



CalPERS Employer News

Winter 2020

Santa Cruz, California

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Pension Outlook: A New Tool to Help You Budget

A defined benefit plan offers a cost-effective way to provide retirement security to your employees who serve California.

To help you manage the budgeting details, we have developed a new software application called Pension Outlook. This tool, which recently became available on myCalPERS to employers with non-pooled plans, provides powerful capabilities to model future events, understand risks, and plan for the future. In a volatile financial environment, it can make budgeting more predictable.

Pension Outlook allows you to see the projected funded status and required employer contributions for your pension plan in different potential scenarios for up to 30 years into the future. The tool is simple to use with easy-to-understand charts and summaries of results. Typical scenarios might be prompted by questions such as:

- When is my plan expected to reach 100% funding?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?

In a volatile financial environment, it can make budgeting more predictable.

While Pension Outlook cannot predict the future, it can provide valuable planning information based on a variety of possible future scenarios that you select.

Another great feature of Pension Outlook is the ability to model the financial impact of making additional discretionary payments (ADPs) to your plan. ADPs have been used by many

Pension Outlook—Continued on page 11

Connect With Us

CalPERS offers many ways to stay informed and engaged with us.



Go Green

CalPERS promotes environmental responsibility by providing digital publications, thus reducing the environmental impacts of printing, processing, and delivery.

We encourage you to “Go Green” by accessing employer forms and publications at www.calpers.ca.gov.

You can also find CalPERS Circular Letters, actuarial reports, and legislation information in the same section.

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New Laws Taking Effect in 2020

California legislation that affects many of our employers and members became law in 2020.

Domestic Partnerships Expanded

Senate Bill 30 (Wiener) allows opposite sex adults to register with the Secretary of State as domestic partners. The new law eliminates the requirement that restricted domestic partner registration to same-sex couples and to opposite sex couples with at least one of the partners being age 62 or older. More information about how this affects health benefit enrollment may be found in the article on page 3 and on the **Open Enrollment for Employers** page on our website.

Clarifying Existing Law for Disability Retirees Working After Retirement

Assembly Bill 672 (Cervantes) prohibits disability and industrial disability retirees from returning to a retired annuitant position similar to or closely resembling the position from which they retired for disability, or to a position which includes duties or activities they were restricted from performing at the time of their disability retirement. This simply clarifies existing law and supports existing business practices.



To view summaries and reports about legislation that may affect you, visit the **Legislation** section of our website at www.calpers.ca.gov.

Divestment from Government of Turkey Investment Products

Assembly Bill 1320 (Nazarian) requires CalPERS and CalSTRS to liquidate investments and refrain from additional investments in investment vehicles owned or issued by the government of Turkey, if the United States government imposes sanctions on Turkey for failing to officially acknowledge its responsibility for the Armenian Genocide. Divestment is only required if the U.S. government imposes sanctions; it imposes reporting requirements if divestment is triggered.

CalPERS monitors legislation at the state and federal levels to protect the best interests of our members and employers. ▲

When You Unlawfully Employ a Retired Annuitant

It's important for you to ensure that all your retired annuitant appointments comply with the Public Employees' Retirement Law (PERL) to avoid potential consequences. When a retired annuitant appointment violates the PERL, it results in your annuitant's mandatory reinstatement from retirement, retroactive to the date the violation period began. The limit of 960 hours per fiscal year is a prime example.

If reinstated, your annuitant's retirement allowance will stop and they will be required to reimburse us the amount of retirement allowance received during the violation period. This situation can be compounded by their potential loss of other benefits, such as health and cost-of-living increases. In addition, you and your annuitant will be required to pay the employer and member contributions due, plus interest owed, retroactive to the reinstatement date.

