PERSpective

SPRING 2011 | CalPERS State Member Edition

Introducing: my|CalPERS

In 2012, CalPERS will complete one of the most significant information technology transformations in our history.

We are consolidating 49 different and outdated computer systems into a single system, which will offer you new options to conduct your CalPERS business securely and faster than ever.

We are introducing the system, which has the same name as our current personalized website, my|CalPERS, in two primary phases.

Phase 1 – September 2011. The first phase provides enhancements affecting CalPERS employers, health plan providers, and staff, allowing them to become more efficient.

During system conversion September 2-18, you may experience delays or temporary interruptions in the services we provide. We are making every effort to minimize disruptions as we phase in these enhancements. Please be patient with us as we complete the technology upgrades.

Phase 2 – Spring 2012. The second phase will provide you with an enhanced my|CalPERS experience. You will gain secure Internet access to your real-time account data for the first time.

You will be able to:

- Apply for service or disability retirement online.
- Make changes to your retirement application while CalPERS is still processing your application. Such changes might include a change in retirement date or retirement option.
- Elect a service credit purchase online.
- Set up or change your service credit purchase payment schedule.
- Check the current status of your service credit purchase or the balance of payments you owe.
- View and change your beneficiary.

You can find everything relating to this technology improvement project on our website. Visit the For Members area and select the link for my|CalPERS Central — **www.calpers.ca.gov/mycalperscentral.**

An Open Letter From CEO Anne Stausboll

In 2009, we hired a firm to review fees paid to agents who vied for CalPERS investment dollars. The results, released in March and available on our website, revealed apparent misconduct, leading our CEO to write this open letter to all CalPERS members.

CalPERS recently took bold action and made public a report that chronicles in sobering detail the alleged wrongdoings of its former Chief Executive Officer and several former Board Members. It is not possible to explain or excuse the chronicled actions of these former officials and we will make no attempt to do so. I am truly sorry that our members and the taxpayers who support the incredibly important work of every public servant have been placed in a position where they might question the integrity of this organization. Still, I believe, as does our Board, that the public airing of this sorry episode is an integral part of moving forward and I commit that CalPERS will continue to face these issues and squarely take meaningful action to ensure that they do not happen again.

CalPERS commissioned the Special Review of placement agent activity to find out what went wrong. The investigation was conducted by some of the country's most noted experts who were given complete freedom to follow the facts wherever they might lead. The resulting report provides an unvarnished description of what happened in the past and a clear roadmap to needed reforms. It is important to note that the CalPERS Board was not required to publicly release this report, but did so based on a fundamental belief in transparency and

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Retiring this year?

If so, be sure to submit your Service Retirement Election Application to **CalPERS 90** days before your desired retirement date.

The transition from employment to retirement is a journey of sequential steps – steps you take in order, allowing the right amount of time so that you can retire on your desired retirement date.

Steps to take prior to your retirement date:

- Obtain a retirement benefit estimate at **www.calpers.ca.gov** and schedule a retirement class. **Timeline: 6 months prior to retiring**
- Make an appointment with CalPERS if you need assistance with your retirement paperwork. **Timeline: 5 months prior to retiring**
- Have your employer complete the employer certification portion of your service retirement application. **Timeline: 4 months prior to retiring**
- Complete your Direct Deposit Authorization form. **Timeline: 90 days prior to retiring**
- Submit your Service Retirement Application. **Timeline: 90 days prior to retiring**

You can find this Retirement Planning Checklist and the necessary forms on our website at **www.calpers.ca.gov**.

Take a look, and decide: What's your 90?

If your Retirement Date is:	Submit your Application by:
August 1	May 3
September 1	June 3
October 1	July 3
November 1	August 3
December 1	September 2

Staying Well Pays Off

Health plans offer wellness incentives

All CalPERS health plans offer wellness resources and incentive programs to assist you in improving and maintaining your health.

Staying healthy is an ongoing challenge. Did you know that your CalPERS health plan can help? All CalPERS health plans offer wellness resources and incentive programs to assist you in improving and maintaining your health.

If you are just beginning to think about wellness, a good place to start is by measuring your health status through a confidential health risk assessment. To participate, you need online access to your health plan. Locate your plan's online risk assessment survey, and then begin by answering a series of questions about your current health status, personal medical history, and lifestyle. When you're done, you'll obtain a wellness score that is a measurement of how you are doing.

You can take the risk assessment survey once a year or more often to see how you are progressing toward your personal wellness goal. By completing one annually, you are eligible for an incentive – either money or a prize. Check with your health provider for details.

