California Employers' Retiree Benefit Trust (CERBT)

CERBT Program Overview

The CERBT Fund is an Internal Revenue Code (IRC) Section 115 trust dedicated to prefunding Other Post-Employment Benefits (OPEB), such as health, vision, dental, and life insurance. This program is available for all eligible California public agencies, schools, and the State of California. The CERBT was established in 2007 and is referenced in section 22940 of the California Public Employees' Retirement Law (PERL). CERBT is the largest public employer OPEB trust fund in the State of California.

FY 2024-2025 CERBT Program

Program Participants	Count
Contracted Employers	603
Covered Lives	836,077

FY 2024-2025 CERBT Service Delivery

Category	Results
New Contracted Employers	4
Prospective Employer Workshops	11
Prospective Education Employer Calls	2,255
Employer Account Update Meetings	202

CERBT Participating Employers by Agency Type

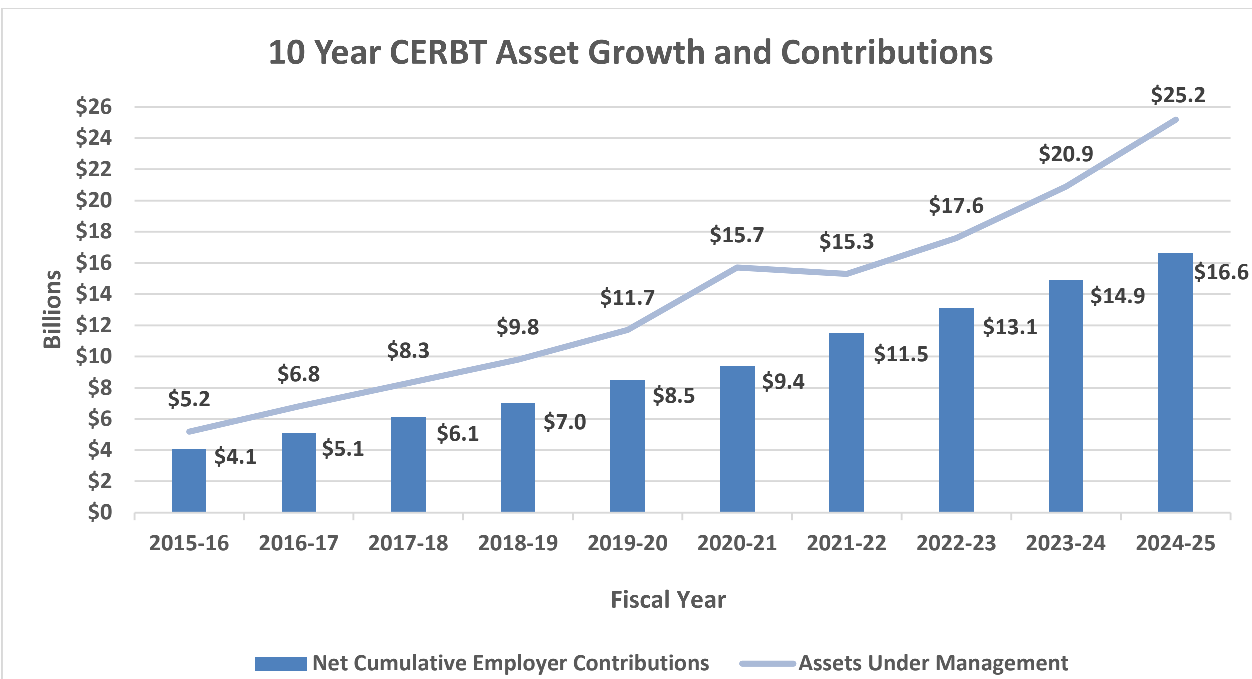
During fiscal year (FY) 2024-25, CERBT total contracted employers maintained at 603. The CERBT added four new contracts, and four contracts were terminated. Special districts represented the highest proportion of participating employers in CERBT, followed by cities. The State of California represents the largest participating employer in the CERBT with over $11.47 billion in assets. A list of employers who contracted with the CERBT in FY 2024-25 may be found in the Appendix. The following table shows the number of participating employers in the CERBT by category type.

