

11/12

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

California Public Employees' Retirement System
A Component Unit of the State of California



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Comprehensive Annual Financial Report **Fiscal Year Ended June 30, 2012**

Prepared by the Fiscal Services Division, the Investment Office, the Actuarial Office, the Office of Enterprise Risk Management, the Office of Public Affairs, and several additional divisions and branches of the California Public Employees' Retirement System.

Available online at www.calpers.ca.gov



California Public Employees' Retirement System
A Component Unit of the State of California

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Professional Awards



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CalPERS for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the 16th consecutive year that CalPERS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements. We believe our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements.



PUBLIC PENSION STANDARDS AWARD

The Public Pension Coordinating Council (PPCC) awarded a Public Pension Standards Award for Funding and Administration to CalPERS for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This is the tenth consecutive year that CalPERS has achieved this prestigious award. In order to be awarded a Public Pension Standards Award, a public pension program must meet professional standards for plan design and administration as set forth in the Public Pension Standards. A Public Pension Standards Award is valid for a period of one year.

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Chief Executive Officer's Letter of Transmittal



December 31, 2012

Members of the CalPERS Board of Administration:

I am pleased to present the CalPERS Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This year marks CalPERS 80th anniversary, and while we celebrate our past, our focus remains on providing secure and sustainable retirement and health benefits.

The 2011-12 fiscal year was challenging. Volatility and continued uncertainty in global markets resulted in a weak but positive net rate of return of 0.1 percent for the total fund. As of June 30, 2012, our net assets for the Public Employees' Retirement Fund (PERF) were \$237.0 billion, down \$4.8 billion from \$241.8 billion in fiscal year 2010-11 when the fund experienced a 21.7 percent return.

Despite disappointing performance in public equities, our real estate investments performed well above targets. Investments in income-generating properties like office, industrial and retail assets returned approximately 12.2 percent. We look forward to developing strategies that will yield positive returns and increased sustainability for our pension funds.

In response to independent and internal economic studies, CalPERS leadership recognized the need to protect and sustain the soundness of the System by reducing our discount rate to 7.5 percent from 7.75 percent. This new rate reflects our expectations of what markets will deliver in the future. The discount rate for the PERF was last changed 10 years ago when it was lowered to 7.75 percent from 8.25 percent. Even with fiscal year returns of less than 1 percent, CalPERS 20-year investment return is 7.7 percent, above our long-term target of 7.5 percent.



Anne Stausboll
Chief Executive Officer

We remain committed to providing high quality health care to our members while striving to keep member and employer costs down. This year, CalPERS enjoyed 2012 health cost savings of more than \$104 million with almost \$50 million in savings for the State General and Special Funds. CalPERS was able to negotiate premium rate increases ranging from 2.7 to 5.3 percent for 2012 to help achieve those savings. Each year we carefully consider specific strategies to reduce premium costs. We continue to pursue robust rate negotiations, explore innovations and partner with our health plans to minimize future rate increases and ensure CalPERS members have access to affordable, quality health care.

On the legislative front, CalPERS was closely involved in the pension policy dialogue initially introduced with Governor Jerry Brown's 12-point pension plan. As the pension policy discussion progressed through the Legislative process, CalPERS served as an honest broker of information and provided technical support as well as information on costs and potential savings.

The initial launch of myCalPERS, our standalone computer system, took place in September 2011. We were successful in implementing a single integrated system that supports our core business processes. We now have a system that is more flexible and able to respond to changing needs, and provides improved data integrity.

CalPERS Board and staff continue to represent CalPERS interests and lead efforts around the world. CalPERS officials were named to serve on the Advisory Council of the United Nations-backed Principles for Responsible Investment Initiative (UNPRI), elected to

Chair the U.S. Securities and Exchange Commission's Investor Advisory Committee, and named to a list of the 100 most influential corporate governance professionals for 2011.

We continued last year's reorganizational efforts by filling positions for Chief of the Pension Fund's Customer Account Services Division, Chief of the Retirement Research and Planning Division, Chief of the Human Resources Division, Chief of Risk, Compliance, and Ethics and Chief of the newly established Enterprise Strategy and Performance Division. Additionally, the Deputy Executive Officer, Operations and Technology position was filled this year. We also obtained passage of legislation that provided authority for CalPERS to establish and set compensation for a Chief Financial Officer position.

The initial launch of my|CalPERS, our standalone computer system, took place in September 2011.

We were successful in implementing a single integrated system that supports our core business processes. We now have a system that is more flexible and able to respond to changing needs, and provides improved data integrity.

Management Responsibility for Financial Reporting

CalPERS management prepared the financial statements included in this CAFR for the 2011-12 fiscal year. Management is responsible for the integrity and fairness of the information presented, including data that, out of necessity, is based on estimates and judgments. The accounting policies used to prepare these financial statements conform to accounting principles generally accepted in the United States. Financial information presented throughout this Annual Report is consistent with these accounting principles.

CalPERS maintains a system of internal controls designed to provide reasonable assurance that assets are properly safeguarded, transactions are properly executed,

and financial statements are reliable. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. In addition, internal audit personnel provide a continuing review of the internal controls and operations of CalPERS and the Chief of the Office of Audit Services regularly reports to the CalPERS Board of Administration's Risk and Audit Committee. The Committee reviews the audit findings and recommendations for improvements in internal control and operational efficiency and it reviews the actions of management to implement such recommendations.

Our independent external auditors, Macias Gini & O'Connell, LLP, have conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States, performing such tests and other procedures as they deem necessary to express an opinion in their report to the Board. The external auditors also have full and unrestricted access to the Board to discuss their audit and related findings as to the integrity of the financial reporting and the adequacy of internal control systems.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CalPERS for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the 16th consecutive year that CalPERS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Public Pension Coordinating Council (PPCC) awarded a Public Pension Standards Award for Funding and Administration to CalPERS for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This is the tenth consecutive year that CalPERS has achieved this prestigious award. CalPERS also received this award in 1997, 1998 and 2000. In order to be awarded a Public Pension Standards Award, a public pension program must meet professional standards for plan design and administration as set forth in the Public Pension Standards. A Public Pension Standards Award is valid for a period of one year.

Accounting System & Reports

Management is responsible for establishing and maintaining an internal control structure designed to ensure that CalPERS assets are protected from loss, theft, or misuse, and that income is appropriately distributed. Responsibility for the accuracy, completeness, and fair presentation of the information, and all disclosures, rests with CalPERS. The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The basic financial statements are presented in accordance with the guidelines of the Governmental Accounting Standards Board (GASB), including standards established by GASB Statement No. 25, Financial Reporting for Defined Benefit Plans; GASB Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis (MD&A)— for State and Local Governments; GASB Statement No. 43, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans; and other GASB statements as appropriate.

Additionally, for the first time, an Annual Compliance Report (ACR) will accompany this year's CAFR. CalPERS developed the ACR as part of a push to launch a wide range of transparency and accountability measures aimed at detecting and preventing potential conflicts of interest and as a means to manage risk.

This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The CalPERS MD&A can be found immediately following the report of the independent auditor.

Investments

Proper funding and healthy long-term investment returns are essential to the financial soundness of CalPERS. The ratio of investment earnings to total revenue during the last 20 years is evidence of the System's continued solid financial management. See the Chief Investment Officer's letter, page 100, for a summary of our investment performance.

Asset Allocation

An integral part of the overall investment policy is the strategic asset allocation policy. This policy is designed to provide an optimal mix of asset class investments which can best meet future obligations with the lowest risk possible and the lowest cost to taxpayers, employers, and employees. This approach emphasizes strong diversification among a range of investments, each of which offers the prospect of compelling, long-term returns. These investments include allocations to listed markets (money markets, bonds, global stocks, and commodities) as well as private markets (real estate, private equity, hedge funds, forestland, and infrastructure).

Funding

The bottom line for a retirement system is its level of funding. If the funding level is adequate, the ratio of total accumulated assets to total liabilities will be larger and the need for contributions will be reduced. Also, an adequate funding level gives participants assurance that their pension benefits are secure.

The historical level of funding for the Public Employees' Retirement Fund (PERF) is good. The PERF is the main pension trust fund in which CalPERS retirement benefits are paid. As of June 30, 2012, the PERF is expected to be near 74 percent funded on an average basis assuming no change in actuarial assumptions. The advantages of a well-funded plan are that participants can see assets that are irrevocably committed to the payment of promised benefits, and employees and taxpayers can minimize their contributions in support of defined benefits. The Required Supplementary Information to the Basic Financial Statements and the Actuarial Section contain a summary of CalPERS unfunded actuarial accrued liabilities.

Both now and in the coming decades, the primary duty of our fund is to continue to meet its financial commitments to members and retirees.

In Closing

Both now and in the coming decades, the primary duty of our fund is to continue to meet its financial commitments to members and retirees. Sustainability in its simplest form is the ability to continue, and for a long-term investor like CalPERS with long-term liabilities, it is at the heart of what we do. Our guiding principles mandate that we obtain the highest risk-adjusted return on our investment portfolio to survive, prosper, and grow in a safe and prudent manner in order to protect the health and financial interests of our members, retirees and their families. In this endeavor, we are led by the goals of the Strategic Plan we developed this year — to improve long-term pension and health benefit sustainability; cultivate a high-performing, risk-intelligent and innovative organization; and engage in state and national policy development to enhance the long-term sustainability and effectiveness of our programs.

Anne Stausboll
Chief Executive Officer

About CalPERS

The California Public Employees' Retirement System (CalPERS) is the nation's largest public pension fund with total net assets in the PERF of \$237.0 billion as of June 30, 2012.

Headquartered in Sacramento, CalPERS provides retirement and health benefit services to more than 1.6 million people and 3,064 school and public employers. The System also operates eight Regional Offices located in Fresno, Glendale, Orange, Sacramento, San Diego, San Bernardino, San Jose, and Walnut Creek.

Led by a 13-member Board of Administration, consisting of member-elected, appointed, and ex officio members, CalPERS membership consists of 1,102,440 active and inactive members and 551,627 retirees, beneficiaries, and survivors from State, school, and public agencies.

Established by legislation in 1931, the System became operational in 1932 for the purpose of providing a secure retirement to State employees. In 1939, new legislation allowed public agency and classified school employees to join the System for retirement benefits. CalPERS began administering health benefits for State employees in 1962, and five years later, public agencies joined the Health Program on a contract basis.

A defined benefit retirement plan, CalPERS provides benefits based on a member's years of service, age, and highest compensation. In addition, benefits are provided for disability and death. Today CalPERS offers additional programs, including long-term care insurance, a deferred compensation retirement savings plan, and member education services. The long-term care program is not currently accepting new applications, though future application periods are possible.

OUR MISSION

To advance the financial and health security for all who participate in the System. We will fulfill this mission by creating and maintaining an environment that produces responsiveness to all those we serve.

VISION

Pride in Our Service, Confidence for Your Future.

CORE VALUES AND GUIDING BEHAVIORS

Quality

- Strives to exceed customers' needs and expectations through competence, innovation and teamwork
- Proactively explores policy and product opportunities to better serve our customers
- Seek to "do it right" the first time
- Considers, understands and manages risk

Respect

- Treats every person with kindness and humility
- Values and recognizes every individual for their unique skills, talents and contributions
- Stays present in the moment and actively listens to understand others
- Is courteous, responsive and professional

Accountability

- Takes ownership of, and responsibility for, actions, risks and results and uses outcomes as learning opportunities
- Makes sound decisions from experience, good judgment and collaboration
- Gives and seeks clear expectations
- Finds solutions that contribute to desired results

Integrity

- Acts in all endeavors with an ethical, honest mindset and in a professional manner
- Honors commitments, keeps promises and builds trust
- Is truthful in all actions and communications

Openness

- Approaches every situation with good intentions
- Is receptive to new and diverse ideas
- Listens, cooperates and shares across the organization
- Encourages a trusting environment by being genuine and transparent in our actions and communications

Balance

- Supports a healthy personal and professional balance
- Maintains focus on long-term goals while meeting short-term needs
- Embraces opportunities for personal and professional development
- Supports an environment that is optimistic and enjoyable in which relationships can prosper across our organization and communities

GOALS AND OBJECTIVES

- We will be mission driven.
- We will sustain a high-performance work culture.
- We will make our programs, processes and strategic decisions understandable to our stakeholders and highly valued by our internal and external customers.
- We will use our resources effectively.
- We will continuously meet or exceed internal and external customer quality-of-service expectations.
- We will design, develop and deliver our programs and benefits to be innovative and market sensitive.
- We will have a positive public identity and relationship with our external customers and stakeholders.
- We will effectively organize and focus resources to primarily assure that sufficient funds are available to pay benefits and, secondarily, minimize and stabilize employer contributions.

Board of Administration

Rob Feckner, President
Employee Member (elected by school members)
Glazing Specialist,
Napa Valley Unified School District
Term Ends: January 15, 2015

George Diehr, Vice President
Employee Member (elected by State members)
Professor, CSU San Marcos
Term Ends: January 15, 2015

Michael Bilbrey
Employee Member (elected by all members)
Bookstore Operations Coordinator,
Citrus Community College, Glendora
Term Ends: January 15, 2014

John Chiang
State Controller
Ex Officio Member

Richard Costigan
State Personnel Board Member
Ex Officio Member

Dan Dunmoyer
Official of Life Insurer¹
Senior Vice President,
Legislative and Regulatory Affairs
Farmers Insurance Groups of Companies and
Zurich Financial Services
Term Ends: January 15, 2013

JJ Jelincic
Employee Member (elected by all members)
Term Ends: January 15, 2014

Henry Jones
Retired Member (elected by retirees)
Retired, Chief Financial Officer,
Los Angeles Unified School District
Term Ends: January 15, 2016

Bill Lockyer
State Treasurer
Ex Officio Member

Priya Mathur
Employee Member (elected by public agency members)
Economist, Bay Area Rapid Transit
Term Ends: January 15, 2015

Vacant
(Louis F. Moret served through December 2011)
Public Representative²

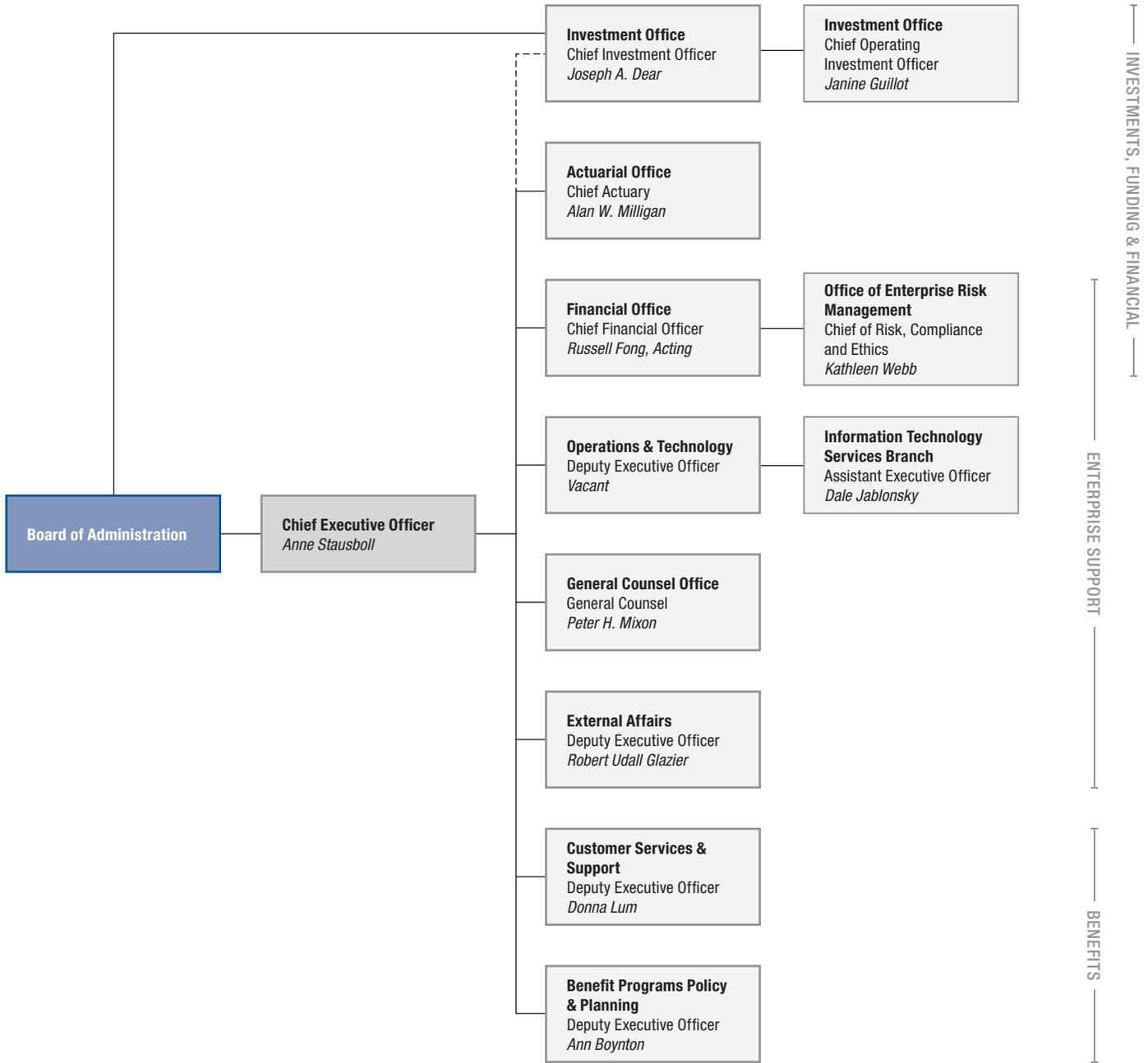
Vacant
(Tony Oliveira served through December 2011)
Elected Official of Local Government¹

Julie Chapman
(Ronald Yank served through February 2011)
California Department of Human Resources
Ex Officio Member

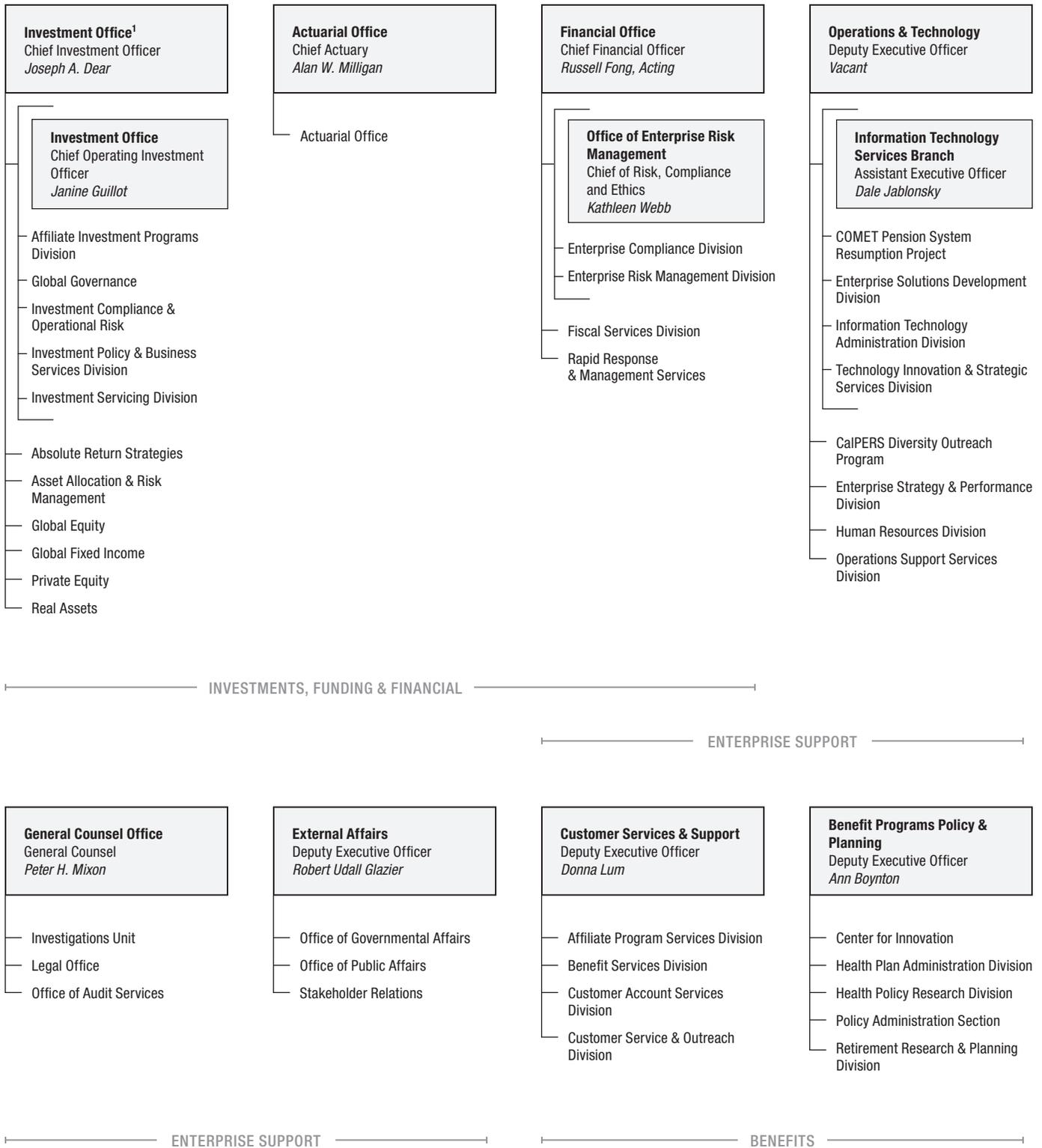
¹ Governor appointee

² Appointed jointly by the Speaker of the Assembly and the Senate Rules Committee

Organizational Chart — Executive Staff



Organizational Chart — Expanded



Note:

¹ Additional information regarding investment professionals who provide services to the System can be found in the Investment Section.

Consultant & Professional Services

Individual or Firm
Accenture, LLP
ACS Learning Services
ADSI, Inc.
Advanced Systems Group, LLC
Ambire Consulting, Inc.
Anthem Blue Cross
ATV Video Center, Inc.
Ballard Group
Base 3 Consulting
Belmonte Enterprises, LLC
Blackstone Technology Group
Booz Allen Hamilton, Inc.
Bridgeworks, LLC
Buck Consultants, LLC
Business Advantage Consulting
California Department of Insurance
California State Personnel
Capio Group
Celer Systems, Inc.
Chisoft Consultant Services, LLC
Comsys
Conference Plus
Cooperative Personnel Services
Cornerstone Fitness, Inc.
Daniel Co, CPHT
Dee Hansford Consulting
Delegata
Department of Finance
Department of Justice
Department of Personnel Administration
Diamond Marketing Solutions
Dolamont Consulting, Inc.
DSS Research, Inc.
Eagle Management Group
Eaton Interpreting Services
EFI Actuaries
EMC Corporation
Enclipse Corporation
Enterprise Networking Solutions
Equanim Technologies
Fulbright & Jaworski, LLP
Funston Advisory Services, LLC
Genuent USA, LLC
Global Access, LLC
Gordon & Silver, LLP
Health Management Associates
Heidricks & Struggles
Hewitt Consulting
Highlands Consulting Group
HP Enterprise Services, LLC
Information Technology Software Professional
Informatix, Inc.
ING
Innovative Software Technologies

Individual or Firm
Insight Technologies, Inc.
Intraform
J. & K. Court Reporting, LLC
J. A. Frasca and Associates
JLynnconsulting, Inc.
Jones Vargas, Chartered
Kaleidoscope Group, LLC
Kearnford Application Systems Design
Kenera Consulting, Inc.
Kiefer Consulting, Inc.
Knowledge Structures, Inc.
Kong Consulting, Inc.
KPMG, LLP
LCS Technologies, Inc.
Linsonic, LLC
Lussier, Vienna, Gregor & Associates
Lynn Belzer Consulting
Macias Gini & O'Connell, LLP
Mara Consulting, Inc.
Mary Lynne Strupp
Maximus Federal Services, Inc.
McKinsey & Company, Inc.
Medco Health
Mercer Health And Benefits
Metavista Consulting Group
Mellon Bank
Milliman, Inc.
Mindstorm
Monarch Enterprises, Inc.
Moore Wallace Business Communications Services
Netresult, LLC
Netsource Consulting, Inc.
Nexlevel Information Technology, Inc.
North Highland Company
Nossaman, Guther, Knox & Elliott
Ogilvy Public Relations
Online Video Service, Inc.
PA Consulting Group, Inc.
Pacific Business Group on Health
Pacific Satellite Connection, Inc.
Pasanna Consulting Group, LLC
Performance Technology Partners, LLC
Pillsbury Winthrop Shaw Pittman, LLP
Princeton Solutions Group, Inc.
R & G Associates
Reed Smith, LLP
Regents of the University of California
Reinhart Boerner Van Deuren S.C.
Renaissance Long Beach hotel
RV Kuhn
Saba Software, Inc.
SAS International, Inc.
Segula Technologies
Shah & Associates, LLP

Consultant & Professional Services (continued)

Individual or Firm
Shaw Valenza, LLP
Shooting Star Solutions, LLC
Siemens Communications, Inc.
Sign Language Interpreting Service Agency
Softsol Resources, Inc.
Softsol Technologies, Inc.
Sophus Consulting
SRI Infotech, Inc.
Staff Tech, Inc.
Stanfield Systems, Inc.
Starting Point
State Controller's Office
State Personnel Board
Step toe & Johnson, LLP
Stoel Rivers, LLP
T5 Consulting

Individual or Firm
Take 1 Productions
Technisource, Inc.
Technology Crest Corporation
Thomson Reuters
Trinity Technology Group, Inc.
Two Shea Consulting, Inc.
United Health Services
University of California, San Francisco
University of California, Berkeley
Univita
Vantage Consulting Group, Inc.
Vanwrite
Veaco Group
Viaspire
Visionary Integration, LLC (VIP)
Zyncor Consulting

Financial Section

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Independent Auditor's Report



Sacramento
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

Walnut Creek

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

To the Board of Administration
California Public Employees' Retirement System
Sacramento, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the fiduciary activities and proprietary activities of the California Public Employees' Retirement System (the System or CalPERS), a component unit of the State of California, as of and for the fiscal year ended June 30, 2012, which collectively comprise the System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's 2011 financial statements and, in our report dated December 2, 2011, we expressed unqualified opinions on the respective financial statements of the fiduciary activities and the proprietary activities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the fiduciary activities and the proprietary activities of the California Public Employees' Retirement System as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the basic financial statements, actuarial data presented for the California Employers' Retirement Benefit Trust Fund was derived from actuarial valuations performed by actuarial firms engaged by participating employers. Actuarial valuations must comply with the CalPERS OPEB Assumption Model, which requires the use of specified actuarial methods and assumptions.

As discussed in Note 5 to the basic financial statements, actual contributions made by the State of California (State) to the Judges Retirement Fund are made pursuant to State statute and were significantly less than the actuarially determined annual required contributions. State contributions were used to fund benefit payments of the current period. As such, the Judges Retirement Fund does not retain the accumulated contributions of active members. Without the State contributions, the Judges Retirement Fund will not be able to pay accumulated benefit payments due in fiscal year 2013. Management and legal counsel believe the State is legally required to provide contributions to fund benefits when due.

As discussed in Notes 8 and 12 to the basic financial statements, the determination of the estimated liability for future policy benefits of the Public Employers' Long-Term Care Fund (the Fund) is very sensitive to the underlying actuarial assumptions. The actuarial valuation as of June 30, 2012 used to estimate the liability for future policy benefits changed its discount rates from 6.25 percent and 7.60 percent for certain periods to a single discount rate of 5.75 percent, which contributed to the decrease in net assets of \$830.7 million for the Fund for the fiscal year ended June 30, 2012 and a net deficit of \$159.7 million for the Fund at June 30, 2012.

As discussed in Note 9 to the basic financial statements, based on the most recent actuarial valuations of the Public Employees' Retirement Fund as of June 30, 2011, the System's actuaries determined that, at June 30, 2011, the actuarial accrued liability exceeded the actuarial value of its assets by \$57.2 billion. The 2011 actuarial valuations do not reflect the impact of the remaining deferred investment losses from fiscal year 2009.

The financial statements include summarized prior year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's basic financial statements for the fiscal year ended June 30, 2011, from which such summarized comparative information was derived.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedules of Funding Progress, Schedules of Employer Contributions, and Schedule of Claims Development Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The other supplemental schedules in the financial section are presented for purposes of additional analysis and are not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Maclean Meiri & O'Connell LLP

Sacramento, California
December 17, 2012

Management's Discussion & Analysis

INTRODUCTION

This section presents Management's Discussion and Analysis of the California Public Employees' Retirement System's (CalPERS or the System) financial performance during the fiscal year ended June 30, 2012. It is a narrative overview and analysis that we present in conjunction with the Chief Executive Officer's Letter of Transmittal, included in the Introductory Section of this Comprehensive Annual Financial Report. It should also be read in conjunction with the Basic Financial Statements of CalPERS, as presented in this report.

In addition to historical information, the Management's Discussion and Analysis includes certain forward-looking statements, which involve certain risks and uncertainties. CalPERS actual results, performance, and achievements may differ from the results, performance, and achievements expressed or implied in such forward-looking statements, due to a wide range of factors, including changes in interest rates, changes in the securities markets, general economic conditions, and legislative changes, as well as other factors.

CalPERS is primarily responsible for administering retirement and health benefits. CalPERS also administers long-term care benefits, a post-employment benefit fund for retiree health and supplemental retirement savings plans.

CalPERS comprises a total of 12 funds, including the Public Employees' Retirement Fund (PERF), Legislators' Retirement Fund (LRF), Judges' Retirement Fund (JRF), Judges' Retirement Fund II (JRF II), State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), Public Agency Deferred Compensation Plan (IRC 457), Supplemental Contributions Program Fund (SCPF), California Employers' Retirement Benefit Trust Fund (CERBTF), Public Employees' Health Care Fund (HCF), Public Employees' Contingency Reserve Fund (CRF), Public Employees' Long-Term Care Fund (LTCF) and Replacement Benefit Fund (RBF).

FINANCIAL HIGHLIGHTS

Public Employees' Retirement Fund (PERF)

- The fiscal year 2011-12 was a challenging period for investors, as the ongoing European debt crisis and slowing global economic growth increased market volatility and reduced equity market returns. The performance of US and international equity markets

diverged significantly, with US markets outperforming international markets. CalPERS performance was negatively impacted both by our significant allocation to public equities, nearly 50 percent of the total fund, and by significant allocation to international equities, nearly 50 percent of the public equity portfolio.

- Public equity returns of negative 7 percent were partially offset by strong returns in other asset classes. Fixed income returned nearly 13 percent, resulting from declining interest rates throughout the year. Most importantly, the real estate portfolio performed well. This is the second year that the real estate portfolio has had a positive return since the financial crisis, and demonstrated improving real estate market fundamentals along with early results of the significant effort to restructure the real estate portfolio.
- The PERF net rate of return on investments was 0.14 percent, calculated using industry-standard daily, time-weighted return methodology. The methodology uses daily calculation, which provides for accurate weighting of all cash flows throughout the entire year. This approach may generate a different result from the one that would be produced by using static financial statements.
- On December 16, 2009, the CalPERS Board of Administration (Board) adopted a one-time modification to the contribution rate smoothing policy. This modification phased in the short-term impact of the fiscal year 2008-09 investment loss over three fiscal years, beginning in the 2010-11 fiscal year for State and School employers, and in the 2011-12 fiscal year for Public Agencies. Without this change, employer contributions rates would have increased dramatically despite the investment market rebound in the fiscal years 2009-10 and 2010-11.

In the 2011-12 fiscal year, the PERF net investment return was 0.14 percent. As a result of this return, employer rates are expected to increase. Most employer contribution rates (for fiscal year 2013-14 for the State and Schools and the fiscal year 2014-15 for Public Agencies) are not expected to increase by more than 2 percent of payroll as a result of the 2011-12 investment return. To the extent CalPERS earns its assumed 7.5 percent investment return in the fiscal year 2012-13, the employer rates (for the fiscal year

2014-15 for the State and Schools and the fiscal year 2015-16 for Public Agencies) are expected to increase in most cases between 0.2 percent and 0.7 percent of payroll and potentially more if CalPERS earns less than 7.5 percent. In order to help employers understand the risk, CalPERS is now providing an investment return scenario analysis in all its annual actuarial valuation reports.

- As of June 30, 2011, the date of the most recent actuarial valuation, the PERF was funded at 82.6 percent, based on the actuarial value of assets. A better measure of benefit security is the funded status on the market value of assets basis. On that basis, as a result of the positive 21.7 percent investment return in 2010-11, the funded status improved from 65.4 percent at June 30, 2010, to 73.6 percent at June 30, 2011.
- The PERF paid \$15.4 billion in retirement benefits to 543,722 annuitants during the 2011-12 fiscal year, compared to \$14.2 billion paid to 528,343 annuitants during the 2010-11 fiscal year. Benefit payments increased primarily due to an increase in the number of retirees and the average benefit amount, including cost-of-living adjustments (COLA).
- The total active and inactive membership was 1,102,440 at June 30, 2012. The PERF received \$3.6 billion in member contributions from 786,586 active members, the same amount the PERF received during the 2010-11 fiscal year from 791,219 active members. Even though the active membership declined in the 2011-12 fiscal year compared to the fiscal year 2010-11, the contribution amount remained the same due to rate increases. The PERF received \$7.8 billion in employer contributions from 1,577 employers, compared to \$7.5 billion in the 2010-11 fiscal year.

Additional financial information related to the other pension funds administered by CalPERS is included in the Financial Analysis of CalPERS Funds section of the Management's Discussion and Analysis.

Investments

During the 2011-12 fiscal year, PERF net assets decreased from \$241.8 billion to \$237.0 billion. The decrease in value was largely driven by a value decline of our Global Equity assets, which started the year valued at \$116.7 billion and decreased to \$113.6 billion. The 2.7 percent decrease in

global equity assets was largely driven by slow global economic growth and poorly performing international equity markets.

Other Post-Employment Benefits, Health and Long-Term Care Programs

- Contributions to the California Employers' Retiree Benefit Trust Fund (CERBTF) were \$771.8 million, an increase of \$13.5 million from the fiscal year 2010-11. The CERBTF had a net investment income of \$8.1 million, a decrease from the fiscal year 2010-11 net investment income of \$331.5 million. The decrease was due to lower equity market and fixed income returns. The net asset value of the CERBTF at June 30, 2012 was \$2.1 billion, an increase of \$0.2 billion from \$1.9 billion at June 30, 2011.
- CalPERS administers the PERSCare, PERS Choice, and PERS Select self-funded health care programs. Financial activity for these programs is accounted for through the Public Employees' Health Care Fund (HCF). The CalPERS self-funded health care program had an operating income of \$54.6 million from operations. The increase in operating income from an operating loss of \$64.0 million at June 30, 2011, was due to premium revenue increases. The unrestricted net assets increased by \$88.1 million (24.1 percent) to \$454.0 million.
- The unrestricted net assets of the CalPERS Long-Term Care Program amounted to a deficit of \$159.7 million at June 30, 2012. This amounts to an average deficit of \$1,062 for each of the 150,333 enrollees. The Long-Term Care Program collected \$313.5 million in premiums, and the approximate average annual premium per person was \$2,085. The deficit of \$159.7 million represents a decrease of \$830.7 million from a surplus of \$671.0 million as of June 30, 2011. The estimated liability for future policy benefits reflects worse than expected morbidity (i.e. claims), higher than expected persistency, which results in more projected future claims, and lower than expected investment returns. The major driving factor in the increase in estimated liability for future benefits was primarily from the reduction in discount rate from the 2011 calendar year rate of 6.25 percent for projection years 1-10 and 7.60 percent for years 11 and beyond to this year's discount rate of a level 5.75 percent. The revised discount rate

reflects the revised investment mix that was approved in April 2012. In addition to this change, low investment returns in the fiscal year 2011-12 resulted in a lower than expected net assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis provides an introduction to and overview of the CalPERS basic financial statements, which comprise of the following components: Fund Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information. Collectively, this information presents the combined net assets held in trust for pension benefits and other post-employment benefits, and the combined unrestricted net assets for each of the other funds administered by CalPERS as of June 30, 2012. It also summarizes the combined changes in net assets held in trust for pension and other post-employment benefits, the combined changes in unrestricted net assets, and the cash flows of the proprietary funds for the fiscal year then ended, along with an actuarial view on the funded status of the defined benefit pension and other post-employment plans. The information available in each of these sections is briefly summarized as follows:

Fund Financial Statements

The Board has a fiduciary duty for the investments in both the Fiduciary and Proprietary funds. At June 30, 2012, financial statements are presented for the two types of funds administered by CalPERS: fiduciary funds, where CalPERS acts in a fiduciary capacity as a trustee or agent for others and is responsible for handling the assets placed under its control; and proprietary funds, where fees are charged for services provided and the focus is on determining financial position, operating and non-operating income, cash flows and changes in net assets.

Fiduciary Funds — include pension trust funds, one other post-employment defined benefit fund, and two agency funds. The defined benefit plans administered by CalPERS include the PERF, Legislators' Retirement Fund (LRF), Judges' Retirement Fund (JRF), Judges' Retirement Fund II (JRF II), and the California Employers' Retiree Benefit Trust Fund (CERBTf). The defined contribution plans administered by CalPERS include the State Peace Officers' and Firefighters' Defined Contribution Plan Fund

(SPOFF), the Public Agency Deferred Compensation Program (IRC 457), and the Supplemental Contributions Program Fund (SCPF). The remaining fiduciary funds are the Contingency Reserve Agency Fund (CRF) and the Replacement Benefit Fund (RBF). The fiduciary funds are used to account for resources held for the benefit of CalPERS participants. A statement of fiduciary net assets and a statement of changes in fiduciary net assets except for agency funds are presented for the fiduciary funds as of and for the fiscal year ended June 30, 2012, along with comparative total information as of and for the fiscal year ended June 30, 2011. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries as of year-end, as well as the changes in those resources during the year.

Proprietary Funds — include the following enterprise funds: the Public Employees' Health Care Fund (HCF), the Public Employees' Contingency Reserve Fund (CRF), and the Public Employees' Long-Term Care Fund (LTCF). Proprietary funds are used to account for activities for which fees are charged to external users for service, such as administration of health care and long-term care programs, and that the costs of providing services are recovered with fees and charges. A statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows are presented for the proprietary funds as of and for the fiscal year ended June 30, 2012, along with comparative total information as of and for the fiscal year ended June 30, 2011. Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows.

Notes to the Basic Financial Statements

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the information provided in the fund financial statements. Information available in the notes to the financial statements is described below.

Note 1 — provides a summary of significant accounting policies, including the basis of accounting for each of the fund types: investment accounting policies, management's use of estimates, and other significant accounting policies.

Note 2 — provides a general description of CalPERS, as well as a concise description of each of the funds administered by CalPERS. Information regarding employer

and member participation in the pension plans and other post-employment benefit plans administered by CalPERS is also provided.

Note 3 — provides information on cash and cash equivalents.

Note 4 — describes investments, including investing authority, investment risk categorizations, and additional information about cash, securities lending, and derivatives.

Note 5 — provides information about employer contributions to the pension and other post-employment benefit funds and selected plan reserves administered by CalPERS.

Note 6 — provides information about the State of California's other post-employment benefits (OPEB).

Note 7 — provides detailed information on the estimated claims liability of the HCF.

Note 8 — provides information regarding the LTCF June 30, 2012 actuarial valuation.

Note 9 — provides information regarding the funded status and actuarial assumptions for the PERF, LRF, JRF, JRF II, and CERBTf.

Note 10 — provides information on commitments.

Note 11 — provides information on potential contingencies of CalPERS.

Note 12 — provides information regarding subsequent events, which include Governmental Accounting Standard Board (GASB) Statement Nos. 67 and 68, pension reform, local government bankruptcies and LTCF rate increase.

Required Supplementary Information

Because of the long-term nature of public defined benefit pension and other post-employment benefit plans, financial statements for the past year alone cannot provide sufficient information to properly reflect the funding progress of the plans. Therefore, in addition to the basic financial statements, two required schedules of historical trend information related to the defined benefit pension and other post-employment benefit plans are presented as part of the Required Supplementary Information (RSI) section of the basic financial statements. These two schedules are the Schedule of Funding Progress and the Schedule of Employer Contributions. These schedules are based on the actuarial valuations for the pension plans performed by CalPERS actuaries and the other post-employment benefits valuations performed by actuaries engaged by sponsoring employers,

and provide additional actuarial information that contributes to the understanding of the changes in the actuarial funding and the funding progress of these defined benefit pension and other post-employment benefit plans over the past six years. The actuarial information is based upon assumptions made about future events at the time the valuations were performed, and, therefore, the amounts presented are management's estimates. Also included as part of the RSI, is the Schedule of Claims Development Information for the HCF.

Other Supplemental Information

Other schedules include detailed information on administrative expenses incurred by CalPERS-administered funds, as well as investment and other professional services expenses incurred, and changes in assets and liabilities for agency funds.

FINANCIAL OVERVIEW OF CalPERS FUNDS

Fiduciary Funds

Collectively, the net assets held in trust for all fiduciary funds were a total of \$241.4 billion at June 30, 2012, a decrease of \$4.4 billion (1.8 percent) from \$245.8 billion at June 30, 2011.

Additions to net assets held in trust for benefits include employer and member contributions as well as investment income or loss. For the 2011-12 fiscal year, total additions were \$12.4 billion, a decrease of \$44.4 billion from the 2010-11 fiscal year. Deductions consist primarily of retirement, death, and survivor benefits, refunds, administrative expenses, participant withdrawals, and OPEB reimbursements. For the 2011-12 fiscal year, total deductions were \$16.8 billion, an increase of \$1.1 billion (7.0 percent) from the 2010-11 fiscal year.

Investments

Fiduciary fund investments, excluding securities lending collateral, totaled \$238.6 billion at June 30, 2012, a decrease of \$5.1 billion (2.1 percent) from \$243.7 billion at June 30, 2011. The decrease was largely driven by poor performance of international equity investments.

Total investments held by CalPERS fiduciary funds at June 30, 2012, compared to the 2010-11 fiscal year-end, are as follows:

- \$5.1 billion in short-term domestic and international securities, a decrease of \$3.4 billion (40.0 percent) from \$8.5 billion. The decrease was the result of asset allocation decisions that reduced short-term holdings and increased funding to inflation assets, fully funded longer duration debt securities and the implementation of the real estate strategic plan.
- \$116.2 billion in domestic and international equity securities, a decrease of \$2.9 billion (2.4 percent) from \$119.1 billion.
- \$50.8 in domestic and international debt securities, a decrease of \$3.2 billion (5.9 percent) from \$54.0 billion.
- \$7.5 billion in inflation assets, a decrease of \$0.7 billion (8.5 percent) from \$8.2 billion. The decrease is due to asset reclassification in the fiscal year 2011-12 of forestland and infrastructure investments to real assets. The change in asset allocation for forestland and infrastructure reduced the inflation assets by approximately \$3.2 billion. However, this was offset by an increase of approximately \$2.6 billion in inflation assets. The inflation assets composition at June 30, 2012 is as follows:
 - \$3.2 billion in commodities exposure
 - \$3.1 billion in US Treasury Inflation protected Securities (TIPS)
 - \$1.2 billion in international inflation bonds
- \$36.8 billion in real assets on a gross basis (property value). (Real assets net asset values of \$24.9 billion are reported net of \$11.9 billion in related debt). On a gross basis, the real assets increased \$5.5 billion (17.6 percent) from \$31.3 billion gross (\$11.9 billion in related debt) at fiscal year-end 2010-11. The increase was primarily driven by unrealized appreciation and net contributions.
- \$34.2 billion in private equity, a decrease of \$0.2 billion from \$34.4 billion.

Proprietary Funds

CalPERS total unrestricted net assets for proprietary funds at June 30, 2012 were \$301.8 million, a decrease of \$744.4 million from \$1,046.2 million at June 30, 2011. The decrease was due primarily to the decrease of \$830.7 million in net assets for the LTCF that is attributable to the increase in the estimated liability for future policy benefits, which resulted from the revised discount rate from the 2011 rate of

6.25 percent for projection years 1-10 and 7.60 percent for years 11 and beyond to this year's discount rate of a level 5.75 percent. In addition to this change, the fiscal year 2011-12 low investment returns resulted in lower than expected net assets.

Operating revenues of the proprietary funds consist of self-insurance premiums, Federal Government reimbursements, administrative fees, and other non-operating revenues. For the 2011-12 fiscal year, total operating revenues were \$2.2 billion, an increase of \$0.1 billion (4.8 percent) from the 2010-11 fiscal year. Operating expenses consist primarily of claims, increase or decrease in estimated liabilities, and administrative expenses. For the 2011-12 fiscal year, total operating expenses were \$3.1 billion, an increase of \$1.2 billion (63.2 percent) from the 2010-11 fiscal year, mainly due to an increase in the estimated liabilities for the LTCF. Non-operating revenues consist of net appreciation in the fair value of investments, interest, dividends and other investment income. Total non-operating revenues were \$151.0 million, a decrease in revenues of \$409.6 million (73.1 percent) from \$560.6 million in fiscal year 2010-11. The decrease was due primarily to a reduction in net appreciation in fair value of investments.

Investments

Proprietary funds investments excluding securities lending collateral totaled \$4.1 billion at June 30, 2012, which were \$0.2 billion (5.1 percent) more than \$3.9 billion at June 30, 2011.

Total investments held by CalPERS proprietary funds, compared to the 2010-11 fiscal year-end, are as follows:

- \$121.8 million in liquid, short-term domestic securities, a decrease of \$54.1 million (30.8 percent) from \$175.9 million.
- \$1.6 billion in domestic and international equity securities, virtually unchanged from 2010-11 fiscal year.
- \$1.5 billion in domestic debt securities, a decrease of \$0.2 billion (11.8 percent) from \$1.7 billion.
- \$0.6 billion in inflation assets, which consists of \$0.5 billion in US Treasury Inflation Protected Securities (TIPS) and \$0.1 billion in commodities exposure.
- \$286.4 million in real asset equities, an increase of \$121.8 million (74.0 percent) from \$164.6 million.

FINANCIAL ANALYSIS OF CalPERS FUNDS

Public Employees' Retirement Fund (PERF)

Plan Net Assets

The PERF provides retirement benefits to State of California and other California public agency employees. PERF benefits are funded by member and employer contributions and by earnings on investments. The PERF net assets held in trust for benefits at June 30, 2012 were \$237.0 billion, a decrease of \$4.8 billion (2.0 percent) from \$241.8 billion at June 30, 2011.

Additions to PERF net assets held in trust for benefits include employer and member contributions, and investment income. For the 2011-12 fiscal year, employer and member contributions totaled \$11.4 billion, an increase of \$0.3 billion (2.7 percent) from the 2010-11 fiscal year. The PERF recognized a net investment loss of \$203.1 million for the 2011-12 fiscal year, compared with a net investment income of \$43.9 billion for the 2010-11 fiscal year.

Deductions from PERF net assets held in trust for benefits for the 2011-12 fiscal year totaled \$16.0 billion, an increase of \$1.2 billion (8.1 percent) from the 2010-11 fiscal year. The increase in deductions was attributed to an increase in benefit payments as the number of beneficiaries increased from 528,343 to 543,722 and increases in average benefits, including COLA. The costs of administering the

PERF benefits amounted to \$380.4 million, an increase of approximately \$22.6 million (6.3 percent) from the 2010-11 fiscal year, due to an increase in personnel services expenses as the three-day a month furlough was not in effect during the 2011-12 fiscal year.

On a per member and beneficiary basis, the cost of administering PERF benefits during the 2011-12 fiscal year was approximately \$231 per individual, an increase of approximately \$12 per individual from the 2010-11 fiscal year.

At June 30, 2011, the date of the most recent actuarial valuation, the funded status of the PERF based on the actuarial value of assets was 82.6 percent, which was a 0.8 percentage point decrease from the funded status at June 30, 2010. The amount by which PERF actuarial benefit liabilities exceeded actuarial assets was \$57.2 billion at June 30, 2011, compared with a \$51.3 billion funding deficit at June 30, 2010. Current year investment and actuarial experience and deferred prior year investment losses will affect future years' funded status and contribution rates using the CalPERS policy of actuarial asset smoothing. On a market value of assets basis, the funded status improved from 65.4 percent at June 30, 2010 to 73.6 percent at June 30, 2011, mainly due to the positive 21.7 percent investment return in the 2010-11 fiscal year.

Management's Discussion & Analysis (continued)

Net Assets — PERF (Dollars in Thousands)

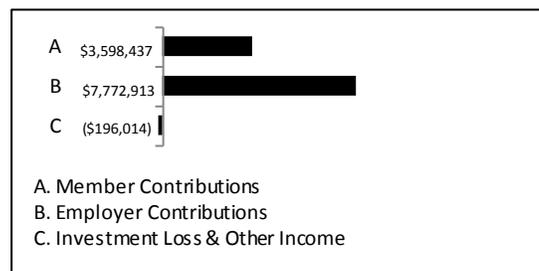
	2012	2011	Total Percentage Change
ASSETS			
Cash, Cash Equivalents & Total Receivables	\$3,115,452	\$3,432,110	(9.2) %
Investments	233,935,996	239,289,463	(2.2)
Securities Lending Collateral	9,325,426	20,420,264	(54.3)
Capital Assets, Net & Other Assets	715,911	691,045	3.6
Total Assets	\$247,092,785	\$263,832,882	(6.3) %
LIABILITIES			
Retirement Benefits in Process of Payment, Investment Settlement & Other	\$959,255	\$1,806,205	(46.9) %
Securities Lending Obligations	9,151,585	20,264,886	(54.8)
Total Liabilities	\$10,110,840	\$22,071,091	(54.2) %
TOTAL NET ASSETS	\$236,981,945	\$241,761,791	(2.0) %

Changes in Net Assets — PERF (Dollars in Thousands)

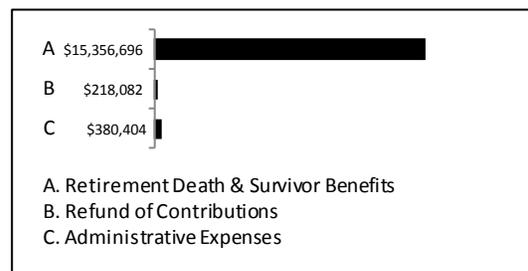
	2012	2011	Total Percentage Change
ADDITIONS			
Member Contributions	\$3,598,437	\$3,600,089	(0.0) %
Employer Contributions	7,772,913	7,465,397	4.1
Investment Income (Loss)	(203,084)	43,904,425	(100.5)
Other Income	7,070	3,011	134.8
Total Additions	\$11,175,336	\$54,972,922	(79.7) %
DEDUCTIONS			
Retirement Death & Survivor Benefits	\$15,356,696	\$14,242,258	7.8 %
Refund of Contributions	218,082	227,168	(4.0)
Administrative Expenses	380,404	357,779	6.3
Total Deductions	\$15,955,182	\$14,827,205	7.6 %
INCREASE (DECREASE) IN NET ASSETS	(\$4,779,846)	\$40,145,717	(111.9) %
NET ASSETS			
Beginning of Year	\$241,761,791	\$201,616,074	19.9 %
End of Year	\$236,981,945	\$241,761,791	(2.0) %

Management's Discussion & Analysis (continued)

Additions — PERF (Dollars in Thousands)



Deductions — PERF (Dollars in Thousands)



Investments

PERF investments, excluding securities lending collateral, totaled \$233.9 billion at June 30, 2012, a decrease of \$5.4 billion (2.3 percent) from \$239.3 billion at June 30, 2011.

At June 30, 2012, the PERF held \$113.6 billion in domestic and international equity securities, a decrease of \$3.1 billion from \$116.7 billion at 2010-11 fiscal year-end.

In domestic and international debt securities, the PERF held \$49.9 billion at June 30, 2012, a decrease of \$3.2 billion from \$53.1 billion at 2010-11 fiscal year-end.

At June 30, 2012 the PERF held approximately \$36.6 billion in gross value real asset investments; the net value totals \$24.7 billion, which is net of \$11.9 billion in real asset related debt. The real asset debt amounts to 32.5 percent of the total gross real asset fair value. On a gross basis, real asset investments increased \$5.6 billion from the \$31.0 billion gross real asset investments at the 2010-11 fiscal year-end.

Real asset investments are classified as investments in accordance with GASB Statement No. 25. Certain real asset investments are leveraged whereby partnerships have been established to purchase properties through a combination of contributions from CalPERS and other investors and through the acquisition of debt.

The \$11.9 billion in real asset debt is made up of \$8.9 billion in long-term mortgages payable and \$3.0 billion in other short-term liabilities.

At June 30, 2012, the inflation assets portfolios held \$3.1 billion in commodities exposure, \$2.8 billion in US Treasury Inflation Protected Securities (TIPS) and \$1.2 billion in international inflation linked bonds.

In private equity, the PERF held \$34.2 billion at June 30, 2012, a decrease of \$0.2 billion from \$34.4 billion at the 2010-11 fiscal year-end.

In short-term investments, the PERF held \$4.4 billion at June 30, 2012, a decrease of \$3.5 billion from the \$7.9 billion at the 2010-11 fiscal year-end.

CalPERS has established internal unitized investment pools, whereby multiple funds (e.g., PERF, LRF, JRF II, CERBTF, etc.) can participate in the unitized pools and own shares of the unitized pools. Domestic and international debt and equity securities in the unitized pools are also used in the securities lending program. In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the securities lending collateral, obligation, and the related securities income and costs resulting from the unitized pool investments are reported on a pro rata allocation to the various funds based on their equity share in the pools.

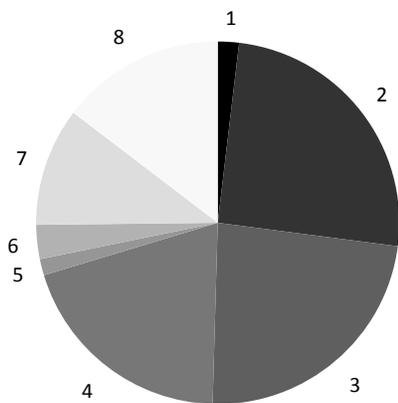
CalPERS earns income (intrinsic income) by lending investment securities. Qualified borrowers pay a fee for the right to borrow securities, and then provide cash and non-cash collateral at 102 percent or 105 percent of the market value of the securities borrowed. The over collateralization is an industry standard, which minimizes counterparty risk in the event a borrower fails to return the loaned security. CalPERS pays the borrowers a rate on cash collateral received, called a rebate. By reinvesting the cash collateral in short-term, high credit quality securities, CalPERS can earn a return above the rebate rate, which is referred to as reinvestment income and is recognized as securities lending income on the statement of changes in fiduciary net assets, and the statement of revenues, expenses and changes in net assets.

Management's Discussion & Analysis (continued)

For the 2011-2012 fiscal year, securities lending gross income of \$182.9 million for all funds consisted of gross intrinsic income of \$112.0 million and gross reinvestment income of \$70.9 million. The costs of securities lending totaled \$28.4 million, which includes rebates paid to borrowers and fees paid to lending agents. At June 30, 2012, the changes in fair value of the reinvested cash collateral

(unrealized gains or losses of the securities lending collateral) amounted to unrealized gains of \$21.0 million, and were reported as net appreciation (depreciation) in fair value of investments on the statement of changes in fiduciary net assets, and the statement of revenues, expenses and changes in net assets.

Investments — PERF (Dollars in Billions)



Investment Class	Amount	Percent of Investments
1 Short-Term Investments	\$4.4	1.9 %
2 Domestic Equity	58.9	25.2
3 International Equity	54.7	23.3
4 Domestic Debt	46.5	19.9
5 International Debt	3.4	1.5
6 Inflation Assets	7.1	3.0
7 Real Assets	24.7	10.6
8 Private Equity	34.2	14.6
TOTAL	\$233.9	100.0 %

OTHER DEFINED BENEFIT PENSION PLANS

Legislators' Retirement Fund (LRF)

Plan Net Assets

The LRF provides retirement benefits to California Legislators elected to office before November 7, 1990, and to constitutional, legislative, and statutory officers. The number of LRF members has been declining in the last decade as eligible incumbent Legislators leave office and are replaced by those ineligible to participate in the LRF.

The LRF net assets held in trust for benefits at June 30, 2012 totaled \$123.0 million, a decrease of \$0.5 million from \$123.5 million at June 30, 2011.

Additions to LRF net assets held in trust for benefits were primarily investment income. There were no actuarially determined annual required employer or member contributions for fiscal year 2011-12. Net investment income was \$7.8 million in the 2011-12 fiscal year compared to \$17.7 million for the 2010-11 fiscal year.

Deductions from LRF net assets held in trust for benefits are primarily comprised of retirement, death and survivor benefits. For the 2011-12 fiscal year, these benefits increased \$0.3 million (4.1 percent) to \$7.7 million from \$7.4 million in 2010-11. The increase was due primarily to the annual cost of living increase applied to monthly benefit payments. On a per member and beneficiary basis, the cost of administering LRF benefits during the 2011-12 fiscal year was approximately \$1,266 per individual, a decrease of approximately \$166 per individual from the 2010-11 fiscal year. The decrease was due to a reduction in the administrative costs.

An actuarial valuation of LRF assets and benefit obligations is performed annually. At June 30, 2011, the date of the most recent actuarial valuation, the funded status based on the actuarial valuation of assets was 115.6 percent. At June 30, 2011, the actuarial value of assets exceeded the actuarial accrued liabilities by approximately \$17 million. On a market value of assets basis, the funded status was 113.8 percent at June 30, 2011.

Investments

The LRF invests mainly in domestic and international equity securities, as well as domestic debt securities. Total investments excluding securities lending collateral were \$122.4 million at June 30, 2012, a decrease of \$0.8 million

(0.6 percent) from \$123.2 million in total LRF investments at June 30, 2011.

At June 30, 2012, the LRF held \$39.7 million in domestic and international equity securities, a decrease of \$10.7 million (21.2 percent) from \$50.4 million at fiscal year-end 2010-11.

The LRF held \$50.7 million in domestic debt securities, a decrease of \$9.7 million (16.1 percent) from \$60.4 million at 2010-11 fiscal year-end.

The decrease in domestic and international equity securities, and domestic debt securities is mainly due to changes in asset allocation during the fiscal year 2011-12.

At June 30, 2012, the LRF held \$22.0 million in inflation assets, an increase of \$9.6 million (77.4 percent) from \$12.4 million at June 30, 2011.

At June 30, 2012, the LRF held \$10.0 million in real assets. The LRF did not hold investments in real assets at June 30, 2011.

Investments — LRF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Domestic Equity	\$22.5	18.4 %
International Equity	17.2	14.0
Domestic Debt	50.7	41.4
Inflation Assets	22.0	18.0
Real Assets	10.0	8.2
TOTAL	\$122.4	100.0 %

Judges' Retirement Fund (JRF)

Plan Net Assets

The JRF provides retirement benefits to California Supreme and Appellate Court Justices and Superior Court Judges appointed or elected before November 9, 1994. The JRF net assets held in trust for benefits at June 30, 2012, totaled \$72.7 million, an increase of \$18.6 million from June 30, 2011.

Additions to JRF net assets held in trust for benefits include employer and member contributions, investment income, and State "balancing contributions" (see Note 5 of the Notes to the Basic Financial Statements). For the 2011-12 fiscal year, employer, member, and State "balancing contributions" increased \$28.2 million (16.2 percent) to \$202.2 million, from \$174.0 million for the 2010-11 fiscal year, primarily due to the increase in the State General Fund

contributions. The State "balancing contributions" increased \$29.6 million (18.6 percent) to \$188.6 million for the 2011-12 fiscal year, compared to \$159.0 million for the 2010-11 fiscal year. The number of retirees, survivors and beneficiaries increased from 1,874 in the 2010-11 fiscal year to 1,884 in the 2011-12 fiscal year. The number of active members decreased from 425 in fiscal year 2010-11 to 400 in fiscal year 2011-12.

Deductions from JRF net assets held in trust for benefits are primarily composed of retirement, death and survivor benefits. For the 2011-12 fiscal year, these benefits amounted to \$185.4 million, an increase of \$0.3 million (0.2 percent) from \$185.1 million for the 2010-11 fiscal year.

On a per member and beneficiary basis, the cost of administering JRF benefits during the 2011-12 fiscal year was approximately \$502 per individual, a decrease of approximately \$6 per individual from the fiscal year 2010-11.

The JRF is funded on a "pay-as-you-go" basis, where short-term investments, contributions received during the year and a State General Fund augmentation are used to provide funding for benefit payments. This funding method is generally more expensive in the long-term, as the plan does not have investment returns generated by a funded plan. Without the State General Fund augmentation, the JRF will not be able to pay the accumulated benefit payments due in the fiscal year 2012-13.

Investments

The JRF invests only in short-term securities. Total investments were \$70.8 million at June 30, 2012, an increase of \$18.2 million compared with \$52.6 million in total investments at June 30, 2011. The increase is due to a higher State General Fund augmentation.

Judges' Retirement Fund II (JRF II)

Plan Net Assets

The JRF II provides retirement benefits to California Supreme and Appellate Court Justices, Superior Court Judges and Municipal Court Judges first appointed or elected after November 9, 1994. Net assets held in trust for benefits at June 30, 2012 were \$655.4 million, an increase of \$79.6 million (13.8 percent) from June 30, 2011.

Additions to JRF II net assets held in trust for benefits include employer and member contributions, as well as

investment income. Contributions were \$72.5 million, virtually unchanged from the 2010-11 fiscal year. For the 2011-12 fiscal year, the fund had a net investment income of \$13.9 million, compared with \$91.6 million for 2010-11 fiscal year. The decrease was largely due to poor global economic growth.

Deductions from JRF II net assets held in trust for benefits are composed of defined retirement benefits, survivor and death benefits and a cash balance (Monetary Credits) plan for Judges who leave the bench before becoming eligible for a defined benefit. For the 2011-12 fiscal year, defined retirement and survivor benefits including Monetary Credits amounted to \$3.5 million, an increase of \$1.3 million from \$2.2 million in fiscal year 2010-11, due to an increase in retirees and beneficiaries from 30 in the fiscal year 2010-11 to 37 in the fiscal year 2011-12. Other lump sum payments decreased \$3.3 million (55.9 percent) from \$5.9 million in the 2010-11 fiscal year to \$2.6 million in the 2011-12 fiscal year, primarily due to a decrease in the number of judges leaving the bench prior to becoming eligible for a defined monthly retirement benefit. On a per member and beneficiary basis, the cost of administering JRF II benefits during the fiscal year 2011-12 was approximately \$554 per individual, an increase of approximately \$12 per individual from fiscal year 2010-11.

An actuarial valuation of the JRF II assets and benefit obligations is performed annually. At June 30, 2011, the date of the most recent actuarial valuation, the funded status based on the actuarial valuation of assets, increased to 92.0 percent from 88.5 percent at June 30, 2010. At June 30, 2011, the actuarial accrued liabilities exceeded the actuarial value of assets by approximately \$49.0 million, while the amount by which the actuarial accrued liabilities exceeded the actuarial value of assets at June 30, 2010, was approximately \$60.0 million. On a market value of assets basis, the funded status improved from 81.0 percent at June 30, 2010 to 94.4 percent at June 30, 2011, due to the positive 21.7 percent investment return in the 2010-11 fiscal year.

Investments

The JRF II invests mainly in short-term investments, domestic and international equity securities, domestic debt securities, inflation assets and real assets. Total investments excluding securities lending collateral amounted to

Management's Discussion & Analysis (continued)

\$648.9 million at June 30, 2012, which was \$78.6 million (13.8 percent) more than the \$570.3 million at June 30, 2011.

In short-term investments, the JRF II held \$6.5 million at June 30, 2012, a decrease of \$0.6 million from \$7.1 million at the 2010-11 fiscal year-end.

At June 30, 2012, the JRF II held \$406.5 million in domestic and international equity securities, an increase of \$98.7 million (32.1 percent) from \$307.8 million at the 2010-11 fiscal year-end.

In domestic debt securities, the JRF II held \$125.8 million at June 30, 2012, a decrease of \$73.1 million from \$198.9 million at the 2010-11 fiscal year-end.

At June 30, 2012, the JRF II held \$57.9 million in inflation assets. The JRF II did not hold investments in the inflation assets at the 2010-11 fiscal year-end.

In real assets, the JRF II held \$52.2 million at June 30, 2012, a decrease of \$4.3 million (7.6 percent) from \$56.5 million at the 2010-11 fiscal year-end.

The increase or decrease in domestic and international equity securities, domestic debt securities and real assets are mainly due to changes in asset allocation during the fiscal year 2011-12.

Investments — JRF II (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$6.5	1.0 %
Domestic Equity	229.9	35.4
International Equity	176.6	27.2
Domestic Debt	125.8	19.4
Inflation Assets	57.9	9.0
Real Assets	52.2	8.0
TOTAL	\$648.9	100.0 %

Management's Discussion & Analysis (continued)

Net Assets — Other Defined Benefit Pension Plan Funds (Dollars in Thousands)

	LRF		JRF		JRF II	
	2012	2011	2012	2011	2012	2011
ASSETS						
Cash, Cash Equivalents & Total Receivables	\$895	\$1,065	\$2,480	\$1,952	\$5,995	\$5,712
Investments	122,386	123,209	70,796	52,596	648,925	570,313
Securities Lending Collateral	4,319	—	—	—	40,714	—
Total Assets	\$127,600	\$124,274	\$73,276	\$54,548	\$695,634	\$576,025
LIABILITIES						
Retirement Benefits in Process of Payment, Investment Settlement & Other	\$338	\$798	\$583	\$402	\$347	\$192
Securities Lending Obligations	4,233	—	—	—	39,904	—
Total Liabilities	\$4,571	\$798	\$583	\$402	\$40,251	\$192
TOTAL NET ASSETS	\$123,029	\$123,476	\$72,693	\$54,146	\$655,383	\$575,833

Changes in Net Assets — Other Defined Benefit Pension Plan Funds (Dollars in Thousands)

	LRF		JRF		JRF II	
	2012	2011	2012	2011	2012	2011
ADDITIONS						
Member Contributions	\$0	\$3	\$5,796	\$6,658	\$18,757	\$18,589
Employer Contributions	—	—	196,402	167,302	53,711	53,863
Investment Income	7,761	17,667	80	184	13,947	91,596
Other Income	—	—	2,877	3,216	—	—
Total Additions	\$7,761	\$17,670	\$205,155	\$177,360	\$86,415	\$164,048
DEDUCTIONS						
Retirement Benefits	\$7,659	\$7,382	\$185,428	\$185,119	\$3,536	\$2,236
Refund of Contributions	202	440	17	—	2,604	5,870
Administrative Expenses	347	408	1,163	1,188	725	716
Total Deductions	\$8,208	\$8,230	\$186,608	\$186,307	\$6,865	\$8,822
INCREASE (DECREASE) IN NET ASSETS	(\$447)	\$9,440	\$18,547	(\$8,947)	\$79,550	\$155,226
NET ASSETS						
Beginning of Year	\$123,476	\$114,036	\$54,146	\$63,093	\$575,833	\$420,607
End of Year	\$123,029	\$123,476	\$72,693	\$54,146	\$655,383	\$575,833

DEFINED CONTRIBUTION PENSION PLANS

State Peace Officers' & Firefighters' Defined Contribution Plan Fund (SPOFF)

Plan Net Assets

The SPOFF provides supplemental retirement benefits to eligible safety employees. Net assets held in trust for pension benefits decreased by \$26.1 million (5.2 percent) to \$473.8 million at June 30, 2012, from \$499.9 million at June 30, 2011.

Contributions were \$0.2 million for the fiscal year 2011-12, a decrease of \$38.9 million (99.5 percent) from the fiscal year 2010-11. The decrease was due to the suspension of contributions by the State of California during the 2010-11 fiscal year. Effective April 1, 2011, the State discontinued contributing on behalf of rank and file, and effective May 2011, the State discontinued contributing on behalf of supervisors, management and exempt positions. Net investment loss was \$25.0 thousand for the fiscal year 2011-12, compared to a gain of \$88.0 million for the 2010-11 fiscal year.

SPOFF participant withdrawals were \$24.6 million for the 2011-12 fiscal year, a decrease of \$6.3 million (20.4 percent) from the 2010-11 fiscal year.

Investments

The SPOFF invests mainly in domestic equity and debt securities. Total investments excluding securities lending collateral were \$474.9 million at June 30, 2012, which was \$25.7 million (5.2 percent) less than the \$500.6 million at June 30, 2011.

Investments — SPOFF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$17.9	3.8 %
Domestic Equity	197.9	41.6
International Equity	77.1	16.2
Domestic Debt	126.6	26.7
Inflation Assets	41.2	8.7
Real Assets	14.2	3.0
TOTAL	\$474.9	100.0 %

Public Agency Deferred Compensation Plan (IRC 457)

Plan Net Assets

The Board is the trustee for public agency participant assets in the IRC 457 deferred compensation program. Net assets held in trust for participants at June 30, 2012, were \$980.4 million, an increase of \$33.3 million (3.5 percent), from \$947.1 million at June 30, 2011.

Additions to IRC 457 net assets consist of member contributions of \$104.3 million in the fiscal year 2011-12, compared to \$89.5 million in the 2010-11 fiscal year. The member contributions increased as the members elected to contribute more. Net investment income amounted to \$4.9 million for the fiscal year 2011-12, compared to \$151.9 million for the fiscal year 2010-11. The decrease in net investment income was due to poor global economic growth.

Deductions from the IRC 457 net assets consist primarily of participant withdrawals of \$73.0 million in the fiscal year 2011-12, a decrease of \$20.8 million (22.2 percent) from \$93.8 million at the 2010-11 fiscal year.

Investments

The IRC 457 investments excluding securities lending collateral were \$973.3 million at June 30, 2012, which was \$29.7 million more than the \$943.6 million at June 30, 2011. The IRC 457 investments are participant directed.

In short-term investments, the IRC 457 held \$160.9 million at June 30, 2012, a decrease of \$28.7 million from \$189.6 million at June 30, 2011.

In domestic and international equity securities, the IRC 457 held \$574.7 million at June 30, 2012, a decrease of \$3.0 million from \$577.7 million at June 30, 2011.

In domestic debt securities, the IRC 457 held \$154.3 million at June 30, 2012, a decrease of \$29.6 million from \$124.7 at June 30, 2011.

In inflation assets, the IRC 457 held \$73.6 million at June 30, 2012, an increase of \$31.0 million from \$42.6 million at June 30, 2011.

In real assets the IRC 457 held \$9.8 million, an increase of \$0.9 million from \$8.9 million at June 30, 2011.

Management's Discussion & Analysis (continued)

Investments — IRC 457 (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$160.9	16.5 %
Domestic Equity	479.6	49.3
International Equity	95.1	9.8
Domestic Debt	154.3	15.8
Inflation Assets	73.6	7.6
Real Assets	9.8	1.0
TOTAL	\$973.3	100.0 %

Supplemental Contributions Program Fund (SCPF)

The SCPF was established effective January 1, 2000, to provide supplemental retirement benefits to members of CalPERS and is entirely member funded. Net assets held in trust for participants at June 30, 2012 were \$18.6 million, a decrease of \$1.1 million from \$19.7 million at June 30, 2011.

Contribution revenues were \$0.2 million for the 2011-12 fiscal year, a decrease of \$0.1 million from the 2010-11 fiscal year. Net investment income was \$3.0 thousand for the fiscal year 2011-12, compared to investment income of \$3.6 million for the fiscal year 2010-11.

For the fiscal year 2011-12, participant withdrawals were \$1.2 million, a decrease of \$0.9 million (42.9 percent) from the fiscal year 2010-11.

Investments — SCPF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$1.1	5.9 %
Domestic Equity	7.7	41.2
International Equity	2.7	14.4
Domestic Debt	4.7	25.1
Inflation Assets	2.0	10.7
Real Assets	0.5	2.7
TOTAL	\$18.7	100.0 %

Investments

The SCPF investments excluding securities lending collateral were \$18.7 million at June 30, 2012, a decrease of \$1.0 million from \$19.7 million in total investments at June 30, 2011.

In short-term investments, the SCPF held \$1.1 million at June 30, 2012, a decrease of \$0.6 million from \$1.7 million at fiscal year-end 2010-11.

At June 30, 2012, the SCPF held \$10.4 million in domestic and international equity securities, a decrease of \$1.2 million from \$11.6 million at the fiscal year-end 2010-11.

In domestic debt securities, the SCPF held \$4.7 million at June 30, 2012, unchanged from the 2010-11 fiscal year-end.

At June 30, 2012, the SCPF held \$2.0 million in inflation assets, an increase of \$0.7 million (53.8 percent) from \$1.3 million at June 30, 2011.

In real assets, the SCPF held \$0.5 million at fiscal year-end 2011-12, unchanged from fiscal year-end 2010-11.

Management's Discussion & Analysis (continued)

Net Assets — Defined Contribution Pension Plan Funds (Dollars in Thousands)

	SPOFF		IRC 457		SCPF	
	2012	2011	2012	2011	2012	2011
ASSETS						
Cash, Cash Equivalents & Receivables	\$14	\$14	\$9,361	\$5,752	\$15	\$16
Investments	474,921	500,608	973,320	943,555	18,616	19,677
Securities Lending Collateral	1,861	—	3,558	—	55	—
Total Assets	\$476,796	\$500,622	\$986,239	\$949,307	\$18,686	\$19,693
LIABILITIES						
Retirement Benefits in Process of Payment, Investment Settlement & Other	\$1,192	\$749	\$2,335	\$2,245	\$46	\$35
Securities Lending Obligations	1,824	—	3,488	—	53	—
Total Liabilities	\$3,016	\$749	\$5,823	\$2,245	\$99	\$35
TOTAL NET ASSETS	\$473,780	\$499,873	\$980,416	\$947,062	\$18,587	\$19,658

Changes in Net Assets — Defined Contribution Pension Plan Funds (Dollars in Thousands)

	SPOFF		IRC 457		SCPF	
	2012	2011	2012	2011	2012	2011
ADDITIONS						
Member Contributions	\$69	\$0	\$104,333	\$89,531	\$208	\$285
Employer Contributions	92	39,066	80	84	—	—
Investment Income (Loss)	(25)	88,035	4,872	151,932	3	3,610
Other Income	—	7	225	214	—	—
Total Additions	\$136	\$127,108	\$109,510	\$241,761	\$211	\$3,895
DEDUCTIONS						
Administrative Expenses	\$1,589	\$1,839	\$3,131	\$3,874	\$63	\$84
Participant Withdrawals	24,640	30,949	73,025	93,844	1,219	2,113
Total Deductions	\$26,229	\$32,788	\$76,156	\$97,718	\$1,282	\$2,197
INCREASE (DECREASE) IN NET ASSETS	(\$26,093)	\$94,320	\$33,354	\$144,043	(\$1,071)	\$1,698
NET ASSETS						
Beginning of Year	\$499,873	\$405,553	\$947,062	\$803,019	\$19,658	\$17,960
End of Year	\$473,780	\$499,873	\$980,416	\$947,062	\$18,587	\$19,658

OTHER POST-EMPLOYMENT BENEFIT FUND
California Employers' Retiree Benefit Trust Fund
(CERBTF)

Plan Net Assets

The CERBTF is a trust for the pre-funding by employers of health, dental, and other non-pension benefits promised to employees when they retire. Net assets held in trust for benefits on June 30, 2012 were \$2.1 billion, an increase of \$0.2 billion due primarily to employer contributions and an increase of participating employers from 306 in the 2010-11 fiscal year, to 338 (representing 341 OPEB plans) at June 30, 2012.

Additions to the CERBTF net assets held in trust for OPEB benefits include employer contributions, which totaled \$771.8 million in the fiscal year 2011-12, an increase of \$13.5 million (1.8 percent) compared to \$758.3 million in 2010-11, primarily due to the increase in participating employers. During the 2011-12 fiscal year, the fund earned a net investment income of \$8.1 million, a decrease of \$323.4 million (97.6 percent), compared to \$331.5 million in the fiscal year 2010-11, primarily due to lower equity market and fixed income returns.

Deductions for OPEB reimbursements from the CERBTF net assets held in trust for benefits totaled \$563.4 million in the 2011-12 fiscal year, an increase of \$55.4 million (10.9 percent) from \$508.0 million in the fiscal year 2010-11. The increase was due to greater participation in the trust. Deductions for administrative expenses totaled \$1.9 million. The amounts reported for contributions and reimbursements include \$512.9 million for benefit payments made directly by employers to providers outside of the trust, which are required to be reported in the CERBTF in accordance with Generally Accepted Accounting Principles (GAAP).

