3,391,183	$3,424,147	$3,432,102	$2,748,821	$1,921,957
4) Paid (Cumulative) as of:										
End of Policy Year	$3,608,399	$3,267,719	$3,111,826	$3,244,896	$3,039,289	$3,061,085	$3,000,726	$3,378,857	$2,122,865	$1,640,709
One Year Later	—	3,714,863	3,475,051	3,620,210	3,380,649	3,395,673	3,406,016	3,802,277	2,678,906	1,796,587
Two Years Later	—	—	3,482,349	3,627,419	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906	1,796,587
Three Years Later	—	—	—	3,627,419	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906	1,796,587
Four Years Later	—	—	—	—	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906	1,796,587
Five Years Later	—	—	—	—	—	3,395,673	3,406,016	3,802,277	2,678,906	1,796,587
Six Years Later	—	—	—	—	—	—	3,406,016	3,802,277	2,678,906	1,796,587
Seven Years Later	—	—	—	—	—	—	—	3,802,277	2,678,906	1,796,587
Eight Years Later	—	—	—	—	—	—	—	—	2,678,906	1,796,587
Nine Years Later	—	—	—	—	—	—	—	—	—	1,796,587
5) Re-Estimated Incurred Claims Expenses:										
End of Policy Year	$4,227,754	$3,750,063	$3,569,208	$3,666,596	$3,576,081	$3,391,183	$3,424,147	$3,432,102	$2,748,821	$1,921,957
One Year Later	—	3,714,863	3,475,051	3,620,210	3,380,649	3,395,673	3,406,016	3,802,277	2,678,906	1,796,587
Two Years Later	—	—	3,482,349	3,627,419	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906	1,796,587
Three Years Later	—	—	—	3,627,419	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906	1,796,587
Four Years Later	—	—	—	—	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906	1,796,587
Five Years Later	—	—	—	—	—	3,395,673	3,406,016	3,802,277	2,678,906	1,796,587
Six Years Later	—	—	—	—	—	—	3,406,016	3,802,277	2,678,906	1,796,587
Seven Years Later	—	—	—	—	—	—	—	3,802,277	2,678,906	1,796,587
Eight Years Later	—	—	—	—	—	—	—	—	2,678,906	1,796,587
Nine Years Later	—	—	—	—	—	—	—	—	—	1,796,587
6) Increase (Decrease) in Estimated Incurred Claims and Expenses From End of Policy Year	$—	($35,200)	($86,859)	($39,177)	($189,319)	$4,490	($18,131)	$370,175	($69,915)	($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 HCF 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.

Other Supplementary Information

ADMINISTRATIVE EXPENSES – ALL FUNDS (DOLLARS IN THOUSANDS)

	2022
PERSONAL SERVICES	
Salaries & Wages	$214,294
Employee Benefits	108,847
Accrued Pension & OPEB Expense	(109,103)
Total Personal Services	**$214,038**
CONSULTANT & PROFESSIONAL SERVICES	
State of California Agencies	$5,018
External Consultants	27,461
Retiree Benefit Trust Management Fees	90
Pension Prefunding Trust Management Fees	18
Deferred Compensation Management/Custody Fees	3,467
Health Plan Administrator Fees	269,422
Long-Term Care Administrator Fees	19,065
Total Consultant & Professional Services	**$324,541**
OPERATING EXPENSES & EQUIPMENT	
General Expense	$4,915
Software	5,534
Printing	382
Building	20,086
Postage	3,207
Communications	1,229
Data Processing Services	16,956
Travel	221
Training	501
Medical Examiners	1,511
Facilities Operation	3,085
Central Administrative Services	25,341
Administrative Hearings	1,353
Consolidated Data Center	262
CSUS Foundation - Students	211
Equipment	6,950
Total Operating Expenses & Equipment	**$91,744**
OTHER EXPENSES & ADJUSTMENTS	
Depreciation Expense	$17,198
Increase in Paid Absence Obligation	15,333
Amortization	6,169
Miscellaneous	3,162
Total Other Expenses & Adjustments	**$41,862**
TOTAL ADMINISTRATIVE EXPENSES — ALL FUNDS	**$672,185**

The total pension administration cost in Fiscal Year 2020-21 (most recent available) was $202 per active member and annuitant.

