



Finance and Administration Committee Agenda Item 4k

September 19, 2017

Item Name: Supplemental Income Plans Program Report

Program: Supplemental Income Plans

Item Type: Information Consent

Executive Summary

The 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 County of 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 California Public Employees' Retirement System (CalPERS) Strategic Plan Goal A of improving 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 County of Placer 401(k) Plan and the Supplemental Contributions Plan (SCP). Assets in each plan as of June 30, 2017 are:

CalPERS 457 Plan	\$	1.39 billion
County of Placer 401(k)	\$	39 million
SCP	\$	114.4 million

Further plan statistics are included in Attachment 1.

Program Overview and Update

CalPERS 457 Plan

The CalPERS 457 Plan was established in 1995 and is referenced in section 21670 of the California Public Employees' Retirement Law (PERL). The CalPERS Supplemental Income 457 Plan is a Deferred Compensation supplemental retirement income plan that is available to employees of local public agencies and schools that contract with CalPERS for this plan. All California public agencies and school districts may adopt the 457 Plan for the benefit of their employees.

County of Placer 401(k)

The County of Placer 401(k) Plan was established in 2000 with an agreement between the County of Placer and CalPERS for CalPERS to provide record-keeping and investment line-up services. The recordkeeping services are provided utilizing a Third Party Administrator. The

current Third Party Administrator is Voya Financial. The County of Placer has a Plan Document that outlines the administration of the plan.

Supplemental Contributions Plan (SCP)

The CalPERS Supplemental Contributions Program was established in 1999 and is referenced in section 22970 of the California Public Employees' Retirement Law (PERL). The Supplemental Contributions Program is an after-tax supplemental contributions program available to State employees, as well as active judges who are members of the Judges' Retirement System I and II.

Investment Update

Net investment returns for FY 16/17 for the 457 & SCP Core Funds were between -.79% (bonds) and 19.48% (global equities). The 457 & SCP Target Retirement Date Funds net returns were between 3.29% and 15.05%, with the longer dated funds showing higher returns due to a higher allocation to equities. Detailed investment performance information is included in Attachment 1.

The annual glide-path update to the Target Retirement Date Funds was made on October 1, 2016. This moves the asset allocation to a more conservative investment strategy the closer the funds get to their respective target dates.

The SIP asset allocation review is in progress and scheduled for completion in 2018, after the PERF review is complete.

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

Not Applicable

Attachments

Attachment 1 - Supplemental Income Plans (SIP) Overview

Arnita Paige, Chief

Pension Contract and Prefunding Programs

Christine Reese

Investment Manager, CalPERS Investment Office

Marlene Timberlake D'Adamo

Interim Chief Financial Officer