At June 30, 2011, the date of the most recent actuarial valuations, the funded status increased to 11.7 percent from 9.0 percent at June 30, 2010. At June 30, 2011, the actuarial accrued liabilities exceeded the actuarial value of assets by approximately \$13.7 billion.

Investments

At June 30, 2012, the CERBTF held \$52.1 million in short-term investments, a decrease of \$25.7 million (33.0 percent) from the \$77.8 million at June 30, 2011.

In domestic and international equity securities, the CERBTF held \$1,283.6 million at June 30, 2012, an increase of \$126.9 million (11.0 percent) from the \$1,156.7 million at June 30, 2011.

At June 30, 2012 the CERBTF held \$373.3 million in domestic debt securities, a decrease of \$83.7 million (18.3 percent) from the \$457.0 million at June 30, 2011.

The CERBTF held \$191.3 million in inflation assets at June 30, 2012. In the fiscal year 2010-11, the CERBTF did not have any investments in the inflation assets.

The CERBTF held \$163.3 million in real asset equities, a decrease of \$15.9 million (8.9 percent) from the \$179.2 million held at June 30, 2011.

Net Assets — Other Post-Employment Benefit Fund

(Dollars in Thousands)

	CERBTF	
	2012	2011
ASSETS		
Cash, Cash Equivalents & Receivables	\$36,368	\$16,339
Investments	2,063,613	1,870,578
Securities Lending Collateral	33,601	—
Total Assets	\$2,133,582	\$1,886,917
LIABILITIES		
Other Post-Employment Benefits in Process of Payment, Investment Settlement & Other	\$22,415	\$20,229
Securities Lending Obligations	32,933	—
Total Liabilities	\$55,348	\$20,229
TOTAL NET ASSETS	\$2,078,234	\$1,866,688

Management's Discussion & Analysis (continued)

Changes in Net Assets – Other Post-Employment

Benefit Fund (Dollars in Thousands)

	CERBTF	
	2012	2011
ADDITIONS		
Employer Contributions	\$771,750	\$758,251
Investment Income	8,066	331,492
Total Additions	\$779,816	\$1,089,743
DEDUCTIONS		
Administrative Expenses	\$1,910	\$2,305
Reimbursements	563,446	507,951
Transfer Out	2,914	—
Total Deductions	\$568,270	\$510,256
INCREASE IN NET ASSETS	\$211,546	\$579,487
NET ASSETS		
Beginning of Year	\$1,866,688	\$1,287,201
End of Year	\$2,078,234	\$1,866,688

Investments – CERBTF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$52.1	2.5 %
Domestic Equity	663.8	32.2
International Equity	619.8	30.0
Domestic Debt	373.3	18.1
Inflation Assets	191.3	9.3
Real Assets	163.3	7.9
TOTAL	\$2,063.6	100.0 %

ENTERPRISE FUNDS

Public Employees' Health Care Fund (HCF)

Plan Activity

The HCF accounts for the activities of the CalPERS self-insured health care programs.

The self-insured health care programs incurred claims expenses of \$1.8 billion for the 2011-12 fiscal year, an increase of \$0.1 billion from the 2010-11 fiscal year. Premium revenues were \$1.8 billion for the 2011-12 fiscal year, an increase of \$0.1 billion from \$1.7 billion or 5.9 percent from the 2010-11 fiscal year. The increase was primarily due to the overall enrollment growth. Net investment income was \$33.4 million for the 2011-12 fiscal year, an increase of \$11.0 million from \$22.4 million or 49.1 percent from the 2010-11 fiscal year. Due to premium revenue increases and

decreases in estimated insurance claims, the unrestricted net assets increased by \$88.1 million (24.1 percent) to \$454.0 million at June 30, 2012.

Investments

Investments of the HCF include short-term and domestic debt securities. Investments decreased from \$614.9 million at June 30, 2011, to \$593.9 million at June 30, 2012.

Investments – HCF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Short-Term Investments	\$106.6	17.9 %
Domestic Debt	487.3	82.1
TOTAL	\$593.9	100.0 %

Public Employees' Contingency Reserve Fund (CRF)

The CRF was established to fund administrative costs related to the CalPERS health care programs and to provide a contingency reserve for potential increases in future health care premium rates or health care benefit costs.

Administrative fees collected and related costs are accounted for in the CRF Proprietary Fund type.

Administrative fees earned by the CRF were \$25.4 million for the 2011-12 fiscal year, an increase of 6.7 percent from the 2010-11 fiscal year of \$23.8 million. The Administrative fees that are collected are a composite of three items.

- Enrollment, which increased from 1,354,987 Total Covered Lives (TCL) at July 2011 to 1,373,606 TCL at July 2012, an increase of 18,619 TCL per the Thomson Reuters Report titled "CalPERS Health Program Enrollment Report."
- Premium rates, which increased an average of 4.6 percent for basic plans and 0.1 percent for Medicare Plans in 2012.
- Administrative fee rate, which decreased from 0.37 percent in the fiscal year 2010-11 to 0.36 percent in the fiscal year 2011-12.

Net investment income was \$0.9 million for the 2011-12 fiscal year, a decrease of \$0.1 million from the 2010-11 fiscal year. Unrestricted net assets decreased by \$1.7 million (18.3 percent) to \$7.6 million at June 30, 2012.

Public agency health payments and remittances to contracted health care providers are reported in the CRF

Management's Discussion & Analysis (continued)

Agency Fund type. Public agencies remitted approximately \$2.1 billion for payments to contracted health care providers in the fiscal year 2011-12.

Investments

Investments of the CRF proprietary fund at June 30, 2012 and 2011 included only liquid, short-term securities, as investment balances are used to fund operating cash flows. Investments of the CRF proprietary fund activities decreased \$50.3 million from \$65.4 million at June 30, 2011, to \$15.1 million at June 30, 2012, primarily due to the changes in accounting and reporting for the Federal Government's Retiree Drug Subsidies (RDS) under Medicare Part D Program. The RDS, part of Medicare Part D, is a federal program to subsidize the cost of prescription drugs for Medicare beneficiaries in the United States. During the fiscal year 2010-11, activities related to the RDS were reported within the CRF proprietary fund. However, in the fiscal year 2011-12, the RDS activities were properly reported in the CRF agency fund as CalPERS is required to remit back to the State and public agencies the RDS receipts. The agency fund is used to account for situations in which the government's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments, according to the GASB Statement No. 34. Therefore, the RDS's activities are properly reclassified within the agency fund.

Public Employees' Long-Term Care Fund (LTCF)

The LTCF, which provides long-term care insurance to participating members, incurred claim expenses of \$174.9 million for the 2011-12 fiscal year, an increase of \$18.8 million (12.0 percent) from \$156.1 million in the 2010-11 fiscal year, due mainly to an increase in benefit utilization, which is expected as the participant population continues to age. Premium revenues were \$313.5 million for the 2011-12 fiscal year, a decrease of \$0.6 million from \$314.1 million at the 2010-11 fiscal year. Net investment income amounted to \$115.8 million for the 2011-12 fiscal year, a decrease of \$421.4 million from \$537.2 million at the 2010-11 fiscal year-end. The unrestricted net assets of the Long-Term Care Program decreased by \$830.7 million to

a deficit of \$159.7 million during the 2011-12 fiscal year from \$671.0 million in the fiscal year 2010-11. The estimated liability for future policy benefits reflects worse than expected morbidity (i.e. claims), higher than expected persistency, which results in more projected future claims, and lower than expected investment returns. The decrease in unrestricted net assets from the prior year is attributable to the significant increase in the estimated liability for the LTCF mostly caused by the revised discount rate from the 2011 rate of 6.25 percent for projection years 1-10 and 7.60 percent for years 11 and beyond to 2011-12 discount rate of a level 5.75 percent. In addition to this change, the fiscal year 2011-12 low investment returns resulted in lower than expected net assets.

Investments

Total LTCF investments excluding securities lending were \$3.5 billion at June 30, 2012, which was \$0.2 billion more than the \$3.3 billion in total investments at June 30, 2011.

At June 30, 2012, the LTCF held \$1.6 billion in domestic and international equity securities, unchanged from the fiscal year-end 2010-11.

In domestic debt securities, the fund held \$1.0 billion at June 30, 2012, a decrease of \$0.5 billion from \$1.5 billion at the 2010-11 fiscal year-end.

At June 30, 2012, the LTCF held \$627.9 million in inflation assets, an increase of \$399.9 million (175.4 percent) from \$228.0 million at June 30, 2011.

In real asset investments, the LTCF held \$286.4 million at June 30, 2012, an increase of \$121.8 million from \$164.6 million at the 2010-11 fiscal year-end.

Investments — LTCF (Dollars in Millions)

Investment Class	Amount	Percent of Investments
Domestic Equity	\$888.7	25.3 %
International Equity	669.7	19.1
Domestic Debt	1,034.8	29.5
Inflation Assets	627.9	17.9
Real Assets	286.4	8.2
TOTAL	\$3,507.5	100.0 %

Management's Discussion & Analysis (continued)

Net Assets — Enterprise Funds (Dollars in Thousands)

	HCF		CRF		LTCF	
	2012	2011	2012	2011	2012	2011
ASSETS						
Cash, Cash Equivalents & Receivables	\$100,608	\$87,170	\$2,617	\$1,440	\$2,848	\$1,232
Investments	593,967	614,908	15,148	15,466	3,507,527	3,276,083
Securities Lending Collateral	3,495	—	—	—	42,343	—
Total Assets	\$698,070	\$702,078	\$17,765	\$16,906	\$3,552,718	\$3,277,315
LIABILITIES						
Insurance Premiums & Claims in Process of Payment, Estimated						
Insurance Claims Due	\$223,244	\$279,160	\$0	\$0	\$3,652,885	\$2,588,189
Securities Lending Obligations	3,425	—	—	—	41,501	—
Other Liabilities	17,445	57,043	10,169	7,600	18,058	18,143
Total Liabilities	\$244,114	\$336,203	\$10,169	\$7,600	\$3,712,444	\$2,606,332
TOTAL UNRESTRICTED NET ASSETS (DEFICIT)	\$453,956	\$365,875	\$7,596	\$9,306	(\$159,726)	\$670,983

Changes in Net Assets — Enterprise Funds (Dollars in Thousands)

	HCF		CRF		LTCF	
	2012	2011	2012	2011	2012	2011
REVENUES						
Self-Insurance Premiums	\$1,846,210	\$1,709,975	\$0	\$0	\$313,466	\$314,099
Federal Government Reimbursements	32,710	42,583	—	—	—	—
Non-Operating Income	33,522	22,447	874	993	116,571	537,156
Administrative Fees & Other	—	—	25,490	23,956	—	—
Total Revenues	\$1,912,442	\$1,775,005	\$26,364	\$24,949	\$430,037	\$851,255
EXPENSES						
Claims Expense	\$1,765,453	\$1,684,028	\$0	\$0	\$174,896	\$156,118
Increase (Decrease) in Estimated Liabilities	(37,222)	44,128	—	—	1,063,318	(115,600)
Non-Operating Expenses	87	—	1	—	814	—
Administrative Expenses	96,043	88,391	28,073	27,448	21,718	21,303
Total Expenses	\$1,824,361	\$1,816,547	\$28,074	\$27,448	\$1,260,746	\$61,821
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$88,081	(\$41,542)	(\$1,710)	(\$2,499)	(\$830,709)	\$789,434
NET ASSETS (DEFICIT)						
Beginning of Year	\$365,875	\$407,417	\$9,306	\$11,805	\$670,983	(\$118,451)
End of Year	\$453,956	\$365,875	\$7,596	\$9,306	(\$159,726)	\$670,983

REQUESTS FOR INFORMATION

This Financial Report is designed to provide a general overview of CalPERS finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the

CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA, 94229-2703, or by calling 888 CalPERS (or 888-225-7377).

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Statement of Fiduciary Net Assets – Fiduciary Funds

As of June 30, 2012, with Comparative Totals as of June 30, 2011 (Dollars in Thousands)

	Pension Trust Funds						
	PERF	LRF	JRF	JRF II	SPOFF	IRC 457	SCPF
ASSETS							
Cash & Cash Equivalents	\$876,285	\$686	\$0	\$182	\$4	\$288	\$1
Receivables							
Member, Public Agencies, State & Schools	\$1,789,776	\$184	\$2,155	\$5,704	\$3	\$3,122	\$14
Investment Sales & Other	260,349	7	—	66	6	11	—
Interest & Dividends	154,753	—	24	6	1	—	—
Due from Other Funds	9,132	13	49	34	—	—	—
Due from Federal Government	—	—	—	—	—	—	—
Other Program	25,157	5	252	3	—	5,940	—
Total Receivables	\$2,239,167	\$209	\$2,480	\$5,813	\$10	\$9,073	\$14
Investments, at Fair Value							
Short-Term Investments:							
Domestic	\$4,232,647	\$5	\$70,796	\$6,535	\$17,685	\$160,618	\$1,051
International	217,535	—	—	—	211	284	8
Securities Lending Collateral	9,325,426	4,319	—	40,714	1,861	3,558	55
Equity Securities:							
Domestic	58,904,388	22,432	—	229,948	197,897	479,630	7,732
International	54,710,080	17,228	—	176,595	77,039	95,100	2,693
Debt Securities:							
Domestic	46,497,738	50,715	—	125,773	126,620	154,260	4,692
International	3,432,471	—	—	—	—	—	—
Inflation Assets	7,089,134	21,984	—	57,885	41,243	73,609	1,984
Real Assets	36,593,474	10,022	—	52,189	14,226	9,819	456
Debt on Real Assets	(11,917,617)	—	—	—	—	—	—
Private Equity	34,176,146	—	—	—	—	—	—
Total Investments	\$243,261,422	\$126,705	\$70,796	\$689,639	\$476,782	\$976,878	\$18,671
Capital Assets, Net & Other Assets	\$715,911	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ASSETS	\$247,092,785	\$127,600	\$73,276	\$695,634	\$476,796	\$986,239	\$18,686
LIABILITIES							
Retirement & Other Benefits in Process of Payment	\$281,571	\$164	\$0	\$0	\$0	\$0	\$0
Due to Health Carriers	—	—	—	—	—	—	—
Investment Purchases & Other	432,834	1	—	13	1	2	—
Due to Member, Public Agencies, State & Schools	1,919	—	7	—	—	—	—
Securities Lending Obligation	9,151,585	4,233	—	39,904	1,824	3,488	53
Due to Other Funds	1,368	35	115	147	409	800	16
Management Fees	—	—	—	—	782	1,485	30
Other Program	241,563	138	461	187	—	48	—
TOTAL LIABILITIES	\$10,110,840	\$4,571	\$583	\$40,251	\$3,016	\$5,823	\$99
NET ASSETS HELD IN TRUST FOR PENSION & OTHER POST-EMPLOYMENT BENEFITS	\$236,981,945	\$123,029	\$72,693	\$655,383	\$473,780	\$980,416	\$18,587

Statement of Fiduciary Net Assets – Fiduciary Funds (continued)

Post-Employment Health Care Trust Fund	Agency Funds	Totals			
		CERBTf	RBF & CRF	2012	2011
\$0	\$21,262			\$898,708	\$1,021,329
\$36,098	\$23,751			\$1,860,807	\$1,830,217
113	—			260,552	335,881
3	79			154,866	235,891
154	—			9,382	3,924
—	12,633			12,633	24,569
—	—			31,357	37,717
\$36,368	\$36,463			\$2,329,597	\$2,468,199
\$52,103	\$307,480			\$4,848,920	\$7,916,660
—	—			218,038	614,402
33,601	—			9,409,534	20,420,264
663,809	—			60,505,836	57,852,606
619,745	—			55,698,480	61,279,665
373,287	—			47,333,085	50,126,046
—	—			3,432,471	3,916,972
191,327	—			7,477,166	8,207,498
163,342	—			36,843,528	31,309,635
—	—			(11,917,617)	(11,942,848)
—	—			34,176,146	34,398,914
\$2,097,214	\$307,480			\$248,025,587	\$264,099,814
\$0	\$0			\$715,911	\$691,045
\$2,133,582	\$365,205			\$251,969,803	\$268,280,387
\$19,070	\$0			\$300,805	\$1,272,856
—	199,087			199,087	190,330
16	—			432,867	375,137
—	81,326			83,252	73,077
32,933	—			9,234,020	20,264,886
2,475	68,353			73,718	67,606
609	—			2,906	2,976
245	16,439			259,081	184,992
\$55,348	\$365,205			\$10,585,736	\$22,431,860
\$2,078,234				\$241,384,067	\$245,848,527

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Assets – Fiduciary Funds

For the Fiscal Year Ended June 30, 2012, with Comparative Totals for the Fiscal Year Ended June 30, 2011 (Dollars in Thousands)

	Pension Trust Funds					
	PERF	LRF	JRF	JRF II	SPOFF	IRC 457
ADDITIONS						
Retirement and OPEB Contributions						
Members	\$3,598,437	\$0	\$5,796	\$18,757	\$69	\$104,333
Employers	7,772,913	—	7,820	53,711	92	80
State of California General Fund	—	—	188,582	—	—	—
Employer Contributions Direct — OPEB	—	—	—	—	—	—
Employer Contributions Outside of Trust — OPEB	—	—	—	—	—	—
Total Retirement and OPEB Contributions	\$11,371,350	\$0	\$202,198	\$72,468	\$161	\$104,413
Investment Income (Loss)						
Net (Depreciation) Appreciation in Fair Value of Investments	(\$1,596,030)	\$7,710	\$0	\$13,449	\$735	\$5,381
Interest	369,977	—	91	27	3	65
Dividends	1,006,676	—	—	—	—	—
Real Assets	2,117,138	—	—	—	—	—
Private Equity	467,321	—	—	—	—	—
Other Income (Loss)	42,718	3	—	—	1	57
Securities Lending Income	178,288	83	—	677	329	628
Less Investment Expenses:						
Costs of Lending Securities	(27,680)	(15)	—	(110)	(53)	(101)
Real Assets	(2,242,977)	—	—	—	—	—
Other	(518,515)	(20)	(11)	(96)	(1,040)	(1,158)
Net Investment Income (Loss)	(\$203,084)	\$7,761	\$80	\$13,947	(\$25)	\$4,872
Other Income	\$7,070	\$0	\$2,877	\$0	\$0	\$225
TOTAL ADDITIONS	\$11,175,336	\$7,761	\$205,155	\$86,415	\$136	\$109,510
DEDUCTIONS						
Retirement, Death & Survivor Benefits	\$15,356,696	\$7,659	\$185,428	\$3,536	\$0	\$0
Refund of Contributions	218,082	202	17	2,604	—	—
Administrative Expenses	380,404	347	1,163	725	1,589	3,131
Participant Withdrawals	—	—	—	—	24,640	73,025
OPEB Reimbursements Direct	—	—	—	—	—	—
OPEB Reimbursements — Outside of Trust	—	—	—	—	—	—
OPEB Plan Transfers To External Trusts	—	—	—	—	—	—
TOTAL DEDUCTIONS	\$15,955,182	\$8,208	\$186,608	\$6,865	\$26,229	\$76,156
INCREASE (DECREASE) IN NET ASSETS	(\$4,779,846)	(\$447)	\$18,547	\$79,550	(\$26,093)	\$33,354
Net Assets Held in Trust for Pension and Other Post-Employment Benefits						
Beginning of Year	\$241,761,791	\$123,476	\$54,146	\$575,833	\$499,873	\$947,062
End of Year	\$236,981,945	\$123,029	\$72,693	\$655,383	\$473,780	\$980,416

Statement of Changes in Fiduciary Net Assets – Fiduciary Funds (continued)

SCPF	Post-Employment Health Care Trust Fund	Totals	
	CERBTf	2012	2011
\$208	\$0	\$3,727,600	\$3,715,155
—	—	7,834,616	7,566,730
—	—	188,582	158,982
—	258,896	258,896	283,807
—	512,854	512,854	474,444
\$208	\$771,750	\$12,522,548	\$12,199,118
\$29	\$7,412	(\$1,561,314)	\$41,980,527
—	43	370,206	414,624
—	—	1,006,676	1,427,046
—	—	2,117,138	2,525,738
—	—	467,321	652,157
—	—	42,779	(22,868)
10	1,168	181,183	127,994
(1)	(175)	(28,135)	(44,631)
—	—	(2,242,977)	(1,893,044)
(35)	(382)	(521,257)	(578,602)
\$3	\$8,066	(\$168,380)	\$44,588,941
\$0	\$0	\$10,172	\$6,448
\$211	\$779,816	\$12,364,340	\$56,794,507
\$0	\$0	\$15,553,319	\$14,436,995
—	—	220,905	233,478
63	1,910	389,332	368,193
1,219	—	98,884	126,906
—	50,592	50,592	33,507
—	512,854	512,854	474,444
—	2,914	2,914	—
\$1,282	\$568,270	\$16,828,800	\$15,673,523
(\$1,071)	\$211,546	(\$4,464,460)	\$41,120,984
\$19,658	\$1,866,688	\$245,848,527	\$204,727,543
\$18,587	\$2,078,234	\$241,384,067	\$245,848,527

The accompanying notes are an integral part of these financial statements.

Statement of Net Assets – Proprietary Funds

As of June 30, 2012, with Comparative Totals as of June 30, 2011 (Dollars in Thousands)

	Enterprise Funds			Totals	
	HCF	CRF	LTCF	2012	2011
ASSETS					
Current Assets					
Cash & Cash Equivalents	\$24	\$0	\$2,194	\$2,218	\$1,085
Receivables					
Member, Public Agencies, State & Schools	\$31,631	\$789	\$524	\$32,944	\$21,278
Interest & Dividends	149	215	—	364	480
Due from Other Funds	68,782	406	—	69,188	66,598
Investment Sales and Other	4	—	130	134	—
Other	18	1,207	—	1,225	400
Total Receivables	\$100,584	\$2,617	\$654	\$103,855	\$88,756
Investments, at Fair Value					
Short-Term Investments:					
Domestic	\$106,634	\$15,148	\$27	\$121,809	\$175,918
Securities Lending Collateral	3,495	—	42,343	45,838	—
Equity Securities:					
Domestic	—	—	888,734	888,734	959,029
International	—	—	669,676	669,676	632,474
Debt Securities:					
Domestic	487,333	—	1,034,783	1,522,116	1,746,410
Inflation Assets	—	—	627,871	627,871	227,996
Real Assets	—	—	286,436	286,436	164,631
Total Investments	\$597,462	\$15,148	\$3,549,870	\$4,162,480	\$3,906,458
TOTAL ASSETS	\$698,070	\$17,765	\$3,552,718	\$4,268,553	\$3,996,299
LIABILITIES					
Current Liabilities					
Insurance Premiums & Claims in Process of Payment	\$24,143	\$0	\$13,567	\$37,710	\$55,027
Estimated Insurance Claims Due	199,101	—	198,725	397,826	422,058
Securities Lending Obligation	3,425	—	41,501	44,926	—
Due to Other Funds	1,697	1,353	1,802	4,852	2,916
Investment Purchases and Other	1	—	19	20	—
Other	11,205	—	16,237	27,442	69,727
Total Current Liabilities	\$239,572	\$1,353	\$271,851	\$512,776	\$549,728
Long-Term Liabilities					
Estimated Liability for Future Policy Benefits	\$0	\$0	\$3,440,593	\$3,440,593	\$2,390,264
OPEB Obligation	4,542	8,816	—	13,358	10,143
Total Long-Term Liabilities	\$4,542	\$8,816	\$3,440,593	\$3,453,951	\$2,400,407
TOTAL LIABILITIES	\$244,114	\$10,169	\$3,712,444	\$3,966,727	\$2,950,135
TOTAL UNRESTRICTED NET ASSETS (DEFICIT)	\$453,956	\$7,596	(\$159,726)	\$301,826	\$1,046,164

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds

For the Fiscal Year Ended June 30, 2012, with Comparative Totals for the Fiscal Year Ended June 30, 2011 (Dollars in Thousands)

	Enterprise Funds			Totals	
	HCF	CRF	LTCF	2012	2011
Operating Revenues					
Self-Insurance Premiums	\$1,846,210	\$0	\$313,466	\$2,159,676	\$2,024,074
Federal Government Reimbursements	32,710	—	—	32,710	42,583
Administrative Fees Earned	—	25,390	—	25,390	23,848
Other	—	100	—	100	108
Total Operating Revenues	\$1,878,920	\$25,490	\$313,466	\$2,217,876	\$2,090,613
Operating Expenses					
Claims Expense	\$1,765,453	\$0	\$174,896	\$1,940,349	\$1,840,147
Increase (Decrease) in Estimated Liabilities	(37,222)	—	1,063,318	1,026,096	(71,473)
Administrative Expenses	96,043	28,073	21,718	145,834	137,142
Total Operating Expenses	\$1,824,274	\$28,073	\$1,259,932	\$3,112,279	\$1,905,816
OPERATING INCOME (LOSS)	\$54,646	(\$2,583)	(\$946,466)	(\$894,403)	\$184,797
Non-Operating Revenues					
Net Appreciation					
in Fair Value of Investments	\$32,896	\$0	\$114,911	\$147,807	\$558,768
Interest, Dividends, & Other					
Investment Income	572	874	36	1,482	1,828
Securities Lending Income	54	—	1,624	1,678	—
Total Non-Operating Revenues	\$33,522	\$874	\$116,571	\$150,967	\$560,596
Non-Operating Expenses					
Costs of Lending Securities	\$12	\$0	\$274	\$286	\$0
Other Investment Expenses	75	1	540	616	—
Total Non-Operating Expenses	\$87	\$1	\$814	\$902	\$0
NON-OPERATING INCOME	\$33,435	\$873	\$115,757	\$150,065	\$560,596
CHANGE IN UNRESTRICTED NET ASSETS (DEFICIT)	\$88,081	(\$1,710)	(\$830,709)	(\$744,338)	\$745,393
TOTAL UNRESTRICTED NET ASSETS (DEFICIT)					
Beginning of Year	\$365,875	\$9,306	\$670,983	\$1,046,164	\$300,771
End of Year	\$453,956	\$7,596	(\$159,726)	\$301,826	\$1,046,164

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2012, with Comparative Totals for the Fiscal Year Ended June 30, 2011 (Dollars in Thousands)

	Enterprise Funds			Totals	
	HCF	CRF	LTCF	2012	2011
Cash Flows From Operating Activities					
Self-Insurance Premiums Collected	\$1,834,549	\$0	\$313,471	\$2,148,020	\$2,066,002
Federal Government Reimbursements	32,710	—	—	32,710	42,583
Claims Paid	(1,784,147)	—	(173,518)	(1,957,665)	(1,832,621)
Other (Payments) Receipts, Net	(137,843)	(1,238)	(21,822)	(160,903)	(128,239)
Net Cash Provided by (Used for) Operating Activities	(\$54,731)	(\$1,238)	\$118,131	\$62,162	\$147,725
Cash Flows From Investing Activities					
Net Purchases of Investments	\$31	\$0	(\$116,515)	(\$116,484)	(\$129,444)
Net Change in Short-Term Investments	53,806	318	(17)	54,107	(19,435)
Net Proceeds from Securities Lending	(32)	—	397	365	—
Interest & Dividends Received	642	921	36	1,599	1,929
Other (Payments) Receipts, Net	(75)	(1)	(540)	(616)	—
Net Cash Provided by (Used for) Investing Activities	\$54,372	\$1,238	(\$116,639)	(\$61,029)	(\$146,950)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(\$359)	\$0	\$1,492	\$1,133	\$775
Cash & Cash Equivalents, Beginning of Year	\$383	\$0	\$702	\$1,085	\$310
Cash & Cash Equivalents, End of Year	\$24	\$0	\$2,194	\$2,218	\$1,085
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$54,646	(\$2,583)	(\$946,466)	(\$894,403)	\$184,797
Changes in Assets & Liabilities:					
Receivables:					
Member, Public Agencies, State & Schools	(11,661)	(11)	5	(11,667)	42,481
Due from Other Funds	(2,183)	(406)	—	(2,589)	(2,587)
Due from Federal Government	—	—	—	—	12,387
Other	(18)	(807)	—	(825)	26
Insurance Premiums & Claims in Process of Payment	(18,694)	—	1,378	(17,316)	7,454
Estimated Insurance Claims Due	(37,222)	—	12,989	(24,233)	229,863
Estimated Liability for Future Policy Benefits	—	—	1,050,329	1,050,329	(301,336)
Due to Other Funds	862	445	629	1,936	(2,136)
Loans Payable — TALF	—	—	—	—	(11,352)
Due to Member, State & Public Agencies	—	—	—	—	(323)
Other	(40,461)	2,124	(733)	(39,070)	(11,549)
Net Cash Provided by (Used for) Operating Activities	(\$54,731)	(\$1,238)	\$118,131	\$62,162	\$147,725
Noncash Investing, Capital & Financing Activities					
Noncash Change in Fair Value of Investments	\$32,896	\$0	(\$63,782)	(\$30,886)	\$541,960

The accompanying notes are an integral part of these financial statements.

Notes to the Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting & Basis of Presentation

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). In doing so, the California Public Employees' Retirement System (CalPERS), or the "System," adheres to guidelines established by the Governmental Accounting Standards Board (GASB), as well as accounting policies that comply with applicable laws and regulations.

The accounts of CalPERS are organized and operated on the basis of funds. CalPERS Board of Administration (Board) has a fiduciary responsibility for the investments within both the Fiduciary and Proprietary Funds. CalPERS has the following fund types at June 30, 2012:

Fiduciary funds — including pension trust, other post-employment trust, and agency funds, account for assets held by CalPERS in a trustee capacity or as an agent on behalf of others. The pension trust funds, the Public Employees' Retirement Fund (PERF), the Legislators' Retirement Fund (LRF), the Judges' Retirement Fund (JRF), the Judges' Retirement Fund II (JRF II), the State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), the Public Agency Deferred Compensation Program (IRC 457), and the Supplemental Contributions Program Fund (SCPF) and the other post-employment health care fund, the California Employers' Retiree Benefit Trust Fund (CERBTF), are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Member contributions for the pension trust funds are recognized in the period in which the contributions are due. Employer contributions for defined benefit pension and OPEB plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds in the defined benefit plans are recognized when due and payable in accordance with the terms of each plan. The agency funds, the Replacement Benefit Fund (RBF) and the Public Employees' Contingency Reserve Agency Fund (CRF) are custodial in nature and do not measure the results of operations. Assets and liabilities are recorded using the accrual basis of accounting.

Proprietary funds — including enterprise funds, the Public Employees' Health Care Fund (HCF), the Public Employees' Contingency Reserve Proprietary Fund (CRF), and the Public Employees' Long-Term Care Fund (LTCF), are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. CalPERS applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations, and follows Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board Opinions, Accounting Research Bulletins and AICPA Accounting Interpretations, issued prior to December 1, 1989, insofar as those standards do not conflict with or contradict guidance of the GASB. CalPERS has elected not to follow FASB pronouncements issued after November 30, 1989. Operating revenues and expenses are distinguished from non-operating items and generally result from providing services in connection with ongoing operations. The principal operating revenues of the HCF, CRF, and LTCF are derived from self-insurance premiums and administrative services fees. Operating expenses include the cost of claims and related administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Reporting Entity

The basic financial statements of CalPERS include fund financial statements reporting the financial activities of all of the above funds and assets under trust. The Board has plenary authority and fiduciary responsibility for the investment of monies and the administration of the System pursuant to the State Constitution, Article XVI, Section 17. CalPERS is a unit of the State of California State and Consumer Services Agency. As such, CalPERS is classified as a component unit of the State of California for financial reporting purposes, in accordance with the provisions of Governmental Accounting Standards Board Statement Nos. 14 and 39. CalPERS financial statements are included in fiduciary and proprietary funds in the State of California Comprehensive Annual Financial Report.

Investments

The majority of the investments held at June 30, 2012, are in the custody of or controlled by State Street Bank, CalPERS master custodian. State statutes and Board policies allow investments consisting of government, corporate and international debt, domestic and international equities, mutual funds, private equity, real assets, inflation assets, and other investments.

Investments are reported at fair value. The diversity of the investment types in which CalPERS invests requires a wide range of techniques to determine fair value. CalPERS has established internal unitized investment pools whereby multiple funds (e.g., PERF, LRF, JRF II, CERBTF, etc.) can participate in the unitized pools. These internal investment pools are valued at net asset value (NAV), which includes investment receivables, payables, interest, and dividend income. For financial reporting purposes, in accordance with GASB Statement No. 31, each fund participating in the unitized pool reports the fund's pro rata share of participation in the pool. As such, certain funds with 100 percent of their investments invested in the unitized pools do not report interest and dividends income on the statement of changes in fiduciary net assets or the statement of revenues, expenses and changes in net assets because they are included in the calculation of the unit price of the unitized pools and ultimately flow through the net appreciation and depreciation of fair value of investments. Due to the short-term nature of investments held by the JRF and CRF proprietary fund, there was no net appreciation in the fair value of investments in fiscal year 2011-12. The determination of realized gains and losses is independent of the calculation of the change in the fair value of investments.

CalPERS presents, in the statement of changes in fiduciary net assets, the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains and losses and the unrealized appreciation and depreciation on those investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current fiscal year were included as a component of net appreciation (depreciation) in the fair value of investments in the prior year and the current year. Purchases and sales are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

There are certain market risks, including interest, credit, foreign currency exchange and concentration risk, which may subject the System to economic changes occurring in certain industries, sectors, or geographies.

The overall valuation processes and information sources by major asset classification are as follows:

Short-Term

Short-term investments can consist of U.S. Treasury and Government Sponsored Securities, Money Market Funds, Commercial Paper, Certificates of Deposit, Delivery Versus Payment (DVP) Repurchase Agreements, Asset Backed Securities, Notes and Bonds issued by U.S. corporations, and other allowable instruments that meet short-term maturity or average life, diversification, and credit quality restrictions. This approach allows for a high level of liquidity and diversification. Assets are reported at fair value or cost or amortized cost that approximates fair value. Fair value is determined based upon quoted market prices. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments.

Debt Securities

Debt securities consist primarily of negotiable obligations of the U.S. Government and U.S. Government sponsored agencies, foreign governments, corporations, and securitized offerings backed by residential and commercial mortgages, credit cards, auto and student loans, and direct loans for the asset-based lending program. Certain debt securities, such as U.S. government bonds, have an active market. These securities can typically be valued using the close or last traded price on a specific date. The majority of other debt securities is not as actively traded and is thus valued by pricing vendors, which use modeling techniques that include market observable inputs required to develop a fair value. Typical inputs include recent trades, yields, price quotes, cash flows, maturity, credit ratings and other assumptions based upon the specifics of the asset type.

Equities

The majority of domestic and international equity securities held by CalPERS is actively traded on major stock exchanges or over-the-counter. These exchanges make information on trades of identical securities available daily on a last trade or official

Notes to the Basic Financial Statements (continued)

close basis. If such information is not available, other pre-established means are used to determine a price.

In addition, CalPERS holds limited partner positions in corporate governance funds, organized to invest strategically in publicly traded equity securities of companies on major stock exchanges to achieve long-term capital appreciation. These limited partnerships have been valued using the NAV of the entity, with the most significant input into the NAV being the value of its investment holdings. The general partners obtain prices for their holdings in a manner similar to that described above for CalPERS equity holdings.

CalPERS also invests in limited partner positions, the most common investment strategies for these Absolute Return Strategy (ARS) funds, include, but are not limited to Directional Trading, Event Driven, Fund of Hedge Funds, Multi-Process, Security Selection, and Specialist Credit strategies. Investments in commingled funds have the potential to become illiquid under stressed market conditions and, in certain circumstances, investors may be subject to redemption restrictions which can impede the timely return of capital. These partnerships are valued using their respective NAV, and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued on a monthly basis by each fund's independent administrator and for certain illiquid investments, where no market exists, the General Partner may provide pricing input. The management assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type, but are predominantly derived from observed market prices.

Private Equity

CalPERS has invested as a limited partner in various funds, which employ specific strategies. The most common investment strategies for these funds include leveraged buyouts, credit related, expansion capital, venture capital and opportunistic capital. The strategies of all such funds are long-term and illiquid in nature. As a result, the ability of limited partners to exit a partnership investment prior to its dissolution is limited. Private equity partnerships are valued using their respective NAV, and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are

valued by the general partners on a quarterly or semi-annual basis, in conjunction with management and investment advisors, and in consultation with valuation specialists. The management assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. During fiscal year 2011-12, certain private equity partners issued initial public offerings and became public companies. CalPERS received public stock shares in exchange for its partnership interest. As of June 30, 2012, these public investments continued to be managed under the private equity program and such investments were reported as private equity in the statement of fiduciary net assets.

Private equity investment income includes interest, dividends and other income. Items classified as other income are typically distributions paid to CalPERS as the general partner is able to either exit or partially realize its investment (often through a sale) in the portfolio companies.

Real Assets

In December 2010, the Investment Committee approved an alternative asset classification as part of the overall Strategic Asset Allocation process. The approved classification called for the creation of the new real assets class comprised of the real estate, infrastructure and forestland investments. The real assets program was approved in May 2011 and its policy was adopted as of July 1, 2011.

Real estate invests primarily in private commercial real estate equity in separate accounts and commingled funds. Real estate is held either directly, in separate accounts, as a limited partner or in a joint venture or commingled fund. Properties owned directly or in a joint venture structure are subject to independent third-party appraisals performed in accordance with the Uniform Standards of Professional Appraisal Practice once every year. Real estate investments in a commingled fund are long-term and illiquid in nature. As a result, investors are subject to redemption restrictions, which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to its dissolution. Limited partner interest in joint venture and commingled funds are valued by CalPERS using the NAV of the partnership. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the general partners on a

Notes to the Basic Financial Statements (continued)

continuous basis, audited annually and may be periodically appraised by an independent third party. The valuation assumptions are based upon both market and property specific inputs, which are not observable and involve a certain degree of expert judgment. Real estate investments also include real estate investment trust securities, which are valued in the same manner as described in the Equities section of this footnote. Real estate investment income includes all rental and other property revenues, joint venture income and losses, minority interest income, interest and dividends, credit enhancement fee income, foreign currency gains and losses, and other investment income from partnerships.

On July 1, 2011, infrastructure and forestland investments (formerly inflation linked asset class) became a part of real assets, which are valued in the same manner as described in private equity section. These investments play a strategic role within the total fund by providing steady returns and cash yields, defensive growth, inflation protection and diversification benefits.

Inflation Assets

In December 2007, the Board approved an investment asset allocation that included a five percent allocation in an inflation linked asset class (ILAC). The ILAC included commodities, inflation-linked bonds, infrastructure, and forestland. In May 2011, the Board approved the inflation assets program to be comprised of commodities and inflation-linked bonds. As mentioned in the real assets note, the infrastructure and forestland investments were reported as real assets as of July 1, 2011. The commodities and inflation-linked bond investments are valued based on quoted market prices.

Investment Expenses

Investment expenses presented within the statement of changes in fiduciary net assets and the statement of revenues, expenses and changes in net assets, include expenses arising from the security lending program, the allocation of consolidated costs arising from the underlying real asset partnership investments and other expenses incurred to manage the comprehensive investment portfolio. These portfolio expenses include management and performance fees, portfolio management services and subscriptions, audit, consulting, legal, dividend tax and other miscellaneous fees.

All of these fees are disclosed in the supplementary schedules.

Real asset management and incentive fees are included in the Other Investment Expense line item and detailed in the Supplemental Investment Expense Schedule. All other real asset expenses are comprised of partner insurance premiums, property management fees, leasing costs, bad debt expenses, repairs and maintenance, utilities, promotion and marketing, and general administrative expenses.

The Investment Expenses do not include fees and costs for the private equity and absolute return strategy (ARS) programs, nor does it contain the commissions and fees paid to transact public securities. Partnership management fees for the private equity program are drawn from the committed capital and reported as an increase in the cost basis. ARS program investments may include investments in equity, fixed income, commodities, currencies, and other investments. The investment fees and costs are presented, for information, within the Investment Section of the System's Comprehensive Annual Financial Report in the following schedules: schedule of fees and costs for private equity partners, schedule of fees and costs for absolute return strategies program and the schedule of commissions and fees. These costs are captured within the respective net asset values as reported in the statement of net assets for fiduciary and proprietary funds.

Capital Assets

Capital assets are defined by CalPERS as assets with an initial individual cost of \$5,000 or more, or \$1 million or more for intangible assets, and an estimated useful life in excess of one year. Capital assets held by the PERF, consisting of buildings, furniture, equipment, and intangible assets are recorded at cost or, if donated, at their estimated fair value at the date of donation. Capital assets are depreciated over their estimated useful lives, ranging from one to five years for furniture and equipment, 40 years for buildings, and determined on an asset by asset basis for intangible assets, using the straight-line method of depreciation. Capital assets totaled \$715.9 million, net of accumulated depreciation of \$148.8 million at June 30, 2012.

Use of Estimates in the Preparation of Financial Statements

The preparation of the System’s financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain financial statement amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the comparative totals as of and for the year ended June 30, 2011, to conform to the presentation as of June 30, 2012.

Comparative Totals

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CalPERS financial statements for the year ended June 30, 2011, from which the summarized information was derived.

2. GENERAL DESCRIPTION OF THE PLANS

The State Employees’ Retirement System, the predecessor to CalPERS, was created after voters approved a constitutional amendment authorizing legislation to establish a pension system for State employees pursuant to the Statutes of 1931. Such legislation became effective January 1, 1932. CalPERS has expanded to include, among others, employees of local agencies that elect to participate in the System. At June 30, 2012, the Board administers a total of 12 funds, including four defined benefit retirement plans: the PERF, LRF, JRF, and the JRF II; three defined contribution retirement plans: the SPOFF, IRC 457, and the SCPF; one defined benefit post-employment health care plan, the CERBTF; one health care plan: the HCF; and three other plans: the LTCF, the CRF, and RBF.

Defined Benefit Plans

The PERF was established in 1932, the LRF in 1947, the JRF in 1937, and JRF II in 1994. The PERF, LRF, JRF, and JRF II are defined benefit pension plans, which provide benefits based on members’ years of service, age, final compensation, and benefit formula. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries.

At June 30, 2012, the State of California and 1,576 public agencies and schools (representing more than 2,500 entities) contribute to the PERF, JRF, and JRF II, which are agent multiple employer and cost-sharing defined benefit pension plans. CalPERS acts as the common investment and administrative agent for the member agencies, including schools (for classified employees). The LRF is a single-employer defined benefit pension plan for the State of California.

Members of the PERF, LRF, JRF, and JRF II become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

As of June 30, 2012, the number of affiliated employers for the PERF, LRF, JRF, and JRF II are as follows:

Affiliated Employers for the PERF, LRF, JRF, and JRF II

	2012
PERF	
State	1
Schools	61
Public Agencies	1,515
Total PERF	1,577
LRF	1
JRF	59
JRF II	59

Notes to the Basic Financial Statements (continued)

As of June 30, 2012, benefit recipients and members in the PERF, LRF, JRF and JRF II consisted of the following:

Benefit Recipients and Members in the PERF, LRF, JRF and JRF II

Fund	Retirees	Survivors & Beneficiaries	Members		TOTAL
			Active	Inactive	
PERF					
State	169,657	26,567	244,171	91,428	531,823
Schools	156,464	20,737	302,422	125,695	605,318
Public Agencies	151,607	18,690	239,993	98,731	509,021
Total PERF	477,728	65,994	786,586	315,854	1,646,162
LRF	120	123	14	17	274
JRF	1,256	628	400	31	2,315
JRF II	29	8	1,272	—	1,309
TOTAL	479,133	66,753	788,272	315,902	1,650,060

The membership consists of the following categories:

PERF

- **Safety** — includes California Highway Patrol, peace officers, firefighters and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.
- **Schools** — includes non-teaching, non-certificated school employees.
- **State Industrial** — includes all employees of the Department of Corrections and the California Youth Authority who are not safety members.
- **General** — includes all other members, defined by statute as “miscellaneous” members.

LRF

- State Legislators
- Constitutional Officers
- Legislative Statutory Officers

JRF

- **Judges** — includes Supreme Court, Courts of Appeal, and Superior Courts appointed or elected before November 9, 1994.

JRF II

- **Judges** — includes Supreme Court, Courts of Appeal and Superior Courts appointed or elected on or after November 9, 1994.

Financing

The benefits for the PERF, LRF, JRF and JRF II are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the Public Employees’ Retirement Fund, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from \$0 to \$863 monthly. For the fiscal year ended June 30, 2012, the required contribution rates for active plan members are as follows:

Required Contribution Rates for Active Plan Members

	Required Contribution Rates
PERF	
State Employees:	
Miscellaneous & Industrial	5% to 11%
Miscellaneous & Industrial — Second Tier	0%
Safety	9% to 11%
Peace Officers & Firefighters	8%, 10% or 11%
California Highway Patrol	10%
Classified School Employees	7%
Public Agency Employees	2% to 9%
LRF	0%
JRF	8%
JRF II	8%

These contributions are deposited in a fund or cost sharing risk pool for the purpose of building actuarial reserves for future benefits.

All employees in a covered class of employment who work on a half-time basis or more are eligible to participate in the retirement plans. CalPERS administers several different retirement plans, each providing a monthly allowance based on age, years of credited service, the benefit formula, and highest average compensation over an established period of one year or three years. All plans provide death and disability benefits. In addition, post-retirement cost of living increases are also provided. Within the PERF, the benefit provisions for the State and school employees are established by statute. The benefits for the public agencies are established by contract with the System, in accordance with the provisions of the Public Employees’ Retirement Law.

The benefits for the LRF are established in accordance with the provisions of the Legislators’ Retirement Law. The benefits for the JRF are established in accordance with the provisions of the Judges’ Retirement Law. The benefits for the JRF II are established in accordance with the provisions of the Judges’ Retirement System II Law.

In November 1990, Article IV, Section 4.5 was added to the State Constitution, pursuant to the adoption of Proposition 140. This section effectively prohibited future Legislators from earning State retirement benefits for service in the Legislature on or after November 7, 1990, though it recognized vested pension benefits that had accrued before that date.

Due to the effects of Proposition 140, there are two legislators eligible to participate in the Legislators’ Retirement Fund. The only active members in the fund are Constitutional Officers (including the Insurance Commissioner and members of the Board of Equalization) and Legislative Statutory Officers.

Costs of administering the funds are financed through contributions and investment earnings of the funds.

Termination

Upon permanent separation from the retirement plans, accumulated member contributions are refundable, with interest credited through the date of refund, as required by applicable laws. Withdrawal of such accumulated contributions results in forfeiture of the related vested benefits.

In the event that public agencies elect to terminate their contracts with the retirement plans, accumulated member and employer contributions, interest, and the related liability for benefits may be transferred to the employers. If amounts are not transferred to the employers, sufficient assets required to cover the related liability for benefits are retained in the retirement plans. Excess assets above those required, if any, are returned to the employer, while the employer is billed for any deficiency in assets.

OASI

The Old Age & Survivors’ Insurance Revolving Fund (OASI) was established to consolidate the collection and payment for California public agencies of employee and employer contributions under the provisions of the federal Social Security regulations.

Federal legislation was enacted on October 21, 1986, which required direct remittance of Social Security contributions by individual public agencies and eliminates the intermediary collection and remittance of such contributions by individual public agencies and by State Social Security agencies, such as the OASI. As such, effective January 1, 1987, the OASI stopped receiving contributions from public agencies. Subsequently, CalPERS, the Social Security Administration, and participating local agencies reached agreement on the proper amount of contributions, payments, and refunds. Since then the OASI fund has been utilized to reimburse the PERF for OASI contract management and related services, as provided in

Government Code section 22601. The residual balances are now being reported in the PERF for accounting and financial reporting purposes.

CERBTF

The California Employers' Retiree Benefit Trust Fund (CERBTF) was established by Chapter 331 of the 1988 Statutes and initially funded in 2007. At June 30, 2012, 338 employers had elected to participate in the fund. The purpose of the fund is to receive contributions from participating employers and establish separate employer prefunding accounts to pay for health care or other post-employment benefits in accordance with the terms of the participating employers' plans. Contributions are voluntarily determined by the employer's own funding schedule, and there are no long-term contracts for contributions to the plan. The CERBTF is an agent multiple-employer plan as defined in GASB Statement No. 43 with pooled administrative and investment functions.

Participating employers may receive disbursements from the fund not to exceed the annual premium and other costs of eligible post-employment benefits. If the employer's participation in the fund terminates, all assets in the employer's prefunding account shall remain in the fund except as otherwise provided. Allowable termination disbursements are to a trustee or as a trustee transfer of assets upon satisfactorily demonstrating to the Board the transfer will satisfy applicable requirements of the Internal Revenue Code and the Board's fiduciary duties, or the employer substantiates to the Board that all of the employer's obligations for the payment of post-employment benefits have been satisfied. At June 30, 2012, there were 116,452 active or inactive members and 50,253 retirees for the miscellaneous plan and 29,414 active or inactive members and 19,993 retirees for the safety plan.

Costs to administer the plan are determined through the Board-approved cost-allocation plan, where actual direct and indirect costs of administering the System are assessed to each fund.

Defined Contribution Plans

SPOFF

The State Peace Officers' and Firefighters' Supplemental Plan (SPOFF) is a defined contribution retirement plan established by Chapter 820 of the 1998 Statutes. The plan is a

qualified money purchase pension plan under Section 401(a) of Title 26 of the Internal Revenue Code and is intended to supplement the retirement benefits provided by the PERF to eligible peace officers and firefighters employed by the State of California. Plan provisions are established and may be amended by statute.

SPOFF is administered by CalPERS and a third-party administrator, ING, who provides record keeping and plan administration services. Contributions to the plan are funded entirely by the employer. Contribution requirements are established and may be amended through a Memorandum of Understanding from the State of California Department of Personnel Administration. Effective April 2011, the State suspended contributing on behalf of rank and file positions; and effective May 2011, the State suspended contributing on behalf of supervisors, management, and exempt positions. As of June 30, 2012, the duration of the suspension is unknown.

The benefits paid to participants will depend on the amount contributed and the earnings/losses attributed to participants' account. Contributions are invested in the CalPERS Moderate Asset Allocation Fund which includes short-term, equity and fixed income securities, inflation assets and real estate investment trusts. Distributions are allowed only at retirement or permanent separation from all State employment.

At June 30, 2012, there were 37,833 active and inactive participants.

IRC 457

The CalPERS Supplemental Income 457 Plan (457 Deferred Compensation Plan) is available to public agencies and school districts within the State of California, and is governed by Code Section 21670 through 21685 authorizing the Board to establish a deferred compensation plan qualified under Section 457 of Title 26 of the United States Code for California Public Employees.

The CalPERS IRC 457 Plan is administered by CalPERS and a third-party administrator, ING, who provides record keeping and plan administration services. Plan participation is voluntary to employees of contracting public agencies and school districts.

Members may contribute up to the limit established under the Internal Revenue Code and are allowed to change their contribution amount, transfer account balances

Notes to the Basic Financial Statements (continued)

among 26 investment options, or change the contribution percentages designated to each option on a daily basis.

The 26 investment options are:

- CalPERS Target Retirement Income Fund
- CalPERS Target Retirement 2005 Fund
- CalPERS Target Retirement 2010 Fund
- CalPERS Target Retirement 2015 Fund
- CalPERS Target Retirement 2020 Fund
- CalPERS Target Retirement 2025 Fund
- CalPERS Target Retirement 2030 Fund
- CalPERS Target Retirement 2035 Fund
- CalPERS Target Retirement 2040 Fund
- CalPERS Target Retirement 2045 Fund
- CalPERS Target Retirement 2050 Fund
- CalPERS Conservative Asset Allocation Fund
- CalPERS Moderate Asset Allocation Fund
- CalPERS Aggressive Asset Allocation Fund
- Short-Term Investment Fund
- PIMCO Short-Term Bond Fund
- CalPERS Total Return Bond Fund
- CalPERS Treasury Inflation Protected Securities Fund
- CalPERS S&P 500 Equity Index Fund
- Alliance Bernstein Active Large Cap Equity Value Fund
- Turner Active Large Cap Equity Growth Fund
- CalPERS Small & Mid Cap Equity Index Fund
- The Boston Company Small/Mid Value Fund
- The Boston Company Small/Mid Growth Fund
- CalPERS International Index Fund
- Pyramis Select International Fund

In addition, a Self Managed Brokerage Account (SMA) is an optional provision. Members may access their funds upon retirement, separation from employment, or other distributable events as allowed under the Internal Revenue Code. The Board has authorization under the Government Code of the State of California to establish plan provisions.

At June 30, 2012, there were 25,590 active and inactive participants with account balances.

SCPF

The Supplemental Contribution Plan (SCP) was established January 1, 2000, by Chapter 307 of the 1999 Statutes. The plan is a qualified plan under Section 401(a) of Title 26 of the United States Code. It is administered by CalPERS and a third-party administrator, ING, who provides record

keeping and plan administration services. After-tax contributions are intended to supplement the retirement benefits provided by the PERF.

Currently, the Plan is available only to State of California employees who are members of CalPERS. The program is entirely member-funded and participation is voluntary. Participant contributions are made on an after-tax basis and are separate from defined benefit contributions. Participants may contribute to a deferred compensation plan in conjunction with SCP, subject to Internal Revenue Code Section 415(c) limits. The 26 investment options available in SCP are:

- CalPERS Target Retirement Income Fund
- CalPERS Target Retirement 2005 Fund
- CalPERS Target Retirement 2010 Fund
- CalPERS Target Retirement 2015 Fund
- CalPERS Target Retirement 2020 Fund
- CalPERS Target Retirement 2025 Fund
- CalPERS Target Retirement 2030 Fund
- CalPERS Target Retirement 2035 Fund
- CalPERS Target Retirement 2040 Fund
- CalPERS Target Retirement 2045 Fund
- CalPERS Target Retirement 2050 Fund
- CalPERS Conservative Asset Allocation Fund
- CalPERS Moderate Asset Allocation Fund
- CalPERS Aggressive Asset Allocation Fund
- Short-Term Investment Fund
- PIMCO Short-Term Bond Fund
- CalPERS Total Return Bond Fund
- CalPERS Treasury Inflation Protected Securities Fund
- CalPERS S&P 500 Equity Index Fund
- Alliance Bernstein Active Large Cap Equity Value Fund
- Turner Active Large Cap Equity Growth Fund
- CalPERS Small & Mid Cap Equity Index Fund
- The Boston Company Small/Mid Value Fund
- The Boston Company Small/Mid Growth Fund
- CalPERS International Index Fund
- Pyramis Select International Fund

Distributions are allowed only at retirement or permanent separation from employment. The Board has authorization under the Government Code of the State of California to establish plan provisions. At June 30, 2012, there were 592 active and inactive participants in the program.

RBF

The Replacement Benefit Fund (RBF) was established as a custodial fund by Chapter 938 of the 1995 Statutes and initially funded in 1998 to provide benefits to members of the PERF whose retirement benefit exceeds Internal Revenue Code Section 415(b) limits. IRC Section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan.

The RBF is funded on a “pay-as-you-go” basis. That is, money collected from an employer during any calendar year must be paid to the retiree during that same year. Employer contributions must be in amounts “equivalent to” the benefits not paid as a result of the limitations of IRC Section 415(b). CalPERS calculates the member’s retirement allowance based on the member’s choice of retirement option. CalPERS also is responsible for calculating the applicable dollar limit under IRC Section 415(b), and setting the employer rates. At June 30, 2012, there were 333 retirees receiving replacement benefits.

HCF

The Public Employees’ Health Care Fund (HCF) was established under the Public Employees’ Medical and Hospital Care Act (PEMHCA) as of July 1, 1988. The self-funded plans, PERS Choice, PERSCare, and PERS Select (the Plans) are risk pools available to all entities that contract for health insurance coverage under PEMHCA. Having all members in a single risk pool spreads catastrophic claims over a large base and minimizes administrative expenses. The Plans retain all the risk of loss of allowable health claims. Fund members are not subject to a supplemental assessment in the event of deficiencies. Premium rates are set by the Board based on a trend analysis of the historic cost, utilization, demographics, and administrative expenses of the HCF to provide for the claims incurred and the actuarially determined required level of reserves.

The Plans rely on operating cash flows and investment income to fund health benefit payments. During the 2011-12 fiscal year, the Board increased member premiums to mitigate the impact of increasing costs associated with enrollment growth, increases in provider pricing, and increased benefit utilization. Management believes that the current sources of funding will be adequate to provide for benefits of the Plans.

Public agencies participating in the Plans are required to make monthly premium payments based on rates established annually by CalPERS. Employers’ share of premiums are determined by the public agency through benefit negotiations, subject to minimum share of premium levels established through PEMHCA. Public agency employee members pay the difference between the premium rate and the employers’ share of premium. The prepaid premiums are included as other liability in the Statement of Net Assets – Proprietary Funds. The HCF received Early Retiree Reinsurance Program (ERRP) revenues through the federal government’s Affordable Care Act. The purpose of ERRP is to generate cost savings so that employers can maintain health care coverage for early retirees age 55 and older who are not yet eligible for Medicare. CalPERS has achieved this purpose by utilizing the ERRP revenues to reduce health care insurance premiums. The ERRP revenues are reported as Federal Government Reimbursements in the statement of revenues, expenses and changes in net assets.

CRF

The Public Employees’ Contingency Reserve Fund (CRF) was established in 1962, with the passage of PEMHCA, to fund administrative costs related to the PEMHCA program, and as a contingency reserve for such items as increases in future rates or in future benefits. PEMHCA was expanded to include local public agency employees on a contract basis in 1967. The CRF is reimbursed by the State and contracting public agencies for costs incurred for administering the program.

Activity in the CRF is reported in two separate fund types. Administrative fees collected and related costs are accounted for in the CRF enterprise fund. Public agency health payments and remittances to contracted health care providers are reported in the CRF Agency Fund.

PEMHCA establishes eligibility rules for the following:

- Retirees and beneficiaries receiving health care benefits,
- Terminated plan members entitled to but not yet receiving benefits, and
- Active plan members.

Administrative costs include direct costs of the program and a proportionate share of indirect costs allocated to the CRF enterprise fund by the PERF. The administrative fee is determined as a percentage of insurance premiums paid by

the employers. The percentage of the insurance premiums paid for the year ended June 30, 2012, was 0.36.

Administrative rates are reviewed annually and are adjusted, if needed, to cover budgeted administrative costs.

Public agency employers submit the provider-determined, Board-approved premiums to the CRF Agency Fund, which in turn submits the premiums to the respective health care provider, which includes the Self-Funded Health Program – PERSCare, PERS Choice, and PERS Select.

At June 30, 2012, 1,214 entities participated in health insurance coverage under PEMHCA.

LTCF

The Public Employees' Long-Term Care Fund (LTCF) began providing self-insured long-term care plans in 1995. The LTCF operates by providing long-term care coverage to enrolled members under the Public Employees' Long-Term Care Act (PERL, Chapter 15). The fund contracts with a third party service provider to administer the program. The LTCF is a member-paid program and is not funded or subsidized by the employers. Premium rates are recommended to the Board by an independent third-party program actuary and are set by the Board. Prospective enrollees apply directly to the program for long-term care coverage.

As of June 30, 2012, there are 150,333 enrollees, of which 5,350 are receiving benefits. CalPERS closed the LTCF to new enrollment effective August 19, 2008, due in large part to the financial condition of the fund.

3. CASH & CASH EQUIVALENTS

Cash and cash equivalents of approximately \$0.9 billion at June 30, 2012 represent amounts held in the CalPERS general operating accounts with the State Treasury.

The underlying investments are not individually identifiable by fund, as CalPERS monies are pooled with the monies of other State agencies and invested by the State Treasurer's Office.

4. INVESTMENTS

For the year ended June 30, 2012, State Street Bank & Trust Company was the master custodian for significantly all public market securities; however, certain securities are held by private equity, absolute return strategies and corporate

governance partners. Real estate deeds of trust are held in the name of Limited Liability Corporations and Partnerships. The investments held by the LRF, JRF II, SPOFF, SCPF, CERBTf, IRC 457, HCF, LTCF and a portion of the PERF investments are co-invested and held in internally managed unitized investment pools. The investments are held in domestic and international equity pools, and debt securities pools. The PERF, LRF, JRF, JRF II, CERBTf, HCF, and LTCF have a different asset allocation based on Board-approved policy. The investments of the SCPF and IRC 457 are participant directed within the investment options listed in Note 2.

Securities Lending

The State Constitution and the Board policies permit CalPERS to enter into securities lending transactions, collateralized loans of securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future.

CalPERS has contracted with eSecLending LLC (eSec) and State Street Bank & Trust (SSB), as third-party securities lending agents to loan domestic and international equity and debt securities. CalPERS receives both cash and non-cash (i.e., securities) collateral. Domestic and international securities are collateralized for cash at 102 percent and 105 percent, respectively, of the loaned securities market value. CalPERS cannot pledge or sell the collateral security without the borrower defaults, as such, the collateral security or non-cash collateral is not reported in CalPERS' financial statements in accordance with GASB Statement No. 28. Management believes CalPERS has minimized credit risk exposure to borrowers by requiring the borrower to provide collateralization greater than 100 percent of the market value of the securities loaned. The securities loaned are priced daily by third party sources and margins are paid/received daily to maintain over collateralized levels. In the event that a borrower defaults while the securities are on loan, the lending agents are required to indemnify CalPERS for the loss. Securities on loan can be recalled on demand by CalPERS or the borrower can return the loaned securities at anytime. CalPERS may enter into term loan agreements, which are evaluated on an individual basis. On June 30, 2012, the fair value of the securities on loan was approximately \$9.2 billion. The securities on loan remain on CalPERS statement of fiduciary

net assets and the statement of net assets in their respective investment categories. At June 30, 2012, cash collateral received totaling \$9.3 billion is reported as security lending obligation, and the fair value of re-invested cash collateral totaling \$9.5 billion is reported as security lending collateral on the statement of fiduciary net assets and the statement of net assets. The changes in fair value of the re-invested cash collateral are reported as net appreciation/depreciation in fair value of investments on the statement of changes in fiduciary net assets and the statement of revenues, expenses and changes in net assets.

The CalPERS Fixed Income unit manages the securities lending activity. Because the domestic and international debt and equity securities in the unitized pools are also used in the securities lending program, in accordance with GASB Statement No. 28, the securities lending collateral, obligation, and the related income and costs are allocated to the pool owners (respective reporting funds) based on the funds' pro rata share of the pools' investments.

CalPERS securities lending reinvestment collateral guidelines prescribe that cash collateral received needs to be invested in short-term, high-credit quality securities. Currently, SSB, eSec, and CalPERS manage the collateral. For the year ended June 30, 2012, the collateral invested in CalPERS High Quality Libor, CalPERS Short Duration, CalPERS Sec Lending Collateral Re-invest and CalPERS Internal Short-Term Pools had weighted average maturity (to final maturity) of 1,381; 2,115; 1,911 and 9 days, respectively, and durations of 29, 0, 25 and 7 days, respectively. SSB and eSec had weighted average maturity (to final maturity) of 26 and 522 days, respectively.

The weighted average maturity (to final maturity) in the eSec collateral pool is attributed to two Structured Investment Vehicles (SIVs) within the pool. The SIVs were purchased as medium-term notes between April 2006 and March 2007 (with April 2009 and March 2010 maturity dates) and at the time of purchase met all Cash Collateral Re-investment Policy guidelines. In 2007 and 2008, both SIVs went into enforcement, defaulted and eventually re-structured. The weighted average maturity (to final maturity) on the underlying collateral is substantially longer than the original medium-term notes and is considered long-term.

Investment Risk Disclosures

The CalPERS hedge fund program's investment risks are designed to be uncorrelated with the other investment programs in the PERF. In addition to the unique investment risks posed by hedge fund strategies, the hedge fund program also faces illiquidity and leverage risk. Hedge funds can be illiquid, either by virtue of illiquidity of underlying assets or due to manager actions to limit investor withdrawals. However, CalPERS has taken steps to minimize this risk by investing in hedge funds in more liquid asset classes and by structuring its investments to minimize an investment manager's ability to limit withdrawals. Hedge funds also use leverage to varying degrees, and while a hedge fund can lose all its capital, CalPERS has limited its liability to the amount it invests, which is the same as with an equity or bond investment. Hedge funds are reported as equities in the statement of fiduciary net assets.

In accordance with GASB Statement No. 40, CalPERS discloses investments of all CalPERS managed funds that are subject to certain risks: custodial credit risk, concentration of credit risk, interest rate risk, credit risk and foreign currency risk. On the following pages, investment risk schedules disclose CalPERS investments subject to certain types of risk, pursuant to GASB Statement No. 40. Each schedule discloses investments of all funds managed by CalPERS subject to each type of risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event a depository institution or counterparty fails, the System would not be able to recover the value of its deposits, investments, or collateral securities. As of June 30, 2012, a portion of the System's investments, other than posted collateral for Futures and Over the Counter (OTC) instruments, are held in the System's name and are not exposed to custodial credit risk. There are no general policies relating to the custodial credit risk.

Concentration of Credit Risk

CalPERS does not have investments in any one issuer, which represent five percent or more of total net assets and net investments for the defined benefit plans in accordance with GASB No. 25 and GASB No. 40, respectively.

Notes to the Basic Financial Statements (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolios using the effective duration or option-adjusted methodology. The System's investment policies require the option-adjusted duration of the total fixed income portfolio to stay within 10 percent of the option-adjusted duration of its benchmark. All individual portfolios are required to maintain a specified level of risk relative to their benchmark.

The System invests in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by residential and commercial mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policies establish general as well as specific risk measures for the fixed income portfolio. From the most general perspective, 88 percent of the total fixed income portfolio must be invested in investment-grade securities.

Investment-grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard & Poor's rating of AAA to BBB. Each portfolio is required to maintain a specified risk level.

Foreign Currency Risk

Foreign currency risk is defined as any deposits or investments that are denominated in foreign currencies, which bear a potential risk of loss arising from changes in currency exchange rates. The System's asset allocation and investment policies allow for active and passive investments in international securities. The System's policy for total global equity specifies investment in international equities be based on market capitalization. For total fixed income, 10 percent is targeted for investment in international securities. Real assets and private equity do not have a target

allocation for international investments. The System uses a currency overlay program to reduce risk by hedging approximately 15 percent of the total exposure to international currencies.

CalPERS – Debt Security Investments Subject to Interest Rate Risk (Dollars in Thousands)

Debt Security Type	Portfolio Weighted Average Effective Duration (Years)	Fair Value June 30, 2012	Percent of Debt Securities
U.S. Treasuries & Agencies	8.56	\$23,068,378	40.8 %
Mortgages	3.13	12,651,448	22.4
Corporate	9.59	10,895,969	19.3
International	9.19	5,092,018	9.0
Asset Backed	8.57	727,772	1.3
Commingled	19.49	81,925	0.2
Municipal	11.28	40,489	0.1
SWAPS	16.54	26,101	0.1
Private Placement	3.44	7,466	0.0
No Effective Duration:			
Asset Backed	N/A	2,502,205	4.4
Commingled	N/A	863,025	1.5
Corporate	N/A	107,997	0.2
International	N/A	247,446	0.4
Mortgages	N/A	178,498	0.3
SWAPS	N/A	21,578	0.0
U.S. Treasuries & Agencies	N/A	3,950	0.0
Municipal	N/A	1,353	0.0
TOTAL ¹		\$56,517,618	100.0 %

Note:

¹ This table represents the fair value of investments in the fixed income portfolios. The debt securities investments in the statement of fiduciary net assets and the statement of proprietary net assets are reported at fair value for non-unitized investments and at net asset value for investments in the unitized pools, which includes accruals in the unitized portfolios. In addition, certain debt securities are classified as inflation assets in the statement of fiduciary net assets and the statement of proprietary net assets.

Notes to the Basic Financial Statements (continued)

CalPERS invested in the State Treasury pool and State Street Bank Global Advisors' (SSgA) short-term investment fund. These investments are included as part of the short-term investment in the financial statements. At June 30, 2012, the pooled money investment account with the State Treasury totaled approximately \$1.2 billion and the short-term investment fund with SSgA totaled approximately \$6.9 billion. As of June 30, 2012, the weighted average maturity is 270 days for the State Treasury pool and 39 days for the SSgA short-term investment fund.

CalPERS – Securities Lending Collateral Subject to Interest Rate Risk (Dollars in Thousands)

Security Type	Portfolio Weighted Average Effective Duration (Years)	Fair Value June 30, 2012	Percent of Securities Lending Collateral
Asset Backed Securities	0.07	\$1,821,381	44.6 %
No Effective Duration:			
Floating Rate CMBS	N/A	112,692	2.8
Structured Investment			
Vehicles ¹	N/A	205,543	5.0
Cash	N/A	418,987	10.3
Money Market Fund ²	N/A	1,520,680	37.3
TOTAL ³		\$4,079,283	100.0 %

Notes:

- 1 Structured Investment Vehicles have a weighted average maturity (to final maturity) of 516 days.
- 2 Of the Money Market Fund total, \$160,916 is invested in a SEC registered 2(a)-7 Money Market Fund with a weighted average maturity of 26 days. An additional \$987,689 has a weighted average maturity (to final maturity) of 0.51 day.
- 3 This figure does not include \$5,376,089 in repurchase agreements since they are not subject to GASB Statement No. 40 disclosure. The fair value of the investments in the securities lending collateral portfolio is \$9,455,372 for both fiduciary and proprietary fund types.

CalPERS – Securities Lending Collateral Subject to Credit Risk (Dollars in Thousands)

Moody's Quality Rating	Fair Value	Fair Value as a Percent of Securities Lending Collateral
Aaa	\$2,854,488	70.0 %
Aa1	905	0.0
Aa3	66,368	1.6
NR ^{1, 2}	1,157,522	28.4
TOTAL ³	\$4,079,283	100.0 %

Notes:

- 1 NR represents those securities that are not rated.
- 2 This figure includes the \$160,916 invested in a SEC registered 2(a)-7 Money Market Fund.
- 3 This figure does not include \$5,376,089 in repurchase agreements since they are not subject to GASB Statement No. 40 disclosure. The fair value of the investments in the securities lending collateral portfolio is \$9,455,372 for both fiduciary and proprietary fund types.

Notes to the Basic Financial Statements (continued)

CalPERS – Debt Security Investments Subject to Credit Risk (Dollars in Thousands)

Moody's Quality Rating	Fair Value	Fair Value as a Percent of Debt Security Investments
Aaa	\$17,599,599	31.1 %
Aa1	16,062	0.0
Aa2	646,017	1.2
Aa3	1,283,548	2.3
A1	606,744	1.1
A2	803,363	1.4
A3	1,676,452	3.0
Baa1	1,905,789	3.4
Baa2	2,960,525	5.2
Baa3	1,996,145	3.5
Ba1	572,185	1.0
Ba2	77,690	0.1
Ba3	168,025	0.3
B1	129,584	0.2
B2	146,590	0.3
B3	184,386	0.3
Caa	79,382	0.1
Caa1	192,808	0.4
Caa3	59,996	0.1
Ca	27,597	0.1
C	4,645	0.0
NA ¹	21,897,056	38.7
NR ²	3,483,430	6.2
TOTAL³	\$56,517,618	100.0 %

Notes:

- 1 NA represents those securities that are not applicable to the GASB No. 40 disclosure requirements.
- 2 NR represents those securities that are not rated.
- 3 This table represents the fair value of investments in the fixed income portfolios. The debt securities investments in the statement of fiduciary net assets and the statement of proprietary net assets are reported at fair value for non-unitized investments and at net asset value for investments in the unitized pools, which includes accruals in the unitized portfolios. In addition, certain debt securities are classified as inflation assets in the statement of fiduciary net assets and the statement of proprietary net assets.

CalPERS invested in the State Treasury pool and State Street Bank Global Advisors' (SSgA) short-term investment fund. These investments are included as part of the short-term investments in the financial statements. At June 30, 2012, the pooled money investment account with the State Treasury totaled approximately \$1.2 billion and the short-term investment fund with SSgA totaled approximately \$6.9 billion. These investment pools are not rated.

Derivatives

CalPERS holds investments in swaps, options, futures, rights and warrants and enters into forward foreign currency exchange contracts. The fair value of options, futures, rights and warrants are determined based upon quoted market prices. The fair value of derivative investments that are not exchange traded, such as swaps, is determined by an external pricing service using various proprietary methods, based upon the type of derivative instrument. The fair value of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated as the difference between the contract exchange rate and the exchange rate at the end of the reporting period.

Futures contracts are marked-to-market at the end of each trading day, and the settlement of gains or losses occur on the following business day through the movement of variation margins. Over the counter derivatives, such as swaps, generally reset monthly and the settlement of gains or losses occur the following business day. Currency forward contracts roll quarterly updating the contract exchange rate.

With all over the counter derivatives, such as swaps and currency forwards, CalPERS is exposed to counterparty risk. CalPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, posting collateral exposure monitoring procedures.

Notes to the Basic Financial Statements (continued)

CalPERS – Derivative Instruments Summary (Dollars in Thousands)

Investment	Net Appreciation/ (Depreciation) in Fair Value For the Fiscal Year Ended June 30, 2012		Fair Value at June 30, 2012		
	Amount	Classification	Amount	Notional (Dollars)	Notional (Units)
Commodity Futures Long	(\$1,280)	Investment Sales/Purchases	\$0	\$0	—
Commodity Futures Short	382	Investment Sales/Purchases	—	—	—
Credit Default Swaps Bought	2,074	Debt Securities	8,804	47,890	—
Credit Default Swaps Written	(532)	Debt Securities	(225)	73,590	—
Equity Options Bought	1,194	Equity Securities	—	—	—
Equity Options Written	1,415	Equity Securities	—	—	—
Fixed Income Futures Long	29,688	Investment Sales/Purchases	—	128,807	—
Fixed Income Futures Short	(25,909)	Investment Sales/Purchases	—	(133,170)	—
Fixed Income Options Bought	(8,462)	Equity Securities	—	—	—
Fixed Income Options Written	50,777	Equity Securities	(5,054)	(1,464,754)	—
Foreign Currency Options Bought	(1,138)	Equity Securities	—	—	—
Foreign Currency Options Written	423	Equity Securities	—	—	—
Futures Options Written	1,159	Equity Securities	—	—	—
Foreign Exchange Forwards	521,892	Investment Sales/Purchases	53,097	24,039,898	—
Index Futures Long	433,751	Investment Sales/Purchases	—	77,977	—
Pay Fixed Interest Rate Swaps	(13,256)	Debt Securities	(3,290)	110,428	—
Receive Fixed Interest Rate Swaps	12,351	Debt Securities	8,707	157,646	—
Rights	2,203	Equity Securities	4,264	—	27,365
Total Return Bond Swaps	164,803	Debt Securities	33,683	3,251,448	—
Warrants	420	Equity Securities	5,030	—	4,408
TOTAL	\$1,171,955		\$105,016	\$26,289,760	31,773

The information presented in this table is derived from CalPERS June 30, 2012 accounting records and in some instances may reflect trades on a one day lag basis.