CERBT Agencies by Type

Agency Type	Number of Contracting Agencies
Special Districts	333
Cities	148
Schools	83
Courts	30
Counties	8
State of California	1

CERBT Fund Assets and Cumulative Net Contributions

During FY 2024-25, CERBT assets under management (AUM) increased to $25.2 billion, an increase of $4.3 billion due to investment performance and employer contributions. The following graph shows the most recent 10-year CERBT asset growth in billions and contributions since FY 2015-16.

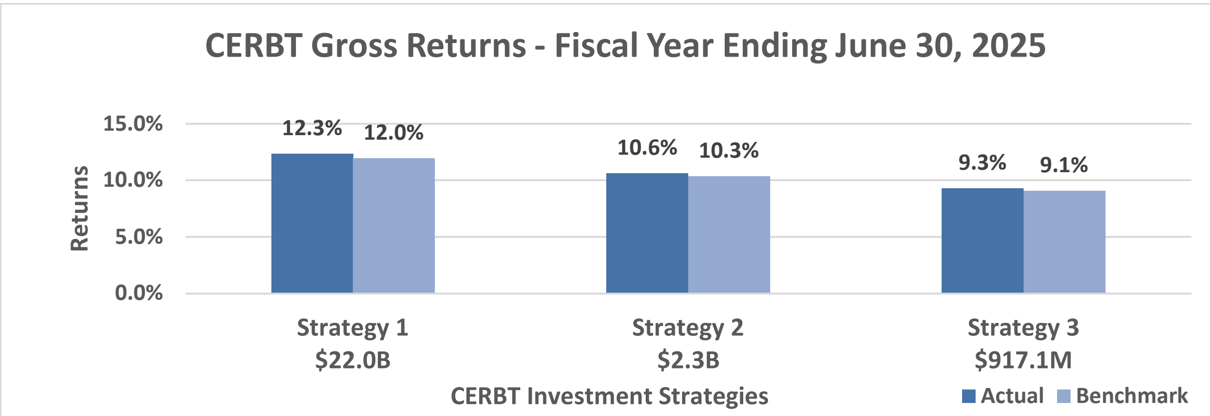


CERBT Fee Reduction

In FY 2024-25, the CERBT Program performed a trust fee and reserve level review and determined a participation fee reduction of 1.5 basis points (bps). In October 2024, participant fees were reduced from 10 bps to 8.5 bps. The last fee reduction for the CERBT Program was in July 2015. The CERBT Program closely monitors reserve levels to ensure balances are within scope while maintaining sufficient reserve funds.

CERBT Investment Performance

The CERBT Fund gross returns for the 12 months ending June 30, 2025, as compared to their respective benchmarks, is shown in the chart below. CERBT Strategy 1 posted more favorable returns, which are primarily attributable to a higher allocation to global equities. Global equities were the strongest performing asset class during FY 2024-25. The chart below shows the CERBT gross returns for FY 2024-25.



CERBT Investment Strategy Options

Each strategy offers a distinctly different long-term expected return and volatility profile. Strategy 1 has the highest long-term expected rate of return and volatility while Strategy 3 has the lowest long-term expected rate of return and volatility.

The asset allocations with projected rates of return and volatility for each strategy were approved in June 2024. The following table provides the expected rates of return and standard deviations for each of the three CERBT investment strategies.

CERBT Investment Strategies as of June 30, 2025

Strategy Options	Expected Rate of Return	Expected Standard Deviation
Strategy 1	6.4%	11.5%
Strategy 2	6.1%	9.5%
Strategy 3	5.8%	8.1%

California Employers' Pension Prefunding Trust (CEPPT)

CEPPT Program Overview

California Employers' Pension Prefunding Trust Fund (CEPPT) became operational in July 2019 and is referenced in section 21711 of the PERL. CEPPT is an IRC Section 115 trust dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies. During FY 2024-25, CEPPT contracted employers increased from 96 to 102. Special districts represent the highest proportion of participating employers in CEPPT, followed by cities. A list of employers who contracted with the CEPPT in FY 2024-25 may be found in the Appendix. The following table shows the number of participating employers in the CEPPT by category type.

