California Public Employees' Retirement System

2026 Annual Review of Funding Levels and Risks

November 2026

CalPERS

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Introduction

This report is intended to assist the CalPERS Board of Administration (board), participating employers and other stakeholders in assessing the soundness and sustainability of the Public Employees' Retirement System for ongoing pension plans. It does not address the Terminated Agency Pool or the 1959 Survivor Benefit Program, nor does it address the other systems (Judges' Retirement Systems, Legislators' Retirement System or the non-pension programs) administered by CalPERS.

The results presented in this report are based on the June 30, 2025 annual valuations, which have been projected forward to June 30, 2026, based on investment performance of 14.8% for the year ending June 30, 2026. Unless stated otherwise, current and projected results in the report are based on a long-term expected rate of return and discount rate of 6.80% and the demographic assumptions reflecting the 2025 Experience Study.

The actual results based on the June 30, 2025 valuations are summarized in Appendix A.

This report focuses on:

- Reporting the current funded status of the system
- Reviewing prior and expected future funding progress
- Identifying and quantifying investment risks
- Examining other system risks, such as high inflation and mortality
- Discussing risk mitigating activities for the system and employers

The report is organized into the following sections:

- Funding Levels: this section discusses the relationship between assets and liabilities for the Public Employees' Retirement System (PERS) and various sub-groups of the system. Current, historic and potential future funding levels are shown.
- Identifying and Quantifying Investment Risks: this section outlines the impact future investment performance could have on funding and contribution levels. This is of particular importance because investment performance has a large impact on pension funding and costs.
- Key Non-Investment Risks: this section addresses the potential impact of key non-investment risks (e.g., mortality, inflation, etc.) on the pension system. The topics in this section may change over time to reflect current and expected trends.
- Managing Risks: this section describes areas where risks may be managed. These include assumptions (e.g., expected investment return and inflation), amortization of costs as well as employers making additional payments to fund their pension plans.

Pension and investment beliefs adopted by the board that inform our work on risks and funding include the following:

Pension Belief 5: Funding policies should be applied in a fair, consistent manner, accommodate investment return fluctuations and support rate stability.

Pension Belief 9: Sound understanding, and deployment of enterprise-wide risk management is essential to the ongoing success of a retirement system.

Investment Belief 1: Liabilities must influence the asset structure. More specifically, ensuring the ability to pay promised benefits by maintaining an adequate funding status is the primary measure of success for CalPERS.

Investment Belief 9: Risk to CalPERS is multi-faceted and not fully captured through measures such as volatility or tracking error.

Executive Summary

With the higher-than-expected investment returns over the previous three years, and employers making their required unfunded liability payments, the funded ratio of the system has increased from 71.4% as of June 30, 2023, to an estimated 85% as of June 30, 2026. Over the previous ten years, the system funded ratio has improved by approximately 20% from 65% in 2016 (measured with a 7% discount rate). In addition, while each individual plan has a unique funded ratio based on its own assets and liabilities, 293 plans are projected to have a ratio as of June 30, 2026, of 100% or greater, and only approximately 32 plans will have funded ratios lower than 70%. The improvement in funded status has decreased the risk that plans will fall to low funding levels over the next 10 years. In addition, other factors including agencies making Additional Discretionary Payments (ADPs) and the continued phase-in of shorter amortization periods first effective in 2019, have also helped reduce this risk.

While required employer contributions generally remain higher than desired, the cumulative effect of prudent employer contributions and favorable investment returns, have positioned most plans to expect decreases in required employer contributions in the next few years with more significant reductions expected over the next 5-10 years. Despite the positive news, the system's funded status, and required contribution forecasts can change significantly even within a single year due to unexpected experience. The biggest risk factor for such changes is future investment returns. However, other factors such as the possibility that inflation continues to remain higher than our current expectation also contribute risk. With the already high levels of required employer contributions, the ability of employers to continue making required contributions, especially if the markets experience a near-term downturn, is an area of concern for the system and its members. However, with few exceptions, employers are currently up to date with their contribution requirements.

The termination policies currently in place mitigate risk to the system. However, if an employer is under severe financial stress, the termination policies do not fully protect the benefits of members that have served that employer. Ultimately, the members' benefits are only secure if the employer continues to make the required contributions.

All actuarial assumptions and methods are based on the latest Asset Liability Management (ALM) process and associated Experience Study from 2025. These include a discount rate of 6.8%, a price inflation assumption of 2.5% and a wage inflation assumption of 3.0%.

This report illustrates the impact of recent events on the retirement system and projects the potential impacts of various factors that are possible in the future. While there is no immediate concern regarding the system's ability to pay required benefits, the possibility of unfavorable events such as continued high inflation, or the possibility of a market downturn, could lead to required employer contributions rising to

levels that would be challenging for employers. However, as discussed above, recent strong improvements in funded status have mitigated these risks substantially.

Funding Levels

In this section we will discuss current valuation results for the system as a whole, as well as results for various sub-groups of the system. In addition, a summary and analysis of funding results over the last 10 years as well as projected results during the next 10 years are also provided. This information helps illustrate the effectiveness of the current funding methods as well as the impact of unexpected experience on the funding levels of the system.

CalPERS is a collection of multiple plans and several risk sharing pools. While it is informative to review actuarial results of the system as a whole, it is also important to understand that individual "plans" within CalPERS have unique funded status and required contribution results. In general, the assets of one plan are not available to pay benefits for any other plan.

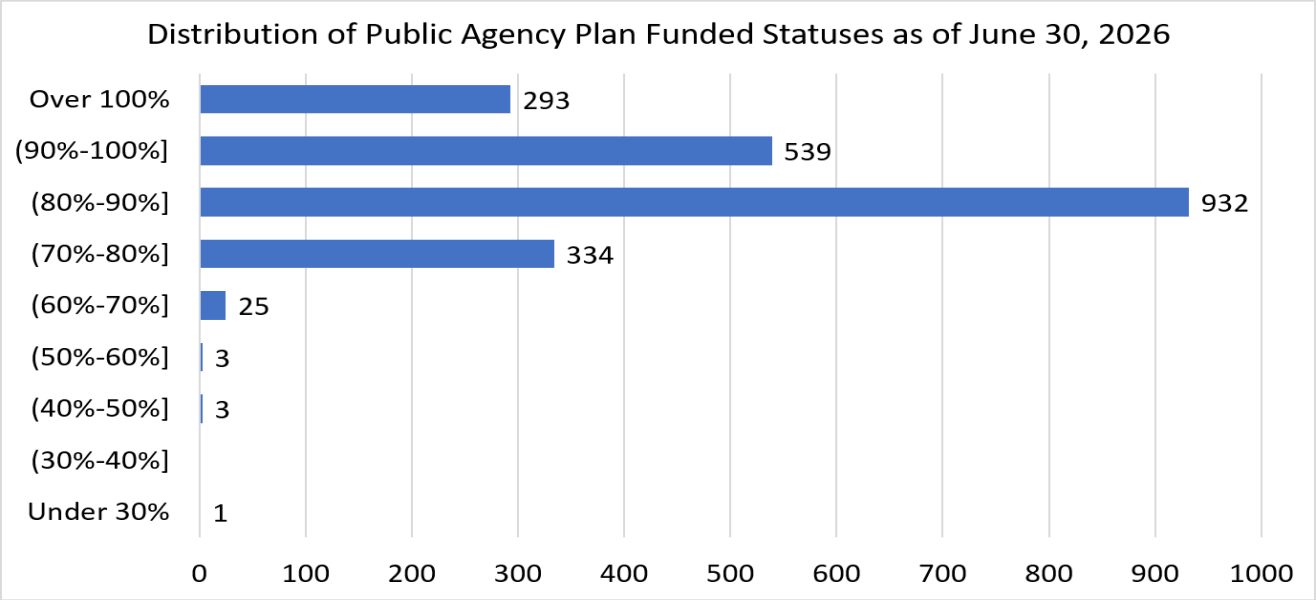
More detailed funding results can be found in the appendices as well as on the CalPERS website under Summary of Valuation Results Overview.

Current Funding Levels

The overall level of funding of the system has improved significantly over the last few years primarily due to higher-than-expected investment returns. The system funded ratio improved from 78.2% as of June 30, 2025, to an estimated 85% as of June 30, 2026. This is currently an estimate since accrued liabilities as of June 30, 2026, will not be known until the June 30, 2026 actuarial valuations have been published. However, actual accrued liabilities as of that date are likely to be close to our projections. In addition, the 85% estimate does not reflect the 4th quarter investment returns for private asset investments.

Most individual plans have an estimated funded ratio between 75% and 95% as of June 30, 2026. In addition, 293 plans are estimated to be over 100% funded on that date. While 32 plans have funded ratios below 70%, these are smaller pooled plans with liabilities totaling less than 1% of the system.