Avoid this potential situation by staying up to date on the rules and consequences of retired annuitant appointments and mandatory reinstatement. ▲

Key guidelines to remember about employing retired annuitants:

- 60-day bona fide separation in service required when an individual retires under the normal retirement age
- 180-day required wait time between retirement and coming back to work (exceptions apply)
- Maximum of 960 hours may be worked per fiscal year
- Salary must be within posted salary range
- No additional special compensation benefits
- Must be for a limited duration



For more information, review our *Employer Reference Guides* or our publication *A Guide to CalPERS Employment After Retirement* (PUB 33) on our website at www.calpers.ca.gov.

New Domestic Partnership Definition

Learn how California's revised requirements for domestic partnerships might affect your employees' health benefit options.

Effective January 1, Senate Bill 30 amended the Family Code definition of domestic partner. The amendment eliminated the following requirements:

- Individuals entering into a domestic partnership be of the same sex.
- At least one partner be age 62 or over for opposite sex domestic partnerships.

Senate Bill 30 no longer limits domestic partnerships to certain individuals. Under the new definition of a domestic partnership, any couple over the age of 18 is eligible to establish a domestic partnership. The Secretary of State started registering Declarations of Domestic Partnerships effective January 1 and will provide your employee with a Declaration of Domestic Partnership upon registration.

Entering into a domestic partnership is a qualifying event to add the domestic partner and domestic partner's children to your employee's CalPERS health plan. However, enrolling a domestic partner is not a qualifying event to change health plans.

Your employees wishing to add a domestic partner to their CalPERS health plan must provide you with a copy of the approved Declaration of Domestic Partnership and the domestic partner's Social Security number, as well as a copy of their Medicare card if applicable. To add a domestic partner's child, employees must submit a copy of the birth certificate naming their domestic partner as the parent.

Requests must be received within 60 days of the domestic partnership registration. The health coverage will become effective the first day of the month following the date the request is received. ▲

Read Your Agency Actuarial Valuation Reports

Your actuarial valuation reports that outline the financial status of your agency are available. These reports detail the funded status and contribution rates for each public agency pension plan for our 2,890 contracting employers.

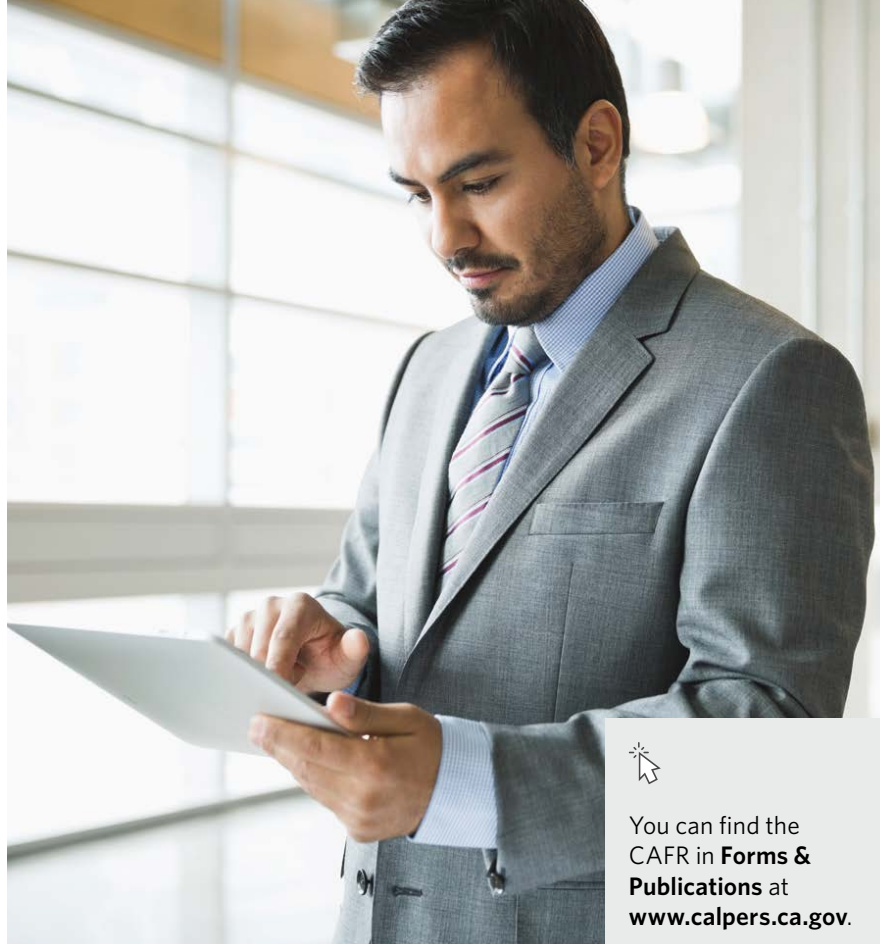
Key information that is important to review includes:

