



Finance and Administration Committee

Agenda Item 7b

September 15, 2020

Item Name: Pension Contracts Management Program Annual Report

Program: Pension Contract Management Services

Item Type: Information Item

Executive Summary

This information item includes our annual report to the Committee regarding the status of participating employers. The presentation provides an overview of the annual report and updates on the contract program, collection activities and terminations in process.

Strategic Plan

This agenda item supports Fund Sustainability and Risk Management Goals of the CalPERS 2017-2022 Strategic Plan, which aims to strengthen the long-term sustainability of the pension fund. Pension and health funding are considered a strategic risk to the organization, and proper management of employer contracts and collection of payments are critical to ensuring long-term sustainability.

Background

In February 2020, the FAC received information as part of the quarterly update to the Committee regarding the status of participating employers. The presentation provided information on pension contract terminations in process and participating employers experiencing hardship. The committee requested a refresh of the format and content of the report.

Analysis

The attached Pension Contracts Management Program Annual Report summarizes program status and activities during fiscal year 2019-2020. Additionally, the report provides an update on contract terminations and remedies for employers experiencing financial hardship.

Budget and Fiscal Impacts

Not applicable

Benefits and Risks

Clearly defined processes for risk oversight, collections and contract terminations will provide the following benefits:

- Timely resolution of routine collections issues;
- Timely attention to and escalation of serious collections issues to CalPERS management;
- Improved long-term sustainability of the Pension Fund.

Potential risks could include:

- Misunderstanding of the Program and its purpose.

Attachments

Attachment 1 –Pension Contracts Management Annual Report Overview

Attachment 2 – Pension Contracts Management Annual Report

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Pension Contract and Prefunding Programs

Michael Cohen

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