Figure 1. Distribution of Public Agency Plan Funded Statuses as of June 30, 2026



Historical and Projected Cash Flow

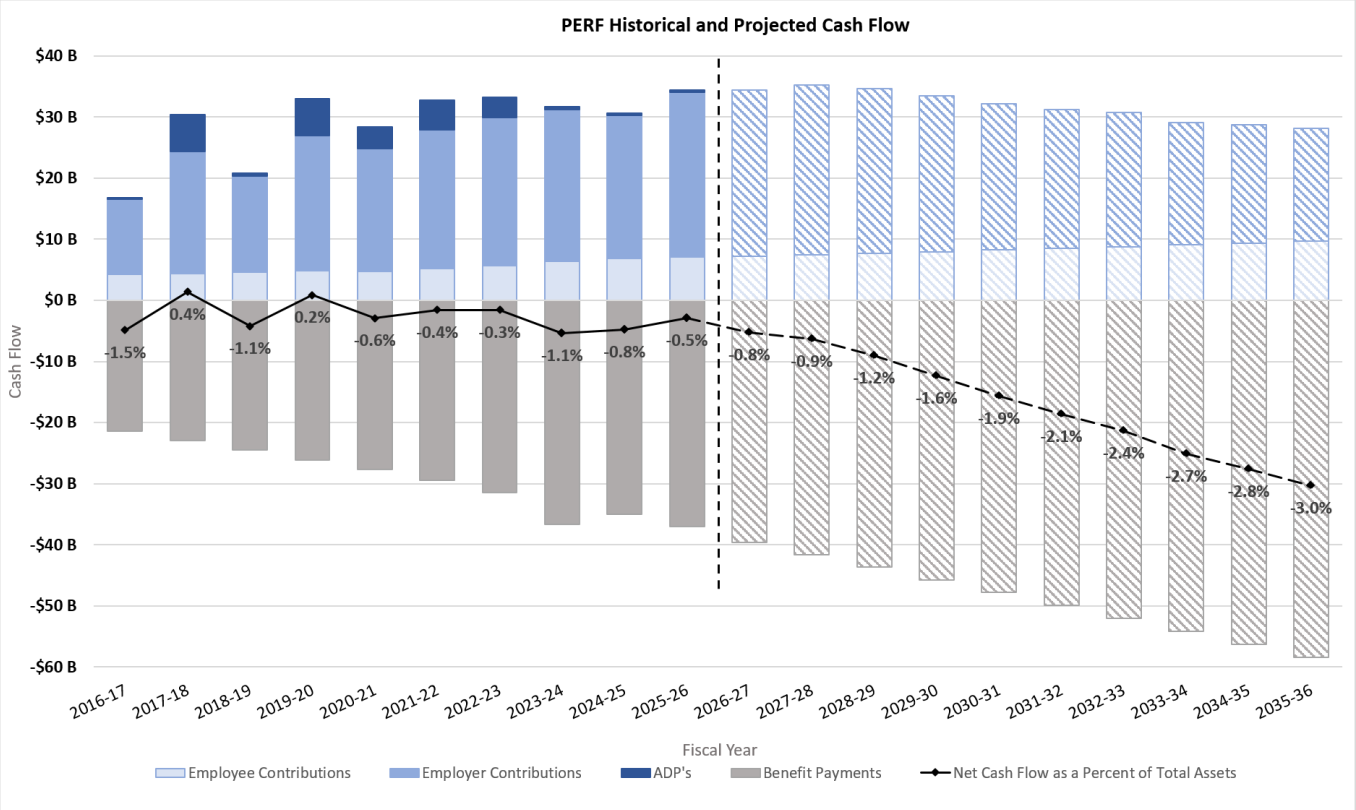
A review of cash flow results and funded status during the prior ten years, as well as projected results for the next 10 years, provides valuable information regarding the operation of the system. Figure 2 on the following page provides the actual and projected cash flow for the Public Employees' Retirement Fund (PERF) for fiscal years 2016-17 to 2035-36.

As shown in the chart, benefit payments have consistently increased over the last 10 years. This is expected to continue in the future. However, as more PEPRA members and fewer Classic members retire, the rate of benefit payment increase will slow. Actual contributions made over this period also generally increased from one year to the next due primarily to 1) expected increases in contribution dollars due to payroll increases, 2) investment losses earlier in the period and, 3) changes to actuarial assumptions. Projected reductions to future employer contributions due to the recent investment gains can be seen in the 10-year projection as the impact of each of the recent gains on employer contributions is phased-in over 5 years under the current amortization policy.

Lower future contributions are expected to increase negative cash flow as can be seen in the chart. In a prefunded public retirement system, net cash flow generally starts out positive in the early years of the system but becomes negative at some point as the system matures. This is an expected outcome of prefunding and generally not something to correct. If cash flows never turned negative, there would be no benefit to prefunding. However, projected levels of negative cash flow should be understood so that invested assets can be managed to maintain the necessary level of liquidity to pay benefits without harming the overall performance of the fund.

Negative cash flow was avoided in two of the previous ten years due to significant ADPs in those years. Projected results assume no ADPs by employers over the next 10 years. Any such payments would result in faster improvement in the funded status and reduce negative cash flow in those years.

Figure 2. Historical and Projected Cash Flow

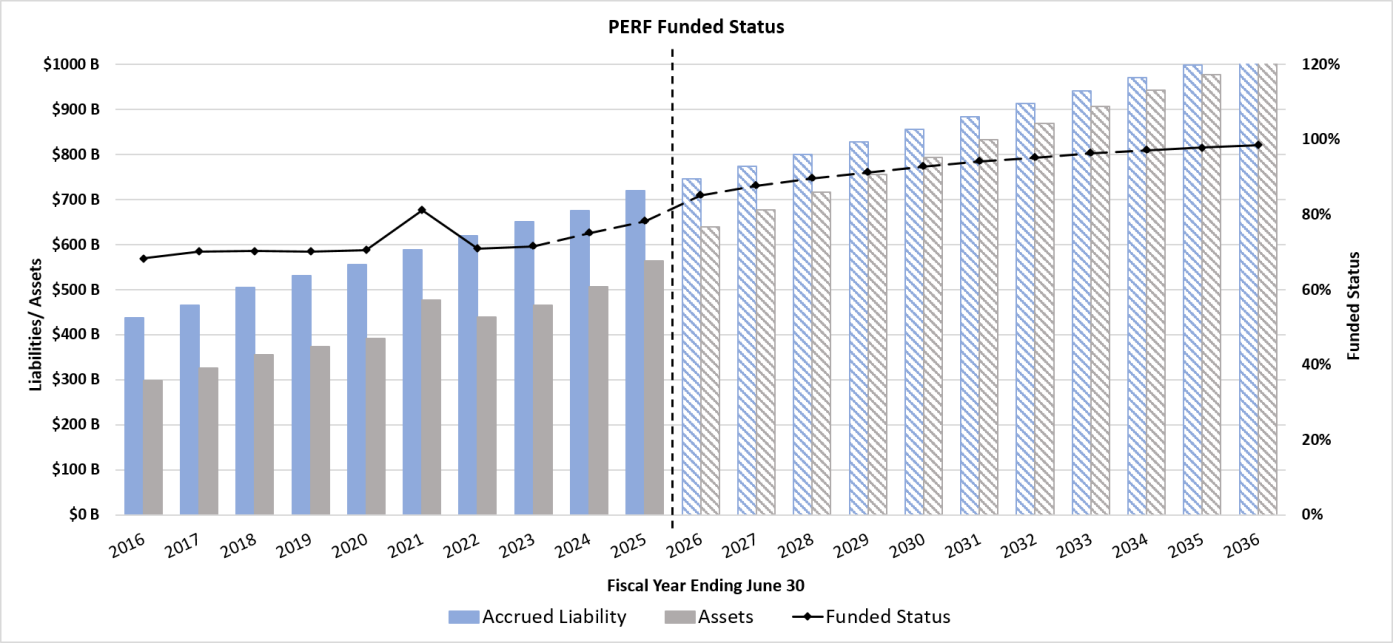


Historical and Projected Funded Status

The funded status of the system improved significantly during the last 10 years although it was quite volatile during this period. The large fluctuations were primarily caused by significantly higher or lower investment returns than expected. The overall improvement in funded status was primarily due to an average annual investment return of 8.6%, which was offset by the impact of changes to actuarial assumptions, primarily decreases to the discount rate.

Decreases to the discount rate during this period were necessary given the decline in capital market assumptions. While a change to the discount rate impacts neither the current level of assets nor the amounts of future benefits expected to be paid, it resets the funding target and therefore immediately changes the funded status.

Figure 3. Historical and Projected PERF Funded Status



Absent any changes to actuarial assumptions and provided future experience matches the current assumptions, it is expected the funded status will improve by roughly 10% over the next 5 years assuming employers continue to make required annual contributions. During this period, the 5-year phase-in of the impact of the recent investment gains on required contributions is allowing decreases in require contributions more gradually. This keeps contributions somewhat higher temporarily, resulting in faster improvement to the funded ratio and a hedge against possible near-term investment losses.