INVESTMENT EXPENSES – ALL FUNDS

Investment Management Fees[1, 2] (Dollars in Thousands)

	Fees
Equity Managers	
Arrowstreet Capital, LP	$18,265
Baillie Gifford Overseas, Ltd.	923
Hamilton Lane Advisors, LLC	1,073
Legato Capital Management Investments, LLC	2,655
Wellington Management Company, LLP	3,984
Total Equity Managers	**$26,900**
Fixed Income Managers	
Columbia Management Investment Advisers	$5,148
Nomura Corporate Research & Asset Mgt.	6,869
Total Fixed Income Managers	**$12,017**
Private Equity Managers[3, 4]	
57 Stars Global Opportunities Fund 2 (CalPERS), LLC	$1,019
57 Stars Global Opportunities Fund, LLC	263
Advent Global Technology II Limited Partnership	1,052
Advent International GPE IX Limited Partnership	8,039
Advent International GPE V-D, LP	65
Advent International GPE VI-A, LP	706
Advent International GPE VII-C, LP	2,339
Advent International GPE VIII-B Limited Partnership	5,535
Advent Latin America Private Equity Fund V-H, LP	579
AlpInvest Secondaries Fund (onshore) VII, LP	4,382
Apollo Investment Fund IX, LP	3,448
Apollo Investment Fund VIII, LP	1,198
Apollo Special Opportunities Managed Account, LP	638
Ares Corporate Opportunities Fund V, LP	1,886
Ares Corporate Opportunities Fund VI, LP	2,296
Arsenal Capital Partners Growth, LP	500
Arsenal Capital Partners VI, LP	750
ASF VIII B, LP	3,000
Asia Alternatives Capital Partners II, LP	46
BDC III C, LP	785
BDC IV D, LP	3,199
BE VI 'H', LP	4,908
Berkshire Fund X, LP	2,548
Beyond SPV I, LP	132
Birch Hill Equity Partners (US) IV, LP	355
Blackstone Capital Partners VI, LP	800
Blackstone Capital Partners VII, LP	3,899
Blackstone Capital Partners VIII, LP	8,250
Blackstone Core Equity Partners II, LP	2,436
Blackstone Tactical Opportunities Fund - C, LP	1,447
Blackstone Tactical Opportunities Fund (KG Co-Invest), LP	336
Blackstone Tactical Opportunities Fund II - C, LP	2,183
Blackstone Tactical Opportunities Fund III - C, LP	2,736
Blackstone Tactical Opportunities Fund III - C (Surge), LP	729
Bridgepoint Europe IV 'B', LP	124
Bridgepoint Europe IV 'D', LP	470
Bridgepoint Europe V	3,281
BRV Lotus Fund III, LP	6,263

	Fees
Butterfly Fund III, LP	$1,989
California Asia Investors, LP	100
California Emerging Ventures IV, LLC	259
California Mezzanine Investment Fund, LP	124
Capital Link Fund I, LLC	382
Capital Link Fund II, LLC	380
Carlyle Asia Partners III, LP	339
Carlyle Asia Partners V, LP	3,132
Carlyle Europe Partners III, LP	(29)
Carlyle Europe Partners V, S.C.Sp	3,628
Carlyle Japan Partners II, LP	(51)
Carlyle Partners V, LP	(77)
Carlyle Partners VI, LP	2,006
Carlyle Partners VII, LP	5,503
Carlyle Partners VIII, LP	2,334
Carlyle Strategic Partners II, LP	22
Carlyle Strategic Partners IV, LP	1,053
Carlyle U.S. Equity Opportunities II, LP	1,178
CDH Fund V, LP	1,756
Centerbridge Capital Partners III, LP	130
Cerberus CAL II Partners, LP	2,022
Cerberus CAL III Partners, LP	3,594
Cerberus CP Partners, LP	578
Cerberus Institutional Partners V, LP	134
Clayton, Dubilier & Rice Fund XI, LP	3,732
Clearlake Capital Partners III, LP	119
Clearlake Capital Partners IV, LP	163
Clearlake Capital Partners V, LP	269
Clearlake Opportunities Partners (P), LP	733
CVC Capital Partners Asia V, LP	2,700
CVC Capital Partners Strategic Opportunities Compounding Capital, LP	7,471
CVC Capital Partners VI, LP	4,172
CVC Capital Partners VII (A), LP	6,492
CVC Capital Partners VIII (A), LP	9,152
Dragoneer Opportunities Fund VI, LP	175
EMAlternatives Investments, LP	200
EQT IX (No.2) USD SCSp	11,718
Essex Woodlands Health Ventures Fund VIII, LP	127
EW Healthcare Partners Acquisition Fund, LP	228
First Reserve Fund XIII, LP	(2,059)
Francisco Partners Agility II, LP	504
Francisco Partners III, LP	310
Francisco Partners VI, LP	1,122
GCM Grosvenor DEM II, LP	801
GCM Grosvenor DEM III, LP	2,125
GCM Grosvenor DEM, LP	386
Genstar X Opportunities Fund I, LP	149
GPE IX Forescout Co-Investment, LP	66
GPE IX TKE Co-Investment, LP	12
Green Equity Investors V, LP	(1)
Green Equity Investors VIII, LP	(6,467)
GSO Capital Opportunities Fund II, LP	194