Other wellness resources available from all CalPERS health plans include: 24-hour nurse phone line, personal telephonic health coaches, online programs for smoking cessation, exercise, nutrition, stress management, weight management, as well as discounts for fitness centers, weight loss programs, and over-the-counter drugs.

Your health plan is your partner in wellness. Contact your health plan today to start your personal wellness plan.

Anthem Blue Cross
877-737-7776
www.anthem.com/ca/calpers

Blue Shield of California
800-334-5847
www.blueshieldca.com/calpers

Kaiser Permanente
800-464-4000
www.kaiserpermanente.org/ca/calpers

The Dangers of Over-the-Counter Drugs

As reported on "The Dr. Oz Show," a nationwide survey asked pharmacists to name the most commonly misused non-prescription drugs. Here are some findings of that survey, as well as some important safety tips.

Multi-Symptom Cold & Flu Medications

These drugs treat only the symptoms of the common cold such as runny nose, congestion, fever, aches, and irritability. Most of these preparations contain several different medications in one dose to treat various symptoms. Because of this, you may be taking an active ingredient to treat a symptom that you do not have.

Acetaminophen

Acetaminophen (the active ingredient in Tylenol® and a number of pain and cold remedies) can be toxic to the liver, especially for those who are heavy alcohol users or who have liver problems. A good rule is to never take more than eight extra-strength tablets in 24 hours or 4,000 milligrams a day. If you see the abbreviation "APAP" on the label of an over-the-counter drug, it means that it contains acetaminophen.

Proton Pump Inhibitors

People assume they can take a daily dose of products that treat heartburn, such as Prilosec OTC®, Prevacid 24HR® and Zegerid OTC®. The problem is that your body can become dependent on it, which can lead to rebound reflux when you stop. The best approach is to use such products only as directed for up to two weeks. If your heartburn continues, contact your healthcare professional.

Antihistamines

These drugs can help relieve itching, sneezing, runny nose, and watery eyes. The most common side effect of some antihistamines is sleepiness. Using Benadryl® (diphenhydramine) and driving a car could be as dangerous as driving drunk because it causes severe drowsiness. A better solution is to take a non-sedating antihistamine like Claritin® (loratadine) or Zyrtec® (cetirizine).

Non-Steroidal Anti-Inflammatory Drugs

This type of product includes ibuprofen, naproxen, and aspirin, used to reduce minor aches and pains, headaches, and fever. Using too much for too long can cause serious problems with the stomach lining. Try not to take anti-inflammatory drugs for more than 10 consecutive days.

To view the pharmacist survey episode of "The Dr. Oz Show" online, visit www.doctoroz.com/videos/dangers-otc-drugs-pt-1.

More information is available in the drugs area of the U.S. Food and Drug Administration website at www.fda.gov.

Dispose Responsibly

How to dispose of expired or unused medications

Flushing unused or expired drugs down the toilet or pouring them down the sink can contaminate drinking water supplies and harm aquatic wildlife. You can do your part to keep pharmaceutical waste out of rivers, lakes, and other bodies of water by minimizing and properly disposing of pharmaceutical waste.

Minimizing Waste

Buy only the medications that you need; stocking up on medications can lead to unnecessary pharmaceutical waste.

Disposing of Waste Properly

If you have expired or unneeded medications at home, it's important to properly dispose of them to assure that children and others do not obtain the discarded medications.

Other ways to properly dispose of your unused medications include Pharmacy Take-Back Programs (ask your local pharmacy if they will accept unused or unneeded medications) or Household Hazardous Waste Collection programs (you can find local collection sites in your area telephone book or online at your city or county website).

For more information, please visit the California Department of Resources Recycling and Recovery's page "Medication Waste Disposal" at www.calrecycle.ca.gov/HomeHazWaste/Medications.

Disposal By Flushing

The FDA regularly updates its list of unused or expired medicines you can safely flush down the sink or toilet to help prevent danger to people and pets in the home. Flushing these specific medicines will get rid of them right away and help keep your family and pets safe. FDA evaluates medicines for safety and will update the list as needed.

You can find the list online at the U.S. Food and Drug Administration website at www.fda.gov/drugs.

Here are instructions from the California State Board of Pharmacy:

1. Start by keeping the medication in its original container. Scratch or mark out any personal information.
2. Place some water in the container along with something like coffee grounds, kitty litter, or sawdust to discourage consumption.
3. Close and seal the container tightly with duct tape.
4. Place the container in a durable package like a cardboard box or empty margarine tub.
5. Place it in the trash right before your garbage pick-up time.