While there is no current indication that the current assumptions will need to be materially modified in the next 10 years, all actuarial assumptions will be assessed at least every 4 years and changes will be recommended when necessary.

Funded Status - Termination Basis

The term "funded status" as used in the previous charts, is the funded portion of the funding target determined annually for each plan in the actuarial valuation process, reflecting all the actuarial assumptions and methods adopted by the board for funding purposes. Alternate funding methods and assumptions yield different funding targets and therefore different funded status results.

If an agency elects to terminate its contract with CalPERS, the employer is required to contribute the amount necessary to fully fund the plan. However, for this purpose, the funded status of the plan is determined using different actuarial assumptions and methods. Since the employer will no longer be obligated to make up any shortfalls in investment return (or due to other economic or demographic events), CalPERS funds the terminated agency pool on a much more conservative basis to ensure that the

affected members' benefits are secure. With the funding of terminated plans based on fixed income assets, the termination discount rate depends on actual market rates of return for such assets on the date of termination. Such rates are lower than the ongoing 6.8% discount rate used for funding purposes (currently around 4.50%) and result in a lower funded status for CalPERS plans. A typical CalPERS plan that is currently 80% funded based on a 6.8% discount rate, would be around 65% funded based on current termination rates. This indicates some additional risk to public agency members, in the form of potential benefit reductions, if their employer were to terminate their plan and were unable to make the required final contribution to fully fund the accrued benefits.

Funded Status – Low Default Risk Basis

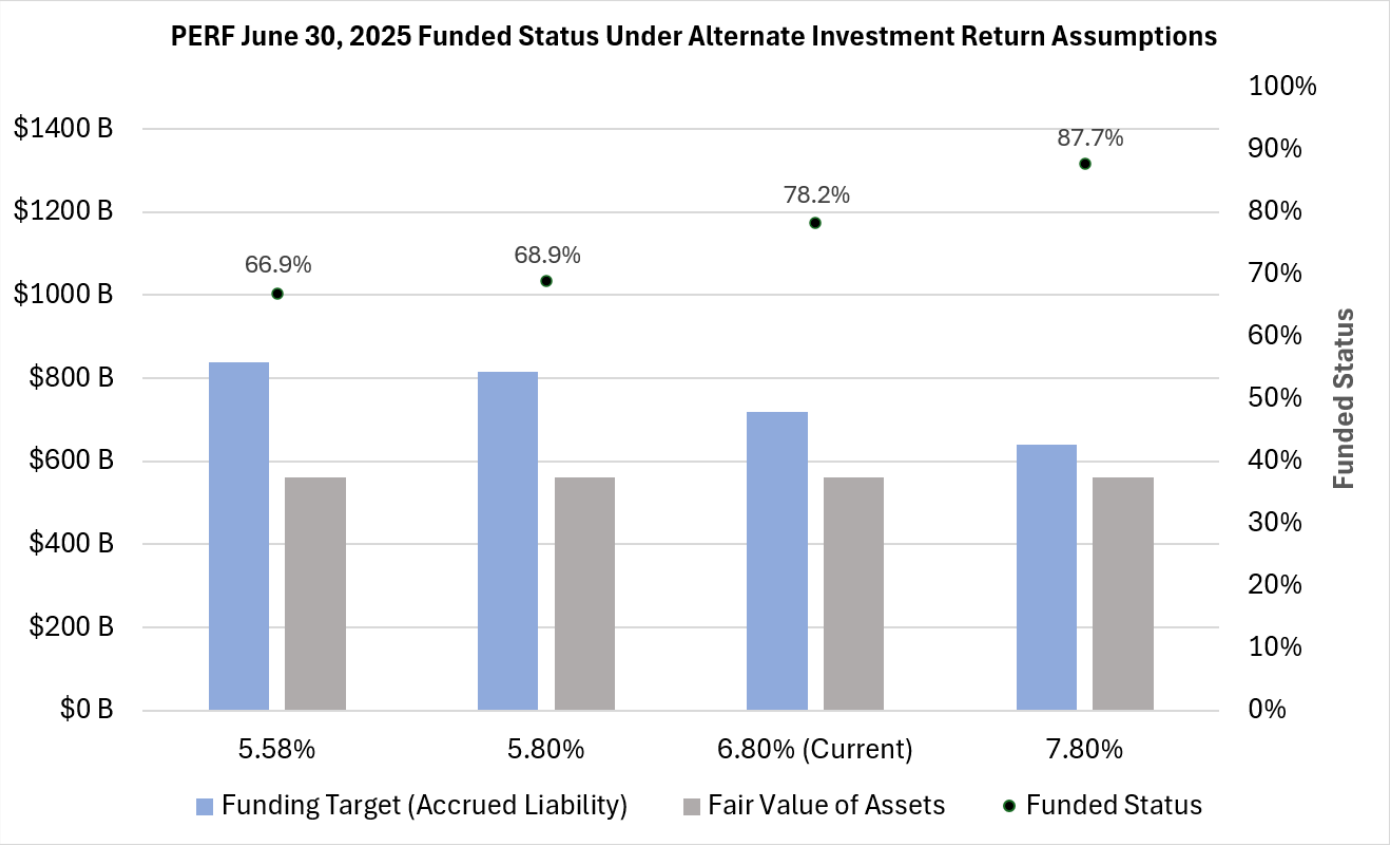
The funding approaches used by CalPERS reflect a discount rate based on the long-term expected return of system assets. This approach reflects future expected but not guaranteed investment returns in the determination of accrued liabilities, and future required contributions necessary to pay all promised benefits.

A new requirement for actuarial valuation reports for pension plans, as mandated by the Actuarial Standards Board (ASB), is the inclusion of a measure of accrued liabilities using a discount rate based on the yields of high-quality fixed income securities. This alternative measure of liabilities does not impact the determination of required contributions and is provided for information purposes only.

The value of providing this alternate liability measure in the actuarial valuation reports is to provide plan sponsors, the board, and other interested parties with additional information regarding the level of future investment returns currently assumed in the determination of the traditional funded status of the system and required contributions. Such information can be useful when assessing current funding policies, possible changes to benefit provisions, and the security of promised benefits.

All CalPERS June 30, 2025 valuations include this newly required liability measure. The discount rate used in these measures was the Standard FTSE Pension Liability Index discount rate as of June 30, 2025. The alternate funded status under this discount rate, referred to in the CalPERS reports as Funded Status – Low-Default-Risk Basis, varies by plan. A typical CalPERS plan that is currently 80% funded based on a 6.8% discount rate, would be around 65-70% funded based on this measure on that date. The chart below shows CalPERS' current funded status under the Low Default Risk discount rate, the current discount rate of 6.8%, and discount rates of 5.8% and 7.8%. Given the recent changes in capital market assumptions, and the uncertainty regarding what the actual CalPERS long-term rate of investment return will be, it is informative to consider the current funded status under alternate discount rate assumptions.

Figure 4. PERF Funded Ratio under Alternate Investment Return Assumptions



Ongoing PEPRA Transition

The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits, and lowered compensation limits on new members.

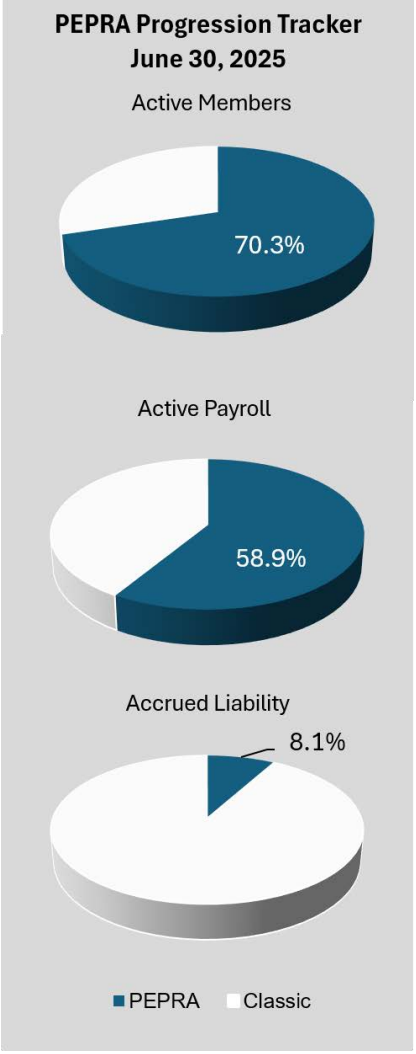
One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While the changes implemented by PEPRA result in a meaningful reduction to member benefit costs, the full impact on employer contributions will take decades to materialize.

