California Public Employees' Retirement System

Fiscal Year 2025-26

Year-End Expenditure Report

November 17, 2026

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Executive Summary

In 2025-26, CalPERS expended $781.3 million, or 88.6% of its $881.97 million authorized operating budget. Amounts reported reflect expenses and contract obligations (encumbrances) through June 30, 2026.

2025-26 Total Operating Expenditures

($ in thousands)	2025-26 Authorized Budget	2025-26 Expenditures and Encumbrances	Percent Expended	Balance
Administrative Operating Costs	$648,463	$592,201	91.3%	$56,262
Investment Operating Costs	186,417	153,988	82.6%	32,429
Headquarters Building Costs	47,088	35,107	74.6%	11,981
CalPERS Total Operating Budget to Expenditures	**$881,967**	**$781,296**	**88.6%**	**$100,671**

In 2025-26, CalPERS expended $1.9 billion, or 91.1% of its $2.1 billion estimated fees budget.

2025-26 Total Fee Expenditures

($ in thousands)	2025-26 Authorized Budget	2025-26 Expenditures	Percent Expended	Balance
Investment External Mgmt Fees	$1,786,961	$1,603,352	89.7%	$183,609
Third Party Administrator Fees	308,630	305,193	98.9%	3,436
CalPERS Total Fees to Expenditures	**$2,095,591**	**$1,908,545**	**91.1%**	**$187,046**

Note: While this basis of reporting is consistent with state budgeting practices, it differs from CalPERS' Annual Comprehensive Financial Report, which reports expenditures at the fund level using a full accrual basis as required by Generally Accepted Accounting Principles (GAAP).

The following pages detail 2025-26 expenditures by budget category.

I. Administrative Operating Costs

Administrative Operating Costs include Personal Services expenses (salaries and benefits for staff) and Operating Expenses & Equipment (OE&E). In 2025-26, CalPERS expended $592.2 million, or 91.3%, with a balance of $56.3 million. This includes $40.2 million in salary and benefits primarily due to vacancies and unpaid incentives.

Additionally, a $16.1 million surplus in OE&E is attributable to savings in General Expense, Data Processing and External Legal Counsel. General Expense costs were less than anticipated for conferences and memberships. Actual expenditures for Data Processing were lower than projected due to deferred purchases and favorable negotiations for software and service licenses. Savings in External Legal Counsel resulted from lower than anticipated needs to utilize outside counsel and the Attorney General's Office for litigation and legal matters. Consulting expenses exceeded the budgeted amount due to services to migrate the Oracle PeopleSoft Human Capital Management application to a cloud product.

2025-26 Administrative Operating Costs by Object of Expenditure

($ in thousands)	2025-26 Authorized Budget	2025-26 Expenditures and Encumbrances	Percent Expended	Balance
Salaries & Wages	$346,664	$316,581	91.3%	$30,082
Benefits	159,751	149,665	93.7%	10,087
Total Personal Services	$506,415	$466,246	92.1%	$40,169
General Expense	11,278	7,783	69.0%	3,495
Software	2,330	1,495	64.2%	835
Printing	168	105	62.6%	63
Postage	4,449	3,545	79.7%	904
Communications	1,164	1,334	114.7%	(171)
Data Processing Services	25,023	21,093	84.3%	3,930
Travel	2,986	2,232	74.7%	754
Training	1,328	1,227	92.4%	101
Medical Exam/Disability Travel	2,275	1,470	64.6%	805
Facilities Operations	8,927	7,490	83.9%	1,436
Central Administrative Services	33,585	33,585	100.0%	-
University Enterprises, Inc.	559	389	69.6%	170
External Legal Counsel	5,818	2,178	37.4%	3,640
Professional Services	5,903	5,939	100.6%	(36)
Consultants	28,115	29,942	106.5%	(1,827)
Audit Services	1,455	1,360	93.5%	94
Federal Legislative Rep	654	453	69.3%	201
Admin Hearings	1,402	815	58.1%	587
Consolidated Data Centers	469	386	82.2%	83
Equipment (Includes EDP)	4,161	3,132	75.3%	1,029
Total Operating Expenses & Equipment	$142,048	$125,955	88.7%	$16,093
Total Administrative Costs	**$648,463**	**$592,201**	**91.3%**	**$56,262**

II. Investment Operating Costs

Investment Operating Costs include expenses incurred to support investment activities. These expenses include fees paid to consultants who provide the CalPERS Board and team members with strategic guidance and expertise related to investment strategies, activities, systems, and initiatives. Additional expense categories include professional services required for due diligence, asset valuation, fund administration, and custody, as well as technology expenses for data and analytics services, trading and portfolio management systems, and business operations tools. In 2025-26, CalPERS expended $154 million to support investment operations, or 82.6% of the approved budget.