Get the right care at the right place

An urgent care center is the most convenient way to get treatment for a medical problem that is not life-threatening. Staffed by licensed physicians, it typically offers expanded evening and weekend hours and on-site services, such as x-rays, lab tests, and suturing. The co-payment, under most health plans, is about the same cost as an office visit.

Use an emergency room (ER) for life-threatening situations requiring immediate medical attention to avoid death or serious disability. If you're unsure play it safe and go to the ER.

Urgent care is the right place for:

- A cut that is not bleeding excessively and may require a few stitches
- Sprains, strains, or small broken bones that do not protrude from the skin
- Painful urination without other symptoms such as nausea or vomiting.

Emergency Room is the right place for:

- Chest pain or tightness
- Severe pain or trauma
- Difficulty breathing
- Severe bleeding
- Confusion, difficulty speaking, loss of consciousness, blurred vision, or inability to move an arm or leg
- Fever with neck stiffness.

Questions are the Answer

Maintaining and improving your health takes a strong partnership between you and your healthcare provider.

You can do your part by actively participating in your healthcare and by asking good questions and expecting answers that are clear, concise, and accurate.

Get started by writing down your questions before your visit. List the most important questions first to make sure they get asked and answered, and take notes. Finally, ask for written instructions when needed.

You can also customize and print your own questions for your healthcare provider by using the "Questions Are the Answer" checklists available online at the Agency for Healthcare Research and Quality: www.ahrq.gov/questionsaretheanswer/questionBuilder.aspx.

A few questions to get you started

1. What preventive care should I be receiving?
2. Are there any medical tests I should have routinely?
3. What lifestyle changes should I make to improve my health?
4. Can I take generic versions of my prescription drugs?
5. What are the side effects for each of my medications?

The new Board Member will take office immediately upon certification of the official election results by the Secretary of State. The term ends January 15, 2014.

Special Member-At-Large Board Election

CalPERS is conducting a special election to fill the vacant Member-At-Large Position B representative on the CalPERS Board of Administration (Board). The Board sets policy and oversees the administration of CalPERS investments, and retirement and health benefits.

The new Board Member will take office immediately upon certification of the official election results by the Secretary of State. The term ends January 15, 2014.

The candidates for the 2011 Special Member-At-Large Election are listed below.

You are eligible to vote in this election if you are an active CalPERS member as of March 1, 2011 or a retired member (excluding survivors and beneficiaries) whose effective date of retirement is on or before March 1, 2011.

Election ballots along with the Candidate Statement booklet were scheduled to be mailed April 21, 2011, to each eligible active and retired CalPERS member's home address. Please read the voting instructions carefully before voting.

Voted ballots must be postmarked or received by CalPERS by May 19, 2011.

Candidate's Name Ballot Designation	Employer/ Employer At Retirement
Mischa Lorraine Retired Benefits Administrator	San Francisco BART District
Richard H. Ross Retired FBI Executive	Gambling Control Commission
Tom Johnson Retired Hospital Administrator	California Department of Veterans Affairs
Michael Bilbrey Bookstore Operations Coordinator	Citrus Community College
Leslie A. Campbell Executive Manager, Retired	San Diego Association of Governments (SANDAG)
David Miller State Scientist	California Department of Toxic Substances Control
David Pollock Councilmember, City of Moorpark	California School Boards Association
Donna J. Snodgrass Retired Telecommunications Analyst	California Department of Forestry

Board Candidate Forum

View the Board Special Member-At-Large election forum video

Not sure who to vote for in the CalPERS 2011 Special Member-At-Large Board election? Would you like more information about the candidates? You have an opportunity to get to know the candidates by viewing a video of the CalPERS Candidate Forum.

The 2011 CalPERS Candidate Forum, sponsored by PERSWatch.net and moderated by the League of Women Voters of Sacramento County, at press time was scheduled for April 26, 2011 at the CalPERS Auditorium in Sacramento.

View the election details, the forum video, and the candidates' election statements on the CalPERS website at **www.calpers.ca.gov**.

Top 5 Pension Facts

In the debate and discussion over public employee pensions and taxpayer liabilities, here are some important facts you should know.

1 Pensions Are a Shared Responsibility

- Public pensions are funded through three sources – investment income, and member and employer contributions.
- For every dollar paid in pension benefits over the last 20 years, the vast majority came from investments:
  - Investment earnings - 64 cents
  - Employer contributions - 21 cents
  - Member contributions - 15 cents
- 78 percent of CalPERS members earn a pension of $36,000 annually or less.