Based on the current actuarial assumptions, the average estimated percentage decrease in the annual employer normal cost of benefits due to PEPRA for public agencies is 35-40% for miscellaneous members and 45-50% for safety members. This is due to a combination of reduced benefit costs and a higher portion of the total normal cost being allocated to members through monthly member contributions. While these are significant decreases in the normal cost portion of an employer's contribution, PEPRA provides no decrease to the portion of an employer's contribution requirement due to paying down unfunded accrued liability.

By putting downward pressure on benefit costs, PEPRA is also reducing the risk of significant spikes in future employer contribution requirements by slowing the growth of system accrued liabilities relative to payroll increases.

For additional details regarding the year-by-year PEPRA member counts and the estimated dollar cost savings due to PEPRA (past, and projected 10 years), see Appendix D.

Figure 5. PEPRA Progression Tracker June 30, 2025



Identifying and Quantifying Investment Risks

This section examines risks to the retirement system and members arising from future investment performance, with emphasis on three key considerations:

1. The plan's funded status and the probability that it may decline to very low levels.
2. The risk of higher contributions resulting from lower-than-expected average investment returns.
3. The potential for significant year-over-year contribution increases due to investment shocks.

These risks were evaluated using alternate investment scenarios. While other factors can impact the risks of the system, investment returns remain the primary driver. Longevity and high near-term inflation are also potential material risks. Longevity refers to the possibility that individuals will live longer than anticipated, due to factors such as medical advancements, lifestyle choices and public health improvements which can increase the cost of projected benefits. These risks are addressed separately in later sections of the report.

Shared Risk

Member benefits are funded through a combination of CalPERS investment returns, employer contributions, and member contributions. Although employers are legally obligated to make the full contribution needed to fund the plan, extreme circumstances may limit their ability to do so. In these situations, the employer's financial hardship can become a direct risk to the members and their benefits.

The risks borne by the employers (primarily investment risk) can impact their ability to make required CalPERS contributions. Investment and actuarial policies adopted by the board are intended to support benefit security for members.

By focusing on the soundness and sustainability of the overall system, CalPERS can take steps to mitigate risks to both members and employers. Ultimately, pensions are a shared responsibility between members and employers.

Risk of Low Funding Levels

When the funded status of a plan is low, the required employer contributions can become substantial. If required contributions exceed the employer's ability to pay, there is a possibility the employer's CalPERS contract will be terminated, which could result in benefit reductions for members of that plan. Many CalPERS plans are less than 100% funded as of June 30, 2025. This is not a significant cause for concern provided employers continue to make the actuarially determined required contributions. While no single funded status indicates that a retirement plan and its members are in jeopardy, plans that fall below 50% would likely have short-term required contributions that would strain the employer's budget.

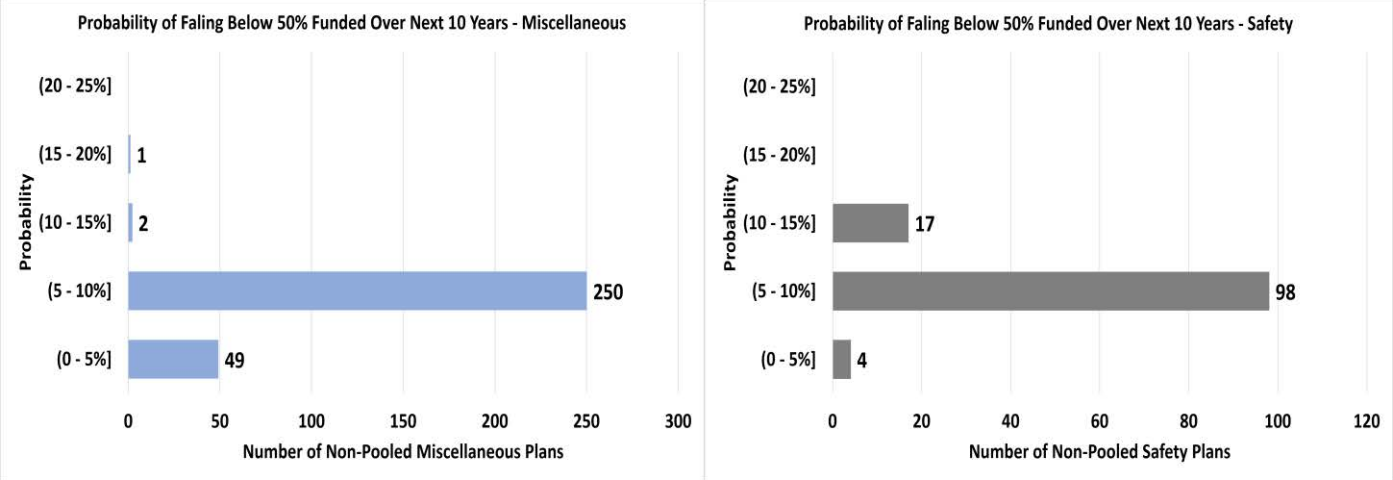
The likelihood that a plan falls below 50% funded in the future can be estimated using stochastic modeling. Under this approach, alternate future investment scenarios are used to project future funded ratios. The results provided in this section are based on 5,000 alternate investment scenarios for all future years provided by the CalPERS Investment office.

Alternate investment return scenarios were developed based on the expected returns and their standard deviations for each of the asset classes in the PERF. Assumed correlations, along with a covariance matrix between asset classes, are also reflected.

Based on stochastic modeling, the State Miscellaneous Plan has a 5.7% probability of falling below 50% funded at some point over the next 10 years. For the School's Pool, the probability is 5.9%.

The probability of falling below 50% funded status for CalPERS public agency plans is illustrated in the charts below. The charts show the numbers of non-pooled plans within various probability ranges of falling below 50% funded over the next 10 years. (Pooled plans are expected to have similar results.) For example, 250 miscellaneous plans have a 5%-10% probability of falling below 50% funded over the next 10 years.

Figure 6. Probability of Falling Below 50% Funded over the Next 10 Years



Recent investment gains have been the most significant contributor to the improvement in the PERF's funded position, which lead to the reductions in the probabilities of falling below 50% funded in the next 10 years for all plans. However, investment volatility remains an important risk. A significant market correction could reduce the system's funded ratio, particularly given the extent to which recent funded status improvement has been driven by investment returns.

Another metric that was evaluated for this report was the probability of the system falling below 70% funded in the next 5 years. While this would likely not cause the same level of concern as falling below 50% funded, a system with a funded ratio under 70% would generally be considered poorly funded and required contributions for CalPERS employers would likely cause budget concerns with many employers.

Based on the same simulated investment returns, the probability of falling below 70% funded in the next 5 years is 22.2%. This is a reduction from 39.3% one year ago.

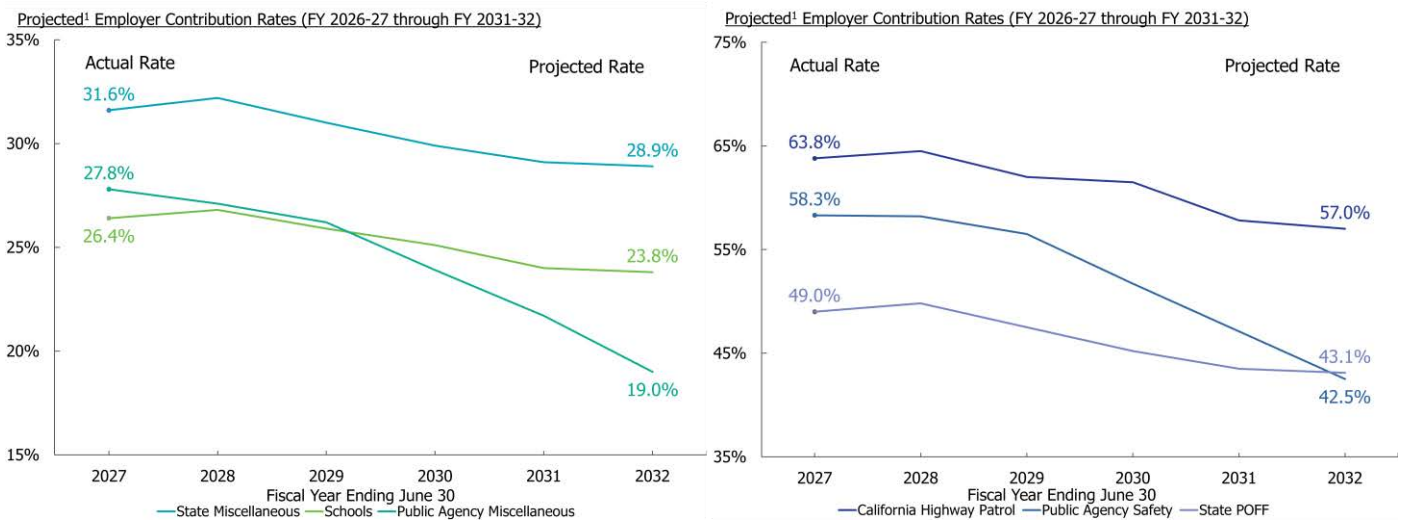
Lower Than Expected Average Investment Returns

While the current investment policy is expected to produce long-term geometric average returns of approximately 6.8%, future average returns may be higher or lower. It can also be assumed that there is an equal likelihood that long-term average returns will be above or below 6.8%. Average future returns of greater than 6.8% pose little risk to the system. However, if long-term average returns significantly exceed 6.8%, it may be argued in the future that employers and some PEPRA members were contributing more than necessary today.