The $32.4 million surplus in Investment Operating Costs resulted from savings across all budget categories. An $18 million surplus in Consultant Expenses was driven by lower-than-expected Investment Consultant costs for prudent person opinions, reduced Technology Consultant spending due to a revised implementation schedule for the Data & Technology Modernization Initiative, and lower maintenance and operations costs resulting from the discontinuation or cancellation of certain support resources.

Operating Expenses were $9.1 million below budget, reflecting fewer-than-expected External Legal engagements and lower Appraisal Fees, driven by staff-negotiated fee reductions and a smaller number of new investments requiring appraisals.

The $5.3 million surplus in Technology Expenses resulted from the shifted implementation timeline for the Data & Technology Modernization Initiative, the decommissioning of certain services, and reduced usage of subscription services and tools.

2025-26 Investment Operating Costs

($ in thousands)	2025-26 Authorized Budget	2025-26 Expenditures	Percent Expended	Balance
Investment Consultants	$12,000	$4,237	35.3%	$7,763
Board Consultants	5,600	5,395	96.3%	205
Technology Consultants	43,200	33,162	76.8%	10,038
Total Consultant Expenses	$60,800	$42,794	70.4%	$18,006
Audits	705	34	4.8%	671
Tax Advisory Services	1,200	1,436	119.7%	(236)
Master Custodian Fee	10,610	10,326	97.3%	284
Fund Administration Services / Fees	12,530	12,340	98.5%	190
External Legal	8,000	4,397	55.0%	3,603
Appraisal Fees	14,000	9,875	70.5%	4,125
Company Expense	336	(12)	(3.6%)	348
Miscellaneous Operating Expense	396	283	71.5%	113
Total Operating Expenses	$47,777	$38,679	81.0%	$9,098
Data	14,100	11,994	85.1%	2,106
Analytics	16,500	15,946	96.6%	554
Trading and Portfolio Management Systems	39,400	37,779	95.9%	1,621
Business Operations Tool	7,600	6,296	82.8%	1,304
Other Technology Expense	240	500	208.4%	(260)
Total Technology Expenses	$77,840	$72,515	93.2%	$5,325
Total Investment Operating Expenses	**$186,417**	**$153,988**	**82.6%**	**$32,429**

III. Headquarters Building Costs

Headquarters Building Costs reflect expenses incurred to operate, maintain, and improve the Lincoln Plaza campus. These expenses include funding for security and maintenance of regional offices, the offsite emergency operations center, the Front Street parking lot, and warehouse space. Revenues in parking and rent offset these expenses. In 2025-26, CalPERS expended $35.1 million, or 74.6% for these purposes.

The $12 million surplus in Headquarters Building Account costs is primarily due to partial delays in the LED lighting project resulting from unforeseen design revisions and change orders, as well as lower than anticipated costs for improvement projects, security, general maintenance, property management, administrative fees, and supplies.

2025-26 Headquarters Building Costs

($ in thousands)	2025-26 Authorized Budget	2025-26 Expenditures	Percent Expended	Balance
Utilities	$2,902	$2,759	95.1%	$143
Engineering Services	4,910	4,745	96.6%	166
Janitorial	4,067	3,955	97.2%	112
Landscaping	832	639	76.8%	193
General Maintenance	1,102	668	60.6%	434
Security	3,603	2,795	77.6%	808
Property Mgmt. & Administrative Fees	2,235	1,854	83.0%	381
Café Plaza	392	385	98.2%	7
Offsite Expenses	986	871	88.3%	115
Emergency Operations Center (EOC)	516	455	88.1%	61
Operating Other	3,751	3,268	87.1%	483
Total Operating Expenses	$25,296	$22,392	88.5%	$2,904
Owner Improvements	2,216	1,660	74.9%	556
Building Improvements	24,909	16,032	64.4%	8,877
Furniture & Fixtures	300	230	76.8%	70
Building Insurance	1,027	834	81.2%	193
Total Non-Operating Expenses	$28,452	$18,757	65.9%	$9,695
Subtotal Expenses	**$53,748**	**$41,149**	**76.6%**	**$12,599**
Less: Revenue	(1,456)	(1,659)	113.9%	203
Total Headquarters Building Expenses	**$52,292**	**$39,490**	**75.5%**	**$12,802**
Less: Amount included in Admin. Budget	(5,204)	(4,383)	84.2%	(821)
Total Headquarters Building Budget	**$47,088**	**$35,107**	**74.6%**	**$11,981**

IV. Investment External Management Fees

Investment External Management Fees are paid to external investment managers and advisors for management of specific portfolios. In 2025-26, CalPERS expended $1.6 billion, or 89.7% of the approved budget.