CalPERS – Derivative Instruments Subject To Interest Rate Risk (Dollars in Thousands)

Investment Maturities

Investment Type	Investment Maturities (in years)				
	Fair Value at June 30, 2012	Under-1	1-5	6-10	10+
Credit Default Swaps Bought	\$8,804	(\$4)	\$732	(\$27)	\$8,103
Credit Default Swaps Written	(225)	15	(438)	198	—
Fixed Income Options Written	(5,054)	(5,054)	—	—	—
Pay Fixed Interest Rate Swaps	(3,290)	—	—	(3,290)	—
Receive Fixed Interest Rate Swaps	8,707	—	—	4,122	4,585
Total Return Bond Swaps	33,683	33,683	—	—	—
TOTAL	\$42,625	\$28,640	\$294	\$1,003	\$12,688

Notes to the Basic Financial Statements (continued)

Derivative Instruments Highly Sensitive to Interest Rate Changes (Dollars in Thousands)

Investment Type	Reference Rate	Fair Value at June 30, 2012	Notional
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.97375%	(\$272)	\$11,110
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.04125%	(279)	10,060
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.25%	(808)	18,200
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.25%	(1,686)	38,000
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.09625%	(245)	9,840
Interest Rate Swaps	Receive Variable 3-month BBSW, Pay Fixed 3.1%	—	23,218
Interest Rate Swaps	Receive Fixed 6.96%, Pay Variable 1-month TIE	3,020	33,614
Interest Rate Swaps	Receive Fixed 6.65%, Pay Variable 1-month TIE	1,084	16,237
Interest Rate Swaps	Receive Fixed 1%, Pay Variable 6-month LIBOR	621	52,638
Interest Rate Swaps	Receive Fixed 2.0%, Pay Variable 6-month LIBOR	2,005	26,946
Interest Rate Swaps	Receive Fixed 2.0%, Pay Variable 6-month LIBOR	1,959	26,319
Interest Rate Swaps	Receive Fixed 5.5%, Pay Variable 1-month TIE	18	1,892
Subtotal — Interest Rate Swaps		\$5,417	\$268,074
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	\$574	\$47,813
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	1,679	139,760
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	3,044	253,406
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .9%	1,563	130,826
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .8%	2,371	197,378
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .8%	2,239	186,347
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	1,093	91,008
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	2,298	191,250
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	330	27,462
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .8%	1,548	130,859
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	2,611	219,333
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .8%	1,367	114,872
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	1,354	113,772
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .75%	(1,469)	108,769
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	2,275	189,386
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .75%	(506)	37,436
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed 1.25%	(2,725)	127,904
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	3,070	255,509
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .7%	1,737	144,564
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .9%	1,563	130,826
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .8%	1,381	114,968
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .8%	1,111	92,443
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .8%	547	45,504
Total Return Bond Swaps	Receive Fixed 0.00%, Pay Fixed .8%	4,628	160,053
Subtotal — Total Return Bond Swaps		\$33,683	\$3,251,448
TOTAL		\$39,100	\$3,519,522

Notes to the Basic Financial Statements (continued)

CalPERS – Derivative Instruments Subject To Credit Risk

Counterparty	Percentage of Net Exposure	S&P Ratings	Fitch Ratings	Moody's Ratings
Barclays Bank	26.62%	A	A	A3
JP Morgan Chase	12.68%	A	A+	A2
Bank of America	9.15%	A-	A	Baa2
UBS AG	8.94%	A	A	A2
Royal Bank of Canada	8.71%	AA-	AA	Aa3
Toronto Dominion Bank	7.18%	AA-	AA-	Aaa
Credit Suisse	6.55%	A	A	A2
Westpac Banking Corporation	5.02%	AA-	AA-	Aa2
Goldman Sachs and Co.	3.35%	A-	A	A3
Deutsche Bank AG	3.34%	A+	A+	A2
Morgan Stanley	1.91%	A-	A	Baa1
Citibank	1.84%	A-	A	Baa2
Bank of Montreal	1.13%	A+	AA-	Aa2
Commonwealth Bank of Australia	0.82%	AA-	AA-	Aa2
HSBC	0.76%	A+	AA	Aa3
Mellon Bank	0.68%	A+	AA-	Aa3
Royal Bank of Scotland PLC	0.65%	A-	A	Baa1
Standard Chartered Bank	0.39%	A+	AA-	A2
BNP Paribas	0.28%	AA-	A+	A2
	<u>100.00%</u>			

Notes to the Basic Financial Statements (continued)

CalPERS — International Investment Securities | Fair Value at June 30, 2012 (U.S. Dollars in Thousands)

Investment Securities of all CalPERS managed funds, including derivative instruments that are subject to foreign currency risk.

Currency	Equity	Private Equity	Fixed Income	Real Assets	Cash	Forward Contracts	Total
Australian Dollar	\$3,198,128	\$62,913	\$178,841	\$368,095	\$19,781	(\$16,981)	\$3,810,777
Brazilian Real	1,668,534	—	107	884,481	2,486	—	2,555,608
British Pound Sterling	8,309,751	2,728	917,077	358,314	57,594	20,203	9,665,667
Canadian Dollar	4,090,423	268,599	251,925	701,090	26,338	8,982	5,347,357
Chilean Peso	212,790	—	1,049	—	76	(19)	213,896
China Renminbi	—	—	—	410,678	—	—	410,678
Colombian Peso	35,436	—	—	—	70	—	35,506
Czech Koruna	68,511	—	—	—	398	16	68,925
Danish Krone	510,008	—	5,405	—	575	(501)	515,487
Egyptian Pound	85,001	—	—	—	3,908	—	88,909
Euro Currency	11,841,771	3,368,784	1,607,538	874,270	196,629	48,804	17,937,796
Guatemala Quetzal	—	—	—	56,275	—	—	56,275
Hong Kong Dollar	3,202,475	—	—	613,537	20,268	(390)	3,835,890
Hungarian Forint	74,423	—	—	—	118	—	74,541
Indian Rupee	894,040	—	71	420,853	2,447	—	1,317,411
Indonesian Rupiah	432,946	—	—	—	1,308	—	434,254
Israeli Shekel	213,874	—	—	1,663	958	664	217,159
Japanese Yen	8,834,149	136,145	1,344,375	476,400	97,486	(2,324)	10,886,231
Malaysian Ringgit	435,236	—	—	25,849	920	—	462,005
Mexican Peso	522,353	—	82,451	179,938	5,973	830	791,545
Moroccan Dirham	2,912	—	—	—	61	—	2,973
New Taiwan Dollar	1,366,131	—	—	—	4,963	(112)	1,370,982
New Turkish Lira	238,686	—	—	—	54	—	238,740
New Zealand Dollar	67,316	—	49,239	1,705	492	(2,943)	115,809
Norwegian Krone	489,915	—	20,107	4,203	798	(58)	514,965
Pakistan Rupee	31,842	—	—	—	569	—	32,411
Peruvian Noveau Sol	5,268	—	—	—	17	—	5,285
Philippine Peso	124,462	—	—	—	198	—	124,660
Polish Zloty	194,420	—	50,955	—	936	(1,236)	245,075
Singapore Dollar	732,587	—	16,868	94,524	1,366	(380)	844,965
South African Rand	1,266,201	—	54,488	—	2,495	(999)	1,322,185
South Korean Won	2,238,763	—	—	—	2,077	—	2,240,840
Sri Lanka Rupee	—	—	—	—	3	—	3
Swedish Krona	1,188,208	—	49,959	180,451	1,982	(6,256)	1,414,344
Swiss Franc	2,942,000	—	—	23,423	8,787	5,789	2,979,999
Thailand Baht	329,988	—	—	—	1,601	8	331,597
Turkish Lira	156,431	—	—	—	16	—	156,447
UAE Dirham	28,393	—	—	—	100	—	28,493
TOTAL	\$56,033,372	\$3,839,169	\$4,630,455	\$5,675,749	\$463,848	\$53,097	\$70,695,690

The fair value of derivative instruments is included in the amounts reported under equities, fixed income and as forward contracts.

Real Assets

Real asset investments, which include real estate, infrastructure and forestland, are classified as investments in accordance with GASB Statement 25. Certain real asset investments are leveraged whereby partnerships have been established to purchase properties through a combination of contributions from CalPERS and other investors and through the acquisition of debt. At June 30, 2012, real asset investments of approximately \$37.1 billion are reported at estimated fair value. Of this amount, \$1.9 billion is real estate investment trusts (REITS) and \$35.2 billion is the fair value of real asset investments, offset by \$8.9 billion of long-term mortgages payable and \$3.0 billion of other short-term liabilities.

Required repayment of real asset debt, which includes both recourse and non-recourse debt, is as follows:

Required Repayment of Real Assets Debt

(Dollars in Thousands)

Debt Matures Year Ending June 30	Amount
2013	\$1,062,452
2014	1,327,651
2015	1,247,122
2016	1,110,113
2017	760,387
2018-2022	2,313,507
2023-2027	438,957
2028-2032	407,280
2033-2037	37,374
2038-2042	123,068
2043+	92,689
TOTAL	<u>\$8,920,600</u>

Other Income

On April 11, 2011, the Board approved the repeal of the Directed Brokerage Program as of June 30, 2011 with a sunset date of September 30, 2011.

For fiscal year 2011-12, brokerage commissions that were rebated totaled \$0.5 million. No expenses were incurred to purchase analytical tools, advisory and other research materials.

The Directed Brokerage Program had a closing balance of approximately \$1.6 million, which was subsequently transferred to the PERF cash account.

5. CONTRIBUTIONS & RESERVES

Employer Contributions Actuarially Determined & Contributions Made

Employer contributions are calculated as a percentage of employer payrolls. OPEB plan employer contributions are voluntarily determined by the employer and there are no long-term contracts for contributions. The payroll for employees covered by the PERF, JRF, and JRF II in fiscal year 2011-12 was approximately \$40.4 billion, \$72.2 million, and \$229.6 million, respectively.

Actuarial Valuations

Actuarial valuations are used to determine the cost of pension benefits payable to the members of CalPERS who participate in the PERF, LRF, JRF, and JRF II as well as the related required contribution rates. The actuarial valuations include a number of significant assumptions, including the actuarial cost method used, the asset valuation method, the rate of return on the investment portfolio, rate of inflation, projected salary increases, post-retirement benefit increases, and the life expectancy of members and beneficiaries.

The actuarial cost method used for the PERF, JRF, and JRF II is the Individual Entry Age Normal cost method. For purposes of determining the LRF Annual Required Contribution, CalPERS changed from the Aggregate funding method to the Individual Entry Age Normal funding method. The CERBTF allows the use of either the Entry Age Normal or the Projected Unit Credit cost method for its participating plans. All these methods are projected benefit cost methods that take into account those benefits that are expected to be earned in the future, as well as those already accrued.

In March 2011, the Board approved increasing the number of CERBTF asset allocation strategies from one to three. A nominal discount rate assumption was established for each asset allocation strategy. The discount rate assumption of the CERBTF Assumptions Model was modified further to allow the application of a Margin for Adverse Deviation to the nominal discount rate. These changes were incorporated into all OPEB valuations and Alternative Measurement Methods (AMM) cost reports dated after June 15, 2011.

To amortize any unfunded actuarial liabilities, the PERF, LRF, and JRF II use the level percentage of payroll

method, while the JRF uses a level dollar method. Employers participating in the CERBTf have the option of either using a level dollar or level percentage of payroll method to amortize their unfunded actuarial liabilities.

For the PERF, the 2010 and 2009 actuarial valuations were used to set the actuarially determined contribution requirements for the 2011-12 fiscal year for the State and School employers and public agencies, respectively. For JRF, JRF II and LRF, the 2010 actuarial valuations were used to set the actuarially determined contribution requirements for the 2011-12 fiscal year.

The 2011 actuarial valuations were used to set the actuarially determined contribution requirements for different fiscal years. For the PERF, the 2011 actuarial valuations were used to set the actuarially determined contribution requirements for the 2012-13 fiscal year for the State and School employers, while the 2011 valuations were used to set the actuarially determined contribution requirements for the 2013-14 fiscal year for public agencies. For JRF, JRF II and LRF, the 2011 actuarial valuations were used to set the actuarially determined contribution requirements for the 2012-13 fiscal year. The CERBTf uses demographic assumptions similar to the pension plans with the addition of the Health Cost Trend Rate assumption.

In December 2009, the Board adopted changes to the asset smoothing method as well as changes to the Board policy on the amortization of gains and losses in order to phase in over a three-year period the impact of the negative 24.0 percent investment return experienced by CalPERS in fiscal year 2008-09. The following changes were adopted for all PERF plans:

- The corridor limits for the actuarial value of assets were increased from 80-120 percent of market value to 60-140 percent of market value on June 30, 2009.
- The corridor limits for the actuarial value of assets were reduced to 70-130 percent of market value on June 30, 2010.
- The corridor limits returned to 80-120 percent of market value for the actuarial value of assets on June 30, 2011 and thereafter.
- All gains and losses during the fiscal years 2008-09, 2009-10 and 2010-11 were isolated and amortized over fixed and declining 30-year periods (as opposed to the normal rolling 30-year amortization).

At the March 14, 2012 meeting, the Board approved a recommendation to lower the CalPERS discount rate assumption, or the rate of investment return the pension fund assumes, from 7.75 to 7.50 percent. The price inflation assumption was also lowered from 3.00 to 2.75 percent, which lowers the overall payroll growth assumption to 3.00.

At the April 18, 2012 meeting, the Board approved a recommendation to phase-in the employer contribution rate increases over a period of two years. The phase-in resulted in amortizing over a 20-year period the increase in actuarial liabilities resulting from the change in assumptions, with the payment in year one equal to one-third of the payment that would have been required without the phase-in and the unpaid balance amortized over the remaining 19 years.

Restrictions on Net Assets Available for Benefits

Included in the Net Assets Held in Trust for Pension Benefits is a restricted reserve that, by law, is retained in the PERF and LRF as a reserve against deficiencies in interest earned, potential losses under investments, court-mandated costs, and actuarial losses resulting from terminations, mergers, or dissolutions of contracting agencies. This reserve cannot exceed 0.2 percent of total assets of the PERF, excluding the OASI, and the LRF, and totaled approximately \$475.9 million and \$246.7 thousand as of June 30, 2012, for the PERF and LRF, respectively.

PERF

Actuarial valuations of the PERF are performed annually. The last valuation was performed as of June 30, 2011, for the State, schools, and public agencies.

The total fiscal year 2011-12 net retirement contributions for the PERF amounted to approximately \$11.4 billion, of which \$7.8 billion (the actuarially determined annual required contribution) came from 1,577 employers and approximately \$3.6 billion came from over 786,000 members. The contributions to the PERF were for the retirement program, the 1959 Survivor Program, and the Group Term Life Insurance Program. For the retirement program, the average employer normal cost is 10.046 percent of covered payroll, and amortization of the unfunded liabilities is 7.560 percent of covered payroll. These figures are averages for all employers. The actual figures vary by each employer's plan.

LRF

The current contribution requirements of the LRF are based on actuarially determined rates promulgated as part of legislation passed in 1977.

Actuarial valuations of the LRF are required to be carried out at least every two years. The Board utilizes these actuarial valuations to make recommendations to the State for financing the LRF. For the fiscal year ended June 30, 2012, an actuarially determined contribution was not required based on the June 30, 2010 valuation. In the most recent actuarial valuation as of June 30, 2011 the actuarial funding method was changed from the Aggregate funding method to the Entry Age Normal funding method. This change is consistent with current Board policy on funding methods. This funding method change along with the Board's minimum contribution policy resulted in an employer contribution rate. In the report, the actuarially determined employer contribution rate is 5.380 percent for the fiscal year from July 1, 2012, to June 30, 2013. Section 9358(b) of the LRS Law states "for any fiscal year during which the state's contribution rate is greater than 0 percent, the members of the system shall pay the applicable member contribution rates." Accordingly, the member contribution rates will be reinstated for the coming fiscal year of July 1, 2012 to June 30, 2013.

JRF

Contributions made by the State of California to the JRF are made pursuant to State statute and are not actuarially determined; however, an actuarial valuation of the JRF assets and liabilities is performed every year and is used by CalPERS to make recommendations for financing the JRF. The California law, which states that on and after January 1, 2004, the JRF shall be funded and actuarially sound was amended in conjunction with the adoption of the Judges' Retirement System II Law, which, among other provisions, eliminated the requirement that the JRF be funded and actuarially sound. Recommendations to achieve the necessary level of contributions have been submitted by the Board to the Legislature.

As of June 30, 2012, funding was provided from the following sources to meet benefit payment requirements:

- **Member Contributions** — 8 percent of applicable member compensation

- **Employer Contributions** — 8 percent of applicable member compensation (contributions of 8 percent are also made for retired judges who return to court)
- **Filing Fees** — Varying amounts depending on fee rate and number of filings
- **Investments** — Current yield on short-term investments
- **State of California "Balancing Contributions"** — An amount required by the Judges' Retirement Law, at least equal to the estimated benefits payable during the ensuing fiscal year less the sum of 1) the estimated member contributions during the ensuing fiscal year and; 2) net assets available for benefits at the beginning of the fiscal year

Under the "pay-as-you-go" basis, short-term investments, as well as contributions received during the year and a State General Fund augmentation, are used to provide funding for benefit payments. This funding method is generally more expensive in the long-term, as the fund does not have investment returns generated by a funded plan. Without the State General Fund augmentation, the JRF will not be able to pay the accumulated benefit payments due in 2013. Management and legal counsel believe the State of California is legally required to provide these required contributions to fund the benefits.

For the year ended June 30, 2012, the actual contributions made by the State to the JRF were approximately \$196.4 million, which is significantly less than the actuarially determined annual required contribution of approximately \$1.4 billion.

Because current contributions are used to make benefit payments, the fund does not retain the accumulated contributions of active members. The cumulative contributions for all currently active members since inception were approximately \$110.0 million at June 30, 2012, which exceeded Net Assets Held in Trust for Pension Benefits by approximately \$37.3 million at June 30, 2012.

JRF II

Actuarial valuations for the JRF II are required to be carried out annually. The legislated State contribution rate will be adjusted periodically as part of the annual Budget Act in order to maintain or restore the actuarial soundness of the fund. The last actuarial valuation was performed as of June 30, 2011.

For the year ended June 30, 2012, the statutory employer contribution rate was 23.441 percent based on the June 30, 2010 actuarial valuation. Therefore, for the year ended June 30, 2012, the contributions made by the State to the fund were approximately \$53.7 million, which is more than the actuarially determined required contributions of approximately \$53.1 million.

CERBTf

The actuarial valuations for the CERBTf are conducted by outside actuarial firms engaged by participating employers that must base their valuations on the CalPERS OPEB Assumption Model. This model requires the use of actuarial methods and assumptions similar to those employed for the PERF, except in addition to Entry Age Normal, the use of Projected Unit Credit actuarial cost method is allowed. An additional assumption used for the CERBTf is the health care cost trend rate. The actuarial valuation estimates the cost of future health and other post-employment benefit insurance premiums for current and retired participating employees. Employers with less than 100 plan members may use the alternative measurement method as permitted by GASB Statement No. 57.

The total fiscal year 2011-12 actual net OPEB employer contributions from 338 participating employers representing 341 OPEB plans was \$771.8 million, compared to the actuarially determined annual required contribution of 11.5 percent of covered payroll, or \$1.2 billion. This amount includes the \$258.9 million in contributions made to the CERBTf, plus an additional \$512.9 million in retiree health care premiums paid by employers directly to providers, implicit rate subsidies, and other GASB Statement No. 45 compliant costs recognized by employers as contributions toward the ARC. CERBTf actuarial valuations are based upon plan benefits in effect at the time of the valuations, either defined by the employer or by the Public Employees Hospital Care Act (PEMHCA), for employers participating in that program. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of future employer and employee cost sharing.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATION

The State of California (the State), as an employer, provides retired State employees with certain post-employment benefits, such as health care and dental benefits, under a single-employer defined benefit plan. CalPERS as a part of the State agencies, provides funding for the State's OPEB plan. CalPERS funding is based on the amount determined by the State on a pay-as-you-go basis. The State does not issue a stand-alone report for the OPEB plan.

To be eligible for these benefits, a first-tier plan State employee must retire on or after age 50 with at least five years of service, and second-tier plan employee must retire on or after attaining age 55 with at least 10 years of service. In addition, an employee must retire within 120 days of separation from employment to be eligible to receive these benefits. In accordance with the California Government Code, the State pays 100 percent of the health insurance cost for retirees, plus 90 percent of the additional premium required for the enrollment of family members of the retired if vesting requirements are met. CalPERS recognizes the cost of providing these benefits to State retirees on a pay-as-you-go basis during the year, and at year-end CalPERS records its share of the net OPEB obligation as determined by the most recent State of California actuarial valuation report as of June 30, 2011 based on the pay-as-you-go funding scenario.

The costs of these benefits on a pay-as-you-go basis are reported in the administrative expense line item in the statement of changes in fiduciary net assets and statement of revenues, expenses, and changes in net assets.

Notes to the Basic Financial Statements (continued)

For the fiscal year ended June 30, 2012, the costs of these benefits were as follows for the respective funds:

OPEB Costs (Dollars in Thousands)

Fund	Amount
PERF	\$35,791
LRF	43
JRF	131
JRF II	65
CERBTf	221
HCF	1,694
CRF - Proprietary Fund	3,298
TOTAL	\$41,243

The State's most recent actuarial valuation report as of June 30, 2011 reported, based upon a pay-as-you-go scenario, the State's actuarial accrued liabilities associated with the State employees' post-employment benefits of \$62.1 billion as of June 30, 2011, an annual OPEB cost of \$4.7 billion, estimated net employer contributions of \$1.7 billion, and an expected Net OPEB Obligation of \$12.9 billion as of and for the fiscal year ended June 30, 2012. CalPERS is a component unit of the State and CalPERS participates in the State's plan as a single-employer plan. CalPERS allocated shares of the Net OPEB Obligation as of June 30, 2012 were as follows for the respective funds:

Net OPEB Obligations (Dollars in Thousands)

Fund	Amount
PERF	\$88,084
LRF	123
JRF	320
JRF II	186
CERBTf	245
HCF	4,542
CRF - Proprietary Fund	8,816
TOTAL	\$102,316

The Net OPEB Obligation is reported as other program liability in the statement of fiduciary net assets, and is reported as OPEB Obligation in the statement of net assets—proprietary funds.

The actuarial report for OPEB may be obtained by writing to the Office of State Controller, P.O. Box 942850, Sacramento, CA 94250 or by visiting the State Controller's web site at www.sco.ca.gov.

7. HEALTH CARE FUND

Estimated Liabilities

The Public Employees' Health Care Fund (HCF) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been "incurred but not reported" (IBNR). The estimated medical claims liability was calculated by Anthem Blue Cross, the HCF's third-party administrator, at June 30, 2012, using a variety of actuarial and statistical techniques and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability of \$199.1 million is carried at its face amount, and no interest discount is assumed. The IBNR portion represents an estimate for claims that have been incurred prior to June 30, 2012, but have not been reported to the HCF. The total estimated claims at the end of the 2011-12 fiscal year also includes \$24.1 million which is reported as insurance premiums and claims in process of payment liability in the statement of net assets.

Anticipated Investment Income and Reinsurance

Anticipated investment income is included in the annual premium requirement for HCF members. Also, the HCF has not entered into any reinsurance or excess insurance agreements.

The following schedule represents changes in the aggregate estimated claims liabilities of the HCF for the fiscal years ended June 30, 2012 and 2011.

Notes to the Basic Financial Statements (continued)

Changes in the Aggregate Estimated Claims Liabilities of the HCF for PERSCare, PERS Choice and PERS Select

(Dollars in Thousands)

For the Year Ending June 30	2012	2011
TOTAL ESTIMATED CLAIMS AT BEGINNING OF FISCAL YEAR	\$279,160	\$229,062
INCURRED CLAIMS & CLAIM ADJUSTMENT EXPENSES		
Provision for Insured Events of Current Fiscal Year	\$1,816,245	\$1,792,599
Decrease in Provision for Insured Events of Prior Years	(88,014)	(64,443)
Total Incurred Claims & Claim Adjustment Expenses	\$1,728,231	\$1,728,156
PAYMENTS		
Claims & Claim Adjustment Expenses Attributable to Insured Events of Current Fiscal Year	\$1,635,839	\$1,550,306
Claims & Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Year	148,308	127,752
Total Payments	\$1,784,147	\$1,678,058
TOTAL ESTIMATED CLAIMS AT END OF FISCAL YEAR	\$223,244	\$279,160

8. LONG-TERM CARE FUND

The Public Employees' Long-Term Care Fund (LTCF) estimate of the funding level to provide for the payment of future claim benefits is projected based on actual membership levels.

The LTCF establishes the liability for future policy benefits based on the present value of future benefits and expenses less the present value of future premiums. The liability for future policy benefits was calculated by the fund's actuary, using a variety of actuarial and statistical techniques as part of the actuarial review as of June 30, 2012. The actuarial valuations are very sensitive to the underlying actuarial assumptions, including a discount rate of 5.75 percent, morbidity, and voluntary termination. The estimated liability for future policy benefits reflects worse than expected morbidity (i.e. claims), higher than expected persistency, which results in more projected future claims, and lower than expected investment returns.

The total estimated liability for future policy benefits as of June 30, 2012 was \$3.6 billion. Of that amount, \$198.7 million is reported as a current liability, which includes the Rate of Premium Death Benefit that is expected to be paid in fiscal year 2012-13.

9. PERF, LRF, JRF, JRF II, AND CERBTFFUNDED STATUS

The following represents the funded status of the CalPERS pension trust funds and the post-employment health care fund as of June 30, 2011. These actuarial valuations involve estimates of the value and probability assumptions of events far into the future, and these amounts and assumptions are subject to continual revision as actual results are compared

to past expectations. Calculations are based on the benefits provided under the terms of the plan in effect and the pattern of cost sharing between employees and the employer. The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing. These actuarial calculations reflect long-term perspectives and use techniques that are designed to reduce short-term volatility.

Funded Status¹ of the PERF, LRF, JRF, JRF II, and CERBTFF (Dollars in Millions)

Fund	Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) - (Funding Excess) (3) = (2) - (1)	Funded Ratio (1) ÷ (2)	Annual Covered Payroll (4)	UAAL as a % of Covered Payroll (3) ÷ (4)
PERF	6/30/11	\$271,389	\$328,567	\$57,178	82.6 %	\$43,901	130.2 %
LRF	6/30/11	126	109	(17)	115.6	2	(850.0)
JRF	6/30/11	54	3,297	3,243	1.6	76	4,267.1
JRF II	6/30/11	561	610	49	92.0	230	21.3
CERBTFF ³	6/30/11 ²	1,818	15,522	13,704	11.7	10,374	132.1

Notes:

1 The Schedule of Funding Progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. Market value of asset information is included in the Schedule of Funding Progress as part of the Required Supplementary Information on page 78-79.

2 The June 30, 2011 funded status for the CERBTFF was developed by combining actuarial information from 282 OPEB valuations prepared as of June 30, 2011 and data rolled forward from 59 OPEB valuations prepared at an earlier date, by applying methods allowed under Actuarial Standards of Practice and under generally accepted accounting principles.

3 The CERBTFF Assumptions Model allows use of either the Entry Age or the Projected Unit Credit actuarial method. The Actuarial Accrued Liability (AAL) reported for the CERBTFF represents aggregated liabilities calculated under either method.

Notes to the Basic Financial Statements (continued)

Actuarial Information | Assumptions and Methods Used in the Most Recent Actuarial Valuations

	PERF	LRF	JRF	JRF II	CERBTf
Funded Status					
Valuation Date	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011 ³
Adoption Date	Various	Various	Various	Various	—
Actuarial Cost Method	Individual Entry Age Normal Cost	Individual Entry Age Normal Cost	Individual Entry Age Normal Cost	Individual Entry Age Normal Cost	Entry Age Normal or Projected Unit Credit
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar	Level Percentage of Payroll	Varies ³
Amortization Approach	Closed (Open for Gains and Losses)	Closed	Closed	Closed (Open for Gains and Losses)	Varies ³
Remaining Amortization Period ²	25 Years for Schools, average of 21 years for Public Agencies, and 20 to 25 years for the State plans	30 Years	Average of 2 Years	Average of 20 Years	Varies ³
Asset Valuation Method	Smoothing of Market Value	Smoothing of Market Value	Market Value	Smoothing of Market Value	Varies ³
ACTUARIAL ASSUMPTIONS					
Net Investment Rate of Return	7.50%	5.75%	4.25%	7.00%	6.39%–7.61% ³
Projected Salary Increases ¹	Varies, based on duration of service	3.00%	3.00%	3.00%	3.25% ³
Post Retirement Benefit Increase	For State and Schools, 2% or 3% compounded annually For Public Agencies, 2% to 5% compounded annually, depending on the agency plan provisions.	2.75%	3.00%	2.75%	—
HEALTH CARE COST TREND RATES:					
Select Period	—	—	—	—	0–10 Years
Initial Rate	—	—	—	—	4.00–12.00%
Ultimate Rate	—	—	—	—	4.00–6.00%

Notes:

- Includes inflation at 2.75 percent for all funds except CERBTf, which used an assumed 3.00 percent inflation because OPEB valuations were performed prior to the Board decision to lower the assumed rate of inflation.
- The June 30, 2011 actuarial valuations for the LRF, JRF, JRF II, State and Schools were used to set the ARC for the fiscal year 2012-13, while the June 30, 2011 actuarial valuations for the public agencies set the ARC for fiscal year 2013-14.
- The CERBTf participating employers chose one of three available portfolios. The employers used either a level dollar or level percentage of payroll for their amortization method and were

able to use both open and closed amortization approaches. Most valuations used the current market value of assets and a few used the smoothing market value of assets. For a significant majority of the valuations, the unfunded liability was amortized over 30 years; the remainder used periods that ranged between one year and 29 years. The net investment rate of return shown in the table above reflects the expected returns of the three portfolios. Employers who expect to not fully fund the ARC in future years use a weighted rate of return that is blended with the employer's expected return on general unrestricted assets. While the significant majority of valuations utilized a 3.25 percent projected salary increase assumption, some valuations used a somewhat lower rate.

Notes to the Basic Financial Statements (continued)

Actuarial Information | Assumptions and Methods Used in the Actuarial Valuations in Development of the fiscal year 2012 Annual Required Contribution (ARC)

	PERF	LRF	JRF	JRF II	CERBTf
ARC Valuation Date	June 30, 2010: State and Schools June 30, 2009: Public Agencies	June 30, 2010	June 30, 2010	June 30, 2010	June 30, 2011 ^{3,4}
Adoption Date	Various	Various	Various	Various	—
Actuarial Cost Method	Individual Entry Age Normal Cost	Aggregate Cost	Individual Entry Age Normal Cost	Individual Entry Age Normal Cost	Entry Age Normal or Projected Unit Credit
Amortization Method	Level Percentage of Payroll	None ²	Level Dollar	Level Percentage of Payroll	Varies ³
Amortization Approach	Closed (Open ⁵ for Gains and Losses)	None ²	Closed	Closed (Open for Gains and Losses)	Varies ³
Remaining Amortization Period	25 Years for Schools, average of 21 years for Public Agencies, and 20 to 25 years for the State plans	None ²	2.66 years	Average of 23 years	Varies ³
Asset Valuation Method	Smoothing of Market Value, Temporary Increase in 20% Market Value Corridor 40% in 6/30/2009 and 30% in 6/30/2010 valuation	Smoothing of Market Value, 20% Corridor	Market Value	Smoothing of Market Value, 20% Corridor	Varies ³
ACTUARIAL ASSUMPTIONS					
Net Investment Rate of Return	7.75%	6.00%	4.50%	7.25%	6.39% – 7.61% ³
Projected Salary Increases ¹	Varies, based on duration of service	3.25%	3.25%	3.25%	3.25% ³
Post Retirement Benefit Increase	For State and Schools, 2% or 3% compounded annually For Public Agencies, 2% to 5% compounded annually, depending on the agency plan	3.00%	3.25%	3.00%	—
HEALTH CARE COST TREND RATES:					
Select Period	—	—	—	—	0 – 10 Years
Initial Rate	—	—	—	—	4.00 – 12.00%
Ultimate Rate	—	—	—	—	4.00 – 6.00%

Refer to page 73 for corresponding footnote explanations.

Notes to the Basic Financial Statements (continued)

Refer to the table on page 72 for corresponding footnotes.

Notes:

- 1 Includes inflation at 3.0 percent for all funds.
- 2 The Aggregate Cost Method does not identify or separately amortize unfunded actuarial liabilities.
- 3 The CERBTf participating employers chose one of three available portfolios. The employers used either a level dollar or level percentage of payroll for their amortization method and were able to use both open and closed amortization approaches. Most valuations used the current market value of assets and a few used the smoothing market value of assets. For a significant majority of the valuations, the unfunded liability was amortized over 30 years; the remainder used periods that ranged between one year and 29 years. In March 2011, the Board increased the number of CERBTf investment portfolios from one to three, and allowed a Margin for Adverse Deviation in the associated discount rate for OPEB valuations dated after June 15, 2011. The net investment rate of return shown in the table above reflects the expected returns of the three portfolios. Employers who expect to not fully fund the ARC in future years use a weighted rate of return that is blended with that employer's expected return on general unrestricted assets. While the significant majority of valuations utilized a 3.25 percent projected salary increase assumption, some valuations used a somewhat lower rate.
- 4 The CERBTf ARC for the fiscal year ended June 30, 2012 was derived from OPEB valuations dated across four years. The OPEB valuation date (year) and percentage of total ARC dollars coming from that valuation year is: 2011 (82 percent), 2010 (12 percent), 2009 (4 percent), and 2008 (2 percent).
- 5 Except for fiscal years 2008-09 through 2010-11.

10. COMMITMENTS TO FUND PARTNERSHIPS

At June 30, 2012, CalPERS total capital commitments to fund partnerships was \$86.9 billion. Of this amount, \$17.4 billion remained unfunded and is not recorded on the CalPERS statement of fiduciary net assets. The following table depicts the total commitments and unfunded commitments, respectively, by asset class.

Total Commitments and Unfunded Commitments to Fund Partnerships by Asset Class (Dollars in Thousands)

Asset Class	Total Commitments	Unfunded Commitments
Equity (Corporate Governance)	\$4,438,009	\$248,234
Real Assets	25,588,543	4,925,658
Private Equity	56,894,602	12,224,691
TOTAL	\$86,921,154	\$17,398,583

11. CONTINGENCIES

CalPERS has entered into agreements with a number of issuers of non-taxable debt to provide payment of principal and interest in the event of non-payment. CalPERS is paid an annual fee over the term of the agreement for each transaction. The majority of the transactions are supported by collateral, letters of credit from banks or bond insurers for repayment. As of June 30, 2012, the credit enhancement program had contingent liabilities of approximately \$1.6 billion and net fee income of approximately \$9.03 million.

CalPERS participates, as lender, in asset-based lending transactions, which is secured debt that is loaned primarily to non-investment grade borrowers for mostly working capital, acquisitions, turnarounds, growth financing, debtor-in-possession financing, exit financing, and corporate recapitalization/reorganizations. Collateral consists primarily of accounts receivable or inventory. Although borrowers are not required to borrow (draw down) the total committed loan amount they must pay fees (unused fees) based on the unfunded amounts and interest on the funded amounts. Usually the terms of these loans are no greater than five years. In exchange for providing these loans, CalPERS receives interest and fees from the borrowers. Interest is based on Prime or LIBOR plus a margin. For the 2011-12 fiscal year, interest and fee income earned was roughly \$5.5 million and as of

June 30, 2012, \$341 million was committed by CalPERS and the total outstanding loan balance was \$0.

CalPERS is a defendant in litigation involving individual pension and health benefit payments and participant eligibility issues arising from its normal activities. In the event of an adverse decision, any payments awarded by the courts would be recovered by CalPERS through prospective adjustments to the employer contribution rate. Based upon consultation with legal counsel, management believes there will be no material adverse effect on the basic financial statements as a result of the ultimate outcome of these matters.

12. SUBSEQUENT EVENTS

A. New Accounting Standards (Statements No. 67 and No. 68 of the Governmental Accounting Standards Board)

In June 2012, GASB approved Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. GASB Statement No. 67 addresses reporting by pension plans that administer benefits for governments, and is effective for financial statements for periods beginning after June 15, 2013. GASB Statement No. 68, which primarily relates to reporting by governments that provide pensions to their employees, is effective for fiscal years beginning after June 15, 2014. These standards were subsequently published in August 2012.

Key changes include:

- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer's past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments to projected benefit payments for which plan assets are expected to be available to make projected benefit payments, and (b) the interest rate on a tax-exempt 20-year AA/Aa-or higher rated municipal bond index to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Requiring more extensive note disclosures and required supplementary information.

The System will be subject to the provisions of GASB Statement No. 67 beginning with the fiscal year ending June 30, 2014. GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB Statement No. 67 builds upon the existing framework for financial reports of defined benefit pension plans and enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. In addition, it requires the presentation of new information about the annual money-weighted rates of return on pension plan investments in the notes to the financial statements and in 10-year required supplementary information schedules.

CalPERS is evaluating the impact of new GASB standards and expects that related communications with participating employers will require significant effort.

B. California Public Employees' Pension Reform

On September 12, 2012, the governor signed into law the "Public Employees' Pension Reform Act of 2013." This legislation applies to all public employers and pension plans on or after January 1, 2013, with the exception of the University of California as well as charter cities and charter counties that are not a member of a retirement system governed by State code.

Key provisions of this legislation include changes in retirement benefits, member contributions, increasing the retirement age for both public safety and miscellaneous employees, eliminating the ability of public employees to purchase nonqualified services or "Additional Retirement Service Credit," establishing a cap on the annual salary that counts toward final compensation and pension benefits, and prohibiting a public employer from offering a replacement benefit plan for new members.

All aspects of the legislation apply to new employees hired on or after January 1, 2013. A few provisions, such as cost sharing and the elimination of Additional Retirement Service Credit, apply to current members in the system. This legislation does not have any impact on

the current accrued liability, existing unfunded liability and contribution rates for the fiscal year 2011-12. However, it will impact future contribution rates as employers hire new employees, resulting in lower contribution requirements over time.

C. Local Government Bankruptcies

As of September 30, 2012, three California local governments had filed for financial relief under Chapter 9 of the Federal Bankruptcy Code. All three local governments provide retirement benefits, and one also provides health benefits, through CalPERS. As such, these entities are obligated by statute to make contributions to CalPERS for the pension benefits and one local government for pension and health benefits, of their respective employees. These local governments met their pension obligations and remitted annual contributions during the fiscal year 2011-2012, totaling \$61.1 million from all three local governments. These local governments have yet to file their proposed plans of adjustment and therefore the outcome and impact of the bankruptcy proceedings at these very early stages of the cases are unknown.

D. Long-Term Care Premium Increase

On April 17, 2012, the Board adopted a more conservative LTCF asset allocation, reducing the percentage of equity in the LTCF. On September 12, 2012, the Board approved a new LTCF program discount rate of 5.75 percent, which was reflected in the most recent LTCF actuarial valuation. The lowering of the investment discount rate to 5.75 percent, from the prior 6.25 percent for years 1 through 10 and 7.60 percent for years 11 onward, is to align the discount rate with the Fund's more conservative investment approach.

On October 17, 2012, the Board approved an 85 percent premium increase for some of its long-term care insurance program policies, with the increase to be applied over a two-year period, beginning in July 2015. Policyholders who opt to cover the increase in a single year will receive a 79 percent rate increase. The premium rate increases are estimates based on the best available information at the present time. The exact amount of the premium increases will depend largely on whether policyholders subject to the rate increase choose to avail themselves of new benefit options that will be available

to them. The new optional alternative benefit change designs provide the affected CalPERS LTCF policyholders with options for relief from the financial impact of the July 2015 rate increase as well as the ongoing 5 percent rate increase for these impacted policyholders. Below is a description of the new optional alternatives:

1. **Retained Inflation (RI):** RI will be offered to all policyholders who have policies with built-in inflation protection (excluding Partnership policies), regardless of their policy term. Without the RI option, when policyholders drop their built-in inflation protection, their inflated Daily Benefit Amount (DBA) reverts back to their original DBA at time of initial purchase. Policyholders electing to drop their built-in inflation protection would be eligible for the Benefit Increase Option (BIO), allowing them to increase their DBA amount without going through underwriting. The LTC Program offers the BIO every three years to all policyholders that do not have built-in inflation protection. Accepting the BIO offer results in a premium increase that correlates with the coverage increase afforded by this offer.
2. **10 Year Policy with Retained Inflation:** The addition of a 10-year/RI plan with a BIO for comprehensive or facilities only policies affords policyholders an opportunity to convert to a 10-year option in addition to the currently available 6 and 3-year options. This option is only available to policyholders who have policies including a lifetime plan with inflation protection.
3. **Optional DBA:** The addition of the Optional DBA provides a means for policyholders who have reduced their DBA or dropped inflation protection to avail themselves of higher DBAs, should they elect to purchase this option. Participation in the Optional DBA requires the policyholder to participate in the RI plan option; therefore, those policyholders who previously elected to keep their built-in inflation protection and decrease their DBA would be required to drop their built-in inflation protection and move into the RI benefit plan option.

If policyholders avail themselves of the above options, it will:

- Eliminate the ongoing 5 percent rate increase for LTC1 lifetime with inflation protection policyholders;
- Help them avoid the 2015 projected 85 percent premium increase; and
- Give them the BIO option every three years.

These new optional alternatives were designed to allow policyholders to avoid further premium increases by converting from lifetime policies to defined benefit duration (e.g. 10 year policy, 6 year policy, etc.) policies that provide adequate protection based on industry data and are expected to be available in the calendar year 2013.

Financial Section: Required Supplementary Information

- 78 Schedule of Funding Progress — Pension and OPEB Trust Funds (Unaudited)
- 81 Schedule of Employer Contributions — Pension and OPEB Trust Funds (Unaudited)
- 82 Schedule of Claims Development Information (Unaudited)

Schedule of Funding Progress — Pension and OPEB Trust Funds (Unaudited)

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) – Entry Age (2)	Unfunded AAL(UAAL) (AVA Basis) (2) - (1)	Funded Ratio - Actuarial Value of Assets Basis (1) ÷ (2)
PERF				
6/30/06	\$199,033	\$228,131	\$29,098	87.2%
6/30/07	216,484	248,224	31,740	87.2%
6/30/08	233,272	268,324	35,052	86.9%
6/30/09	244,964	294,042	49,078	83.3%
6/30/10 ⁸	257,070	308,343	51,273	83.4%
6/30/11 ¹¹	271,389	328,567	57,178 ²	82.6%
LRF ^{3,9}				
6/30/07	\$142	\$102	(\$40)	139.2%
6/30/08	142	103	(39)	137.9%
6/30/09	134	112	(22)	119.6%
6/30/10	127	112	(15)	113.4%
6/30/11 ¹¹	126	109	(17)	115.6%
JRF ^{3,4}				
6/30/07	\$12	\$2,714	\$2,702	0.4%
6/30/08	19	3,607	3,588	0.5%
6/30/09	41	3,583	3,542	1.1%
6/30/10	64	3,429	3,365	1.9%
6/30/11 ¹¹	54	3,297	3,243	1.6%
JRF II				
6/30/06	\$213	\$220	\$7	96.8%
6/30/07	268	295	27	90.8%
6/30/08	335	367	32	91.3%
6/30/09	379	451	72	84.0%
6/30/10	461	521	60	88.5%
6/30/11 ¹¹	561	610	49	92.0%
CERBTf ^{5, 12}				
6/30/07	\$11	\$24	\$13	45.8%
6/30/08	48	4,845	4,797	1.0%
6/30/09 ⁶	873	10,462	9,589	8.3%
6/30/10 ⁷	1,287	14,288	13,001	9.0%
6/30/11 ¹⁰	1,818	15,522	13,704	11.7%

Refer to page 80 for corresponding footnote explanations.

Schedule of Funding Progress – Pension and OPEB Trust Funds (Unaudited) (continued)

Annual Covered Payroll (3)	UAAL as a % of Covered Payroll [(2)-(1)] ÷ (3)	Market Value of Assets (4)	Unfunded AAL (UAAL) (MVA Basis) (2) - (4)	Funded Ratio – Market Value of Assets Basis ¹ (4) ÷ (2)
\$38,047	76.5%	\$211,188	\$16,943	92.6%
40,864	77.7%	251,162	(2,938)	101.2%
44,236	79.2%	238,041	30,283	88.7%
45,100	108.8%	178,860	115,182	60.8%
44,984	114.0%	201,632	106,711	65.4%
43,901	130.2%	241,740	86,827	73.6%
\$2	-2000.0%	\$142	(\$40)	139.2%
2	-1950.0%	134	(31)	130.1%
2	-1100.0%	112	—	100.0%
2	-750.0%	114	(2)	101.8%
2	-850.0%	124	(15)	113.8%
\$119	2270.6%	\$12	\$2,702	0.4%
111	3232.4%	19	3,588	0.5%
97	3651.5%	41	3,542	1.1%
86	3912.8%	64	3,365	1.9%
76	4267.1%	54	3,243	1.6%
\$125	5.6%	\$219	\$1	99.5%
156	17.3%	291	4	98.6%
175	18.3%	325	42	88.6%
199	36.2%	316	135	70.1%
213	28.2%	422	99	81.0%
230	21.3%	576	34	94.4%
\$37	35.1%	\$11	\$13	45.8%
5,092	94.2%	48	4,797	1.0%
9,307	103.0%	845	9,617	8.1%
10,435	124.6%	1,287	13,001	9.0%
10,374	132.1%	1,864	13,658	12.0%

Schedule of Funding Progress – Pension and OPEB Trust Funds (Unaudited) (continued)

Refer to the table on pages 78-79 for corresponding footnotes.

Notes:

- 1 The funded status on a market value of assets basis is reported since it represents the true measure of the plan's ability to pay benefits at a given point in time. The actuarial value of assets is used only for purposes of setting the employer contribution rates and keeping them as smooth as possible from year to year. The unfunded liability and funded status on an actuarial value of assets basis represent the unfunded liability/(surplus) that was taken into account when establishing employer rates.
- 2 The Unfunded Actuarial Accrued Liability (the total Actuarial Liability in excess of Actuarial Value of Assets) of the PERF by the major employer group from the June 30, 2011 valuation is as follows: 1) \$27,229 for the State of California, 2) \$6,766 for schools, and 3) \$23,183 for public agencies.
- 3 LRF and JRF were funded using the Aggregate Actuarial Cost Method in prior years. The Aggregate Cost Method does not identify actuarial accrued liabilities and funded ratios. For this reason, no funding progress information is available for either the LRF or JRF prior to June 30, 2007. Beginning with the June 30, 2007 actuarial valuation, CalPERS is complying with GASB Statement No. 50, which requires the funding progress to be disclosed using the Entry Age Actuarial Cost Method. The actuarial funding method was changed from the Aggregate Funding Method to the Entry Age Normal Funding Method for the LRF and JRF as of June 30, 2011 and June 30, 2010, respectively.
- 4 The actuarial assumption for the investment rate of return was reduced from 7.0 percent in the June 30, 2007 valuation to 4.5 percent in the June 30, 2008 valuation to reflect the funding of the JRF on a pay-as-you-go basis.
- 5 Only five years of funding progress information is shown because the CERBTf did not exist prior to the 2006-07 fiscal year.
- 6 The amounts previously reported as of June 30, 2009 in the fiscal year 2008-09 financial statements were revised to reflect the valuation results for new plan participants and to align the valuation dates of all plan participants. The revised data reflects the individual actuarial valuations of 258 employers participating in the CERBTf as of June 30, 2010, aligned to a measurement date of June 30, 2009 in compliance with GASB Statement No. 57
- 7 During the fiscal year 2010-2011, several large employers contracted with the CERBTf. This data represents the actuarial data from 309 valuations adjusted to an aligned date of June 30, 2010 and includes the actual asset value as of that date, to be compliant with GASB Statement No. 57. CalPERS projected the data as of June 30, 2010 in the table above by rolling forward or backward the actuarial data contained in OPEB valuations and Alternative Measurement Method (AMM) reports prepared by participating employers as of varying valuation dates. The alignment was achieved by applying methods allowed under Actuarial Standards of Practice and under Generally Accepted Accounting Principles.
- 8 In December 2009, the Board adopted changes to the asset smoothing method as well as changes to the Board policy on the amortization of gains and losses in order to phase in over a three-year period the impact of negative 24 percent investment returns experienced by CalPERS in fiscal year 2008-09. The following changes were adopted for all PERF plans:
 - The corridor limits for the actuarial value of assets were increased from 80-120 percent of market value to 60-140 percent of market value on June 30, 2009.
 - The corridor limits for the actuarial value of assets were reduced to 70-130 percent of market value on June 30, 2010.
 - The corridor limits will return to 80-120 percent of market value for the actuarial value of assets on June 30, 2011 and thereafter.
 - All gains and losses during the fiscal years 2008-09, 2009-10 and 2010-11 were isolated and amortized over fixed and declining 30-year periods (as opposed to the normal rolling 30-year amortization).The temporary smoothing methods adopted by the Board have mitigated the impact of fiscal year 2008-09 investment losses.
- 9 The investment return assumption for the LRF was reduced from 7 percent to 6 percent for the June 30, 2010 valuations to reflect the change in the asset allocation strategy adopted by the Board in April 2011.
- 10 The June 30, 2011 funded status for the CERBTf was developed by combining actuarial information from 282 OPEB valuations prepared as of June 30, 2011 and data rolled forward from 59 OPEB valuations prepared at an earlier date, by applying methods allowed under Actuarial Standards of Practice and under generally accepted accounting principles.
- 11 At the March 2012 meeting, the Board approved a recommendation to lower the inflation assumption from 3.00 percent to 2.75 percent. Consequently, the CalPERS discount rate assumption, or the rate of investment return, was lowered by 0.25 percent. The rates of investment return for the PERF, LRF, JRF, and JRF II are now 7.50 percent, 5.75 percent, 4.25 percent, and 7.00 percent, respectively. At the April 2012 meeting, the Board approved a recommendation to phase-in the employer contribution rate increases for the PERF over a period of two years.
- 12 The CERBTf Assumptions Model allows use of either the Entry Age or the Projected Unit Credit actuarial method. The Actuarial Accrued Liability (AAL) reported for the CERBTf represents aggregated liabilities calculated under either method.

Schedule of Employer Contributions – Pension and OPEB Trust Funds (Unaudited)

Year Ended June 30	PERF Employer Contributions		LRF Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
	2007	\$6,442,383,867	100	\$0 ²
2008	7,242,802,002	100	— ²	—
2009	6,912,376,563	100	— ²	—
2010	6,955,049,078	100	— ²	—
2011	7,465,397,498	100	— ²	—
2012	7,772,912,572 ¹	100	— ²	—

Notes:

1 The 2010 actuarial valuation was used to set the fiscal year 2011-12 PERF Annual Required Contributions for the State and Schools. The 2009 actuarial valuations were used to set the fiscal year 2011-12 Annual Required Contributions for Public Agencies.

2 Based on the June 30, 2010, 2009, 2008, 2007, 2006, and 2005 actuarial valuations, the annual required contributions for the years ended June 30, 2012, 2011, 2010, 2009, 2008, and 2007 were \$0.

Year Ended June 30	JRF Employer Contributions		JRF II Employer Contributions		CERBTf Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made ³
	2007	\$560,879,874 ¹	23.4	\$28,506,356	94.9	\$2,320,693
2008	623,532,045	26.2	31,673,544	116.1	450,827,057 ²	174.5
2009	790,911,681	24.1	42,944,106	92.0	611,607,510 ²	95.7
2010	1,167,007,021	15.9	44,758,633	95.2	870,842,132 ²	76.9
2011	1,262,446,956	13.3	50,949,124	105.7	1,141,450,654 ^{2,5}	65.6
2012	1,366,702,281 ⁴	14.4	53,144,136 ⁴	101.1	1,221,939,827 ⁶	63.2

Notes:

1 Effective fiscal year 2007 the Traditional Aggregate Cost Method was used to determine ARC. Starting with fiscal year 2012 the ARC is determined using the Individual Entry Age Normal Method.

2 The fiscal years 2007-08, 2008-09, 2009-10 and 2010-11 contributions made toward the ARC excludes \$48.9 million, \$10.4 million, \$4.4 million, and \$9.9 million respectively, that were contributed to the CERBTf, but were treated as pre-existing assets for purposes of calculating the ARC.

3 Beginning with the fiscal year 2007-08, the required contributions made include retiree health premiums paid directly to health carriers, OPEB related administrative costs paid outside the CERBTf, and implicit rate subsidy.

4 The 2010 valuation was used to determine the fiscal year 2011-12 Annual Required Contributions for the JRF and JRF II.

5 The 2011 CERBTf ARC includes amounts from some employers who will begin making contributions to the trust in future years. Had they been excluded, the reported ARC would be \$916.9 million and the contributions made toward the ARC would represent 73.0 percent of the ARC.

6 The 2012 CERBTf ARC includes amounts from some employers who will begin making contributions to the trust in future years. Had they been excluded, the reported ARC would be \$969.9 million and the contributions made toward the ARC would represent 70.3 percent of the ARC.

Schedule of Claims Development Information (Unaudited)

The table on the next page presents the Health Care Fund's (HCF) earned revenues and investment income, as well as losses and other expenses over the last 10 years. Rows one through six contain the following information:

1. This line shows the total earned premium revenues and investment revenues for each fiscal year.
2. This line shows other HCF operating costs, including overhead and claims expense not allocable to individual claims, for each fiscal year.
3. This line shows the HCF's incurred claims and allocated claim adjustment expenses (both paid and accrued) as reported at the end of the policy year. The policy year is the first year in which the triggering event under the contract occurred.
4. This section shows the cumulative amounts paid as of the end of each policy year and years succeeding the policy year.
5. This section shows re-estimated incurred claims as of the end of each policy year and years succeeding the policy year. Re-estimates are based on new information received on known claims, as well as information on new claims not previously reported.
6. This line compares the amount of the re-estimated incurred claims to the amount initially established (line 3), and shows whether the re-estimate is greater or less than projected. As data mature for individual policy years, the correlation between initial estimates and re-estimates is used to evaluate the accuracy of incurred claims currently recognized.

Schedule of Claims Development Information (Unaudited) (continued)

Public Employees' Health Care Fund – June 30, 2012 (Dollars in Thousands)

	Fiscal and Policy Year Ended									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1) Net Earned Required Premium & Investment Revenues	\$947,492	\$1,048,042	\$1,115,172	\$1,229,239	\$1,410,888	\$1,543,643	\$1,608,738	\$1,409,621	\$1,775,005	\$1,912,355
2) Unallocated Expenses	\$50,296	\$58,182	\$65,902	\$67,679	\$74,771	\$78,607	\$85,511	\$90,292	\$88,392	\$96,043
3) Estimated Incurred Claims & Expenses, End of Policy Year	\$854,648	\$940,503	\$1,083,011	\$1,202,409	\$1,268,239	\$1,385,438	\$1,530,264	\$1,654,214	\$1,792,599	\$1,816,245
4) Paid (Cumulative) as of:										
End of Policy Year	\$722,732	\$807,627	\$923,608	\$1,043,346	\$1,094,818	\$1,197,390	\$1,313,680	\$1,444,509	\$1,550,306	\$1,635,839
One Year Later	800,605	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	—
Two Years Later	800,605	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	—	—
Three Years Later	800,605	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	—	—	—
Four Years Later	800,605	883,550	1,012,021	1,146,876	1,197,334	1,316,774	—	—	—	—
Five Years Later	800,605	883,550	1,012,021	1,146,876	1,197,334	—	—	—	—	—
Six Years Later	800,605	883,550	1,012,021	1,146,876	—	—	—	—	—	—
Seven Years Later	800,605	883,550	1,012,021	—	—	—	—	—	—	—
Eight Years Later	800,605	883,550	—	—	—	—	—	—	—	—
Nine Years Later	800,605	—	—	—	—	—	—	—	—	—
5) Re-estimated Incurred Claims Expenses:										
End of Policy Year	\$854,648	\$940,503	\$1,083,011	\$1,202,409	\$1,268,239	\$1,385,438	\$1,530,264	\$1,654,214	\$1,792,599	\$1,816,245
One Year Later	800,605	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	1,698,615	—
Two Years Later	800,605	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	1,589,771	—	—
Three Years Later	800,605	883,550	1,012,021	1,146,876	1,197,334	1,316,774	1,448,134	—	—	—
Four Years Later	800,605	883,550	1,012,021	1,146,876	1,197,334	1,316,774	—	—	—	—
Five Years Later	800,605	883,550	1,012,021	1,146,876	1,197,334	—	—	—	—	—
Six Years Later	800,605	883,550	1,012,021	1,146,876	—	—	—	—	—	—
Seven Years Later	800,605	883,550	1,012,021	—	—	—	—	—	—	—
Eight Years Later	800,605	883,550	—	—	—	—	—	—	—	—
Nine Years Later	800,605	—	—	—	—	—	—	—	—	—
6) Decrease in Estimated Incurred Claims & Expenses From End of Policy Year	(\$54,043)	(\$56,953)	(\$70,990)	(\$55,533)	(\$70,906)	(\$68,664)	(\$82,130)	(\$64,443)	(\$93,984)	\$0

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Financial Section: Supplementary Schedules and Agency Funds

- 86 Administrative Expenses — All Funds
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- 97 Statement of Changes in Assets and Liabilities — Agency Funds

Administrative Expenses — All Funds

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

PERSONNEL SERVICES	
Salaries & Wages	\$173,449
Employee Benefits	61,433
Total Personnel Services	\$234,882
CONSULTANT & PROFESSIONAL SERVICES	
State of California Agencies	\$6,119
External Consultants	91,285
Deferred Compensation	
Management/Custody Fees	1,601
Health Plan Administrator Fees	78,177
Long-Term Care Administrator Fees	20,111
Total Consultant & Professional Services	\$197,293
OPERATING EXPENSES & EQUIPMENT	
General Expense	\$5,469
Software	1,582
Printing	1,449
Postage	3,458
Communications	2,609
Data Processing Services	18,567
Travel	1,756
Training	893
Medical Examiners	1,162
Facilities Operation	3,568
Central Administrative Services	39,377
CSUS Foundation — Students	3,473
Administrative Hearings	449
Consolidated Data Center	330
Equipment	3,649
Total Operating Expenses & Equipment	\$87,791
OTHER EXPENSES & ADJUSTMENTS	
Depreciation Expense	\$15,064
Increase in Paid Absence Obligation	3,411
Amortization	1,531
Reimbursements	(2,221)
Prior Year & Other Adjustments	(2,585)
Total Other Expenses & Adjustments	\$15,200
TOTAL ADMINISTRATIVE EXPENSES — ALL FUNDS	\$535,166

Investment Expenses

Public Employees' Retirement Fund

For the Fiscal Year Ended June 30, 2012

Investment Management Fees (Dollars in Thousands)

	Net Assets Managed at Fair Value	Fees
DOMESTIC EQUITY MANAGERS		
Boston Company Asset Management, LLC	\$506,494	\$249
First Quadrant, LP	1,003,306	347
FIS Group, Inc.	329,433	1,736
J.P. Morgan Investment Management, Inc.	760,671	270
Leading Edge Investment Advisors, LLC	383,467	2,697
Legato Capital Management Ventures, LLC	—	1,202
Marvin & Palmer Associates, Inc.	—	46
Piedmont Investment Advisors, LLC	213,256	208
Progress Investment Management Co., LLC	138,879	880
Progress-Lovell Minnick Ventures, LLC	—	20
Pzena Investment Management, LLC	431,090	832
Quotient Investors, LLC	264,550	1,208
Redwood Investments, LLC	210,808	811
Relational Investors Mid-Cap Fund I, LP	563,418	4,000
Relational Investors, LP	706,115	5,499
Research Affiliates, LLC	4,018,113	500
Strategic Investment Management, LP	—	1,633
Stux Capital Management, LLC	1	1,614
T. Rowe Price	1,091,877	2,452
TOBAM SAS	141,069	758
Total Domestic Equity Managers	\$10,762,547	\$26,962

	Net Assets Managed at Fair Value	Fees
GLOBAL EQUITY MANAGERS		
Alliance Bernstein, LP	\$718,748	\$786
Arrowstreet Capital, LP	2,436,795	1,264
Baillie Gifford Overseas Ltd.	1,348,929	899
Batterymarch Financial Management, Inc.	—	617
Cartica Corporate Governance Fund, LP	315,329	4,087
Dimensional Fund Advisors, Inc.	858,012	1,938
Genesis Asset Managers, LLP	1,003,246	2,064
Grantham, Mayo, Van Otterloo & Co., LLC	539,844	530
Hermes Sourcecap, Ltd.	329,430	1,408
Knight Vinke Institutional Partners I, LP	83,110	88
Lazard Asset Management, LLC	936,933	3,051
Nomura Asset Management, U.S.A., Inc.	452,888	227
Pareto Investment Management Ltd.	60,280	1,892
Pictet Asset Management Ltd.	612	998
Pyramis Global Advisors Holding Co.	759,318	1,547
Research Affiliates, LLC	4,903,514	898
State Street Bank and Trust Company	10,016	1,369
Victoria 1522 Investments, LP	134,728	763
Total Global Equity Managers	\$14,891,732	\$24,426

	Net Assets Managed at Fair Value	Fees
GLOBAL FIXED INCOME MANAGERS		
Alliance Bernstein, LP	\$683,060	\$549
Baring International Investment Ltd.	662,402	466
Pacific Investment Management Co.	1,245,282	864
Rogge Global Partners PLC.	542,848	653
Total Global Fixed Income Managers	\$3,133,592	\$2,532

Investment Expenses (continued)

Investment Management Fees (continued) (Dollars in Thousands)

	Net Assets Managed at Fair Value	Fees
REAL ASSET MANAGERS		
301 Capitol Mall	\$17,617	\$443
AETOS Capital Asia TE	6,256	125
AETOS Capital Asia TE II, Ltd.	154,395	2,373
AEW Capital Partners	99,584	1,278
AEW Senior Housing, Co	18,750	2,400
AGI TMG Housing Partners I, LLC	44,480	470
Alinda Infrastructure Fund I	91,495	1,365
Alinda Infrastructure Fund II	185,922	1,986
American Value Partners Fund I	44,343	608
Apollo Real Estate Finance Company	71,770	920
Apollo Real Estate Investment Fund V, LP	39,309	948
ARA Asia Dragon fund II	(22)	234
ARA Asia Dragon, Ltd.	516,974	6,139
Bridge Urban InFill	22,549	153
Buchanan	29,617	672
CALEAST Canada	140,826	807
CALEAST Industrial Investors	297,468	2,868
CalEast Solstice, LLC	2,241,841	13,253
California Smart Growth Fund IV	67,566	876
CalSmart, LLC	—	8
CALSmart, LLC (CANYON)	38,681	1,049
CalWest RREEF	341,969	2,364
Canyon Johnson Urban Fund III, LP	127,897	2,813
Capri Urban Capital I, LLC	163,528	1,213
Carlyle Infrastructure Partner	64,168	1,472
CB Richard Ellis Partners Europe Fund III, US	42,866	638
CB Richard Ellis Partners UK Fund III, TE	21,069	662
CBRE Strategic Partners, UK	(14,545)	317
CIM CA Urban Real Estate	539,764	3,426
CIM Core Urban REIT, LLC	473,460	5,055
CIM Fund III	659,850	6,715
CIM Infrastructure Fund	302,457	1,719
Cityview LA Urban Fund I, LP	27,691	460
CUIP Properties, LLC	(35,351)	901
DB International Fund 1B	12,780	20
European Property Investors) - IXIS AEW	35,018	553
Fifth St. Properties CWP	6,719	1,836
Fillmore East Fund	18,823	315
Fortress Holiday	107,910	897
Fortress Investment Fund Deutschland, LP	57,087	790
Fortress Investment Fund IV	96,078	776
Fortress RIC Colvestment	11,648	140

	Net Assets Managed at Fair Value	Fees
REAL ASSET MANAGERS		
FSP - DT 2011	\$440,354	\$2,075
GI Partners Fund II	491,551	2,669
GI Partners Fund III	504,753	5,069
Global Retail Investors	859,754	5,249
GRI - BASE	—	134
Guggenheim Structured III	35,905	322
Hampshire Companies	21,086	279
Harbert European Real Estate Fund II, LP	62,371	566
HC NOP Holdings, LP	871	118
Hearthston Path-of-Growth Fund, LLC	58,428	2,523
Hearthstone Housing Partners II, LLC	102,642	2,497
Hearthstone Housing Partners III, LLC	17,743	459
Hearthstone MS II	17	(1)
Hearthstone MS III	(7,216)	78
Hines CalPERS Brazil Fund	1,212	105
Hines CalPERS Brazil Fund II	672,703	5,118
Hines CalPERS China Fund (HCC)	48,818	587
Hines CalPERS Green	159,795	582
Hines CalPERS Mexico II	51,540	630
Hines European Development Fund	(1,399)	255
Hines European Development Fund II	(3,882)	241
Hines Mexico Development Fund	52,629	520
IHP Fund II LP A+D	34,135	542
IHP Investment Fund III	345,867	5,118
IL & FS India Realty Fund II	185,823	1,993
IL & FS India Realty Fund, LLC	96,698	1,500
IMI - DT 2011	254,589	395
Institutional HSG Partners, LP (IHP)	188,563	1,120
Institutional Mall Investors	2,096,754	11,108
JER Europe Fund III	13,071	254
JER US Debt Co-Investment	63,634	561
Karec CA Development Program, LLC	206,066	1,319
KC 2011, LLC	255,392	2,430
Kennedy Wilson Property Fund II	—	405
KSC Affordable Housing	62,103	819
LaSalle Asia Opportunity Fund III	86,281	1,430
LaSalle French Fund II G.P., LLC	39,742	630
LaSalle Japan Logistic II	27,487	454
Lincoln Timber, LP	1,650,874	8,062
Market Street Capital Partners, LP	94,553	1,191
Meriwether Farms, LLC	92,371	1,078
MGP Asia Fund II	72,768	903
MGP Europe Parellel Fund II	52,613	1,083
National Office Partners (CWP)	840,938	4,859

Investment Expenses (continued)

Investment Management Fees (Continued)(Dollars in Thousands)

	Net Assets Managed at Fair Value	Fees
REAL ASSET MANAGERS		
Next Block Medical	\$85	\$302
NIAM Nordic Fund III	42,299	463
NIAM Nordic Investment Fund IV	119,822	1,417
NREP Real Estate Debt Fund, LP	—	430
ORA Multi-Family Investment I	118,550	824
ORA Residential Investments (Olympic)	207,775	2,075
Pacific Vineyard Partners	113,607	1,572
PLA Retail Fund I	75,142	1,090
Preco III	60,986	530
Rockpoint Real Estate Fund II, LP	16,864	384
Rockpoint Real Estate Fund III	186,341	2,104
RREEF Global Opportunities Fund II, LLC	112,891	1,244
Savanna Real Estate Fund I, LP	67,884	714
SDL Hospitality Co-Invest Fund	198,752	302
Secured Capital Japan I	358	6
Secured Capital Japan II LP	53,174	864
LP(Preco)	221,679	2,889
SHEA Capital I, LLC	3,618	27
SHEA Mountain House, LLC	133,991	3,125
Starwood Capital Hospitality Fund	120,523	1,039
Starwood Capital Hospitality Fund II	187,682	1,567
ColInvestment	170,341	1,968
StockBridge Real Estate Fund II Fund	101,448	747
Sun Apollo India Real Estate Fund	19,104	504
TechCore, LLC	45,010	627
Timber International - UBS (Sylvanus)	23,094	455
TPG Hospitality Investments IV	(226)	216
Urban America, LP II	464,475	2,851
Western Multifamily GID	93,416	1,986
Windsor Realty Fund VII, LP	57,241	1,161
WMF - DT 2011	1,665,125	6,667
Xander Cassander Co-Investment	19,338	225
Xander JV Fund (Ptolemy)	211,756	796
	97,093	3,506
	18,145	488
Total Real Asset Managers	\$22,547,687	\$194,551
Other Investment Management Fees		
Private Equity Distributed Manager	\$0	\$273
Total Other Investment Management Fees	\$0	\$273
TOTAL INVESTMENT MANAGEMENT FEES		\$248,744

Performance Fees (Dollars in Thousands)

	Fees
DOMESTIC EQUITY MANAGERS	
First Quadrant, LP	\$265
FIS Group, Inc.	43
Leading Edge Investment Advisors, LLC	309
Legato Capital Management Investments, LLC	691
Progress Investment Management Company, LLC	422
Pzena Investment Management, LLC	874
Relational Investors Mid-Cap Fund I, LP	588
Research Affiliates, LLC	4,976
Strategic Investment Management, LP	612
Total Domestic Equity Managers	\$8,780
GLOBAL EQUITY MANAGERS	
Arrowstreet Capital, LP	\$11,926
Baillie Gifford Overseas Ltd.	7,178
Genesis Asset Managers, LLP	18,021
Grantham, Mayo, Van Otterloo & Co., LLC	757
Lazard Asset Management, LLC	799
Nomura Asset Management, U.S.A, Inc.	640
Research Affiliates, LLC	809
Total Global Equity Managers	\$40,130
GLOBAL FIXED INCOME MANAGERS	
Alliance Bernstein, LP	\$1,114
Baring International Investment Ltd.	811
Pacific Investment Management Co.	2,468
Rogge Global Partners PLC.	701
Total Global Fixed Income Managers	\$5,094

Investment Expenses (continued)

Performance Fees (Continued) (Dollars in Thousands)

	Fees
REAL ASSET MANAGERS	
AETOS Capital Asia TE	(\$2,054)
AEW Capital Partners	14,106
CALEAST Canada	(2,969)
CalEast Solstice, LLC	(11,375)
CalWest RREEF	7
DB International Fund 1A	38
DB International Fund 1B	(3,746)
Fifth St. Properties CWP	(276)
Global Innovation Partners	(376)
Harbert European Real Estate Fund II, LP	(951)
Hearthstone MS II	17
Hearthstone MS III	(97)
Heartstone HSG Partners	18
Hines CalPERS Brazil Fund II	(2,751)
Hines CalPERS China Fund (HCC)	1,450
Infrastructure Investments	3,829
Institutional Mall Investors	110,398
NIAM Nordic Fund III	483
PLA Residential Fund	924
SDL Hospitality Co-Invest Fund	(15,416)
Secured Capital Japan I	468
Starwood Capital Hospitality Fund II	465
Timber International - UBS (Sylvanus)	(3,515)
Total Real Asset Managers	\$88,677
TOTAL PERFORMANCE FEES	\$142,681
TOTAL INVESTMENT MANAGEMENT AND PERFORMANCE FEES	\$391,425

Other Investment Expenses (Dollars in Thousands)

	Fees
CUSTODIAN/ PORTFOLIO MANAGEMENT SERVICES/ SUBSCRIPTIONS	
13D Research (USVI), LLC	\$50
Altura Capital Group, LLC	25
ARGUS Software	1
Axioma, Inc.	133
Barclays Capital, Inc.	200
Barra, Inc.	1,146
BCA Research, Inc.	185
BlackRock Financial Management, Inc.	7,115
Bloomberg Finance, LP	2,097
Cambridge Associates, LLC	23
Carahsoft Technology Corp.	97
Cost Effectiveness Measurement, Inc.	60
Centre for Asia Private Equity Research Ltd.	4
Charles River Systems, Inc.	1,396
Covenant Review, LLC	45
Credit Suisse Securities (USA), LLC	75
CreditSights	90
Davis, Mendel & Regenstein, Inc.	38
Dow Jones & Company, Inc.	19
EDGAR Online, Inc.	12
Egan-Jones Proxy Services	12
eMBS, Inc.	8
Equilar, Inc.	7
Ermitage Asset Management Jersey	71
Etrali North America, LLC	24
European Private Equity & Venture Capital Association	2
eVestment Alliance	31
Factset Research Systems, Inc.	1,757
Fan Asset Management, LLC	91
FirstRain, Inc.	10
Fitch Solutions, Inc.	235
Fixed Income Clearing Corporation	6
FTSE International Ltd.	83
FX Alliance, LLC	18
Glass, Lewis, & Co., LLC	510
Global Financial Data, Inc.	50
Governance Holdings Company	215
GP Analytics	140
Green Street Advisors	4
High Frequency Economics	25
IHS CERA, Inc.	39
International Shareholder Services, Inc.	503

Investment Expenses (continued)

Other Investment Expenses (Continued) (Dollars in Thousands)

	Fees
CUSTODIAN/ PORTFOLIO MANAGEMENT SERVICES/ SUBSCRIPTIONS	
International Fund Services NA, LLC	\$1,600
Intex Solutions, Inc.	211
London Stock Exchange	10
Macroeconomic Advisers, LLC	16
Markit North America, Ltd.	30
Mcube Investment Technologies, LLC	74
Mercer Investment Consulting, Inc.	65
Moody's Analytics, Inc.	470
MSCI, Inc.	33
National Council of Real Estate Investment Fiduciaries	1
Northfield Information Services, Inc.	120
NYSE Market, Inc.	48
Omgeo, LLC	150
Options Price Reporting Authority, LLC	1
Oracle Corporation	1
Oxford Analytica, Inc.	39
Principal Global Investors, LLC	154
Property & Portfolio Research, Inc.	50
Quantal International, Inc.	45
Quantitative Services Group, LLC	110
RBS Smart Products, Inc.	100
Reinhart Boemer Van Deuren, S.C.	5
Rise Vision U.S.A., Inc.	1
Roubini Global Economics, LLC	10
Russell Implementation Services, Inc.	43
SNL Financial, LLC	20
Standard & Poor's Corp.	1,128
State Street Bank and Trust Company	9,335
Strategic Economic Decisions, Inc.	15
The Highlands Consulting Group, LLC	23
The MathWorks, Inc.	46
The Yield Book, Inc.	90
Thomson Reuters Markets, LLC	620
Torcello Ltd.	10
Tradeweb, LLC	70
Toronto Stock Exchange, Inc.	4
William O'Neil & Co.	26
Yardeni Research, Inc.	15
Zeno Consulting Group, LLC.	49
Zephyr Associates, Inc.	38
Total Custodian/Portfolio Management Services/ Subscription Fees	\$31,528

	Fees
AUDITOR FEES	
KNL Support Services	\$11
KPM & Associates	4
Marsh U.S.A., Inc.	66
Reznick Group P.C.	65
Squar, Milner, Peterson, Miranda & Williamson, LLP	25
VELAH Group	7
Total Auditor Fees	\$178
CONSULTANT FEES	
Arup North America Ltd.	\$159
Bard Consulting, Inc.	617
Beacon Consulting Group, Inc.	274
Best Partners SC, Inc.	40
Brock Capital Group, LLC	64
Business Advantage Consulting, LLC	3
Callan Associates, Inc.	433
Cambridge Associates, LLC	50
Capital Dynamics, Inc.	80
Courtland Partners Ltd.	618
Crosswater Realty Advisors, LLC	924
Cutter Associates, Inc.	79
Duff & Phelps, LLC	60
FTI Consulting, Inc.	220
Garland Associates, Inc.	166
Hamilton Lane Advisors, LLC	572
Heidricks & Struggles	471
Houlihan Lokey Howard & Zukin Financial Advisors, Inc.	124
J & K Court Reporting, LLC	5
Le Plastrier Consulting Group, Inc.	1,154
LP Capital Advisors, LLC	2,828
Meketa Investment Group, Inc.	106
Mercer Investment Consulting, Inc.	118
Mosaic Investment Advisors, inc.	332
MRI Software, LLC	222
Nichols Consulting	391
Pacific Alternative Asset Management Company, LLC	250
Pacific Community Ventures, Inc.	353
Pension Consulting Alliance, Inc.	2,055
RG & Associates	4
Ridgeway Partners, LLC	1,207

Investment Expenses (continued)

Other Investment Expenses (Continued) (Dollars in Thousands)

	Fees
CONSULTANT FEES	
Schaffer Consulting, LLC	\$53
Senn-Delaney Leadership	32
Strategic Investment Solutions, Inc.	25
Suzanne Stone Freelance Services	42
Townsend Group (The)	227
UBS Alternative and Quantitative Investments, LLC	15,881
Wilcox, Miller and Nelson	2
Wilshire Associates, Inc.	3,062
Total Consultant Fees	\$33,303

	Fees
SYSTEM CONSULTANT FEES	
Cambria Solutions	\$1,243
Enclipse Corporation	117
InvestTech Systems Consulting, Inc.	335
KPMG, LLP	335
MK Partners, Inc.	40
Performance Technology Partners, LLC	2
Princeton Financial Systems, UGS	469
Propoint Technology, Inc.	949
Pyramid Technical Consultants, Inc.	478
SAS International, Inc.	48
SRI Info Tech, Inc.	67
Stanfield Systems, Inc.	168
Trinity Technology Group, Inc.	190
Total System Consultant Fees	\$4,441

	Fees
LEGAL FEES	
AlvaradoSmith, A Professional Corporation	\$1
Berman DeValerio	140
Chapman and Cutler, LLP	48
Covington and Burling, LLP	164
Cox, Castle and Nicholson, LLP	1,129
Felderstein, Fitzgerald, Willoughby and Pascuzzi, LLP	49
Glaser, Weil, Fink, Jacobs, Howard, Avchen and Shapiro	50
Katten, Muchin and Rosenman, LLP	60
Kirkpatrick and Lockhart Gates, LLP	1,548
Mennemeier, Glassman and Stroud, LLP	18
Morgan, Lewis and Bockius, LLP	1,099
Navigant Consulting, Inc.	232
Pillsbury, Winthrop, Shaw and Pittman, LLP	4,510
Remcho, Johansen and Purcell, LLP	2
Total Legal Fees	\$9,050

	Fees
TAX ADVISORY FEES	
KPMG, LLP	\$411
S.R. Batliboi & Co	149
Total Tax Advisory Fees	\$560

	Fees
TRANSACTION FEES	
Cogent Partners, LP	\$2,943
Securities and Exchange Board of India	34
State Street Bank and Trust Company	7
TPG Capital Management, LP	45
Total Transaction Fees	\$3,029

TOTAL OTHER INVESTMENT EXPENSES **\$82,089**

	Fees
MISCELLANEOUS EXPENSES	
Mortgage Servicing Fees	\$1,158
Dividend Tax Expenses	34,763
Miscellaneous Investment Expenses	9,080
TOTAL MISCELLANEOUS EXPENSES	\$45,001