FY 2024-2025 CEPPT Program

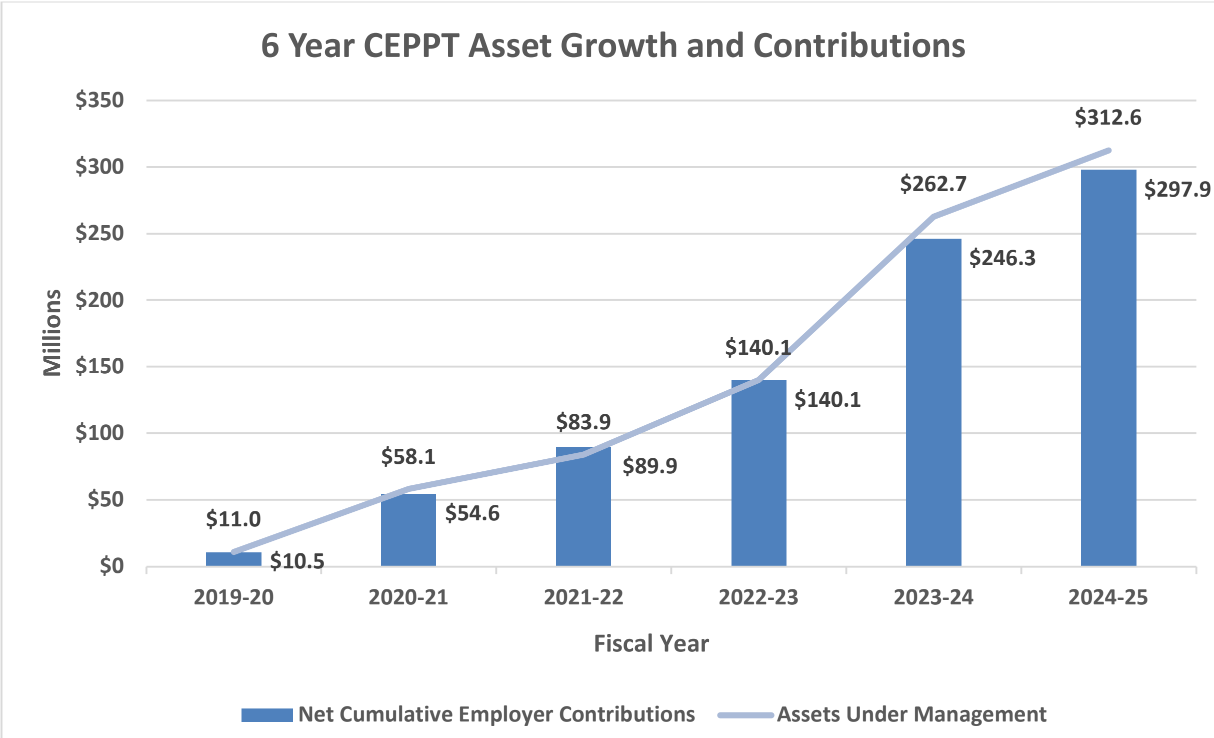
Agency Type	Number of Contracting Agencies
Special Districts	75
Cities	24
Courts	3
Total Contracted Employers	102

FY 2024-2025 CEPPT Service Delivery

Category	Results
New Contracted Employers	8
Prospective Employer Workshops	11
Prospective Education Employer Calls	2,255
Employer Account Update Meetings	35