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Investment Management Fees[1, 2] (Dollars in Thousands) (continued)

	Fees
GSO Capital Solutions Fund II, LP	$602
GSO Energy Partners-C II, LP	929
GSO Energy Partners-C, LP	585
H&F ARROW 1, LP	25
Hellman & Friedman Capital Partners IX, LP	2,006
Hellman & Friedman Capital Partners VII	109
Hellman & Friedman Capital Partners VIII, LP	2,975
Hellman & Friedman Capital Partners X, LP	7,418
HIG Europe Middle Market LBO Fund, LP	4,800
Insight Partners XI, LP	6,301
Insight Partners XII Buyout Annex Fund, LP	395
Insight Partners XII, LP	8,925
Insight Venture Partners Growth-Buyout Coinvestment Fund (B), LP	2,558
Insight Venture Partners IX, LP	1,483
Insight Venture Partners X, LP	3,867
Jade Equity Investors, LP	954
K5 Private Investors, LP	5,806
Karakoram Fund C, LP	132
Khosla Ventures III, LP	1,537
Khosla Ventures Seed, LP	525
KKR 2006 Fund, LP	433
KKR Asian Fund II, LP	2,286
KKR Asian Fund IV SCSp	3,107
KKR Asian Fund, LP	166
KKR European Fund II, LP	5
KKR European Fund III, LP	130
KKR European Fund V (USD) SCSp	3,011
KKR North America Fund XIII SCSp	3,644
KM Corporate Partners Fund II, LP	75
Lightspeed Venture Partners Select V, LP	500
Lightspeed Venture Partners XIV-A (Inception), LP	225
Lightspeed Venture Partners XIV-B (Ignite), LP	275
Lime Rock Partners V, LP	14
Lindsay Goldberg IV, LP	796
Lindsay Goldberg V, LP	4,193
Lion Capital Fund II, LP	(42)
LongRange Capital Fund I, LP	7,479
Madison Dearborn Capital Partners VIII, LP	5,861
New Mountain Partners VI, LP	5,781
Nordic Bear SCSp	476
Oaktree Latigo Investment Fund, LP	3,750
Oaktree Opportunities Fund VIIIb, LP	1,010
OHA Black Bear Fund, LP	1,944
Onex Partners IV, LP	1,481
Onex Partners V (B), LP	8,249
PAG Asia I, LP	311
PAG Asia III, LP	6,650
Palladium Equity Partners V, LP	956
Patria Brazilian Private Equity Fund V, LP	2,578
Permira Growth Opportunities I, LP 1	2,003
Permira Growth Opportunities II SCSp	1,484

	Fees
Permira V, LP	$2,118
Permira VI, LP 1	3,866
Permira VII, LP 1	7,973
Permira VIII-2 SCSp	1,828
PSG V, LP	1,242
Riverstone Global Energy and Power Fund V, LP	1,776
Riverstone Global Energy and Power Fund VI, LP	3,131
Riverstone/Carlyle Global Energy and Power Fund IV, LP	172
Riverstone/Carlyle Renewable & Alternative Energy Fund II, LP	88
Riverwood Capital Partners (Parallel - A), LP	158
SAIF Partners III, LP	292
SAIF Partners IV, LP	831
Samson Brunello 1, LP	11
Samson Hockey 1, LP	61
Sankaty Managed Account (CalPERS), LP	1,732
Sierra Partners, LP	16
Silver Lake Partners IV, LP	1,889
Silver Lake Partners V, LP	2,379
Silver Lake Partners VI, LP	6,890
Siris Partners III, LP	204
Siris Partners IV, LP	1,168
SL SPV-1, LP	381
SL SPV-2, LP	272
Springblue A, LP	1,150
Springblue B, LP	397
TA XIV-A, LP	1,003
Tailwind Capital Partners II, LP	478
Tailwind Capital Partners III, LP	863
TCV X, LP	3,500
TCV XI, LP	3,102
The Central Valley Fund II SBIC, LP	118
The Rise Fund (A), LP	695
Tiger Global Private Investment Partners XV, LP	720
TowerBrook Investors IV (Onshore), LP	2,568
Towerbrook Investors V (Onshore), LP	5,472
Towerbrook Structured Opportunities Fund (Onshore), LP	1,655
Towerbrook Structured Opportunities Fund II (Onshore), LP	1,907
TPG Asia VII (A), LP	4,198
TPG Growth IV, LP	652
TPG Growth V, LP	2,975
TPG Healthcare Partners, LP	1,275
TPG Partners VIII, LP	6,375
Trident IX, LP	4,321
Trident VI	1,273
Trident VII, LP	2,583
Trident VIII, LP	3,778
Triton Fund IV, LP	944
Triton Fund V, LP	3,768
Valor Equity Partners IV, LP	1,179
VIP IV, LP	5,538
Vista Equity Partners Fund VII-Z, LP	5,950
WCAS XIII, LP	6,152