TOTAL INVESTMENT EXPENSES - PERF **\$518,515**

Other Funds

Investment Expenses (Dollars in Thousands)

	Fees
INVESTMENT EXPENSES	
LRF	\$20
JRF	11
JRF II	96
SPOFF	1,040
IRC 457	1,158
SCPF	35
CERBTF	382
HCF	75
CRF	1
LTCF	540
TOTAL OTHER FUNDS	\$3,358

TOTAL INVESTMENT EXPENSES - ALL FUNDS **\$521,873**

Consultant and Professional Services Expenses

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

Individual or Firm	Fees	Nature of Service
Accenture, LLP	\$30,928	Consulting services for Pension System Resumption (PSR) project
ACS Learning Services	445	Provide services, solutions, and tools for training & development
ADSI, Inc.	65	Consulting services spring fed pool
Advanced Systems Group, LLC	30	Provide services, solutions, and tools for training & development
Ambire Consulting, Inc.	547	Configuration management support for Pension System Resumption (PSR) Test Environment & Enterprise Transition Management (ETM) Transition Effort & PeopleSoft Financials developer support services
Anthem Blue Cross	70,451	Medical claims administration, medical and account management, behavioral, provider network, audit, innovation and development, wellness, prevention and disease management services
ATV Video Center, Inc.	152	Audiovisual support & live presentation services
Ballard Group	452	Information Technology (IT) consultant services
Base 3 Consulting	3,010	Management support services/lead application test analyst
Belmonte Enterprises, LLC	603	Consulting services for CDB PSR/TLOG/ACES batch application support & My CalPERS technical liaison services
Blackstone Technology Group	698	Enterprise Transition Management (ETM) project ITSB communication & change management support & filenet/content management application services
Booz Allen Hamilton, Inc.	215	Professional services in strategic planning facilitation
Bridgeworks, LLC	50	Develop, produce and facilitate training, presentations, and workshop material
Buck Consultants, LLC	33	Degree leadership program; strategic & operational business planning
Business Advantage Consulting	198	Enterprise Transition Management (ETM) project IT transformation support & systems analyst for My CalPERS integration
California Department of Insurance	23	Actuarial staff compensation & classification study
California State Personnel	45	Appeals & complaints cases
Capio Group	1,119	Benefit Services Division Pension System Resumption (PSR) project support & application development, test & convert data validation of PSR systems
Celer Systems, Inc.	87	Data validation of PSR data conversion
Chisoft Consultant Services, LLC	195	PSR architecture support & data center liaison
Comsys	530	IBM mainframe software support
Conference Plus	43	Powerpoint presentation
Cooperative Personnel Services	27	Consultation and guidance in the development and refinement of human resources programs and policies
Cornerstone Fitness, Inc.	61	Consulting services on organizational development & readiness & employee training & development
Daniel Co, CPHT	46	Pharmacy consulting services for evaluating program benefits & measure benefit outcome & utilization
Dee Hansford Consulting	69	Provide consulting services & solutions in the design, development & implementation of organizational development & readiness initiatives & strategies
Delegata	3,200	Project support services for Pension System Resumption (PSR) project, Public Employer Readiness Team (PERT) project & management support services
Department of Finance	24	Review of the organization's self assessment & audit operations
Department of Justice	165	Legal services on civil & employment litigations
Department of Personnel Administration	142	Labor relation services & in-house counsel cases consulting services
Diamond Marketing Solutions	167	Material & productions of annual member statements for CalPERS
Dolamont Consulting, Inc.	2,162	Enterprise Transition Management (ETM) project-IT transition support lead & test & validation of Pension System Resumption (PSR) financials

Consultant and Professional Services Expenses (continued)

(Dollars in Thousands)

Individual or Firm	Fees	Nature of Service
DSS Research, Inc.	\$95	Health plan member survey
Eagle Management Group	86	Program marketing booth
Eaton Interpreting Services	73	Interpreting service
EFI Actuaries	28	Professional actuarial auditing services
EMC Corporation	399	Manage data protection and operational recovery services/implementation work plan
Enclipse Corporation	894	System support/desktop services
Enterprise Networking Solutions	116	Microsoft Exchange Server 2010 Administrator Support
Equanim Technologies	1,205	Support services for Management Information Services (MIS) Unit & project oversight for the Office of Employer & Member Health Services
Fulbright & Jaworski, LLP	75	Litigation & Transaction Consulting Services
Funston Advisory Services, LLC	554	Provide services in OERM projects, stakeholder relation, document reviews & survey development
Genuent USA, LLC	78	PeopleSoft Financial Systems administration & security support services
Global Access, LLC	178	FileNet/UCM Oracle database services
Gordon & Silver, LLP	250	Legal services to the Board
Health Management Associates	105	Consulting services in the negotiation of health rates
Heidricks & Struggles	82	High quality management executive & actuarial search services
Hewitt Consulting	138	Health benefits consulting services; medical management & utilization management consulting & pharmaceutical benefit management consulting
Highlands Consulting Group	2,383	Enterprise Transition Management (ETM) Project Business Transition Support & Enterprise Transition Management (ETM) Transition and Change Readiness Assessment Support
HP Enterprise Services, LLC	232	PSR Environment & Architecture Support
Information Technology Software Professional	901	Programming services for Legacy mainframe applications
Informatix, Inc.	322	Public Employer Readiness Team (PERT) Technical Education Specialist
ING	2,035	Third party member record-keeper
Innovative Software Technologies	334	Actuarial valuation system maintenance programming
Insight Technologies, Inc.	1,265	Technical support of corporate database, CDB applications/APPL development
Intraform	30	Printing, imaging, folding, inserting & mailing of election ballots
J & K Court Reporting, LLC	74	Transcript on PERS bidder's conferences
J. A. Frasca and Associates	268	Application development, test & converted data validation of PeopleSoft Pension System Resumption (PSR) data conversion & PSR blended team - application support
JLynnconsulting, Inc.	1,231	
Jones Vargas, Chartered	225	Provide special litigation services
Kaleidoscope Group, LLC	43	Conduct a web-based diversity awareness survey
Kearnford Application Systems Design	2,445	Pension System Resumption (PSR) data conversion programmer/systems analyst
Kenera Consulting, Inc.	626	Project management services
Kiefer Consulting, Inc.	400	Consulting services on project plan documentation & detailed baseline primavera project timeline
Knowledge Structures, Inc.	29	Employee training & development
Kong Consulting, Inc.	596	PeopleSoft Financials functional support
KPMG, LLP	2,987	Independent project oversight consulting and independent verification and validation for Comet Pension System
LCS Technologies, Inc.	1,787	CalPERS Information Technology Services Branch (ITSB) PeopleSoft Human Capital Management (HCM) upgrade 9.1 project
Linsonic, LLC	199	CalPERS ACES databases services
Lussier, Vienna, Gregor & Associates	843	Consulting contract services

Consultant and Professional Services Expenses (continued)

(Dollars in Thousands)

Individual or Firm	Fees	Nature of Service
Lynn Belzer Consulting	\$28	Survey & research services
Macias Gini & O'Connell, LLP	753	Financial statements auditor
Mara Consulting, Inc.	76	Programming services for Legacy Mainframe Applications
Mary Lynne Strupp	56	Resolve specific pharmacy claim issues
Maximus Federal Services, Inc.	45	Provide independent medical reviews
McKinsey & Company, Inc.	1,855	Strategic management & business consulting services
Medco Health	2,569	Provide pharmacy claims administration, account management, eligibility, retail and other reporting services
Mercer Health And Benefits	980	Consulting services on PPO rate renewal process project, proposal support and market assessment
Metavista Consulting Group	197	Enterprise Transition Management (ETM) analyst for Project Transition Management
Mellon Bank	322	Provide banking services
Milliman, Inc.	118	Consulting services for Healthcare Management
Mindstorm	66	Video & web design services
Monarch Enterprises, Inc.	179	Pension System Resumption (PSR) Application Development
Moore Wallace Business Communications Services	527	Open enrollment processing services
Netresult, LLC	145	Filenet administration support services
Netsource Consulting, Inc.	55	Windows server administration support
Nexlevel Information Technology, Inc.	89	Management support services-Business Analyst Public Employer Readiness Team (PERT) planning and project
North Highland Company	1,029	High level organizational design of ITSB service model & descriptions, case scenarios & high level organizational structure services
Nossaman, Guther, Knox & Elliott	116	Consultation services on bankruptcies
Ogilvy Public Relations	42	Media training
Online Video Service, Inc.	178	Provide services on web streaming, casting, hosting & archival service skills
Other	239	
PA Consulting Group, Inc.	830	Strategic & operational business planning & management analysis
Pacific Business Group on Health	41	Internet-based health plan chooser tool, management and maintenance services
Pacific Satellite Connection, Inc.	21	Video production
Pasanna Consulting Group, LLC	536	Developer for My CaIPERS integration
Performance Technology Partners, LLC	1,227	User experience designer for self-service applications
Pillsbury Winthrop Shaw Pittman, LLP	481	Legal services on CaIPERS investment in real estate assets & other legal services
Princeton Solutions Group, Inc.	350	Technical specialist enterprise technical architecture/infrastructure
R & G Associates	225	Enterprise Transition Management (ETM) project business communication and change management support services
Reed Smith, LLP	682	Litigation & non-litigation counseling services
Regents of the University of California	341	Provide staff & progressive leadership training services
Reinhart Boerner Van Deuren S.C.	56	Litigation & non-litigation counseling services
Renaissance Long Beach hotel	38	Provide facilities & services for CaIPERS educational forum
RV Kuhn	98	Provide strategic review SIP plans
Saba Software, Inc.	66	SABA Learning Management System
SAS International, Inc.	757	Application server administration services. 7.9.A APP server
Segula Technologies	334	PeopleSoft Financials System administration/security support
Shah & Associates, LLP	415	Board advisory counsel services
Shaw Valenza, LLP	185	Litigation counseling services
Shooting Star Solutions, LLC	523	Risk Assessment & Management Plan (RAMP) assistance to the Information Security Office (ISOF)

Consultant and Professional Services Expenses (continued)

(Dollars in Thousands)

Individual or Firm	Fees	Nature of Service
Siemens Communications, Inc.	\$134	Speech recognition software provisioning, speech application development & systems integration
Sign Language Interpreting Service Agency	70	Interpreting services
Softsol Resources, Inc.	410	CDB Application support services
Softsol Technologies, Inc.	1,446	Data validation of PSR data conversion
Sophus Consulting	59	Consulting services for legal office case document management system replacement project
SRI Infotech, Inc.	663	Financial Services Integrated Project (FSIP) Oracle database services
Staff Tech, Inc.	452	FSIP PeopleSoft Financials Developer, 1st, & CAT support
Stanfield Systems, Inc.	804	Financial Oracle database services & Enterprise Transition Management (ETM) project management support services
Starting Point	60	Organizational & leadership development; strategic & operational business planning; performance management & program evaluation
State Controller's Office	12,379	Claims schedule processing, information technology and other post employment benefits
State Personnel Board	75	Provide workforce analysis; exam & selection services; test validation & construction services
Steptoe & Johnson, LLP	4,123	Provide legal services & preparation of legal opinions
Stoel Rivers, LLP	70	Assistance with the negotiation of contracts between CalPERS & health plans & third party administrators of health programs
T5 Consulting	428	CDB PSR / participant application support
Take 1 Productions	42	Consultation & creative concepts for video & multimedia presentations
Technisource, Inc.	122	Project management services; application development and database administration, data backup management and application servers & desktop services
Technology Crest Corporation	219	Developer for My CalPERS integration
Thomson Reuters	2,903	Health care business intelligence, member data set up, storage and initial submission services
Trinity Technology Group, Inc.	2,279	My CalPERS build and deploy support services & enterprise architecture
Two Shea Consulting, Inc.	223	Annual member statement process: PSR CAT testing and implementation support (statements and service credit purchase)
United Health Services	569	Provide actuarial services
University of California, San Francisco	48	Prometheus payment analytic software to CalPERS fee for service claims
University of California, Berkeley	30	Consultant services
Univita	18,919	Provide billing, banking, claims administration, underwriting, care advisory
Vantage Consulting Group, Inc.	909	Application architecture-integration services/technology
Vanwrite	57	Solutions & tools for employee training and development services
Veaco Group	51	Services in self-assessment process of CalPERS Board of administration
Viaspire	68	Communication services
Visionary Integration, LLC (VIP)	2,293	Automation & support services
Zyncor Consulting	264	Management support services
TOTAL CONSULTANT & PROFESSIONAL SERVICES EXPENSES	<u>\$206,632</u>	

Statement of Changes in Assets and Liabilities — Agency Funds

For the Fiscal Year Ended June 30, 2012 (Dollars in Thousands)

	RBF			Balance June 30, 2012
	Balance June 30, 2011	Additions	Deductions	
ASSETS				
Cash & Cash Equivalents	\$0	\$15,220	\$15,220	\$0
Member, Public Agencies, State & Schools Receivables	97	15,775	15,872	—
Interests & Dividends Receivables	6	5	6	5
Domestic Short Term Investments	3,834	7,448	7,115	4,167
TOTAL ASSETS	\$3,937	\$38,448	\$38,213	\$4,172
LIABILITIES				
Due to Other Funds	\$0	\$8	\$8	\$0
Other Program	3,937	16,284	16,049	4,172
TOTAL LIABILITIES	\$3,937	\$16,292	\$16,057	\$4,172

	CRF			Balance June 30, 2012
	Balance June 30, 2011	Additions	Deductions	
ASSETS				
Cash & Cash Equivalents	\$0	\$2,621,384	\$2,600,122	\$21,262
Member, Public Agencies, State & Schools Receivables	1,805	2,122,422	2,100,476	23,751
Interest & Dividends Receivables	91	74	91	74
Due From Federal Government	24,570	104,194	116,131	12,633
Domestic Short Term Investments	305,717	2,129,185	2,131,589	303,313
TOTAL ASSETS	\$332,183	\$6,977,259	\$6,948,409	\$361,033
LIABILITIES				
Due to Health Carriers	\$190,330	\$4,188,616	\$4,179,859	\$199,087
Due to Member, Public Agencies, State & Schools	72,154	116,428	107,256	81,326
Due to Other Funds	66,599	842,527	840,773	68,353
Other Program	3,100	51,422	42,255	12,267
TOTAL LIABILITIES	\$332,183	\$5,198,993	\$5,170,143	\$361,033

Statement of Changes in Assets and Liabilities – Agency Funds (continued)

For the Fiscal Year Ended June 30, 2012 (Dollars in Thousands)

	RBF & CRF Totals			Balance June 30, 2012
	Balance June 30, 2011	Additions	Deductions	
ASSETS				
Cash & Cash Equivalents	\$0	\$2,636,604	\$2,615,342	\$21,262
Member, Public Agencies, State & Schools Receivables	1,902	2,138,197	2,116,348	23,751
Interests & Dividends Receivables	97	79	97	79
Due From Federal Government	24,570	104,194	116,131	12,633
Domestic Short Term Investments	309,551	2,136,633	2,138,704	307,480
TOTAL ASSETS	\$336,120	\$7,015,707	\$6,986,622	\$365,205
LIABILITIES				
Due to Health Carriers	\$190,330	\$4,188,616	\$4,179,859	\$199,087
Due to Member, Public Agencies, State & Schools	72,154	116,428	107,256	81,326
Due to Other Funds	66,599	842,535	840,781	68,353
Other Program	7,037	67,706	58,304	16,439
TOTAL LIABILITIES	\$336,120	\$5,215,285	\$5,186,200	\$365,205

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Chief Investment Officer's Letter

December 31, 2012

The Board of Administration of the California Public Employees' Retirement System

On behalf of CalPERS Investment Office, I am reporting on CalPERS investment performance, operations, and initiatives for the one-year period ending on June 30, 2012. The CalPERS Fund earned a net 0.1 percent return this fiscal year, with total net assets for the PERF at \$237.0 billion. Continued volatility in global markets, fueled by the European debt crisis and slowing global economic growth, was a contributing factor to our performance.

Bright spots in our portfolio include real assets, which generated a 9.3 percent return. This return was buoyed by a 12.2 percent return in our real estate portfolio, which outperformed the benchmark by 160 basis points. This second consecutive year of positive growth in real estate resulted from the stabilization and strides toward recovery in that market. We also saw gains in domestic debt securities with returns of 13.8 percent. International equity was the largest drag on overall performance with a negative 14.8 percent return for the year.

Since the financial downturn, the Investment Office has been intensely focused on asset allocation and risk management. The financial crisis challenged existing models, and institutional investors looked for new approaches to allocating investments. To address these concerns, we are developing an integrated decision-making framework for the Board, looking at both investment assets and pension liabilities. We shifted to a new risk-based asset allocation that positions us better to manage the Fund in varying market conditions.

The Investment Office shifted \$7 billion in assets to internal management and moved to in-house monitoring capabilities for 340 investments in order to reduce costs. And we continue to promote environmental, social, and

governance (ESG) principles in investing, publishing CalPERS first total fund report on ESG, *Towards Sustainable Investment – Taking Responsibility*.

We remain committed to our emerging manager programs and staff began working on the Emerging Manager Five-Year Plan, which will help improve alignment between our culture of valuing diversity and our business strategies related to investment performance with emerging managers. CalPERS currently has \$9.7 billion invested with more than 300 emerging managers, representing more than 11 percent of our externally managed capital.

We reaffirmed our commitment to California with an \$800 million allocation for California infrastructure investment. As part of this effort, we began engaging the California business community to better understand how CalPERS can help. And we held four roundtable discussions throughout California to explore opportunities for infrastructure investments in energy, water and transportation, as well as the obstacles and challenges to investing in the infrastructure sector.

We continue to work to provide our members, beneficiaries and employers with long-term risk-adjusted returns. While returns in any one year may have significant fluctuations due to market conditions, we continue to improve upon our ability to deliver results for years to come. We are a long-term investor. We have averaged a net return on investments of 7.7 percent over the past 20 years.

Our Investment Office staff, pension consultant Wilshire Associates, and State Street Bank & Trust, our master custodian, compiled the investment data presented on the next pages as required by the Public Employees' Retirement Law.

Joseph A. Dear
Chief Investment Officer

Summary of Investments – PERF (As of June 30, 2012) (Dollars in Thousands)

	Book Value	Market Value	% of Investments at Market Value
CASH EQUIVALENTS & RECEIVABLES/PAYABLES			
Domestic Cash Equivalents			
Cash Equivalents	\$3,533,237	\$3,534,568	1.5%
State Pooled Money Investment Fund	698,079	698,079	0.3
Total Domestic Cash Equivalents	\$4,231,316	\$4,232,647	1.8%
International Cash Equivalents			
International Currency	\$216,081	\$217,535	0.1%
Total International Cash Equivalents	\$216,081	\$217,535	0.1%
Net Investment Receivables/Payables	(\$1,135)	(\$1,135)	—
TOTAL CASH EQUIVALENTS & RECEIVABLES/PAYABLES	\$4,446,262	\$4,449,047	1.9%
DEBT SECURITIES			
Domestic Debt Securities			
Asset-Backed	\$2,795,169	\$2,707,197	1.2%
Corporate	22,988,455	38,270,354	16.3
U.S. Treasuries & Agencies	5,185,290	5,289,075	2.3
Swaps	835	13,996	—
Mortgage-Backed Securities			
CMO	233,982	203,707	0.1
FNMA	5,723	6,013	—
GNMA I/GNMA II	6,954	7,396	—
Domestic Debt Securities	\$31,216,408	\$46,497,738	19.9%
International Debt Securities	\$3,309,450	\$3,432,471	1.5%
TOTAL DEBT SECURITIES	\$34,525,858	\$49,930,209	21.4%
EQUITY			
Domestic Equity & Options	\$53,113,939	\$58,904,388	25.2%
International Equity & Options	\$57,070,665	\$54,710,080	23.4%
Private Equity Program			
Corporate Restructuring	\$18,770,046	\$19,650,811	8.3%
Credit Related	4,547,114	6,188,770	2.7
Expansion Capital	5,548,038	4,969,114	2.2
Opportunistic	1,050,273	1,023,554	0.4
Venture Capital	3,337,763	2,343,897	1.0
Total Private Equity Program	\$33,253,234	\$34,176,146	14.6%
TOTAL EQUITY	\$143,437,838	\$147,790,614	63.2%
INFLATION ASSETS	\$7,228,645	\$7,089,134	3.0%
REAL ASSETS PROGRAM			
Core			
Domestic Real Estate	\$5,223,538	\$7,731,505	3.3%
Non-Core			
Domestic Real Estate	12,051,705	10,338,046	4.4
International Real Estate	3,288,083	3,451,571	1.5
Forestland			
Domestic	1,522,659	1,650,896	0.7
International	429,468	464,475	0.2
Infrastructure			
Domestic	328,598	483,889	0.2
International	370,546	555,475	0.2
TOTAL REAL ASSETS PROGRAM	\$23,214,597	\$24,675,857	10.5%
TOTAL INVESTMENT VALUE	\$212,853,200	\$233,934,861	100.0%

Note: Differences between Total Investment Value in the Summary of Investments and Total Investments shown on page 38 are due to differences in reporting methods. In accordance with GASB Statement No. 28, the financial statements include Securities Lending Collateral

as part of Total Investments, which is not included here. The Summary of Investments also includes Net Investment Receivables/Payables that are not reported on page 38 in Total Investments.

Investment Performance – PERF

CalPERS returns for domestic and international equity securities for fiscal year 2011-12 were 2.4 percent and negative 14.8 percent, respectively. CalPERS uses the Custom FTSE US TMI (Blended) Index to provide a benchmark for the domestic equity investment returns, and the FTSE All-World ex US Index for international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market conditions.

Private equity incurred a return of approximately 1.0 percent for the 2011-12 fiscal year. The Policy Benchmark for the private equity program is 67 percent FTSE US TMI + 33 percent FTSE AW ex US TMI plus 300 basis point risk premium on a one quarter lag basis

Domestic debt securities returned approximately 13.8 percent, and international debt securities returned approximately 2.5 percent for the 2011-12 fiscal year. CalPERS uses the Barclays Long Liability Index and the Barclays International Fixed Income Index to provide a benchmark for fixed income investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment.

Real assets returned approximately 9.3 percent for the 2011-12 fiscal year. CalPERS uses a custom benchmark that is weighted 77 percent real estate benchmark (net of fees NCREIF ODCE on a one quarter lag basis) + 15 percent infrastructure benchmark (Consumer Price Index+ 400 basis point risk premium on a one quarter lag basis) + 8 percent forestland benchmark (NCREIF Timberland on a one quarter lag basis) for the real asset portfolio.

Short-term investments returned approximately 4.6 percent for the 2011-12 fiscal year. CalPERS uses a custom benchmark that is weighted 75 percent Barclays Treasury 2-10 year + 25 percent 1 month treasury bill.

Inflation assets returned approximately 0.1 percent for the 2011-12 fiscal year. CalPERS uses a custom benchmark that is weighted 75 percent Inflation-Linked Bond Program benchmark (ILB Custom Index: Blend of 67 percent Barclays Capital Global Inflation-Linked U.S. and 33 percent Barclays Capital Global Inflation-Linked United Kingdom, France, Italy, Germany and Canada only, un hedged) +25 percent Commodities benchmark (Standard & Poor's GSCI Total Return Index.)

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. Shown on the following page are the 1-year, 3-year, 5-year, and 10-year time-weighted rates of return for the year ended June 30, 2012.

Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

Investment Performance – PERF (continued)

PERF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	10-Year Return	Index ⁵	1-Year Return	3-Year Return	5-Year Return	10-Year Return
TOTAL FUND	0.1%	11.4%	(0.1%)	6.1%	Asset Allocation Policy Index ¹	0.7%	11.5%	2.6%	7.1%
					Actuarial Rate	7.7%	7.7%	7.7%	7.8%
					Trust Universe Comparison Service (TUCS) Public Fund Median	1.2%	10.8%	0.3%	6.4%
					Wilshire Large Fund Universe Median	1.2%	11.9%	1.6%	6.6%
Domestic Equity	2.4%	16.5%	0.1%	5.7%	CalPERS Custom FTSE TMI (Blended)	3.2%	16.4%	0.3%	5.8%
International Equity	(14.8%)	7.9%	(4.5%)	6.8%	FTSE All World ex U.S. Index	(14.6%)	7.3%	(4.2%)	7.0%
Private Equity	1.0%	17.1%	4.7%	9.8%	67% FTSE USTMI+33% FTSEAWEXUS+3% 1Q	—	16.3%	7.3%	8.3%
Total Growth	(5.4%)	12.9%	(1.4%)	6.2%	CAFR Growth Benchmark²	(5.5%)	12.3%	(0.3%)	6.5%
Domestic Debt Securities	13.8%	13.8%	9.7%	8.2%	Barclays Long Liability Index	15.1%	11.0%	9.4%	7.5%
International Debt Securities	2.5%	8.5%	8.9%	8.0%	Barclays International Fixed Income	0.8%	5.5%	7.4%	7.2%
Total Debt Securities	12.7%	13.2%	9.6%	8.3%	Total Debt Securities Benchmark³	13.9%	10.6%	9.3%	7.5%
Real Assets	9.3%	4.2%	(12.6%)	2.3%	Real Assets Benchmark ⁴	9.2%	8.7%	3.3%	9.7%
Short Term Investments	4.6%	1.7%	2.2%	2.6%	75% BC TREAS 2-10YR+25% 1 MO TBILL	5.3%	1.9%	2.3%	2.5%
Inflation Assets	0.1%	7.6%	—	—	Inflation Benchmark	2.1%	6.7%	—	—

Notes:

- ¹ The Asset Allocation Policy Index return equals the return for each asset class benchmark, weighted at the current target asset allocations.
- ² The benchmark is 78% FSTE all World and 22% Private Equity Benchmark.
- ³ The benchmark is 90% Barclays Long Liability and 10% Barclays International Fixed Income.
- ⁴ The benchmark is 77% Real Estate Benchmark (NCREIF ODCE(net) + EPRA NAREIT Global), 15% Infrastructure Benchmark (CPI + 4% 1 Month Lag) and 8% Forestland Benchmark (NCREIF Timberland (Gross) 1Qtr lag).
- ⁵ Index benchmarks are as of June 30, 2012 and are subject to be updated based on changes within the fund portfolios.

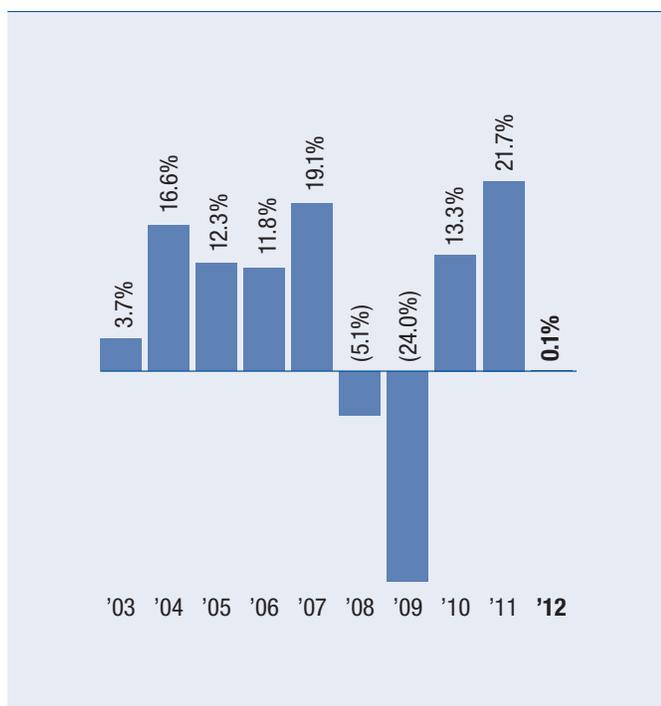
Asset Allocations – PERF

Asset Class ²	Current Allocation ¹	Current Year Target	Prior Year Target
Cash Equivalents	3.2%	4.0%	2.0%
Global Debt Securities	18.2%	17.0%	21.0%
Equity	48.3%	50.0%	49.0%
Private Equity	14.5%	14.0%	14.0%
Inflation Assets	3.0%	4.0%	4.0%
Real Assets	10.6%	11.0%	10.0%
Absolute Return Strategies ³	2.2%	—	—
TOTAL FUND	100.0%	100.0%	100.0%

Notes:

- ¹ The current allocation percentages differ from investment asset percentages presented in the MD&A and Statement of Net Assets as a result of different methodologies used for categorizing investment assets for investment purposes versus financial statement presentation purposes.
- ² Differences between investment values above and the values on the Summary of Investments on page 101 are due to differences in reporting methods. The Summary of Investments includes Net Investment Receivables/Payables.
- ³ ARS does not have a target because it is not a component in the Total Fund Policy benchmark.

PERF Total Fund Performance | 10-Year Review, One-Year Returns



Portfolio of California Investments at Market Value – PERF

(Dollars in Millions)	California Investments
EQUITY	
Domestic Equity	\$9,111.3
International Equity	36.3
TOTAL EQUITY	\$9,147.6
DEBT SECURITIES	
Domestic Debt Securities	\$3,543.1
International Debt Securities	—
TOTAL FIXED INCOME	\$3,543.1
INFLATION ASSETS	—
REAL ASSETS	\$4,692.2
PRIVATE EQUITY	\$3,942.4
TOTAL CALIFORNIA INVESTMENTS	\$21,325.3

Largest Stock & Bond Holdings at Market Value – PERF

Largest Stock Holdings (Dollars in Thousands)

Rank	Security Name	Shares	Market Value
1	Apple, Inc.	2,731,607	\$1,602,709
2	Exxon Mobile Corporation	15,036,400	1,292,259
3	Microsoft Corporation	26,156,739	803,630
4	General Electric Corporation	32,366,196	677,521
5	AT&T, Inc.	18,906,593	677,072
6	Nestle SA Reg	10,847,505	674,133
7	International Business Machines Corporation	3,399,402	668,028
8	Chevron Corporation New	6,140,330	650,687
9	Wells Fargo & Company	17,267,847	579,856
10	Pfizer, Inc.	24,981,446	576,946

Largest Bond Holdings (Dollars in Thousands)

Rank	Bond	Par Value	Market Value
1	United States Treasury 1.75% 2022/05/15	\$3,573,618	\$3,611,369
2	United States Treasury 3.125% 2041/11/15	2,593,688	2,797,976
3	United States Treasury 2% 2021/11/15	2,438,458	2,534,356
4	United States Treasury 2% 2016/04/30	2,188,257	2,315,078
5	United States Treasury 0.875% 2016/12/31	1,105,145	1,114,867
6	United States Treasury 1.5% 2016/06/30	1,044,891	1,082,527
7	United States Treasury 0.375% 2014/11/15	658,189	658,717
8	United States Treasury 2% 2026/01/15	445,590	572,822
9	United States Treasury 0.125% 2022/01/15	525,483	556,331
10	Federal Home Loan Mortgage Corporation 3.500% 2042/03/13	464,290	487,495

A complete list of portfolio holdings is available upon request.

Schedule of Commissions & Fees – PERF (Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission & Fees Amount
ABG Securities AS (Stockholm)	658,896	\$12
ABG Securities, Ltd.	1,113,426	15
ABN Amro Bank NV, Hong Kong	33,800,375	27
Altrushare Securities, LLC	17,265,689	261
Antique Stock Broking, Ltd.	954,200	42
Apex Clearing, Corp.	2,977,385	57
Aqua Securities, LP	64,556,560	35
Assent, LLC	674,117	12
Aviate Global, LLP	236,814	12
Avondale Partners, LLC	504,742	19
Banco Bilbao Vizcaya Argentaria	542,217	8
Banco De Inverimentos Credit	860,548	20
Banco Itau SA	1,957,044	57
Banco Pactual SA	3,256,488	68
Banco Santander Brasil SA	3,529,100	104
Banco Santander Central Hispano	1,401,908	40
Banco Santander Mexicano SA	4,682,657	57
Barclays Capital Inc./LE	42,262,545	631
Barclays Capital, Inc.	32,606,283	146
Beal M R and Company	445,646	9
Bley Investment Group	13,019,674	196
Bloombergtradebook, LLC	816,676	17
BMO Capital Markets	550,861	15
BNP Equities France	30,554,194	114
BNP Paribas Peregrine Securities PT	4,300,652	19
BNP Paribas Securities (Asia), Ltd.	41,248,314	112
BNP Paribas Securities Services	10,956,734	42
BNY Brokerage	4,841,215	172
BNY Convergenx LJR	1,734,021	52
Boe Securities INC/Broadcort CAP, Corp.	693,041	21
Brochouse Cooper	1,450,928	17
Brockhouse and Cooper, Inc. Montreal	8,677,773	65
BTIG, LLC	2,028,123	14
Cabrera Capital Markets	998,812	32
Cadiz Stock Broking	211,101	8
Canaccord Genuity, Inc.	1,013,581	38
Cantor Clearing Services	19,102,175	12
Cantor Fitzgerald / Cantor Clearing Serv.	734,700	15
Cantor Fitzgerald and Company	14,380,340	244
Cantor Fitzgerald and Company / Castleoak Sec.	341,822	10
Capital Institutional Svcs Inc., Equities	6,545,097	58
Carnegie AS	301,020	8
Carnegie Bank AS	743,234	9
Celfin Capital SA Corredores De Bolsa	83,553,401	15
Chase Manhattan Bank	680,444	36
China International Capital Company	4,027,430	12
Cimb Securities (HK), Ltd.	6,443,450	17
Cimb-Gk Securities Pte., Ltd.	2,366,612	16
Citation Group	6,962,278	189
Citibank Mexico	3,633,429	9
Citigroup Global Markets CME	26,744	55
Citigroup Global Markets India	10,803,161	135
Citigroup Global Markets, Inc.	298,954,713	1,244
Citigroup Global Markets, Inc.Salomon BRO	812,754	1,878

Broker	Number of Shares Traded	Base Commission & Fees Amount
Citigroup Global Markets, Ltd.	147,721,835	\$674
Citigroup Global Marketet Koera Secs., Ltd.	2,312,404	296
CitigroupGlobal Markets Uk Equity, Ltd.	17,812,150	48
CLSA Australia Korea, Ltd	206,700	31
CLSA Australia PTY, Ltd.	395,405	13
CLSA Singapore PTE, Ltd.	12,156,424	53
Commerce Intl. Merchant Bankers	3,662,479	18
Convergenx Execution Solutions, LLC	8,747,990	127
Core Pacific Securities Int., Ltd.	3,217,451	12
Cowen and Company, LLC	1,747,518	58
Credit Agricole Indosuez Cheuvreux	2,621,651	66
Credit Lyonnais Securities (Asia)	54,219,786	137
Credit Lyonnais Securities (USA), Inc.	28,506,831	27
Credit Lyonnais Securities India	984,857	64
Credit Suisse First Boston	38,586,324	132
Credit Suisse First Boston (Europe)	349,717	11
Credit Suisse First Boston SA CTVM	1,157,300	30
Credit Suisse Secs India Private, Ltd.	8,325,947	77
Credit Suisse Securities (Europe), Ltd.	70,543,811	615
Credit Suisse Securities (USA), LLC	401,859,578	1,524
CS First Boston (Hong Kong), Ltd	69,950,022	68
CSFB Australia Equities, Ltd.	1,676,875	28
CSI US Institutional Desk	565,688	18
Daewoo Securities Company, Ltd.	915,257	56
Daiwa SBCM Europe	7,109,638	17
Daiwa Securities (HK), Ltd.	19,941,699	86
Daiwa Securities America, Inc.	2,017,343	17
Danske Bank A.S.	512,287	22
Davy Stockbrokers	112,875	42
DBS Vickers Securities (Singapore)	2,941,400	10
Deagroatt and Campbell SDN BHD	1,628,100	8
Den Norske Bank	496,793	8
Deutsche Bank AG	1,426,900	9
Deutsche Bank AG London	63,279,942	265
Deutsche Bank SA	218,200	19
Deutsche Bank Securities, Inc.	389,722,605	760
Deutsche Eq In Prvt LIM DB	1,893,262	20
Deutsche Morgan Grenfell Secs	694,935	8
Deutsche Securities Asia, Ltd.	37,101,039	150
Direct Access Partners, LLC	422,998	13
DNB NOR Markets Custody Dnb Norbank Asa	801,944	16
Dongwon Securities	1,075,341	59
Dowling and Partners	285,658	10
DSP Merrill Lynch, Ltd.	6,894,913	59
Enam Securities Pvt., Ltd.	397,149	19
Exane SA	968,448	34
Fator - Doria Atherino S.A CV	2,198,898	24
Financial Brokerage Group	507,366	9
Friedman Billings and Ramsey	606,248	20
G Trade Services, Ltd.	8,660,880	66
Gardner Rich and Company	559,577	15
GK Goh Ometraco PT	9,021,000	14
Goldman Sachs (Asia), LLC	6,282,508	44
Goldman Sachs (India)	1,680,024	22
Goldman Sachs and Company	820,144,364	1,376

Schedule of Commissions & Fees – PERF (continued) (Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission & Fees Amount
Goldman Sachs Canada	32,884,607	\$452
Goldman Sachs Do Brasil Corretora	511,361	1,094
Goldman Sachs International	2,129,294	46
Goodmorning Shinhan Securities Company	75,032	21
Great Pacific Securities, Inc.	19,651,550	288
Guzman and Company	21,485,858	326
Hanwha Securities Seoul	6,149	8
Hoare Govett (India) Securities Pvt, Ltd.	586,845	15
Hongkong and Shanghai Banking, Corp.	268,717,687	225
Howard Weil Division Legg Mason	211,227	8
HSBC Bank, Plc	51,370,102	222
HSBC Brokerage (USA), Inc.	871,741	28
HSBC James Capel Seoul	289,461	11
HSBC Securities (USA), Inc.	476,649,503	509
HSBC Securities India Holdings	22,494,810	187
HSBC Securities, Inc	10,334,553	33
Huyndai Securities Company, Ltd.	605,247	27
India Infoline, Ltd.	1,483,617	51
ING Bank NV	4,958,059	63
Instinet	54,503,615	683
Instinet Australia Clearing Srv. Pty., Ltd.	7,231,484	24
Instinet Canada	24,315,467	192
Instinet Pacific, Ltd.	297,649,315	256
Instinet Singapore Services PT	13,248,961	14
Instinet UK, Ltd.	298,190,951	1,085
Instinet, LLC	18,760,205	188
Interacciones Casa De Bolsa	4,761,704	9
Intermonte Securities SIM Spa	8,997,621	34
Investec Bank PLC	2,090,544	36
Investec Securities, Ltd.	280,188	9
Investment Technology Group, Inc.	23,859,455	277
Investment Technology Group, Ltd.	166,697,920	457
ISI Group, Inc.	1,493,382	51
Island Trader Securities, Inc.	609,071	10
Itau Usa Securities, Inc.	766,035	22
ITG Australia, Ltd.	33,704,486	83
ITG Canada	3,675,598	44
ITG Securities (HK), Ltd.	95,571,538	291
ITG, Inc.	6,403,147	95
Ivy Securities, Inc.	495,207	11
Janney Montgomery, Scott Inc.	328,179	13
JB Capital Markets Sociedad De Valores SA	270,627	8
Jefferies and Company, Inc.	6,511,234	99
Jefferies International, Ltd.	4,658,177	24
JMP Securities	308,771	13
Jones Trading Institutional Services, LLC	18,508,428	252
JP Morgan Chase Bank NA	4,950,618	29
JP Morgan Clearing Corp..	26,968,535	343
JP Morgan India Private, Ltd.	9,046,075	92
JP Morgan Securities (Asia Pacific), Ltd.	463,042,580	413
JP Morgan Securities (Far East), Ltd. Seoul	5,107,809	325
JP Morgan Securities (Taiwan), Ltd.	731,000	10
JP Morgan Securities Australia, Ltd.	41,323,994	63
JP Morgan Securities Singapore	18,766,457	28
JP Morgan Securities, Inc.	2,298,037,455	536

Broker	Number of Shares Traded	Base Commission & Fees Amount
JP Morgan Securities, Ltd.	28,930,730	\$154
JP Morgan Securities, PLC	110,866,405	717
Kas-Associatie N.V	1,809,734	12
Keefe Bruyette and Woods, Inc.	899,474	32
Kepler Equities Paris	248,953	13
Keybanc Capital Markets, Inc.	468,397	16
King CL and Associates, Inc.	474,647	16
Knight Clearing Services, LLC	16,699,107	171
Knight Equity Markets, L.P	9,612,101	148
Knight Execution and Clearing	8,309,800	85
Kotak Securities, Ltd.	1,512,421	31
Lazard Capital Markets, LLC	857,528	17
Leerink Swann and Company	414,679	15
Liquidnet Asia Ltd.	10,653,000	10
Liquidnet, Inc.	7,050,646	128
Loop Capital Markets	12,046,264	116
M. Ramsey King Securities, Inc.	15,619,960	240
Macquarie Bank, Ltd.	3,050,933	21
Macquarie Capital (Europe), Ltd.	1,699,169	23
Macquarie Equities, Ltd. (Sydney)	7,670,240	46
Macquarie Securities (India) PVT, Ltd.	15,716,421	71
Macquarie Securities (Singapore)	40,620,012	128
Macquarie Securities (USA), Inc.	1,912,071	75
Macquarie Securities, Ltd.	399,367,886	475
Macquarie Securities, Ltd. Seoul	1,541,779	98
Main First Bank De	119,352	8
Merrill Lynch International	107,939,352	493
Merrill Lynch Peirce Fenner and Smith	832,330,937	1,765
Merrill Lynch Professional Clearing, Corp.	788,938	21
Mischler Financial Group, Inc-Equities	3,971,846	59
Mizuho Sec Asia, Ltd.	2,650,914	24
Mizuho Securities USA, Inc.	1,084,946	13
Mogavero Lee and Company, Inc.	948,959	14
Morgan Keegan and Company, Inc.	2,506,354	77
Morgan Stan International, Ltd.	2,780,747	12
Morgan Stanley	88,514	18
Morgan Stanley and Company, Inc.	270,938,622	2,213
Morgan Stanley and Company International	44,356,307	379
Morgan Stanley and Company International Taipei Metro	51,169,637	98
Morgan Stanley and Company International, PLC	163,690	8
Morgan Stanley India Company PVT, Ltd.	3,252,998	46
Morgan Stanley Securities, Ltd.	3,398,432	46
Motilal Oswal Securities, Ltd.	447,538	28
Mr. Beal & Company	710,232	20
National Financial Services, Corp.	919,634	32
Needham and Company	534,999	21
Nomura Financial Advisory and Securities India	1,245,550	29
Nomura Financial and Investment	106,924	18
Nomura International (Hong Kong), Ltd.	13,592,600	19
Nomura International PLC	116,918,024	386
Nomura Securities Co., Ltd.	171,817,142	245

Schedule of Commissions & Fees – PERF (continued) (Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission & Fees Amount
Nomura Securities International, Inc.	106,748,515	\$319
North South Capital, LLC	8,199,208	106
Numis Securities, Inc.	372,952	20
Oppenheimer and Co., Inc.	1,210,877	42
OSK Investment Bank Berhad	2,777,900	30
Pacific Crest Securities	485,467	19
Pareto Fonds	160,091	12
Penserra Securities, LLC	14,420,201	209
Penson Financial Services Canada, Inc.	1,007,400	9
Pershing LLC	62,975,196	193
Pershing Securities, Ltd.	1,581,462	32
Piper Jaffray	2,074,576	65
PT Mandiri Sekuritas	4,627,500	8
Pulse Trading, LLC	887,068	25
Rabobank Netherland	869,848	18
Raymond James and Associates, Inc.	1,434,590	50
RBC Capital Markets	4,977,552	144
RBC Dominion Securities, Inc.	22,719,127	173
Renaissance Capital Group	701,870	9
Renaissance Capital, Ltd.	969,146	31
Renaissance Securities (Cyprus), Ltd.	1,031,321	43
Robert W. Baird Company, Inc.	853,840	31
Roberts and Ryan Investments, Inc.	782,889	24
Robotti and Company, LLC	15,165,410	203
Rosenblatt Securities, LLC	11,545,163	175
Royal Bank of Canada Europe, Ltd.	3,785,087	9
Royal Bank of Scotland, PLC	3,736,281	31
S.S Kantilal Ishwarlal Securities	477,630	20
Salomon Smith Barney Inc.	34,081,962	48
Samsung Securities Co., Ltd.	3,340,678	44
Sanford C Bernstein Co., LLC	14,909,947	180
Sanford C. Bernstein, Ltd.	86,582,522	361
Santander Merchant S.A.	10,839,341	17
Scotia Capital (USA), Inc.	652,619	17
Seslia Securities	29,127,378	441
SG Americas Securities, LLC	3,046,563	36
SG Asia Securities (Inoia) Pvt, Ltd.	4,772,386	38
SG Securities (London), Ltd.	7,891,000	8
SG Securities Hong Kong	89,169,301	310
Sidoti and Company, LLC	515,183	19
Sinopac Securities, Corp.	241,000	8

Broker	Number of Shares Traded	Base Commission & Fees Amount
Skandinaviska Enskilda Banken London	4,353,010	\$55
Societe Generale London Branch	36,660,428	209
Standard Bank of South Africa, Ltd.	105,739	9
Standard Chartered Bank	16,230,796	42
Standard Chartered Bank (Hong Kong), Ltd.	5,776,580	32
State Street Bank and Trust Company	421,259,938	64
State Street Global Markets, LLC	7,249,736	63
Stephens, Inc.	780,189	28
Sterne, Agee and Leach, Inc.	319,092	12
Stifel Nicolaus and Co, Inc.	2,506,479	84
Stuart Frankel and Co., Inc.	17,728,988	267
Sturdivant and Co., Inc.	11,030,265	166
Suntrust Capital Markets, Inc.	450,123	18
Svenska Handelsbanken	2,214,659	31
The Royal Bank of Scotland NV UK Equities	1,312,851	29
Trading Waterhouse	567,200	14
UBS Ag	264,585,136	695
UBS Ag London	5,388,420	60
UBS Securities Asia, Ltd.	29,305,917	172
UBS Securities Canada, Inc.	789,232	15
UBS Securities Pte.,Ltd., Seoul	278,220	19
UBS Securities, LLC	38,178,781	464
UBS Warburg Securities, Ltd.	1,506,919	25
UBS Warburg, LLC	954,014	25
Unx, Inc.	3,029,231	44
VTB Bank Europe, Plc,	1,590,788	35
Wedbush Morgan Securities, Inc.	720,312	22
Weeden and Company	18,133,508	280
Wells Fargo Securities, LLC	1,451,755	47
William Blair and Company, LLC	1,292,335	48
William Capital Group LP	752,883	22
WM Smith and Company	2,751,277	29
Woori Investment Securities	175,623	17
XP Investimentos CCTVM SA	2,693,287	29
Yamner and Company, Inc.	899,792	11
Yuanta Securities Company, Ltd.	17,096,585	25
Various ¹	253,930,974	596
TOTAL	12,011,460,668	\$40,015

Note:

¹ Commissions and fees paid to brokers that totaled less than \$7,500 for the year are reported under the “Various” line item.

Schedule of Fees & Costs for Private Equity Partners – PERF (Dollars in Thousands)

Fund Name	2011 Fees & Costs ¹
Aberdare Ventures IV, LP	\$1,277
Aberdare Ventures III, LP	416
Acon-Bastion Partners II, LP	556
Advent Global Private Equity IV, LP	34
Advent International GPE V-D, LP	722
Advent International GPE VI, LP	9,448
Advent Latin America Private Equity Fund IV, LP	3,191
Advent Latin American Private Equity Fund III, LP	639
Advent Latin American Private Equity Fund V-H, LP	2,034
Affinity Asia Pacific Fund III, LP	2,742
Aisling Capital II, LP	1,057
Aisling Capital III, LP	1,839
Alta V Limited Partnership	8
AP Investment Europe, Ltd.	301
APA Excelsior IV, LP	4
Apollo Alternative Assets, LP	4,601
Apollo Asia Opportunity Fund, LP	1,475
Apollo Credit Opportunities Fund, LP	10,872
Apollo European Principal Finance Fund, LP	4,981
Apollo Investment Fund III, LP	31
Apollo Investment Fund IV, LP	33
Apollo Investment Fund V, LP	524
Apollo Investment Fund VI, LP	1,013
Apollo Investment Fund VII, LP	9,887
Apollo Special Opportunities Managed Account, LP	12,589
Apollo/Artus Investors 2007-I, LP	1,224
ArcLight Energy Partners Fund II, LP	644
ArcLight Energy Partners III, LP	5,127
ArcLight Energy Partners IV, LP	4,405
Ares Corporate Opportunities Fund II, LP	643
Ares Corporate Opportunities Fund III, LP	6,173
Ares Corporate Opportunities Fund, L.P	343
Ares Special Situations Fund, LP	1,035
Asia Alternatives Capital Partners II, LP	496
Asia Alternatives Capital Partners, LP	385
Asia Recovery Fund, LP	42
Audax Credit Opportunities Fund, LP	858
Audax Mezzanine Fund II, LP	1,487
Audax Private Equity Fund II, LP	323
Audax Private Equity Fund III, LP	1,422
Aurora Equity Partners II, LP	13
Aurora Equity Partners III, LP	138
Aurora Equity Partners, LP	13
Aurora Resurgence Fund (c), LP	6,498
Avenue Asia Special Situations Fund III, LP	171
Avenue Asia Special Situations Fund IV, LP	2,415
Avenue Europe Special Situations Fund, LP	3,287
Avenue Special Situations Fund IV, LP	357
Avenue Special Situations Fund V, LP	1,867
Avenue Special Situations Fund VI (A), LP	1,234
Bank of America CA Community Venture Fund, LP	134
Baring Vostok Private Equity Fund IV, LP	1,662
Birch Hill Equity Partners (US) III, LP	1,157
Birch Hill Equity Partners (US) IV, LP	5,003

Fund Name	2011 Fees & Costs ¹
Blackstone Capital Partners II, Merchant Banking Fund, LP	\$1
Blackstone Capital Partners III, Merchant Banking Fund, LP	50
Blackstone Capital Partners IV, LP	209
Blackstone Capital Partners V, LP	1,605
Blackstone Capital Partners VI, LP	4,341
Blackstone Communications Partners I, LP	181
Blackstone Mezzanine Partners, LP	95
Bridgepoint Europe II	461
Bridgepoint Europe III, LP	1,714
Bridgepoint Europe IV, LP	6,001
Cadence Bancorp, LLC	507
California Emerging Ventures II, LLC	725
California Emerging Ventures III, LLC	760
California Emerging Ventures IV, LLC	1,014
California Emerging Ventures, LLC	87
CalPERS Corporate Partners, LLC	941
Candover 2001 Fund	161
Candover 2005 Fund US No. 1, LP	1,153
Candover 2008 Fund	422
Capital Link Fund II, LP	2,933
Capital Link, LLC	1,826
Carlyle Asia Growth Partners III, LP	1,378
Carlyle Asia Growth Partners IV, LP	2,996
Carlyle Asia Partners II, LP	1,719
Carlyle Asia Partners (PV II), LP	128
Carlyle Asia Partners III, LP	5,451
Carlyle Asia Venture Partners II, LP	285
Carlyle Europe Partners II, LP	435
Carlyle Europe Partners III, LP	4,911
Carlyle Europe Technology Partners II, LP	2,709
Carlyle Global Financial Services Partners, LP	3,779
Carlyle High Yield Partners 2008, Ltd.	416
Carlyle Japan International Partners II, LP	3,665
Carlyle Japan Partners, LP	352
Carlyle Mexico Partners, LP	256
Carlyle MC Partners, LP	5
Carlyle Partners II, LP	8
Carlyle Partners III, LP	114
Carlyle Partners IV, LP	814
Carlyle Partners V, LP	4,214
Carlyle Strategic Partners II, LP	1,032
Carlyle Strategic Partners, LP	31
Carlyle U.S. Growth Fund III, LP	1,699
Carlyle Venture Partners II, LP	304
Carlyle/Riverstone Renewable Energy Infrastructure Fund I, LP	562
Carlyle/Riverstone Global Energy and Power Fund II, LP	565
Carlyle/Riverstone Global Energy and Power Fund III, LP	2,042
Central Valley Fund, LP, The	981
China Privatization Fund (DEL), LP	1,500
Clarus Lifesciences I, LP	1,017

Note:

¹ Fees and costs for the 1-year period ending December 31, 2011.

Schedule of Fees & Costs for Private Equity Partners – PERF (continued) (Dollars in Thousands)

Fund Name	2011 Fees & Costs ¹
Clarus Lifesciences II, LP	\$1,523
Clean Energy & Technologies Fund	2,221
Clearstone Venture Partners III-A, LP	427
Clearwater Capital Partners Fund II Holdings, LP	1,118
Clearwater Capital Partners Fund III, LP	3,734
Clearwater Capital Partners I, LP	421
Clessidra Capital Partners	637
Clessidra Capital Partners II, LP	3,688
Coller International Partners III, LP	457
Coller International Partners IV, LP	702
Coller International Partners V, LP	2,881
Conversus Capital	11,872
Court Square Capital Partners II, LP	917
Craton Equity Investors I, LP	684
CVC Capital Partners Asia Pacific II, LP	696
CVC Capital Partners Asia Pacific III, LP	1,994
CVC European Equity Partners II, LP	96
CVC European Equity Partners III, LP	56
CVC European Equity Partners IV, LP	477
CVC European Equity Partners Tandem Fund (B), LP	4,243
CVC European Equity Partners V, LP	6,865
CVC European Equity Partners, LP	26
DFJ Element, LP	394
DFJ Frontier Fund, LP	248
EM Alternatives	1,011
Emergence Capital Partners, LP	277
EnerTech Capital Partners III, LP	217
ESP - Golden Bear Europe Fund, LP	2,250
Essex Woodlands Health Ventures VIII, LP	2,598
Ethos Private Equity Fund III, LP	16
Falconhead Capital Partners II, LP	531
First Reserve Fund IX, LP	12
First Reserve Fund X, LP	431
First Reserve Fund XI, LP	3,834
First Reserve Fund XII, LP	3,788
Francisco Partners II, LP	1,277
Francisco Partners, LP	58
Francisco Partners III, LP	768
FS Equity Partners V, LP	130
Garage California Entrepreneurs Fund, LP	177
Generation Capital Partners, LP	37
Giza Venture Fund IV, LP	128
Gleacher Mezzanine Fund I, LP	39
Gleacher Mezzanine Fund II, LP	1,361
Global Opportunities Fund (57 Stars)	4,470
Global Opportunities Fund 2 (57 Stars 2)	2,546
Golden State Investment Fund, LLC	2,144
Golder Thoma Cressey Rauner Fund IV, LP	1
Granite Global Ventures II, LP	31
Granite Global Ventures III, LP	1,297
Green Credit Investors, LP	70
Green Equity Investors III, LP	4
Green Equity Investors IV, LP	168
GSO Capital Opportunities Fund, LP	2,200

Fund Name	2011 Fees & Costs ¹
GSO Capital Opportunities Fund II, LP	\$251
GSO Capital Solutions Fund, LP	1,060
Health Evolution Partners, LLC	1,835
Health Evolution Partners Growth, LP	10,904
Hellman & Friedman Capital Partners II, LP	3
Hellman & Friedman Capital Partners IV, LP	261
Hellman & Friedman Capital Partners V, LP	215
Hellman & Friedman Capital Partners VI, LP	5,865
Hellman & Friedman Capital Partners VII, LP	2,328
Huntsman Gay Capital Partners, LP	1,071
ICV Partners II, LP	316
ICV Partners, LP	2
Insight Venture Partners V, LP	690
Insight Venture Partners VI, LP	1,361
Ironbridge Capital 2003/4, LP	376
Ironbridge Fund II, LP	1,415
Khosla Ventures III, LP	1,256
Khosla Ventures Seed, LP	1,539
KKR 2006 Fund, LP	5,419
KKR Asian Fund	3,867
KKR European Fund II, LP	1,196
KKR European Fund III, LP	5,063
KKR European Fund, LP	14
KKR Millennium Fund, LP	37
Vicente Capital Partners Growth Equity Fund, LP	814
Kline Hawkes Pacific, LP	583
KM Corporate Partners Fund II, LP	1,509
KPS Special Situations III, LP	1,970
Levine Leichtman Capital Partners Deep Value Fund, LP	1,283
Levine Leichtman Capital Partners II, LP	363
Levine Leichtman Capital Partners III, LP	457
Levine Leichtman Capital Partners IV, LP	802
Lexington Capital Partners II, LP	38
Lexington Capital Partners III, LP	40
Lexington Capital Partners IV, LP	223
Lexington Capital Partners V, LP	204
Lexington Middle Market Investors, LP	261
Lightspeed Venture Partners VII, LP	877
Lime Rock Partners III, LP	19
Lime Rock Partners IV, LP	666
Lime Rock Partners V, LP	1,739
Lion Capital Fund II, LP	2,137
Lombard Asia III, LP	941
Lombard Thailand Partners, LP	25
Lombard/Pacific Partners, LP	981
Madison Dearborn Capital Partners II, LP	46
Madison Dearborn Capital Partners III, LP	14
Madison Dearborn Capital Partners IV, LP	58
Madison Dearborn Capital Partners V-A, LP	1,607
Madison Dearborn Capital Partners V-B, LP	17
Magnum Capital, LP	2,202
Markstone Capital Partners, LP	430
MHR Institutional Partners II, LP	410

Note:

¹ Fees and costs for the 1-year period ending December 31, 2011.

Schedule of Fees & Costs for Private Equity Partners – PERF (continued) (Dollars in Thousands)

Fund Name	2011 Fees & Costs ¹	Fund Name	2011 Fees & Costs ¹
MHR Institutional Partners III, LP	\$6,334	Silver Lake Partners III, LP	\$4,614
New Enterprise Associates 12, LP	639	Silver Lake Partners, LP	3
New Mountain Partners II, LP	880	Silver Lake Sumeru Fund, LP	2,779
New Mountain Partners III, LP	5,195	SpaceVest Fund, LP	15
Newbridge Asia III, LP	224	T3 Partners II, LP	79
Newbridge Asia IV, LP	1,766	TA Subordinated Debt Fund II, LP	657
NGEN II, LLC	195	TA X, LP	1,753
Nogales Investors Fund I, LP	330	Tailwind Capital Partners, (PP) LP	1,822
Nogales Investors Fund II, LP	240	Technology Partners Fund V, LP	2
Oak Hill Capital Partners II, LP	779	Technology Partners Fund VI, LP	54
Oak Hill Capital Partners III, LP	5,106	Thomas H. Lee Equity Fund V, LP	4,313
Oaktree Capital Management (OCM) Opportunities Fund, LP	1	Thomas H. Lee Equity Fund VI, LP	513
Oaktree Opportunities Fund VIII B, LP	1,082	TowerBrook Investors II, LP	1,855
Opportunity Capital Partners IV, LP	73	TowerBrook Investors III, LP	6,371
Pacific Community Ventures Investments Partners II, LP	238	TowerBrook Investors, LP	46
Palladium Equity Partners III, LP	2,806	TPG Asia V, LP	6,139
Parish Capital I, LP	488	TPG Biotechnology Partners II, LP	793
Parish Capital II, LP	600	TPG Biotechnology Partners III, LP	2,003
Permira Europe I	14	TPG Biotechnology Partners, LP	476
Permira Europe III	814	TPG Credit Strategies, LP	1,202
Permira U.K. Venture IV	1	TPG Partners III, LP	102
Permira IV Continuing LP 2	3,924	TPG Partners IV, LP	289
Perseus-Soros Biopharmaceutical Fund, LP	209	TPG Partners V, LP	3,081
Pharos Capital Partners II-A, LP	447	TPG Partners VI, LP	10,903
Pinnacle Ventures II-B, LP	1	TPG Star, LP	2,742
Polish Enterprise Fund IV, LP	81	TPG Ventures, LP	161
Polish Enterprise Fund V, LP	1,942	Tricolor Pacific Capital Partners IV, LP	2,070
Polish Enterprise Fund VI, LP	522	Trinity Ventures IX, LP	390
Prospect Venture Partners II, LP	930	VantagePoint CleanTech Partners, LP	19
Prospect Venture Partners III, LP	976	VantagePoint Venture Partners 2006 (Q), LP	2,059
Providence Equity Partners V, LP	858	W Capital Partners II, LP	2,349
Providence Equity Partners VI, LP	4,241	W Capital Partners, LP	199
Q Street/Century LLC	12,870	Wayzata Opportunities Fund, LLC	969
Quadrangle Capital Partners II, LP	1,074	Wayzata Opportunities Fund II, LLC	4,180
Resolute Fund II, The	1,911	Wellspring Capital Partners V, LP	1,465
RFG Private Equity, LP No.1	244	Welsh, Carson, Anderson & Stowe IX, LP	223
Rhône Partners III, LP	554	Welsh, Carson, Anderson & Stowe VI, LP	3
Richardson Capital Private Equity, LP No. 2	164	Welsh, Carson, Anderson & Stowe VII, LP	6
Ripplewood Partners II, LP	86	Welsh, Carson, Anderson & Stowe VIII, LP	12
Riverstone/Carlyle Global Energy & Power Fund IV	6,852	Welsh, Carson, Anderson & Stowe X, LP	458
Riverstone/Carlyle Renewable and Alternative Energy Fund II, LP	4,706	Welsh, Carson, Anderson & Stowe XI, LP	1,115
Riverwood Capital Partners (Parallel-A), LP	880	WLR Recovery Fund II, LP	226
RockPort Capital Partners II, LP	126	WLR Recovery Fund III, LP	1,202
Rosewood Capital Associates V, LP	564	WLR Recovery Fund IV, LP	2,060
Sacramento Private Equity Partners, LP	1,547	WLR Recovery Fund, LP	27
SAIF Partners III, LP	1,620	Yucaipa American Alliance Fund I, LP	1,086
SAIF Partners IV, LP	1,987	Yucaipa American Alliance Fund II, LP	6,261
Schroder UK Venture Fund IV, LP2	23	Yucaipa American Special Situations Fund I, LP	40
Silver Lake Credit Fund, LP	1,843	Yucaipa Corporate Initiatives Fund I, LP	635
Silver Lake Partners II, LP	362	Yucaipa Corporate Initiatives Fund II, LP	2,031
		TOTAL	\$493,894

Note:

¹ Fees and costs for the 1-year period ending December 31, 2011.

Schedule of Fees & Costs for Absolute Return Strategies Program – PERF (Dollars in Thousands)

Fund Name	Management Fees ¹	Performance Fees ¹
Aspect Alternative Fund LLC	\$2,308	\$1,207
Black River Commodity Multi-Strategy Fund LLC	83	—
Black River Fixed Income Relative Value Opportunity Fund Ltd	5,648	8,023
Black River CTF	3,568	—
Brookside Capital Partners Fund, L.P.	339	—
BlueTrend Fund LP	5,645	625
Breton Hill Eureka Fund, LP	393	—
Canyon Special Opportunities	347	—
Canyon Value Realization Fund L.P.	362	—
Chatham Asset High Yield Offshore Fund Ltd	—	—
Chatham Asset Special Situations Offshore Fund	1,798	—
Chatham Eureka	7,335	—
Deephaven Market Neutral LLC	86	—
Lansdowne UK Equity	109	140
Lansdowne Eureka	2,409	370
O'Connor Global Quantitative Equity LLC	588	—
O'Connor Global Fundamental Market Neutral Long Short LLC	984	621
OMG Eureka Fund, LP	409	—
OZ Domestic Partners II, L.P.	968	625
OZ Eureka Fund, LP	7,516	449
PFM Diversified Eureka Fund	3,388	1,180
Standard Pacific Eureka Fund, L.L.L.P.	356	—
Symphony Eureka Fund, LP	2,621	8,619
SuttonBrook Eureka Fund LP	2,411	872
Tennenbaum Multi-Strategy Fund LLC	—	—
The Marquee Fund, LP	469	—
PAAMCO Blue Diamond	1,635	—
Vision Blue Diamond Fund, L.P.	1,980	—
Ermitage Highbury Fund, LP	903	—
AIS Highbury Fund, LP	782	—
ERAAM Highbury Fund, LP	1,998	—
47 Degrees North New Generation 1848 Fund, L.P.	1,467	—
Rock Creek 1848 Fund, LP	1,618	—
PAAMCO 1848 Fund, LP	1,478	—
TOTAL MANAGEMENT AND PERFORMANCE FEES	\$62,001	22,731
UBS Advisory Fees	16,183	—
PAAMCO Advisory Fees	250	—
IFS Administration Fees	1,531	—
TOTAL MANAGEMENT, PERFORMANCE AND ADVISORY FEES	\$79,965	\$22,731

Note:

¹ Fees and costs for the 1-year period ending December 31, 2011.

Total Investment Management Expenses Summary (Dollars in Thousands)

Category	2012
EXTERNAL MANAGEMENT FEES	
Domestic Equity	\$26,962
Domestic Fixed Income ²	3,586
Global Equity	24,426
Global Fixed Income	2,532
Real Asset	194,551
Private Equity Distributed Manager	273
Private Equity ¹	493,894
Absolute Return Strategies ¹	62,001
TOTAL EXTERNAL MANAGEMENT FEES	\$808,225
EXTERNAL PERFORMANCE FEES	
Domestic Equity	\$8,780
Global Equity	40,130
Global Fixed Income	5,094
Real Asset	88,677
Absolute Return Strategies ¹	22,731
TOTAL EXTERNAL PERFORMANCE FEES	\$165,412
ADDITIONAL INVESTMENT-RELATED EXPENSES	
Custodian/Portfolio Management Services/ Subscriptions	\$31,528
Auditor	178
Consultant	33,303
System Consultant	4,441
Legal	9,050
Tax Advisory	560
Transaction Fees	3,029
Internal Mortgage Loan Fees	1,158
Dividend Tax Expense	34,763
Miscellaneous	9,080
Other Fund Investment Fees (Non PERF)	3,358
Securities Lending Fees	28,135
Appraisal Fees ²	3,512
Commissions & Fees ²	40,015
Internal staff personnel expenses ³	39,365
Administrative Fees ³	4,642
TOTAL ADDITIONAL INVESTMENT-RELATED EXPENSES	\$246,117
TOTAL INVESTMENT MANGEMENT COSTS (ALL TRUST FUNDS)	\$1,219,754
Total Investments as of June 30, 2012	\$248,025,587
Total Investments as of June 30, 2011	\$264,099,814
Management Expense Ratio (based on average assets)	0.48%

Notes:

- ¹ Expense is recorded in fair value of the investments and is recorded as a reduction in Net Appreciation in Fair Value of Investments; costs are for the one-year period ending December 31, 2011.
- ² Expense is recorded in fair value of the investments and is recorded as a reduction in Net Appreciation in Fair Value of Investments.
- ³ Expense is recorded in the administrative expenses and represents the internal costs attributable to managing the investment portfolio.

Investment Performance – LRF

Global equity securities incurred returns of approximately negative 5.6 percent for fiscal year 2011-12. CalPERS uses the custom LRS Global Equity Benchmark, to provide a benchmark for the global equity portfolio. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflect the overall market characteristics.

Domestic fixed income securities incurred returns of approximately 13.9 percent for fiscal year 2011-12. CalPERS uses the Barclays Capital Long Liability Index, to provide a benchmark for the domestic fixed income portfolio. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflect the overall market characteristics.

The TIPS (US Treasury Inflation Protected Securities) portfolio incurred returns of approximately 11.6 percent

for fiscal year 2011-12. CalPERS uses the Barclays Capital Global Real: US TIPs Index, to provide a benchmark for the TIPS portfolio.

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Legislators' Retirement Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. Below are the 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2012.

Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

LRF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index ³	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	6.6%	12.8%	5.2%	Weighted Policy Benchmark ¹	7.4%	11.9%	5.1%
				Actuarial Rate	5.8%	5.8%	5.8%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	1.2%	10.8%	0.3%
Global Equity	(5.6%)	11.6%	(2.4%)	LRS Global Equity Benchmark	(5.5%)	11.7%	(2.4%)
Domestic Fixed Income	13.9%	13.1%	9.5%	Barclays Long Liability Index	15.1%	11.0%	9.4%
TIPS	11.6%	9.5%	8.6%	Barclays Long Liability Index TIPS	11.7%	9.6%	8.4%

Notes:

- ¹ The Weighted Policy Benchmark returns for the LRF are based on asset class index returns, weighted by asset class policy targets.
- ² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.
- ³ Index benchmarks are as of June 30, 2012 and are subject to be updated based on changes within the fund portfolios.

Investment Performance – LRF (continued)

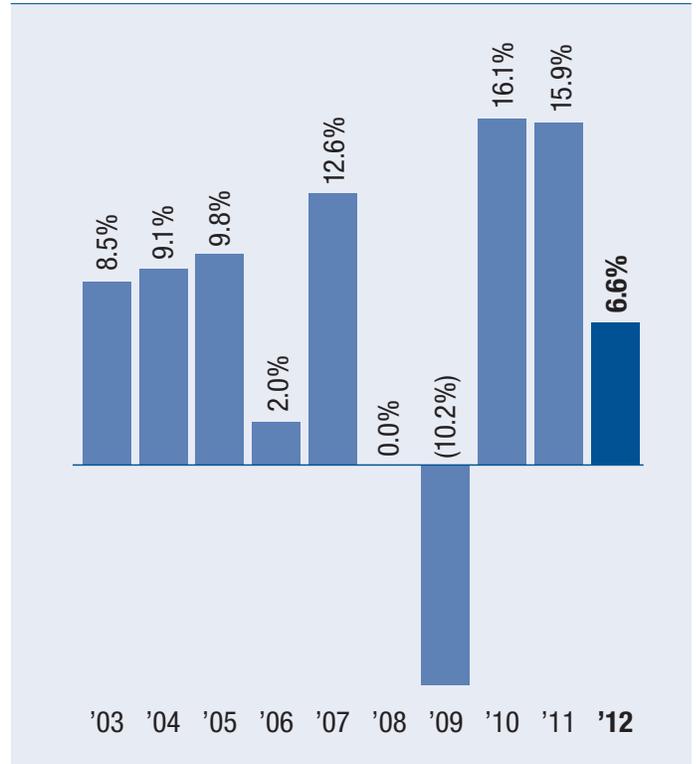
LRF Asset Allocation

Asset Class	Current Allocation	Current Year Target	Prior Year Target
Global Equity	32.4%	32.0%	40.0%
Domestic Fixed Income	41.4%	42.0%	50.0%
TIPS	14.8%	15.0%	10.0%
Real Assets	8.2%	8.0%	—
Commodities ¹	3.2%	3.0%	—
TOTAL FUND	100.0%	100.0%	100.0%

Notes:

¹ No prior year target due to change in asset allocation policy.

LRF Total Fund Performance | 10-Year Review, One-Year Returns



Investment Performance – JRF II

Global equity securities incurred returns of approximately negative 6.3 percent for fiscal year 2011-12. CalPERS uses the custom JRS Global Equity Benchmark, to provide a benchmark for the global equity portfolio. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflect the overall market characteristics.

Domestic fixed income securities incurred returns of approximately 13.9 percent for fiscal year 2011-12. CalPERS uses the Barclays Capital Long Liability Index to provide a benchmark for the domestic fixed income portfolio. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflect the overall market characteristics.

Real asset investments (comprised of REITs) returns were approximately 2.2 percent. CalPERS uses the Custom

FTSE EPRA/NAREIT Developed Index and TUCS Real Estate Median to benchmark the real asset portfolio.

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Judges' Retirement Fund II based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2012, are shown below.

Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

JRF II Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index ³	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	1.9%	13.1%	2.1%	Weighted Policy Benchmark ¹	2.7%	12.7%	2.2%
				Actuarial Rate	7.0%	7.0%	7.0%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	1.2%	10.8%	0.3%
Global Equity	(6.3%)	11.2%	(2.7%)	JRS Global Equity Benchmark	(6.2%)	11.2%	(2.6%)
Domestic Fixed Income	13.9%	13.1%	9.6%	Barclays Long Liability Index	15.1%	11.0%	9.4%
Real Assets	2.2%	21.3%	(3.3%)	CalPERS Custom REIT	2.4%	21.4%	(3.8%)
				TUCS Real Estate Median	17.6%	(5.5%)	(10.6%)

Notes:

- ¹ The Weighted Policy Benchmark returns for the JRF II are based on asset class index returns, weighted by asset class policy targets.
- ² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.
- ³ Index benchmarks are as of June 30, 2012 and are subject to be updated based on changes within the fund portfolios.

JRF II Asset Allocation

Asset Class	Current Allocation	Current Year Target	Prior Year Target
Global Equity	63.3%	63.0%	54.0%
Domestic Fixed Income	19.6%	20.0%	36.0%
TIPS ¹	5.9%	6.0%	—
Real Assets	8.1%	8.0%	10.0%
Commodities ¹	3.1%	3.0%	—
TOTAL FUND	100.0%	100.0%	100.0%

Notes:

¹ No prior year target due to change in asset allocation policy.

JRF II Total Fund Performance | 10-Year Review, One-Year Returns



Investment Performance – CERBTF

Domestic and international equity securities had returns of approximately 5.0 percent and negative 14.5 percent, respectively, for the 2011-12 fiscal year. CalPERS uses the PERS Blended S&P 500 ex Tobacco Index and FTSE Developed World ex US & Tobacco Index to provide a benchmark for domestic and international equity investment returns.

Domestic fixed income returned approximately 13.9 percent for the 2011-12 fiscal year. CalPERS uses the Barclays Capital Long Liability Index to provide a

benchmark for our fixed income investment returns.

Real asset investments (comprised of REITs) returns were approximately 2.2 percent, compared to benchmark returns of 2.4 percent and 17.6 percent. CalPERS uses the Custom FTSE EPRA/NAREIT Developed Index and TUCS Real Estate Median to benchmark the real asset portfolio.

These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market environment.

CERBTF Strategy 1 Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index ¹	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	0.2%	13.2%	1.2%	CERBTF Policy Benchmark Actuarial Rate	0.5%	13.0%	0.9%
Domestic Equity	5.0%	16.1%	(0.2%)	PERS Blended S&P 500 ex Tobacco	4.9%	16.1%	(0.1%)
International Equity	(14.5%)	6.6%	(5.1%)	CalPERS FTSE Dev World ex US & Tobacco Index	(14.7%)	6.5%	(5.2%)
Domestic Fixed Income	13.9%	13.1%	9.5%	CalPERS Custom Long Liability	15.1%	11.0%	9.4%
High Yield	(2.7%)	13.7%	—	CalPERS High yield	7.2%	15.7%	—
Real Assets	2.2%	21.2%	(3.0%)	CalPERS Custom REIT	2.4%	21.4%	(3.8%)
				TUCS Real Estate Median	17.6%	(5.5%)	(10.6%)

Note:

¹ Index benchmarks are as of June 30, 2012 and are subject to be updated based on changes within the fund portfolios.

CERBTF Strategy 1 Asset Allocation

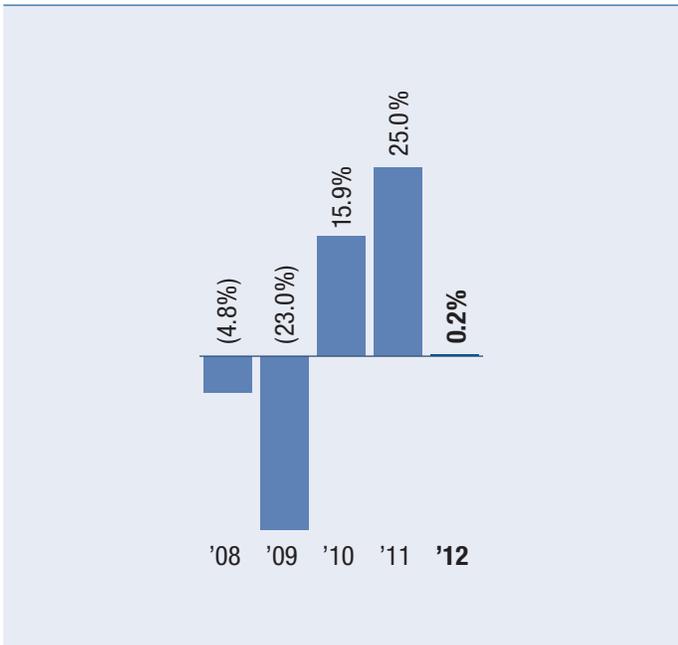
Asset Class	Current Allocation	Current Year Target	Prior Year Target
Cash Equivalents	2.4%	—	—
Domestic Equity	34.5%	35.0%	35.0%
International Equity	30.2%	31.0%	29.0%
Domestic Fixed Income	17.2%	18.0%	20.0%
High Yield ¹	—	—	6.0%
TIPS ²	4.8%	5.0%	—
Real Assets	7.9%	8.0%	10.0%
Commodities ²	3.0%	3.0%	—
TOTAL FUND	100.0%	100.0%	100.0%

Notes:

- ¹ No current year allocation or target due to change in asset allocation policy.
- ² No prior year target due to change in asset allocation policy.
- ³ CERBTF Strategy 2 and CERBTF Strategy 3, were funded on 9/29/11 and 12/29/11, respectively. Both CERBTF Strategy 2 and 3 have their own Board approved target asset allocation policies.