2 CalPERS Assets Are Growing and Investments Are Doing Well

- We gained back $70 billion in our investment portfolio since the financial crisis.
- The fund earned a 12.5 percent return on investments for the one-year period ended December 31, 2010.
- CalPERS was 61 percent funded as of June 30, 2009.
- Today's estimate based on market value of assets is nearing 70 percent funded and will only increase as our assets grow.
- Experts agree that a funded status of 70 percent for a pension fund is adequate.

3 California Pension Changes Are Happening

- State employees are paying 2-5 percent more under new bargained agreements, saving upwards of $300 million.
- A significant rollback of pension formulas for all new State hires calls for calculating pensions using a three-year average final compensation.
- More than 150 cities, counties, and districts have reduced (or are in the process of reducing) pensions for new hires and increased member contributions.
- CalPERS has prepared approximately 300 valuation estimates for reducing pensions for local governments.
- CalPERS pension costs represented 1.8 percent of the State's $87.2 billion general fund budget in Fiscal Year 2009-10 and 2.7 percent of total State spending.

4 Public Employee Pensions Are a Vested Right

- Under California law, public employee retirement benefits are vested.
- Pensions are bargained at the State and local levels – local governments can contract from a list of optional benefits.
- CalPERS and its Board are fiduciaries of the Fund and the assets are held in public trust.

5 CalPERS Is Responding to the Challenges

- We advanced strong laws governing use of placement agents and initiated an independent review of placement agent activity.
- We established an enterprise risk management platform and a new Chief Risk Officer position, and launched a 24-7 Ethics Helpline to identify fraud and abuse.
- We established a new investment asset allocation model based around risk management.
- We banned gifts to staff members and require contractor and vendor disclosure of business relationships and gifts.
- We are restructuring the organization to enhance customer service, policy, planning, and innovation.

The CalPERS Video Center – a customer service from CalPERS!

CalPERS Video Center

Stay informed about your retirement and health benefits as well as health care reform by viewing a CalPERS video. Simply go to CalPERS On-Line and select the CalPERS Video Center "Quick Link" at **www.calpers.ca.gov**.

Streaming video allows you to choose which part of a program you want to watch and when you want to watch it.

Personal Investment for Retirement

When planning for your retirement, it is important to learn basic personal investment principles to ensure that you gear your investment strategy toward reaching your financial goals.

To help you, CalPERS brought together two executives to discuss the topic of personal investment strategies — Chief Investment Officer Joe Dear and Chief of the CalPERS Affiliate Investment Programs Division, Geraldine Jimenez. This discussion, now available as a webcast, shows how to develop an investment strategy that takes into account the trade-off between risk and reward and the changing economic environment.

To view the Personal Investment for Retirement webcast, go to the For Members area of our website at **www.calpers.ca.gov** and select the shortcut link to the Video Center. When you choose "Webcast: Personal Investment for Retirement," you will be directed to the CalPERS YouTube channel for immediate viewing of this 23-minute program. You can also download a written transcript of the program.

Learn more about CalPERS benefits by viewing the following webinars also available in our online Video Center: Retirement Benefit Basics; The Service Credit Factor; and Health Benefits into Retirement.

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Open Letter from CEO Anne Stausboll

honesty. From a narrow, bureaucratic point of view, it would have been much easier for the organization had we not released the report – but the right path is not always the easy one.

While the review is now behind us, we know that we still have challenges to address. The Fair Political Practices Commission (FPPC) is still conducting its investigation into whether gifts that may have been given to our staff from business partners in the past were properly reported. We are fully cooperating with the FPPC and expect that review to be concluded in the coming months.

Our focus remains on the future and protecting our members, employers and stakeholders. We have already implemented many of the recommended reforms in the special review report and are hard at work at carrying out the others. Along with the State Treasurer and Controller, CalPERS advanced legislation to curb the influence of placement agents so that now they must register as lobbyists and cannot be paid outlandish fees on a contingency basis. This is a major step forward in removing potential undue influence in our investment programs.

We have recouped over $300 million from investment managers who used placement agents. This is real savings to the taxpayers of California. Additionally, these managers have agreed not to use placement agents on our business. We have implemented additional disclosures for all future contracts so we have better insights into the financial relationships of our potential contractors. We established a robust ethics helpline to ensure that staff and the public have appropriate means to notify us of potential fraud, waste, and abuse. We are setting up processes to improve timeliness and responsiveness to Public Records Act requests. We are putting our leaders' financial disclosure documents and travel costs online, and the CalPERS Board has endorsed legislation to restrict gifts and prevent conflicts.