External Management Base Fees were 94.1% expended. The surplus in Global Equity base fees was driven by fewer than anticipated new external active managers. Base fees for Real Assets, Private Debt, and Private Equity were also below budget, primarily due to new capital deployed being lower than expected, and a greater volume of co-investments. These surpluses were partially offset by a deficit in Fixed Income base fees, which was caused by an overall increase in new capital deployed to external investment managers.

Total Performance Fees were under budget by $95 million. The surplus was driven by lower-than-expected Real Assets performance fees and was partially offset by a deficit in Global Equity Performance Fees from better-than-expected performance and new active manager fee structures.

2025-26 Investment External Management Fees

($ in thousands)	2025-26 Authorized Budget	2025-26 Expenditures	Percent Expended	Balance
Global Equity	$116,124	$83,050	71.5%	$33,074
Fixed Income	88,000	97,671	111.0%	(9,671)
Real Assets	384,353	363,963	94.7%	20,390
Private Equity	733,639	715,576	97.5%	18,063
Opportunistic Strategies	1,566	-	0.0%	1,566
Private Debt	174,835	149,657	85.6%	25,178
Total External Management - Base Fees	$1,498,517	$1,409,917	94.1%	$88,600
Global Equity	67,048	121,870	181.8%	(54,822)
Real Assets	221,396	71,564	32.3%	149,832
Total External Management - Performance Fees	$288,444	$193,434	67.1%	$95,010
Total External Management Fees	**$1,786,961**	**$1,603,352**	**89.7%**	**$183,609**

V. Third Party Administrator Fees

CalPERS contracts with Third Party Administrators (TPA) to support the delivery of health and pension services with a focus on strengthening and improving long-term sustainability for members. The CalPERS board approves Third Party contracts with terms that typically extend five years and include annual fee increases. TPAs provide administration, recordkeeping, and participant communication services for Health Benefits, Long Term Care, the Supplemental Income Plans, the California Employers' Retiree Benefit Trust Fund, and the California Employers' Pension Prefunding Trust.

Of the $308.6 million budgeted for TPA Fees, CalPERS expended $305.2 million or 98.9%. The savings within the Health Program and the Pharmacy Benefit Manager (PBM) contracts are attributable to lower enrollments than projected, along with lower pharmacy claims paid through the PBM contract. Savings in the Long-Term Care Program were due to a continued decrease in enrollment. The expenditures for the Supplemental Income Plan are above expectation due to invoice timing caused by the transition to a new TPA contract.

2025-26 Third Party Administrator Fees

($ in thousands)	2025-26 Authorized Budget	2025-26 Expenditures	Percent Expended	Balance
Health Program	$257,712	$254,811	98.9%	$2,901
Pharmacy Benefit Manager	5,595	24,894	97.3%	701
Total Health	$283,308	$279,706	98.7%	$3,602
Long Term Care Program	21,314	20,986	98.5%	328
Supplemental Income Plan	3,900	4,394	112.7%	(494)
California Employers' Retiree Benefit Trust (CERBT)	90	90	100.0%	-
California Employers' Pension Prefunding Trust (CEPPT)	18	18	100.0%	-
Total Third Party Administrator Fees	**$308,630**	**$305,193**	**98.9%**	**$3,436**

VI. Administrative Operating Costs by Fund

The following is the distribution of actual Administrative Operating Costs to each trust and state fund.

2025-26 Administrative Operating Costs by Fund

($ in thousands)	2025-26 Authorized Budget	2025-26 Expenditures and Encumbrances	Percent Expended	Balance
Public Employees' Retirement Fund (PERF)	$522,430	$479,929	91.9%	$42,502
Public Employees' Contingency Reserve Fund (CRF)	37,980	35,569	93.7%	2,411
Public Employees' Health Care Fund (HCF)	54,681	47,411	86.7%	7,270
Long Term Care Fund (LTCF)	9,310	8,389	90.1%	921
California Employers' Retiree Benefit Trust (CERBT)	9,384	7,976	85.0%	1,408
Deferred Compensation Fund (IRC 457)	2,944	2,598	88.2%	347
Supplemental Contributions Program Fund (SCPF)	261	235	90.1%	26
Judges' Retirement Fund (JRF)	2,430	2,256	92.8%	174
Judges' Retirement Fund II (JRF II)	3,290	3,034	92.2%	256
Legislators' Retirement Fund (LRF)	761	710	93.2%	52
Replacement Benefit Custodial Fund (RBF)	664	618	93.1%	46
California Employers' Pension Prefunding Trust (CEPPT)	326	293	90.0%	32
Old-Age & Survivors Insurance Fund (OASIF)	1,225	943	77.0%	282
Reimbursements	2,777	2,240	80.7%	537
Total Administrative Operating Costs	**$648,463**	**$592,201**	**91.3%**	**$56,262**
Statewide Pro-Rata Assessment	$33,585	$33,585	100.0%	$ -
CalPERS Administrative Costs	$614,878	$558,616	90.8%	$56,262