Investment Performance – CERBTf (continued)

CERBTf Total Fund Performance | Five-Year Review, One-Year Returns



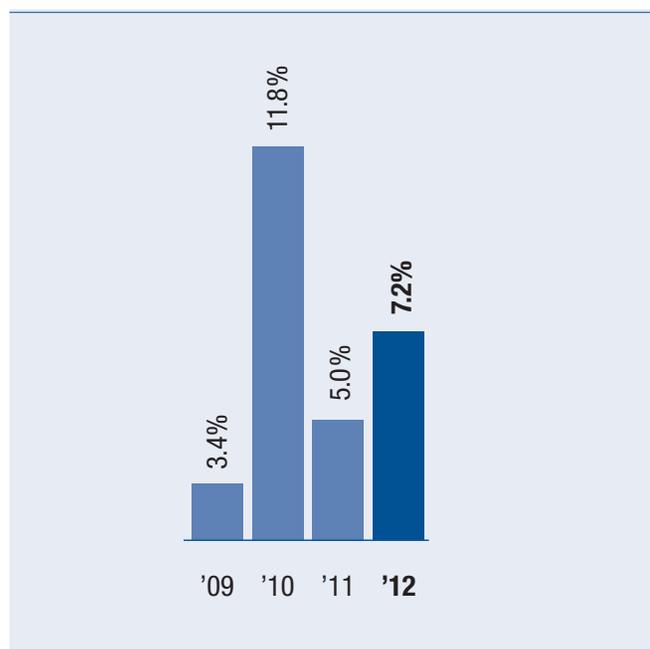
Investment Performance – HCF

Investments of the HCF at June 30, 2012, include domestic debt securities. These securities yielded a one-year return of 7.2 percent.

HCF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	7.2%	8.0%	6.7%	Weighted Policy Benchmark	7.5%	6.9%	6.8%

HCF Total Fund Performance | Four-Year Review,
One-Year Returns



Investment Performance – LTCF

Domestic and international equity securities had returns of approximately 5.0 percent and negative 14.5 percent for the 2011-12 fiscal year. CalPERS uses the PERS Blended S&P 500 ex Tobacco Index and FTSE Developed World ex US & Tobacco Index to provide a benchmark for domestic and international equity investment returns.

Domestic debt securities consist of fixed income, high yield and TIPS securities. Fixed income securities returned approximately 13.8 percent for the 2011-12 fiscal year. CalPERS uses the Barclays Capital Long Liability Index for fixed income investment returns. High yield securities

returned approximately negative 2.7 percent for the 2011-12 fiscal year. TIPS securities returned approximately 11.6 percent for the 2011-12 fiscal year.

Real asset investments (comprised of REITs) returns were approximately 2.2 percent. CalPERS uses the Custom FTSE EPRA/NAREIT Developed Index and TUCS Real Estate Median to benchmark the real asset portfolio.

These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market environment.

Investment Performance – LTCF (continued)

LTCF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index ⁴	1-Year Return	3-Year Return	5-Year Return
TOTAL FUND	3.4%	13.2%	3.3%	Weighted Policy Benchmark ¹	3.9%	12.6%	3.4%
				Actuarial Rate	4.5%	4.5%	4.5%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	1.2%	10.8%	0.3%
Domestic Equity	5.0%	16.1%	0.0%	Custom S&P 500 Index ³	4.9%	16.1%	(0.1%)
				TUCS Equity Median	(7.2%)	11.7%	(2.5%)
				FTSE Developed World ex US & Tobacco Index	(14.7%)	6.5%	(5.2%)
International Equity	(14.5%)	6.6%	(5.2%)				
Domestic Fixed Income	13.8%	13.0%	9.6%	Barclays Long Liability Index	15.1%	11.0%	9.4%
				Barclays Long Liability Index High Yield	7.2%	15.7%	8.0%
High Yield	(2.7%)	13.7%	6.0%				
TIPS	11.6%	9.5%	8.6%	Barclays Long Liability Index TIPS	11.7%	9.6%	8.4%
Real Assets	2.2%	21.3%	(3.7%)	CalPERS Custom REIT	2.4%	21.4%	(3.8%)
				TUCS Real Estate Median	17.6%	(5.5%)	(10.6%)

Notes:

- ¹ The Weighted Policy Benchmark returns for the LTCF are based on asset class index returns, weighted by asset class policy targets.
- ² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

- ³ The Custom Tobacco-Free S&P 500 Index is used as the benchmark for the U.S. equity segments of the LTCF, starting with the February 2001 performance.

- ⁴ Index benchmarks are as of June 30, 2012 and are subject to be updated based on changes within the fund portfolios.

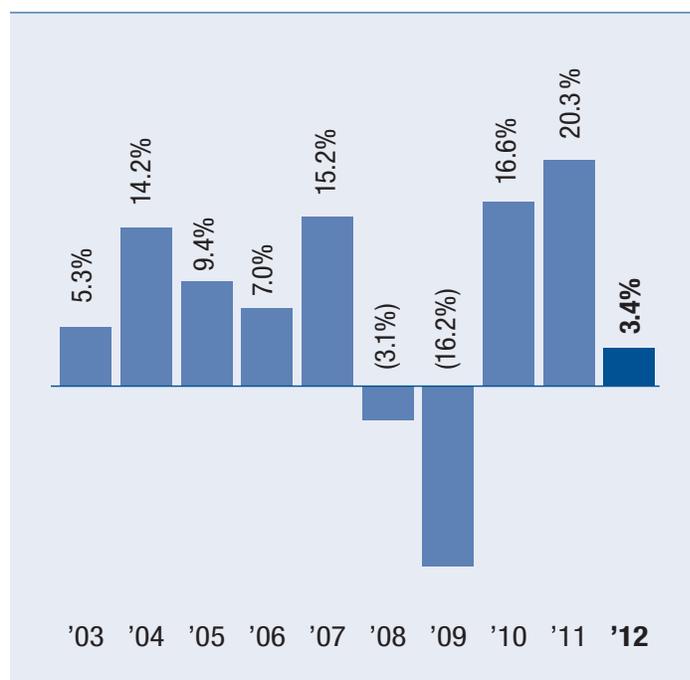
LTCF Asset Allocation

Asset Class	Current Allocation	Current Year Target	Prior Year Target
Domestic Equity	25.3%	25.0%	29.0%
International Equity	19.1%	19.0%	19.0%
Domestic Fixed Income	29.5%	30.0%	30.0%
High Yield ¹	—	—	10.0%
TIPS	14.7%	15.0%	7.0%
Real Assets	8.2%	8.0%	5.0%
Commodities ²	3.2%	3.0%	—
TOTAL FUND	100.0%	100.0%	100.0%

Notes:

- ¹ No current year allocation or target due to change in asset allocation policy.
- ² No prior year target due to change in asset allocation policy.

LTCF Total Fund Performance | 10-Year Review, One-Year Returns



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Actuarial Certification

June 30, 2012

The Board of Administration of the California Public Employees' Retirement System

As authorized, the CalPERS actuarial staff perform annual actuarial valuations of the CalPERS State, schools, and public agency defined benefit pension plans; the latest such valuations are as of June 30, 2011.

The funding objective for each of these plans is to accumulate assets equal to 100 percent of the accrued liability as measured by the Entry Age Normal Cost method in a manner that keeps contributions approximately level as a percentage of payroll. Unfunded actuarial liabilities or surplus assets (excess assets) are amortized pursuant to Board policy such that the amortization payment is not less than that required to amortize an unfunded liability over 30 years.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures

presented in the Financial Section by Governmental Accounting Standards Board Statements No. 25 and No. 43. In our opinion, the actuarial assumptions are internally consistent and produce results which are reasonable in the aggregate.

The valuations are based on the member and financial data as of the valuation date, extracted from the various CalPERS databases. Both the membership and financial data are subject to extensive tests for reasonableness.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

Alan Milligan, F.S.A., F.C.I.A., M.A.A.A., F.C.A.
Chief Actuary, CalPERS

Note: Actuarial reports and supporting documents for the State, schools, and local agencies can be obtained on the CalPERS website, www.calpers.ca.gov.

Actuarial Methods & Assumptions

ACTUARIAL METHODS

The ultimate cost that a retirement system such as CalPERS incurs is equal to benefits paid plus the expenses resulting from administration and financing. These costs are paid through contributions to the plan and investment earnings on the System's assets.

The actuarial valuations rely upon data extracted from central databases maintained by CalPERS. These databases are created from data supplied by the individual employers. The data was not audited by the actuarial staff, but appears to be reasonable for valuation purposes. Summary information regarding plan membership data for various groups is provided in Exhibits F through H.

Using each plan's schedule of benefits, member data described above, and a set of actuarial assumptions, the plan's actuary estimates the cost of the benefits to be paid. Then, using a particular actuarial funding method, the actuary allocates these costs to the fiscal years within the employee's career.

In the case of the CalPERS plans with pay-related benefits, the financial objective is to fund in a manner which keeps contribution rates approximately as a level percentage of payroll from generation to generation, while accumulating sufficient assets over each member's working career. The primary funding method used to accomplish this objective is the Entry Age Normal Cost Method. This method is used for all defined benefit pay-related plans within CalPERS, for the Legislators' Retirement System (LRS), for the Judges' Retirement System (JRS) and for the Judges' Retirement System II (JRS II). It is also used for the Indexed Level of 1959 Survivor Benefits.

For CalPERS non-pay-related plans, the financial objective is to produce annual costs that coincide with the value of benefits earned for that year. The Term Insurance Cost Method is used for the plans within the 1959 Survivor Program that are not indexed and for the State Group Term Life Insurance Program.

Annual actuarial valuations are performed each June 30 using these methods. This report contains information through the most recent valuation date of June 30, 2011. Progress in financing can be found in the Summary of Funding Progress, Exhibits A and B.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the Financial Section by Governmental Accounting Standards Board Statement No. 25 and No. 43.

Entry Age Normal Cost Method

Under the Entry Age Normal Cost Method, projected benefits are determined for all members. For active members, liabilities are spread in a manner that produces level annual costs as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. This Entry Age Normal cost method was adopted by the Board in May 1995.

The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the value of plan assets is called the unfunded actuarial accrued liability.

The required contribution is then determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payroll.

In the CalPERS case, the unfunded liability is broken down into components, or bases, according to their date of origin and the cause that gave rise to that component. A component of the unfunded liability that arose due to a change in plan provisions or in actuarial methods or assumptions is separately tracked and amortized over a declining 20-year period. The amortization methods were adopted by the Board in April 2005.

The actuarial assumptions discussed in this section are used to determine projected benefits. The effect of differences between those assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences are actuarial gains or losses. Gains and losses are tracked separately and amortized over a rolling 30-year period.

A maximum 30-year amortization payment on the entire unfunded liability is enforced on the amortization methods described above. In addition, for those plans in which the amortization methods described above result in either mathematical inconsistencies or unreasonable actuarial results, all unfunded liability components are combined into a single base and amortized over a period of time, as determined by the CalPERS Chief Actuary. There is a minimum employer contribution equal to normal cost, less 30-year amortization of surplus (negative unfunded liability), if any.

Term Insurance Cost Method

The actuarial funding method for non-indexed levels of the 1959 Survivor Program is a modified Term Insurance Cost Method. Under this method, there is no actuarial accrued liability for active members; all liability is due to current beneficiaries. The normal cost is calculated as the amount needed to provide benefits to survivors of deaths expected in the next one-year period.

The Term Insurance Cost Method is also used for the State Group Term Life Insurance Program. The required contributions are calculated as one and one-half times the expected life insurance payments for the coming year less the current assets available to pay those benefits, but not less than zero. The Term Insurance Cost Method was adopted by the Board in November 1997.

Asset Valuation Method

In order to dampen the effect of short-term market value fluctuations on employer contribution rates, the following asset smoothing technique is used. First an Expected Value of Assets would be computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets would then be computed as the Expected Value of Assets plus one-fifteenth of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. Finally, the Actuarial Value of Assets is restricted to no less than 80 percent and no more than 120 percent of the Market Value of Assets. This methodology is used in the valuations for all programs except the JRS, which uses an Actuarial Value of Assets equal to the Market Value of the Fund plus accrued interest. The Asset Valuation

Method was adopted by the Board in April 2005.

In December 2009, the CalPERS Board adopted a temporary change to the asset smoothing method in order to phase in over a three-year period the impact of the negative 24.0 percent investment loss experienced by CalPERS in fiscal year 2008-09. The following changes were adopted for all public agencies, the State and School plans:

- For the June 30, 2009 valuation increase the corridor limits for the actuarial value of assets from 80-120 percent to 60-140 percent of the market value of assets.
- For the June 30, 2010 valuation reduce the corridor limits for the actuarial value of assets to 70-130 percent of the market value of assets.
- And in the June 30, 2011 valuation and thereafter return to the 80-120 percent of market value corridor limits for the actuarial value of assets.

ACTUARIAL ASSUMPTIONS

The actuarial assumptions used in determining actuarial liabilities and required employer contributions include both economic and non-economic assumptions. These assumptions represent the actuary's best estimate of anticipated future experience and are reviewed in depth periodically.

Economic Assumptions

The economic assumptions include an assumed inflation assumption of 2.75 percent compounded annually. The inflation assumption is a component of assumed investment return, assumed wage growth, and assumed future post-retirement cost-of-living increases.

Based upon the asset allocation of the Public Employees' Retirement Fund (PERF), the assumed investment return (net of administrative and investment expenses) is 7.5 percent per year, compounded annually. Different asset allocations and lower assumed investment returns apply to LRF, JRF, and JRF II. The economic assumptions adopted by the Board in March 2012 are based on a review by the Actuarial Office and an economic assumptions study performed by an outside actuarial consultant.

The assumed investment returns for these three plans are 5.75 percent, 4.25 percent, and 7.0 percent, respectively.

For plans within CalPERS, the overall payroll is assumed to increase 3.0 percent annually. This is based upon the 2.75 percent inflation assumption and a

0.25 percent per annum productivity increase assumption. The overall payroll growth assumption is used to project future payroll over which the unfunded liability is amortized.

For plans within CalPERS, the assumed growth in an individual employee's future pay is composed of the 2.75 percent inflation component, an additional 0.25 percent per annum productivity component, and an annual merit increase based on the member's length of service. The service-based merit increase in an individual's salary recognizes that larger salary increases tend to occur earlier in an employee's career. Pay increase assumptions for individual members are shown for sample lengths of service in Exhibit C.

Non-Economic Assumptions

Non-economic assumptions for plans within the PERF are based upon the most recent CalPERS Experience Study (covering the period June 30, 1997 through June 30, 2007) that was completed and adopted by the Board in April 2010.

Post-retirement mortality tables are based on CalPERS experience. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table. Sample life annuity values based on these tables are shown in Exhibit E.

CHANGES SINCE PRIOR VALUATION

Changes in Actuarial Methods

There were no changes in actuarial methods since the prior year's actuarial valuation.

Changes in Actuarial Assumptions

In March 2012, the Board of Administration lowered the inflation assumption from 3.0 percent to 2.75 percent. Since the inflation assumption is a component of the investment return assumption, the investment return assumption for the PERF, LRF, JRF and JRF II was lowered 0.25 percent.

Changes in Plan Provisions

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in Appendix B of the plan's annual valuation report.

Summary of Funding Progress

UNFUNDED LIABILITY & FUNDED RATIOS

For the plans in CalPERS, unfunded actuarial accrued liabilities are the difference between Entry Age Normal Accrued Liabilities and the assets of the Fund. It is required that these unfunded liabilities be financed systematically over future years.

Because of inflation, comparing the dollar amounts of assets, benefits paid, member salaries, and unfunded actuarial accrued liabilities can be misleading. While no one or two measures can fully describe the financial condition of a plan, the ratio of a pension plan's actuarial value of assets to its liabilities provides a meaningful index. However, a better measure is the funded ratio based on the market value of assets. This is the true measure of a plan's

ability to pay benefits. The higher this ratio, the stronger the plan and observation of this ratio over a period of years can give an indication as to the financial strength of the system. Both these measures are presented in Exhibit A.

SOLVENCY TEST

Exhibit B, Funding Progress — Solvency Test, demonstrates System solvency as measured under the Governmental Accounting Standards Board Statement No. 25.

INDEPENDENT REVIEW

To ensure the quality of its valuations, CalPERS contracts with independent consulting actuaries to review the valuations on a triennial basis.

Exhibit A: Funding Progress – Unfunded Liability & Funded Ratios

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded AAL (UAAL) (AVA Basis)	Funded Ratio – Actuarial Value of Assets Basis	Annual Covered Payroll	UAAL as a % of Covered Payroll	Market Value of Assets (MVA)	Unfunded AAL (UAAL) (MVA Basis)	Funded Ratio – Market Value of Assets Basis
	(1)	(2)	(2)–(1)	(1)÷(2)	(3)	[(2)–(1)]÷(3)	(4)	(2)–(4)	(4)÷(2)
PERF									
6/30/02	\$156,067	\$163,961	\$7,894	95.2%	\$32,873	24.0%	\$142,455	\$21,506	86.9%
6/30/03	158,596	180,922	22,326	87.7	34,784	64.2	144,330	36,592	79.8
6/30/04	169,899	194,609	24,710	87.3	35,078	70.4	167,110	27,499	85.9
6/30/05	183,680	210,301	26,621	87.3	36,045	73.9	189,103	21,198	89.9
6/30/06	199,033	228,131	29,098	87.2	38,047	76.5	211,188	16,943	92.6
6/30/07	216,484	248,224	31,740	87.2	40,864	77.7	251,162	(2,938)	101.2
6/30/08	233,272	268,324	35,052	86.9	44,236	79.2	238,041	30,283	88.7
6/30/09	244,964	294,042	49,078	83.3	45,100	108.8	178,860	115,182	60.8
6/30/10	257,070	308,343	51,273 ¹	83.4	44,984	114.0	201,632	106,711	65.4
6/30/11	271,389	328,567	57,178 ¹	82.6	43,901	130.2	241,740	86,827	73.6
LRF									
6/30/07	\$142	\$102	(\$40)	139.2%	\$2	(2,000.0)%	\$142	(\$40)	139.2%
6/30/08	142	103	(39)	137.9	2	(1,950.0)	134	(31)	130.1
6/30/09	134	112	(22)	119.6	2	(1,100.0)	112	—	100.0
6/30/10	127	112	(15)	113.4	2	(750.0)	114	(2)	101.8
6/30/11	126	109	(17)	115.6	2	(850.0)	124	(15)	113.8
JRF									
6/30/07	\$12	\$2,714	\$2,702	0.4%	\$119	2,270.6%	\$12	\$2,702	0.4%
6/30/08	19	3,607	3,588	0.5	111	3,232.4	19	3,588	0.5
6/30/09	41	3,583	3,542	1.1	97	3,651.5	41	3,542	1.1
6/30/10	64	3,429	3,365	1.9	86	3,912.8	64	3,365	1.9
6/30/11	54	3,297	3,243	1.6	76	4,267.1	54	3,243	1.6
JRF II									
6/30/02	\$72	\$76	\$4	94.7%	\$73	5.5%	\$65	\$11	85.5%
6/30/03	96	105	9	91.4	87	10.3	91	14	86.7
6/30/04	129	138	9	93.5	99	9.1	129	9	93.5
6/30/05	168	178	10	94.4	112	8.9	172	6	96.6
6/30/06	213	220	7	96.8	125	5.6	219	1	99.5
6/30/07	268	295	27	90.8	156	17.3	291	4	98.6
6/30/08	335	367	32	91.3	175	18.3	325	42	88.6
6/30/09	379	451	72	84.0	199	36.2	316	135	70.1
6/30/10	461	521	60	88.5	213	28.2	422	99	81.0
6/30/11	561	610	49	92.0	230	21.3	576	34	94.4
CERBTF									
6/30/07	\$11	\$24	\$13	45.8%	\$37	35.1%	\$11	\$13	45.8%
6/30/08	48	4,845	4,797	1.0	5,092	94.2	48	4,797	1.0
6/30/09 ²	873	10,462	9,589	8.3	9,307	103.0	845	9,617	8.1
6/30/10 ³	1,287	14,288	13,001	9.0	10,435	124.6	1,287	13,001	9.0
6/30/11 ^{4,5}	1,818	15,522	13,704	11.7	10,374	132.1	1,864	13,658	12.0

Exhibit A: Funding Progress – Unfunded Liability & Funded Ratios (continued)

Notes:

- ¹ The Unfunded Accrued Liability (the total Actuarial Liability in excess of actuarial value of assets) of the PERF by major employer group from the June 30, 2011 valuation is as follows: 1) \$27,229 for the State of California, 2) \$6,766 for schools, and 3) \$23,183 for public agencies.
- ² The amounts previously reported as of June 30, 2009 in the fiscal year 2008-09 financial statements were revised to reflect the valuation results for new plan participants and to align the valuation dates of all plan participants. The revised data reflects the individual actuarial valuations of 258 employers participating in the CERBTf as of June 30, 2010, aligned to a measurement date of June 30, 2009 in compliance with GASB Statement No. 57.
- ³ During 2010-2011, several large employers contracted with the CERBTf. Due to their materiality, a row of data was added to our biennial reporting in the Schedule of Funding Progress. This data represents the actuarial data from 309 valuations adjusted to an aligned date of June 30, 2010 and includes the actual asset value as of that date, to be compliant with GASB Statement No. 57. The alignment was achieved by applying methods allowed under Actuarial Standards of Practice and under Generally Accepted Accounting Principles.
- ⁴ The June 30, 2011 funded status for the CERBTf was developed by combining actuarial information from 282 OPEB valuations prepared as of June 30, 2011 and data rolled forward from 59 OPEB valuations prepared at an earlier date, by applying methods allowed under Actuarial Standards of Practice and under Generally Accepted Accounting Principles.
- ⁵ The CERBTf Assumptions Model allows use of either the Entry Age or the Projected Unit Credit actuarial method. The Actuarial Accrued Liability (AAL) reported for the CERBTf represents aggregated liabilities calculated under either method.

Supplemental Schedule of Differences

Reconciliation Between the Net Assets Held in Trust for Pension Benefits and the Net Assets Allocated to Fund the Pension Benefit Obligation or the Actuarial Liability – June 30, 2011.

	PERF	LRF	JRF	JRF II
Net Assets Held in Trust for Pension Benefits Less:	\$241,761,790,670	\$123,476,000	\$54,146,000	\$575,833,000
Member Additional Contributions	1,844,380	—	—	—
Reserve for Post Retirement Redeposit	43,919,243	—	—	—
Reserve for Disability Installment Payments	63,314	—	—	—
Reserve for Deficiencies	486,131,992	—	—	—
Reserve for Fiduciary Self Insurance	40,000,000	—	—	—
Reserve for State OPEB Expenses	(65,031,000)	—	—	—
Difference in reserves between accounting estimates on publication date and final reconciled assets for valuations	355,732,556	—	—	—
Difference in reserves due to early CAFR closing and final reconciled reserves	(34,538)	—	—	—
Reserve for Directed Brokerage	1,139,917	—	—	—
Other Reserves and Adjustment ¹	14,793,103	(93,838)	(237,000)	(145,522)
Receivable for Tier 1 Conversion & Service Buyback ²	(856,291,297)	—	—	—
Difference Between Smoothed Market Value & Fair Value	(29,649,533,000)	(2,076,162)	—	14,502,522
Actuarial Value Assets	\$271,389,056,000	\$125,646,000	\$54,383,000	\$561,476,000

Notes:

- ¹ Includes an OPEB expense that was charged against the fund but ignored in the actuarial valuation.
- ² The market value of assets and the actuarial value of assets used in the actuarial valuation include receivables from members who purchased years of service and are paying for it over time, as well as receivables for State members who would potentially convert their service from Second Tier to First Tier anytime prior to retirement.

Exhibit B: Funding Progress – Solvency Test

The funding objective for a retirement system is to be able to pay long-term benefit promises through member contributions as a percent of salary that remain approximately level from year to year. In this way, members and employers pay their fair share for retirement services accrued in that year by the retirement system's members.

If a system follows level contribution rate financing principles, it will pay all promised benefits when due — the ultimate test of financial soundness.

A short-term solvency test is one means of checking a system's funding progress. In a short-term solvency test, the plan's present assets (investments and cash) are compared with 1) member contributions on deposit, 2) the liabilities

for future benefits to persons who have retired or terminated, and 3) the liabilities for projected benefits for service already rendered by active members. In a system that employs level contribution rate financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retirees (liability 2) will be fully covered by present assets, except in rare circumstances.

In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level contribution rate financing, the funded portion of liability 3 will increase over time.

Valuation Date	Accrued Liability				Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Valuation Assets		
	Member Contributions ¹ (1)	Terminated, Retirees & Beneficiaries (2)	Employer-Financed Portion of Active Members (3)	Total Accrued Liability (1) + (2) + (3)		(1)	(2)	(3)
PERF (Dollars in Billions)								
6/30/06	\$31.6	\$111.4	\$85.1	\$228.1	\$199.0	100%	100%	65.8%
6/30/07	34.1	123.0	91.2	248.2	216.5	100	100	65.2
6/30/08	36.7	133.8	97.8	268.3	233.3	100	100	64.2
6/30/09	39.1	146.8	108.2	294.1	245.0	100	100	54.6
6/30/10	40.6	160.2	107.5	308.3	257.1	100	100	52.3
6/30/11	42.3	179.1	107.2	328.6	271.4	100	100	46.7
LRF (Dollars in Millions)								
6/30/07	\$1.365	\$95.661	\$4.546	\$101.571	\$141.603	100%	100%	980.6%
6/30/08	1.367	95.765	5.904	103.036	142.351	100	100	765.8
6/30/09	1.047	105.002	5.849	111.898	134.195	100	100	481.2
6/30/10	1.391	103.673	7.292	112.356	126.642	100	100	295.9
6/30/11	1.608	99.305	8.064	108.977	125.646	100	100	306.7
JRF (Dollars in Millions)								
6/30/07	\$118.940	\$1,773.682	\$821.019	\$2,713.640	\$11.672	10%	0.0%	0.0%
6/30/08	114.128	1,883.956	1,608.761	3,606.845	19.289	17	0.0	0.0
6/30/09	105.851	1,949.177	1,527.964	3,582.992	41.390	39	0.0	0.0
6/30/10	100.426	2,404.920	924.035	3,429.381	63.828	64	0.0	0.0
6/30/11	94.320	2,494.653	707.565	3,296.538	54.383	58	0.0	0.0
JRF II (Dollars in Millions)								
6/30/06	\$65.048	\$5.710	\$149.376	\$220.135	\$212.904	100%	100%	95.2%
6/30/07	81.693	5.340	207.950	294.983	267.604	100	100	86.8
6/30/08	107.497	10.610	248.407	366.514	334.903	100	100	87.3
6/30/09	121.016	13.191	316.339	450.546	378.692	100	100	77.3
6/30/10	136.179	14.430	370.078	520.687	461.071	100	100	83.9
6/30/11	172.538	31.596	405.428	609.562	561.476	100	100	88.1

Note:

¹ Includes accrued interest on member contributions.

Exhibit C: Sample Pay Increase Assumptions for Individual Members

Annual Percentage Increases by Duration of Service¹

Duration of Service	State Miscellaneous First & Second Tier			State Industrial First & Second Tier			State Safety		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	13.10%	10.70%	8.00%	9.30%	8.60%	8.00%	7.30%	7.10%	6.90%
3	8.70	7.80	6.30	7.90	7.50	7.10	5.90	5.40	4.60
5	7.00	6.50	5.60	7.10	6.90	6.70	5.30	4.80	3.80
10	4.70	4.60	4.20	5.80	5.60	5.50	4.60	4.10	3.30
15	4.00	3.90	3.70	4.90	4.80	4.70	4.10	3.80	3.20
20	3.60	3.60	3.50	4.30	4.20	4.10	3.70	3.50	3.20
25	3.50	3.50	3.40	3.60	3.60	3.60	3.60	3.50	3.20
30	3.50	3.50	3.40	3.60	3.60	3.60	3.60	3.50	3.20

Duration of Service	State Peace Officer/Firefighter			California Highway Patrol			School		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	19.70%	18.30%	16.60%	8.80%	8.80%	8.80%	10.80%	9.60%	8.20%
3	8.80	8.60	8.00	6.00	6.00	6.00	7.50	7.00	6.20
5	6.60	6.40	5.80	4.90	4.90	4.90	6.30	6.00	5.30
10	4.40	4.30	4.10	3.70	3.70	3.70	4.50	4.40	4.10
15	3.90	3.80	3.80	3.50	3.50	3.50	3.90	3.80	3.50
20	3.60	3.50	3.50	3.40	3.40	3.40	3.60	3.50	3.20
25	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.20
30	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.20

Duration of Service	Public Agency Miscellaneous			Public Agency Fire			Public Agency Police		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	14.20%	12.40%	9.80%	10.50%	10.50%	10.20%	10.90%	10.90%	10.90%
3	8.80	8.00	6.70	8.00	7.50	6.00	7.20	7.00	6.40
5	7.00	6.50	5.60	6.90	6.20	4.50	5.90	5.50	4.80
10	4.80	4.60	4.10	5.10	4.60	3.50	4.50	4.20	3.40
15	4.30	4.10	3.60	4.10	3.90	3.40	4.10	3.90	3.30
20	3.90	3.70	3.30	3.70	3.60	3.30	3.70	3.60	3.30
25	3.60	3.60	3.30	3.50	3.50	3.30	3.50	3.40	3.30
30	3.60	3.60	3.30	3.50	3.50	3.30	3.50	3.40	3.30

Duration of Service	Public Agency County Peace Officer		
	Entry Age 20	Entry Age 30	Entry Age 40
0	12.90%	12.90%	12.90%
3	8.20	7.70	7.10
5	6.60	6.00	5.30
10	4.60	4.20	3.80
15	4.10	3.80	3.60
20	3.70	3.60	3.40
25	3.50	3.40	3.30
30	3.50	3.40	3.30

Note:

¹ Increase includes the assumed inflation rate of 2.75 percent per year.

Exhibit D: Sample Non-Economic Assumptions

State Miscellaneous First Tier | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.01040	0.05560	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.00940	0.05040	N/A	N/A	0.00050	0.00026	0.00020	0.00010	N/A	N/A
30	0.00840	0.04520	N/A	N/A	0.00053	0.00036	0.00030	0.00048	N/A	N/A
35	0.00750	0.04000	N/A	N/A	0.00067	0.00046	0.00050	0.00127	N/A	N/A
40	0.00650	0.03490	N/A	N/A	0.00087	0.00065	0.00120	0.00233	N/A	N/A
45	0.00550	0.00000	N/A	N/A	0.00120	0.00093	0.00220	0.00396	N/A	N/A
50	0.00460	0.00000	0.01100	0.02300	0.00176	0.00126	0.00380	0.00554	N/A	N/A
55	0.00360	0.00000	0.04800	0.10100	0.00260	0.00176	0.00400	0.00494	N/A	N/A
56	0.00340	0.00000	0.03800	0.08100	0.00287	0.00194	0.00380	0.00464	N/A	N/A
57	0.00320	0.00000	0.04800	0.10200	0.00314	0.00212	0.00350	0.00431	N/A	N/A
58	0.00300	0.00000	0.05000	0.10600	0.00341	0.00230	0.00320	0.00395	N/A	N/A
59	0.00280	0.00000	0.05900	0.12400	0.00368	0.00248	0.00290	0.00355	N/A	N/A
60	0.00260	0.00000	0.07000	0.14800	0.00395	0.00266	0.00260	0.00312	N/A	N/A
61	0.00240	0.00000	0.08700	0.18400	0.00437	0.00297	0.00230	0.00312	N/A	N/A
62	0.00220	0.00000	0.12500	0.26600	0.00480	0.00327	0.00210	0.00312	N/A	N/A
63	0.00200	0.00000	0.15000	0.31800	0.00523	0.00358	0.00190	0.00312	N/A	N/A
64	0.00190	0.00000	0.12400	0.26200	0.00565	0.00389	0.00170	0.00312	N/A	N/A
65	0.00170	0.00000	0.14500	0.30700	0.00608	0.00419	0.00150	0.00312	N/A	N/A
70	0.00070	0.00000	0.13400	0.28400	0.00914	0.00649	0.00150	0.00312	N/A	N/A

State Miscellaneous Second Tier | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement ³		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.08430	0.05890	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.07800	0.05260	N/A	N/A	0.00050	0.00026	0.00020	0.00010	N/A	N/A
30	0.07170	0.04630	N/A	N/A	0.00053	0.00036	0.00030	0.00048	N/A	N/A
35	0.06540	0.04000	N/A	N/A	0.00067	0.00046	0.00050	0.00127	N/A	N/A
40	0.05910	0.00000	N/A	N/A	0.00087	0.00065	0.00120	0.00233	N/A	N/A
45	0.05280	0.00000	N/A	N/A	0.00120	0.00093	0.00220	0.00396	N/A	N/A
50	0.04650	0.00000	0.01100	0.02300	0.00176	0.00126	0.00380	0.00554	N/A	N/A
55	0.04020	0.00000	0.04800	0.10100	0.00260	0.00176	0.00400	0.00494	N/A	N/A
56	0.03900	0.00000	0.03800	0.08100	0.00287	0.00194	0.00380	0.00464	N/A	N/A
57	0.03770	0.00000	0.04800	0.10200	0.00314	0.00212	0.00350	0.00431	N/A	N/A
58	0.03650	0.00000	0.05000	0.10600	0.00341	0.00230	0.00320	0.00395	N/A	N/A
59	0.03520	0.00000	0.05900	0.12400	0.00368	0.00248	0.00290	0.00355	N/A	N/A
60	0.03390	0.00000	0.07000	0.14800	0.00395	0.00266	0.00260	0.00312	N/A	N/A
61	0.03270	0.00000	0.08700	0.18400	0.00437	0.00297	0.00230	0.00312	N/A	N/A
62	0.03140	0.00000	0.12500	0.26600	0.00480	0.00327	0.00210	0.00312	N/A	N/A
63	0.03020	0.00000	0.15000	0.31800	0.00523	0.00358	0.00190	0.00312	N/A	N/A
64	0.02890	0.00000	0.12400	0.26200	0.00565	0.00389	0.00170	0.00312	N/A	N/A
65	0.02770	0.00000	0.14500	0.30700	0.00608	0.00419	0.00150	0.00312	N/A	N/A
70	0.02140	0.00000	0.13400	0.28400	0.00914	0.00649	0.00150	0.00312	N/A	N/A

Notes:

¹ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

³ State Miscellaneous Tier 2 members have the right to convert their Tier 2 service to Tier 1 service provided that they make up the shortfall in their accumulated contributions with interest. The assumption is that all Tier 2 members will elect to convert to Tier 1 service.

Exhibit D: Sample Non-Economic Assumptions (continued)

California Highway Patrol | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.01290	20	0.00930	N/A	N/A	0.00047	0.00016	0.00014	0.00003	0.00104	
1	0.01240	25	0.00930	N/A	N/A	0.00050	0.00026	0.00014	0.00007	0.00196	
2	0.01210	30	0.00930	N/A	N/A	0.00053	0.00036	0.00014	0.00010	0.00288	
3	0.01160	35	0.00930	N/A	N/A	0.00067	0.00046	0.00014	0.00012	0.00380	
4	0.01130	40	0.00930	N/A	N/A	0.00087	0.00065	0.00014	0.00013	0.00483	
5	0.00400	45	0.00000	N/A	N/A	0.00120	0.00093	0.00028	0.00014	0.00575	
6	0.00380	50	0.00000	0.00440	0.01320	0.00176	0.00126	0.00028	0.00015	0.00667	
7	0.00360	55	0.00000	0.02800	0.08400	0.00260	0.00176	0.00028	0.00016	0.11890	
8	0.00340	56	0.00000	0.02710	0.08130	0.00287	0.00194	0.00028	0.00016	0.11890	
9	0.00310	57	0.00000	0.02990	0.08970	0.00314	0.00212	0.00028	0.00016	0.11890	
10	0.00290	58	0.00000	0.02990	0.06860	0.00341	0.00230	0.00028	0.00017	0.11890	
15	0.00190	59	0.00000	0.04530	0.13580	0.00368	0.00248	0.00028	0.00017	0.11890	
20	0.00110	60	0.00000	1.00000	1.00000	0.00395	0.00266	0.00028	0.00017	0.11890	
25	0.00060	61	0.00000	1.00000	1.00000	0.00437	0.00297	0.00028	0.00017	0.11890	
30	0.00030	62	0.00000	1.00000	1.00000	0.00480	0.00327	0.00028	0.00017	0.11890	
35	0.00030	63	0.00000	1.00000	1.00000	0.00523	0.00358	0.00028	0.00018	0.11890	
40	0.00030	64	0.00000	1.00000	1.00000	0.00565	0.00389	0.00028	0.00018	0.11890	
45	0.00030	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00028	0.00018	0.11890	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00028	0.00019	0.11890	

School | Probability of an active member leaving due to:

AGE ³	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02780	0.08160	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.02490	0.07330	N/A	N/A	0.00050	0.00026	0.00010	0.00010	N/A	N/A
30	0.02210	0.06490	N/A	N/A	0.00053	0.00036	0.00018	0.00010	N/A	N/A
35	0.01920	0.05660	N/A	N/A	0.00067	0.00046	0.00064	0.00038	N/A	N/A
40	0.01640	0.04820	N/A	N/A	0.00087	0.00065	0.00136	0.00094	N/A	N/A
45	0.01350	0.00000	N/A	N/A	0.00120	0.00093	0.00283	0.00171	N/A	N/A
50	0.01070	0.00000	0.00900	0.01600	0.00176	0.00126	0.00439	0.00299	N/A	N/A
55	0.00780	0.00000	0.04800	0.08800	0.00260	0.00176	0.00489	0.00335	N/A	N/A
56	0.00730	0.00000	0.03900	0.07200	0.00287	0.00194	0.00484	0.00323	N/A	N/A
57	0.00670	0.00000	0.04200	0.07800	0.00314	0.00212	0.00474	0.00305	N/A	N/A
58	0.00620	0.00000	0.05000	0.09200	0.00341	0.00230	0.00459	0.00283	N/A	N/A
59	0.00560	0.00000	0.05700	0.10500	0.00368	0.00248	0.00441	0.00260	N/A	N/A
60	0.00500	0.00000	0.07300	0.13400	0.00395	0.00266	0.00425	0.00239	N/A	N/A
61	0.00450	0.00000	0.09000	0.16600	0.00437	0.00297	0.00410	0.00219	N/A	N/A
62	0.00390	0.00000	0.15100	0.27800	0.00480	0.00327	0.00398	0.00201	N/A	N/A
63	0.00330	0.00000	0.13600	0.25100	0.00523	0.00358	0.00388	0.00182	N/A	N/A
64	0.00270	0.00000	0.13300	0.24400	0.00565	0.00389	0.00382	0.00164	N/A	N/A
65	0.00220	0.00000	0.18000	0.33100	0.00608	0.00419	0.00378	0.00146	N/A	N/A
70	0.00030	0.00000	0.13100	0.24100	0.00914	0.00649	0.00395	0.00075	N/A	N/A

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

³ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

Exhibit D: Sample Non-Economic Assumptions (continued)

State Safety | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.13130	20	0.03690	N/A	N/A	0.00047	0.00016	0.00036	0.00003	0.00024	
1	0.09670	25	0.03690	N/A	N/A	0.00050	0.00026	0.00054	0.00007	0.00108	
2	0.06220	30	0.03690	N/A	N/A	0.00053	0.00036	0.00063	0.00010	0.00216	
3	0.04610	35	0.03690	N/A	N/A	0.00067	0.00046	0.00072	0.00012	0.00324	
4	0.03740	40	0.03690	N/A	N/A	0.00087	0.00065	0.00072	0.00013	0.00432	
5	0.00800	45	0.00000	N/A	N/A	0.00120	0.00093	0.00108	0.00014	0.00528	
6	0.00750	50	0.00000	0.02100	0.03700	0.00176	0.00126	0.00216	0.00015	0.00636	
7	0.00710	55	0.00000	0.07000	0.12400	0.00260	0.00176	0.00306	0.00016	0.00960	
8	0.00660	56	0.00000	0.06400	0.11300	0.00287	0.00194	0.00324	0.00016	0.00960	
9	0.00620	57	0.00000	0.05800	0.10300	0.00314	0.00212	0.00342	0.00016	0.00960	
10	0.00580	58	0.00000	0.06800	0.12000	0.00341	0.00230	0.00351	0.00017	0.00960	
15	0.00390	59	0.00000	0.06700	0.11800	0.00368	0.00248	0.00369	0.00017	0.00960	
20	0.00250	60	0.00000	0.07200	0.12800	0.00395	0.00266	0.00387	0.00017	0.00960	
25	0.00130	61	0.00000	0.09600	0.17000	0.00437	0.00297	0.00396	0.00017	0.00960	
30	0.00090	62	0.00000	0.11700	0.20800	0.00480	0.00327	0.00414	0.00017	0.00960	
35	0.00090	63	0.00000	0.11100	0.19700	0.00523	0.00358	0.00432	0.00018	0.00960	
40	0.00090	64	0.00000	0.12000	0.21300	0.00565	0.00389	0.00441	0.00018	0.00960	
45	0.00090	65	0.00000	0.16000	0.28400	0.00608	0.00419	0.00459	0.00018	0.00960	
50	0.00000	70	0.00000	0.14400	0.25500	0.00914	0.00649	0.00459	0.00019	0.00960	

State Peace Officer/Firefighter | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.12170	20	0.01730	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00030	
1	0.07790	25	0.01730	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00150	
2	0.04310	30	0.01730	N/A	N/A	0.00053	0.00036	0.00010	0.00010	0.00300	
3	0.03530	35	0.01730	N/A	N/A	0.00067	0.00046	0.00020	0.00012	0.00450	
4	0.02750	40	0.01730	N/A	N/A	0.00087	0.00065	0.00040	0.00013	0.00600	
5	0.00560	45	0.00000	N/A	N/A	0.00120	0.00093	0.00060	0.00014	0.00750	
6	0.00520	50	0.00000	0.02000	0.05200	0.00176	0.00126	0.00098	0.00015	0.00900	
7	0.00490	55	0.00000	0.07800	0.20200	0.00260	0.00176	0.00143	0.00016	0.02080	
8	0.00460	56	0.00000	0.07000	0.18100	0.00287	0.00194	0.00150	0.00016	0.02080	
9	0.00420	57	0.00000	0.05800	0.15100	0.00314	0.00212	0.00158	0.00016	0.02080	
10	0.00390	58	0.00000	0.06600	0.17000	0.00341	0.00230	0.00165	0.00017	0.02080	
15	0.00250	59	0.00000	0.06300	0.16200	0.00368	0.00248	0.00180	0.00017	0.02080	
20	0.00150	60	0.00000	0.06700	0.17400	0.00395	0.00266	0.00188	0.00017	0.02080	
25	0.00060	61	0.00000	0.07000	0.18200	0.00437	0.00297	0.00195	0.00017	0.02080	
30	0.00030	62	0.00000	0.11600	0.30100	0.00480	0.00327	0.00203	0.00017	0.02080	
35	0.00030	63	0.00000	0.10700	0.27700	0.00523	0.00358	0.00218	0.00018	0.02080	
40	0.00030	64	0.00000	0.13700	0.35500	0.00565	0.00389	0.00225	0.00018	0.02080	
45	0.00030	65	0.00000	0.13200	0.34100	0.00608	0.00419	0.00233	0.00018	0.02080	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00233	0.00019	0.02080	

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

Exhibit D: Sample Non-Economic Assumptions (continued)

Public Agency 2% at 55 Miscellaneous | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02120	0.06560	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.01930	0.05970	N/A	N/A	0.00050	0.00026	0.00010	0.00010	N/A	N/A
30	0.01740	0.05370	N/A	N/A	0.00053	0.00036	0.00021	0.00020	N/A	N/A
35	0.01550	0.04770	N/A	N/A	0.00067	0.00046	0.00063	0.00088	N/A	N/A
40	0.01360	0.04180	N/A	N/A	0.00087	0.00065	0.00145	0.00164	N/A	N/A
45	0.01160	0.00000	N/A	N/A	0.00120	0.00093	0.00252	0.00243	N/A	N/A
50	0.00970	0.00000	0.02000	0.03300	0.00176	0.00126	0.00331	0.00311	N/A	N/A
55	0.00780	0.00000	0.06400	0.10700	0.00260	0.00176	0.00366	0.00306	N/A	N/A
56	0.00740	0.00000	0.05700	0.09500	0.00287	0.00194	0.00371	0.00297	N/A	N/A
57	0.00700	0.00000	0.06100	0.10200	0.00314	0.00212	0.00375	0.00286	N/A	N/A
58	0.00660	0.00000	0.06600	0.11000	0.00341	0.00230	0.00378	0.00276	N/A	N/A
59	0.00620	0.00000	0.07600	0.12700	0.00368	0.00248	0.00379	0.00264	N/A	N/A
60	0.00590	0.00000	0.09200	0.15300	0.00395	0.00266	0.00377	0.00253	N/A	N/A
61	0.00550	0.00000	0.11300	0.18800	0.00437	0.00297	0.00373	0.00242	N/A	N/A
62	0.00510	0.00000	0.16200	0.27000	0.00480	0.00327	0.00366	0.00232	N/A	N/A
63	0.00470	0.00000	0.16400	0.27300	0.00523	0.00358	0.00356	0.00222	N/A	N/A
64	0.00440	0.00000	0.14800	0.24700	0.00565	0.00389	0.00342	0.00212	N/A	N/A
65	0.00390	0.00000	0.22100	0.36900	0.00608	0.00419	0.00325	0.00202	N/A	N/A
70	0.00200	0.00000	0.17600	0.29300	0.00914	0.00649	0.00279	0.00182	N/A	N/A

Public Agency 2.5% at 55 Miscellaneous | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02120	0.06560	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.01930	0.05970	N/A	N/A	0.00050	0.00026	0.00010	0.00010	N/A	N/A
30	0.01740	0.05370	N/A	N/A	0.00053	0.00036	0.00021	0.00020	N/A	N/A
35	0.01550	0.04770	N/A	N/A	0.00067	0.00046	0.00063	0.00088	N/A	N/A
40	0.01360	0.04180	N/A	N/A	0.00087	0.00065	0.00145	0.00164	N/A	N/A
45	0.01160	0.00000	N/A	N/A	0.00120	0.00093	0.00252	0.00243	N/A	N/A
50	0.00970	0.00000	0.03330	0.05460	0.00176	0.00126	0.00331	0.00311	N/A	N/A
55	0.00780	0.00000	0.11200	0.18400	0.00260	0.00176	0.00366	0.00306	N/A	N/A
56	0.00740	0.00000	0.07000	0.11500	0.00287	0.00194	0.00371	0.00297	N/A	N/A
57	0.00700	0.00000	0.07700	0.12650	0.00314	0.00212	0.00375	0.00286	N/A	N/A
58	0.00660	0.00000	0.09100	0.14950	0.00341	0.00230	0.00378	0.00276	N/A	N/A
59	0.00620	0.00000	0.10500	0.17250	0.00368	0.00248	0.00379	0.00264	N/A	N/A
60	0.00590	0.00000	0.11200	0.18400	0.00395	0.00266	0.00377	0.00253	N/A	N/A
61	0.00550	0.00000	0.10500	0.17250	0.00437	0.00297	0.00373	0.00242	N/A	N/A
62	0.00510	0.00000	0.15400	0.25300	0.00480	0.00327	0.00366	0.00232	N/A	N/A
63	0.00470	0.00000	0.13300	0.21850	0.00523	0.00358	0.00356	0.00222	N/A	N/A
64	0.00440	0.00000	0.13300	0.21850	0.00565	0.00389	0.00342	0.00212	N/A	N/A
65	0.00390	0.00000	0.18200	0.29900	0.00608	0.00419	0.00325	0.00202	N/A	N/A
70	0.00200	0.00000	0.15960	0.26220	0.00914	0.00649	0.00279	0.00182	N/A	N/A

Notes:

¹ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

Exhibit D: Sample Non-Economic Assumptions (continued)

Public Agency 2.7% at 55 Miscellaneous | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02120	0.06560	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.01930	0.05970	N/A	N/A	0.00050	0.00026	0.00010	0.00010	N/A	N/A
30	0.01740	0.05370	N/A	N/A	0.00053	0.00036	0.00021	0.00020	N/A	N/A
35	0.01550	0.04770	N/A	N/A	0.00067	0.00046	0.00063	0.00088	N/A	N/A
40	0.01360	0.04180	N/A	N/A	0.00087	0.00065	0.00145	0.00164	N/A	N/A
45	0.01160	0.00000	N/A	N/A	0.00120	0.00093	0.00252	0.00243	N/A	N/A
50	0.00970	0.00000	0.03500	0.05750	0.00176	0.00126	0.00331	0.00311	N/A	N/A
55	0.00780	0.00000	0.11550	0.18980	0.00260	0.00176	0.00366	0.00306	N/A	N/A
56	0.00740	0.00000	0.07700	0.12650	0.00287	0.00194	0.00371	0.00297	N/A	N/A
57	0.00700	0.00000	0.08050	0.13230	0.00314	0.00212	0.00375	0.00286	N/A	N/A
58	0.00660	0.00000	0.09450	0.15530	0.00341	0.00230	0.00378	0.00276	N/A	N/A
59	0.00620	0.00000	0.10500	0.17250	0.00368	0.00248	0.00379	0.00264	N/A	N/A
60	0.00590	0.00000	0.11200	0.18400	0.00395	0.00266	0.00377	0.00253	N/A	N/A
61	0.00550	0.00000	0.10850	0.17830	0.00437	0.00297	0.00373	0.00242	N/A	N/A
62	0.00510	0.00000	0.15750	0.25880	0.00480	0.00327	0.00366	0.00232	N/A	N/A
63	0.00470	0.00000	0.13650	0.22430	0.00523	0.00358	0.00356	0.00222	N/A	N/A
64	0.00440	0.00000	0.13650	0.22430	0.00565	0.00389	0.00342	0.00212	N/A	N/A
65	0.00390	0.00000	0.18550	0.30480	0.00608	0.00419	0.00325	0.00202	N/A	N/A
70	0.00200	0.00000	0.16380	0.26916	0.00914	0.00649	0.00279	0.00182	N/A	N/A

Public Agency 3% at 60 Miscellaneous | Probability of an active member leaving due to:

AGE ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02120	0.06560	N/A	N/A	0.00047	0.00016	0.00010	0.00010	N/A	N/A
25	0.01930	0.05970	N/A	N/A	0.00050	0.00026	0.00010	0.00010	N/A	N/A
30	0.01740	0.05370	N/A	N/A	0.00053	0.00036	0.00021	0.00020	N/A	N/A
35	0.01550	0.04770	N/A	N/A	0.00067	0.00046	0.00063	0.00088	N/A	N/A
40	0.01360	0.04180	N/A	N/A	0.00087	0.00065	0.00145	0.00164	N/A	N/A
45	0.01160	0.00000	N/A	N/A	0.00120	0.00093	0.00252	0.00243	N/A	N/A
50	0.00970	0.00000	0.03330	0.05460	0.00176	0.00126	0.00331	0.00311	N/A	N/A
55	0.00780	0.00000	0.10500	0.17250	0.00260	0.00176	0.00366	0.00306	N/A	N/A
56	0.00740	0.00000	0.07000	0.11500	0.00287	0.00194	0.00371	0.00297	N/A	N/A
57	0.00700	0.00000	0.07700	0.12650	0.00314	0.00212	0.00375	0.00286	N/A	N/A
58	0.00660	0.00000	0.09100	0.14950	0.00341	0.00230	0.00378	0.00276	N/A	N/A
59	0.00620	0.00000	0.10150	0.16680	0.00368	0.00248	0.00379	0.00264	N/A	N/A
60	0.00590	0.00000	0.11900	0.19550	0.00395	0.00266	0.00377	0.00253	N/A	N/A
61	0.00550	0.00000	0.11200	0.18400	0.00437	0.00297	0.00373	0.00242	N/A	N/A
62	0.00510	0.00000	0.16100	0.26450	0.00480	0.00327	0.00366	0.00232	N/A	N/A
63	0.00470	0.00000	0.14000	0.23000	0.00523	0.00358	0.00356	0.00222	N/A	N/A
64	0.00440	0.00000	0.14000	0.23000	0.00565	0.00389	0.00342	0.00212	N/A	N/A
65	0.00390	0.00000	0.18900	0.31050	0.00608	0.00419	0.00325	0.00202	N/A	N/A
70	0.00200	0.00000	0.16800	0.27600	0.00914	0.00649	0.00279	0.00182	N/A	N/A

Notes:

¹ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

Exhibit D: Sample Non-Economic Assumptions (continued)

Public Agency 2% at 50 Police | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.10130	20	0.01630	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00069	
1	0.06360	25	0.01630	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00322	
2	0.02710	30	0.01630	N/A	N/A	0.00053	0.00036	0.00020	0.00010	0.00644	
3	0.02580	35	0.01630	N/A	N/A	0.00067	0.00046	0.00030	0.00012	0.00966	
4	0.02450	40	0.01630	N/A	N/A	0.00087	0.00065	0.00040	0.00013	0.01288	
5	0.00860	45	0.00000	N/A	N/A	0.00120	0.00093	0.00050	0.00014	0.01610	
6	0.00790	50	0.00000	0.01380	0.02530	0.00176	0.00126	0.00080	0.00015	0.01921	
7	0.00720	55	0.00000	0.08990	0.16450	0.00260	0.00176	0.00130	0.00016	0.06682	
8	0.00660	56	0.00000	0.06380	0.11660	0.00287	0.00194	0.00150	0.00016	0.06682	
9	0.00590	57	0.00000	0.07110	0.13000	0.00314	0.00212	0.00160	0.00016	0.06682	
10	0.00530	58	0.00000	0.06280	0.11490	0.00341	0.00230	0.00180	0.00017	0.06682	
15	0.00270	59	0.00000	0.13960	0.17350	0.00368	0.00248	0.00200	0.00017	0.06682	
20	0.00170	60	0.00000	0.13960	0.17190	0.00395	0.00266	0.00200	0.00017	0.06682	
25	0.00120	61	0.00000	0.13960	0.17190	0.00437	0.00297	0.00200	0.00017	0.06682	
30	0.00090	62	0.00000	0.13960	0.17190	0.00480	0.00327	0.00200	0.00017	0.06682	
35	0.00090	63	0.00000	0.13960	0.17190	0.00523	0.00358	0.00200	0.00018	0.06682	
40	0.00090	64	0.00000	0.13960	0.17190	0.00565	0.00389	0.00200	0.00018	0.06682	
45	0.00090	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00200	0.00018	0.06682	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00200	0.00019	0.06682	

Public Agency 2% at 50 Fire | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.07100	20	0.01620	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00024	
1	0.05540	25	0.01620	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00120	
2	0.03980	30	0.01620	N/A	N/A	0.00053	0.00036	0.00010	0.00010	0.00252	
3	0.02420	35	0.01620	N/A	N/A	0.00067	0.00046	0.00010	0.00012	0.00372	
4	0.02180	40	0.01620	N/A	N/A	0.00087	0.00065	0.00010	0.00013	0.00492	
5	0.00290	45	0.00000	N/A	N/A	0.00120	0.00093	0.00020	0.00014	0.00612	
6	0.00240	50	0.00000	0.00650	0.01010	0.00176	0.00126	0.00050	0.00015	0.00744	
7	0.00200	55	0.00000	0.08680	0.13360	0.00260	0.00176	0.00100	0.00016	0.07212	
8	0.00160	56	0.00000	0.07790	0.12000	0.00287	0.00194	0.00110	0.00016	0.07212	
9	0.00120	57	0.00000	0.09010	0.13870	0.00314	0.00212	0.00130	0.00016	0.07212	
10	0.00090	58	0.00000	0.07900	0.12170	0.00341	0.00230	0.00150	0.00017	0.07212	
15	0.00060	59	0.00000	0.07290	0.11230	0.00368	0.00248	0.00150	0.00017	0.07212	
20	0.00050	60	0.00000	0.11350	0.17470	0.00395	0.00266	0.00150	0.00017	0.07212	
25	0.00030	61	0.00000	0.11360	0.17490	0.00437	0.00297	0.00150	0.00017	0.07212	
30	0.00030	62	0.00000	0.11360	0.17490	0.00480	0.00327	0.00150	0.00017	0.07212	
35	0.00030	63	0.00000	0.11360	0.17490	0.00523	0.00358	0.00150	0.00018	0.07212	
40	0.00030	64	0.00000	0.11360	0.17490	0.00565	0.00389	0.00150	0.00018	0.07212	
45	0.00030	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00150	0.00018	0.07212	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00150	0.00019	0.07212	

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

Exhibit D: Sample Non-Economic Assumptions (continued)

Public Agency 3% at 50 Police | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.10130	20	0.01630	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00069	
1	0.06360	25	0.01630	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00322	
2	0.02710	30	0.01630	N/A	N/A	0.00053	0.00036	0.00020	0.00010	0.00644	
3	0.02580	35	0.01630	N/A	N/A	0.00067	0.00046	0.00030	0.00012	0.00966	
4	0.02450	40	0.01630	N/A	N/A	0.00087	0.00065	0.00040	0.00013	0.01288	
5	0.00860	45	0.00000	N/A	N/A	0.00120	0.00093	0.00050	0.00014	0.01610	
6	0.00790	50	0.00000	0.07000	0.19300	0.00176	0.00126	0.00080	0.00015	0.01921	
7	0.00720	55	0.00000	0.09000	0.25000	0.00260	0.00176	0.00130	0.00016	0.06682	
8	0.00660	56	0.00000	0.06900	0.19100	0.00287	0.00194	0.00150	0.00016	0.06682	
9	0.00590	57	0.00000	0.08000	0.22300	0.00314	0.00212	0.00160	0.00016	0.06682	
10	0.00530	58	0.00000	0.08700	0.24200	0.00341	0.00230	0.00180	0.00017	0.06682	
15	0.00270	59	0.00000	0.09000	0.25100	0.00368	0.00248	0.00200	0.00017	0.06682	
20	0.00170	60	0.00000	0.13500	0.37650	0.00395	0.00266	0.00200	0.00017	0.06682	
25	0.00120	61	0.00000	0.09000	0.25100	0.00437	0.00297	0.00200	0.00017	0.06682	
30	0.00090	62	0.00000	0.11250	0.31375	0.00480	0.00327	0.00200	0.00017	0.06682	
35	0.00090	63	0.00000	0.09000	0.25100	0.00523	0.00358	0.00200	0.00018	0.06682	
40	0.00090	64	0.00000	0.09000	0.25100	0.00565	0.00389	0.00200	0.00018	0.06682	
45	0.00090	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00200	0.00018	0.06682	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00200	0.00019	0.06682	

Public Agency 3% at 50 Fire | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.07100	20	0.01620	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00024	
1	0.05540	25	0.01620	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00120	
2	0.03980	30	0.01620	N/A	N/A	0.00053	0.00036	0.00010	0.00010	0.00252	
3	0.02420	35	0.01620	N/A	N/A	0.00067	0.00046	0.00010	0.00012	0.00372	
4	0.02180	40	0.01620	N/A	N/A	0.00087	0.00065	0.00010	0.00013	0.00492	
5	0.00290	45	0.00000	N/A	N/A	0.00120	0.00093	0.00020	0.00014	0.00612	
6	0.00240	50	0.00000	0.03400	0.06800	0.00176	0.00126	0.00050	0.00015	0.00744	
7	0.00200	55	0.00000	0.12700	0.25200	0.00260	0.00176	0.00100	0.00016	0.07212	
8	0.00160	56	0.00000	0.12100	0.24100	0.00287	0.00194	0.00110	0.00016	0.07212	
9	0.00120	57	0.00000	0.10100	0.20100	0.00314	0.00212	0.00130	0.00016	0.07212	
10	0.00090	58	0.00000	0.11800	0.23500	0.00341	0.00230	0.00150	0.00017	0.07212	
15	0.00060	59	0.00000	0.10000	0.19900	0.00368	0.00248	0.00150	0.00017	0.07212	
20	0.00050	60	0.00000	0.15000	0.29850	0.00395	0.00266	0.00150	0.00017	0.07212	
25	0.00030	61	0.00000	0.10000	0.19900	0.00437	0.00297	0.00150	0.00017	0.07212	
30	0.00030	62	0.00000	0.12500	0.24875	0.00480	0.00327	0.00150	0.00017	0.07212	
35	0.00030	63	0.00000	0.10000	0.19900	0.00523	0.00358	0.00150	0.00018	0.07212	
40	0.00030	64	0.00000	0.10000	0.19900	0.00565	0.00389	0.00150	0.00018	0.07212	
45	0.00030	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00150	0.00018	0.07212	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00150	0.00019	0.07212	

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

Exhibit D: Sample Non-Economic Assumptions (continued)

Public Agency 3% at 55 Police | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.10130	20	0.01630	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00069	
1	0.06360	25	0.01630	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00322	
2	0.02710	30	0.01630	N/A	N/A	0.00053	0.00036	0.00020	0.00010	0.00644	
3	0.02580	35	0.01630	N/A	N/A	0.00067	0.00046	0.00030	0.00012	0.00966	
4	0.02450	40	0.01630	N/A	N/A	0.00087	0.00065	0.00040	0.00013	0.01288	
5	0.00860	45	0.00000	N/A	N/A	0.00120	0.00093	0.00050	0.00014	0.01610	
6	0.00790	50	0.00000	0.01900	0.04000	0.00176	0.00126	0.00080	0.00015	0.01921	
7	0.00720	55	0.00000	0.11600	0.24000	0.00260	0.00176	0.00130	0.00016	0.06682	
8	0.00660	56	0.00000	0.07600	0.15600	0.00287	0.00194	0.00150	0.00016	0.06682	
9	0.00590	57	0.00000	0.05800	0.12000	0.00314	0.00212	0.00160	0.00016	0.06682	
10	0.00530	58	0.00000	0.07600	0.15700	0.00341	0.00230	0.00180	0.00017	0.06682	
15	0.00270	59	0.00000	0.09400	0.19300	0.00368	0.00248	0.00200	0.00017	0.06682	
20	0.00170	60	0.00000	0.14100	0.28950	0.00395	0.00266	0.00200	0.00017	0.06682	
25	0.00120	61	0.00000	0.09400	0.19300	0.00437	0.00297	0.00200	0.00017	0.06682	
30	0.00090	62	0.00000	0.11750	0.24125	0.00480	0.00327	0.00200	0.00017	0.06682	
35	0.00090	63	0.00000	0.09400	0.19300	0.00523	0.00358	0.00200	0.00018	0.06682	
40	0.00090	64	0.00000	0.09400	0.19300	0.00565	0.00389	0.00200	0.00018	0.06682	
45	0.00090	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00200	0.00018	0.06682	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00200	0.00019	0.06682	

Public Agency 3% at 55 Fire | Probability of an active member leaving due to:

YRS ¹	Termination with Refund	AGE ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.07100	20	0.01620	N/A	N/A	0.00047	0.00016	0.00010	0.00003	0.00024	
1	0.05540	25	0.01620	N/A	N/A	0.00050	0.00026	0.00010	0.00007	0.00120	
2	0.03980	30	0.01620	N/A	N/A	0.00053	0.00036	0.00010	0.00010	0.00252	
3	0.02420	35	0.01620	N/A	N/A	0.00067	0.00046	0.00010	0.00012	0.00372	
4	0.02180	40	0.01620	N/A	N/A	0.00087	0.00065	0.00010	0.00013	0.00492	
5	0.00290	45	0.00000	N/A	N/A	0.00120	0.00093	0.00020	0.00014	0.00612	
6	0.00240	50	0.00000	0.01200	0.02800	0.00176	0.00126	0.00050	0.00015	0.00744	
7	0.00200	55	0.00000	0.09200	0.21100	0.00260	0.00176	0.00100	0.00016	0.07212	
8	0.00160	56	0.00000	0.08100	0.18700	0.00287	0.00194	0.00110	0.00016	0.07212	
9	0.00120	57	0.00000	0.10000	0.23000	0.00314	0.00212	0.00130	0.00016	0.07212	
10	0.00090	58	0.00000	0.08100	0.18700	0.00341	0.00230	0.00150	0.00017	0.07212	
15	0.00060	59	0.00000	0.07800	0.17800	0.00368	0.00248	0.00150	0.00017	0.07212	
20	0.00050	60	0.00000	0.11700	0.26700	0.00395	0.00266	0.00150	0.00017	0.07212	
25	0.00030	61	0.00000	0.07800	0.17800	0.00437	0.00297	0.00150	0.00017	0.07212	
30	0.00030	62	0.00000	0.09750	0.22250	0.00480	0.00327	0.00150	0.00017	0.07212	
35	0.00030	63	0.00000	0.07800	0.17800	0.00523	0.00358	0.00150	0.00018	0.07212	
40	0.00030	64	0.00000	0.07800	0.17800	0.00565	0.00389	0.00150	0.00018	0.07212	
45	0.00030	65	0.00000	1.00000	1.00000	0.00608	0.00419	0.00150	0.00018	0.07212	
50	0.00000	70	0.00000	1.00000	1.00000	0.00914	0.00649	0.00150	0.00019	0.07212	

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

Exhibit D: Sample Non-Economic Assumptions (continued)

Post-Retirement Mortality | Rates vary by age and gender. These rates are used for all plans.

Age	Healthy Recipients		Non-Industrially Disabled (Not Job Related)		Industrially Disabled (Job Related)	
	Male	Female	Male	Female	Male	Female
50	0.00239	0.00125	0.01632	0.01245	0.00443	0.00356
55	0.00474	0.00243	0.01936	0.01580	0.00563	0.00546
60	0.00720	0.00431	0.02293	0.01628	0.00777	0.00798
65	0.01069	0.00775	0.03174	0.01969	0.01388	0.01184
70	0.01675	0.01244	0.03870	0.03019	0.02236	0.01716
75	0.03080	0.02071	0.06001	0.03915	0.03585	0.02665
80	0.05270	0.03749	0.08388	0.05555	0.06926	0.04528
85	0.09775	0.07005	0.14035	0.09577	0.11799	0.08017
90	0.16747	0.12404	0.21554	0.14949	0.16575	0.13775
95	0.25659	0.21556	0.31025	0.23055	0.26108	0.23331
100	0.34551	0.31876	0.45905	0.37662	0.40918	0.35165

Exhibit E: Single Life Retirement Values

Present value of \$1 monthly increasing 2 percent annually after two-year waiting period. Interest Rate of 7.50 Percent.

Age	Service Retirement		Non-Industrial Disability Retirement		Industrial Disability Retirement	
	Male	Female	Male	Female	Male	Female
50	171.997	179.856	142.365	153.150	167.117	171.823
51	169.749	177.842	140.490	151.425	164.943	169.771
52	167.454	175.746	138.492	149.823	162.711	167.655
53	165.107	173.573	136.367	148.289	160.388	165.476
54	162.703	171.318	134.251	146.707	157.946	163.233
55	160.238	168.984	132.112	145.038	155.380	160.928
56	157.712	166.572	129.925	143.274	152.709	158.561
57	155.117	164.076	127.653	141.410	149.966	156.127
58	152.448	161.509	125.269	139.426	147.150	153.634
59	149.699	158.869	122.790	137.302	144.225	151.075
60	146.857	156.120	120.227	135.029	141.150	148.425
61	143.913	153.283	117.602	132.625	137.937	145.696
62	140.864	150.360	114.955	130.054	134.661	142.890
63	137.696	147.341	112.296	127.311	131.355	139.998
64	134.404	144.254	109.646	124.420	128.023	137.040
65	130.995	141.100	106.993	121.476	124.635	134.011
70	113.166	124.295	92.905	107.145	106.783	117.806
75	93.674	105.363	76.532	91.830	87.186	99.581
80	73.931	84.941	61.264	75.069	67.853	80.134
85	55.387	64.944	45.183	57.216	52.776	61.177
90	40.042	47.042	34.010	43.734	39.987	44.281
95	29.556	33.069	24.348	30.602	27.949	30.890
100	21.536	22.973	16.364	19.710	18.287	21.046

Exhibit F: History of Member Salary Data

Valuation Date	Number of Active Members	Annual Covered Payroll (In Millions)	Average Annual Salary	% Increase In Average Pay
6/30/03	778,203	\$34,784	\$44,697	4.3%
6/30/04	760,498	35,078	46,126	3.2
6/30/05	756,234	36,045	47,664	3.3
6/30/06	767,127	38,047	49,597	4.0
6/30/07	793,164	40,864	51,521	3.9
6/30/08	813,474	44,236	54,379	5.5
6/30/09	812,864	45,053	55,425	1.9
6/30/10	794,138	44,984	56,645	2.2
6/30/11	779,481	43,901	56,321	(0.6)

Exhibit G: Members in Valuation

State Miscellaneous First Tier | By Attained Age & Years of Service – June 30, 2011

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	1,377	18	—	—	—	—	1,395	\$46,233,918
25-29	6,664	1,160	51	—	—	—	7,875	348,176,828
30-34	6,931	4,026	1,425	53	—	—	12,435	647,302,612
35-39	5,538	4,595	4,024	671	54	—	14,882	880,032,988
40-44	5,141	5,049	5,455	2,398	1,251	72	19,366	1,213,709,199
45-49	4,573	4,508	5,734	3,114	4,153	1,557	23,639	1,540,704,497
50-54	4,117	4,162	5,617	3,147	4,798	5,939	27,780	1,827,288,251
55-59	3,162	3,467	4,497	2,636	3,985	6,543	24,290	1,625,992,429
60-64	1,914	2,200	2,634	1,702	2,174	3,352	13,976	947,465,907
65 & up	778	946	1,151	601	679	1,033	5,188	359,612,344
TOTAL	40,195	30,131	30,588	14,322	17,094	18,496	150,826	\$9,436,518,973

State Miscellaneous Second Tier | By Attained Age & Years of Service – June 30, 2011

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	8	—	—	—	—	—	8	\$300,390
25-29	28	2	—	—	—	—	30	1,505,169
30-34	43	26	118	1	—	—	188	9,441,817
35-39	40	59	430	126	6	—	661	35,406,742
40-44	46	74	538	450	130	1	1,239	66,607,677
45-49	34	58	515	461	341	68	1,477	81,081,788
50-54	31	54	468	394	282	259	1,488	80,452,273
55-59	21	49	300	297	237	267	1,171	64,956,856
60-64	13	23	184	164	135	149	668	37,158,044
65 & up	13	25	80	70	41	45	274	14,191,510
TOTAL	277	370	2,633	1,963	1,172	789	7,204	\$391,102,266

State Industrial First & Second Tier | By Attained Age & Years of Service – June 30, 2011

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	312	—	—	—	—	—	312	\$10,799,662
25-29	905	85	3	—	—	—	993	39,480,099
30-34	854	249	91	1	—	—	1,195	51,978,991
35-39	692	289	221	43	2	—	1,247	60,151,579
40-44	773	365	332	144	60	1	1,675	85,303,329
45-49	707	376	378	215	143	47	1,866	97,339,351
50-54	623	359	398	225	179	99	1,883	102,938,437
55-59	448	222	291	168	127	80	1,336	73,986,885
60-64	224	156	201	90	60	40	771	43,788,064
65 & up	87	48	61	41	13	4	254	15,011,624
TOTAL	5,625	2,149	1,976	927	584	271	11,532	\$580,778,021

Note: Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G: Members in Valuation (continued)

State Safety | By Attained Age & Years of Service – June 30, 2011

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	302	5	—	—	—	—	307	\$14,702,319
25-29	1,221	181	—	—	—	—	1,402	77,122,775
30-34	1,636	566	55	—	—	—	2,257	146,643,396
35-39	1,660	843	221	15	—	—	2,739	209,395,557
40-44	1,641	987	436	134	12	1	3,211	241,374,890
45-49	1,564	1,096	557	257	110	7	3,591	264,396,223
50-54	1,559	1,232	800	377	244	65	4,277	330,815,543
55-59	1,195	1,021	745	351	200	57	3,569	294,369,117
60-64	676	657	507	244	120	32	2,236	197,402,746
65 & up	215	271	237	114	59	12	908	93,978,795
TOTAL	11,669	6,859	3,558	1,492	745	174	24,497	\$1,870,201,361

California Highway Patrol | By Attained Age & Years of Service – June 30, 2011

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	151	—	—	—	—	—	151	\$12,344,872
25-29	802	106	—	—	—	—	908	78,350,518
30-34	634	444	270	—	—	—	1,348	122,961,433
35-39	340	410	697	274	3	—	1,724	164,986,761
40-44	31	197	521	531	238	5	1,523	152,812,705
45-49	—	5	69	309	548	274	1,205	131,714,634
50-54	—	—	4	61	182	265	512	58,922,921
55-59	—	—	1	17	25	71	114	13,110,955
60-64	—	—	—	—	—	—	—	—
65 & up	—	—	—	—	—	—	—	—
TOTAL	1,958	1,162	1,562	1,192	996	615	7,485	\$735,204,799

State Peace Officer/Firefighter | By Attained Age & Years of Service – June 30, 2011

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	666	1	—	—	—	—	667	\$22,007,112
25-29	3,422	786	3	—	—	—	4,211	232,459,249
30-34	2,669	2,806	776	2	—	—	6,253	412,234,699
35-39	1,813	2,356	2,541	650	4	—	7,364	535,163,743
40-44	1,318	1,690	2,292	2,271	560	5	8,136	625,587,505
45-49	848	1,176	1,487	1,791	2,182	921	8,405	685,235,440
50-54	420	674	925	1,076	1,175	706	4,976	408,849,707
55-59	220	331	471	523	489	327	2,361	191,346,318
60-64	49	115	195	214	177	96	846	68,696,650
65 & up	20	24	49	50	36	30	209	17,018,867
TOTAL	11,445	9,959	8,739	6,577	4,623	2,085	43,428	\$3,198,599,290

Note: Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G: Members in Valuation (continued)

School | By Attained Age & Years of Service – June 30, 2011

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	7,992	114	—	—	—	—	8,106	\$148,180,770
25-29	16,153	3,390	101	—	—	—	19,644	504,316,664
30-34	13,166	7,904	2,362	57	—	—	23,489	753,459,865
35-39	12,108	8,111	5,376	1,028	27	—	26,650	910,871,934
40-44	14,251	9,320	6,642	2,702	1,058	56	34,029	1,174,909,356
45-49	14,955	11,909	8,654	4,047	2,951	1,362	43,878	1,565,397,450
50-54	12,946	13,224	11,032	5,550	4,017	3,855	50,624	1,875,457,899
55-59	8,817	10,498	10,055	6,224	4,598	4,593	44,785	1,696,144,088
60-64	4,755	5,772	5,912	4,081	3,123	2,626	26,269	987,716,075
65 & up	2,196	2,269	2,003	1,258	1,012	965	9,703	318,908,237
TOTAL	107,339	72,511	52,137	24,947	16,786	13,457	287,177	\$9,935,362,338

Public Agency Miscellaneous | By Attained Age & Years of Service – June 30, 2011

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	4,222	125	—	—	—	—	4,347	\$133,719,409
25-29	10,731	3,180	103	—	—	—	14,014	636,050,241
30-34	10,651	7,447	2,086	90	—	—	20,274	1,141,247,790
35-39	8,567	7,723	4,893	1,032	85	1	22,301	1,409,837,874
40-44	7,779	7,499	6,217	2,717	1,465	154	25,831	1,742,957,056
45-49	7,291	7,481	6,573	3,796	4,172	1,853	31,166	2,195,312,387
50-54	6,338	6,916	6,677	4,056	4,984	4,919	33,890	2,455,833,998
55-59	4,627	5,234	5,209	3,284	3,708	4,360	26,422	1,906,871,378
60-64	2,420	3,116	3,256	1,848	1,991	2,094	14,725	1,043,952,281
65 & up	916	1,191	1,139	631	636	619	5,132	324,215,823
TOTAL	63,542	49,912	36,153	17,454	17,041	14,000	198,102	\$12,989,998,237

Public Agency Safety | By Attained Age & Years of Service – June 30, 2011

Attained Age	Distribution of Active Members by Age & Service Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25 & up		
15-24	915	17	—	—	—	—	932	\$56,620,630
25-29	4,365	1,360	7	—	—	—	5,732	437,912,421
30-34	3,431	4,232	816	1	—	—	8,480	728,591,400
35-39	1,787	3,386	3,176	607	4	—	8,960	843,004,517
40-44	1,105	2,115	2,897	2,358	1,015	7	9,497	963,315,691
45-49	586	889	1,398	1,679	2,887	1,054	8,493	940,988,513
50-54	284	363	592	642	1,307	1,596	4,784	540,852,220
55-59	130	159	204	238	396	655	1,782	192,696,036
60-64	50	61	59	71	85	150	476	49,045,990
65 & up	9	14	13	13	19	26	94	9,940,635
TOTAL	12,662	12,596	9,162	5,609	5,713	3,488	49,230	\$4,762,968,053

Note: Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit H: Schedule of Retirees & Beneficiaries Added to/and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls		Rolls - End of Year		% Increase in Annual Allowances	Average Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
PERF								
6/30/06	32,166	\$842,092,000	15,643	\$230,973,000	447,684	\$9,590,857,000	8.2%	\$21,423
6/30/07	29,821	828,676,000	15,881	251,559,000	461,624	10,421,160,000	8.7	22,575
6/30/08	30,462	911,182,000	16,228	267,867,000	475,858	11,422,808,000	9.6	24,005
6/30/09	31,929	1,006,450,000	16,168	275,138,000	491,619	12,506,735,000	9.5	25,440
6/30/10	37,566	1,265,188,000	17,323	299,011,000	511,862	13,751,737,000	10.0	26,866
6/30/11	40,596	1,318,290,000	17,298	319,210,000	535,160	15,032,305,000	9.3	28,089
JRF								
6/30/06	109	\$8,207,000	55	\$4,358,000	1,660	\$140,796,000	7.7%	\$84,817
6/30/07	98	8,854,000	56	5,018,000	1,702	158,429,000	12.5	93,084
6/30/08	125	12,030,000	84	7,888,000	1,743	166,599,000	5.2	95,582
6/30/09	116	11,989,000	67	5,085,000	1,792	172,039,000	3.3	96,004
6/30/10	129	12,425,000	72	6,622,000	1,849	177,572,000	3.2	96,037
6/30/11	104	9,536,000	69	6,037,000	1,884	181,834,000	2.4	96,515
JRF II								
6/30/06	6	\$549,000	2	\$276,000	13	\$1,226,000	27.6%	\$94,308
6/30/07	0	—	2	288,000	11	968,000	(21.0)	88,000
6/30/08	5	475,000	2	288,000	14	958,000	(1.0)	68,429
6/30/09	3	280,000	2	298,000	15	1,252,000	30.7	83,467
6/30/10	5	405,000	1	59,000	19	1,397,000	11.6	73,526
6/30/11	11	1,224,000	—	—	30	2,149,000	53.8	71,633
LRF								
6/30/06	12	\$192,000	15	\$421,000	263	\$7,464,000	(0.9)%	\$28,380
6/30/07	18	374,000	12	314,000	269	7,608,000	1.9	28,283
6/30/08	8	161,000	13	316,000	264	7,694,000	1.1	29,144
6/30/09	5	234,000	9	177,000	260	7,737,000	0.6	29,758
6/30/10	9	280,000	14	480,000	255	7,780,000	0.6	30,510
6/30/11	15	460,000	16	399,000	254	7,871,000	1.2	30,988

Note: These total counts and allowance are for service, disability, and industrial retirement, special death, 1957 Survivor, Pre-Retirement Option 2, and 1959 Survivor beneficiaries and non-members. This information was reviewed by the CalPERS Actuarial staff and appears to be reasonable.