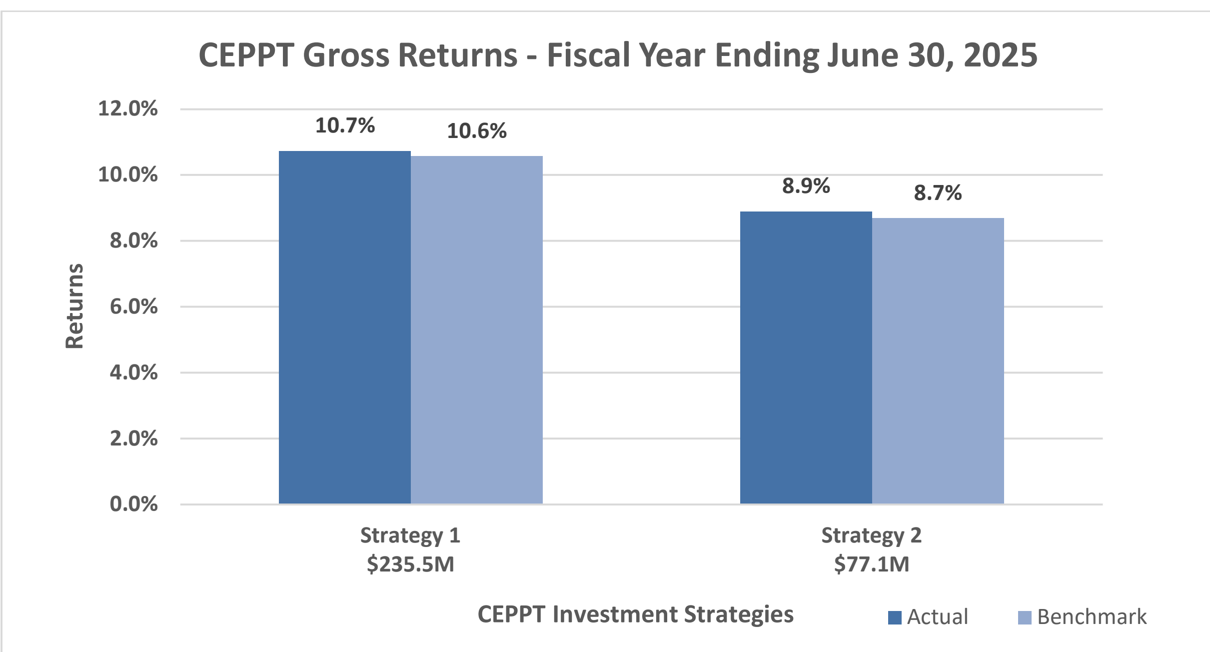
CEPPT Fund Assets and Cumulative Net Contributions

During FY 2024-25, CEPPT assets increased to $312.6 million, an increase of $49.9 million due to employer contributions and investment performance. The following graph shows the inception to date CEPPT asset growth in millions and contributions since FY 2019-20.



CEPPT Investment Performance

The CEPPT Fund gross returns for the 12 months ending June 30, 2025, as compared to their respective benchmarks, is shown in the chart below. CEPPT Strategy 1 posted more favorable returns, which are primarily attributable to a higher allocation to global equities. Global equities were the strongest performing asset class during FY 2024-25. The following chart provides CEPPT gross returns for FY 2024-25.



CEPPT Investment Strategy Options

Each strategy offers a distinctly different long-term expected return and volatility profile. Strategy 1 has the higher long-term expected rate of return and volatility while Strategy 2 has the lower long-term expected rate of return and volatility.

The asset allocations and projected rates of return and volatility for each strategy were approved in June 2024. The following table provides the expected rates of return and standard deviations for each of the two CEPPT investment strategies.

CEPPT Investment Strategies as of June 30, 2025

Strategy Options	Expected Rate of Return	Expected Standard Deviation
Strategy 1	5.4%	8.4%
Strategy 2	4.9%	5.9%

Supplement Income Plans (SIP)

SIP Program Overview

The Supplemental Income Plans (SIP) program offers two deferred compensation plans - the CalPERS 457 Plan and the Supplemental Contributions Plan (SCP). The CalPERS 457 Plan is a deferred compensation supplemental retirement income plan that is available to employees of local public agencies and schools that contract with CalPERS for this plan. A copy of the 457 Plan Document can be found as an attachment to this document. The SCP is an after-tax supplemental contributions program available to state employees, as well as active judges who are members of the Judges' Retirement Systems I and II.

FY 2024-2025 SIP Program

Program Participants	Count
Contracted Agencies	862
Plan Participants	42,993

FY 2024-2025 SIP Service Delivery

Category	Results
New Contracted Agencies (see Appendix for listing)	20
Participant Enrollments	3,265
Participants Group Education Presentations	418
Participant Education Plan Reviews (individual)	9,729
On-Site Agency Visits	1,310
Webinars	58
Staff Outreach Agency Retention Calls	403
Agency Plan Reviews	47
Distributed Year-End Agency Plan Statements to All Contracted Agencies	857
Social Media Campaigns	4

