CalPERS

Finance and Administration Committee

Agenda Item 4c

September 15, 2026

Item Name: Operational Cash Flow Forecast Report

Program: Financial Office

Item Type: Information Consent

Executive Summary

This is the Semi-Annual Operational Cash Flow Forecast Report for the period ending June 30, 2026. The report provides a comprehensive overview of projected operational cash flows for the Public Employees' Retirement Fund (PERF), Legislators' Retirement Fund (LRF), Judges' Retirement Fund I (JRF I), Judges' Retirement Fund II (JRF II), Health Care Fund (HCF), and Long-Term Care Fund (LTCF). The report shows that forecasted cash inflows, available cash balances, and established cash buffers are expected to provide sufficient liquidity to meet benefit payments, operating expenses, and other financial obligations throughout the forecast period.

The Enterprise Treasury Team (ETT) conducted an annual review of the Funding Contingency Plan, and no changes were recommended. During the reporting period, no events occurred that would have required use of the Funding Contingency Plan. The review was conducted in August 2026.

Strategic Plan

This agenda item aligns with the pension sustainability goal to strengthen the long-term sustainability of the health and pension funds.

Background

The Treasury Management Policy requires the Treasury Management Program to provide the Finance and Administration Committee with periodic updates on the operational cash position of CalPERS funds. The Semi-Annual Operational Cash Flow Forecast Report (Attachment 1) fulfills this requirement by presenting a 12-month operational cash flow forecast for the PERF, LRF, JRF I, JRF II, HCF, and LTCF. The report summarizes forecasted monthly contributions, projected distributions, actual versus estimated cash flows, and cash flow summaries for each fund.

The report is designed to support proactive cash management by forecasting expected operational cash inflows and outflows and monitoring available cash resources over a rolling 12-

month period. In addition to non-investment cash flows, the report also presents total cash flow activity, including investment-related cash movements, to provide a more comprehensive view of each fund's liquidity position. Forecasts are compared with actual results to evaluate forecasting accuracy and identify significant variances. Each fund maintains a cash buffer to absorb short-term volatility, timing differences between cash receipts and disbursements, and unexpected expenses. Maintaining an appropriate cash buffer helps ensure sufficient liquidity is available to meet benefit payments, operating expenses, and other financial obligations while reducing the risk of temporary cash shortages.

Analysis

Operational Cash Flow Forecast

The report indicates that forecasted contributions, available cash balances, and established cash buffers are expected to provide sufficient liquidity to support projected benefit payments, operating expenses, and other financial obligations throughout the forecast period for all funds. While monthly cash flows may fluctuate because of timing differences, investment activity, and market conditions, available cash resources are expected to remain sufficient to meet operational needs.

Cash Flow Forecasting Accuracy Analysis

Actual operational cash flow remained generally consistent with forecasted amounts during the reporting period. The comparison of actual and estimated cash flows demonstrates that Treasury Management's forecasting process continues to provide reliable projections that support effective liquidity planning and cash management. Variances between forecasted and actual cash activity were primarily attributable to the timing of contributions, benefit payments, investment transactions, and other operational cash flows.

Status of Funding Contingency Plan

During the reporting period, no events occurred that required activation of the Funding Contingency Plan. The annual review of the plan was completed in August 2026, and no changes are recommended. Treasury Management continues to use the plan to support ongoing monitoring and management of funding and liquidity risks associated with meeting member benefits and other CalPERS financial obligations.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Not Applicable.

Attachments

Attachment 1 – Operational Cash Flow Forecast Report

Attachment 2 – Semi-Annual Treasury Analysis and Liquidity Status Report (Previous version)

Michele L. Nix
Chief Financial Officer