Actuarial Certifications – Other Plans

JUDGES' RETIREMENT SYSTEM

May 2012

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System; the latest such valuation is as of June 30, 2011.

To the best of our knowledge, the report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System, as of June 30, 2011. Based on the employee data provided by the CalPERS Judges' and Legislators' Office, the statement of net assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods, as prescribed by the CalPERS Board of Administration, are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

Barbara Ware, F.S.A., M.A.A.A.
Enrolled Actuary
Senior Pension Actuary, CalPERS

Alan Milligan, F.S.A., F.C.I.A., M.A.A.A., F.C.A.
Chief Actuary, CalPERS

JUDGES' RETIREMENT SYSTEM II

May 2012

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System II; the latest such valuation is as of June 30, 2011.

To the best of our knowledge, the report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System II, as of June 30, 2011. Based on the employee data provided by the Judges' Retirement System administrative staff at CalPERS, the statement of net assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for this plan.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

Fritzie Archuleta, A.S.A., M.A.A.A.
Senior Pension Actuary, CalPERS

Alan Milligan, F.S.A., F.C.I.A., M.A.A.A., F.C.A.
Chief Actuary, CalPERS

Note: The actuarial report and supporting documents for the Judges' Retirement System, Judges' Retirement System II, and Legislators' Retirement System can be obtained on the CalPERS website, www.calpers.ca.gov.

LEGISLATORS' RETIREMENT SYSTEM

May 2012

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Legislators' Retirement System; the latest such valuation is as of June 30, 2011.

To the best of our knowledge, the report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Legislators' Retirement System. Based on the employee data provided by the CalPERS Judges' and Legislators' Office, the statement of net assets provided by the CalPERS Fiscal Services Division, and the benefits plans as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

David Clement, A.S.A., M.A.A.A.
Enrolled Actuary
Senior Pension Actuary, CalPERS

Alan Milligan, F.S.A., F.C.I.A., M.A.A.A., F.C.A.
Chief Actuary, CalPERS

Note: The actuarial report and supporting documents for the Judges' Retirement System, Judges' Retirement System II, and Legislators' Retirement System can be obtained on the CalPERS website, www.calpers.ca.gov.

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Statistical Section

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Introduction to the Statistical Section

The Statistical section provides additional historical information to assist in using the Basic Financial Statements, Notes to the Basic Financial Statements, and Required Supplementary Schedules to understand the economic condition of the California Public Employees' Retirement System.

The schedules presented contain information on financial trends, analysis, and additional analytical

information on employees' membership data, retirement benefits, health benefits, supplemental income, long-term care and public agency employers.

The information in this section is obtained from comprehensive annual financial reports for relevant years and other internal sources.

Revenues by Source – Retirement Programs

10-Year Review (Dollars in Thousands)

	Member Contributions	Employer Contributions	Investment Income/(Loss)	Miscellaneous Income	Total
PERF					
2011/12	\$3,598,437	\$7,772,913	(\$203,084)	\$7,070	\$11,175,336
2010/11	3,600,089	7,465,397	43,904,425	3,011	54,972,922
2009/10	3,378,867	6,955,049	25,567,295	10,234	35,911,445
2008/09	3,882,355	6,912,376	(57,367,054)	3,155	(46,569,168)
2007/08	3,512,075	7,242,802	(12,499,110)	6,202	(1,738,031)
2006/07	3,262,699	6,442,384	40,748,261	9,119	50,462,463
2005/06	3,080,879	6,095,029	22,041,265	—	31,217,173
2004/05	3,176,781	5,774,120	21,893,728	473	30,845,102
2003/04	2,266,445	4,261,347	24,265,850	6,723	30,800,365
2002/03	1,887,925	1,925,044	5,474,084	8,648	9,295,701
LRF					
2011/12	\$0	\$0	\$7,761	\$0	\$7,761
2010/11	3	—	17,667	—	17,670
2009/10	17	—	17,793	—	17,810
2008/09	69	—	(14,041)	—	(13,972)
2007/08	14	—	223	—	237
2006/07	129	—	16,530	—	16,659
2005/06	160	—	3,808	—	3,968
2004/05	20	—	12,575	1	12,596
2003/04	56	—	11,094	—	11,150
2002/03	22	—	10,274	—	10,296
JRF					
2011/12	\$5,796	\$196,402	\$80	\$2,877	\$205,155
2010/11	6,658	167,302	184	3,216	177,360
2009/10	7,361	185,389	332	3,486	196,568
2008/09	8,597	190,510	410	3,574	203,091
2007/08	9,569	163,206	384	3,827	176,986
2006/07	10,398	131,372	1,186	2,591	145,547
2005/06	10,315	120,576	959	2,874	134,724
2004/05	10,417	127,078	234	2,663	140,392
2003/04	11,262	107,318	59	4,020	122,659
2002/03	11,109	98,585	12	4,337	114,043

Revenues by Source – Retirement Programs (continued)

10-Year Review (Dollars in Thousands)

	Member Contributions	Employer Contributions	Investment Income/(Loss)	Miscellaneous Income	Total
JRF II					
2011/12	\$18,757	\$53,711	\$13,947	\$0	\$86,415
2010/11	18,589	53,863	91,596	—	164,048
2009/10	16,178	42,589	50,801	—	109,568
2008/09	15,400	39,514	(59,927)	—	(5,013)
2007/08	13,808	36,761	(12,184)	—	38,385
2006/07	11,694	27,062	35,427	—	74,183
2005/06	9,584	24,069	15,474	—	49,127
2004/05	8,217	21,195	14,816	—	44,228
2003/04	8,131	18,240	13,431	—	39,802
2002/03	6,717	15,323	4,803	—	26,843
SPOFF					
2011/12	\$69	\$92	(\$25)	\$0	\$136
2010/11	—	39,066	88,035	7	127,108
2009/10	—	52,219	37,643	3,431	93,293
2008/09	—	53,114	(55,423)	—	(2,309)
2007/08	—	51,475	(18,363)	—	33,112
2006/07	—	48,948	37,813	—	86,761
2005/06	—	8,933	16,517	—	25,450
2004/05	—	41,406	15,285	—	56,691
2003/04	—	40,894	17,971	—	58,865
2002/03	—	35,047	5,069	—	40,116
IRC457					
2011/12	\$104,333	\$80	\$4,872	\$225	\$109,510
2010/11	89,531	84	151,932	214	241,761
2009/10	108,436	84	72,951	858	182,329
2008/09	247,484	87	(251,890)	113	(4,206)
2007/08	125,952	53	(47,015)	39	79,029
2006/07	104,956	—	80,167	14	185,137
2005/06	123,161	—	36,245	8	159,414
2004/05	97,452	—	15,712	11	113,175
2003/04	74,146	—	33,539	3	107,688
2002/03	70,079	—	3,373	—	73,452
SCPF					
2011/12	\$208	\$0	\$3	\$0	\$211
2010/11	285	—	3,610	—	3,895
2009/10	536	—	1,884	33	2,453
2008/09	483	—	(4,054)	—	(3,571)
2007/08	713	—	(1,517)	—	(804)
2006/07	457	—	3,619	389	4,465
2005/06	634	—	1,782	—	2,416
2004/05	552	—	1,897	—	2,449
2003/04	741	—	2,881	—	3,622
2002/03	631	—	433	—	1,064

Expenses by Type – Retirement Programs

10-Year Review (Dollars in Thousands)

	Benefit Payments	Contribution Refunds	Administrative Expenses ¹	Total
PERF				
2011/12	\$15,356,696	\$218,082	\$380,404	\$15,955,182
2010/11	14,242,258	227,168	357,779	14,827,205
2009/10	12,972,457	182,387	278,036	13,432,880
2008/09	11,831,836	186,783	427,809	12,446,428
2007/08	10,884,417	182,415	402,340	11,469,172
2006/07	10,070,555	181,574	278,453	10,530,582
2005/06	9,236,073	170,929	250,251	9,657,253
2004/05	8,434,119	155,236	208,965	8,798,320
2003/04	7,639,085	151,526	188,361	7,978,972
2002/03	6,991,914	114,025	214,274	7,320,213
LRF				
2011/12	\$7,659	\$202	\$347	\$8,208
2010/11	7,382	440	408	8,230
2009/10	11,082	35	4,444	15,561
2008/09	7,706	296	358	8,360
2007/08	7,621	309	397	8,327
2006/07	7,666	92	323	8,081
2005/06	7,314	823	295	8,432
2004/05	7,792	979	318	9,089
2003/04	7,051	214	281	7,546
2002/03	6,851	248	220	7,319
JRF				
2011/12	\$185,428	\$17	\$1,163	\$186,608
2010/11	185,119	—	1,188	186,307
2009/10	178,861	32	968	179,861
2008/09	174,902	—	1,049	175,951
2007/08	168,304	136	973	169,413
2006/07	151,059	—	701	151,760
2005/06	133,588	323	171	134,082
2004/05	126,609	88	1,061	127,758
2003/04	121,604	238	719	122,561
2002/03	113,938	82	506	114,526
JRF II				
2011/12	\$3,536	\$2,604	\$725	\$6,865
2010/11	2,236	5,870	716	8,822
2009/10	1,392	2,592	494	4,478
2008/09	1,252	3,062	578	4,892
2007/08	964	2,134	597	3,695
2006/07	1,005	981	451	2,437
2005/06	859	750	406	2,015
2004/05	904	340	425	1,669
2003/04	584	203	414	1,201
2002/03	307	892	320	1,519

Expenses by Type – Retirement Programs (continued)

10-Year Review (Dollars in Thousands)

	Benefit Payments/ Participant Withdrawals	Contribution Refunds	Administrative Expenses ¹	Total
SPOFF				
2011/12	\$24,640	\$0	\$1,589	\$26,229
2010/11	30,949	—	1,839	32,788
2009/10	22,743	—	1,758	24,501
2008/09	12,922	—	2,715	15,637
2007/08	11,626	—	2,157	13,783
2006/07	10,828	—	—	10,828
2005/06	6,578	—	—	6,578
2004/05	5,353	—	—	5,353
2003/04	4,351	—	—	4,351
2002/03	4,084	—	—	4,084
IRC457				
2011/12	\$73,025	\$0	\$3,131	\$76,156
2010/11	93,844	—	3,874	97,718
2009/10	46,418	—	3,491	49,909
2008/09	34,753	—	2,393	37,146
2007/08	47,942	—	1,759	49,701
2006/07	42,647	—	—	42,647
2005/06	62,078	—	—	62,078
2004/05	41,503	—	—	41,503
2003/04	16,131	—	—	16,131
2002/03	20,439	—	—	20,439
SCPF				
2011/12	\$1,219	\$0	\$63	\$1,282
2010/11	2,113	—	84	2,197
2009/10	1,624	—	117	1,741
2008/09	671	—	61	732
2007/08	870	—	113	983
2006/07	1,918	—	—	1,918
2005/06	2,078	—	79	2,157
2004/05	2,194	—	76	2,270
2003/04	1,631	—	66	1,697
2002/03	1,679	—	81	1,760

Note:

¹ Excludes investment advisor fees.

Changes in Net Assets – Retirement Programs

10-Year Review (Dollars in Thousands)

	Additions	Deductions	Net Change	Net Assets	
				Beginning of Year	End of Year
PERF					
2011/12	\$11,175,336	\$15,955,182	(\$4,779,846)	\$241,761,791	\$236,981,945
2010/11	54,972,922	14,827,205	40,145,717	201,616,074	241,761,791
2009/10	35,911,445	13,432,880	22,478,565	179,137,509 ¹	201,616,074
2008/09	(46,569,168)	12,446,428	(59,015,596)	237,915,479	178,899,883
2007/08	(1,738,031)	11,469,172	(13,207,203)	251,122,682	237,915,479
2006/07	50,462,463	10,530,582	39,931,881	211,190,801	251,122,682
2005/06	31,217,173	9,657,253	21,559,920	189,630,881	211,190,801
2004/05	30,845,102	8,798,320	22,046,782	167,584,099	189,630,881
2003/04	30,800,365	7,978,972	22,821,393	144,762,706	167,584,099
2002/03	9,295,701	7,320,213	1,975,488	142,787,218	144,762,706
LRF					
2011/12	\$7,761	\$8,208	(\$447)	\$123,476	\$123,029
2010/11	17,670	8,230	9,440	114,036	123,476
2009/10	17,810	15,561	2,249	111,787	114,036
2008/09	(13,972)	8,360	(22,332)	134,119	111,787
2007/08	237	8,327	(8,090)	142,209	134,119
2006/07	16,659	8,081	8,578	133,631	142,209
2005/06	3,968	8,432	(4,464)	138,095	133,631
2004/05	12,596	9,089	3,507	134,588	138,095
2003/04	11,150	7,546	3,604	130,984	134,588
2002/03	10,296	7,319	2,977	128,007	130,984
JRF					
2011/12	\$205,155	\$186,608	\$18,547	\$54,146	\$72,693
2010/11	177,360	186,307	(8,947)	63,093	54,146
2009/10	196,568	179,861	16,707	46,386	63,093
2008/09	203,091	175,951	27,140	19,246	46,386
2007/08	176,986	169,413	7,573	11,673	19,246
2006/07	145,547	151,760	(6,213)	17,886	11,673
2005/06	134,724	134,082	642	17,244	17,886
2004/05	140,392	127,758	12,634	4,610	17,244
2003/04	122,659	122,561	98	4,512	4,610
2002/03	114,043	114,526	(483)	4,995	4,512
JRF II					
2011/12	\$86,415	\$6,865	\$79,550	\$575,833	\$655,383
2010/11	164,048	8,822	155,226	420,607	575,833
2009/10	109,568	4,478	105,090	315,517	420,607
2008/09	(5,013)	4,892	(9,905)	325,422	315,517
2007/08	38,385	3,695	34,690	290,732	325,422
2006/07	74,183	2,437	71,746	218,986	290,732
2005/06	49,127	2,015	47,112	171,874	218,986
2004/05	44,228	1,669	42,559	129,315	171,874
2003/04	39,802	1,201	38,601	90,714	129,315
2002/03	26,843	1,519	25,324	65,390	90,714

Note:

¹ Due to the implementation of GASB Statement No. 51 (Accounting and Financial reporting for Intangible Assets), beginning balance was restated.

Changes in Net Assets – Retirement Programs (continued)

10-Year Review (Dollars in Thousands)

	Additions	Deductions	Net Change	Net Assets	
				Beginning of Year	End of Year
SPOFF					
2011/12	\$136	\$26,229	(\$26,093)	\$499,873	\$473,780
2010/11	127,108	32,788	94,320	405,553	499,873
2009/10	93,293	24,501	68,792	336,761	405,553
2008/09	(2,309)	15,637	(17,946)	354,707	336,761
2007/08	33,112	13,783	19,329	335,378	354,707
2006/07	86,761	10,828	75,933	259,445	335,378
2005/06	25,450	6,578	18,872	240,573	259,445
2004/05	56,691	5,353	51,338	189,235	240,573
2003/04	58,865	4,351	54,514	134,721	189,235
2002/03	40,116	4,084	36,032	98,689	134,721
IRC457					
2011/12	\$109,510	\$76,156	\$33,354	\$947,062	\$980,416
2010/11	241,761	97,718	144,043	803,019	947,062
2009/10	182,329	49,909	132,420	670,599	803,019
2008/09	(4,206)	37,146	(41,352)	711,951	670,599
2007/08	79,029	49,701	29,328	682,623	711,951
2006/07	185,137	42,647	142,490	540,133	682,623
2005/06	159,414	62,078	97,336	442,797	540,133
2004/05	113,175	41,503	71,672	371,125	442,797
2003/04	107,688	16,131	91,557	279,568	371,125
2002/03	73,452	20,439	53,013	226,555	279,568
SCPF					
2011/12	\$211	\$1,282	(\$1,071)	\$19,658	\$18,587
2010/11	3,895	2,197	1,698	17,960	19,658
2009/10	2,453	1,741	712	17,248	17,960
2008/09	(3,571)	732	(4,303)	21,551	17,248
2007/08	(804)	983	(1,787)	23,338	21,551
2006/07	4,465	1,918	2,547	20,791	23,338
2005/06	2,416	2,157	259	20,532	20,791
2004/05	2,449	2,270	179	20,353	20,532
2003/04	3,622	1,697	1,925	18,428	20,353
2002/03	1,064	1,760	(696)	19,124	18,428

Membership & Retirement Data – Retirement Programs

Public Employees' Retirement System | 10-Year Review

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
ACTIVE & INACTIVE MEMBERS										
STATE MEMBERS										
Miscellaneous	228,667	223,251	224,084	224,966	222,806	219,101	214,721	219,919	227,096	231,693
University of California	45	49	56	81	93	103	111	127	92	244
Industrial	13,734	13,732	13,624	12,822	11,862	10,815	11,695	11,032	10,607	11,000
ARP	9,491	13,972	16,477	19,422	19,086	16,608	13,955	—	—	—
Highway Patrol	7,565	7,573	7,589	7,471	7,133	6,987	6,968 ¹	11,359	10,236	11,959
Safety	28,935	29,402	29,305	29,911	28,763	26,099	23,129	21,750	16,714	17,782
Peace Officer/Firefighter	47,162	48,243	49,437	51,260	51,371	48,722	46,605	46,485	44,740	46,599
Total State Members	335,599	336,222	340,572	345,933	341,114	328,435	317,184	310,672	309,485	319,277
PUBLIC AGENCY MEMBERS										
Schools	428,117	425,186	427,211	432,383	426,686	409,675	394,911	380,374	372,614	373,171
Cities	160,253	163,430	167,994	173,315	175,240	171,546	166,192	161,515	158,884	160,155
Counties	93,468	93,651	95,122	97,188	98,395	95,177	92,013	88,717	87,468	89,838
Districts & Other Public Agencies	85,003	84,937	85,145	85,578	84,698	82,067	78,595	75,704	73,616	71,919
Total Public Agency Members	766,841	767,204	775,472	788,464	785,019	758,465	731,711	706,310	692,582	695,083
TOTAL ACTIVE & INACTIVE MEMBERS	1,102,440	1,103,426	1,116,044	1,134,397	1,126,133	1,086,900	1,048,895	1,016,982	1,002,067	1,014,360
BENEFIT RECIPIENTS										
Service Retirement	464,601	450,263	428,821	408,428	393,328	380,162	367,737	353,212	341,348	326,163
Disability Retirement	43,626	43,347	43,090	43,074	42,813	42,965	42,383	41,857	42,064	41,808
Industrial Disability Retirement	35,495	34,733	33,951	33,453	32,757	32,081	31,157	30,025	29,320	28,180
Industrial Death	903	1,070	1,056	1,045	1,039	1,013	995	972	958	946
1957 Survivor Benefit	3,831	3,626	3,535	3,398	3,246	3,164	3,074	2,960	2,881	2,802
1959 Survivor Benefit	3,171	3,195	3,170	3,115	3,069	2,985	2,295	2,875	2,880	2,841
TOTAL BENEFIT RECIPIENTS	551,627¹	536,234	513,623	492,513²	476,252	462,370	447,641	431,901	419,451	402,740
TOTAL MEMBERS	1,654,067	1,639,660	1,629,667	1,626,910	1,602,385	1,549,270	1,496,536	1,448,883	1,421,518	1,417,100

Legislators' Retirement System | 10-Year Review

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
ACTIVE & INACTIVE MEMBERS										
Members of the Legislature	8	8	15	17	18	23	27	28	35	38
Constitutional Officers	19	20	17	18	18	19	15	15	18	18
Legislative Statutory Officers	4	4	4	4	4	4	4	4	4	4
TOTAL ACTIVE & INACTIVE MEMBERS	31	32	36	39	40	46	46	47	57	60
BENEFIT RECIPIENTS										
Members of the Legislature										
Service Retirement	200	210	214	221	222	228	227	228	221	219
Disability Retirement	9	9	9	9	11	11	6	6	7	7
Pre-Retirement Option 2	—	—	(1)	—	—	—	—	—	—	2
Total Members of the Legislature	209	219	222	230	233	239	233	234	228	228
Constitutional Officers										
Service Retirement	26	26	25	21	21	22	22	23	25	26
Disability Retirement	1	1	1	1	1	1	1	1	1	1
Pre-Retirement Option 2	2	2	2	2	2	2	2	2	2	2
Total Constitutional Officers	29	29	28	24	24	25	25	26	28	29
Legislative Statutory Officers										
Service Retirement	5	5	5	5	5	5	5	6	6	7
Disability Retirement	—	—	—	—	—	—	—	—	—	—
Pre-Retirement Option 2	—	—	—	—	—	—	—	—	—	—
Total Legislative Statutory Officers	5	6	6	7						
TOTAL BENEFIT RECIPIENTS	243	253	255	259	262	269	263	266	262	264
TOTAL MEMBERS	274	285	291	298	302	315	309	313	319	324

Membership & Retirement Data – Retirement Programs (continued)

Judges' Retirement System | 10-Year Review

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
ACTIVE & INACTIVE MEMBERS										
Active Judges & Deferred Retirement Judges	431	466	528	620	682	756	825	917	983	1,039
TOTAL ACTIVE & INACTIVE MEMBERS	431	466	528	620	682	756	825	917	983	1,039
BENEFIT RECIPIENTS										
Service Retirement	654	655	648	641	619	610	607	612	610	609
Disability Retirement	46	46	46	48	47	52	50	48	48	51
Deferred Retirement	582	590	595	595	604	611	618	673	672	667
Optional Settlement Benefit	527	510	478	433	390	352	306	196	154	120
Pre-Retirement Survivor	75	73	76	72	75	77	79	77	74	76
TOTAL BENEFIT RECIPIENTS	1,884	1,874	1,843	1,789	1,735	1,702	1,660	1,606	1,558	1,523
TOTAL MEMBERS	2,315	2,340	2,371	2,409	2,417	2,458	2,485	2,523	2,541	2,562

Judges' Retirement System II | 10-Year Review

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
ACTIVE & INACTIVE MEMBERS										
Active Judges	1,272	1,290	1,197	1,119	979	915	831	748	690	624
TOTAL ACTIVE & INACTIVE MEMBERS	1,272	1,290	1,197	1,119	979	915	831	748	690	624
BENEFIT RECIPIENTS										
Service Retirement	14	7	6	4	3	4	1	1	2	—
Disability Retirement	9	13	7	6	5	3	2	1	—	—
Optional Settlement Benefit	—	6	4	4	4	—	3	—	—	—
Pre-Retirement Survivor	13	2	2	1	2	2	7	7	4	3
36-month Judge's Salary	1	2	—	—	—	—	—	—	—	—
TOTAL BENEFIT RECIPIENTS	37	30	19	15	14	9	13	9	6	3
TOTAL MEMBERS	1,309	1,320	1,216	1,134	993	924	844	757	696	627

Notes:

- ¹ This total differs from Total Benefit Recipients on pages 50 and 163. Total Benefit Recipients shown here include Active Death Benefits paid as a result of a member death prior to retirement.

Program Data - Public Employees' Retirement Fund (PERF)

PRIMARY BENEFITS

Benefits are paid according to the category of employment and the type of benefit coverage provided by an employer. Local agencies have variations in benefits due to their specific contract obligations with CalPERS.

The four categories of membership are:

- **Miscellaneous Members** – staff, operational, supervisory, and all other eligible employees who are not in special membership categories.
- **Safety Members** – California Highway Patrol officers, police officers, firefighters, and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.
- **State Industrial Members** – employees of the Department of Corrections and the California Youth Authority who have the same service retirement and other benefits as miscellaneous members, but who also have industrial death and disability benefits under certain limited circumstances.
- **State Peace Officer/Firefighter Members** – State employees who are involved in law enforcement, firefighting and fire suppression, public safety, protective services, or the management and supervision thereof, whose positions are defined as State peace officer/firefighter members in the Government Code or by the Department of Human Resources.

SEPARATION FROM EMPLOYMENT/REFUNDS

At permanent separation from employment, members may either leave their contributions on deposit and defer retirement¹ or terminate membership by electing to take a refund of member contributions plus interest (compounded annually). With a refund election, CalPERS is required to deduct federal withholding of 20 percent from the untaxed portion of the refund, unless the taxable portion is directly rolled over to a qualified plan or IRA.

SERVICE RETIREMENT

State Miscellaneous & State Industrial Members (First Tier), School Members & University Members 2 Percent at 55 Formula

- **Service not coordinated with Social Security** – A guarantee of 2 percent of final compensation² at age 55 for each year of service credit. Retirement may begin at age 50

with a reduced benefit rate, or after age 55 with an increased benefit rate to age 63.

- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

School members with service credit rendered after January 1, 2001: final compensation will not be reduced by \$133.33.

State Miscellaneous & State Industrial Members Separated from Service Prior to January 1, 2000, 2 Percent at 60 Formula

- **Service not coordinated with Social Security** – A guarantee of 2 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 with an increased benefit rate to age 63.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

State Miscellaneous & State Industrial Members (Second Tier) 1.25 Percent at 65 Formula

A guarantee of 1.25 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55, or as early as age 50 (if there is a combination of First Tier and Second Tier service; a reduced benefit rate will apply).

Local Miscellaneous Members 2 Percent at 60 Formula

- **Service not coordinated with Social Security** – A guarantee of 2 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 with an increased benefit rate to age 63.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from

Notes:

- ¹ A member who has less than the required amount of service credit must return to CalPERS-covered employment to obtain the minimum service credit required to be eligible for retirement.
- ² The term “final compensation” appears throughout this section. It means the highest average payrate and special compensation during any one-year or three-year period of employment.

Program Data - PERF (continued)

the final compensation before benefits are determined.

Local Miscellaneous Members 2 Percent at 55 Formula

- **Service not coordinated with Social Security** – A guarantee of 2 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 with an increased benefit rate to age 63.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members 2.5 Percent at 55 Formula

- **Service not coordinated with Social Security** – A guarantee of 2.5 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members 2.7 Percent at 55 Formula

- **Service not coordinated with Social Security** – A guarantee of 2.7 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members 3 Percent at 60 Formula

- **Service not coordinated with Social Security** – A guarantee of 3 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.
- **Service coordinated with Social Security** – Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members (Second Tier) 1.5 Percent at 65 Formula

A guarantee of 1.5 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55, or as early as 50 if there is a combination of

First Tier and Second Tier service (a reduced benefit rate will apply).

Local Safety Members 2 Percent at 50 Formula

2 percent of final compensation for each year of service for retirement at age 50, with an increased benefit rate to age 55. The maximum allowance payable is 90 percent of final compensation.

State Safety Members & Local Safety Members 2 Percent at 55 Formula

2 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 80 percent of final compensation for State safety members and 90 percent for local safety members. Retirement may begin at age 50 with a reduced benefit rate.

Local Safety Members Half Pay at 55 Formula

This benefit is no longer available as a contract amendment. Only a small number of local agencies are still covered under this formula which guarantees one-half of final compensation at age 55 with 20 or more years of service credit. Retirement may begin at age 50 with a reduced benefit rate.

State Safety Members & Local Safety Members 2.5 Percent at 55 Formula

This benefit is no longer available as a contract amendment. It provides 2.5 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 80 percent of final compensation for State safety members and 90 percent for local safety members. Retirement may begin at age 50 with a reduced benefit rate.

State Patrol Members, Local Safety Members & State Peace Officer/Firefighter Members 3 Percent at 50 Formula

3 percent of final compensation for each year of service for retirement at age 50. The maximum allowance payable is 90 percent of final compensation for State patrol members, local safety members, and State peace officer/firefighters.

State Peace Officer/Firefighter Members & Local Safety Members 3 Percent at 55 Formula

3 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 90 percent for State peace officer/firefighter members and local safety members. Retirement may begin at age 50 with a reduced benefit rate.

DISABILITY RETIREMENT

For Most Members

A monthly allowance of 1.8 percent of final compensation for each year of service, improved under certain conditions to 33 1/3 percent of final compensation, applicable to members with at least five years of service credit.

By Contract Amendment Only for Local Agencies

A monthly allowance of 30 percent of final compensation, plus an additional 1 percent for each year of service over five years to a maximum of 50 percent.

For State Second Tier Members

A monthly allowance of 1.125 percent of final compensation for each year of service, improved under certain conditions to 33 1/3 percent of final compensation, applicable to members with at least 10 years of service credit or five years if credited as of January 1, 1985.

For Certain Local Miscellaneous Second Tier Members

A monthly allowance of 1.35 percent of final compensation for each year of service, improved under certain conditions to 33 1/3 percent of final compensation, applicable to members with at least five years of service credit.

INDUSTRIAL DISABILITY RETIREMENT

For Most Members

A monthly allowance of 50 percent of final compensation, applicable to patrol members, State and local safety members, State peace officer/firefighter members, State industrial members, local miscellaneous members (by contract amendment only), and certain State miscellaneous members defined by law. The injury or illness must be job related and the member must be serving in one of these categories at the time the industrial disability occurs. California Highway Patrol members may be entitled to

an enhanced benefit if specific qualifying factors are met.

By Contract Amendment Only for Local Agencies

A monthly allowance of 75 percent of final compensation, if found totally disabled.

By Contract Amendment Only for Local Agencies

A monthly allowance of 50 percent to 90 percent of final compensation, depending on the disability rating by the Workers' Compensation Appeals Board.

DEATH BENEFITS (BEFORE RETIREMENT)

Basic Death Benefit – All Members Except State Employees

Eligible to retire or not – A return of member contributions plus interest (compounded annually) and an employer-paid portion equal to one month's compensation earnable for each year of current service to a maximum of six months.

Basic Death Benefit – State Employees Only

Eligible to retire or not eligible to retire with 20 years or more of State service credit – A return of member contributions plus interest (compounded annually) and a State-paid portion equal to six months' pay (50 percent of the member's earnable pay for the 12 months prior to the member's death).

Not eligible to retire with less than 20 years of State service credit – A return of only the member contributions plus interest (compounded annually).

Insurance Benefit – State Employees Only

Eligible to retire or not eligible to retire with 20 years or more of State service credit – \$5,000 in a lump sum.

Not eligible to retire with less than 20 years of State service credit – \$5,000 in a lump sum plus six months' pay (50 percent of annual compensation).

Alternate Death Benefit¹ – For State Members in Bargaining Units Contracting for this Benefit, Who are Not Eligible to Retire, With 20 Years or More of State Service Credit

A monthly allowance payable to a surviving spouse or

registered domestic partner until death, then to children under age 18. It is calculated similarly to pre-retirement Option 2W (if the beneficiary is a spouse or registered domestic partner), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had been old enough to retire. A spouse or registered domestic partner or minor child may receive continued health and dental insurance with the Alternate Death Benefit.

Alternate Death Benefit for Firefighters – Local Agency Employers Contracting for this Benefit, With 20 Years or More of Total Service Credit

A monthly non-job-related allowance payable to a surviving spouse or registered domestic partner until death, then to children under age 18. It is calculated similarly to Pre-Retirement Option 2W (if the beneficiary is a spouse or registered domestic partner, even if the agency does not contract separately for the Pre-Retirement Option 2W benefit), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had either been old enough to retire (if the member died before reaching retirement age), or based on the member's actual age if the member was eligible to retire at the time of death. This benefit applies to all service credit earned by the member, including service that may have been earned with a local agency that does not contract for the Alternate Death Benefit, as long as the member was employed at the time of death by a local agency that provides this benefit in their contract.

Pre-Retirement Option 2W Benefit – Local Agencies by Contract, Married, or Registered Domestic Partnership

A monthly allowance payable to the surviving spouse or registered domestic partner until death, then to children under age 18, equal to what the deceased member would have received had they retired on the date of their death and elected Option 2W.

Pre-Retirement Option 2W Benefit¹ – For All State Members, Married, or Registered Domestic Partnership

A monthly allowance payable to the surviving spouse or

registered domestic partner until death, then to children under age 18, equal to what the deceased member would have received had they retired on the date of their death and elected Option 2W.

1957 Survivor Benefit¹ – Local & School Members, Married, or Registered Domestic Partnership

For all members eligible to retire who are married or in a registered domestic partnership, a monthly allowance payable to the surviving spouse or registered domestic partner until death, then to children under age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death.

1957 Survivor Benefit¹ – All Members, Not Married, or No Registered Domestic Partnership

For all members eligible to retire who are not married or in a registered domestic partnership, a monthly allowance payable to the unmarried surviving minor children until age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death. Once allowance stops, the total allowance paid is compared to the Basic Death Benefit amount, and any difference is paid in a lump sum to all of the member's surviving children.

1959 Survivor Benefit – State & School Members & by Contract Option, Local Agency Members Not Coordinated With Social Security

A monthly benefit paid to survivors of deceased members who died prior to retirement. This benefit is similar to the Social Security Survivor Benefit and is paid in addition to any other applicable pre-retirement death benefit, except the Special Death Benefit.

Special Death Benefit¹ – Survivors of Patrol, State & Local Safety, State Industrial & State Peace Officer/Firefighter

Note:

¹ The surviving spouse or registered domestic partner of other than a State member, or a guardian of a minor child, may elect the Basic Death Benefit or the 1957 Survivor Benefit. The surviving spouse or registered domestic partner of a State member may elect the Basic Death Benefit or the Pre-Retirement Option 2W Death Benefit.

Members, State Miscellaneous² & Local Miscellaneous by Contract Amendment²

A monthly allowance equal to 50 percent of final compensation payable to the surviving spouse or registered domestic partner until death, or if no spouse, to natural or adopted unmarried children up to age 22. The monthly allowance is recalculated annually on October 1 based on the salary rates for employees who work in the position the member held at the time of death until such time as the member would have attained age 50.

Special Death Benefit¹ – Violent Death

Provides increased benefits (up to 75 percent of final compensation) based upon the number of surviving children, if the member's death is the result of external violence or physical force.

DEATH BENEFITS (AFTER RETIREMENT)

Retired Death Benefit – State Members Only

A \$2,000 lump sum payable in addition to any optional settlement elected.

Retired Death Benefit – School Members Only

A \$2,000 lump sum payable in addition to any optional settlement. The amount may be increased to \$3,000, \$4,000, or \$5,000 depending on the employer contract.

Retired Death Benefit – Local & School Members

A \$500, \$600, \$2,000, \$3,000, \$4,000, or \$5,000 lump sum (depending on the employer contract) payable in addition to any optional settlement elected.

Survivor Continuance Benefit – State Members, School Members & by Contract Option, Local Agency Members

- **Service not coordinated with Social Security** – 50 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.
- **Service coordinated with Social Security** – 25 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.

OPTIONAL SETTLEMENTS

For All Members

All the disability and service retirement allowances discussed in this section are the highest (unmodified) allowances payable to a retired member. There are six optional settlements to allow a member to reduce their allowance to provide a benefit to a named beneficiary at the member's death. Under two of these options, if the beneficiary predeceases the member, the member's allowance will be increased to the higher (unmodified) amount.

COST-OF-LIVING ADJUSTMENTS (COLA)

For All Members – Except State Second Tier

A maximum of 2 percent compounded annually (up to 5 percent maximum as a contract option for retired members of local agencies). **Note:** Does not apply to the Pre-Retirement 1959 Survivor Death Benefit.

For State Second Tier Members Only

A fixed 3 percent compounded annually.

Notes:

- ¹ The Special Death Benefit is payable if the member's death is job related.
- ² The survivor of a State or local miscellaneous member qualifies for the Special Death Benefit if the member was killed or fatally injured while performing their official duties.

Program Data - PERF (continued)

Active & Inactive Members

Employer/Category	Active	Inactive	Total
State Miscellaneous – First Tier	146,762	51,906	198,668
State Miscellaneous – Second Tier	7,145	22,854	29,999
State Industrial – First Tier	10,273	1,775	12,048
State Industrial – Second Tier	703	983	1,686
State ARP ¹	7,498	1,993	9,491
Highway Patrol	7,275	290	7,565
State Safety	23,777	5,158	28,935
Peace Officer/Firefighter	40,737	6,425	47,162
University of California ²	1	44	45
TOTAL STATE MEMBERS	244,171	91,428	335,599
School – Miscellaneous	301,811	125,563	427,374
School – Safety	611	132	743
TOTAL SCHOOL MEMBERS	302,422	125,695	428,117
Public Agency – Miscellaneous	193,845	88,697	282,542
Public Agency – Safety	46,148	10,034	56,182
TOTAL PUBLIC AGENCY MEMBERS	239,993	98,731	338,724
TOTAL MEMBERS	786,586	315,854	1,102,440

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$13,100,533,228
Disability Retirement	566,771,017
Industrial Disability Retirement	1,425,569,675
PPPA Payments ³	38,927,217
TOTAL	\$15,131,801,137
Basic Death Benefit/Group Term Life Insurance	\$43,730,806
1957 Survivor Benefit	77,780,450
1959 Survivor Benefit	32,855,386
Industrial Death Allowance	42,035,922
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	28,492,596
TOTAL	\$224,895,160
GRAND TOTAL	\$15,356,696,297

Benefit Recipients by Employer Category⁴

Employer/Category	Retired Members	Survivors & Beneficiaries	Total
State Miscellaneous – First Tier	118,201	20,600	138,801
State Miscellaneous – Second Tier	2,717	542	3,259
State Industrial – First Tier	4,866	609	5,475
State Industrial – Second Tier	169	19	188
Highway Patrol	6,302	1,029	7,331
State Safety/ Peace Officer/ Firefighter	37,402	3,768	41,170
TOTAL STATE	169,657	26,567	196,224
School – Miscellaneous	156,079	20,705	176,784
School – Safety	385	32	417
TOTAL SCHOOL	156,464	20,737	177,201
Public Agency – Miscellaneous	112,114	13,948	126,062
Public Agency – Safety	39,493	4,742	44,235
TOTAL PUBLIC AGENCY	151,607	18,690	170,297
TOTAL	477,728	65,994	543,722

Notes:

- ¹ The Alternate Retirement Program (ARP) is a mandated savings plan for State miscellaneous and industrial members hired after August 11, 2004, during their first two years of employment. While contributing to ARP during that period, they are also “non-contributing” CalPERS members.
- ² The number of University of California members continues to decline since new employees must join the University of California Retirement System (UCRS).
- ³ These payments were made from the Purchasing Power Protection Account, which is structured to maintain current benefit levels and to restore CalPERS allowances to 75 percent of their original purchasing power (80 percent for public agencies).
- ⁴ The actual number of benefit recipients is by the employer category from which they retired, regardless of whether they had service in other employer categories. The total includes only those recipients receiving a monthly allowance, and does not include recipients of one-time only payments.

Program Data - PERF (continued)

Benefit Payments by Type | Six-Year Review

Category	2012	2011	2010	2009	2008	2007
Service Retirement	\$13,100,533,228	\$12,078,836,537	\$10,886,413,443	\$9,832,150,382	\$8,989,399,878	\$8,233,421,767
Disability Retirement	566,771,017	557,833,490	540,419,698	526,320,720	508,340,191	498,297,616
Industrial Disability Retirement	1,425,569,675	1,349,369,869	1,276,846,198	1,211,176,434	1,141,230,969	1,073,697,728
PPPA Payments	38,927,217	42,656,666	51,590,524	60,244,271	59,612,434	63,851,575
TOTAL	\$15,131,801,137	\$14,028,696,562	\$12,755,269,863	\$11,629,891,807	\$10,698,583,472	\$9,869,268,686
Basic Death Benefit/Group Term Life Insurance	\$43,730,806	\$41,224,228	\$42,385,815	\$40,509,577	\$37,488,504	\$35,794,846
1957 Survivor Benefit	77,780,450	74,103,991	69,745,915	65,076,391	60,762,855	57,449,587
1959 Survivor Benefit	32,855,386	33,355,374	33,158,971	32,209,689	31,383,843	30,354,099
Industrial Death Allowance	42,035,922	38,985,369	37,042,156	35,506,591	33,600,164	31,351,295
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	28,492,596	25,893,151	34,855,181	28,642,393	22,598,032	46,336,380
TOTAL	\$224,895,160	\$213,562,113	\$217,188,038	\$201,944,641	\$185,833,398	\$201,286,207
Refunds	\$218,082,685	\$227,167,877	\$182,387,623	\$186,783,064	\$182,415,410	\$181,574,603
GRAND TOTAL	\$15,574,778,982	\$14,469,426,552	\$13,154,845,524	\$12,018,619,512	\$11,066,832,280	\$10,252,129,496

Program Data - PERF (continued)

Average Benefit Payments – As of June 30, 2011 | Ten-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2010/11¹							
Average Monthly Allowance ²	\$517	\$782	\$1,291	\$1,856	\$2,815	\$4,146	\$5,130
Average Final Compensation	\$6,442	\$4,508	\$4,739	\$4,927	\$5,606	\$6,500	\$6,741
Number of Recipients ²	713	4,322	5,128	4,607	5,993	5,243	7,572
2009/10							
Average Monthly Allowance ²	\$586	\$829	\$1,377	\$2,059	\$3,043	\$4,577	\$5,572
Average Final Compensation	\$6,806	\$4,460	\$4,760	\$5,153	\$5,819	\$6,738	\$7,076
Number of Recipients ²	878	4,172	4,322	4,208	5,596	5,322	7,092
2008/09							
Average Monthly Allowance ²	\$606	\$830	\$1,360	\$1,988	\$2,906	\$4,432	\$5,569
Average Final Compensation	\$6,519	\$4,378	\$4,680	\$4,982	\$5,641	\$6,574	\$7,013
Number of Recipients ²	680	3,796	3,598	3,681	4,157	3,977	5,801
2007/08							
Average Monthly Allowance ²	\$506	\$777	\$1,306	\$1,966	\$2,882	\$4,364	\$5,433
Average Final Compensation	\$6,138	\$4,358	\$4,518	\$4,970	\$5,587	\$6,472	\$6,864
Number of Recipients ²	727	3,620	3,371	3,652	3,765	3,458	4,883
2006/07							
Average Monthly Allowance ²	\$601	\$753	\$1,222	\$1,801	\$2,624	\$3,917	\$5,115
Average Final Compensation	\$6,125	\$4,294	\$4,356	\$4,632	\$5,182	\$5,925	\$6,539
Number of Recipients ²	648	3,943	3,536	4,059	3,738	3,606	4,467
2005/06							
Average Monthly Allowance ²	\$487	\$682	\$1,134	\$1,654	\$2,372	\$3,610	\$4,870
Average Final Compensation	\$6,040	\$4,012	\$4,144	\$4,405	\$4,858	\$5,689	\$6,294
Number of Recipients ²	560	3,624	3,788	4,462	3,807	3,650	5,249
2004/05							
Average Monthly Allowance ²	\$473	\$687	\$1,109	\$1,606	\$2,360	\$3,439	\$4,750
Average Final Compensation	\$5,534	\$3,926	\$4,017	\$4,289	\$4,837	\$5,488	\$6,132
Number of Recipients ²	549	3,487	4,032	4,668	3,861	3,859	5,876
2003/04							
Average Monthly Allowance ²	\$510	\$693	\$1,082	\$1,560	\$2,192	\$3,308	\$4,553
Average Final Compensation	\$5,443	\$3,835	\$3,863	\$4,171	\$4,492	\$5,254	\$5,915
Number of Recipients ²	545	3,489	4,254	4,465	3,822	3,499	4,831
2002/03							
Average Monthly Allowance ²	\$573	\$678	\$1,074	\$1,475	\$2,110	\$3,261	\$4,625
Average Final Compensation	\$4,996	\$3,609	\$3,752	\$3,936	\$4,350	\$5,156	\$5,888
Number of Recipients ²	529	2,834	3,825	3,678	3,281	3,116	4,650
2001/02							
Average Monthly Allowance ²	\$671	\$674	\$1,038	\$1,421	\$1,962	\$3,125	\$4,381
Average Final Compensation	\$4,837	\$3,543	\$3,615	\$3,878	\$4,164	\$5,015	\$5,653
Number of Recipients ²	503	2,518	3,667	3,152	3,074	2,951	4,284

Notes:

¹ The data for fiscal year 2010-11 is the most recent data available.

² These averages and totals are for retired members, beneficiaries, and community property recipients.

Public Agency Employers

CONTRACT ACTIONS SUMMARY

On June 30, 2012, 1,576 public agency contracts provided retirement, death, and survivor benefits for participants of 57 County Offices of Education; four school district offices; 450 cities and towns; 36 counties; and 1,029 districts and other public agencies. The 57 County Offices of Education contracts provide benefits for 1,488 school districts and charter schools, bringing the total number of public agency employers to 3,064.

	Added	Merged	Terminated	Total
County Offices of Education (for 1,488 school districts and charter schools)	—	—	—	57
Los Angeles City Schools and Community College Districts	—	—	—	2
Los Angeles County Superintendents of Schools and San Diego County Superintendent of Schools	—	—	—	2
Cities/Towns	1	—	—	450
Counties	—	—	—	36
Districts and Other Public Agencies	7	-4	-1	1,029 ¹
TOTAL PUBLIC AGENCY CONTRACTS	8	-4	-1	1,576

AMENDMENTS

Public agency contracts vary depending upon the member categories covered, the formula the agency elects to provide, and the optional benefit provisions selected from the group of approximately 55 benefits. These optional benefits may be provided at the time the original contract is established or they may be added later through the contract amendment process.

During the 2011-12 fiscal year, 260 contract amendments were completed. The benefit formula changes for public agencies included: two to provide the 2.5% at 55 formula for active miscellaneous members; two to provide the 3% at 55 formula for safety members; and one to provide the 2% at 50 formula for safety members. A total of 215 contract amendments were completed to provide a different (lower) level of benefits for new hires.

TWO YEARS OF ADDITIONAL SERVICE CREDIT – “GOLDEN HANDSHAKE”

Contracting agencies may amend their contracts to provide additional service credit if there are impending mandatory transfers, layoffs, or demotions. Eligible employees who retire within a 90- to 180-day window period established by the employer receive two years additional service credit. The County Offices of Education may also contract for this benefit when there is an impending curtailment of, or change, in the manner of performing services, and their best interest would be served by granting the additional service credit. Once the contract is amended, the employer may establish additional window periods.

In the 2011-12 fiscal year, four public agencies amended their contracts to provide the two years of additional service credit and 27 additional window periods were established. The County Offices of Education established 24 additional window periods for the Golden Handshake benefit.

POPULAR BENEFIT AMENDMENTS

Benefit	Number of amendments
Different Level of Benefits	215
2.5% at 55 Miscellaneous Formula	2
Fourth Level of 1959 Survivor Benefits	2
3% at 50 Safety Formula	2
Cost Sharing	17
Partial Service Retirement	2
Military Service Credit	2

MERGERS

- Alameda County Transportation Improvement Authority and Alameda County Congestion Management Agency merged into the Alameda County Transportation Commission.
- Victor Valley Water District and Baldy Mesa Water District merged into the City of Victorville.

Note:

¹ Agencies that contract with CalPERS for retirement benefits and have zero participants were included. “Participants” is defined as active and inactive members and excludes retirees.

Public Agency Employers (continued)

TERMINATIONS

- Lompico County Water District, effective November 15, 2011.

LARGEST PARTICIPATING EMPLOYERS

Employer	Number of Employees
State of California	326,109
Los Angeles County Office of Education	105,470
Los Angeles Unified School District	42,958
San Diego County Office of Education	36,499
Orange County Office of Education	32,311
County of Riverside	24,985
San Bernardino County Office of Education	24,514
Riverside County Office of Education	23,066
County of Santa Clara	20,154
Santa Clara County Office of Education	19,223

NEW CONTRACTS

During the 2011-2012 fiscal year, eight additional agencies contracted with CalPERS for retirement, death, and survivor benefits. The new contracting agencies are:

Effective Date	Public Agency	Misc. Member Formula	Safety Member Formula
12/17/11	El Dorado Resource Conservation District	2% @ 55	—
1/1/12	Transbay Joint Powers Authority	2% @ 55	—
1/1/12	Alameda County Transportation Commission	2.5 % @ 55	—
1/1/12	City of Eastvale	2% @ 60	—
2/16/12	Belmont Fire Protection District	—	3% @ 55
3/12/12	City/County Association of Governments	2.7 % @ 55	—
4/1/2012	State & Federal Contractors Water Agency	2% @ 55	—
4/8/2012	Housing Authority of the City of Alameda	2% @ 55	—

RECIPROCAL SYSTEMS

Reciprocity is a valuable addition to the CalPERS benefit package. Its purpose is to encourage career public service, by allowing members to move between employers under different public retirement systems without losing their retirement and related benefits. The following retirement systems have reciprocity with CalPERS.

Counties Under the County Employees' Retirement Law of 1937

- Alameda
- Contra Costa
- Fresno
- Imperial
- Kern
- Los Angeles
- Marin
- Mendocino
- Merced
- Orange
- Sacramento
- San Bernardino
- San Diego
- San Joaquin
- San Mateo
- Santa Barbara
- Sonoma
- Stanislaus
- Tulare
- Ventura

The University of California Retirement Plan (UCRP)

Reciprocal Public Retirement Systems

- Concord, City of
- Contra Costa Water District
- Costa Mesa, City of (safety only)
- East Bay Municipal Utility District
- East Bay Regional Park District (safety only)
- Fresno, City of
- Los Angeles City Employees' Retirement Plan
- Los Angeles County Metropolitan Transportation Authority (Non-Contract Employees' Retirement Income Plan)
- Oakland, City of (non-safety only)
- Pasadena, City of (fire and police only)
- Sacramento, City of
- San Clemente, City of (non-safety only)
- San Diego, City of
- San Francisco, City and County of
- San Jose, City of
- San Luis Obispo, County of

Systems with Limited Reciprocity

- Judges' Retirement System
- Judges' Retirement System II
- Legislators' Retirement System
- California State Teachers' Retirement System

Public Agency Employers (continued)

PARTICIPATING PUBLIC AGENCIES BY TYPE

The total number includes active and inactive participants excluding retirees. In most cases, a participant is only counted once. A participant could be counted more than once if he/she were actively employed by more than one employer on the report effective date.

County Offices of Education (57 total)

Alameda	15,402	Orange	32,311
Alpine	58	Placer	4,203
Amador	251	Plumas	424
Butte	3,506	Riverside	23,066
Calaveras	640	Sacramento	16,377
Colusa	442	San Benito	773
Contra Costa	10,149	San Bernardino	24,514
Del Norte	235	San Diego	36,499
El Dorado	2,423	San Joaquin	8,306
Fresno	13,359	San Luis Obispo	3,580
Glenn	547	San Mateo	7,792
Humboldt	2,533	Santa Barbara	5,698
Imperial	3,025	Santa Clara	19,223
Inyo	321	Santa Cruz	3,462
Kern	13,415	Shasta	2,625
Kings	2,036	Sierra	54
Lake	904	Siskiyou	993
Lassen	514	Solano	4,193
Los Angeles	105,470	Sonoma	5,800
Madera	1,664	Stanislaus	7,942
Marin	2,872	Sutter	1,185
Mariposa	215	Tehama	1,266
Mendocino	1,996	Trinity	330
Merced	4,473	Tulare	7,817
Modoc	291	Tuolumne	575
Mono	266	Ventura	8,976
Monterey	6,534	Yolo	2,283
Napa	1,985	Yuba	1,319
Nevada	1,140		

School District Offices¹ (4 total)

Los Angeles Unified School District	42,958
Los Angeles Community College District	3,219
Los Angeles County Office of Education	3,362
San Diego County Office of Education	1,133

Counties (36 total)

Alpine	101	Napa	1,736
Amador	546	Nevada	1,147
Butte	2,716	Placer	2,863
Calaveras	619	Plumas	545
Colusa	437	Riverside	24,985
Del Norte	671	San Benito	609
El Dorado	2,440	Santa Clara	20,154
Glenn	606	Santa Cruz	2,997
Humboldt	2,604	Shasta	2,232
Inyo	555	Sierra	151
Kings	1,706	Siskiyou	865
Lake	1,311	Solano	3,326
Lassen	682	Sutter	1,230
Madera	1,779	Tehama	1,103
Mariposa	521	Trinity	481
Modoc	570	Tuolumne	1,220
Mono	426	Yolo	2,096
Monterey	6,291	Yuba	1,147

Note:

¹ Agencies that contract with CalPERS as public agencies and are not reflected elsewhere in this report.

Public Agency Employers (continued)

Cities & Towns (450 total)

Adelanto	152	Campbell	189	El Centro	349	Imperial Beach	111
Agoura Hills	48	Canyon Lake	5	El Cerrito	245	Indian Wells	44
Alameda	735	Capitola	94	El Monte	355	Indio	300
Albany	99	Carlsbad	852	El Segundo	399	Industry	23
Alhambra	635	Carmel-By-The-Sea	94	Elk Grove	315	Inglewood	931
Aliso Viejo	24	Carpinteria	49	Emeryville	72	Ione	19
Alturas	24	Carson	570	Encinitas	287	Irvine	1,127
American Canyon	92	Cathedral City	267	Escalon	48	Irwindale	97
Anaheim	2,994	Cerritos	454	Escondido	1,125	Jackson	39
Anderson	67	Chico	432	Etna	7	Kerman	73
Angels	44	Chino	604	Eureka	327	King City	52
Antioch	393	Chowchilla	91	Exeter	51	Kingsburg	79
Apple Valley	152	Chula Vista	1,281	Fairfax	56	La Canada Flintridge	40
Arcadia	435	Citrus Heights	252	Fairfield	645	La Habra	541
Arcata	155	Claremont	278	Farmersville	39	La Habra Heights	26
Arroyo Grande	108	Clayton	38	Fillmore	46	La Mesa	326
Artesia	44	Clearlake	71	Firebaugh	60	La Mirada	113
Arvin	70	Cloverdale	61	Folsom	570	La Palma	96
Atascadero	208	Clovis	918	Fontana	1,043	La Puente	58
Atherton	63	Coachella City	83	Fort Bragg	84	La Quinta	115
Atwater	142	Colfax	10	Fortuna	101	La Verne	201
Auburn	85	Colma	59	Fountain Valley	265	Laguna Beach	311
Avalon	83	Colton	421	Fowler	36	Laguna Hills	52
Avenal	58	Colusa	48	Fremont	1,085	Laguna Niguel	138
Azusa	423	Commerce	167	Fullerton	778	Laguna Woods	11
Bakersfield	1,701	Compton	539	Galt	226	Lake Elsinore	89
Baldwin Park	561	Concord	587	Garden Grove	854	Lake Forest	93
Banning	210	Corcoran	106	Gardena	581	Lakeport	56
Barstow	190	Corning	52	Gilroy	291	Lakewood	398
Beaumont	190	Corona	878	Glendale	2,561	Lancaster	693
Bell	222	Coronado	382	Glendora	259	Larkspur	76
Bell Gardens	204	Corte Madera	74	Goleta	72	Lathrop	107
Bellflower	124	Costa Mesa	781	Gonzales	50	Lawndale	118
Belmont	184	Cotati	53	Grand Terrace	87	Lemon Grove	90
Belvedere	27	Covina	281	Grass Valley	121	Lemoore	157
Benicia	271	Crescent City	95	Greenfield	56	Lincoln	187
Berkeley	1,889	Cudahy	26	Gridley	60	Lindsay	122
Beverly Hills	1,102	Culver City	841	Grover Beach	84	Live Oak	23
Biggs	11	Cupertino	200	Guadalupe	59	Livermore	564
Bishop	37	Cypress	230	Gustine	33	Livingston	91
Blue Lake	8	Daly City	758	Half Moon Bay	53	Lodi	516
Blythe	103	Dana Point	100	Hanford	327	Loma Linda	116
Bradbury	3	Davis	546	Hawaiian Gardens	100	Lomita	56
Brawley	201	Del Mar	76	Hawthorne	447	Lompoc	445
Brea	455	Del Rey Oaks	11	Hayward	966	Long Beach	6,128
Brentwood	352	Delano	50	Healdsburg	152	Loomis	14
Brisbane	111	Desert Hot Springs	108	Hemet	365	Los Alamitos	63
Buellton	27	Diamond Bar	73	Hercules	192	Los Altos	160
Buena Park	380	Dinuba	256	Hermosa Beach	176	Los Altos Hills	26
Burbank	1,718	Dixon	120	Hesperia	159	Los Banos	181
Burlingame	239	Dos Palos	39	Hidden Hills	4	Los Gatos	224
Calabasas	153	Downey	555	Highland	46	Loyalton	1
Calexico	256	Duarte	64	Hillsborough	98	Lynwood	253
California City	98	Dublin	120	Hollister	167	Madera	386
Calimesa	17	Dunsmuir	12	Hughson	41	Malibu	105
Calipatria	21	East Palo Alto	137	Huntington Beach	1,213	Mammoth Lakes	119
Calistoga	66	Eastvale	5	Huntington Park	219	Manhattan Beach	383
Camarillo	173	El Cajon	655	Imperial	62	Manteca	409

Public Agency Employers (continued)

Cities & Towns (continued)

Marina	128	Parlier	55	San Gabriel	203	Sutter Creek	14
Martinez	55	Pasadena	2,292	San Jacinto	80	Taft	156
Marysville	84	Paso Robles	211	San Joaquin	19	Tehachapi	65
Maywood	59	Patterson	113	San Jose	13	Temecula	227
Menifee	32	Perris	89	San Leandro	466	Temple City	52
Menlo Park	357	Petaluma	435	San Luis Obispo	512	Thousand Oaks	460
Merced	548	Pico Rivera	183	San Marcos	288	Tiburon	55
Mill Valley	251	Piedmont	129	San Marino	179	Torrance	1,705
Millbrae	175	Pinole	136	San Mateo	635	Tracy	547
Milpitas	458	Pismo Beach	122	San Pablo	164	Truckee	151
Mission Viejo	197	Pittsburg	292	San Ramon	359	Tulare	464
Modesto	1,308	Placentia	153	Sand City	29	Tulelake	23
Monrovia	321	Placerville	110	Sanger	144	Turlock	518
Montague	7	Pleasant Hill	165	Santa Ana	1,554	Tustin	415
Montclair	273	Pleasanton	575	Santa Barbara	1,450	Twentynine Palms	55
Monte Sereno	10	Pomona	699	Santa Clara	1,037	Ukiah	257
Montebello	672	Port Hueneme	168	Santa Clarita	576	Union City	379
Monterey	602	Porterville	407	Santa Cruz	982	Upland	397
Monterey Park	464	Portola	17	Santa Fe Springs	223	Vacaville	575
Moorpark	89	Portola Valley	15	Santa Maria	652	Vallejo	506
Moraga	54	Poway	302	Santa Monica	2,985	Vernon	400
Moreno Valley	599	Rancho Cordova	74	Santa Paula	178	Victorville	608
Morgan Hill	245	Rancho Cucamonga	672	Santa Rosa	1,468	Villa Park	8
Morro Bay	127	Rancho Mirage	99	Santee	177	Visalia	680
Mountain View	810	Rancho Palos Verdes	167	Saratoga	90	Vista	440
Mt. Shasta	41	Rancho Santa Margarita	23	Sausalito	150	Walnut	70
Murrieta	327	Red Bluff	123	Scotts Valley	99	Walnut Creek	648
Napa	492	Redding	828	Seal Beach	111	Wasco	74
National City	424	Redlands	517	Seaside	256	Waterford	21
Needles	223	Redondo Beach	595	Sebastopol	51	Watsonville	478
Nevada City	40	Redwood City	807	Selma	151	Weed	39
Newark	258	Reedley	149	Shafter	145	West Covina	449
Newman	58	Rialto	393	Shasta Lake	51	West Hollywood	286
Newport Beach	1,082	Richmond	1,002	Sierra Madre	114	West Sacramento	494
Norco	94	Ridgecrest	159	Signal Hill	167	Westlake Village	22
Norwalk	285	Rio Vista	62	Simi Valley	703	Westminster	319
Novato	278	Ripon	24	Solana Beach	89	Whittier	491
Oakdale	118	Riverbank	80	Soledad	88	Wildomar	12
Oakland	4,711	Riverside	2,685	Solvang	46	Williams	39
Oakley	42	Rocklin	371	Sonoma	108	Willits	66
Oceanside	1,161	Rohnert Park	228	Sonora	52	Willows	35
Ojai	43	Rolling Hills	4	South El Monte	82	Windsor	131
Ontario	1,193	Rolling Hills Estates	26	South Gate	483	Winters	43
Orange	788	Rosemead	104	South Lake Tahoe	264	Woodlake	53
Orange Cove	47	Roseville	1,426	South Pasadena	253	Woodland	380
Orland	45	Ross	31	South San Francisco	542	Woodside	28
Oroville	149	Sacramento	5,368	St. Helena	98	Yorba Linda	142
Oxnard	2,523	Salinas	620	Stanton	63	Yountville	29
Pacific Grove	132	San Anselmo	96	Stockton	1,863	Yreka	65
Pacifica	254	San Bernardino	1,668	Suisun City	132	Yuba City	345
Palm Desert	159	San Bruno	289	Sunnyvale	1,150	Yucaipa	67
Palm Springs	559	San Buenaventura	854	Susanville	87	Yucca Valley	79
Palmdale	371	San Carlos	186				
Palo Alto	1,302	San Clemente	41				
Palos Verdes Estates	92	San Dimas	102				
Paradise	108	San Fernando	167				
Paramount	131	San Francisco ¹	1,376				

Note:

¹ This agency has both City and County employees, however it is listed only in the “total” count of the Cities & Towns category.

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (1,029 total)

(School districts contracting for school safety staff and/or AB 616 miscellaneous formula are included in this category.)

Academic Senate for California Community Colleges	26	Barstow Cemetery District	5
Access Services Incorporated	13,127	Bay Area Air Quality Management District	411
Agoura Hills and Calabasas Community Center	13	Bay Area Water Supply and Conservation Agency	9
Alameda Alliance for Health	335	Beach Cities Health District	163
Alameda Corridor Transportation Authority	18	Bear Mountain Recreation And Park District	18
Alameda County Fire Department	433	Bear Valley Community Services District	59
Alameda County Law Library	16	Beaumont District Library	11
Alameda County Mosquito Abatement District	15	Beaumont-Cherry Valley Recreation and Park District	23
Alameda County Schools Insurance Group	8	Beaumont-Cherry Valley Water District	41
Alameda County Transportation Commission	2	Bella Vista Water District	26
Alameda County Waste Management Authority	49	Belmont Fire Protection District	25
Alameda County Water District	265	Belmont-San Carlos Fire Department	6
Albany Municipal Services Joint Powers Authority	23	Belvedere-Tiburon Library Agency	20
Alhambra Redevelopment Agency	1	Ben Lomond Fire Protection District	2
Alliance Of Schools For Cooperative Insurance Programs	28	Benicia City Housing Authority	15
Alpine Fire Protection District	22	Bennett Valley Fire Protection District	9
Alta California Regional Center Inc	472	BETA Healthcare Group Risk Management Authority	83
Alta Irrigation District	41	Big Bear Area Regional Wastewater Agency	22
Altadena Library District	23	Big Bear City Airport District	7
Amador County Transportation Commission	5	Big Bear City Community Services District	75
Amador Transit	40	Big Bear Municipal Water District	11
Amador Water Agency	58	Bighorn-Desert View Water Agency	12
American Canyon Fire Protection District	17	Black Gold Cooperative Library System	18
American River Flood Control District	10	Blanchard/Santa Paula Public Library District	8
Anderson Cemetery District	3	Blue Lake Fire Protection District	1
Anderson Fire Protection District	12	Bodega Bay Fire Protection District	19
Angiola Water District	8	Bolinas Community Public Utility District	8
Antelope Valley Mosquito and Vector Control District	6	Bolinas Fire Protection District	2
Antelope Valley Schools Transportation Agency	291	Bonita-Sunnyside Fire Protection District	17
Antelope Valley Transit Authority	68	Boron Community Services District	4
Apple Valley Fire Protection District	55	Borrego Springs Fire Protection District	23
Aptos/La Selva Fire Protection Agency	38	Borrego Water District	18
Arbuckle-College City Fire Protection District	4	Boulder Creek Fire Protection District	1
Arcade Creek Recreation and Park District	9	Branciforte Fire Protection District	4
Arcata Fire Protection District	16	Brannan-Andrus Levee Maintenance District	1
Area 12 Agency on Aging	36	Broadmoor Police Protection District	16
Armona Community Services District	1	Brooktrails Township Community Services District	13
Aromas Water District	6	Browns Valley Irrigation District	15
Arrowbear Park County Water District	6	Buena Park Library District	25
Arroyo Grande District Cemetery	4	Burney Basin Mosquito Abatement District	1
Associated Students California State University San Bernardino	2	Burney Fire District	11
Associated Students of California State University, Chico	137	Burney Water District	9
Association of Bay Area Governments	142	Butte County Air Quality Management District	14
Association of California Water Agencies	77	Butte County Association of Governments	12
Association of California Water Agencies - Joint Powers Insurance Authority	46	Butte County In-Home Supportive Services Public Authority	5
Association of Monterey Bay Area Governments	31	Butte County Mosquito and Vector Control District	21
Atascadero Cemetery District	3	Butte Local Agency Formation Commission	4
Auburn Area Recreation and Park District	84	Butte Schools Self-Funded Programs	2
Auburn Public Cemetery District	6	Butte-Glenn Community College District	493
Avila Beach Community Services District	1	Byron-Bethany Irrigation District	22
Aztec Shops, Ltd.	99	Cabrillo College Foundation	9
Baldwin Park Unified School District	966	Cachuma Operation and Maintenance Board	22
Bard Water District	22	Cal Poly Corporation	541
Bardsdale Cemetery District	7	Cal Poly Pomona Foundation, Inc.	446
		Calaveras Council of Governments	4

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Calaveras County Water District	91	Central Coast Computing Authority	5
Calaveras Public Utility District	7	Central Coast Water Authority	38
California Association For Park And Recreation Indemnity	5	Central Contra Costa Transit Authority	339
California Authority of Racing Fairs	17	Central County Fire Department	74
California Bear Credit Union	83	Central Fire Protection District of Santa Cruz County	0
California Central Valley Flood Control Association	13	Central Marin Sanitation Agency	47
California Fair Services Authority	45	Central Sierra Child Support Agency	55
California Fairs Financing Authority	30	Central Sierra Planning Council	0
California Firefighters' Joint Apprenticeship Committee	37	Central Valley Regional Center, Inc.	383
California Interscholastic Federation, Central Coast Section	8	Central Water District	4
California Interscholastic Federation, North Coast Section	9	Chester Public Utility District	14
California Interscholastic Federation, Central Section	2	Chico Area Recreation and Park District	111
California Interscholastic Federation, Northern Section	2	Children and Families Commission of San Luis Obispo County	3
California Interscholastic Federation, Sac-Joaquin Section	7	Chino Basin Water Conservation District	15
California Interscholastic Federation, San Diego Section	4	Chino Basin Watermaster	14
California Interscholastic Federation, Southern Section	19	Chino Valley Independent Fire District	148
California Interscholastic Federation, State Office	22	Citrus Heights Water District	27
California Joint Powers Insurance Authority	27	Citrus Pest Control District #2 of Riverside County	2
California Joint Powers Risk Management Authority	7	City/County Association of Governments	2
California Maritime Academy Foundation, Inc.	2	Clear Creek Community Services District	12
California Municipal Utilities Association	9	Clearlake Oaks County Water District	26
California Pines Community Services District	17	Cloverdale Citrus Fair	3
California Redevelopment Association Foundation	12	Cloverdale Fire Protection District	4
California School Boards Association	176	Clovis Cemetery District	15
California Special Districts Association	30	Coachella Valley Association of Governments	24
California State and Federal Employees #20 Credit Union	14	Coachella Valley Mosquito and Vector Control District	87
California State University, Bakersfield Foundation	78	Coachella Valley Public Cemetery District	6
California State University, Fresno Athletic Corporation	131	Coachella Valley Water District	562
California State University, Stanislaus Auxiliary and Business Services	33	Coalinga/Huron Unified School District Library District	9
California State University-Fresno Association, Inc.	223	Coalinga-Huron Cemetery District	2
Callayomi County Water District	4	Coalinga-Huron Mosquito Abatement District	0
Calleguas Municipal Water District	76	Coalinga-Huron Recreation and Park District	18
Camarillo Health Care District	63	Coast Life Support District	11
Cambria Cemetery District	1	Coastal Developmental Services Foundation DBA Westside Regional Center	268
Cambria Community Healthcare District	23	Coastside County Water District	22
Cambria Community Services District	34	Coastside Fire Protection District	9
Cameron Park Community Services District	19	Coffax Cemetery District	2
Camrosa Water District	27	College of the Canyons Foundation	2
Capitol Area Development Authority	50	College Town	0
Carmel Area Wastewater District	26	Colusa County One-Stop Partnership	22
Carmel Highlands Fire Protection District of Monterey County	1	Colusa Mosquito Abatement District	5
Carmel Regional Fire Ambulance Authority	3	Community College League of California	32
Carmel Valley Fire Protection District	0	Community Development Commission Of Mendocino County	44
Carmichael Water District	36	Community Development Commission of the County of Los Angeles	1,121
Carpinteria Sanitary District	20	Compton Creek Mosquito Abatement District	1
Carpinteria Valley Water District	23	Compton Unified School District	1,871
Casitas Municipal Water District	59	Conejo Recreation and Park District	284
Castaic Lake Water Agency	129	Consolidated Mosquito Abatement District	23
Castro Valley Sanitary District	23	Contra Costa Community College District	952
Castroville Community Services District	6	Contra Costa County Law Library	5
Cawelo Water District	19	Contra Costa County Schools Insurance Group	60
Cayucos Sanitary District	12	Contra Costa Transportation Authority	25
Cayucos-Morro Bay Cemetery District	5	Cooperative Organization for the Development of Employee Selection Procedures	12
Centerville Community Services District	6	Cooperative Personnel Services	371
Central Basin Municipal Water District	45		
Central Calaveras Fire and Rescue Protection District	8		

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Copperopolis Fire Protection District	8	El Dorado Resource Conservation	307
Cordelia Fire Protection District Of Solano County	4	Encina Wastewater Authority	91
Cordova Recreation and Park District	52	Esparto Community Services District	8
Corning Water District	4	Esparto Fire Protection District	2
Costa Mesa Sanitary District	16	Estero Municipal Improvement District	252
Cosumnes Community Services District	572	Exeter District Ambulance	25
Cottonwood Fire Protection District	3	Exposition Metro Line Construction Authority	17
Cottonwood Water District	3	Fair Oaks Recreation and Park District	53
Crescent City Harbor District	15	Fair Oaks Water District	54
Crescenta Valley Water District	38	Fairfield-Suisun Sewer District	73
Crestline Lake Arrowhead Water Agency	11	Fall River Valley Community Services District	7
Crestline Village Water District	13	Fallbrook Public Utility District	81
Crockett Community Services District	6	Far Northern Regional Center	196
CSAC Excess Insurance Authority	78	Feather River Air Quality Management District	13
Cucamonga Valley Water District	143	Feather River Recreation and Park District	39
Cutler Public Utility District	5	Feather Water District	4
Cutler-Orosi Joint Powers Wastewater Authority	6	Felton Fire Protection District	3
Cuyama Valley Recreation District	0	Fern Valley Water District	4
Dairy Council of California	110	Florin County Water District	10
Daly City Redevelopment Agency	0	Florin Resource Conservation District Elk Grove Water Works	45
Davis Cemetery District	5	Fontana Unified School District	2,043
De Luz Community Services District	6	Foothill Municipal Water District	10
Del Norte County Library District	4	Foresthill Public Utility District	8
Del Paso Manor Water District	5	Forestville County Water District	4
Del Puerto Water District	5	Forestville Fire Protection District	8
Del Rey Community Services District	12	Fort Bragg Fire Protection Authority	4
Delano Mosquito Abatement District	5	Fort Ord Reuse Authority	17
Delta Diablo Sanitation District	81	Foundation for California Community Colleges	209
Delta Vector Control District	20	Fresno City Housing Authority	176
Denair Community Services District	6	Fresno County Housing Authority	173
Desert Water Agency	97	Fresno County Law Library	6
Diablo Water District	16	Fresno Westside Mosquito Abatement District	8
Diamond Springs/El Dorado Fire Protection District	23	Fruitridge Fire Protection District	0
Dixon Public Library District	14	Fullerton California State University Associated Students	91
Donald P. and Katherine B. Loker University Student Union, Inc.	14	Fulton El-Camino Recreation and Park District	19
Dougherty Regional Fire Authority	3	Garden Valley Fire Protection District	10
Downey Cemetery District	0	Georgetown Divide Public Utility District	26
Dublin San Ramon Services District	128	Georgetown Divide Resource Conservation District	9
Durham Mosquito Abatement District	2	Georgetown Fire Protection District	9
East Bay Dischargers Authority	3	Gilsizer County Drainage District	6
East Bay Regional Park District	707	Glen Ellen Fire Protection District	4
East Contra Costa Irrigation District	20	Glendale College, Associated Students of	17
East Kern Airport District	27	Glendale Community College District	462
East Orange County Water District	9	Glenn County Mosquito and Vector Control District	3
East Palo Alto Sanitary District	14	Gold Coast Transit	264
East Quincy Services District	5	Gold Ridge Fire Protection District	13
East San Gabriel Valley Human Services Consortium	149	Gold Ridge Resource Conservation District	7
East Valley Water District	72	Golden Gate Bridge Highway and Transportation District	584
Eastern Municipal Water District	747	Golden Hills Community Services District	14
Eastern Sierra Transit Authority	34	Golden Sierra Job Training Agency	37
Ebbetts Pass Fire Protection District	26	Goleta Sanitary District	47
El Dorado County Fire Protection District	105	Goleta Water District	82
El Dorado County Transit Authority	87	Goleta West Sanitary District	9
El Dorado County Transportation Commission	8	Granada Sanitary District	2
El Dorado Hills Community Services District	53	Great Basin Unified Air Pollution Control District	29
El Dorado Hills County Water District	59	Greater Anaheim Special Education Local Plan Area	96
El Dorado Irrigation District	277	Greater Los Angeles County Vector Control District	76