- The financial condition of your plan
- Your plan's funded status
- Your employer contribution for the next fiscal year
- Your projected contribution over the next five fiscal years
- Your unfunded liability and how long will it take to pay off
- Your contribution rate for PEPRAs members

If you have questions about your reports, consult with your CalPERS actuary. ▲



You can find the Public Agency Valuation Reports in **Forms & Publications** at www.calpers.ca.gov.



You can find the CAFR in **Forms & Publications** at www.calpers.ca.gov.

CalPERS Financial Report Now Available

Read the new CAFR for FY 2018-19

The Comprehensive Annual Financial Report (CAFR), a detailed summary of CalPERS' current financial standing, was recently released for the fiscal year that ended June 30, 2019.

Significant financial highlights found in the 2019 CAFR include:

- The net position stood at nearly \$372.6 billion for the Public Employees' Retirement Fund (PERF), which was an increase of \$18.6 billion compared to the previous fiscal year.
- Investment returns in the PERF earned 6.7% net return, just below our 7% target rate of return.
- Our retirement benefits continued to increase over the previous fiscal year. As of June 30, 2019, we paid out nearly \$24.2 billion in benefits to more than 712,000 retirees and beneficiaries, a \$1.6 billion increase from the previous fiscal year. This increase was primarily due to the rise in the number of retirees and beneficiaries.
- The funded level for the PERF was 70.2% as of June 30, 2018. The funded status percentage is determined by dividing the total assets in the PERF by the sum of liabilities. This percentage is calculated using the 7% discount rate for state and public agency plans and 7.25% for the schools' pool. ▲

Why CalPERS Health Benefits are the Right Fit for Central San

A warm welcome to the Central Contra Costa Sanitation District (Central San), which joined the CalPERS Health Program in July 2019. The employer shared why they—and their subscriber pool of about 600 lives—made the switch to CalPERS.

Along with many other agencies, Central San had been seeing an exponential increase in health care costs for its employees. Although costs in general had been rising across the board, one of its HMO plans saw a 74% increase in just five years. One or two large medical claims was all it took to cause double-digit premium increases for this relatively small agency.



“We knew we had to do something that would contain these costs and began to evaluate CalPERS’ health benefits program for our employees and retirees,” said Health Benefit Officer Navtej (T.J.) O’Malley. “The switch to CalPERS resulted in an approximate annual savings of \$5.8 million and an almost 25% reduction in our OPEB liability.”

Central San looks forward to better peace of mind. By entering a large risk pool of 1.5 million lives, they expect less cost volatility while upholding high-quality health care options for employees.