SIP Participating Employers by Agency Type

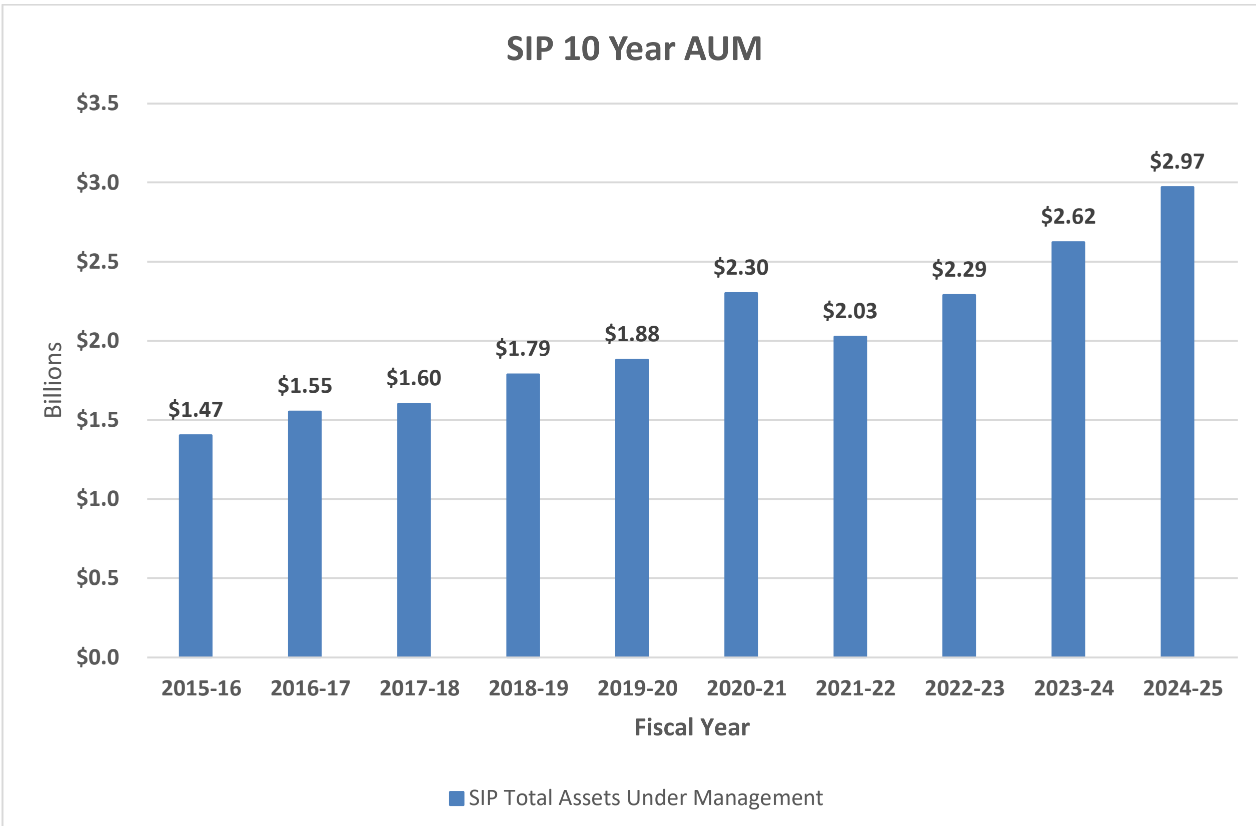
The table below provides a breakout of participating agency types. A list of employers who contracted with the SIP (457 Plan) in FY 2024-25 is found in the Appendix.

