

Draft Pension Beliefs

1. A retirement system must meet the needs of members and employers to be successful.
2. Plan design should ensure that lifetime retirement benefits reflect each employee's years of service, age and earnings and are adequate for full-career employees.
3. Inadequate financial preparation for retirement is a growing national concern; therefore, all employees should have effective means to pursue retirement security.
4. A retirement plan should include a defined benefit component, have professionally managed funds with a long-term horizon, and incorporate pooled investments and pooled risks.
5. Funding policies should be applied in a fair, consistent manner, accommodate investment return fluctuations and support rate stability.
6. Pension benefits are deferred compensation and the responsibility for appropriate funding should be shared between employers and employees.
7. Retirement system decisions must give precedence to the fiduciary duty owed to members but should also consider the interests of other stakeholders.
8. Trustees, administrators and all other fiduciaries are accountable for their actions, and must transparently perform their duties to the highest ethical standards.
9. Sound understanding and deployment of enterprise-wide risk management is essential to the ongoing success of a retirement system.
10. A retirement system should offer innovative and flexible financial education that meets the needs of members and employers.
11. As a leader, CalPERS should advocate for retirement security for America's workers and for the value of defined benefit plans.