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Investment Management Fees[1, 2] (Dollars in Thousands) (continued)

	Fees
WCAS XIV, LP	$1,080
Wellspring Capital Partners V, LP	271
Welsh, Carson, Anderson & Stowe XII, LP	2,230
Whitney Global Partners, LP	14
Wigmore Street (BDC III), LP	1
Wigmore Street BDC IV Co-Investment No.1, LP	12
Wigmore Street Co-investment No.1, LP	1
Wigmore Street VI Co-Investment No.1, LP	174
Total Private Equity Managers	**$395,314**
Private Debt Managers	
Antares Credit Opportunities CA, LLC - Series 1	($265)
Ares Capital Europe V (D) Levered	3,917
Ares European Credit Investments VII (CP), LP	77
Ares Senior Direct Lending Fund (Delaware) II, LP	2,246
Blackstone Real Estate Debt Strategies IV-C, LP	9,295
Oaktree Gilead Investment Fund, LP - Series A	2,009
OHA CA Customized Credit Fund, LP - OHA Senior Private Lending Fund (CA 3)	94
OHA CA Customized Credit Fund, LP - OHA Senior Private Lending Fund (CA 5)	94
PIMCO DISCO Onshore Fund III, LP	568
Sixth Street Fundamental Strategies Partners (A), LP	635
Sixth Street TAO Partners (B), LP (f.k.a.TSSP Adjacent Opportunities Partners (B), LP)	3,510
West Street Co-Investment Partners (C), LP	147
West Street Strategic Solutions Fund I, LP	3,759
Total Private Debt Managers	**26,086**
Real Asset Managers	
Alinda Infrastructure Fund II, LP	$75
ARA China Long Term Hold	7,219
Archmore International Infrastructure Fund II (B), LP	353
Archmore International Infrastructure Fund II (C), LP	750
Blackstone BioMed Life Science Real Estate, LP	4,963
Blackstone Property Partners Europe, LP	8,562
CalEast Solstice - Base	(9,325)
CalEast Solstice - DT Land	(324)
CalEast Solstice - DT Other	(1,852)
CalEast Solstice, LLC	35,220
CalWest CalPERS GIP	80
Canyon Catalyst Fund II, LLC	1,247
CCF II Industrial	543
CCF III Industrial	1,104
CCF III, LLC	1,069
CCP 2020	1,277
CIM Fund III, LP	4,005
CIM Infrastructure Fund, LP	2,798
DigitalBridge Partners II, LP	6,506
DW Life Sciences Partners, LLC	276
FSP - Base	26,868
FSP - DT 2012 and Beyond	2,035
GIP Aquarius Fund, SCSp	1,750
Global Infrastructure Partners II, LP (GIP II)	1,995

	Fees
Global Infrastructure Partners IV-A/B, LP	$5,778
Golden Reef Infrastructure Trust	7,138
Gotham Office Realty Partnership	1,142
GRI - Base	18,593
GRI - DT 2012 and Beyond	133
Harbert Gulf Pacific Power, LLC (HGPP)	5,818
Harbert Infrastructure Fund VI, LP	1,000
Harbert Power Fund V, LP (HPF V)	574
HC Green Development Fund, LP	405
HC LTH, LLC	5,134
IIF Hedged, LP	3,364
IMI - Base	22,802
IMP - Base	31,976
IMP - DT 2012 and Beyond	1,388
IMP - ICMI	3,678
IMP Abaca	545
IMP Fairmont Residential Owner, LLC	386
Institutional Logistics Partners, LLC	8,022
KC 2011, LLC	1,712
Land Management Company Resmark	1,413
Lincoln Timber, LP	3,044
North Haven Infrastructure Partners II, LP	1,417
ORA Multifamily Investments I, LLC	147
ORA Residential Investments I, LP	15,608
Pacific Multifamily Investors, LLC	8,108
PMI Tactical	816
Sacramento Venture Hines Base	447
Sacramento Venture Hines DT	434
Stockbridge Hollywood Park Co-Investors, LP	321
Stockbridge Real Estate Fund II -B, LP	34
Stonepeak Infrastructure Fund IV, LP	5,112
Strategic Property Fund Asia SCSp	1,428
Sylvanus, LLC	1,938
TechCore 2019	8,867
TechCore, LLC	2,385
Tower Bridge Infrastructure Partners, LP	5,748
Total Real Asset Managers	**$274,049**
Other Investment Management Fees	
Brookside Capital Partners Fund, LP	$1
Federated Redwood Trade Finance Fund, LP	26
State Street Global Advisors Trust	7,427
Total Other Investment Management Fees	**$7,454**
Total Management Fees	**$741,820**