Central San—Continued on page 11

Get the Facts in Our Health Benefits Program Annual Report

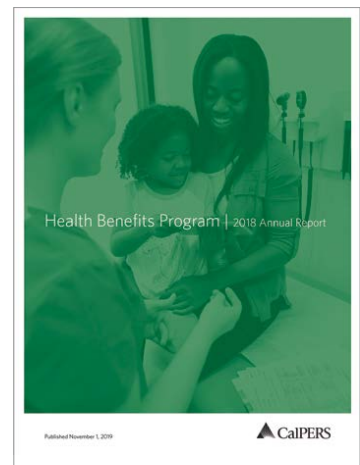
Have you ever wondered how much we spend a year to purchase health benefits? Our recently released Health Benefits Program Annual Report for plan year 2018 will tell you. The report can help you and your employees understand the scope of available benefits and provide details about our Health Benefits Program, such as:

- Strategic direction and policy initiatives
- Enrollment and expenses for Basic and Medicare plans
- State and federal benefit requirements and health benefit design changes
- Member health plan survey results

related to satisfaction, quality, and accessibility

- Medical trends by service category
- Administrative expenses and funding sources

The report also highlights changes to our program. Effective January 1, we implemented a new three-region model for contracting public agency and school employers. In addition, Anthem introduced a new Medicare and combination plan for Monterey County, and Blue Shield Trio HMO became available in El Dorado, Los Angeles, Nevada, Placer, Sacramento, and Yolo counties. ▲



Find the report under
Forms & Publications at
www.calpers.ca.gov.



The CalPERS Educational Forum Pays Off

CalPERS provides education and support to employers all year round, but, once each year, we hold the Educational Forum. Attendance has doubled since the forum's inception 20 years ago, attracting more than 800 professionals this past fall.

The payoff? The opportunity to hear directly from CalPERS leaders and make connections with experts for personalized assistance. With over 45 educational sessions, exhibits, and one-on-one consultations over the course of three days, the forum has proven time and again to be a cost-effective means of

training. Whether for employees new to their CalPERS role or seasoned veterans, the forum provides educational value for everyone.

If you'd like to be counted among fellow employers who benefit from the knowledge and connections made each year, be sure to join us September 30–October 2, 2020 in Anaheim for the 21st Annual Educational Forum. ▲

“CalPERS is a big part of the work that we do. So just being in tune with the updates and learning how to maximize the benefits for employees is always a good thing.”

— Angelica Jimenez, City of Palo Alto



For more information go to
www.calpers.ca.gov/educationalforum.



Spotlight on Excellence Winner

The annual Spotlight on Excellence presentation honors the outstanding public service of an individual, agency, or group.

Our 2019 honoree was Michelle Tucker of the California Department of Transportation (CalTrans). Well-known in her human resources role as an advocate of state employment opportunities for diverse groups, Tucker has made career development a priority to seed future generations of transportation professionals. Add to that her enthusiasm for the role CalTrans plays in bringing people together and you've got a public employee well deserving of the award.



Keynote Address

Our keynote speaker was Jon Gordon, a leadership expert and best-selling author. He is a believer in the importance of public service and spoke to attendees about overcoming any challenge in their work to better serve the citizens of California. His teachings can be followed on his PositivityU Podcast, one of which features CalPERS CEO Marcie Frost.



Henry Jones Wins Reelection to CalPERS Board

Incumbent and current board president Henry Jones was declared the winner to represent retired members on the CalPERS Board of Administration.

The California Secretary of State certified the election results in which Jones received 76,570 votes. That represents 65.8% of the ballots cast during the voting period of August 30 – September 30, 2019. Challenger Joseph “JJ” Jelincic received 39,495 votes, or 34.2%.

Jones just completed his third four-year term as a board member. His new term begins January 16 and concludes on January 15, 2024.

He retired from the Los Angeles Unified School District as its chief financial officer.

About the Board

The 13-member CalPERS Board of Administration sets policy for retirement and health benefits on behalf of California public employers, and their active and retired employees. The board also oversees asset allocation of the pension fund's investments. ▲



To learn more about the board and its members, visit www.calpers.ca.gov.



Help Your Employees Protect Their Loved Ones

With a CalPERS Power of Attorney

Who will handle your employees' retirement affairs if they can't? Would family members know what retirement and survivor benefit decisions to make if any of your employees became incapacitated or unable to conduct their retirement business?