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Greater Vallejo Recreation District	75	Indian Wells Valley Water District	36
Green Valley County Water District	2	Inland Counties Regional Center, Inc.	729
Greenfield Fire Protection District	4	Inland Empire Health Plan	885
Gridley Biggs Cemetery District	5	Inland Empire Resource Conservation District	20
Grossmont Healthcare District	11	Inland Empire Utilities Agency	369
Grossmont Schools Federal Credit Union	27	Intelecom Intelligent Telecommunications	41
Grossmont-Cuyamaca Community College District	679	Intergovernmental Training and Development Center	10
Groveland Community Services District	34	Inverness Public Utility District	3
Gualala Community Services District	5	Ironhouse Sanitary District	34
Hacienda La Puente Unified School District	1,425	Irvine Child Care Project	0
Hamilton Branch Fire Protection District	1	Irvine Ranch Water District	378
Happy Camp Sanitary District	0	Isla Vista Recreation and Park District	19
Happy Homestead Cemetery District	4	Jackson Valley Irrigation District	2
Happy Valley Fire District	3	Jamestown Sanitary District	7
Hayward Area Recreation and Park District	164	Janesville Fire Protection District	1
Hayward California State University, Auxiliary Foundation, Inc.	205	Joshua Basin Water District	25
Health Plan of San Joaquin	221	June Lake Public Utility District	8
Heartland Communications Facility Authority	48	Jurupa Area Recreation and Park District	15
Heber Public Utility District	16	Jurupa Community Services District	165
Helendale Community Services District	15	Kaweah Delta Water Conservation District	27
Helix Water District	173	Kelseyville Fire Protection District	25
Henry Miller Reclamation District #2131	50	Kensington Community Services District	13
Herald Fire Protection District	4	Kentfield Fire Protection District	15
Heritage Ranch Community Services District	15	Kenwood Fire Protection District	3
Herlong Public Utility District	4	Kern County Council Of Governments	23
Hesperia Fire Protection District	34	Kern County Housing Authority	174
Hesperia Water District	72	Kern County Law Library	7
Hidden Valley Lake Community Services District	17	Kern County Local Agency Formation Commission	2
Hi-Desert Water District	48	Kern Health Systems	390
Higgins Area Fire Protection District	18	Kern River Valley Cemetery District	2
Hilton Creek Community Services District	1	Kern-Tulare Water District	8
Hopland Public Utility District	1	Kettleman City Community Services District	4
Housing Authority of the Alameda	23	Kings County Area Public Transit Agency	35
Housing Authority of the Calexico	23	Kings County Association of Governments	8
Housing Authority of the County of Butte	46	Kings County In-Home Supportive Services Public Authority	4
Housing Authority of the County of Santa Clara	208	Kings Mosquito Abatement District	13
Housing Authority of the County of Santa Cruz	94	Kings Waste and Recycling Authority	79
Housing Authority of the City of Eureka	26	Kinneloa Irrigation District	3
Housing Authority of the City of Livermore	17	Kirkwood Meadows Public Utility District	25
Housing Authority of the City of Los Angeles	1,253	Konociti County Water District	11
Housing Authority of the City of Madera	51	La Branza Water District	40
Housing Authority of the City of San Buenaventura	60	La Habra Heights County Water District	11
Housing Authority of the City of San Luis Obispo	48	La Puente Valley County Water District	16
Housing Authority of the City of South San Francisco	4	Laguna Beach County Water District	46
Hub Cities Consortium	55	Lake Arrowhead Community Services District	69
Human Rights/Fair Housing Commission of the City and County of Sacramento	25	Lake County Fire Protection District	31
Humboldt Bay Harbor Recreation and Conservation District	24	Lake County Vector Control District	10
Humboldt Bay Municipal Water District	26	Lake Don Pedro Community Services District	12
Humboldt Community Services District	25	Lake Hemet Municipal Water District	56
Humboldt County Association of Governments	6	Lake Oroville Area Public Utility District	8
Humboldt No. 1 Fire Protection District of Humboldt County	20	Lake Shastina Community Services District	16
Humboldt State College University Center	74	Lake Valley Fire Protection District	58
Humboldt Transit Authority	67	Lakeport County Fire Protection District	18
Humboldt Waste Management Authority	50	Lakeside Fire Protection District	64
Idyllwild Fire Protection District	10	Lakeside Water District	20
Independent Cities Association, Inc.	0	Lamont Public Utility District	7
		Las Gallinas Valley Sanitary District of Marin County	22

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Las Virgenes Municipal Water District	150	McCloud Community Services District	9
Lassen County Waterworks District No. 1	1	Meeks Bay Fire Protection District	11
League of California Cities	134	Meiners Oaks County Water District	6
Lee Lake Water District	9	Mendocino City Community Services District	4
Leucadia Wastewater District	25	Mendocino County Russian River Flood Control and Water Conservation Improvement District	1
Levee District No. 1 of Sutter County	3	Mendocino Transit Authority	65
Linda County Water District	12	Menlo Park Fire Protection District	112
Linda Fire Protection District	0	Merced County Housing Authority	83
Linden-Peters Rural County Fire Protection District	11	Merced County Mosquito Abatement District	18
Lindsay Strathmore Public Cemetery District	4	Merced Irrigation District	237
Little Lake Fire Protection District	5	Mesa Consolidated Water District	79
Littlerock Creek Irrigation District	6	Metropolitan Transportation Commission	212
Live Oak Cemetery District	3	Metropolitan Water District of Southern California	2,585
Livermore/Amador Valley Transit Authority	21	Mid City Development Corporation	0
Local Agency Formation Commission of Monterey County	3	Midpeninsula Regional Open Space District	159
Local Agency Formation Commission of Solano County	2	Mid-Peninsula Water District	22
Local Government Services Authority, a Joint Powers Authority	56	Mid-Placer Public Schools Transportation Agency	80
Long Beach City College Associated Student Body Enterprises	20	Midway City Sanitary District	34
Long Beach State University, Associated Students	89	Millview County Water District	7
Long Beach State University, Forty-Niner Shops, Inc.	76	Minter Field Airport District	18
Loomis Fire Protection District	9	Mission Springs Water District	61
Los Alamos Community Services District	6	Mojave Water Agency	45
Los Angeles City Community Redevelopment Agency	246	Mokelumne Rural Fire District	11
Los Angeles County Area 'E' Civil Defense and Disaster Board	1	Monte Vista County Water District	43
Los Angeles County Law Library	62	Montecito Fire Protection District	52
Los Angeles County Sanitation District No. 2	2,087	Montecito Sanitary District of Santa Barbara County	17
Los Angeles County West Vector Control District	40	Montecito Water District	30
Los Angeles Memorial Coliseum Commission	40	Monterey Bay Unified Air Pollution Control District	41
Los Angeles Neuropsychiatric Institute	5	Monterey County Regional Fire Protection District	55
Los Angeles to Pasadena Metro Blue Line Construction Authority	17	Monterey County Water Resources Agency	63
Los Gatos-Saratoga Department of Community Education And Recreation	66	Monterey Peninsula Airport District	61
Los Osos Community Services District	24	Monterey Peninsula Regional Park District	14
Lower Lake Cemetery District	2	Monterey Peninsula Water Management District	36
Lower Lake County Waterworks District No. 1	6	Monterey Regional Waste Management District	163
Lower Tule River Irrigation District	39	Monterey Regional Water Pollution Control Agency	100
Madera Cemetery District	20	Monterey-Salinas Transit District	374
Madera County Mosquito and Vector Control District	12	Montezuma Fire Protection District	16
Main San Gabriel Basin Watermaster	14	Morongo Basin Transit Authority	61
Majestic Pines Community Services District	3	Mother Lode Job Training Agency	33
Mammoth Lakes Fire District	13	Moulton-Niguel Water District	140
Mammoth Lakes Mosquito Abatement District	1	Mountains Recreation and Conservation Authority	288
Management of Emeryville Services Authority	136	Mountain-Valley Library System	0
March Joint Powers Authority	24	Mt. View Sanitary District of Contra Costa County	20
Marin Children and Families Commission	9	Mt. San Antonio College Auxiliary Services	33
Marin Community College District	271	Municipal Pooling Authority	15
Marin County Housing Authority	100	Municipal Water District of Orange County	43
Marin County In-Home Supportive Services Public Authority	6	Murphys Sanitary District	8
Marin County Sanitary District No. 1	45	Murrieta Fire Protection District	51
Marin Healthcare District	0	Murrieta Valley Cemetery District	6
Marin Municipal Water District	280	Napa County Mosquito Abatement District	8
Marina Coast Water District	43	Napa County Resource Conservation District	16
Marinwood Community Services District	27	Napa County Transportation and Planning Agency	19
Mariposa Public Utility District	7	Napa Sanitation District	56
Maxwell Public Utility District	4	National Orange Show	129
Mc Farland Recreation And Park District	7	Natomas Fire Protection District	0
Mc Kinleyville Community Services District	33	Nevada Cemetery District	4

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Nevada County Consolidated Fire District	45	Orosi Public Utility District	6
Nevada County Local Agency Formation Commission	3	Oroville Cemetery District	7
Nevada County Resource Conservation District	2	Oroville Mosquito Abatement District	1
Nevada Irrigation District	192	Otay Water District	229
Nevada-Sierra Regional IHSS Public Authority	15	Oxnard Harbor District	29
Newcastle, Rocklin, Gold Hill Cemetery District	7	Pacific Fire Protection District	0
Newhall County Water District	44	Padre Dam Municipal Water District	162
Newport Beach City Employees Federal Credit Union	4	Pajaro Valley Fire Protection Agency	0
Niland Sanitary District	0	Pajaro Valley Public Cemetery District	8
Nipomo Community Services District	20	Pajaro Valley Water Management Agency	18
North Bay Cooperative Library System	6	Palm Ranch Irrigation District	4
North Bay Regional Center	240	Palmdale Water District	115
North Bay Schools Insurance Authority	35	Palo Verde Valley District Library	5
North Central Counties Consortium	14	Palos Verdes Library District	65
North Coast County Water District	24	Paradise Recreation and Park District	33
North Coast Railroad Authority	2	Pasadena City College Bookstore	10
North Coast Unified Air Quality Management District	18	Pasadena Unified School District	1,799
North County Dispatch Joint Powers Authority	33	Paso Robles City Housing Authority	9
North County Fire Protection District of Monterey County	35	Patterson Irrigation District	14
North County Fire Protection District of San Diego County	85	Pauma Valley Community Services District	23
North County Transit District	427	Peardale Chicago Park Fire Protection District	4
North Delta Water Agency	2	Pebble Beach Community Services District	15
North Kern Cemetery District	9	Peninsula Fire Protection District	14
North Kern Water Storage District	40	Peninsula Health Care District	4
North Kern-South Tulare Hospital District	228	Peninsula Traffic Congestion Relief Alliance	17
North Los Angeles County Regional Center Inc	534	Penn Valley Fire Protection District	23
North Marin Water District	67	Personal Assistance Services Council	27
North Of The River Municipal Water District	8	Phelan Pinon Hills Community Services District	22
North of the River Recreation and Park District	272	Pico Water District	18
North State Cooperative Library System	5	Pine Cove Water District	5
North Tahoe Fire Protection District	62	Pine Grove Mosquito Abatement District	1
North Tahoe Public Utility District	43	Pinedale County Water District	10
Northern California Power Agency	179	Pioneer Cemetery District	3
Northern California Special Districts Insurance Authority	2	Pixley Irrigation District	4
Northern Salinas Valley Mosquito Abatement District	6	Placer County Cemetery District No. 1	6
Northern Sierra Air Quality Management District	6	Placer County Resource Conservation District	6
Northshore Fire Protection District	21	Placer County Transportation Planning Agency	8
Northstar Community Services District	43	Placer County Water Agency	195
Northwest Mosquito and Vector Control District	26	Placer Hills Fire Protection District	22
Novato Sanitary District	27	Placer Mosquito and Vector Control District	22
Oakdale Irrigation District	96	Planning and Service Area II Area Agency On Aging	6
Oakdale Rural Fire Protection District	19	Pleasant Hill - Martinez Joint Facilities Agency	158
Oakland City Housing Authority	469	Pleasant Hill Recreation and Park District	54
Oakland Unified School District	2,968	Pleasant Valley County Water District	5
Oceano Community Services District	18	Pleasant Valley Recreation and Park District	105
Ojai Valley Sanitary District	23	Plumas Eureka Community Services District	5
Olcese Water District	0	Plumas Local Agency Formation Commission	1
Olivenhain Municipal Water District	106	Pomerado Cemetery District	5
Omnitrans	898	Pomona Valley Transportation Authority	4
Ophir Hill Fire Protection District	10	Pomona, California State Polytechnic University, Associated Students, Inc.	76
Orange County Health Authority	883	Port San Luis Harbor District	38
Orange County Transportation Authority	6	Porter Vista Public Utility District	2
Orange County Vector Control District	64	Porterville Irrigation District	4
Orange Cove Fire Protection District of Fresno and Tulare Counties	3	Porterville Public Cemetery District	10
Orchard Dale Water District	11	Public Agency Risk Sharing Authority of California	5
Orland Cemetery District	3	Public Cemetery District No. 1 of Kern County	6
Oro Loma Sanitary District	51		

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Public Entity Risk Management Authority	8	Russian River Fire Protection District	23
Public Transportation Services Corporation	2,204	Sacramento Area Council of Governments	74
Pupil Transportation Cooperative	154	Sacramento City Housing Authority	307
Purissima Hills County Water District	11	Sacramento County Public Law Library	30
Quartz Hill Water District	19	Sacramento Metropolitan Air Quality Management District	114
Quincy Community Services District	15	Sacramento Metropolitan Cable Television Commission	15
Rainbow Municipal Water District	67	Sacramento Metropolitan Fire District	634
Ramona Municipal Water District	59	Sacramento Municipal Utility District	2,541
Rancho Adobe Fire Protection District	32	Sacramento Public Library Authority	373
Rancho California Water District	159	Sacramento Regional Fire/EMS Communications Center	81
Rancho Cucamonga Fire Protection District	121	Sacramento Suburban Water District	61
Rancho Murieta Community Services District	61	Sacramento Transportation Authority	4
Rancho Santa Fe Fire Protection District	71	Sacramento-Yolo Mosquito and Vector Control District	88
Rancho Santiago Community College Associated Students	0	Salida Fire Protection District	0
Rancho Simi Recreation and Park District	296	Salinas Valley Solid Waste Authority	41
Reclamation District No. 3	2	Salton Community Services District	20
Reclamation District No. 833	1	Samoa Peninsula Fire Protection District	0
Reclamation District No. 999	4	San Andreas Regional Center, Inc.	340
Reclamation District No. 1000	10	San Andreas Sanitary District	8
Reclamation District No. 1001	11	San Benito County Water District	26
Reclamation District No. 1660	0	San Bernardino City Unified School District	3,296
Red Bluff Cemetery District	5	San Bernardino County Housing Authority	170
Redevelopment Agency of Fresno	20	San Bernardino County Transportation Authority	0
Redwood Coast Regional Center	132	San Bernardino Economic Development Agency	42
Redwood Empire Municipal Insurance Fund	10	San Bernardino Valley Municipal Water District	28
Redwood Empire School Insurance Group	31	San Bernardino Valley Water Conservation District	11
Reedley Cemetery District	7	San Bernardino, California State University, Student Union	28
Regional Center of Orange County	573	San Diego Association of Governments	340
Regional Center of the East Bay	477	San Diego County Law Library	58
Regional Council of Rural Counties	63	San Diego County Water Authority	333
Regional Housing Authority of Sutter and Nevada Counties	54	San Diego Metropolitan Transit Development Board	187
Regional Water Authority	5	San Diego Pooled Insurance Program Authority	1
Rescue Fire Protection District	10	San Diego Rural Fire Protection District	8
Resort Improvement District No. 1	14	San Diego State University Associated Students	35
Resource Conservation District of the Santa Monica Mountains	11	San Diego Trolley, Inc.	771
Richardson Bay Sanitary District	6	San Diego Unified School District	10,024
Rincon Del Diablo Municipal Water District	22	San Dieguito Water District	25
Rincon Valley Fire Protection District	26	San Elijo Joint Powers Authority	25
Rio Alto Water District	7	San Francisco Bay Area Rapid Transit District	3,666
Rio Linda Elverta Community Water District	17	San Francisco Bay Area Water Emergency Transportation Authority	12
Rio Vista Cemetery District	4	San Francisco City and County Housing Authority	345
Riverbank City Housing Authority	2	San Francisco City and County Redevelopment Agency	131
Riverside County Air Pollution Control District	0	San Francisco Community College District Bookstore Auxiliary	18
Riverside County Flood Control and Water Conservation District	281	San Francisco County Transportation Authority	62
Riverside County Law Library	9	San Francisco Health Authority	310
Riverside County Regional Park and Open Space District	172	San Francisco Law Library	12
Riverside County Transportation Commission	57	San Francisquito Creek Joint Powers Authority	5
Riverside County Waste Resources Management District	46	San Gabriel County Water District	14
Riverside Transit Agency	540	San Gabriel Valley Council of Governments	31
Rosamond Community Services District	32	San Gabriel Valley Mosquito and Vector Control District	40
Rose Bowl Operating Company	29	San Gabriel Valley Municipal Water District	7
Rosedale-Rio Bravo Water Storage District	7	San Geronio Pass Water Agency	3
Roseville Public Cemetery District	10	San Jacinto Valley Cemetery District	7
Ross Valley Fire Department	27	San Joaquin County	0
Rowland Water District	33	San Joaquin County Housing Authority	114
Rubidoux Community Services District	24	San Joaquin County IHSS Public Authority	10
Running Springs Water District	38		

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

San Joaquin Delta Community College District	541	Shasta Area Safety Communications Agency	65
San Juan Water District	54	Shasta Community Services District	5
San Lorenzo Valley Water District	31	Shasta Lake Fire Protection District	11
San Luis Obispo Cal Poly Associated Students, Inc.	142	Shasta Local Agency Formation Commission	2
San Luis Obispo Council of Governments	28	Shasta Mosquito and Vector Control District	17
San Luis Obispo Regional Transit Authority	6	Shasta Valley Cemetery District	2
San Luis Water District	18	Shiloh Public Cemetery District	6
San Mateo County Harbor District	48	Sierra Lakes County Water District	6
San Mateo County In-Home Supportive Services Public Authority	8	Sierra-Sacramento Valley Emergency Medical Services Agency	16
San Mateo County Law Library	4	Silicon Valley Animal Control Authority	20
San Mateo County Schools Insurance Group	8	Silveyville Cemetery District	6
San Mateo County Transit District	925	Solano County Mosquito Abatement District	9
San Miguel Community Services District	4	Solano County Water Agency	18
San Miguel Consolidated Fire Protection District	114	Solano Irrigation District	107
San Simeon Community Services District	1	Solano Transportation Authority	25
Sanger Cemetery District	7	Soledad Community Health Care District	340
Sanitary District No. 5 of Marin County	11	Sonoma County Library	177
Santa Ana River Flood Protection Agency	2,463	Sonoma Marin Area Rail Transit District	21
Santa Ana Unified School District	2,463	Sonoma State Enterprises, Inc.	11
Santa Ana Watershed Project Authority	26	Sonoma Student Union Corporation	1
Santa Barbara County Law Library	2	Soquel Creek Water District	51
Santa Barbara County Special Education Local Plan Area	250	South Bay Regional Public Communications Authority	103
Santa Barbara Regional Health Authority	234	South Bayside System Authority	91
Santa Clara County Central Fire Protection District	286	South Central Los Angeles Regional Center for Developmentally Disabled Persons	323
Santa Clara County Health Authority	204	South Coast Water District	98
Santa Clara County Law Library	6	South County Support Services Agency	49
Santa Clara County Open Space Authority	24	South Feather Water and Power Agency	61
Santa Clara County Schools Insurance Group	8	South Kern Cemetery District	7
Santa Clara Valley Transportation Authority	812	South Orange County Wastewater Authority	78
Santa Clara Valley Water District	822	South Placer Fire District	49
Santa Clarita Valley School Food Services Agency	146	South Placer Municipal Utility District	23
Santa Cruz County Law Library	2	South San Joaquin Irrigation District	109
Santa Cruz County Regional Transportation Commission	29	South San Luis Obispo County Sanitation District	11
Santa Cruz Local Agency Formation Commission	1	South Tahoe Public Utility District	119
Santa Cruz Metropolitan Transit District	377	Southeast Area Social Services Funding Authority	102
Santa Cruz Port District	28	Southern California Association of Governments	257
Santa Cruz Regional 9-1-1	97	Southern California Library Cooperative	14
Santa Fe Irrigation District	48	Southern California Public Power Authority	13
Santa Margarita Water District	165	Southern California Regional Rail Authority	306
Santa Maria Public Airport District	15	Southern San Joaquin Municipal Utility District	14
Santa Monica Community College District	709	Southern Sonoma County Resource Conservation District	9
Santa Nella County Water District	6	Southwest Transportation Agency	84
Santa Paula City Housing Authority	7	Special District Risk Management Authority	25
Santa Ynez River Water Conservation District, Improvement District No. 1	18	Squaw Valley Public Service District	29
Sausalito-Marín City Sanitary District	14	Stallion Springs Community Services District	15
School Risk And Insurance Management Group	8	Stanislaus Consolidated Fire Protection District	54
Schools Excess Liability Fund	11	Stanislaus County Housing Authority	119
Schools Insurance Authority	85	State and Federal Contractors Water Agency	33
Scotts Valley Fire Protection District	29	State Bar of California	823
Scotts Valley Water District	21	State Water Contractors	9
Selma Cemetery District	7	Stege Sanitary District	12
Selma-Kingsburg-Fowler County Sanitation District	26	Stinson Beach County Water District	11
Serrano Water District	16	Stockton East Water District	39
Sewer Authority Mid-Coastside	18	Stockton Unified School District	1,746
Sewerage Commission - Oroville Region	9	Strawberry Recreation District	16
Shafter Wasco Irrigation District	10	Suisun Fairfield Rockville Cemetery District	13

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits (continued)

Suisun Fire Protection District	1	Vacaville-Elmira Cemetery District	8
Suisun Resource Conservation District	10	Vallecitos Water District	115
Summit Cemetery District	10	Vallejo Sanitation and Flood Control District	92
Sunnyslope County Water District	21	Valley Center Municipal Water District	75
Susanville Sanitary District	11	Valley County Water District	32
Sutter Cemetery District	21	Valley Mountain Regional Center, Inc.	411
Sweetwater Authority	174	Valley of The Moon Water District	20
Sweetwater Springs Water District	13	Valley Sanitary District	29
Sylvan Cemetery District	7	Valley Springs Public Utility District	3
Tahoe City Public Utility District	70	Valley-Wide Recreation and Park District	159
Tahoe Resource Conservation District	70	Vandenberg Village Community Services District	11
Tahoe Transportation District	65	Ventura County Law Library	7
Tahoe-Truckee Sanitation Agency	65	Ventura County Schools Business Services Authority	15
Tehachapi Valley Recreation and Park District	6	Ventura County Schools Self-Funding Authority	7
Tehachapi-Cummings County Water District	19	Ventura County Transportation Commission	22
Tehama County Mosquito Abatement District	6	Ventura Port District	46
Templeton Community Services District	29	Ventura River County Water District	10
Thermalito Water and Sewer District	13	Veterans Home of California Post Fund	12
Three Arch Bay Community Services District	0	Victor Valley Wastewater Reclamation Authority	52
Three Rivers Community Services District	2	Visalia Public Cemetery District	7
Three Valleys Municipal Water District	27	Vista Irrigation District	114
Tiburon Fire Protection District	33	Walnut Valley Water District	64
Torrance City Redevelopment Agency	1,295	Wasco Recreation and Park District	7
Trabuco Canyon Water District	38	Washington Colony Cemetery District	3
Tracy Rural County Fire Protection District	1	Water Employee Services Authority	228
Transbay Joint Powers Authority	12	Water Facilities Authority	9
Transportation Agency for Monterey County	14	Water Replenishment District of Southern California	51
Treasure Island Development Authority	0	Weaverville Community Services District	8
Tri-City Mental Health Center	323	Weaverville Sanitary District	3
Tri-Counties Association for the Developmentally Disabled	433	West Almanor Community Services District	2
Tri-County Schools Insurance Group	6	West Basin Municipal Water District	39
Tri-Dam Project	29	West Bay Sanitary District	31
Trindel Insurance Fund	7	West Cities Communication Center	33
Trinity County Waterworks District No. 1	4	West Contra Costa Integrated Waste Management Authority	7
Trinity Public Utilities District	25	West County Transportation Agency	172
Truckee Donner Public Utility District	73	West County Wastewater District	64
Truckee Fire Protection District	55	West End Communications Authority	0
Truckee Sanitary District	44	West Kern Water District	46
Truckee Tahoe Airport District	45	West Stanislaus Irrigation District	17
Tulare Mosquito Abatement District	5	West Valley Mosquito and Vector Control District	22
Tulare Public Cemetery District	11	West Valley Sanitation District of Santa Clara County	32
Tuolumne Fire District	2	West Valley Water District	70
Tuolumne Utilities District	85	West Valley-Mission Community College District	483
Turlock Mosquito Abatement District	13	Westborough Water District	7
Twain Harte Community Services District	16	Western Contra Costa Transit Authority	7
Twentynine Palms Water District	38	Western Municipal Water District	164
Twin Cities Police Authority	48	Western Riverside Council of Governments	36
Twin Rivers Unified School District	1,630	Westlands Water District	139
Ukiah Valley Fire District	11	Westwood Community Services District	6
Union Public Utility District	10	Wheeler Ridge-Maricopa Water Storage District	51
Union Sanitary District	163	Wildomar Cemetery District	1
United Water Conservation District	76	Willow County Water District	5
University Enterprises Corporation at CSUSB	281	Willow Creek Community Services District	5
University Enterprises, Inc.	273	Willows Cemetery District	4
Upland City Housing Authority	29	Wilton Fire Protection District	2
Upper San Gabriel Valley Municipal Water District	11	Windsor Fire Protection District	19
Vacaville Fire Protection District	9	Winterhaven Water District	5

Public Agency Employers (continued)

Other Public Agencies that Contract with CalPERS for Retirement Benefits *(continued)*

Winters Cemetery District	5	Yolo County Transportation District	13
Winters Fire Protection District	3	Yolo Emergency Communications Agency	64
Winton Water and Sanitary District	10	Yolo-Solano Air Quality Management District	32
Woodbridge Rural County Fire Protection District	41	Yorba Linda Water District	89
Woodlake Fire District	2	Yuba Community College District	282
Woodside Fire Protection District	51	Yuba County Water Agency	36
Yolo County Federal Credit Union	101	Yuba Sutter Transit Authority	3
Yolo County Housing Authority	55	Yucaipa Valley Water District	82
Yolo County In-Home Supportive Services Public Authority	4	Yuima Municipal Water District	10
Yolo County Public Agency Risk Management Insurance Authority	7		

Legislators' Retirement System Program Data

PRIMARY BENEFITS

CalPERS has administered the Legislators' Retirement System (LRS) since its inception in 1947. The duties of the Board with respect to administering the LRS are the same as for CalPERS on such items as determining membership and benefit rights, making investments, crediting interest, and obtaining information necessary for administration. Benefits payable by the LRS are financed through member contributions, the State's contribution as an employer, and interest earned on investments. The employer statutory contribution rate was eliminated in January 2000, and the CalPERS Board is now authorized to establish actuarially determined rates.

When the actuarial value of the assets exceeds the present value of benefits, resulting in a 0 percent employer contribution rate, the Board may reduce the member contribution rates for the same fiscal year in which the State rate is 0 percent. For fiscal year 2011-12, the Board has determined that both the employer rate and the member rate will be 0 percent. Interest credited to the member's accounts is the net earnings rate of investments.

PROPOSITION 140

Proposition 140, the Political Reform Act of 1990, requires that Legislators (Senators and Members of the Assembly) first elected after November 7, 1990 participate in the federal Social Security program and in no other retirement system.

MEMBERSHIP

Members of the Legislature serving prior to November 7, 1990, elected Constitutional Officers, and Legislative Statutory Officers are eligible for benefits.

SERVICE RETIREMENT

Retirement Age

The retirement age is 60, with four or more years of service credit, or any age with 20 or more years. The retirement age for Legislative Statutory Officers is 55, or any age with 20 years or more of service credit.

Members of the Legislature Benefit Formula

The retirement formula consists of three separate formulas that are totaled together to provide the members with their allowance. The first part of the formula consists of 5 percent of the first \$500 of salary up to 15 years of service. The second part is 3 percent per year of the same \$500 of salary for years in excess of 15 years. And finally, total years of service is multiplied by 3 percent per year of their salary above \$500. In no case may a member receive more than two-thirds of their salary.

Constitutional Officers' Benefit Formula

Five percent per year of service up to eight years (40 percent) of their highest salary. If the member has 24 or more years of service, the retirement allowance is 60 percent of their final salary.

Statutory Officers' Benefit Formula

Statutory Officers receive 3 percent per year of service, not to exceed 66 percent of final monthly compensation.

Early Retirement Options for Members of the Legislature & Constitutional Officers

Legislators and Constitutional Officers may retire before age 60 with 15 years of service. However, their retirement allowance is reduced by 2 percent for each year they retire before age 60.

DISABILITY RETIREMENT

Disability retirement uses the same formula as service retirement. There is no reduction if retirement is before age 60 for members of the Legislature.

DEATH BENEFITS (BEFORE RETIREMENT)

Not Eligible to Retire

One month's salary for each year of service, plus the return of the member's contributions with interest payable to a survivor.

Legislators' Retirement System Program Data (continued)

Eligible to Retire

If the member has elected one of the optional settlements, their beneficiary will receive the benefit provided by the option selected, calculated as if the date of death had been the date of retirement. In lieu of this benefit, the beneficiary may elect an allowance of one-half the unmodified retirement allowance, payable until death or remarriage.

DEATH BENEFITS WHILE IN OFFICE

Beneficiaries receive a lump sum benefit in an amount equal to the annual compensation of an LRS member during the 12 months preceding the member's death, regardless of whether the member was eligible to retire.

DEATH BENEFITS (AFTER RETIREMENT)

Members choose between one of four options. The level of survivor benefit is based on the option chosen, without a reduction in allowance for members of the Legislature. Constitutional Officers and Statutory Officers receive a reduced allowance based on their age at time of retirement and the option they choose. Beneficiaries also receive a \$600 lump sum payment.

COST-OF-LIVING ADJUSTMENTS (COLA)

The annual COLA is determined by the Consumer Price Index.

LRS ACTIVE & INACTIVE MEMBERS

Category	Active	Inactive	TOTAL
Members of the Legislature	2	6	8
Constitutional Officers	10	9	19
Legislative Statutory Officers	2	2	4
TOTAL	14	17	31

LRS BENEFIT RECIPIENTS BY RETIREMENT TYPE

Category	Retired LRS	Survivors & Beneficiaries	TOTAL
Members of Legislature			
Service Retirement	96	104	200
Disability Retirement	1	8	9
TOTAL MEMBERS OF LEGISLATURE	97	112	209
Constitutional Officers			
Service Retirement	19	7	26
Disability Retirement	1	—	1
Pre-Retirement Option 2	—	2	2
TOTAL CONSTITUTIONAL OFFICERS	20	9	29
Legislative Statutory Officers			
Service Retirement	3	2	5
TOTAL LEGISLATIVE STATUTORY OFFICERS	3	2	5
TOTAL	120	123	243

LRS BENEFIT PAYMENTS BY TYPE

Category	Amount Paid
Service Retirement	\$7,372,898
Disability Retirement	155,934
Beneficiary Death Benefits	5,400
Beneficiary Death Benefits/Allowance	124,826
TOTAL	\$7,659,058

Legislators' Retirement System Program Data (continued)

LRS Average Benefit Payments – As of June 30, 2011 | Seven-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2010/11¹							
Average Monthly Allowance ²	\$0	\$4,258	\$2,103	\$0	\$8,206	\$0	\$0
Average Final Compensation ³	\$0	\$6,481	\$4,375	\$0	\$9,215	\$0	\$0
Number of Recipients ²	—	3	1	—	1	—	—
2009/10							
Average Monthly Allowance ²	\$0	\$435	\$1,759	\$6,604	\$4,965	\$3,842	\$4,452
Average Final Compensation ³	\$0	\$1,600	\$0	\$13,767	\$0	\$0	\$0
Number of Recipients ²	—	4	1	1	1	1	1
2008/09							
Average Monthly Allowance ²	\$0	\$0	\$1,250	\$2,957	\$6,456	\$0	\$0
Average Final Compensation ³	\$0	\$0	\$0	\$0	\$9,684	\$0	\$0
Number of Recipients ²	—	—	2	1	2	—	—
2007/08							
Average Monthly Allowance ²	\$0	\$2,212	\$1,250	\$0	\$1,710	\$0	\$0
Average Final Compensation ³	\$0	\$7,858	\$0	\$0	\$0	\$0	\$0
Number of Recipients ²	—	2	3	—	2	—	—
2006/07							
Average Monthly Allowance ²	\$0	\$2,134	\$310	\$5,717	\$4,921	\$0	\$0
Average Final Compensation ³	\$0	\$8,434	\$0	\$8,250	\$9,240	\$0	\$0
Number of Recipients ²	—	6	9	1	2	—	—
2005/06							
Average Monthly Allowance ²	\$704	\$441	\$2,011	\$1,042	\$4,404	\$0	\$0
Average Final Compensation ³	\$0	\$0	\$4,375	\$0	\$0	\$0	\$0
Number of Recipients ²	2	4	2	1	3	—	—
2004/05⁴							
Average Monthly Allowance ²	\$565	\$1,053	\$935	\$1,067	\$5,358	\$0	\$0
Average Final Compensation ³	\$4,375	\$4,375	\$0	\$0	\$8,714	\$0	\$0
Number of Recipients ²	1	1	1	5	5	—	—

Notes:

- ¹ The data for fiscal year 2010-11 is the most recent data available.
- ² These averages and totals are for retired members, beneficiaries, and community property recipients.
- ³ Average Final Compensation information does not include salary averages for beneficiaries.
- ⁴ CalPERS began reporting Average Benefit Payments for the LRS in the June 30, 2006 Comprehensive Annual Financial Report. Additional years of information will be added each year as it becomes available to provide a ten-year review.

Judges' Retirement System Program Data

PRIMARY BENEFITS

The Judges' Retirement System (JRS) was established in 1937. The operational activities of the JRS were transferred from the State Controller's Office to CalPERS in 1979. Benefits payable through the JRS are financed by the General Fund, the payroll contributions of members, and the State's contribution as an employer. Both employer and members contribute at the rate of 8 percent of compensation.

MEMBERSHIP

The Judges' Retirement System provides retirement, death, health, and dental benefits for Supreme and Appellate Court Justices, Superior Court Judges, and beneficiaries.

SERVICE RETIREMENT

Retirement Age

Members must be at least age 60 with 20 years of service, or age 70 with at least 10 years of service.

Retirement Benefit Formula

The retirement allowance is a percentage of the current salary of the last judicial office held and is increased proportionally with active judicial salaries. The allowance is based on a member's age and years of service as follows:

Age	Years of Service	Retirement Allowance
60-70	20	75%
66	18	65%
67	16	65%
68	14	65%
69	12	65%
70	10	65%

Judges can work as long as they want and receive their full pension of either 65 percent or 75 percent (depending on credited service). In addition, a surviving spouse benefit of at least one-half of the judge's allowance is provided.

Deferred Retirement

Judges are eligible for deferred retirement at any age if they have at least five years of service. However, judges are not paid the allowance until they reach the age they would be eligible for normal retirement if they had remained in office. A judge must be at least age 63, or age 60 with 20 years of service, to receive a retirement allowance. The allowance is based on years of service multiplied by a percentage of the judge's final salary — varying from 2 percent for five years to 3.75 percent for 12 or more years of service. The maximum benefit they can receive is 75 percent of salary.

DISABILITY RETIREMENT (NON-WORK RELATED)

Judges must apply to the Commission on Judicial Performance to receive a disability retirement. There is no age requirement.

The service requirement is four years. The retirement allowance is 65 percent of the judge's final salary, or 75 percent of their final salary if the judge has 20 or more years of service.

DISABILITY RETIREMENT (WORK RELATED)

Judges receive the same amount for work related disability retirement as non-work related disability retirement. Any person becoming a judge between January 1, 1980 and December 31, 1988, must have at least two years of judicial service; or after January 1, 1989, must have four years of judicial service, unless the disability is a result of injury or disease arising out of and in the course of judicial service.

Judges' Retirement System Program Data (continued)

DEATH BENEFITS (BEFORE RETIREMENT)

Not Eligible to Retire

Spouses or registered domestic partners can receive 25 percent of a current active judge's salary for life or return of contributions plus one month's salary, for each year of service not to exceed six months; or the surviving spouse or registered domestic partner can elect a monthly allowance for life, if the judge had paid an extra \$2 per month and had 10 to 20 years of service. This allowance would be equal to 1.625 percent of the salary multiplied by the number of years of service.

Eligible to Retire

Spouses or registered domestic partners receive one-half of what the retirement allowance would have been if the judge had retired on date of death.

DEATH BENEFITS (AFTER RETIREMENT)

Spouses or registered domestic partners receive one-half of the retirement pension for life, if the member retired with the standard retirement benefit formula, or on disability. Judges may elect to take a reduced retirement allowance in order to enhance the survivor benefits to their spouse, registered domestic partner, or a designated beneficiary.

COST-OF-LIVING ADJUSTMENTS (COLA)

The allowance increases are based on the current salary of an active judge. Retirees receive the same increase as active judges.

JRS ACTIVE MEMBERS & FORMER JUDGES ON DEFERRED RETIREMENT

Active	400
Deferred Retirement	31
TOTAL ACTIVE & DEFERRED MEMBERS	431

JRS BENEFIT RECIPIENTS BY RETIREMENT TYPE

Category	Retired Judges	Survivors & Beneficiaries	TOTAL
Service Retirement	339	315	654
Disability Retirement	46	—	46
Deferred Retirement	404	178	582
Optional Settlement	467	60	527
Pre-Retirement Survivor	—	75	75
TOTAL	1,256	628	1,884

JRS BENEFIT PAYMENTS BY TYPE

Category	Amount Paid
Service Retirement	\$145,530,807
Disability Retirement	5,413,734
Beneficiary Death Benefits/Life Allowance	34,484,312
TOTAL	\$185,428,853

Judges' Retirement System Program Data (continued)

JRS Average Benefit Payments – As of June 30, 2011 | Seven-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2010/11¹							
Average Monthly Allowance ²	\$1,447	\$4,186	\$5,586	\$8,680	\$8,645	\$7,809	\$9,245
Average Final Compensation	\$14,899	\$14,899	\$14,899	\$14,899	\$14,382	\$17,299	\$17,018
Number of Recipients ²	3	8	10	22	41	16	4
2009/10¹							
Average Monthly Allowance ²	\$2,352	\$3,914	\$7,133	\$8,742	\$8,730	\$8,892	\$7,771
Average Final Compensation	\$15,974	\$15,290	\$15,042	\$14,947	\$15,042	\$15,437	\$14,899
Number of Recipients ²	2	11	15	45	45	8	3
2008/09							
Average Monthly Allowance ²	\$1,385	\$3,388	\$6,231	\$9,236	\$9,313	\$10,636	\$10,189
Average Final Compensation	\$14,899	\$15,114	\$15,095	\$15,071	\$15,412	\$14,193	\$14,899
Number of Recipients ²	1	10	11	25	50	15	4
2007/08							
Average Monthly Allowance ²	\$3,410	\$5,643	\$6,108	\$8,432	\$8,297	\$9,838	\$12,787
Average Final Compensation	\$14,899	\$14,899	\$15,186	\$14,899	\$15,069	\$14,899	\$17,050
Number of Recipients ²	3	6	15	38	47	15	1
2006/07							
Average Monthly Allowance ²	\$1,555	\$4,411	\$5,800	\$7,855	\$8,512	\$9,348	\$10,661
Average Final Compensation	\$14,304	\$13,984	\$13,884	\$13,854	\$14,134	\$13,824	\$14,304
Number of Recipients ²	2	7	16	31	33	7	2
2005/06							
Average Monthly Allowance ²	\$2,934	\$2,592	\$6,031	\$6,550	\$7,451	\$7,942	\$8,282
Average Final Compensation	\$13,327	\$12,485	\$12,724	\$12,510	\$12,723	\$12,727	\$12,558
Number of Recipients ²	2	7	14	16	51	10	1
2004/05³							
Average Monthly Allowance ²	\$2,205	\$3,179	\$5,226	\$6,116	\$7,720	\$7,454	\$7,328
Average Final Compensation	\$11,987	\$12,208	\$12,405	\$12,370	\$12,484	\$12,531	\$13,327
Number of Recipients ²	3	8	17	23	59	9	2

Note:

- ¹ The data for fiscal year 2010-11 is the most recent data available.
- ² These averages and totals are for retired members, beneficiaries, and community property recipients.
- ³ CalPERS began reporting Average Benefit Payments for the JRF in the June 30, 2006 Comprehensive Annual Financial Report. Additional years of information will be added each year as it becomes available to provide a ten-year review.

Judges' Retirement System II Program Data

PRIMARY BENEFITS

The Judges' Retirement System II (JRS II) was established in 1994 to create a fully funded, actuarially sound retirement system for judges appointed or elected on or after November 9, 1994. This system provides a unique combination of two basic types of retirement benefits: a defined benefit plan and a monetary credit plan. The defined benefit plan provides a lifetime monthly retirement allowance of up to 75 percent of final compensation. The monetary credit plan allows for a refund of member contributions, a portion of the employer contributions, and interest. Members contribute at the rate of 8 percent of compensation.

MEMBERSHIP

The JRS II provides retirement, death, health, and dental benefits for Supreme and Appellate Court Justices, and Superior Court Judges, first appointed or elected after November 9, 1994, and their beneficiaries.

SERVICE RETIREMENT

Retirement Age

Judges must be at least age 65 with 20 years of service or age 70 with a minimum of five years of service to receive the defined benefit plan. Judges must have at least five years of service to receive the monetary credit plan.

RETIREMENT FORMULA

Defined Benefit Plan

This option provides a defined benefit of 3.75 percent of the highest 12-month average salary per year of service, up to 75 percent for judges reaching age 65 with at least 20 years of service. Optional settlements are available which reduce a judge's retirement allowance to provide a lifetime benefit for a surviving spouse upon death of the judge.

Monetary Credit Plan

This option provides a cash payment in a single lump sum, or the member may elect to receive an annuity at retirement based on the accumulated contributions of

the employee and the employer. To receive the annuity a judge must meet the minimum qualifications required under the defined benefit plan. Lifetime benefits are not provided under this plan.

DISABILITY RETIREMENT (NON-WORK RELATED)

Judges who have five years of service and become permanently disabled because of a mental or physical disability may apply to the Commission on Judicial Performance for disability retirement.

An allowance is based on the judge's age and will be the amount equal to the lower of the following:

- the monthly benefit of 3.75 percent of the final compensation multiplied by the number of years of service the judge would have been credited had the judge continued to work until the age the judge would have first been eligible to retire, or
- 65 percent of the judge's average monthly salary during the 12 months preceding the retirement date.

DISABILITY RETIREMENT (WORK RELATED)

Judges receive 65 percent of their average monthly salary during the 12 months preceding their retirement date, regardless of age or length of service.

DEATH BENEFITS (BEFORE RETIREMENT)

Eligible for the Defined Benefit Plan

Spouses or registered domestic partners receive either the monthly retirement allowance equal to one-half of the judge's defined benefit plan allowance or the judge's monetary credits. At any time while in office, a judge may make an irrevocable election for their eligible surviving spouse or registered domestic partner to receive the maximum survivor benefit (Option 2) in the event of the judge's pre-retirement death.

Eligible for the Monetary Credit Plan

Spouses or registered domestic partners receive the judge's monetary credits or three times the annual salary at the time of death, whichever is greater.

DEATH BENEFITS (AFTER RETIREMENT)

Defined Benefit Plan

Judges retiring on the defined benefit plan are offered the choice of one of four optional settlement benefits to increase the survivor benefits to their eligible surviving spouse or registered domestic partner.

Monetary Credit Plan

If the judge elected to receive the monetary credit plan in a lump sum, there are no survivor benefits. If the judge elected monetary credit plan in an annuity, the spouse or registered domestic partner receives a lump sum payment of the remaining funds at the time of the judge's death.

COST-OF-LIVING ADJUSTMENTS (COLA)

The retirement allowance of retired judges who have elected the defined benefit plan will be adjusted every January after the judge has been retired six months. The adjustment is based on the United States city average of the Consumer Price Index For All Urban Consumers, as published by the United States Bureau of Statistics. This adjustment will not be less than 1 percent or more than 3 percent.

JRS II ACTIVE JUDGES

Active Members	1,272
TOTAL	1,272

JRS II BENEFIT RECIPIENTS BY RETIREMENT TYPE

Category	Retired Judges	Survivors & Beneficiaries	TOTAL
Service Retirement	10	4	14
Disability Retirement	9	—	9
Pre-Retirement Survivor	10	3	13
36-month Judge's Salary	—	1	1
TOTAL	29	8	37

JRS II BENEFIT PAYMENTS BY TYPE

Category	Amount Paid
Service Retirement	\$1,210,758
Disability Retirement	1,155,888
Beneficiary Death Benefits	149,764
Beneficiary Death Benefits/Life Allowance	369,600
Monetary Credit	650,156
TOTAL	\$3,536,166

Judges' Retirement System II Program Data (continued)

JRS II Average Benefit Payments – As of June 30, 2011 | Seven-Year Review

RETIREMENT EFFECTIVE DATES	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2010/11¹							
Average Monthly Allowance ²	\$0	\$11,423	\$8,150	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$14,899	\$14,899	\$0	\$0	\$0	\$0
Number of Recipients ²	—	3	6	1	1	—	—
2009/10							
Average Monthly Allowance ²	\$0	\$9,684	\$6,025	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$14,899	\$15,437	\$0	\$0	\$0	\$0
Number of Recipients ²	—	1	4	—	—	—	—
2008/09							
Average Monthly Allowance ²	\$14,899	\$4,476	\$0	\$0	\$0	\$0	\$0
Average Final Compensation	\$14,899	\$15,975	\$0	\$0	\$0	\$0	\$0
Number of Recipients ²	1	2	—	—	—	—	—
2007/08							
Average Monthly Allowance ²	\$0	\$8,624	\$7,748	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$14,638	\$15,244	\$0	\$0	\$0	\$0
Number of Recipients ²	—	1	4	—	—	—	—
2006/07							
Average Monthly Allowance ²	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Number of Recipients ²	—	—	—	—	—	—	—
2005/06							
Average Monthly Allowance ²	\$0	\$10,982	\$4,275	\$0	\$0	\$0	\$0
Average Final Compensation	\$0	\$12,434	\$12,459	\$0	\$0	\$0	\$0
Number of Recipients ²	—	3	3	—	—	—	—
2004/05³							
Average Monthly Allowance ²	\$11,987	\$7,080	\$0	\$0	\$0	\$0	\$0
Average Final Compensation	\$11,987	\$11,987	\$0	\$0	\$0	\$0	\$0
Number of Recipients ²	1	2	—	—	—	—	—

Note:

- ¹ The data for fiscal year 2010-11 is the most recent data available.
- ² These averages and totals are for retired members, beneficiaries, and community property recipients.
- ³ CalPERS began reporting Average Benefit Payments for the JRF II in the June 30, 2006 Comprehensive Annual Financial Report. Additional years of information will be added each year as it becomes available to provide a ten-year review.

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Expenses & Revenues – Enterprise Funds

Health Care Fund | 10-Year Review (Dollars in Thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
OPERATING REVENUES										
Self-Insurance Premiums	\$1,846,210	\$1,709,975	\$1,362,081	\$1,586,942	\$1,509,064	\$1,390,819	\$1,211,210	\$1,105,131	\$1,042,720	\$941,185
Federal Government Reimbursements	32,710	42,583	—	—	—	—	—	—	—	—
Total Operating Revenues	\$1,878,920	\$1,752,558	\$1,362,081	\$1,586,942	\$1,509,064	\$1,390,819	\$1,211,210	\$1,105,131	\$1,042,720	\$941,185
OPERATING EXPENSES										
Actual & Estimated Claims	\$1,728,231	\$1,728,156	\$1,572,084	\$1,461,601	\$1,314,531	\$1,212,706	\$1,131,419	\$1,026,058	\$886,460	\$798,628
Administrative Expenses	96,043	88,391	90,292	85,511	79,146	74,771	67,679	65,902	58,182	50,296
Health Premiums Remitted to Insurance Carriers	—	—	—	—	—	—	—	—	—	—
Total Operating Expenses	\$1,824,274	\$1,816,547	\$1,662,376	\$1,547,112	\$1,393,677	\$1,287,477	\$1,199,098	\$1,091,960	\$944,642	\$848,924
OPERATING INCOME (LOSS)	\$54,646	(\$63,989)	(\$300,295)	\$39,830	\$115,387	\$103,342	\$12,112	\$13,171	\$98,078	\$92,261
NON-OPERATING REVENUES										
Investment Income	\$33,468	\$22,447	\$47,540	\$21,796	\$34,579	\$20,069	\$18,029	\$10,041	\$5,321	\$6,307
Securities Lending Income	54	—	—	—	—	—	—	—	—	—
Total Non-Operating Revenues	\$33,522	\$22,447	\$47,540	\$21,796	\$34,579	\$20,069	\$18,029	\$10,041	\$5,321	\$6,307
NON-OPERATING EXPENSES										
Cost of Lending Securities	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Investment Expenses	75	—	—	—	—	—	—	—	—	—
Total Non-Operating Expenses	\$87	\$0	\$0							
NON-OPERATING INCOME	\$33,435	\$22,447	\$47,540	\$21,796	\$34,579	\$20,069	\$18,029	\$10,041	\$5,321	\$6,307
CHANGE IN UNRESTRICTED NET ASSETS	\$88,081	(\$41,542)	(\$252,755)	\$61,626	\$149,966	\$123,411	\$30,141	\$23,212	\$103,399	\$98,568
TOTAL UNRESTRICTED NET ASSETS										
Beginning of Year	\$365,875	\$407,417	\$660,172	\$598,546	\$448,580	\$325,169	\$295,028	\$271,816	\$168,417	\$69,849
End of Year	\$453,956	\$365,875	\$407,417	\$660,172	\$598,546	\$448,580	\$325,169	\$295,028	\$271,816	\$168,417

Expenses & Revenues – Enterprise Funds (continued)

Contingency Reserve Fund | 10-Year Review (Dollars in Thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
OPERATING REVENUES										
Health Premiums Collected	\$0	\$0	\$0	\$0	\$0	\$0 ¹	\$1,633,317	\$1,520,622	\$1,410,584	\$855,736
Administrative Fees & Other	25,490	23,956	22,528	25,633	14,928	16,509	13,140	16,808	16,218	7,252
Total Operating Revenues	\$25,490	\$23,956	\$22,528	\$25,633	\$14,928	\$16,509	\$1,646,457	\$1,537,430	\$1,426,802	\$862,988
OPERATING EXPENSES										
Health Premiums Remitted to Insurance Carriers	\$0	\$0	\$0	\$0	\$0	\$0 ¹	\$1,633,317	\$1,520,622	\$1,410,584	\$855,736
Administrative Expenses	28,073	27,448	27,065	27,288	24,358	20,854	16,356	17,109	15,384	17,033
Total Operating Expenses	\$28,073	\$27,448	\$27,065	\$27,288	\$24,358	\$20,854	\$1,649,673	\$1,537,731	\$1,425,968	\$872,769
OPERATING INCOME (LOSS)	(\$2,583)	(\$3,492)	(\$4,537)	(\$1,655)	(\$9,430)	(\$4,345)	(\$3,216)	(\$301)	\$834	(\$9,781)
NON-OPERATING REVENUES										
Investment Income	\$874	\$993	\$1,071	\$3,706	\$8,037	\$9,279	\$5,049	\$2,817	\$1,787	\$1,112
Total Non-Operating Revenues	\$874	\$993	\$1,071	\$3,706	\$8,037	\$9,279	\$5,049	\$2,817	\$1,787	\$1,112
NON-OPERATING EXPENSES										
Other Investment Expenses	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-Operating Expenses	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NON-OPERATING INCOME	\$873	\$993	\$1,071	\$3,706	\$8,037	\$9,279	\$5,049	\$2,817	\$1,787	\$1,112
CHANGE IN UNRESTRICTED NET ASSETS	(\$1,710)	(\$2,499)	(\$3,466)	\$2,051	(\$1,393)	\$4,934	\$1,833	\$2,516	\$2,621	(\$8,669)
TOTAL UNRESTRICTED NET ASSETS										
Beginning of Year	\$9,306	\$11,805	\$15,271	\$13,220	\$14,613	\$9,679	\$7,846	\$5,330	\$2,709	\$11,378
End of Year	\$7,596	\$9,306	\$11,805	\$15,271	\$13,220	\$14,613	\$9,679	\$7,846	\$5,330	\$2,709

Note:

¹ PEMHCA health premiums collected from public agencies is shown as agency fund activity in accordance with GASB No. 43.

Expenses & Revenues – Enterprise Funds (continued)

Long-Term Care Fund | 10-Year Review (Dollars in Thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
OPERATING REVENUES										
Self-Insurance Premiums	\$313,466	\$314,099	\$285,948	\$296,529	\$299,489	\$241,495	\$243,690	\$241,663	\$225,128	\$200,936
Total Operating Revenues	\$313,466	\$314,099	\$285,948	\$296,529	\$299,489	\$241,495	\$243,690	\$241,663	\$225,128	\$200,936
OPERATING EXPENSES										
Claims	\$174,896	\$156,118	\$133,042	\$116,191	\$101,349	\$87,324	\$78,007	\$65,369	\$53,022	\$41,106
Increase (Decrease) in Estimated Liabilities	1,063,318	(115,600)	(208,200)	469,800	(600,900)	487,800	219,400	840,700	585,000	(85,000)
Administrative Expenses	21,718	21,303	19,663	18,421	18,479	18,198	17,053	16,285	15,305	15,416
Total Operating Expenses	\$1,259,932	\$61,821	(\$55,495)	\$604,412	(\$481,072)	\$593,322	\$314,460	\$922,354	\$653,327	(\$28,478)
OPERATING INCOME (LOSS)	(\$946,466)	\$252,278	\$341,443	(\$307,883)	\$780,561	(\$351,827)	(\$70,770)	(\$680,691)	(\$428,199)	\$229,414
NON-OPERATING REVENUES										
Investment Income	\$114,947	\$537,156	\$351,745	(\$369,021)	(\$73,039)	\$281,068	\$121,703	\$124,474	\$141,686	\$52,748
Securities Lending Income	1,624	—	—	—	—	—	—	—	—	—
Total Non-Operating Revenues	\$116,571	\$537,156	\$351,745	(\$369,021)	(\$73,039)	\$281,068	\$121,703	\$124,474	\$141,686	\$52,748
NON-OPERATING EXPENSES										
Cost of Lending Securities	\$274	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Investment Expenses	540	—	—	—	—	—	—	—	—	—
Total Non-Operating Expenses	\$814	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NON-OPERATING INCOME (LOSS)	\$115,757	\$537,156	\$351,745	(\$369,021)	(\$73,039)	\$281,068	\$121,703	\$124,474	\$141,686	\$52,748
CHANGE IN UNRESTRICTED NET ASSETS										
TOTAL UNRESTRICTED NET ASSETS	(\$830,709)	\$789,434	\$693,188	(\$676,904)	\$707,522	(\$70,759)	\$50,933	(\$556,217)	(\$286,513)	\$282,162
Beginning of Year	\$670,983	(\$118,451)	(\$811,639)	(\$134,735)	(\$842,257)	(\$771,498)	(\$822,431)	(\$266,214)	\$20,299	(\$261,863)
End of Year	(\$159,726)	\$670,983	(\$118,451)	(\$811,639)	(\$134,735)	(\$842,257)	(\$771,498)	(\$822,431)	(\$266,214)	\$20,299

Health Benefits Program Data

Total Enrollments by Health Plan

	Basic			Medicare			Total Enrollments (Subs) ¹
	Active	Retired	TOTAL	Active	Retired	TOTAL	
Blue Shield Access+	71,804	15,541	87,345	8	20,576	20,584	107,929
Blue Shield NetValue	55,323	8,467	63,790	—	3,321	3,321	67,111
CAHP	6,397	2,042	8,439	—	2,527	2,527	10,966
CCPOA	9,950	1,673	11,623	—	349	349	11,972
Kaiser	156,733	31,051	187,784	14	52,390	52,404	240,188
Kaiser/Out-of-State	10	390	400	—	1,142	1,142	1,542
PERS Choice	70,505	25,729	96,234	8	36,985	36,993	133,227
PERS Select	10,513	795	11,308	—	599	599	11,907
PERSCare	3,951	2,948	6,899	1	38,425	38,426	45,325
PORAC	6,200	2,274	8,474	—	1,041	1,041	9,515
TOTAL	391,386	90,910	482,296	31	157,355	157,386	639,682

Five-Year Enrollments

	2012	2011	2010	2009	2008
Total Covered Lives – Employees, Annuitants, & Dependents	1,373,606	1,354,987	1,309,902	1,286,349	1,267,122
Total Prime Lives – Employees & Annuitants	639,682	631,413	624,996	607,570	594,472

Basic & Supplemental Health Plan Total Enrollments

	Basic			Medicare			Total Enrollments (Subs) ¹
	Active	Retired	TOTAL	Active	Retired	TOTAL	
HMOs	283,870	55,449	339,319	22	77,429	77,451	416,770
Self-Funded PPOs	84,969	29,472	114,441	9	76,009	76,018	190,459
Association Plans	22,547	5,989	28,536	—	3,917	3,917	32,453
TOTAL	391,386	90,910	482,296	31	157,355	157,386	639,682

Participating Public Agency Summary

	2012	2011
Counties	29	29
Cities	306	302
School Employers	150*	138*
Districts & Other Public Agencies	729*	721*
TOTAL	1,214	1,190
TOTAL COVERED LIVES	586,465	565,553

*Three charter schools and the LA Office of Education were set up as Districts & Other Public Agencies due to the construction of their retirement contracts. We have moved them to the School Employers category for accuracy of the employer type in the 2012 CAFR.

Note:

¹ Total Enrollments (Subs) shows health plan subscribers only, not the dependents. The total covered lives — 1,373,606 — is shown in the Five Year Enrollments table above.

Health Benefits Program Data (continued)

PARTICIPATING PUBLIC AGENCIES BY TYPE

Approximate number of total covered lives for each agency follows its name.

Counties (29 total)

Amador	256	Nevada	2,518
Butte	4,222	Placer	7,040
Colusa	746	Plumas	232
Contra Costa	2,805	Riverside	2,709
Glenn	1,080	San Benito	1,082
Humboldt	3,764	San Luis Obispo	5,074
Inyo	1,131	Santa Cruz	6,281
Lake	45	Shasta	5,076
Lassen	716	Siskiyou	1,610
Madera	3,148	Solano	5,223
Mariposa	1,105	Trinity	1,084
Modoc	398	Tuolumne	1,131
Mono	850	Yolo	3,472
Monterey	9,758	Yuba	1,747
Napa	3,272	Total Covered Lives	77,575

Cities (302 total)

Agoura Hills	98	Buena Park	892
Alameda	1,595	Burbank	2,861
Albany	179	Burlingame	816
Alhambra	924	Calabasas	219
Aliso Viejo	26	California City	104
American Canyon	158	Calimesa	2
Angels	83	Calistoga	96
Antioch	777	Camarillo	334
Arcadia	797	Campbell	324
Arroyo Grande	271	Canyon Lake	4
Artesia	111	Capitola	138
Atherton	124	Carlsbad	1,585
Atwater	249	Carmel-by-the-Sea	181
Auburn	145	Carpinteria	96
Avalon	170	Carson	1,067
Avenal	4	Cathedral City	554
Azusa	586	Cerritos	816
Baldwin Park	496	Chino	554
Barstow	462	Chino Hills	79
Bell	313	Citrus Heights	349
Bellflower	253	Clayton	55
Belmont	347	Coachella City	145
Belvedere	58	Colma	121
Beverly Hills	2,281	Colton	132
Biggs	19	Colusa	92
Bishop	181	Commerce	618
Blythe	249	Compton	1,623
Brawley	234	Concord	1,374
Brea	1,010	Corona	2,098
Brentwood	630	Coronado	501
Brisbane	202	Corte Madera	187
Buellton	40	Costa Mesa	1,534

Covina	405	Irwindale	313
Crescent City	143	Jackson	92
Cudahy	68	La Canada Flintridge	62
Culver City	2,185	La Habra	611
Cupertino	562	La Habra Heights	23
Cypress	390	La Mesa	665
Daly City	1,310	La Mirada	271
Dana Point	109	La Palma	160
Davis	984	La Puente	128
Del Rey Oaks	21	La Quinta	213
Diamond Bar	100	Laguna Niguel	130
Dixon	160	Laguna Woods	13
Duarte	136	Lake Elsinore	211
Dublin	258	Lake Forest	141
Eastvale	11	Lakewood	285
El Cajon	771	Larkspur	202
El Monte	922	Lathrop	151
El Segundo	1,084	Lawndale	111
Elk Grove	415	Lemon Grove	170
Emeryville	260	Lemoore	143
Encinitas	466	Lincoln	692
Etna	9	Live Oak	45
Fairfax	60	Lodi	1,001
Farmersville	68	Loma Linda	149
Fillmore	45	Lomita	121
Firebaugh	77	Lompoc	826
Fort Jones	13	Loomis	28
Foster - Elected Officials	0	Los Alamitos	149
Fountain Valley	760	Los Altos	311
Fremont	2,087	Los Altos Hills	62
Fullerton	288	Los Banos	405
Garden Grove	1,617	Los Gatos	413
Gilroy	543	Lynwood	522
Glendora	375	Malibu	164
Goleta	85	Mammoth Lakes	173
Grand Terrace	49	Manhattan Beach	648
Grass Valley	245	Manteca	888
Gridley	126	Marina	194
Grover Beach	115	Martinez	160
Guadalupe	66	Maywood	60
Half Moon Bay	53	McFarland	60
Hanford	407	Menifee	32
Hawaiian Gardens	185	Menlo Park	620
Hawthorne	990	Millbrae	264
Hayward	2,560	Milpitas	1,150
Hercules	136	Mission Viejo	285
Hesperia	204	Modesto	332
Hidden Hills	6	Montague	15
Highland	64	Monte Sereno	9
Hillsborough	290	Montebello	1,029
Hollister	158	Monterey	1,103
Huntington Beach	1,080	Moorpark	143
Huntington Park	652	Moreno Valley	579
Imperial Beach	134	Morgan Hill	332
Indian Wells	119	Morro Bay	268
Indio	688	Mt. Shasta	49
lone	34	Murrieta	601

Health Benefits Program Data (continued)

Cities (continued)

Napa	202	Rancho Cordova	100	San Rafael	1,331	Tulelake	19
Newark	292	Rancho Mirage	192	Sand City	19	Tustin	690
Newport Beach	1,600	Rancho Santa Margarita	43	Santa Ana	1,855	Twentynine Palms	60
Norco	236	Red Bluff	130	Santa Clara	2,107	Ukiah	17
Norwalk	829	Redlands	1,180	Santa Clarita	616	Union City	579
Novato	360	Redwood City	1,649	Santa Cruz	1,813	Upland	684
Oakdale	187	Reedley	292	Santa Fe Springs	756	Vacaville	1,617
Oakland	14,224	Rialto	873	Santa Maria	824	Vallejo	1,821
Oceanside	279	Richmond	2,699	Santa Monica	594	Villa Park	23
Ojai	107	Ridgecrest	162	Santa Paula	134	Walnut	70
Ontario	2,803	Rio Vista	79	Santa Rosa	820	Weed	23
Orange	1,470	Rocklin	635	Saratoga	132	West Covina	1,016
Orinda	66	Rolling Hills	17	Sausalito	198	West Hollywood	466
Oxnard	1,964	Rolling Hills Estates	53	Scotts Valley	175	West Sacramento	758
Pacific Grove	204	Rosemead	170	Seal Beach	296	Westlake Village	34
Pacifica	271	Roseville	3,169	Selma	200	Westminster	880
Palm Desert	366	Ross	66	Shasta Lake	117	Wildomar	21
Palm Springs	328	Salinas	1,118	Sierra Madre	153	Williams	58
Palo Alto	3,681	San Anselmo	164	Signal Hill	364	Willows	68
Paradise	302	San Carlos	277	Solana Beach	130	Winters	58
Paramount	249	San Clemente	430	Solvang	94	Woodlake	58
Pasadena	4,139	San Dimas	162	South El Monte	89	Woodland	924
Patterson	179	San Fernando	437	South Gate	741	Woodside	47
Perris	200	San Francisco	155	South Pasadena	432	Yorba Linda	537
Petaluma	709	San Gabriel	394	Stanton	102	Yountville	81
Pico Rivera	484	San Jacinto	6	Suisun City	177	Yreka	94
Piedmont	247	San Juan Capistrano	190	Sunnyvale	3,067	Yuba City	158
Pinole	332	San Leandro	1,144	Temecula	256	Yucaipa	81
Pismo Beach	185	San Luis Obispo	824	Temple City	124	Yucca Valley	87
Placentia	452	San Marcos	149	Thousand Oaks	1,137	Total Covered Lives	167,785
Pomona	1,908	San Marino	253	Tiburon	98		
Port Hueneme	228	San Mateo	1,702	Torrance	3,506		
Portola Valley	32	San Pablo	341	Truckee	181		

Districts & Other Public Agencies (721 total)

Academic Senate for California Community Colleges	9	Amador Water Agency	104
Agoura Hills and Calabasas Community Center	19	American Canyon Fire Protection District	47
Alameda Corridor Transportation Authority	28	Anderson Cemetery District	6
Alameda County Congestion Management Agency	38	Anderson Fire Protection District	34
Alameda County Fire Department	1,244	Antelope Valley Mosquito and Vector Control District	15
Alameda County Law Library	38	Apple Valley Fire Protection District	124
Alameda County Mosquito Abatement District	49	Aptos/La Selva Fire Protection Agency	96
Alameda County Schools Insurance Group	2	Arbuckle-College City Fire Protection District	9
Alameda County Transportation Authority	0	Arcade Water District	0
Alameda County Transportation Commission	2	Arcata Fire Protection District	70
Alameda County Transportation Improvement Authority	21	Area 12 Agency on Aging	28
Alameda County Waste Management Authority	104	Arrowbear Park County Water District	21
Alameda County Water District	728	Arroyo Grande District Cemetery	9
Albany Municipal Services Joint Powers Authority	38	Associated Students California State University San Bernardino	9
Alhambra Redevelopment Agency	2	Associated Students, Inc.	6
Aliso Water Management Agency	0	Association of Bay Area Governments	211
Alliance of Schools for Cooperative Insurance Programs	53	Association of Monterey Bay Area Governments	19
Alpine Springs County Water District	6	Atascadero Cemetery District	13
Altadena Library District	68	Auburn Public Cemetery District	19
Amador County Superior Court	60	Aztec Shops, Ltd.	192

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

BETA Healthcare Group Risk Management Authority	130	California Maritime Academy Foundation, Inc.	0
Banning-Cabazon Cemetery District	0	California Municipal Utilities Association	11
Bardsdale Cemetery District	9	California State and Federal Employees No. 20 Credit Union	19
Bay Area Air Quality Management District	1,050	California State University, Bakersfield Foundation	79
Bay Area Library And Information System	4	California State University, Dominguez Hills Foundation	124
Bay Area Water Supply and Conservation Agency	17	California State University, Fresno Athletic Corporation	126
Beach Cities Health District	102	California State University, Stanislaus Auxiliary and Business Services	19
Bear Mountain Recreation and Park District	13	California State University-Fresno Association, Inc.	345
Bear Valley Community Healthcare District	285	Calleguas Municipal Water District	183
Beaumont District Library	17	Camarillo Health Care District	34
Beaumont Public Cemetery District	0	Cambria Cemetery District	2
Beaumont-Cherry Valley Recreation And Park District	23	Cambria Community Healthcare District	28
Beaumont-Cherry Valley Water District	62	Cambria Community Services District	117
Bella Vista Water District	75	Cameron Park Community Services District	23
Belmont Fire Protection District	45	Capistrano Bay Community Services District	2
Belmont-San Carlos Fire Department	121	Capitol Area Development Authority	89
Belvedere-Tiburon Joint Recreation	4	Carmel Highlands Fire Protection District of Monterey County	2
Belvedere-Tiburon Library Agency	19	Carmel Regional Fire Ambulance Authority	2
Ben Lomond Fire Protection District	2	Carmel Valley Fire Protection District	0
Benicia City Housing Authority	26	Carmichael Water District	66
Bennett Valley Fire Protection District	6	Carpinteria Public Cemetery District	4
Big Bear Area Regional Wastewater Agency	47	Castaic Lake Water Agency	243
Big Bear City Airport District	19	Castro Valley County Fire Protection District	0
Big Bear City Community Services District	200	Castro Valley Sanitary District	64
Black Gold Cooperative Library System	17	Castroville Community Services District	11
Blanchard/Santa Paula Public Library District	26	Cayucos Sanitary District	15
Bonita-Sunnyside Fire Protection District	60	Cayucos-Morro Bay Cemetery District	2
Boulder Creek Fire Protection District	6	Central Coast Water Authority	60
Branciforte Fire Protection District	9	Central Contra Costa Transit Authority	449
Brannan-Andrus Levee Maintenance District	2	Central County Fire Department	322
Buena Park Library District	51	Central Fire Protection District of Santa Cruz County	213
Butte County Air Quality Management District	23	Central Marin Sanitation Agency	126
Butte County Association of Governments	23	Central Plumas Recreation and Park District	4
Butte County In-Home Supportive Services Public Authority	9	Central Sierra Child Support Agency	75
Butte County Law Library	4	Central Valley Regional Center, Inc.	784
Butte County Superior Court	241	Cesar Chavez Student Center, Inc.	58
Butte Local Agency Formation Commission	6	Channel Islands Beach Community Services District	15
Byron, Brentwood, Knightsen Union Cemetery District	15	Chester Public Utility District	30
CSAC Excess Insurance Authority	111	Children and Families Commission of San Luis Obispo County	2
Cal Poly Corporation	645	Chino Basin Watermaster	17
Calaveras County Superior Court	58	Chino Valley Independent Fire District	281
Calaveras County Water District	224	Chowchilla Cemetery District	9
Calaveras Public Utility District	17	Christian Valley Park Community Service District	0
California State University Los Angeles - Usu Board	55	Citrus Pest Control District No. 2 of Riverside County	2
California Administrative Services Authority	0	Clear Creek Community Services District	23
California Authority of Racing Fairs	23	Cloverdale Citrus Fair	0
California Bear Credit Union	58	Coachella Valley Association of Governments	28
California Dried Plum Board	11	Coachella Valley Mosquito and Vector Control District	109
California Fair Services Authority	98	Coachella Valley Public Cemetery District	13
California Fairs Financing Authority	32	Coalinga-Huron Recreation and Park District	21
California InterScholastic Federation, Central Coast Section	4	Coastal Animal Services Authority	13
California InterScholastic Federation North Coast Section	15	Coastal Developmental Services Foundation DBA Westside Regional Center	417
California InterScholastic Federation, Northern Section	2	Coastal San Luis Resource Conservation	0
California InterScholastic Federation, San Diego Section	21	Coastside Fire Protection District	60
California InterScholastic Federation, Southern Section	60	Colusa County Superior Court	36
California Joint Powers Insurance Authority	64		
California Joint Powers Risk Management Authority	15		

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Colusa Mosquito Abatement District	4	El Dorado County Fire Protection District	277
Community College League of California	36	El Dorado County Transit Authority	43
Compton Creek Mosquito Abatement District	0	El Dorado County Transportation Commission	13
Conejo Recreation and Park District	204	El Dorado Hills Community Services District	38
Contra Costa County Law Library	17	El Dorado Hills County Water District	155
Contra Costa County Schools Insurance Group	43	El Dorado Irrigation District	679
Contra Costa Fire Protection District	1,529	Encina Wastewater Authority	128
Contra Costa Mosquito Vector Control District	79	Encinitas Fire Protection District	0
Contra Costa Special Education Local Plan Area	17	Encinitas Sanitary District	0
Contra Costa Transportation Authority	47	Esparto Community Services District	11
Cordelia Fire Protection District of Solano County	6	Estero Municipal Improvement District	439
Corning Water District	6	Fair Oaks Cemetery District	9
Costa Mesa Sanitary District	28	Fair Oaks Fire District	0
Cosumnes Community Services District	639	Fair Oaks Recreation and Park District	34
Cottonwood Cemetery District	4	Fairfield-Suisun Sewer District	126
Cottonwood Fire Protection District	11	Fallbrook Healthcare District	2
Crescent City Harbor District	38	Feather River Air Quality Management District	11
Crestline Lake Arrowhead Water Agency	28	Feather Water District	9
Crestline Sanitation District	40	Felton Fire Protection District	4
Cutler-Orosi Joint Powers Wastewater Authority	0	Fern Valley Water District	11
Cuyama Valley Recreation District	0	First Five of Mariposa County	0
Cypress Recreation and Park District	0	Florin County Water District	19
Dairy Council of California	85	Foothill/Eastern Transportation Corridor Agency	164
Davis Cemetery District	6	Forestville County Water District	9
Deer Springs Fire Protection District	4	Forestville Fire Protection District	15
Del Norte County Library District	0	Fort Bragg Fire Protection Authority	11
Del Norte Healthcare District	6	Fort Ord Reuse Authority	28
Del Paso Manor Water District	9	Fresno County Law Library	11
Del Paso Manor Water District-Directors	0	Fresno Irrigation District	185
Del Puerto Water District	6	Fresno-Madera Area Agency on Aging	68
Del Rey Community Services District	6	Fruitridge Fire Protection District	2
Delta Diablo Sanitation District	204	Fullerton California State University Associated Students	158
Delta Vector Control District	32	Fulton El-Camino Recreation and Park District	34
Denair Community Services District	13	Galt Fire Protection District	0
Desert Healthcare District	26	Garden Valley Fire Protection District	11
Diamond Springs/El Dorado Fire Protection District	66	Gilsizer County Drainage District	6
Dixon Housing Authority	0	Glen Ellen Fire Protection District	9
Dominguez Hills CSU Associated Students	9	Glenn County Mosquito and Vector Control District	6
Dominguez Hills CSU Associated Students - Child Development Center	9	Glenn County Superior Court	51
Donald P. and Katherine B. Loker University Student Union, Inc.	19	Glenn-Colusa Irrigation District	0
Dougherty Regional Fire Authority	21	Gold Coast Transit	322
Dublin San Ramon Services District	305	Gold Ridge Fire Protection District	21
Dunnigan Water District	6	Golden Sierra Job Training Agency	92
Durham Mosquito Abatement District	2	Goleta Cemetery District	9
East Bay DiSchoolargers Authority	15	Goleta Sanitary District	68
East Bay Regional Park District	2,718	Goleta West Sanitary District	26
East Diablo Fire District	109	Great Basin Unified Air Pollution Control District	72
East Kern Airport District	77	Greater Anaheim Special Education Local Plan Area	45
East Palo Alto Sanitary District	26	Greater Los Angeles County Vector Control District	173
East Quincy Services District	9	Greater Vallejo Recreation District	113
East Valley Water District	149	Green Valley County Water District	4
Eastern Municipal Water District	1,289	Greenfield Fire Protection District	9
Eastern Plumas Health Care District	298	Gridley Biggs Cemetery District	15
Eastern Sierra Community Service District	15	Grossmont Healthcare District	30
Eastern Sierra Transit Authority	40	Grossmont Schools Federal Credit Union	26
Eden Township Healthcare District	2	Half Moon Bay Fire Protection District	0
El Camino Irrigation District	0	Hamilton Branch Fire Protection District	2
		Hamilton City Community Services District	4