Returns in any year that fall below the assumed 6.8% increase employer contributions. High employer contributions increases the risk of default on required contributions and can place financial strain on employers. Since future employer contributions help fund benefit payments, an employer default could increase risk to the members' benefits. Actions to reduce the probability of low funded status or contribution volatility generally result in increases in the contribution levels. The level of financial stress will differ by employer and are difficult to assess.

Below are projected employer contribution requirements (expressed as percentage of payroll) based on the June 30, 2025, actuarial valuation results projected forward with an investment return of 14.8% for FY 2025-26 and assumed annual investment returns thereafter of 6.8%. Note, the results for Public Agency plans were determined by summing required dollar contributions for each plan and then dividing by the total payroll for all plans.

Figure 7. Recent and Projected Employer Contributions



[1]FY 2026-27 state plan and schools pool rates are actual. FY 2026-27 and 2027-28 public agency rates are actual.

Alternate Investment Scenarios

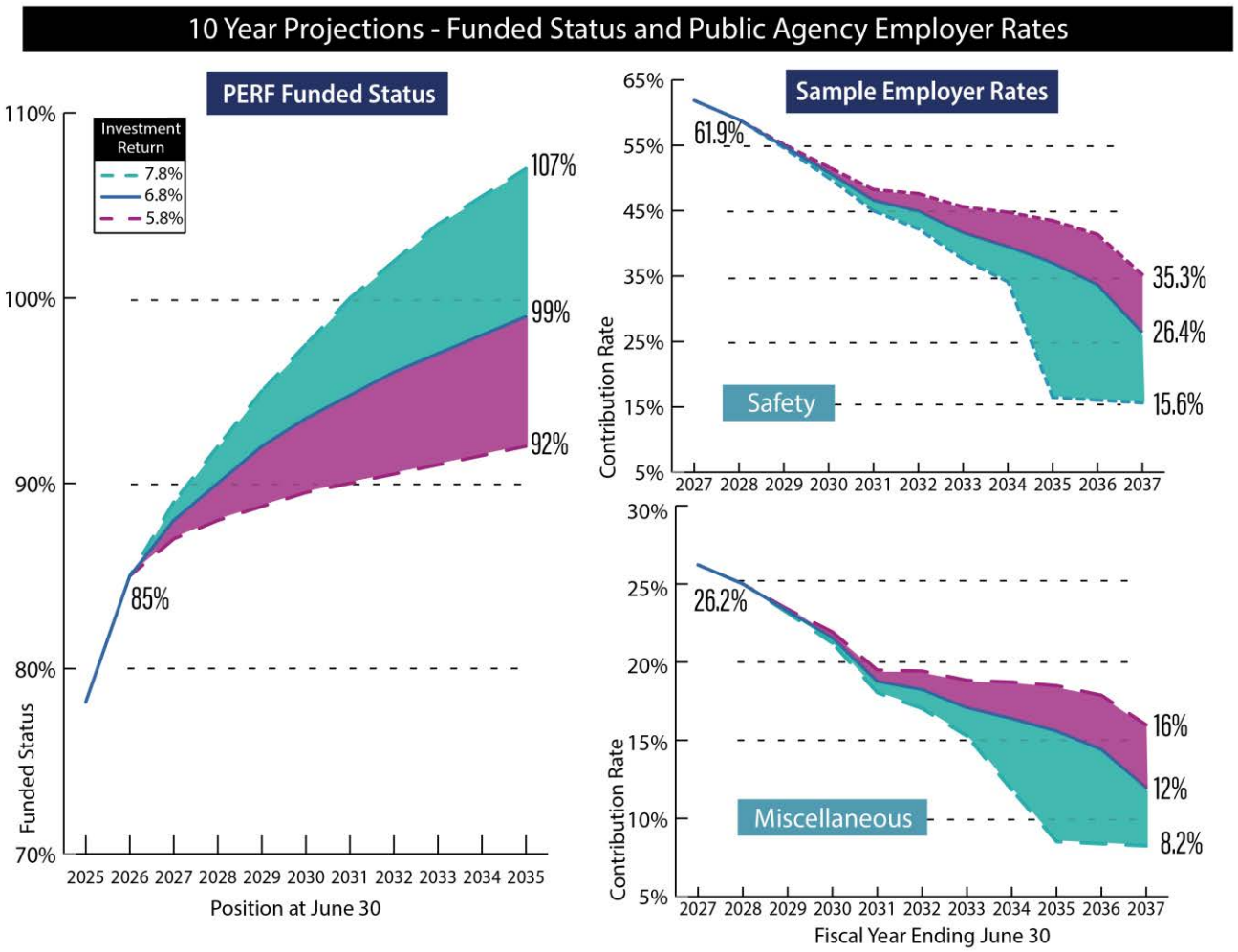
To the extent future experience deviates from the actuarial assumptions, adjustments are made to the unfunded liability position, which result in required contribution increases or decreases from present levels. The factor that is likely to have the largest impact on future contribution requirements is the investment return of the PERF. While actual plan experience in other areas, such as mortality, inflation, rates of retirement, pay changes, etc., also impact required contributions, these factors are typically not as volatile as investment return.

The expected long-term investment return of the PERF is 6.8%. If the actual returns every year in the future were 6.8%, the following are expected to occur:

- Required employer contributions over the next few years are expected to decrease as a percentage of pay. However, an individual plan's rates will vary in the near-term depending on their unique circumstances.
- Required employer contributions are expected to decrease due to three separate factors:
    1. The continual decrease in normal cost as Classic members retire or terminate and are replaced by PEPRA members,
    2. Current required payments toward existing unfunded accrued liability bases will be gradually eliminated as individual UAL bases are fully paid off, and
    3. The FY 2023-24 through FY 2025-26 investment gains are fully phased in.
- In the long term, required employer contributions will trend toward the employer portion of the normal cost.
- The funded status of all plans currently below 100% would gradually increase to around 100% over the next 15 to 20 years.

The charts below provide the projected funded status of the PERF and sample employer contribution rates for a public agency safety and miscellaneous plan over the next ten years reflecting the assumed 6.8% annual investment return, with alternative annual investment returns of 5.8% and 7.8% to demonstrate the sensitivity of the PERF and the plans to future investment returns.

Figure 8. 10-Year Projection of Funded Status and Public Agency Employer Rates



Over longer periods of 20 years or more, chances are greater the average return will be closer to the expected geometric average of 6.8%. However, based on the current allocation of assets and the expected volatility of the various asset classes, there is a significant possibility that the average return over the next 10 years will fall outside of the range illustrated above.

Investment Shocks

Over periods shorter than 20 years or single year periods, the likelihood of varying from the 6.8% expected return is even greater. For example, there is roughly a 16% chance that in a single year, the investment return will be lower than -5.9% and a 16% chance that it will be greater than 19.5%. These returns are one standard deviation lower and higher than the expected return of 6.8%. So, while it is more likely that any single year return will be between -5.9% and 19.5% (68% probability), the chance of falling outside this range for one year cannot be overlooked.

A two standard deviation higher or lower return is much less likely but does have roughly a 5% chance of occurring. The two standard deviation range is -18.6% to 32.2%. Or said another way, a return between -18.6% and 32.2% in any given year has a probability of around 95%.

While such "shock" returns are possible and do occur, history has shown that market corrections in the opposite direction typically occur over the next few years. However, such corrections are certainly not guaranteed.

The chart to the right provides the impact of various "shock" returns in the year ending June 30, 2027, with no assumed future correction. The purpose of the chart is to illustrate the potential impact of a single very good year or very bad year of investment return. As demonstrated in the chart, funded status is impacted immediately and significantly. Figure 10 on the following page illustrates the potential impact on employer contributions. This impact is more gradual due to the 5-year phase-in of the impact of investment gains and losses. The 5-year phase-in would allow time for a possible correction to occur which would then begin to have the opposite effect on future contributions.