These are important topics that need to be addressed. Your employees may already have a power of attorney set up through another source; however, it may not address their CalPERS retirement benefits.

The CalPERS Special Power of Attorney form is specifically designed for our members to choose a representative, known as the agent or attorney-in-fact. With the appropriate authority, a CalPERS Special Power of Attorney form on file with us ensures that the designated attorney-in-fact can perform important duties concerning the member's CalPERS business: electing a retirement benefit option, should your employee become unable to act on their own behalf; submitting a beneficiary designation; and filing address changes.

Because of the broad power granted by the CalPERS Special Power of Attorney, we recommend consulting an attorney before signing this form. ▲



Your employees can learn more by visiting www.calpers.ca.gov/powerofattorney. The current version of *A Guide to the CalPERS Special Power of Attorney* (PUB 30) is on our website in **Forms & Publications**.



Coming to a City Near You



1 Rohnert Park

January 10 & 11

DoubleTree Rohnert Park

1 Doubletree Drive

Rohnert Park, CA 94928

2 San Luis Obispo

February 7 & 8

Embassy Suites San Luis Obispo

333 Madonna Road

San Luis Obispo, CA 93405

3 City of Industry

April 17 & 18

Pacific Palms

1 Industry Hills Parkway

City of Industry, CA 91744

4 Redding

May 15 & 16

Holiday Inn Redding

1900 Hilltop Drive

Redding, CA 96002

5 Long Beach

June 5 & 6

The Westin Long Beach

333 E. Ocean Boulevard

Long Beach, CA 90802

6 San Jose

June 26 & 27

DoubleTree San Jose

2050 Gateway Place

San Jose, CA 95110

CalPERS Benefits Education Events (CBEEs) are held throughout California to help your employees learn more about the benefits they receive and how to plan for the future.

CBEEs can be found from Redding to Long Beach in the first half of 2020. Pre-registration is encouraged to expedite check-in, but walk-ins are welcome.

Sign Up for Emails

If your HR specialist or employees would like advance notification of upcoming member education offerings, they can subscribe to our Member Education Bulletin, which sends email alerts about upcoming webinars, instructor-led classes, and other education events. ▲



Your employees can visit www.calpers.ca.gov/cbee to learn more and to register for an event near them.

February–April | Upcoming Events of Interest

February

4	CERBT/CEPPT	CalPERS Headquarters	Lincoln Plaza North, 400 P St., Room 1140, Sacramento
4–6	Retirement and Health Business Rules Education	San Jose Regional Office	181 Metro Dr., Ste. 520, San Jose
5	School Employer Advisory Committee Meeting	CalPERS Headquarters	Lincoln Plaza North, 400 P St., Room 1140, Sacramento
11–12	myCalPERS System Training	Walnut Creek Regional Office	1340 Treat Blvd., Ste. 200, Walnut Creek
11–13	Retirement and Health Business Rules Education	Glendale Regional Office	655 North Central Ave., Ste. 1400, Glendale
7–8	CalPERS Benefits Education Event	Embassy Suites San Luis Obispo	333 Madonna Road, San Luis Obispo
18–20	CalPERS Board of Administration Meeting	CalPERS Headquarters Auditorium	Lincoln Plaza North, 400 P St., Sacramento
19	CERBT/CEPPT	San Diego Regional Office	7676 Hazard Center Dr., Ste. 350, San Diego
20	CERBT/CEPPT	Orange Center Tower	500 North State College Blvd., Ste. 750, Orange
25–26	myCalPERS System Training	Sacramento Regional Office	Lincoln Plaza West, 400 Q St., Sacramento
25–26	myCalPERS System Training	San Diego Regional Office	7676 Hazard Center Dr., Ste. 350, San Diego
25–27	Retirement and Health Business Rules Education	Fresno Regional Office	10 River Park Place East, Ste. 230, Fresno
26	Employer Leadership Dialogues	Walnut Creek Regional Office	1340 Treat Blvd., Ste. 200, Walnut Creek