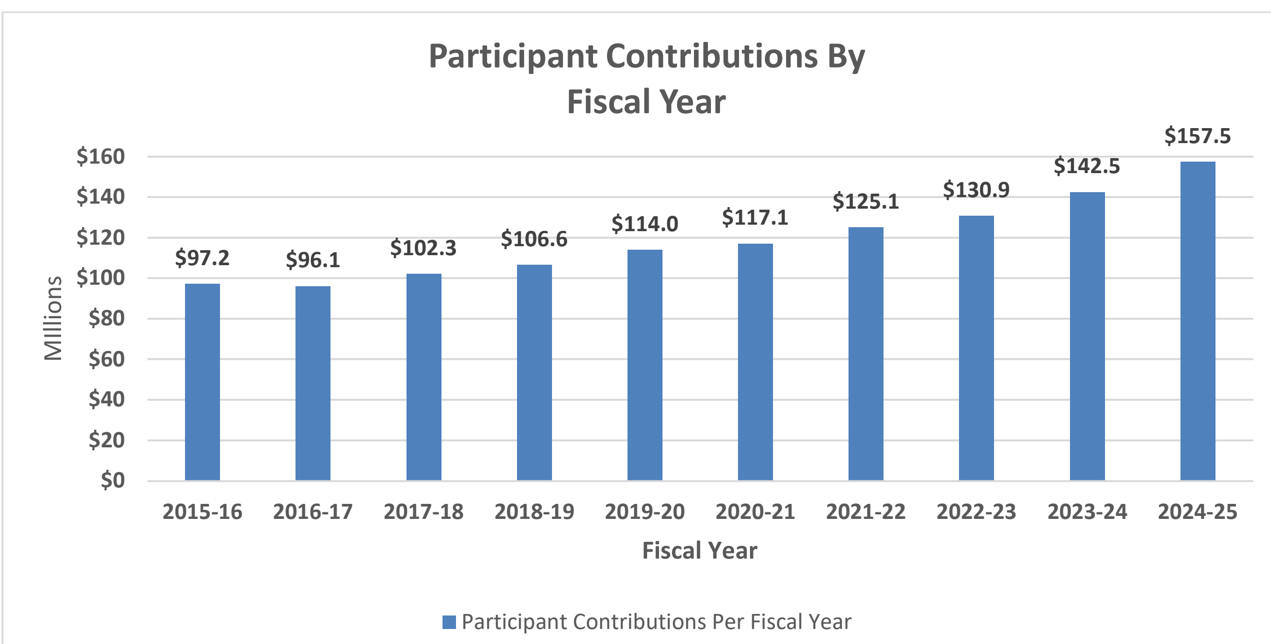
SIP Agencies by Type

Agency Type	Number of Contracting Agencies
Special Districts	512
Schools	208
Cities	109
Counties	15
Courts	18

SIP Assets Under Management and Contributions

In the fiscal year 2024-25, the Assets Under Management for the SIP increased to $2.97 billion. This represents a growth of $350 million, attributed to both strong investment performance and contributions from participants. The tables below provide 10-year historical comparisons for AUM and participant contributions.





Enhancements to the CalPERS 457 Plan

Award Recognition

In the fiscal year 2024-2025, the SIP Program enhanced accessibility by introducing online enrollment capabilities, simplifying the the enrollment process and developed a strategic communication plan for prospective and existing participants.

As a result of these advancements, the program received recognition from the National Association of Government Defined Contribution Administrators (NAGDCA), being honored with the 2025 NAGDCA Leadership Award for excellence in plan innovation and participant outcomes. This accolade marks the first recognition for the program since 2009.

Reducing Fees and Introducing a Recordkeeping Fee Cap

The program implemented a reduction in participation fees totaling 6 bps, lowering the rate from 26 bps to 20 bps. This adjustment was carried out in two phases. The first phase occurred in October 2024, with a 4 bps reduction driven by growth in AUM, allowing the reserve fund to be realigned with its policy target. The second phase took place in April 2025, when an additional 2 bps reduction was made possible through a newly negotiated contract with the program's recordkeeper, Voya.

In February 2025, the program implemented a recordkeeping fee cap to limit costs for participants with high account balances. Specifically, accounts balances exceeding $900,000 are not subject to a recordkeeping fee, ensuring that participants with larger balances do not pay disproportionately higher fees.

The SIP program regularly monitors reserve levels by analysis the Program Reserve Policy, historical trends, projected expenses, and anticipated changes within the Trust.

Expanded Self-Directed Brokerage Accounts

In April 2025, the Self-Managed Account (SMA) available through the CalPERS 457 Plan underwent an expansion to enhance investment opportunities for participants. This enhancement allows access to over 8,700 no-load (no commission fees) mutual funds from more than 600 reputable fund families, including over 2,700 funds that are typically reserved for institutional investors. Furthermore, participants now have the option to invest in individual stocks listed on major exchanges, exchange-traded funds (ETFs), bonds, mutual funds, fixed income investments, certificates of deposit (CDs), and money market funds.

