



## Consent

### Agenda Item 4f

October 20, 2015

**ITEM NAME:** Supplemental Income Plans Program Update

**PROGRAM:** Supplemental Income Plans

**ITEM TYPE:** Information

#### **EXECUTIVE SUMMARY**

The Special Programs and Marketing Division's (SPMD) Supplemental Income Plans (SIP) Program, oversees three deferred compensation plans comprised of the California Public Employees' Retirement System (CalPERS) 457 Plan, Supplemental Contributions Plan (SCP) and the Placer 401(k) Plan. Today's information item is to provide an update on the status, efforts and strategies of the SIP Program.

#### **STRATEGIC PLAN**

This agenda item supports the CalPERS Strategic Plan goal to improve long-term pension and health benefit sustainability. Regular review of the SIP Program is important to assist participants with their retirement savings needs while being competitive in the supplemental savings market place.

#### **BACKGROUND**

The SIP consists of the CalPERS 457 Plan, the SCP and the Placer 401(k) Plan. Assets in each plan as of June 30, 2015 are:

CalPERS 457 Plan	\$ 1.3	billion
SCP	\$ 133	million
Placer 401k	\$ 31	million

\* State Peace Officers' and Firefighters' Defined Contribution Plan (POFF) \$ 0

\*Effective March 2015, the POFF Plan terminated and all assets associated with the POFF plan were either distributed to participants or transitioned to the SCP plan per direction by statute.

Further plan statistics are included in Attachment 1.

## **PROGRAM UPDATE**

### CalPERS 457 Plan

#### Agency Retention

The SIP staff has an established pro-active agency retention program that utilizes both internal communication methods and in-person outreach meetings to ensure quality customer service at the agency level. Based on assets size and potential growth of the contracting agency, SIP has tiered "Service Level Goals" that ensures all contracting agencies are being serviced appropriately.

In addition, SIP's Third Party Administrator, Voya, provides participant education and field services to all SIP contracting agencies. This ensures that at the participant level all active and prospective participants have a venue to learn about the 457 Plan and have their questions answered. Voya conducts daily field activities including in person one-on-one meetings, group presentations, webinars and scheduled phone meetings.

#### New Business Development

SIP staff completed a contract amendment with Voya to provide Business Development services. Voya will provide business development consulting services to CalPERS, including proactive and strategic marketing campaigns aimed at increasing CalPERS market share within the California government 457 marketplace.

## **INVESTMENT UPDATE**

Highlights are below and details by fund are included in Attachment 1.

- The CalPERS Target Retirement Date Funds earned between -.23 percent and 1.28 percent before fees, for the 12 months ending June 30, 2015, and all outperformed their respective benchmarks by between 16 and 35 basis points on a gross basis.
- The Core Funds 1-year performance before fees, for the 12 months ending June 30, 2015, as compared to their relative benchmark is shown in the table below:

Fund	Gross Return	Benchmark	Excess
US Equity Index Fund	7.42%	7.29%	+.13%
International Equity Index Fund	-4.76%	-4.97%	+.21%
Real Assets Fund	-11.55%	-11.64%	+.09%
Intermediate-Term Bond Index Fund	2.11%	1.86%	+.25%
Short-Term Bond Index Fund	.83%	.93%	-.10%
Short-Term Investment Fund	.09%	.02%	+.07%

- The annual glide-path update to the CalPERS Target Retirement Date Funds will be made in October 2015.
- The prior strategic asset allocation review was completed in 2013. The SIP funds are on a 3-year review cycle, with the next review scheduled for 2016.

**BUDGET AND FISCAL IMPACTS**

There is no current budget or financial impacts to SIP. However, with the termination of the POFF Plan, SIP along with the Investment Office and Investment Accounting will be conducting a comprehensive review of associated participant fund fees to ensure they meet the necessary requirements to fund and sustain plan administration and oversight.

**BENEFITS/RISKS**

Not Applicable

**ATTACHMENTS**

Attachment 1 - Supplemental Income Plans (SIP) Overview

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