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Performance Fees[5] (Dollars in Thousands)

	Fees
Equity Managers	
Baillie Gifford Overseas, Ltd.	$12,426
Total Equity Managers	**$12,426**
Real Asset Managers	
Blackstone BioMed Life Science Real Estate, LP	$19,961
Blackstone Property Partners Europe, LP	19,916
Canyon Catalyst Fund II, LLC	7,367
Canyon Johnson Urban Fund III	(2)
CCF II Industrial	2,548
CCF III Industrial	7,562
CCF III, LLC	16
CIM Infrastructure Fund, LP	(11,948)
DigitalBridge Partners II, LP	24
FSP - Base	17,733
FSP - DT 2012 and Beyond	(3,272)
GIP Aquarius Fund, SCSp	11,284
Global Infrastructure Partners II, LP (GIP II)	11,316
Gotham Office Realty Partnership	123
GRI - Base	12,124
Harbert Gulf Pacific Power, LLC (HGPP)	9,641
Harbert Infrastructure Fund VI, LP	244
Harbert Power Fund V, LP (HPF V)	761
IMI - Base	29,947
IMP - DT 2012 and Beyond	330
IMP - ICMI	2,963
IMP Abaca	547
IMP DT 2020	1,866
IMP Fairmont Residential Owner, LLC	369
Institutional Logistics Partners, LLC	11,687
Land Management Company Resmark	2,269
ORA Multifamily Investments I, LLC	359
ORA Residential Investments I, LP	(7,733)
Pacific Multifamily Investors, LLC	2,704
PMI Tactical	6,017
Stonepeak Infrastructure Fund IV, LP	2,323
TechCore 2019	2,217
TechCore, LLC	13,217
Whitney Ranch Resmark	1,624
Total Real Asset Managers	**$176,104**
Other Investment Managers	
Brookside Capital Partners Fund, LP	$35
Total Other Investment Managers	**$35**
Total Performance Fees	**$188,565**
Total Management and Performance Fees	**$930,385**

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Other Investment Expenses[1, 5] (Dollars in Thousands)

	Fees
Advisory Fees	
Goldman Sachs Asset Management, LP	$91
Legato Capital Management Investments, LLC	1,750
Principal Life Insurance Company	816
TOBAM SAS	53
Total Advisory Fees	**$2,710**
Appraisal Fees	
Situs AMC Holdings Corporation	$9,071
Total Appraisal Fees	**$9,071**
Auditor Fees	
Conrad, LLP	$130
KPM & Associates, LLP	75
Total Auditor Fees	**$205**
Company Expense	
Federated Redwood Trade Finance Fund, LP	$137
Legato Capital Management Investments, LLC	122
LEIA GEM Investment, LLC	7
PIMCO DISCO Fund III Onshore Feeder, LP	(187)
Strategic Investment Group, LLC	19
Total Company Expense	**$98**
Fund Administration Fees	
State Street Bank and Trust Company	$3,644
Total Fund Administration Fees	**$3,644**
Investment Consultant Fees	
Bard Consulting, LLC	($26)
Callan, LLC	1,312
D2 Alternative Investments Limited	18
Eigen 10 Advisors, LLC	45
HHS Technology Group, LLC	216
Lenox Park Solutions, Inc.	125
Loop Capital Financial Consulting	43
Mercer Investments, LLC	383
MSys International Inc.	199
Nxtis, Inc.	241
Pacific Community Ventures, Inc.	130
Performance Technology Partners, LLC	(8)
PJT Partners, LP	11
Propoint Technology, Inc.	2,273
Pyramid Technical Consultants, Inc.	321
RCLCO Fund Advisors, LLC	205
Real Estate Fiduciary Services, LLC	(14)
SPS Consulting Services, LLC	242
SRI InfoTech, Inc.	239
Steer Davies & Gleave Limited	197
Technology Crest Corporation	190
The Spaulding Group	90
Trinity Technology Group, Inc.	52