Figure 9. PERF Funded Status under Hypothetical Investment Scenarios

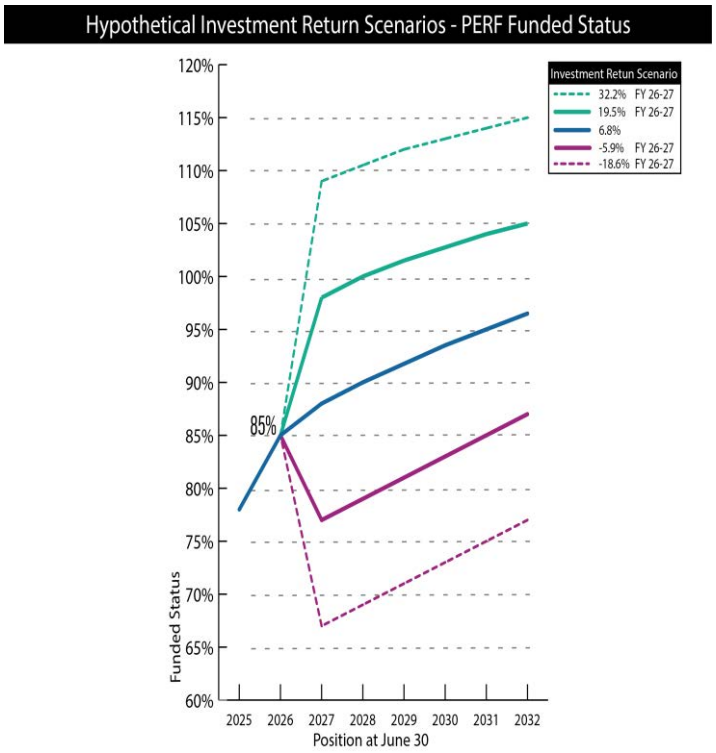
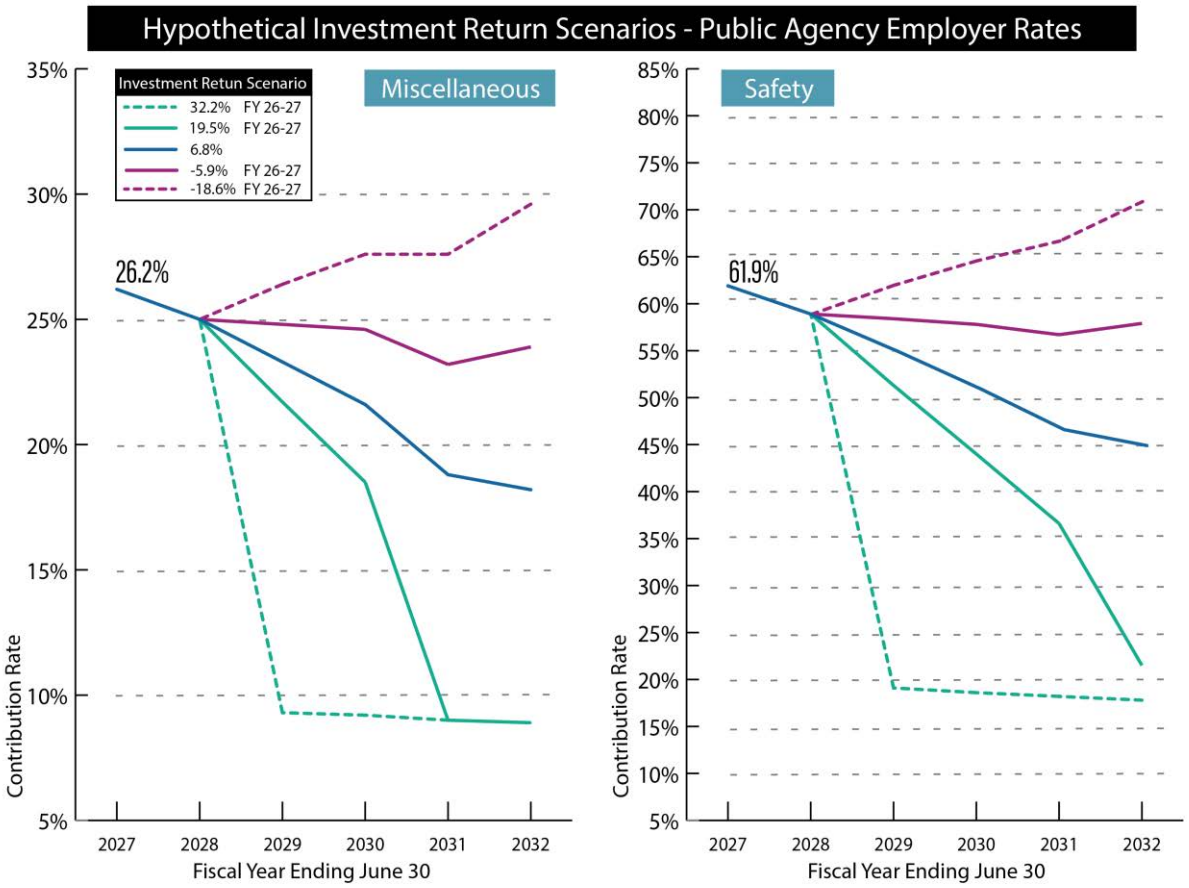


Figure 10. Public Agency Employer Rates under Hypothetical Investment Return Scenarios



Key Non-Investment Risks

Mortality

The ultimate cost of a CalPERS member's benefit depends on many factors including how long the member lives after retirement. For centuries, life expectancy has been consistently increasing. CalPERS actuaries study the mortality rates of its members, as well as national rates and use this information to project mortality rates into the future. If on average, members live longer than what is projected by the mortality rates used in the actuarial valuations, the cost of benefits increases. This results in downward pressure on funded status results and upward pressure on contribution rates.

Over the period 2020 through 2023, COVID-19 increased mortality rates significantly, but for the fiscal year ending June 30, 2024, there was a return to more normal expected mortality rates for the system. There has not yet been sufficient experience of post-COVID mortality to predict whether future mortality experience, including year-by-year mortality improvements, will vary materially from pre-COVID projections.

While future mortality rates could be impacted by global factors such as climate change and artificial intelligence, there is not yet sufficient evidence to support adjusting mortality rates for the assumed impact of these factors. These will continue to be carefully monitored in the future.

Inflation

Over the last few years, the annual rate of price inflation (or simply inflation) has been significantly higher than the CalPERS long-term assumption, which was increased from 2.3% to 2.5% for the June 30, 2025, actuarial valuations. Higher than expected inflation can affect liability measures and investment returns in a number of ways and the impact of inflation alone can be difficult to quantify. The most direct impact of high inflation is that retirees can receive higher than expected Cost-of-Living Adjustments (COLAs), and active employees can receive higher than expected salary increases. In addition, if the higher inflation is expected to persist in the long term, the assumption can be increased, as it was in 2025. These three consequences of higher inflation are analyzed below in turn.

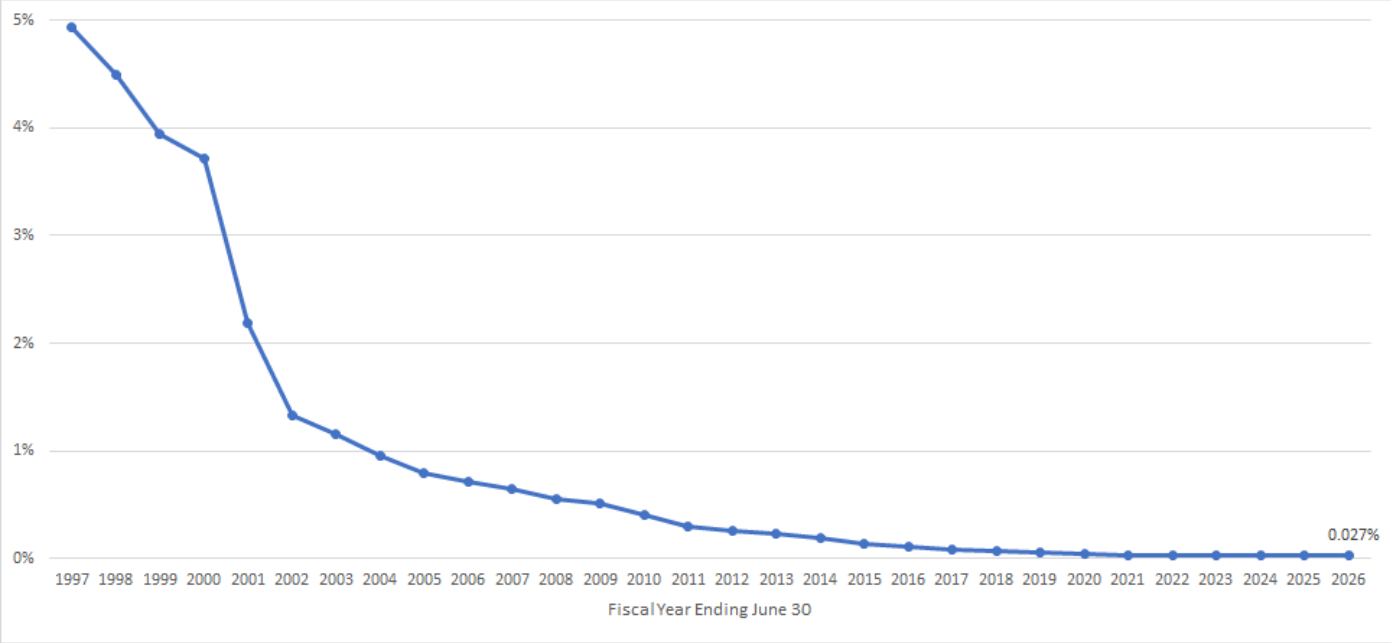
Annual Retiree COLA

The annual increase in an individual retirement allowance depends on four things, the 12-month average of the consumer price index for all urban consumers (CPI-U) published by the Bureau of Labor Statistics, the COLA provision (2%, 3%, 4% or 5%), the Purchasing Power Protection Allowance (PPPA) provision (75% or 80%), and the year of retirement. The measure of inflation used for CalPERS COLAs reached a peak in 2023 of 8.00% and has declined each year since. It was 2.63% in 2026.

