CalPERS

Finance and Administration Committee

Agenda Item 4e

September 15, 2026

Item Name: Pension Contracts Management Program Annual Report

Program: Pension Contracts Management Services

Item Type: Information Consent

Executive Summary

This information consent item is presented as part of the annual report to the committee regarding the status of pension contracts participating employers and an update for the State Social Security Administrator Program. The item provides an update on the pension contracting program, State Social Security Administrator program, collection activities, and terminations in progress.

Strategic Plan

This agenda item aligns with the pension sustainability goal of the CalPERS 2022-27 Strategic Plan, which seeks to strengthen the long-term sustainability of the pension fund. Pension and health funding are identified as strategic risks to the organization. Effective management of employer contracts and collection of payments are essential to ensuring long-term sustainability.

Background

This agenda item provides an annual program report update regarding the status of participating pension employers for new contracts, terminations in progress and employers experiencing hardships. The Pension Contracts Management Program (PCMP) works with public agencies to establish, amend, and/or terminate contracts for pension benefits as well as determine eligibility to participate in the CalPERS pension program. PCMP also provides education to contracting agencies regarding the process of pension contract terminations and addressing outstanding receivables related to contracted benefits and employer contributions.

PCMP also serves as a Social Security State Administrator (SSSA) for the Social Security Administration. CalPERS' SSSA program processes requests from employers for coverage under the State's Section 218 Agreement and for modifications thereto, processes employer Annual Information Requests, responds to employer inquiries, and performs education and outreach.

The annual agenda item provides information on pension contracting, SSSA program, pension contract terminations in progress, and participating employers experiencing hardship.

Analysis

The attached Pension Contracts Management Program Annual Report summarizes the program status and activities during the fiscal year 2025-26. Additionally, the report provides an update on employers experiencing financial hardship who are on an active payment plan.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

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

- Timely resolution of routine collection issues.
- Attention to and escalation of serious collection issues to CalPERS management.
- Improved long-term sustainability of the pension fund.
- Ensure compliance with the Social Security Administration to provide Social Security and Medicare coverage for state and local government employees.

Potential risks could include:

- Risk of employer's default on their required contributions.
- Involuntary terminations which may result in benefit reductions for members.

Attachments

Attachment 1 – Pension Contracts Management Program Annual Report Overview

Attachment 2 – Pension Contracts Management Program Annual Report

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Melody Benavides, Chief
Pension Contracts and Prefunding Programs

Michele L. Nix
Chief Financial Officer