	Fees
Wellington Management Company, LLP	$31
Total Investment Consultant Fees	**$6,515**
Legal Fees	
Berman Tabacco	$31
Cox, Castle & Nicholson, LLP	71
DLA Piper, LLP	851
Downey Brand, LLP	17
Foster Pepper, PLLC	240
Hogan Lovells, US LLP	235
K & L Gates, LLP	355
Katten Muchin Rosenman, LLP	10
Lowenstein Sandler, LLP	167
Morgan, Lewis & Bockius, LLP	290
Norton Rose Fulbright US, LLP	357
Nossaman, LLP	4
Orrick Herrington & Sutcliffe, LLP	9
Pillsbury Winthrop Shaw Pittman, LLP	443
Reed Smith, LLP	—
Seward & Kissel, LLP	1
Tabacco Lavallee Heffelfinger Seaver	32
Wellington Gregory, LLP	7
Total Legal Fees	**$3,120**
Master Custodian Fees	
State Street Bank and Trust Company	$10,065
Total Master Custodian Fees	**$10,065**
Tax Advisory Fees	
Ernst & Young, LLP	$625
Total Tax Advisory Fees	**$625**
Technology Expenses	
A.M. Best Company, Inc.	$4
Ablegov, Inc	—
Acadiasoft, Inc.	29
Acuity Technical Solutions, LLC	29
Altus Group US, Inc.	340
Axioma, Inc.	367
Barra, LLC	2,340
BCA Research	274
Black Knight Technologies, LLC	9
BlackRock Financial Management, Inc.	12,576
Bloomberg Index Services Limited	239
Bloomberg LP dba Bloomberg SEF, LLC	3,549
Broadridge Investor Communications	(2)
Cambridge Associates, LLC	18
Carahsoft Technology Corp.	703
CB Information Services, Inc.	61
CDP North America, Inc.	15
CEM Benchmarking, Inc.	75
Charles River Systems, Inc.	2,611
Clarity Solutions Group, LLC	90

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Other Investment Expenses[1, 5] (Dollars in Thousands) (continued)

	Fees
Convergence, Inc.	$25
Copyright Clearance Center, Inc	52
Cornerstone Macro, LLC	140
CoStar Realty Information, Inc.	186
Creditsights	100
DTCC ITP, LLC	109
eFront Financial Solutions, Inc.	1,573
Empirical Research Partners, LLC	505
Equilar, Inc.	33
Eurasia Group	134
Euromoney Trading Limited	20
eVestment Alliance	40
Factset Research Systems, Inc.	2,808
Fitch Solutions, Inc.	541
Fixed Income Clearing Corporation	16
Frank Russell Company	36
FTSE	805
Gartner, Inc.	337
Gavekal USA, Inc.	46
Glass Lewis & Co., LLC	423
Global Investor Collaboration Services, LLC	6
Green Street Topco, LLC	165
Haver Analytics, Inc.	133
ICE Benchmark Administration Limited	16
Ice Data Derivatives UK, Limited	20
IHS Global, Inc	21
Insight Public Sector, Inc.	3
Institutional Shareholder Services, Inc.	142
Intercontinental Exchange Holdings, Inc.	—
Intex Solutions, Inc.	251
Investment Property Databank	74
IPC, Systems, Inc.	245
J.P. Morgan Securities, LLC	6
Kyriba Corporation	30
London Stock Exchange PLC	48
Markit Group Limited	20
Markit Indices GmbH	32
Markit North America, Inc.	56
Microsoft Services	3
Moody's Analytics, Inc.	796
Mountain View Risk & Analytics	13
Mrb Research Partners, Inc.	100
MRI Software, LLC	185
MSCI, Inc.	2,297
MUFG Capital Analytics, LLC	5,829
Mythics, Inc.	1
NYSE Market, Inc.	12
Option Research & Technology Services, LLC	(42)
Options Price Reporting Authority	1
Ortec Finance BV	170
Oxford Economics USA, Inc.	157
PGM Global, Inc	4
PremiaLab HK Limited	8