Since the vast majority of CalPERS retirees are subject to the 2% COLA provision, the recent high inflation means that in the near term, COLAs will generally be capped at 2%. While the cap in the annual COLA can be overridden by the PPPA, such increased allowances reflect only a tiny percentage of CalPERS pension payments. Thirty years ago, PPPA payments made up about 5.4% of annual pension payments, but that figure is down to 0.027% in FY 2025-26, which means even a relatively large increase in PPPA payments would have minimal impact on pension funding. Significant future actuarial losses due to higher than expected COLAs are not expected without significant future increases in inflation.

The following chart shows that while PPPA awards inflation protection beyond the contracted COLA provision, the additional inflation risk borne by employers is far less than it once was.

Figure 11. Annual PPPA Payments as a Percentage of Pension Payments



Active Salary Increases Higher than Expected

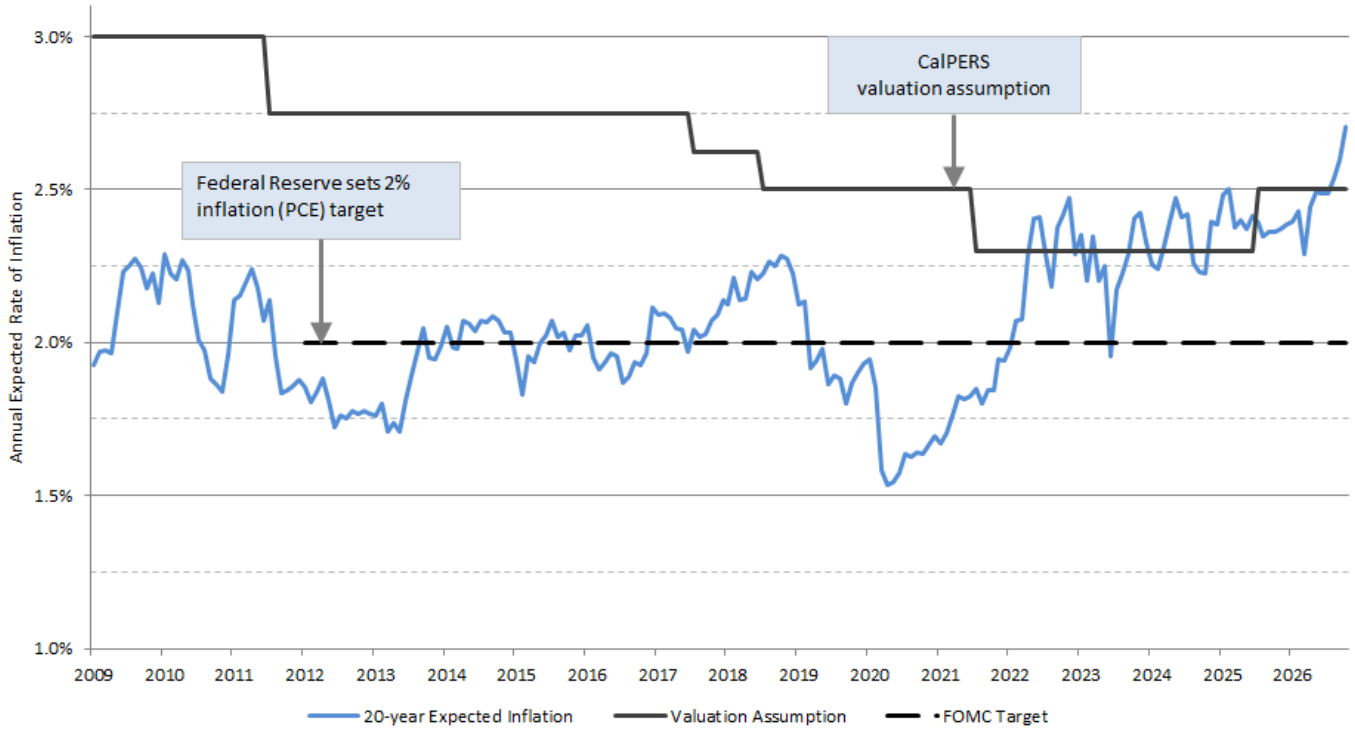
In the long run, average salaries for public sector workers tend to keep up with inflation or slightly outpace it. This relationship, however, is far from exact. Due to collective bargaining cycles, even if an employer could increase salaries with inflation, there would be a lag, and when inflation increases as rapidly as it did in 2021 and 2022, an even longer lag may result. Nevertheless, actuarial losses due to salary increases should be anticipated following periods of high inflation, even after inflation has fallen. For the PERF as a whole, the actuarial loss due to salary increases over the three-year period ending June 30, 2025, was roughly $17 billion or approximately 2.3% of the accrued liability. This means the PERF funded ratio is approximately 2% less than it would have been if that loss did not occur.

Possible Change to the Inflation Assumption

The assumption for annual price inflation was increased following the 2025 experience study from 2.3% to 2.5%. At the time of that study the prevailing belief was that high inflation would not persist in the long term. Due to a variety of economic and political events since that study, however, there is renewed concern that inflation may not be completely brought under control anytime soon, and a fresh look at inflation forecasts may be warranted.

The following chart shows the Federal Reserve Bank of Cleveland's expected rate of inflation over various times horizons from the 2008-09 Financial Crisis through October 2026. This model uses Treasury yields, inflation data, inflation, swaps and survey-based measures of inflation expectations.

Figure 12. Expected Annual Inflation



Source: Federal Reserve Bank of Cleveland

The inflation assumption is not recommended based on what recent inflation has been, but rather on what future, long-term inflation is expected to be. While the Cleveland Federal Reserve Bank's model supports the increase in the CalPERS assumption to 2.5%, it does not indicate that the assumption needs to be increased further, at least not at this time. The October 2026 20-year inflation forecast of 2.70% is the highest 20-year forecast this model has produced since July 2006.

Managing Risk

Plan Maturity and Risk Measures

The maturity of a pension plan can provide useful information regarding its sensitivity to various risks in the future. A variety of risk measures based on plan maturity can be calculated and tracked over time for this purpose.

One simple way to look at the maturity level of CalPERS and its plans is to look at the ratio of active members to retirees, but this measure is not particularly meaningful. A more relevant ratio is a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. For CalPERS and other retirement systems in the United States, these ratios have been steadily increasing in recent years. However, this measure has flattened out somewhat in the last few years. Ratios for various CalPERS groups range from a low of 51% for the Schools Pool to a high of 68% for Public Agency Safety Plans. Certain individual plans may have a significantly lower ratio, particularly if the plan is newer.