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Harbor Developmental Disabilities Foundation, Inc.	437	Local Agency Formation Commission of Monterey County	4
Hayward California State University, Auxiliary Foundation, Inc.	175	Local Agency Formation Commission of San Luis Obispo County	0
Heartland Communications Facility Authority	19	Local Government Services Authority, a Joint Powers Authority	60
Heritage Ranch Community Services District	23	Lompoc Cemetery District	11
Hesperia Fire Protection District	6	Lompoc Healthcare District	639
Hesperia Recreation and Park District	109	Long Beach State University, Associated Students	138
Hesperia Water District	94	Los Angeles County Area 'E' Civil Defense And Disaster Board	2
Hilton Creek Community Services District	4	Los Angeles County Law Library	151
Housing Authority of the City of Eureka	40	Los Angeles County Sanitation District No. 2	5,853
Housing Authority of the City of Los Angeles	1,521	Los Angeles County West Vector Control District	72
Housing Authority of the County of Santa Clara	394	Los Angeles Memorial Coliseum Commission	79
Housing Authority of the County of Santa Cruz	136	Los Osos Community Services District	17
Hub Cities Consortium	72	Lower Tule River Irrigation District	85
Humboldt County Association of Governments	4	Lumberjack Enterprises, Inc.	0
Humboldt County Superior Court	209	Madera Cemetery District	62
Humboldt No. 1 Fire Protection District of Humboldt County	40	Madera County Economic Development Commission	0
Humboldt State College University Center	247	Majestic Pines Community Services District	4
Humboldt Transit Authority	113	Mammoth Lakes Fire District	32
Hydesville County Water District	2	Mammoth Lakes Mosquito Abatement District	2
Idyllwild Fire Protection District	36	Management of Emeryville Services Authority	211
Indian Valley Community Services District	4	March Joint Powers Authority	21
Indian Valley Health Care District	0	Marin Children and Families Commission	6
Inland Empire Utilities Agency	590	Marin County Housing Authority	132
Intelcom Intelligent Telecommunications	45	Marin County Sanitary District No. 1	79
Inverness Public Utility District	13	Marin Healthcare District	0
Ironhouse Sanitary District	107	Marin Municipal Water District	871
Irvine Ranch Water District	733	Marinwood Community Services District	66
Isla Vista Recreation and Park District	17	Maxwell Public Utility District	6
JRS Los Angeles County Superior Court	882	Mayers Memorial Hospital District	313
JRS Riverside County Superior Court	109	McCloud Community Services District	23
JRS Ventura County Superior Court	60	Meadow Vista County Water District	9
Jamestown Sanitary District	15	Meeks Bay Fire Protection District	13
Jurupa Community Services District	273	Meiners Oaks County Water District	13
Kanawha Water District	9	Mendocino Coast Hospital District	569
Kensington Community Services District	45	Mendocino County Russian River Flood Control and Water Conservation Improvement District	2
Kensington Fire Protection District	21	Menlo Park Fire Protection District	332
Kentfield Fire Protection District	58	Merced County Housing Authority	100
Kenwood Fire Protection District	4	Mesa Consolidated Water District	126
Kern County Council Of Governments	58	Metropolitan Transportation Commission	426
Kern County Housing Authority	337	Metropolitan Water District of Southern California	6,618
Kern County Law Library	6	Mid Carmel Valley Fire Protection District	9
Kern Regional Center	392	Midpeninsula Regional Open Space District	190
Kirkwood Meadows Public Utility District	47	Midway City Sanitary District	107
Lake County Winegrape Commission	2	Midway Heights County Water District	4
Lake Don Pedro Community Services District	0	Millville Masonic and Odd Fellows Cemetery District	2
Lake Hemet Municipal Water District	126	Mission Valley Regional Occupational Center/Program	55
Lake Valley Fire Protection District	58	Mojave Desert Air Quality Management	66
Lakeside Fire Protection District	168	Mojave Water Agency	98
Las Gallinas Valley Sanitary District of Marin County	72	Monte Vista County Water District	53
Last Frontier Healthcare District	190	Montecito Fire Protection District	170
Lathrop-Manteca Fire Protection District	79	Monterey Bay Unified Air Pollution Control District	70
Leucadia Wastewater District	51	Monterey County Law Library	2
Levee District No. 1 of Sutter County	6	Monterey County Regional Fire Protection District	166
Linda Fire Protection District	36	Monterey County Superior Court	432
Linden-Peters Rural County Fire Protection District	34	Monterey County Water Resources Agency	124
Littlerock Creek Irrigation District	15	Monterey Peninsula Airport District	104
Live Oak Cemetery District	4	Monterey Peninsula Regional Park District	45
Livermore/Amador Valley Transit Authority	43		

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Monterey-Salinas Transit District	449	Pacific Fire Protection District	28
Moraga-Orinda Fire Protection District	300	Pajaro Valley Fire Protection Agency	0
Morongo Basin Transit Authority	51	Pajaro Valley Public Cemetery District	19
Mosquito and Vector Management District of Santa Barbara County	13	Palm Drive Health Care District	315
Moss Landing Harbor District	11	Palm Ranch Irrigation District	13
Mother Lode Job Training Agency	53	Palm Springs Cemetery District	13
Mountain Valley Emergency Medical Services Agency	6	Palo Verde Valley District Library	0
Mt. View Sanitary District of Contra Costa County	43	Paradise Recreation and Park District	28
Mt. Diablo Health Care District	2	Paso Robles City Housing Authority	23
Mt. San Antonio College Auxiliary Services	107	Peardale Chicago Park Fire Protection District	2
Muir Beach Community Services District	2	Peninsula Health Care District	4
Municipal Pooling Authority	30	Peninsula Library System	28
Murphys Sanitary District	0	Peninsula Traffic Congestion Relief Alliance	13
Murrieta Fire Protection District	128	Penryn Fire Protection District	0
Napa County Mosquito Abatement District	26	Pine Cove Water District	9
Napa County Superior Court	192	Pine Grove Mosquito Abatement District	2
Napa County Transportation and Planning Agency	26	Pinedale County Water District	23
Napa Sanitation District	168	Pioneer Cemetery District	9
Nevada Cemetery District	9	Pixley Irrigation District	15
Nevada County Superior Court	143	Placer County Resource Conservation District	13
Nevada Irrigation District	675	Placer County Transportation Planning Agency	17
Nevada-Sierra Regional IHSS Public Authority	17	Placer County Water Agency	520
Newport Beach City Employees Federal Credit Union	9	Placer Mosquito and Vector Control District	38
Nipomo Community Services District	43	Planning and Service Area II Area Agency On Aging	6
North Bay Regional Center	400	Pleasant Valley Recreation and Park District	85
North Bay Schools Insurance Authority	30	Plumas County Community Development Commission	34
North Coast Railroad Authority	4	Plumas Local Agency Formation Commission	2
North Coast Unified Air Quality Management District	43	Point Montara Fire Protection District	0
North County Fire Protection District of Monterey County	100	Pomerado Cemetery District	11
North County Fire Protection District of San Diego County	175	Pomona, California State Polytechnic University, Associated Students, Inc.	115
North County Regional Occupational Program Joint Powers Agency	9	Port San Luis Harbor District	66
North County Transit District	364	Port of Oakland	0
North Delta Water Agency	0	Princeton-Codora-Glenn Irrigation District	9
North Los Angeles County Regional Center Inc.	790	Processing Strawberry Advisory Board	11
North Marin Water District	166	Processing Tomato Advisory Board	9
North State Cooperative Library System	9	Provident Irrigation District	11
North Tahoe Fire Protection District	126	Public Agency Risk Sharing Authority of California	13
Northern California Power Agency	496	Public Entity Risk Management Authority	9
Northern California Special Districts Insurance Authority	9	Quincy Cemetery District	2
Northern Salinas Valley Mosquito Abatement District	13	Quincy Community Services District	15
Northern Sierra Air Quality Management District	15	Rainbow Municipal Water District	4
Northridge Water District	0	Ramona Cemetery District	11
Northridge, CSU, Associated Students	79	Rancho Cucamonga Fire Protection District	328
Northstar Community Services District	81	Rancho Murieta Community Services District	75
Northwest Mosquito and Vector Control District	19	Rancho Simi Recreation and Park District	213
Novato Fire Protection District	317	Reclamation District No. 70	15
Novato Sanitary District	89	Reclamation District No. 341	4
Oak Hill Cemetery District	0	Reclamation District No. 800	9
Oakland City Housing Authority	922	Reclamation District No. 833	9
Ojai Valley Sanitary District	55	Reclamation District No. 900	9
Ophir Hill Fire Protection District	4	Reclamation District No. 1000	34
Orange County Fire Authority	775	Reclamation District No. 1001	36
Orange County Vector Control District	143	Reclamation District No. 1601	4
Oro Loma Sanitary District	170	Reclamation District No. 1660	0
Oroville Cemetery District	21	Redway Community Services District	13
Oroville Mosquito Abatement District	2	Regional Center of the East Bay	611
Oxnard Harbor District	92		

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Regional Council of Rural Counties	40	San Jose State University, Associated Students	94
Regional Government Services Authority	64	San Juan Water District	143
Regional Housing Authority of Sutter and Nevada Counties	70	San Lorenzo Valley Water District	47
Regional Water Authority	19	San Luis Obispo Air Pollution Control District	40
Richardson Bay Sanitary District	19	San Luis Obispo Cal Poly Associated Students, Inc.	204
Rincon Del Diablo Municipal Water District	83	San Luis Obispo Council of Governments	32
Riverbank City Housing Authority	4	San Luis Obispo County Pension Trust	13
Riverdale Public Utility District	6	San Luis Obispo Regional Transit Authority	15
Riverside County Air Pollution Control District	0	San Marcos Fire Protection District	0
Riverside County Housing Authority	2	San Mateo County Resource Conservation District	0
Riverside County Superior Court	0	San Mateo County Schools Insurance Group	11
Riverside County Transportation Commission	107	San Mateo County Transit District	1,834
Rodeo-Hercules Fire Protection District	68	San Miguel Community Services District	11
Roseville Public Cemetery District	21	San Miguel Consolidated Fire Protection District	345
Ross Valley Fire Department	121	San Ramon Valley Fire Protection District	613
Rubidoux Community Services District	4	San Simeon Community Services District	2
Ruth Lake Community Services District	0	Sanitary District No. 5 of Marin County	30
Sacramento Area Council of Governments	126	Santa Barbara County Association of Governments	49
Sacramento City Housing Authority	861	Santa Barbara County Law Library	6
Sacramento County Fire Protection District	0	Santa Clara County Health Authority	309
Sacramento County Public Law Library	43	Santa Clara County Law Library	2
Sacramento Metropolitan Air Quality Management District	166	Santa Cruz County Law Library	0
Sacramento Metropolitan Cable Television Commission	15	Santa Cruz County Regional Transportation Commission	53
Sacramento Metropolitan Fire District	2,409	Santa Cruz County Superior Court	275
Sacramento Regional Fire/EMS Communications Center	102	Santa Cruz Local Agency Formation Commission	6
Sacramento Regional Transit District	2,283	Santa Cruz Metropolitan Transit District	1,069
Sacramento Suburban Water District	145	Santa Cruz Regional 9-1-1	149
Sacramento Transportation Authority	4	Santa Fe Irrigation District	170
Salinas Valley Solid Waste Authority	77	Santa Maria Public Airport District	30
Salton Community Services District	51	Santa Paula City Housing Authority	17
Samoa Peninsula Fire Protection District	0	Saratoga Fire Protection District	21
San Andreas Regional Center, Inc.	641	Sausalito-Marín City Sanitary District	51
San Andreas Sanitary District	17	School Personnel Credit Union	21
San Benito County Water District	45	Schools Excess Liability Fund	19
San Bernardino County Housing Authority	424	Scotts Valley Water District	49
San Bernardino County Law Library	13	Selma-Kingsburg-Fowler County Sanitation District	85
San Bernardino County Transportation Authority	0	Sequoia Healthcare District	11
San Bernardino Economic Development Agency	51	Serra Cooperative Library System	2
San Bernardino, California State University, Student Union	47	Sewer Authority Mid-Coastside	34
San Diego Association of Governments	505	Shasta Area Safety Communications Agency	98
San Diego County Law Library	94	Shasta Community Services District	0
San Diego State University Associated Students	66	Shasta County Superior Court	354
San Dieguito Water District	72	Shasta Dam Area Public Utility District	0
San Elijo Joint Powers Authority	40	Shasta Mosquito and Vector Control District	40
San Francisco Bay Area Rapid Transit District	10,054	Shasta Valley Cemetery District	11
San Francisco Bay Area Water Emergency Transportation Authority	13	Sierra Lakes County Water District	19
San Francisco City and County Housing Authority	550	Sierra-Sacramento Valley Emergency Medical Services Agency	34
San Francisco City and County Redevelopment Agency	351	Silicon Valley Animal Control Authority	32
San Francisco Community College District Bookstore Auxiliary	36	Silveyville Cemetery District	9
San Francisco County Transportation Authority	75	Siskiyou County Superior Court	98
San Gabriel Valley Mosquito And Vector Control District	23	Smith River Community Services District	11
San Geronio Pass Water Agency	15	Solano County Mosquito Abatement District	32
San Jacinto Valley Cemetery District	32	Solano County Superior Court	439
San Joaquin County Housing Authority	330	Solano County Water Agency	21
San Joaquin County Mosquito and Vector Control District	109	Solano Transportation Authority	40
San Joaquin Hills Transportation Corridor Agency	0	Sonoma Marin Area Rail Transit District	23
San Jose State University Foundation	607	Sonoma State Enterprises, Inc.	2

Health Benefits Program Data (continued)

Districts & Other Public Agencies (continued)

Sonoma Student Union Corporation	6	Tuolumne Fire District	2
Soquel Creek Water District	138	Tuolumne Regional Water District	0
South Bay Regional Public Communications Authority	113	Tuolumne Utilities District	452
South Bayside System Authority	211	Turlock Mosquito Abatement District	36
South County Area Transit	9	Twain Harte Community Services District	21
South East Regional Reclamation Authority	0	Twin Cities Police Authority	153
South Feather Water and Power Agency	173	Ukiah Valley Fire District	9
South Kern Cemetery District	0	Union Public Utility District	11
South Orange County Wastewater Authority	160	Union Sanitary District	409
South Placer Fire District	102	United Water Conservation District	115
South Placer Municipal Utility District	62	University Auxiliary and Research Services Corporation	113
South San Luis Obispo County Sanitation District	21	University Corporation	281
Southeast Area Social Services Funding Authority	19	University Glen Corporation	40
Southern California Association of Governments	366	Upland City Housing Authority	43
Southern California Library Cooperative	17	Vacaville Fire Protection District	19
Southern California Public Power Authority	21	Vacaville-Elmira Cemetery District	17
Southern California Regional Rail Authority	603	Vallejo Sanitation and Flood Control District	264
Southern Humboldt Community HealthCare District	98	Valley County Water District	100
Southern Inyo Healthcare District	113	Valley Mountain Regional Center, Inc.	486
Southern San Joaquin Municipal Utility District	64	Valley Preparatory Academy, Inc.	0
Spartan Shops, Inc.	162	Valley Sanitary District	47
Squaw Valley Public Service District	51	Valley of the Moon Water District	34
State Assistance Fund for Enterprise, Business Industrial Development	23	Valley-Wide Recreation and Park District	55
Stanislaus County Housing Authority	258	Ventura County Law Library	15
State Water Contractors	17	Ventura County Transportation Commission	49
Stege Sanitary District	23	Ventura Port District	75
Stinson Beach County Water District	19	Ventura Regional Sanitation District	136
Stockton Port District	138	Veterans Home of California Post Fund	17
Strawberry Recreation District	6	Victor Valley Wastewater Reclamation Authority	94
Student Union of San Jose State University	62	Water Facilities Authority	17
Suisun Resource Conservation District	15	Weaverville Community Services District	17
Summit Cemetery District	40	Weaverville Fire Protection District	0
Sunnyslope County Water District	36	Weaverville Sanitary District	2
Superior Court of California County of San Luis Obispo	281	West Bay Sanitary District	55
Susanville Sanitary District	19	West Cities Communication Center	26
Sutter Cemetery District	26	West Cities Communication Center Joint Powers Authority	0
Sweetwater Springs Water District	23	West Contra Costa Healthcare District	13
Sylvan Cemetery District	11	West Contra Costa Integrated Waste Management Authority	11
Tahoe City Fire Protection District	0	West County Wastewater District	153
Tahoe City Public Utility District	124	West Plainfield Fire Protection District	0
Tahoe-Truckee Sanitation Agency	170	Western Canal Water District	26
Temecula Public Cemetery District	6	Western Riverside Council of Governments	38
Templeton Community Services District	51	Westlands Water District	386
Thermalito Water and Sewer District	23	Wildomar Cemetery District	2
Three Arch Bay Community Services District	2	Willow Creek Community Services District	6
Tiburon Fire Protection District	87	Willow Oak Fire District	0
Tower Foundation, San Jose State University	21	Willows Cemetery District	6
Trabuco Canyon Water District	58	Wilton Fire Protection District	2
Tracy Rural County Fire Protection District	2	Winterhaven Water District	2
Transbay Joint Powers Authority	21	Winters Cemetery District	11
Transportation Agency for Monterey County	26	Winters Fire Protection District	2
Tri-Counties Association for the Developmentally Disabled	556	Woodlake Fire District	6
Truckee Fire Protection District	126	Woodside Fire Protection District	181
Truckee Sanitary District	173	Yolo County Housing Authority	85
Tulare County Housing Authority	141	Yolo County In-Home Supportive Services Public Authority	9
Tulare Mosquito Abatement District	13	Yolo County Public Agency Risk Management Insurance Authority	17
		Yolo County Superior Court	215

Health Benefits Program Data (continued)

Yolo County Transit Authority	0
Yolo County Transportation District	26
Yolo Emergency Communications Agency	77
Yolo-Solano Air Quality Management District	62
Yuba County Water Agency	83
Yuba Sutter Transit Authority	6
Yuima Municipal Water District	2
Total Covered Lives	100,907

School Employers (138 total)

Acalanes Union High School District	1,252
Alameda City Unified School District	1,783
Albany City Unified School District	907
Alta-Dutch Flat Union Elementary School District	11
Antioch Charter Academy	0
Antioch Charter Academy II	28
Antioch Unified School District	2,812
Bayshore Preparatory Charter School	15
Berryessa Union Elementary School District	1,649
Beverly Hills Unified School District	1,184
Bonita Unified School District	1,544
Brisbane Elementary School District	166
Burbank Unified School District	3,148
Burlingame Elementary School District	469
Campbell Union Elementary School District	1,436
Campbell Union High School District	1,646
Capo-Laguna R.O.P.	72
Castaic Union Elementary School District	377
Centinel Valley Union High School District	1,672
Cerritos Community College District	1,887
Charter Learning Center	15
Chatom Union Elementary School District	30
Compton Unified School District	4,935
Connecting Waters	160
County School Services - Alameda County Schools	473
County School Services - Contra Costa County Schools	1,361
County School Services - Napa County Schools	398
County School Services - Sacramento County Schools	1,770
County School Services - San Mateo County Schools	1,242
County Superintendent of Schools Office - Riverside County Schools	3,985
Culver City Unified School District	1,414
Davis Joint Unified School District	1,280
Duarte Unified School District	662
Dublin Unified School District	535
Eastern Sierra Unified School District	51
El Camino Community College District	2,209
El Dorado Union High School District	47
Empire Union Elementary School District	58
Fairfield-Suisun Adult Education	0
Fairfield-Suisun Cafeteria	0
Fairfield-Suisun Child Care Center	0
Fairfield-Suisun Unified School District	3,370

Fillmore Unified School District	820
Fountain Valley Elementary School District	1,029
Fremont Unified School District	4,094
Fremont Union High School District	187
Gavilan Joint Community College District	577
Golden Lakes Charter School	17
Hartnell Community College District	273
Hayward Unified School District	3,061
Healdsburg Unified School District	228
Hillsborough City School District	300
Holtville Unified School District	2
Howell Mountain Elementary School District	28
John Swett Unified School District	339
Knightsen School District	53
La Grange Elementary School District	4
Las Lomas Elementary School District	294
Las Virgenes Unified School District	2,164
Liberty Union High School District	1,074
Little Lake City Elementary School District	816
Lodi Unified School District	4,352
Los Altos Elementary School District	1,046
Los Angeles Community College District	29,045
Los Angeles County Office of Education	8,134
Los Nietos Elementary School District	403
Lowell Joint Elementary School District	494
Magnolia Elementary School District	1,276
Manteca Unified School District	53
Mare Island Technology Academy	102
Martinez Unified School District	829
Menlo Park City Elementary School District	628
Metropolitan Education District	341
Mill Valley Elementary School District	586
Millbrae Elementary School District	386
Modesto City Elementary School District	4,537
Montebello Unified School District	7,506
Monterey Peninsula Unified School District	3,167
Moreland Elementary School District	799
Morgan Hill Unified School District	1,506
Mountain House Elementary School District	4
Mt. Baldy Joint School District	13
Mt. Diablo Unified School District	6,839
Mt. Pleasant Elementary School District	396
Mt. San Antonio Community College District	3,012
Napa Community College District	922
Napa Valley Unified School District	3,110
Natomas Unified School District	643
New Haven Unified School District	1,877
Newark Unified School District	501
Newman-Crows Landing Unified School District	364
North Monterey County Unified School District	588
North Orange County Community College District	4,343
Ocean Grove Charter School	107
Ohlone Community College District	765
Orange Unified School District	5,823
Orinda Union School District	594
Pacifica School District	878
Palos Verdes Peninsula Unified School District	2,205

Health Benefits Program Data (continued)

School Employers (continued)

Paradise Elementary School District	23	Sequoia Union High School District	2,462
Pittsburg Unified School District	1,889	Sky Mountain Charter School	89
Pleasanton Unified School District	368	Sonoma Valley Unified School District	1,514
Ravenswood City Elementary School District	892	South Pasadena Unified School District	848
Redwood City Elementary School District	1,977	South San Francisco Unified School District	2,296
Reed Union Elementary School District	349	South Sutter Charter School	179
Ridgecrest Charter School	32	South Whittier School District	669
Rio Hondo Community College District	1,553	Southeast Los Angeles County Regional Occupational Program	72
River Delta Joint Unified School District	377	Stanislaus County Office of Education	4
Riverbank Unified School District	481	Stockton Unified School District	6,861
Ross Elementary School District	145	Temple City Unified School District	850
Ross Valley Elementary School District	475	Turlock Joint Elementary School District	0
Rowland Unified School District	2,863	Turlock Joint Unified School District	1,135
Sacramento City Unified School District	6,482	Turlock Joint Union High School District	0
San Bruno Park Elementary School District	533	Twin Rivers Unified School District	5,564
San Carlos Elementary School District	462	Union Elementary School District	733
San Leandro Unified School District	1,061	Vacaville Unified School District	2,143
San Lorenzo Unified School District	1,353	Valle Lindo Elementary School District	194
San Mateo County Community College District	3,293	Vallejo City Unified School District	3,406
San Mateo-Foster City School District	1,932	Walnut Valley Unified School District	763
San Rafael City Elementary School District	679	West Contra Costa Unified School District	9,116
San Rafael City High School District	656	West Covina Unified School District	1,493
Santa Clarita Community College District	334	Whittier City Elementary School District	1,114
Santa Monica Community College District	2,479	William S. Hart Union High School District	3,640
Santa Monica-Malibu Unified School District	3,152	Wiseburn Elementary School District	381
Saugus Union Elementary School District	1,144	Total Covered Lives.	240,096

Supplemental Income Plans (SIP)

CalPERS provides members with the Supplemental Income Plans to save for retirement.

The CalPERS Supplemental Income Plans include:

- CalPERS Supplemental Income 457 Plan
- Supplemental Contributions Plan (SCP)
- State Peace Officers and Firefighters (SPOFF) Supplemental Plan.

CalPERS SUPPLEMENTAL INCOME 457 PLAN

The CalPERS Supplemental Income 457 Plan is a way for participants to defer a portion of pre-tax salary into investments of an individual's choosing. It allows both the amount deferred and the amount earned on the investment to be protected from income tax until the money is taken out during retirement. The plan supplements the retirement benefit plans offered by CalPERS. All California public agencies and school districts may adopt the 457 Plan for the benefit of their employees.

The CalPERS Board controls the investment and administrative functions of the CalPERS Supplemental Income 457 Plan. Assets are held in trust by the Board for the exclusive benefit of participating employees.

As of June 30, 2012, the CalPERS Supplemental Income 457 Plan was adopted by 728 California public agencies and school districts. Below is a summary of participating public agencies within the CalPERS Supplemental Income 457 Plan. For a full listing of the CalPERS Supplemental Income 457 Plan participating public agencies, please visit our public agency employer page at www.calpers.ca.gov.

Participating Public Agency Summary

Agency	
Cities	109
Counties	17
Community College Districts, School Districts & County Offices of Education	153
Districts & Other Public Agencies	308
Police & Fire Districts	56
Water Districts	85
TOTAL	728

SUPPLEMENTAL CONTRIBUTIONS PLAN

The Supplemental Contributions Plan is available to State of California employees who are members of CalPERS, as well as active judges who are members of the Judges' Retirement System I or II. Participants may invest after-tax contributions through payroll deductions or cash contributions by check. Participant earnings grow tax-deferred until SCP participants begin to take withdrawals in retirement or upon separation from State employment.

SPOFF SUPPLEMENTAL PLAN

The State Peace Officers' and Firefighters' (SPOFF) Supplemental Plan (also known as State POFF Defined Contribution Plan), is an employer provided retirement benefit negotiated between the State of California and certain employee groups. The contributions are invested by CalPERS and credited to each participant's account along with any net earnings. The balance of the account is available to SPOFF participants only at retirement or upon permanent separation from all State employment.

SIP FUND LINEUP

The CalPERS Supplemental Income 457 Plan and Supplemental Contributions Plan for the fiscal year 2011-12 investment line-up allows participants to choose from two styles of asset allocation funds, or build their own portfolio with the 12 core funds.

The two styles of CalPERS-managed Asset Allocation Funds include:

- Eleven Target Retirement Date Funds
 - Structured with 5-year increments to allow participants to target their retirement date.
 - Utilizes glide path strategy to reduce risk as the member approaches retirement.
- Three Risk-Based Asset Allocation Funds
 - Conservative, Moderate and Aggressive.

Twelve Core Funds

- Complete asset class coverage to build a portfolio tailored to participant investment goals and allow the opportunity for a well-diversified portfolio; and
- Spans the risk-return spectrum, without duplication.

Supplemental Income Plans (SIP) (continued)

The SPOFF investment is a balanced Moderate Asset Allocation Fund internally managed by CalPERS.

Fees collected from participant accounts provide funding to administer the Plans and are assessed based on the investment options selected.

The financial statements for this plan are in this report as part of the Financial Section and the accompanying notes and schedules.

Long-Term Care Program Data

The CalPERS Long-Term Care program (LTC) is an insurance program that helps to provide financial protection from the high cost of care caused by illness, injury or old age. Long-Term Care policies cover personal care (Activities of Daily Living) such as bathing, dressing, and eating, which are not typically covered by traditional health insurance or Medicare.

The LTC program is self-funded and not-for-profit and offers its members several plans with coverage and time duration options. As of June 30, 2012, long-term care membership decreased 2.8 percent to 150,333. This slight decrease to Program membership may be attributable to the 2012 premium increase, member morbidity, and the lack of an application period since 2008. Annual premiums as of June 30, 2012 were \$313.5 million.

The LTC program's total investments were approximately \$3.5 billion, with \$174.9 million paid out in benefits to its members during fiscal year 2011-12. The total benefits paid since the LTC program's inception in 1995 through June 30, 2012 have reached approximately \$1 billion.

The LTC program continues to be one of the largest of its kind in the nation, devoted to providing outstanding long-term care coverage with competitively priced premiums.

The financial statements for this LTC program are found in the Financial Section of this report and in the accompanying notes and schedules.

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Introduction

This report summarizes the compliance accomplishments of the California Public Employees' Retirement System (CalPERS) for the period from January 1, 2011, through July 30, 2012. This is the first year that the Annual Compliance Report has been included in the Comprehensive Annual Financial Report.

The Office of Enterprise Risk Management coordinated input from throughout CalPERS to generate this

report, which reflects CalPERS strong commitment to practicing ethics, compliance, risk management and good governance, at all levels of operation. This commitment is demonstrated on a daily basis by the CalPERS Board of Administration and staff throughout the organization and has resulted in significant improvements to the security, stability and quality of our programs.

Audits and Internal Reviews

In the 18-month compliance reporting period 2011-12, CalPERS Office of Audit Services (OFAS) received the highest possible overall opinion, Generally Conforms, on the recently completed Quality Assurance Review (QAR). OFAS engaged an external reviewer to assess conformance with the standards required by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

CONTRACTING PUBLIC AGENCY REVIEWS

The Contracting Public Agency Reviews focus on ensuring contracting agencies comply with requirements prescribed by the applicable sections of the California Government Code and Title 2 of the California Code of Regulations. The reviews cover areas such as compensation reporting, member enrollment, payroll reporting and employment of retired annuitants. In the fiscal year 2011-12, CalPERS conducted 74 Public Agency Reviews. CalPERS also conducted high profile reviews of the City of Bell, City of Vernon and other contracting public agencies that disclosed numerous unlawful activities, excessive pay rates and misclassified positions, to enhance retirement benefits.

In fiscal year 2012-13, CalPERS will assess the necessity of expanding the Public Agency Review team to increase the number of public contracting agencies reviewed per year, in addition to leveraging resources within CalPERS and will evaluate methods for using information in myCalPERS to identify high risk agencies that warrant review.

INTERNAL AUDITS

OFAS performs assurance and consulting work consistent with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. Internal audit areas cover retirement, health, investments, information technology, fiscal and operations support. OFAS also evaluates risk exposures relating to the organization's governance, operations and information systems.

In reporting period 2011-12, CalPERS completed 48 Internal Audits, consulting projects and follow-up reviews.

As a result of CalPERS effective audit program, CalPERS has recovered significant funding from vendors over the last 18 months. In particular:

- As a result of CalPERS Real Estate Compliance program reviews, an external firm identified over \$1 million in overpayments to the General Partner that was subsequently refunded to CalPERS.
- CalPERS co-sourced with an external firm to resolve a compliance issue resulting in recovery of approximately \$3.5 million from the General Partner.
- CalPERS audited healthcare providers and identified approximately \$900,000 in recoveries for failure to meet contractual claims processing performance standards.

In fiscal year 2012-13, CalPERS will expand investment related audit coverage through use of the Investment Audit Specialty Pool and co-sourcing opportunities.

FISMA

In accordance with the Financial Integrity and State Managers Accountability Act of 1983 (FISMA), Government Code sections 13400-13407, CalPERS submitted a report describing the review of our system of internal control for the biennial period ended December 31, 2011. CalPERS management is responsible for maintaining a system of internal controls which provide reasonable assurance that assets are properly safeguarded, transactions are properly executed and financial statements are reliable.

FINANCIAL STATEMENT AUDIT

The Board of Administration's independent financial statement auditor completed its audit of CalPERS Financial Statements for the fiscal year ended June 30, 2011, as required in Government Code Section 20228.

In connection with the audit of the financial statements, the auditor prepared a Management Letter that includes observations and recommendations to

enhance accounting and administrative internal controls as well as operational processes. The 2011 Management Letter identified several significant deficiencies in controls over financial reporting as well as opportunities for strengthening internal controls and operating efficiency. CalPERS staff provided a report to the Board's Risk and Audit Committee, at their March 13, 2012, meeting, setting forth a preliminary implementation plan for each response and staff is in the process of implementing these changes. The Board accepted the Management Letter at their March 14, 2012 meeting.

AUDIT RESOLUTION POLICY

CalPERS revised the Audit Resolution Policy to ensure internal audit finding resolution complies with the steps described in the Special Review recommendations and implementation plans. As of June 30, 2012, there are no open internal audit findings more than one year old, bringing CalPERS into compliance with the Board approved Audit Resolution Policy.

Business Administration

ACTUARIAL REVIEWS

Actuarial staff conducted several internal reviews of the actuarial program, aimed at evaluating compliance with applicable laws, regulations, Board policy and fiduciary obligations, including reviews of:

- Pension plan funding levels and risks, to comply with Board Governance changes requiring an annual review of unfunded liability, overall pension soundness and sustainability
- Actuarial policies regarding funding methods and assumptions
- Policies and practices, to ensure employer rate volatility caused by unexpected demographic events has been appropriately minimized for small employers

ASSET MANAGEMENT

In reporting period 2011-12, CalPERS conducted and completed a system-wide physical inventory of CalPERS assets in accordance with the State Administrative Manual (SAM), which requires state departments to make a physical count of all property and reconciliation of that property with accounting records at least once every three years. Completion of this inventory count provided CalPERS the opportunity to maintain more accurate records pertaining to the acquisition, disposition and control of property. Ultimately, this exercise ensured that we are maintaining an accurate accounting of records along with adhering to internal controls to protect against and detect unauthorized use of State property. In the fiscal year 2012-13, CalPERS will begin conducting smaller scale physical inventories of assets on an ongoing, rotational basis so as to better meet the SAM requirements.

CONTRACTING AGENCY OVERSIGHT

CalPERS implemented procedures for contract amendment valuations, to improve controls over public agency contract amendments. CalPERS also provided contracting employers with investment return scenario analysis in valuations, so employers can more accurately evaluate and budget for, the effect of investment risk on their contribution rates.

Pursuant to the California Government Code Section 20229, in fiscal year 2012-13 CalPERS will begin to provide discount rate sensitivity, contribution rates and termination liability analysis in an annual valuation report that provides additional risk exposure information to the California Legislature, the Governor and the Chair of the California Actuarial Advisory Panel.

HEALTH

In the reporting period 2011-12, CalPERS conducted divisions/elections for Social Security/Medicare or “Medicare Only” coverage, to help ensure they were being administered in compliance with federal and state laws. A special project was conducted to validate over 1,500 member health accounts. Health deduction reviews were also conducted to verify that retiree warrants were being administered in compliance with applicable laws and regulations.

In the fiscal year 2012-13, staff will conduct regular reviews of monthly employer health invoices for financial integrity.

INVESTMENTS

In the reporting period 2011-12, CalPERS established an investment compliance division, within the Investment Office, establishing an extra layer of protection and oversight.

For reporting period 2011-12, CalPERS successfully created an inventory of policies, laws and regulations that impact the Investment Office and established end-to-end processes for monitoring compliance with those policies, laws and regulations. CalPERS established a comprehensive investment-specific compliance training course and integrated all conflict of interest policies and procedures, including procedures for placement agent disclosures, Form 700 and Securities and Exchange Commission (SEC) Form ADV. CalPERS also established the Operating Risk Event reporting process.

CalPERS also performed annual compliance reviews of BlackRock user permissions and of the CalPERS Alternative Investment Management (AIM) program (which was subsequently incorporated into CalPERS Private Equity program).

For fiscal year 2012-13, CalPERS investment compliance focus will be on improving controls and policy management. In particular, CalPERS will improve automated controls over investments to help avoid preventable non-compliance incidents. In addition, CalPERS will continue to identify and develop new policies and procedures that reflect best practices in the asset management industry, including a valuation policy and associated governance structure. CalPERS will also realign investment monitoring functions and responsibilities to improve accountability and separation of duties.

PENSION

In reporting period 2011-12, CalPERS established a new division to improve CalPERS effectiveness in responding to the complex and quickly-changing legal, regulatory and policy environment surrounding pension administration.

CalPERS has developed a pension reform cost impact and implementation analysis, addressing the primary pension reform proposals under consideration in the Legislature.

SERVICE CONTRACTS

In the reporting period 2011-12, CalPERS made significant changes to the contracting process, centralizing, streamlining and automating the process to improve consistency, oversight and efficiency. CalPERS updated the Contract-Related Disclosure Policy to comply with the regulation that was adopted in May 2012. In addition, CalPERS implemented the new Board Contracting Activity Reporting Policy, which requires Board approval for all contracts costing equal to or more than \$1 million. A new Prospective Report will be submitted to the Board semi-annually in December and April, in support of this policy.

In fiscal year 2012-13, CalPERS will roll out the new contracts automation project, including providing training on the new contracts database. CalPERS will also bring the contracts database in-house and will begin the next phase, including solicitations.

Education and Outreach

EMPLOYER COMPLIANCE TRAINING

CalPERS provided educational opportunities to State, School and Public Agency employer representatives throughout California on CalPERS laws and rules related to contracts, compensation, membership, payroll, PEMHCA business rules and eligibility, which resulted in the reduction of employer errors and inquiries and improved the accuracy of member benefits.

CalPERS also published updated Employer Reference Guides to ensure employers have the necessary support to comply with CalPERS laws, regulations and procedures and updated all internal and external employer training offerings to reflect changes to laws, regulations and rules.

CalPERS also issued the first of a planned series of Public Agency bulletins regarding Social Security compliance matters to more than 600 Public Agency representatives.

CalPERS has created an Employer Outreach plan, which will be implemented in fiscal year 2012-13, to educate employers regarding the importance of complying with laws surrounding reportable compensation. CalPERS also plans to assess and streamline internal member and employer staff training programs to ensure that information provided to members and employers about their benefits is consistent and accurately reflects legal and regulatory standards.

Equal Employment Opportunity

DISABILITY ADVISORY COUNCIL

CalPERS hosted monthly meetings of the CalPERS Disability Advisory Council (DAC), pursuant to the California Government Code (GC) sections 19230–19237 and 19795(b). In the reporting period 2011-12, the CalPERS DAC Brochure was created and distributed to all employees to increase visibility of the DAC and its mission, consistent with GC sections 19230–19237 and 19795(b), requiring staff notification efforts.

DISABILITY SURVEY

Under the Rehabilitation Act of 1973 and GC Section 19233, the State Personnel Board requires departments to provide employees with the opportunity to self-identify any disabilities. Survey data is confidential and protected under the Privacy Act of 1974. CalPERS administered the most recent staff survey on February 1, 2010, which raised CalPERS rate to 18 percent of people with disabilities in our workforce over the mandated 16.6 percent. Detailed compliance statistics were published in the CalPERS Annual Workforce Analysis.

EQUAL EMPLOYMENT OPPORTUNITY

CalPERS maintains an internal complaint process where employees can report alleged discrimination and harassment. Employees have additional protection through complaint processes with the Department of

Fair Employment and Housing and the Equal Employment Opportunity Commission. CalPERS Diversity Outreach Program continues to respond to employment discrimination complaints within 90 days of the complaint filing pursuant to 2 CCR 64.4.

CalPERS developed and distributed Interview Panel Composition and Division Chief Approval of Hires Policies, to create additional safeguards supporting State fair-hiring practices and EEO laws. In fiscal year 2012-13, CalPERS will continue to roll these new policies out to the organization and will also conduct Limited Examination and Appointment Program (LEAP) educational workshops for managers and supervisors.

In addition, CalPERS continues to enhance workforce development, information sharing and collaboration across the enterprise. CalPERS is implementing and upgrading several automated systems that will increase transparency and compliance reporting regarding the state's hiring laws, rules and regulations. These systems will enable us to improve candidate/employee tracking and reporting which can be used for appointment statistics, training and career development activities.

ESSENTIAL FUNCTIONS DUTY STATEMENTS

CalPERS developed and presented training on the new Essential Functions Duty Statement format to comply with legislation which revised the State's definition of a

Equal Employment Opportunity (continued)

disability and required agencies to determine essential functions for each position. By the end of the reporting period, this training had been rolled out to 75 percent of the organization.

HARASSMENT PREVENTION

CalPERS issued its Harassment Prevention Policy, effective October 2011, which replaced the previous Zero Tolerance Sexual Harassment Prevention Policy. As of June 30, 2012, 96 percent of the staff were compliant with the training mandate, significantly exceeding the requirements of State law, which mandate Sexual Harassment training only for managers and supervisors.

WEB ACCESSIBILITY

In the 2011-12 reporting period, CalPERS took significant steps to improve the accessibility of CalPERS Web pages. In particular, CalPERS developed and deployed a new CalPERS On-Line website template in April 2012, which incorporates larger font size, improved screen resolution and a clean grid layout, making the site easier to scan and read, consistent with the requirements of Section 508 of the federal Rehabilitation Act. CalPERS also updated the myCalPERS Web interface to be Section 508 compliant.

Pursuant to the California Government Code Section 11135 Section D and the federal communication law, Twenty-First Century Communications and Video Accessibility Act of 2010, CalPERS has drafted a Web Accessibility Policy, which will take effect in fiscal year 2012-13. This policy will govern CalPERS and any contractors working for CalPERS, to make public and internal websites accessible to both the general public and employees, including persons with disabilities. Accessibility procedures were developed and implemented for staff assigned to closed captioning, webinars and webcasts. CalPERS also implemented Communication Access Realtime Translation (CART) to facilitate Web-based communication accessibility for the CalPERS Board of Administration monthly meetings and CalPERS member and employer education large-scale webcasts. The webcast captions appear in an “open” format, which means they can be seen by all Web media players.

In fiscal year 2012-13, CalPERS will provide increased accessibility for webcasts and webinars and will evaluate new Telephony technologies for the hearing impaired that will replace our existing video phones and TeleTypewriter (TTY) equipment.

Fiscal

In the reporting period 2011-12, CalPERS received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 16th consecutive year. In addition, a CalPERS employee was appointed to be a member of the Governmental Accounting Standards Board (GASB) Task Force on Other Post-Employment Benefits (OPEB), the purpose of which is to deliberate on possible standard changes to GASB Statement No. 43, Statement No. 45 and OPEB accounting liabilities.

NEW FINANCIAL CONTROLS

Staff established several new financial controls:

- Instituted an advanced matrix for operational cash management of the PERF, with new metrics tracking variance and accuracy and by developing a methodology for allocating shared investment costs to all trusts, in

compliance with Generally Accepted Accounting Principles (GAAP).

In fiscal year 2012-13, staff will identify priority trusts and roll out the advanced matrix in these areas, to better manage operational cash transparency

- Instituted a secondary review process for the Long Term Care (LTC) fund that ties to CalPERS balance sheet and income statement
- Revised direct deposit forms and information in compliance with National Automated Clearing House Association banking regulations regarding international transactions
- Strengthened reporting transparency by reviewing and revising the Comprehensive Annual Financial Report (CAFR) to ensure conformance with GAAP and GFOA standards

- Reviewed office practices and implemented procedures to ensure adequate management controls are in place and minimize the potential for fraudulent acts among the regional offices in key areas, such as check handling and vehicle usage

In fiscal year 2012-13, CalPERS will expand ongoing risk assessment processes relevant to the preparation of CalPERS financial statements to help ensure they are consistent with GAAP and will enhance tracking and reporting investment costs on a monthly basis for improved accountability. CalPERS will distribute the monthly financial reporting package, which will include a balance sheet, income statement and a report

on investment expenses. CalPERS will complete an implementation plan for the proposed enhancements to GASB Statement No. 25¹ to be implemented in fiscal year 2013-14.

In fiscal year 2012-13, CalPERS will align the Strategic Plan, Business Plan and Budget, and develop supporting Performance Measures to comply with the Governor's Executive Order B-13-11.

Note:

¹ GASB Statement No. 25 was replaced by GASB Statement No. 67, subsequent to the reporting period for this report. CalPERS will comply with GASB Statement No. 67 in fiscal year 2013-14.

Information Technology

my|CalPERS

In reporting period 2011-12, staff throughout CalPERS participated in extensive review, testing and implementation of my|CalPERS to ensure compliance with laws, rules and regulations. To improve information security in my|CalPERS, CalPERS implemented the Health Insurance Portability and Accountability Act (HIPAA) Security Reports, Sentinel 6 & Sentinel 7 in compliance with HIPAA and the Health Information Technology for Economic and Clinical Health (HITECH) Act and implemented Guardium to perform database compliance monitoring. The Pension System Resumption Project was also expanded to include judges and legislators.

IT CONTROLS

In fiscal year 2012-13, CalPERS will implement an Enterprise Test Center of Excellence (TCoE) that aligns with industry best practices such as the Institute of Electrical and Electronic Engineers (IEEE) 829 Standard for Software and System Test Documentation, and drives standardization of quality through people, processes and technology for continuous quality assurance improvement and maturity.

CalPERS will also evaluate implementation of a Governance, Risk and Compliance system, improving staff's ability to identify and focus efforts on key risks and control issues, including access policy conflicts. Staff will conduct a series of Business Plan projects to identify business needs and requirements that will support efforts to build a risk intelligent culture and measure compliance.

Investigations

CalPERS ETHICS HELPLINE

The CalPERS Ethics Helpline allows employers, employees, contractors and the general public to anonymously and securely report concerns about potential misconduct or inappropriate activities, consistent with U.S. Federal Sentencing Guidelines. The CalPERS Ethics

Helpline is monitored by an external party and reports can be submitted through a toll-free phone number or by submitting reports via a secure website 24 hours a day, 365 days a year.

During the 2011-12 reporting period, staff investigated 180 CalPERS Ethics Helpline allegations. These

Investigations (continued)

investigations were independently conducted by program staff, often in addition to their day-to-day workload. Compliance staff centrally monitored ongoing investigations to ensure completion and consistent reporting.

As part of the Board Governance process, the CalPERS Ethics Helpline agenda items presented to the Risk and Audits Committee were redesigned, resulting in an automated environment that improved analytic capacity, which directly contributed to improved efficiencies and transparency in reporting.

INVESTIGATIONS

In the 2011-12 reporting period, CalPERS developed an Investigations Policy to facilitate the internal and external investigation of allegations of wrongdoing, violations of CalPERS or State of California policy and/or criminal activity. The policy applies to any actual or suspected

allegations of wrongdoing, policy violations, or any criminal activity that may involve internal entities (employees, consultants, vendors, or contractors) or external entities (Members, Employers, outside agencies doing business with employees of such agencies and/or any other parties with a business relationship with CalPERS).

In fiscal year 2012-13, CalPERS will centralize coordination responsibilities for all investigation activities throughout CalPERS, including CalPERS Ethics Helpline reports. Centralized investigation staff will work with program areas conducting investigations, to identify ways they can provide additional support and guidance and improve consistency and compliance with best practices. CalPERS is in the process of conducting a system review and upgrade, to provide more efficient, consistent investigation tracking and improved reporting capabilities. We expect to implement these system changes in fiscal year 2013-14.

Legislation and Regulations

At the close of each legislative session, CalPERS compiles a list of all newly enacted legislation and monitors implementation progress. In reporting period 2011-12, CalPERS successfully lobbied for the passage and enactment of the following Board sponsored state legislative proposals:

- AB 1042 (Chap. 688, Stats. 2011), authorizing CalPERS to recruit a Chief Financial Officer (CFO)
- AB 782 (Chap. 107, Stats. 2011), which will allow CalPERS to recover administrative expenses incurred when employer audits exceed the time estimates provided
- AB 1028 (Chap. 440, Stats. 2011), which aligns the Public Employee Retirement Law (PERL) to the Board's revised rate setting process and reflects the recently adopted Board policy on state employer contribution rates, strengthens and clarifies the limits on post retirement employment, and clarifies the definition of the term "payrate" for school employees to clarify that salary deductions for tax-deferred retirement plans, deferred compensation plans and the flexible benefits program could be included when calculating CalPERS members retirement benefits the same as State and contracting agency members participants.

CalPERS also provided support to lawmakers, in the form of comments on regulations associated with federal healthcare and financial market reform. Additionally, staff appeared before the Joint Legislative Conference Committee on Public Employee Pensions to provide information and analysis to lawmakers as they discussed pension reform issues.

In fiscal year 2012-13, CalPERS will continue serving as an honest broker of information on issues related to pension reform, and will lobby for the successful passage and enactment of two 2012 Board sponsored state legislative proposals: AB 2142, regarding CalPERS Wellness and Risk Adjustment Programs, and SB 987, the CalPERS 2012 omnibus bill. CalPERS will also continue to assist with the implementation of regulations associated with federal healthcare and financial market reform and support efforts aimed at preventing the dismantling of the finance industry changes enacted by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

IMPLEMENTATION

In 2012, CalPERS successfully implemented the following significant pieces of legislation and regulations:

- AB 1028 (Chap. 440, Stats. of 2011), strengthening restrictions on members working after retirement
- Internal Revenue Service (IRS) regulations applying to safety member defined benefit plan dollar limits for the main CalPERS defined benefit plan

In 2012-13, CalPERS will strengthen Public Agency contracting processes in compliance with Social Security Act, Section 218.

PATIENT PROTECTION AND AFFORDABLE CARE ACT (PPACA)

In reporting period 2011-12, CalPERS was recognized by White House staff as a national leader in the implementation of the Affordable Care Act (ACA). CalPERS continued to implement the provisions of the Patient Protection and Affordable Care Act (PPACA), as modified by subsequent legislation, and tracking and implementing related regulations and federal guidance. In support of these efforts, staff implemented a provision and document tracking system to more efficiently and accurately track PPACA rules.

In addition, CalPERS staff took the following actions to implement health care reform requirements:

- Modified the CalPERS health plan benefit designs by removing annual and lifetime limits for essential health benefits, as required under PPACA. Staff also developed cross-reference of preventive services billing codes, which

was shared with the Federal department of Health and Human Services (HHS), related to elimination of copays under PPACA for these types of services

- Promulgated State regulations to implement the extension of dependent health care coverage up to age 26 and the Prohibition on Rescissions and developed business requirements for system changes to implement these changes
- Participated in Early Retiree Reinsurance Program under PPACA and distributed funds in the form of lower premium rates
- Redesigned its appeals process to conform to the revised standards

NEW CalPERS REGULATIONS

CalPERS promulgated clarifying regulations regarding publicly available pay schedules and clarifying payroll and contribution submission requirements relative to the new myCalPERS system. CalPERS also initiated the rule making process for the proposed personal trading regulation, which will help provide additional protections against potential conflicts of interest. We anticipate that the personal trading regulation will go into effect in December 2012.

Also in fiscal year 2012-13, CalPERS will promulgate regulations related to pension reform implementation, compensation review, payroll reporting and establishing an amnesty period to employees or annuitants who voluntarily terminate their ineligible dependent's enrollment in a CalPERS health benefits plan, preparatory to conducting a dependent audit on all CalPERS members to identify and reconcile eligibility discrepancies.

Risk Management

RISK MANAGEMENT PROGRAM

The Enterprise Risk Management Division (ERMD) provides assurance that CalPERS approach to risk aligns with our strategic goals and objectives. This includes enterprise privacy and security, enterprise risk intelligence, compliance, business continuity and disaster recovery.

The CalPERS risk management program will continue to develop and coordinate risk assessment and mitigation activities throughout CalPERS and help

establish a culture that incorporates Risk Intelligence into day-to-day operations and decision-making processes.

RISK IDENTIFICATION ACTIVITIES

In the reporting period 2011-12, CalPERS created a Risk Intelligent Enterprise Management Policy to formalize and communicate CalPERS commitment and approach for managing a risk intelligent enterprise. Through a model developed to integrate risk into CalPERS governance

processes, staff works within a framework for integrating CalPERS governance, risk and compliance functions throughout the organization. Staff uses standard definitions for risk-rating criteria related to a risk's impact, likelihood, velocity, risk category and trend rating to provide a comparison of all enterprise risks.

During the first meeting of the CalPERS Enterprise Risk Management Committee, the members reviewed an enterprise-wide risk focus list to discuss and prioritize the risks, identified how each risk was addressed within the Business Plan and introduced a 90 day plan to kick-off the CalPERS governance and risk management initiative.

Staff refined the following risk-exposure reporting templates for CalPERS management and Board members:

- Enterprise-wide risk dashboard to identify key risk results
- Top risks list
- Emerging risks list

They also developed other tools to help management identify, track and manage residual risks and to articulate their risk appetite and risk tolerance levels for top risks. In fiscal year 2012-13, CalPERS will continue to build and enhance the risk management framework.

In reporting period 2011-12, CalPERS conducted enterprise-wide risk assessments of CalPERS activities to help focus future activities on the areas of highest risk. Staff will prepare an Annual Risk Assessment Plan in fiscal year 2012-13.

DISASTER RECOVERY

Pursuant to 19 CCR 2400, CalPERS coordinated a Standardized Emergency Management System (SEMS) training course with full Executive Staff participation. The course focused on learning in a non-crisis environment how to respond during a catastrophic event and their roles and responsibilities during emergency situations.

Security

BUILDING SECURITY

CalPERS contracted with the California Highway Patrol (CHP) to station an officer in the auditorium during Board meetings and implemented use of a screening portal at the entrance to the auditorium consisting of metal detection and parcel x-ray equipment.

CalPERS also revised the format of the Lincoln Plaza (LP) Badge Card Access Request Form (CARF) to reflect all restricted areas of Headquarters and to require respective Division Chief authorization before access is granted. CalPERS posted the revised CARF and card access form instructions to the CalPERS Insider.

In fiscal year 2012-13, in keeping with CalPERS increased focus on enterprise-wide security, CalPERS will develop a Regional Office Minimum Security roadmap and three-to-five year implementation plan to mitigate potential risks associated with worker safety. CalPERS will work with the Regional Offices to plan for additional security enhancements for lobby and reception areas, such as cameras and panic buttons. Staff will also develop security procedures for the Thomson Diggs and 400 R Street buildings.

INFORMATION SECURITY

The CalPERS dedicated information security team works to protect members' privacy and the safety of CalPERS information assets by performing the following:

- Monitoring compliance with CalPERS Information Security Policy and relevant information security laws, regulations and best practices. Variances are documented and risks are mitigated.
- Preservation and production of electronic records
- Investigating security events and reporting those that are security incidents to the proper authorities in compliance with the California State Administrative Manual (SAM) section 5350
- Ensuring compliance with State requirements that all staff must complete an online security and confidentiality training course each year (SAM 5325)
- Continuously monitoring all Internet access by CalPERS staff and contractors for compliance with CalPERS use policies
- Working with Data Owners pursuant to SAM section 5320 that requires all data assets to be identified, classified and inventoried

- Conducting information security risk assessments every two years pursuant to SAM section 5305.2, GC section 11019.9 and the Information Practices Act (Civil Code section 1798 et seq.)
- Annually submit the Agency Risk Management and Privacy Program Compliance Certification (SIMM Section 70C) to the California Technology Agency, Office of Information Security
- Annually submit the Agency Telework and Remote Access Security Compliance Certification (SIMM Section 70E) to the Office of Information Security

IMPROVED INFORMATION SECURITY OVERSIGHT

In the reporting period 2011-12, CalPERS measured the state of CalPERS security against the security standards of State and federal regulations, resulting in a Security Roadmap designed to close these gaps over the next five years.

CalPERS implemented the following information security technology improvements:

- A new server patch management tool, to streamline and automate monthly and critical server software updates, consistent with CalPERS policies on server management and virus protection
- An automated tool to measure Windows server and workstation configurations for compliance with security policy and practices

- New state of the art firewalls, resulting in improved data and system protection

In addition to these efforts, staff created a process to generate automated reports to identify workstations potentially compromised with malicious software and reimage those infected machines.

CalPERS implemented an electronic Governance Risk and Compliance (eGRC) Policy module to contain and manage all information security policies.

In fiscal year 2012-13, CalPERS will implement Phase I of the Security Roadmap, which includes enhancements to identify and access management, data loss prevention and mobile device management. In addition, staff will establish processes and procedures, training and a designated team to respond to inquiries received through the new “member secured messaging” channel via myCalPERS in a way that protects member privacy.

SOCIAL SECURITY NUMBERS

Pursuant to California Civil Code Section 1798 et seq., CalPERS replaced social security numbers with numeric CalPERS IDs and updated relevant procedures accordingly.

Transparency and Accountability

BOARD GOVERNANCE PROJECT

In 2011, the CalPERS Board initiated a compliance and best practice review of our governance practices. Based on recommendations from the review, the Board has taken the following actions:

- Approved new Delegation Resolutions for each Committee and the Chief Executive Officer
- Approved new meeting agenda, consent item and agenda item templates
- Implemented a new Board Committee Structure, reducing the number of Committees from seven to six and aligned each committee with the appropriate powers reserved to the Board

- Approved the new Governance Policy
- Approved the Board Gift Policy, strengthening existing restrictions on gift acceptance by Board members and mitigating the risk of actual or perceived conflict of interest
- Approved the Board Travel Policy

These activities, along with the adoption of powers reserved, improved the Board’s ability to oversee program activities. There are 65 powers reserved that have been delegated to the appropriate Committee and 15 powers reserved that remain the responsibility of the full Board. Each power reserved identifies the Board or Committee’s responsibility as “conduct,” “set,” “approve,” or “oversee.”

The Board also attended a Fiduciary Training Workshop and approved a new CalPERS Strategic Plan Framework, Governance Principles and the 2012-14 Business Plan. Processes were also developed to implement annual certification requirements and a Board Self-Assessment consultant was selected to assess the full Board, Board President and Vice President, individual Board members, Committees and Committee Chairs and Vice Chairs, in the areas of principles, responsibility and authority, process and outcomes.

FRAUD PREVENTION POLICY

In May 2012, CalPERS updated the Fraud Prevention Policy to promote consistency by providing guidelines and assigning responsibility for reporting fraud and conducting investigations.

DELEGATIONS OF AUTHORITY

In 2012, staff developed 41 delegations of authority for each Executive staff and Division Chiefs to align with the recently adopted CEO delegation resolution and 2011 enterprise reorganization. The staff delegations of authority were all executed by August 2012.

In 2011, staff created and administered new CalPERS Contracting Delegated Authority Certification Training. This training is now available in the CalPERS Learning Management System (LMS) and will be mandatory every two years for all Division Chiefs and above. In addition, staff developed delegations of authority for each Executive Officer and Division Chief to give them authority to execute contracts, letters of engagements and purchase orders.

DISCLOSURE POLICY

CalPERS updated the Contract-Related Disclosure Policy to comply with the regulation that was adopted in May 2012. All applicable contracts will now have the updated form and contract language. Subsequently, CalPERS revised retirement publications, State and Public Agency manuals and on-line content to ensure compliance with the disclosure policy. Revision efforts will continue into fiscal year 2012-13.

FORM 700 PROCESS

In 2011, CalPERS centralized full filing officer duties for CalPERS with other existing monitoring and oversight responsibilities. To help detect and prevent potential conflicts of interest, CalPERS went above and beyond Fair Political Practices Commission (FPPC) minimum requirements for state agency Form 700s, by performing full and enhanced reviews of all Form 700s submitted by CalPERS staff, including all annual, assuming office and departure from office Form 700 submissions submitted by Board members, consultants and identified CalPERS staff during the 2011-12 reporting period.

CalPERS also successfully implemented an automated Form 700 system for all CalPERS Form 700 filers, in order to simplify the submission process and help filers avoid inadvertent errors or omissions. The new Form 700 system was rolled out to all CalPERS Form 700 filers in time for the annual Form 700 submissions, due April 2012.

In fiscal year 2012-13, CalPERS will continue to improve transparency and monitoring of the CalPERS Form 700 Process, by aligning Form 700 reporting requirements with CalPERS Personal Trading Policy.

ETHICS TRAINING FOR FORM 700 FILERS

In 2011, CalPERS strengthened the existing procedures to include more stringent escalation protocols for non-completion, which has resulted in staff achieving a 100 percent compliance rate.

In fiscal year 2012-13, CalPERS will develop web-based Ethics training that will be mandatory for all employees that file Form 700s. This training will fulfill the conflict of interest training requirements. The LMS will be used to launch and track the completion of this mandatory training.

FORM 700 TRAVEL AND TRANSPARENCY POLICY

CalPERS published Form 700 submissions and Travel Expense Claims for Board members and other key staff, consistent with the CalPERS Form 700 and Travel Transparency Policy.

GOVERNANCE POLICY

CalPERS developed processes to implement the certification requirements identified in the Governance Policy. In fiscal year 2012-13, staff will manage the implementation of the Board Governance Initiatives to ensure accountability and transparency.

PUBLIC RECORDS ACT

In April 2011, CalPERS relocated and redesigned processes for administration of Public Records Act (PRA) requests. CalPERS established guidelines and procedures for CalPERS staff and Colliers security, enabling them to provide consistent, accurate information to members of the public who ask about submitting a PRA request. Staff also conducted internal training on the PRA laws and processes, which was delivered to over 65 CalPERS staff and six regional offices.

In addition to these transition efforts, CalPERS created and launched a web submission tool the public can use to easily submit a PRA request via CalPERS On-Line. CalPERS posts monthly Executive Summary reports of all PRAs processed and received to CalPERS On-Line.

In fiscal year 2012-13, CalPERS will develop a policy of increased transparency for PRAs, in support of the 2012-2014 CalPERS Business Plan. CalPERS will also conduct a second-annual internal PRA training for CalPERS Program areas that are impacted by PRA requests and will assess and upgrade the web submission tool to improve and maintain customer service levels for PRA requests.

PERSONAL TRADING POLICY

In fiscal year 2012-13, CalPERS will finish promulgating the Personal Trading Policy regulations and will implement an automated system to help Board members and affected staff comply with CalPERS Personal Trading Policy. Once the regulations and automated system are in place, staff will roll the policy out to all covered persons and will provide ongoing monitoring and support.

UNDUE INFLUENCE

In 2012, CalPERS will implement a new Undue Influence procedure, requiring Executive Staff and Investment Senior Management to certify, at least annually, that they have been free of all undue influence during the prior calendar year. The procedure also includes instructions on how to notify CalPERS of any instances where undue influence may exist. Beginning in 2012, ECOM staff will be responsible for administering the Undue Influence procedure, including monitoring staff compliance with the annual undue influence certification process. The deadline to submit the Undue Influence Certification is August 31, 2012, for the reporting period January 1, 2011, through December 31, 2011.

Compliance Training

As required in the U.S. Federal Sentencing Guidelines, ECOM’s compliance program includes a training component to help ensure employees are aware of their legal and ethical responsibility to be compliant with applicable laws and rules for each business line.

The following compliance-related training was provided in reporting period 2011-12:

Course Title	Summary	Source of Mandate	Staff Required to Take Training	Required Frequency of Training	Staff Compliant with Training Mandate As of 6/30/12		
					# of staff required to take training	# of staff completed training	% of staff compliant with mandate
CalPERS Ethics Training	Familiarizes staff with Form 700 reporting obligations, gift limits and other ethical requirements	Government Code (GC) 11146.1	Form 700 filers	Biennial	596	596	100%
Health Insurance Portability & Accountability Act (HIPAA)	Familiarizes staff with HIPAA privacy and information security requirements	HIPAA staff training policy	All CalPERS staff, all contractors and consultants	Within 90 days of hire and annually thereafter	2,860	2,761	97%
Information Security Awareness	Familiarizes staff with basic information security principles and requirements pertaining to CalPERS business operations	Awareness and Training Policy	All staff, including Executive staff, students, contractors, retired annuitants	Within 90 days of hire and annually thereafter	2,860	2,823	99%
LEADER ¹	Introductory training for new supervisors and managers Includes: Conflict of Interest/ Incompatible Activities HIPAA Information Security Diversity, EEO, Harassment Prevention Workplace Violence Prevention Disability Awareness and Reasonable Accommodation Injury and Illness Prevention Program (IIPP) Employee Assistance Program (EAP) Ethics	GC 19995.4	New supervisors and managers	Once within probationary period or within 12 months of supervisory appointment	75	30	40%

Note:

¹ Participant completion rate may be lower than expected due to workload demands and/or scheduling conflicts. Subsequently, the 80 hour requirement is met in the next LEADER offering (e.g. next fiscal year).

Compliance Training (continued)

Course Title	Summary	Source of Mandate	Staff Required to Take Training	Required Frequency of Training	Staff Compliant with Training Mandate As of 6/30/12		
					# of staff required to take training	# of staff completed training	% of staff compliant with mandate
New Employee Orientation (NEO)	Includes: CalPERS training policy Conflict of Interest/ Incompatible Activities EAP Ergonomics Disability awareness HIPAA Information Security Awareness IIPP Sexual Harassment Prevention	New Employee Orientation Attendance Policy (effective 7/1/11)	All new-to-CalPERS employees	Within 90 days of hire date	395	144	36%
Sexual Harassment Prevention Training	Provides staff with tools to recognize, avoid and address potentially sexually harassing situations	CalPERS Harassment Prevention Policy, revised October 2011 State and Federal law U.S. Federal Sentencing Guidelines	All Supervisors and managers. CalPERS policy requires all employees to take the training within 90 days of hire and every other year, including students and retired annuitants	All new supervisors or managers within six months of start and every other year thereafter All non-supervisory employees within 90 days of start All staff must complete biennially	2,860	2,750	96%
First Aid/CPR Training	Provides staff with limited first aid/ CPR skills	IIPP Section 3203 of the General Industry Safety Orders SAM 4842.2 CalOSHA guidelines	Voluntary	Every three years to remain certified	Voluntary	129	N/A
Working Values: Ethical Decision-Making	Provides staff with tools and strategies for identifying and appropriately responding to ethical dilemmas	CalPERS 2011-12 Business Plan	Mandatory	Annual	2,860	2,626	92%

Mandated Licenses and Certifications

Division	Classification	License / Certificate Required	# of Staff
LEGO	Attorney Series (I, III, IV)	California State Bar Membership	28
ACTO	Pension Actuary Class Series	Associate of the Society of Actuaries	15
BPPP	Nurse Consultant Class Series	Active valid license as a registered nurse in California	2
BPPP	Pharmaceutical Consultant	Valid Certification of Registration in Pharmacy issued by the California State Board of Pharmacy	1
BPPP	Medical Consultant Class Series	Possession of the legal requirements for the practice of medicine in California as determined by the California Board of Medical Quality Assurance or the California Board of Osteopathic Examiners	1
OSSD	Warehouse Worker	Possession of a Class III California Driver License	1
OSSD	Warehouse Worker	Forklift Operation Certification	1
LEGO	Investigator (Peace Officer)	Requires a psychological evaluation	1

Mandated Reports

Report Title and Summary	Mandate Source	Due	Most Recent Publication Date
Legislators Retirement Fund			
The Board shall file with Governor a report of its work for such fiscal year. Not later than March 15 th next following the close of the fiscal year, the Board shall transmit a copy of such report to each house of the Legislature and may transmit a copy to every member and beneficiary of the system.	GC 9354.3	As soon as practical after the close of each fiscal year	June 30, 2012
Comprehensive Annual Financial Report			
Report of financial statements and investments of the Board for the fiscal year.	GC 20232	As soon as practical after the close of each fiscal year	January 2012
In addition to any other reports that it may be required to make by law, the Board shall annually file a separate report to the Legislature and each appointing power and other appointing authority on the number of new state retirees, by individual state employer, that are processed in the immediately preceding fiscal year to the service, disability and industrial disability retirement rolls and on the incurred cost of this system for state members for the immediately preceding three fiscal years.	GC 20238	Annual	January 2012
Budget Act of 2011 Report			
Report on the final expenditures under this item, including an accounting and explanation of changes from estimates previously reported to the Legislature.	1900-003-0830 of Section 2 of the Budget Act of 2011	On or before January 10, 2013	November 15, 2011
Report regarding any revision of the estimate of expenditures for external investment advisers and other investment-related expenses to be made during the fiscal year 2011-12, pursuant to GC 20172, 20208 and 20210, including an accounting and explanation of changes and the amount of, and basis for, investment adviser expenditures proposed for the fiscal year 2012-13.	1900-003-0830 of Section 2 of the Budget Act of 2011	On or before January 10, 2012	November 15, 2011
Expenditures and performance workload data provided to the board of administration, as updated on a quarterly basis, in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of CalPERS expenditures.	1900-015-0815 of Section 2 of the Budget Act	Quarterly, commencing October 1, 2008	November 15, 2011
Expenditure and performance workload data provided to the board of administration, as updated on a quarterly basis, in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of CalPERS expenditures.	1900-015-0820 of Section 2 of the Budget Act	Quarterly, commencing October 1, 2008	November 15, 2011
Expenditure and performance workload data provided to the board of administration, as updated on a quarterly basis, in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of CalPERS expenditures.	1900-015-0822 of Section 2 of the Budget Act	Quarterly, commencing October 1, 2008	November 15, 2011
Expenditure and performance workload data provided to the board of administration, as updated on a quarterly basis, in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of CalPERS expenditures.	1900-015-0830 of Section 2 of the Budget Act	Quarterly, commencing October 1, 2008	November 15, 2011
Expenditure and performance workload data provided to the board of administration, as updated on a quarterly basis, in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of CalPERS expenditures.	1900-015-0833 of Section 2 of the Budget Act	Quarterly, commencing October 1, 2008	November 15, 2011
Expenditure and performance workload data provided to the board of administration, as updated on a quarterly basis, in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of CalPERS expenditures.	1900-015-0849 of Section 2 of the Budget Act	Quarterly, commencing October 1, 2010	November 15, 2011

Mandated Reports (continued)

Report Title and Summary	Mandate Source	Due	Most Recent Publication Date
Expenditure and performance workload data provided to the Board of Administration.	1900-015-0884 of Section 2 of the Budget Act	Quarterly commencing in budget act of 2005 and again on October 1, 2008	November 15, 2011
Expenditure and performance workload data provided to the Board of Administration, as updated on a quarterly basis, in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of CalPERS expenditures.	1900-015-0962 of Section 2 of the Budget Act of 2007	Quarterly commencing October 1, 2007	November 15, 2011
Northern Ireland Report			
Report on extent to which United States and international corporations operating in Northern Ireland, in which assets of the State Teachers' Retirement System and CalPERS are invested, adhere, in compliance with the law applicable in Northern Ireland, to the principles of nondiscrimination in employment and freedom of workplace opportunity.	GC 7513.5	Annual on or before March 1st	February 13, 2012
Sudan Report			
Any investments in a company with business operations in Sudan, a summary of those business operations and the sale or transfer of investments in those companies.	GC 7513.6	On or before January 1, 2008 and every year thereafter	December 12, 2011
Iran Report			
Report on investments CalPERS has in companies with specified business operations in Iran and the sale or transfer of those investments, any costs or investment losses or other financial results incurred in compliance with the provisions of this section	GC 7513.7	On or before January 1, 2009 and every year thereafter	December 12, 2011
Chief Investment Officer's Quarterly Report			
Report of CalPERS assets.	GC 20235	Quarterly	June 30, 2012
Emerging Investment Manager Report			
Report on the progress of the strategic plan for emerging investment manager participation across all asset classes.	GC 20136	March 1, 2014, and each March 1 thereafter to the Legislature	June 11, 2012
Contract Investment Services			
Report on nature, duration and cost of investment contract services used by CalPERS.	GC 20208	April of each year	Covered by Investment Advisor (LAO) Report, provided January 26, 2012
Investment Advisor Report			
Findings, determinations and description of type, quantity and yield of Public Employees' Retirement System investments substituted for residential realty investments.	GC 20194	Within 20 days following conclusion of fiscal year	January 26, 2012
Use of Placement Agents Report			
Report on the use of placement agents in connection with investments made by CalPERS.	Section 9 of Chapter 668 of the Statutes of 2010	Not later than August 1, 2012	June 11, 2012

Mandated Reports (continued)

Report Title and Summary	Mandate Source	Due	Most Recent Publication Date
World War II – Holocaust ERA Report			
The Treasurer, CalPERS and the State Teacher's Retirement System shall monitor and report to the Legislature on investments of the state and its pension funds in companies doing business in California and affiliates of those companies, that owe compensation to victims of slave and forced labor from 1929 to 1945.	Section 3 of Chapter 216 of the Statutes of 1999	This section is in uncodified law and does not specify a due date nor the number of reports required or for how long reports should be submitted.	February 13, 2012
Legislator's Retirement System Actuarial Valuation			
Report on rate of contributions for Legislators' Retirement Fund	GC 9358.1	Annual	May 22, 2012
Contribution Rate State & Schools			
Actuarial report describing the investment return assumptions, discount rates and amortization periods utilized by the CalPERS Board in the calculations of the contribution rates for state employees and employers, including revised calculations of the forecasted contribution rates utilizing specified investment rate assumptions.	GC 20229	Annual	May 15, 2012
Cost of Living Report			
Report regarding providing for preservation of purchasing power of benefits under CalPERS through system of adjustment in benefits based on changes in living costs.	GC 20233	Not later than December 1 of each year.	February 15, 2012 2011 Cost of Living Report
State Employers Industrial Disability Cost Report			
Report on number of new state retirees by individual state employer that are processed in the immediately preceding fiscal year.	GC 20238	Annual	June 13, 2012
CalPERS Annual Health Premiums Report 'aka' 100 Day Report			
Report describing the methods the CalPERS Board employed to moderate annual health premium increases, as specified, including a discussion of actions that the Board plans to take, if any to attempt to reduce the rate of annual premium growth, as specified.	1900-015-0822 of Section 2 of Annual Budget Act	Annually within 100 days of adoption of annual health premium increases or decreases by the CalPERS Board	September 14, 2011
Medicare Part D Subsidies			
Notwithstanding the requirements of Provision 2, CalPERS may choose not to apply for subsidies related to plans for which it is not eligible to act as the sponsor and receive Medicare Part D subsidies related to their enrollees or with respect to persons enrolled in a board-approved Medicare Advantage prescription drug health benefit plan, consistent with actions of CalPERS for the 2011 calendar year. If CalPERS chooses not to apply for subsidies pursuant to this provision, CalPERS shall notify the Department of Finance, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the budget, the Chairperson of the Joint Legislative Budget Committee and the Legislative Analyst's Office and CalPERS shall explain the facts and circumstances underlying that choice.	1900-001-0950 (3) Budget Act – 2011-12 (SB 87)	Contingent upon action taken by CalPERS	CalPERS was not required to submit this report during the 2011-12 reporting period.

Mandated Reports (continued)

Report Title and Summary	Mandate Source	Due	Most Recent Publication Date
Health Coverage for School Employees			
Study examining feasibility and cost-effectiveness of creating and single statewide health care pool that would cover all public school employees working in school districts, county offices of education, community colleges and entities created or established by those school employers.	GC 22849	Report to the Legislature within one year after funding is secured or budgeted.	Report on file with Leg Counsel March 8, 2008: “Feasibility of Offering Health Care Coverage to School Employees as Outlined in AB 256.” CalPERS was not required to submit this report during the 2011-12 reporting period.
Health Benefit Improvements Report			
CalPERS shall report to the Joint Legislative Budget Committee and the Department of Finance on the program improvements and savings in the Health Benefits division resulting from the two limited-term positions authorized in the Budget Act of 2011 by September 13, 2012.	1900-001-0950 of Section 2 of the 2011 Budget Act	September 13, 2012, to the Joint Legislative Budget Committee.	CalPERS was not required to submit this report during the 2011-12 reporting period.
Health Benefit Savings			
SEC. 4.21. requires CalPERS will achieve a one-time savings of \$80,000,000 of General Fund moneys and \$35,704,000 of other funds’ moneys in the 2011–12 Health Benefits Program. Beginning in the fiscal year 2012–13, CalPERS will achieve an equivalent amount of ongoing savings in the Health Benefits Program based on the core health plan option or other cost saving measures, or both.	SB 87 Section 4.21 Budget Act – 2011-12	Before October 10, 2011, PERS shall notify the Joint Legislative Budget Committee and the Director of Finance that these savings have been achieved and the source of these savings for 2011–12.	October 10, 2011
Successes and Failures of Health Benefit Plans			
The Board shall report to the Legislature annually, on November 1, regarding the success or failure of each health benefit plan.	GC 22866	Annually, on November 1 to the Legislature.	April 14, 2009
Financial Integrity and State Managers Accountability Act (FISMA) Report			
A review of the CalPERS systems of internal control for the biennial period ended December 31, 2011.	Financial Integrity and State Managers Accountability Act of 1983, Government Code Sections 13400 through 13407 and Executive Order B-12-11.	Biennial period ending on December 31 of each odd-numbered year	December 31, 2011
Annual Workforce Analysis			
Analysis to identify and determine the cause of any significant underutilization of racial/ethnic and gender groups in the CalPERS workforce that may indicate employment discrimination.	Government Code Section 19797	Annually	June 1, 2012

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Glossary of Acronyms

- CalPERS: California Public Employees' Retirement System
- CERBTF: California Employers' Retiree Benefit Trust Fund
- CRF: Contingency Reserve Fund
- HCF: Health Care Fund
- IRC 457: Public Agency Deferred Compensation Program
- JRF: Judges' Retirement Fund
- JRS: Judges' Retirement System
- LRF: Legislators' Retirement Fund
- LRS: Legislators' Retirement System
- OASI: Old Age & Survivors' Insurance Revolving Fund
- PERF: Public Employees' Retirement Fund
- PERS: Public Employees' Retirement System
- RBF: Replacement Benefit Fund
- SIP: Supplemental Income Plans
- SPOFF: State Peace Officers' and Firefighters' Defined Contribution Plan Fund
- SCPF: Supplemental Contributions Program Fund

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