	Fees
Preqin Limited	$57
Radianz Americas, Inc.	(20)
Real Capital Analytics, Inc.	105
Refinitiv US, LLC	165
RIMES Technologies Corporation	317
RiskVal Financial Solutions, LLC	62
Ryedale Europe Limited	730
S & P Global Market Intelligence, LLC	1,273
S&P Dow Jones Indices, LLC	64
SWIFT	6
Solutions Simplified	131
State Street Bank and Trust Company	3,067
StepStone Group, LP	266
STOXX Ltd.	17
The Burgiss Group, LLC	186
The Depository Trust & Clearing Corp	(4)
The Mathworks, Inc.	83
The Statestore, Inc.	6
The Yield Book, Inc.	321
Tradeweb, LLC	164
Trend Macrolytics, LLC	17
TRGRP, Inc.	194
TriOptima AB	31
TSX, Inc.	41
Wellington Management Company, LLP	59
Wood Mackenzie, Inc.	239
Workato Inc.	60
Yardeni Research, Inc.	19
Total Technology Expenses	**$49,714**
Internal Investment Personnel and Administrative Expenses	
Internal Investment Personnel and Administrative Expenses	$104,148
Total Internal Investment Personnel and Administrative Expenses	**$104,148**
Miscellaneous Investment Expense Fees	
Miscellaneous Investment Expense Fees	($356)
Transaction Fees	227,793
Total Miscellaneous Investment Expense Fees	**$227,437**
Total Other Investment Fees and Expenses	**$417,352**
Total Investment Expenses - All Funds	**$1,347,737**

(1) Expenses and fees less than a thousand dollars are indicated by a dash.
(2) Negative management fees are due to adjusting entries.
(3) CalPERS makes a good faith attempt to account for fees that are not readily separable. These management fees are net of management fee offsets. For more detail, review the Private Equity Management Fees & Profit Sharing table in the Investment Section.
(4) Investments listed reflect only those investments with management fees, rebates, offsets, and/or carried interest incurred within the fiscal reporting period.
(5) Negative performance fees are due to the reversal of accruals caused by the fluctuation in fair values.
(6) Negative expenses are due to market fluctuations, adjusting entries, and reimbursements.

Other Supplementary Information (continued)

CONSULTANT AND PROFESSIONAL SERVICES EXPENSES[1] – ALL FUNDS (DOLLARS IN THOUSANDS)

Individual or Firm	Fees	Nature of Services
34 Strong, Inc.	$73	Talent Management and Employee Development
Advanced Systems Group, LLC	40	Production Equipment Maintenance Services
Agility Software Solutions, LLC	101	Application Development, Information Technology Service Management, Infrastructure, and Personal Productivity Services
AgreeYa Solutions, Inc.	137	Information Technology, Consulting and Support Services
American Unit, Inc.	173	Information Technology, Consulting and Support Services
Anthem Blue Cross	130,179	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
Aon Consulting, Inc.	70	Consulting for Salary Surveys, Executive Compensation Recommendations and Advice for the Compensation Program
BDO USA, LLP	2,650	Auditor Services
Belmonte Enterprises, LLC	228	Application Development
Berman Tabacco	80	Succession and Workforce Planning
Blue Shield of California	49,383	Medical Claims Administration, Account management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
BM Associates, Inc.	307	Network Architecture Services
Buck Global, LLC	400	Actuarial Services
Capio Group	927	Application Development
CogentTec, LLC	247	Consulting Services for myCalPERS Support
Cook Brown, LLP	53	Legal Services
Cooperative Personnel Services	21	Organizational and Leadership Development
Cornerstone Fitness, Inc.	195	Employee Training and Development
Covid Clinic, Inc.	755	On-Site Mobile COVID-19 Testing
Delegata Corporation	171	Application Development
Department of Finance	37	Auditing and Evaluation
Department of Human Resources	83	Legal Services, Selection Services Online System Costs, Administrative Fees
Department of Justice	203	Legal and Paralegal Services, External Investigative Services
Dore Partnership, LLP	745	Executive Search and Advisory
Downey Brand, LLP	129	Legal Counsel
Durie Tangri, LLP	558	Legal Services
Eaton Interpreting Services, Inc.	31	Interpreting Services
EFL Associates	91	Executive Search and Advisory
Elite Tech Solutions	198	Actuarial Valuation Systems Support
Elynview Corporation	191	Data Base Administration, Systems Analysis, Design, Implementation, Maintenance and Support
Employment Development Department	408	Print and Mailing of 1099R
Equanim Technologies	286	Business Process Re-engineering, Project Management Services, Technical Writing
Fair Political Practices Commission	299	Assessment Services
First Data Merchant Services Corporation	131	Banking Services
Funston Advisory Services, LLC	72	Board Governance Services
Gabriel, Roeder, Smith & Co.	258	Professional Actuarial Consulting
Global Governance Advisors, LLC	257	Board Compensation Consultant
Government Operations Agency	354	Operations and Strategic Business Planning
Health Care Cost Institute	100	Health and Long-Term Care Benefits Research
Health Net of California	13,305	Medical Claims administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
Health Services Advisory Group, Inc.	645	Health Care Survey Services
Integrity Voting Systems (IVS)	(120)	Board Election Services
J&K Court Reporting, LLC	52	Legal Services
JLynn Consulting, Inc.	444	Information Services
K & H Printers-Lithographers, Inc.	3,495	Board Election Services
K&L Gates, LLP	395	Legal Services
KearnFord Application Systems Design	261	Business Transformation/Transition, Information Services, Release Management/Quality Assurance/ Configuration Management
King & Spalding, LLP	48	Legal Services
Kong Consulting, Inc.	561	Systems Analysis, Design, Implementation, Maintenance and Support

