

PENSION BELIEFS

October 2013 Workshop

Presentation Objectives

- Pension Beliefs overview
- Board direction on key areas and considerations for Pension Beliefs
- Pension Beliefs process and timelines

What are Pension Beliefs?

- Articulation of CalPERS perspective about public pension administration that underlie practices and decisions

Plan decisions should be made for the exclusive benefit of members and beneficiaries, placing those interests above all other interests

Shared responsibility among public employers and employees for financing pension benefits contributes to the stability and long-term sustainability of the plan

What do Pension Beliefs Do?

- Provide a consistent foundation for decision making and strategic planning
- Ensure alignment between Board and Staff
- Become part of culture
- Provide a foundation for communicating with stakeholders

CalPERS Vision

A trusted leader respected by our members and stakeholders for our integrity, innovation and service

CalPERS Mission

Provide responsible and efficient stewardship of the System to deliver promised retirement and health benefits, while promoting wellness and retirement security for members and beneficiaries

CalPERS Core Values

- Quality
- Respect
- Accountability
- Integrity
- Openness
- Balance

Key Areas for Pension Beliefs

- Funding
- Plan Design
- Governance
- Administration
- Education
- Risk Management

Key Considerations for Pension Beliefs

- *Sustainability*
- *Stability*
- *Adequacy*
- *Retirement Security*
- *Financial Literacy*
- *Transparency*
- *Accountability*
- *Honesty*
- *Independence*
- *Objectivity*
- *Responsiveness*
- *Flexibility*
- *Innovation*
- *Equity*

*New key consideration to discuss during meeting

Examples

Plans should be designed to ensure that employees can achieve a secure and adequate income in retirement

Plans should be designed to secure financial stability for members and beneficiaries by ensuring predictable core defined benefits guaranteed for life

Examples

All stakeholders should participate in policy-making processes concerning plan design and financing

Benefit enhancements should only be made after a thorough analysis of employee and employer needs and a sound plan to finance the cost is presented to all stakeholders at a public forum

Examples

Fraud and abuse must be prevented to secure the public trust and to preserve the legitimately earned benefits promised to the overwhelming majority of public servants

Pension spiking must be prevented by proactively examining final average salary amounts to determine and correct manipulative end-of-career pay increases

Pension Beliefs Development Process