SECURE 2.0 Act Optional Provisions Adoption

In light of the SECURE 2.0 Act of 2022, the plan has adopted several optional provisions in January 2025 aimed at enhancing flexibility and improving participant outcomes. CalPERS has successfully implemented the following optional provisions into its plan for the fiscal year 2024-2025, ensuring compliance with federal regulations and alignment with the organization's long-term retirement goals:

- Higher Catch-Up Contributions: Increased contribution limits for individuals aged 60 to 63.

- In-Service Distribution for Qualified Birth and Adoption: Enables distributions for qualified birth and adoption events.
- Qualified Disaster Distributions and Loans: Offers the possibility of distributions and loans in response to qualified disasters.
- Withdrawal for Emergency Personal Expenses: Allows for withdrawals to address emergency personal expenses.
- Penalty-Free Withdrawal for Domestic Abuse Cases: Provides options for penalty-free withdrawals for individuals impacted by domestic abuse.

These enhancements demonstrate the program's ongoing commitment to promoting the financial well-being of its members in a variety of circumstances.

SIP Target Retirement Date Fund Highlights

Target Retirement Date Fund returns were between 9.6% and 16.1% before fees for the 12 months ending June 30, 2025.

The table below provides the CalPERS Target Retirement Date Funds and Core Fund returns before fees for the 12 months ending June 30, 2025, as compared to their respective benchmarks. On October 1, 2024, the annual glide path rebalance was applied to the Target Retirement Date Funds, which moved certain funds to a slightly more conservative allocation. For 457 Plan and Supplemental Contributions Plan net investment performance returns, click on the following respective links:

https://my.voya.com/einfo/pdfs/forms/calpers/450001/457_PLAN_JUNE_2025.pdf
https://my.voya.com/einfo/pdfs/forms/calpers/452001/SCP_PLAN_JUNE_2025.pdf

SIP Target Date Fund Line Up and Performance for Fiscal Year Ending June 30, 2025

Fund	Assets (mil)	Gross Return	Benchmark
Income	$194.3	9.6%	9.5%
2020	$174.7	10.2%	10.1%
2025	$245.1	11.6%	11.5%
2030	$306.6	12.8%	12.7%
2035	$231.4	14.0%	13.9%
2040	$219.4	15.4%	15.3%
2045	$143.3	16.1%	16.0%
2050	$92.4	16.1%	16.0%
2055	$39.2	16.1%	16.0%
2060	$16.1	16.1%	16.0%
2065	$6.7	16.1%	16.0%

SIP Core Fund Line Up and Performance for Fiscal Year Ending June 30, 2025

Fund	Assets (mil)	Gross Return	Benchmark
US Equity Index Fund	$881.3	15.3%	15.3%
International Equity Index Fund	$91.0	18.1%	17.8%
Real Assets Fund	$19.6	11.3%	11.1%
Intermediate-Term Bond Index Fund	$54.4	6.1%	6.1%
Short-Term Bond Index Fund	$41.8	6.0%	5.9%
Short-Term Investment Fund	$120.7	4.9%	4.7%

Appendix

The following table provides a listing of new contracted employers for CERBT, CEPPT, and SIP who joined in FY 2024-25.

New Contracted Employers FY 2024-2025

CERBT	CEPPT	SIP (457 Plan)
Chino Valley Unified School District	Alameda County Law Library	Alameda County School Insurance Group
Hanford Elementary School District	Inverness Public Utility District	Western Shasta Resource Conservation District
Serrano Water District	Lakeside Fire Protection District	Delta Mosquito and Vector Control District
Sierra Lakes Count Water District	Nevada Irrigation District	Glenn County Resource Conservation District
	Resort Improvement District No.1	City of Atwater
	Sacramento Metropolitan Fire District	Humboldt Resource Conservation District
	Vallejo Flood and Wastewater District	Calaveras Public Utility District
	Valley of the Moon Water District	Amador County Resource Conservation District
		Kinneloa Irrigation District
		Brisbane Elementary School District
		San Rafael High School District
		Main San Gabriel Basin Watermaster
		Artesia Cemetery District
		Coachella Valley Public Cemetery District
		Town of Loomis
		Jurupa Area Recreation and Park District
		Sierra-Sacramento Valley Emergency Medical Services Agency
		Rio Bravo-Greeley Union School District
		San Benito County Superior Court
		Town of Los Altos Hills