Other Supplementary Information (continued)

CONSULTANT AND PROFESSIONAL SERVICES EXPENSES[1] – ALL FUNDS (DOLLARS IN THOUSANDS) (CONTINUED)

Individual or Firm	Fees	Nature of Services
Korn Ferry (US)	$40	Executive Search and Advisory
Law Office of Chirag Shah	320	Advice and Representation to the Board on Procedural and Substantive Legal Issues
Long Term Care Group, Inc.	18,578	Billing, Banking, Claims Administration, Care Advisory, Enrollment, Customer and Specialist, Reporting, Data Feed Services, IT Services, Marketing Consultant, Third-Party Member Record Keeper
Mellon Bank	347	Banking Services
Mercer Health and Benefits, LLC	398	Health Care and Actuarial Consulting
Michael Scales Consulting, LLC	213	Application Development
Milliman, Inc.	3,396	Project Management Services
Mulkey Consulting, LLC	224	Health Care Training Academy
National Association Corporate Directors	65	Board Evaluations
Northeast Retirement Services	108	Third-Party Member Record Keeper
Office of State Publishing	137	Print Services, 1099R Production
Oliver Wyman Actuarial Consulting, Inc.	275	Long Term Care Program Valuation and Actuarial Services
Olson Remcho, LLP	97	Election Services
OptumRx	16,460	Pharmacy Claims Administration, Account Management, Eligibility, Retail and Other Reporting Services
Orrick Herrington & Sutcliffe, LLP	576	Legal Services
Pasanna Consulting Group, LLC	1,480	Application Development, Data Base Administration, IT Architecture, Systems Analysis, Design, Implementation, Maintenance and Support
Pension Benefit Information, LLC	182	Death Audit Service
Peraton State & Local, Inc.	186	Information Technology, Consulting and Support Services
QualApps, Inc.	603	Application Development, IT Architecture
Randle Communications, LLC	300	Media Training, Writing, Editorial, Marketing, and Crisis Communication Services
Recon Distribution, Inc.	69	Exhibition Management
Reed Smith, LLP	92	Legal Services
Regents of the University of CA, Davis	125	Health Services Study and Research
RS3 Consulting	258	Information Services, Application Development
RSC Insurance Brokerage, Inc.	375	Actuarial Consulting Services
Runyon Saltzman, Inc.	34	Writing, Editorial and Marketing Services
Sard Verbinnen & Co, LLC	300	Communication Consulting Services
Sharp Health Plan	8,314	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
Sophus Consulting	174	Legal Services
State Controller's Office	5,912	Account Management, Information Technology, Other Post Employment Benefits, General Administrative Services, and Premium Remittance Services
State Personnel Board	113	Compliance Review, Audit, Processing of Appeals and Complaints
Steptoe & Johnson, LLP	283	Legal Services
T5 Consulting, Inc.	628	Application Development, Information Services, IT Architecture
The Regents of the University of California	180	Organizational and Leadership Development
Toppan Merrill USA, Inc.	293	Printing of Open Enrollment Materials and Dissemination
Trinity Technology Group, Inc.	237	Application Development, Business Intelligence and Reporting, Information Services
UnitedHealthCare	43,598	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
Vantage Consulting Group, Inc.	146	Application Development
Voya	3,467	Third-Party Member Record Keeper
Wavetec North America, Inc.	46	Implementing Cloud-Based Queue Management System
Wellington Gregory, LLP	36	Legal Service on Tax and Employee Benefits Law Issues
West Advanced Technologies, Inc.	337	Information Technology, Systems Analysis, Design, Implementation, Consulting and Support Services
Western Health Advantage	5,599	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
Various	233	
Total Consultant and Professional Services Expenses	**$324,541**	

(1) Negative Consultant and Professional Services Expenses are due to adjusting entries as a result of reversal of accruals which are estimates.