March

3–5	Retirement and Health Business Rules Education	San Diego Regional Office	7676 Hazard Center Dr., Ste. 350, San Diego
10–11	myCalPERS System Training	San Bernardino Regional Office	650 East Hospitality Lane, Ste. 330, San Bernardino
11	CERBT/CEPPT	San Jose Regional Office	181 Metro Dr., Ste. 520, San Jose
12	CERBT/CEPPT	Walnut Creek Regional Office	1340 Treat Blvd., Ste. 200, Walnut Creek
16–18	CalPERS Board of Administration Meeting	CalPERS Headquarters Auditorium	Lincoln Plaza North, 400 P St., Sacramento
17–18	myCalPERS System Training	Sacramento Regional Office	Lincoln Plaza West, 400 Q St., Sacramento
17–19	Retirement and Health Business Rules Education	Redding City Hall	777 Cypress Ave., Redding
24–25	myCalPERS System Training	San Jose Regional Office	181 Metro Dr., Ste. 520, San Jose
25	Employer Leadership Dialogues	San Diego Regional Office	7676 Hazard Center Dr., Ste. 350, San Diego

April

7-8	myCalPERS System Training	Sacramento Regional Office	Lincoln Plaza West, 400 Q St., Sacramento
7-9	Retirement and Health Business Rules Education	San Bernardino Regional Office	650 East Hospitality Lane, Ste. 330, San Bernardino
7-9	Retirement and Health Business Rules Education	Walnut Creek Regional Office	1340 Treat Blvd., Ste. 200, Walnut Creek
15	CERBT/CEPPT	Glendale Regional Office	655 North Central Ave., Ste. 1400, Glendale
16	CERBT/CEPPT	San Bernardino Regional Office	650 East Hospitality Lane, Ste. 330, San Bernardino
17-18	CalPERS Benefits Education Event	Pacific Palms	1 Industry Hills Pkwy., City of Industry, CA
20-22	CalPERS Board of Administration Meeting	CalPERS Headquarters Auditorium	Lincoln Plaza North, 400 P St., Sacramento
28-29	myCalPERS System Training	Glendale Regional Office	655 North Central Ave., Ste. 1400, Glendale
28-30	Retirement and Health Business Rules Education	Sacramento Regional Office	Lincoln Plaza West, 400 Q St., Sacramento

For more details, visit our website at www.calpers.ca.gov or call **888 CalPERS** (or 888-225-7377).

Pension Outlook—Continued from page 1

CalPERS agencies to immediately improve funded status, reduce or stabilize future contribution requirements, and lower their interest payments for unfunded liabilities.

While Pension Outlook will give you pension projection capabilities, it does not take the place of a qualified actuary. Before relying on the output of this tool for any significant decisions, please consult with your CalPERS actuary. ▲



Access Pension Outlook through the **Employer** portal in **myCalPERS**. You can also call your CalPERS actuary to learn more.

Central San—Continued from page 5

“Our employees must navigate work with raw sewage and hazardous products,” said O’Malley. “Based on their work, Central San needed to maintain our level of health care for our employees and retirees. The CalPERS plans offer either the same or very comparable coverage to what we had prior to the switch at a much lower cost.”

Plus, they’re saving time on the administrative side. Central San no longer worries about plan design, carrier negotiations, or health plan legal compliance. They’ve handed the reins over to CalPERS, which uses strength in numbers to work closely and negotiate aggressively with carriers on their behalf. ▲

For information about joining the program or to request a presentation:

(916) 795-1233

calpershealth@calpers.ca.gov



Save the Date

21st Annual CalPERS Educational Forum
September 30 – October 2, 2020
Anaheim, California

Early bird registration opens June 2020

CalPERS Employer News

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