California Public Employees' Retirement System
Board of Administration
Legislative Policy Standards
Revised December 19, 2001

CalPERS Mission

Our mission is to advance the financial and health security for all who participate in the System. We will fulfill this mission by creating and maintaining an environment that produces responsiveness to all those we serve.

To fulfill its mission and to provide consistency in its policies, the CalPERS Board of Administration shall adopt Legislative Policy Standards. In adopting these standards, the Board shall perform its duties for the exclusive purposes of providing benefits to participants and their beneficiaries, minimizing employer retirement contributions, and defraying reasonable expenses of administering the System. The Board's duty to its participants and beneficiaries shall take precedence over any other duty.

Advocate/Activist: Lobby for changes; actively seek to shape the external environment

Sponsor or Support:

- Proposals which give the Board increased flexibility in its administration
- Proposals which provide remedies for inequitable, unfair, or discriminatory benefits
- Proposals which correct structural deficiencies in program design
- Retirement and health program changes developed through a collaborative effort, where the opinions of all relevant stakeholders are considered
- Proposals which add protection to the trust
- New retirement contract benefit options, when they include a proposal to consolidate contract options or promote the concept of Board-approved "pooling"
- Proposals which provide benefit improvements to excluded* employees which are consistent with those provided to represented employees
- Proposals which provide benefit improvements to excluded* employees and retirees to recognize the unique needs of those groups

*** NOTE:** For purposes of these Policy Standards, excluded employees are identified as those employees excluded from collective bargaining and not subject to a Memorandum of Understanding (MOU).

Innovator/Advisor: Design and recommend changes in benefits and new products, give the cost implications of proposed changes with alternatives when appropriate, and provide an unbiased analysis including the pros and cons of each proposal

Neutral or No Position:

- Proposals to change retirement benefits which are appropriately subject to collective bargaining and are consistent with other Board policies
- Proposals which do not significantly affect the benefit interests of our stakeholders and which do NOT significantly impact CalPERS benefits or the administration of the System
- Proposals to reclassify members from miscellaneous to safety, whether mandated or optional
- Proposals which have conflicting policy implications
- Health care industry mandates which add benefits or coverage's which are already included in the PEMHCA standardized health benefit package or are not detrimental to the program
- Health benefit proposals which mandate the health care industry to **offer** (rather than require) to the purchaser (CalPERS) benefit packages or design changes

Protector: Act when CalPERS is threatened, when mandates are proposed, or limitations to the Board's Authority arise.

Oppose:

- Proposals which threaten the Trust
- Proposals which deprive members of vested benefits and do not provide an equivalent, compensating benefit
- Any change which would endanger the tax-exempt status of CalPERS programs and the deferred treatment of income tax on employer contributions and related earnings
- Any investment mandate or restriction on the Board's investment authority
- Any benefit change which results in an unfunded liability and does not provide for proper actuarial funding

- Proposals which create a benefit change for a subcategory within a member classification, unless the proposal promotes the concept of Board-approved pooling
- Proposals which create unreasonable cost or complexity for the administration of the System
- Proposals which reduce or limit the Board's administrative authority
- Proposals which threaten the integrity of the PEMHCA purchasing pool concept or would result in adverse selection between plans
- Proposals which mandate benefits that would be detrimental to the CalPERS PEMHCA program

NOTE: "Stakeholders" means those people or entities who have an interest in the performance of the System, i.e., customers (members, beneficiaries, and employers), representative organizations, the Legislature, health providers, taxpayers.

These Legislative Policy Standards are meant to guide staff in formulating positions on legislative proposals and in no way bind the CalPERS Board of Administration from adopting a different policy position on any specific legislative proposal, as such proposals are presented to the Board.

Dated: 10/20/2010