The CalPERS Board and leadership team are committed to remedying the issues that caused Californians to doubt the integrity of this institution. I am confident that together we have demonstrated and will continue to demonstrate that we are worthy of the trust that all Californians have placed in us.

As responsible stewards of the nation's largest public pension fund, we commit ourselves to the highest standards of accountability, integrity, and openness. We will not forget what has happened. This will serve as a reminder that ethics and core values are mere words unless translated into consistent ethical conduct as we go about our important work.

Need Help Planning Retirement?

If you're within five years of retirement, it's time to start planning.

Your first step is to take the CalPERS member education class that's designed just for you: "Planning Your Retirement." You can take the class on the Internet or at one of our Regional Offices.

The typical class enrollee is a CalPERS member within five years of retirement who wants to understand their pension benefits and the process of retiring.

When you enroll in an online class, you can take it as many times as you need to. You can stop or walk away and come back to finish it later when time allows. We will update your class completion on your my|CalPERS account once you have submitted an evaluation at the end of the class.

Here is the best way to find the CalPERS Education Center course information on our website. Go to **www.calpers.ca.gov** and select CalPERS Education Center from the Online Services area of the home page. Here you'll find details about the classes we offer. Once you're ready to register, select Get Started to go to my|CalPERS to log in or register.

The Baby Boomers Are Coming

The World War II baby-boom generation is getting ready to retire.

The U.S. Census Bureau defines baby boomers as people who were born between 1946 and 1964 – a large demographic group formed during the post-war period when soldiers and others returning home married and started families. The oldest baby boomers turn 65 this year. Over the next 18 years, about 10,000 more will cross that threshold every day.

According to the Pew Research Center, by 2030, when the last boomers will have reached age 65, 18 percent of the U.S. population will be 65 or older compared with the current 13 percent. As you might expect, more and more baby boomers are beginning to retire. The average retirement age of a CalPERS member is 60, which means that baby boomer retirements began at CalPERS about five years ago. In 2010, about 30,000 CalPERS members retired. We expect the annual number of retirees to grow slightly over the next seven years, then level off and gradually decline.

> "The oldest baby boomers turn 65 this year. Over the next 18 years, about 10,000 more will cross that threshold every day."

There is a common misunderstanding that the wave of baby boomer retirements will put an unexpected financial strain on CalPERS retirement plans. This is not true. Unlike Social Security, which is pay-as-you-go, CalPERS pensions are prefunded. Employers and members make regular contributions throughout a member's working 20- or 30-year career, from the first day of employment until retirement.

Along with investment earnings, CalPERS expects to have all of the money needed to pay retirement benefits for the rest of the member's life, assuming actuarial assumptions are met. The cost of member benefits is built into each employer's annual retirement contributions.

CalPERS by the Numbers

$70 billion

The amount of money CalPERS gained back in our investment portfolio since our market low in March 2009.

$300 million

The amount of money CalPERS saved by negotiating fee reductions with external manager firms beginning in 2011.

12.5%

The net return on CalPERS investments for the 2010 calendar year.

78%

The percentage of CalPERS retirees who earn $36 thousand or less in retirement annually.

21.5%

The overall 2010 return of the CalPERS private equity program.

$2,200

The amount of monthly pension the average public employee earns after working for 20 or more years.

64¢

For every dollar paid in pensions, the amount that comes from investments.

$13 billion

The amount of money CalPERS paid in pension benefits to more than half a million retirees in the 2009–10 Fiscal Year.

21¢

For every dollar paid in pensions, the amount that comes from employers.

15¢

For every dollar paid in pensions, the amount that comes from members.

Upcoming Important Dates and Events

Holiday Schedule

May 30	Memorial Day
July 4	Independence Day
September 5	Labor Day

Our offices will be closed on these holidays, but we're still available on the Internet when you need information on our programs and services. Our personalized, secure website – **my.calpers.ca.gov** – lets you view your own account information and transact CalPERS business from your own home.

Important Dates & Events

May 16-18	Board & Committee Meetings
June 13-15	Board & Committee Meetings
July 18-20	Board & Executive Offsite*
August 15-17	Board & Committee Meetings
Sept. 12-14	Board & Committee Meetings

**Board & Executive Offsite: Petaluma Sheraton Hotel*

The *PERSpective* newsletter provides information for members of the retirement and health programs of the California Public Employees' Retirement System. You are receiving this newsletter because you are either presently working for a CalPERS-covered employer, retired from a CalPERS-covered employer, or you are the beneficiary of a CalPERS member. If you believe you have received this newsletter in error, please write to the CalPERS Office of Public Affairs.

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CalPERS

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