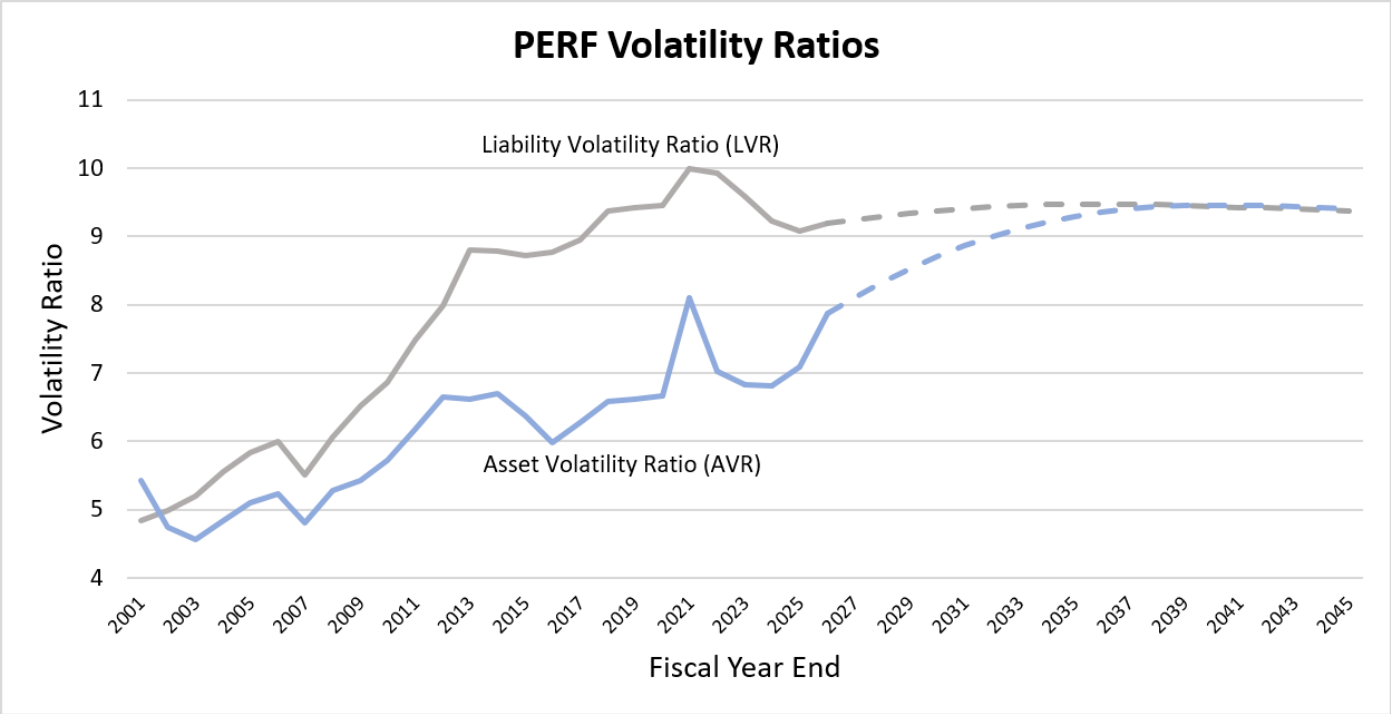
In general, plans with higher retiree liability ratios have a shorter "duration" over which current accrued benefits will be paid. In some cases, particularly when a plan has only retiree liability, the actuary may determine that a shorter amortization period for unfunded liability is appropriate to avoid the depletion of plan assets. Other measures of plan maturity are the **Asset Volatility Ratio (AVR)** and the **Liability Volatility Ratio (LVR)**. The AVR is the ratio of assets to payroll, and the LVR is the ratio of liability to payroll. As with the ratio of retiree liability to total liability, these ratios start out low given the low levels of assets and accrued liabilities, then increase over time as service is earned, contributions are made and retirees make up a larger portion of the liability. Plans that have higher asset-to-payroll or liability-to-payroll ratios generally experience more volatile employer contributions (as a percentage of payroll) due to unexpected experience such as investment returns or mortality experience. While many of the individual plans within CalPERS have comparable AVRs and LVRs, there can be significant differences from plan to plan based on several factors such as:

- The age of the plan
- The funded ratio of the plan
- The level of benefits provided by the plan
- Changes to the membership of the plan, for example if fire services are moved from a city to a county, etc.

Figure 13 below shows the historical AVRs and LVRs for the PERF as well as a projection of these measures through 2045. Over the last 25 years there has been a significant increase in these measures as the system continued to mature. However, primarily due to PEPRA, increases in the LVRs have recently slowed and are projected to decline somewhat in the future.

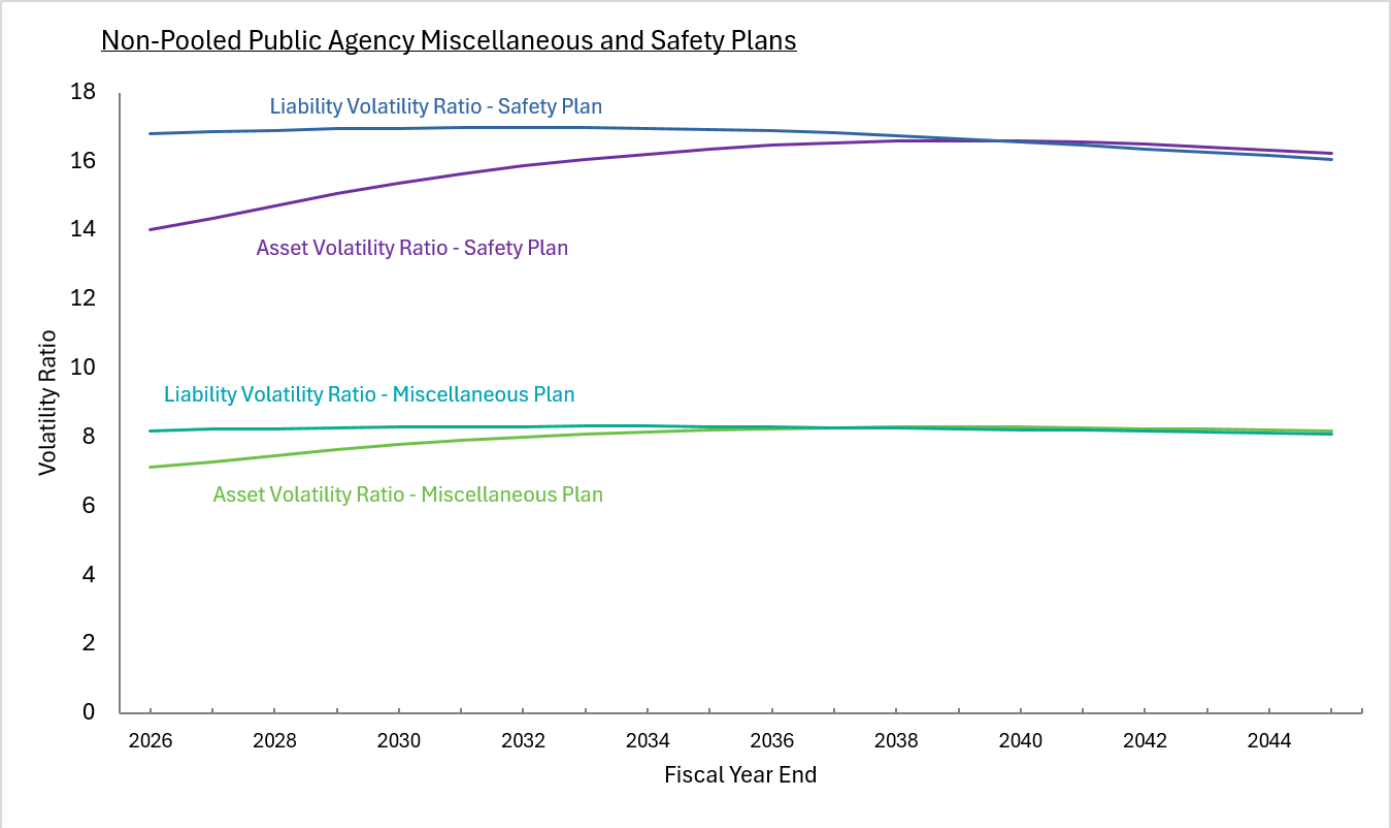
The projected increases in the AVR are primarily due to fact that the assets are projected to grow to equal the accrued liability as the funded ratio grows toward 100%. The funding policy alone will cause the AVRs to increase above current levels. As the AVR increases, each investment gain or loss will have a higher impact than the last from the perspective of the employer.

Figure 13. PERF Volatility Ratios



Each CalPERS plan has its own set of volatility ratios that indicate the potential for contribution volatility for that plan. Safety plans tend to have higher ratios than non-safety plans due to the more valuable benefits. Some public agency plans have ratios that significantly differ from their peers due to factors such as contracted benefit levels, the date the plan was established, or the closing of a large portion of the active population such as when a safety function is outsourced.

Figure 14. Non-Pooled Public Agency Miscellaneous and Safety Plans Volatility Ratios



Overall, the results indicate that contribution risks due to factors that impact plan liabilities, such as mortality, salary increases, retirements, etc., are not expected to increase significantly for most plans due to further maturation. However, current LVRs are relatively high which indicates most CalPERS plans already face high contribution volatility. The average LVR in 2024 for public retirement systems from a database maintained by the Center of Research at Boston College was 7.3 versus the CalPERS average of around 9. The maturing of a defined benefit retirement system is expected and is not a sign of mismanagement or that corrective action is needed. However, it is important to recognize that increasing plan maturity typically leads to increased contribution volatility.

Employers with higher AVRs and MVRs, or those who may be more sensitive to contribution volatility, may wish to create or increase funding toward a stabilization or rainy-day fund such as the California Employers' Pension Prefunding Trust (CEPPT).

Setting the Discount Rate

For over two decades, public pension plans had been consistently reducing their assumptions for the long-term rate of return and discount rate as capital market assumptions fell. However, during the last few years, interest rates rose, and capital market forecasts improved somewhat. Despite these recent developments,

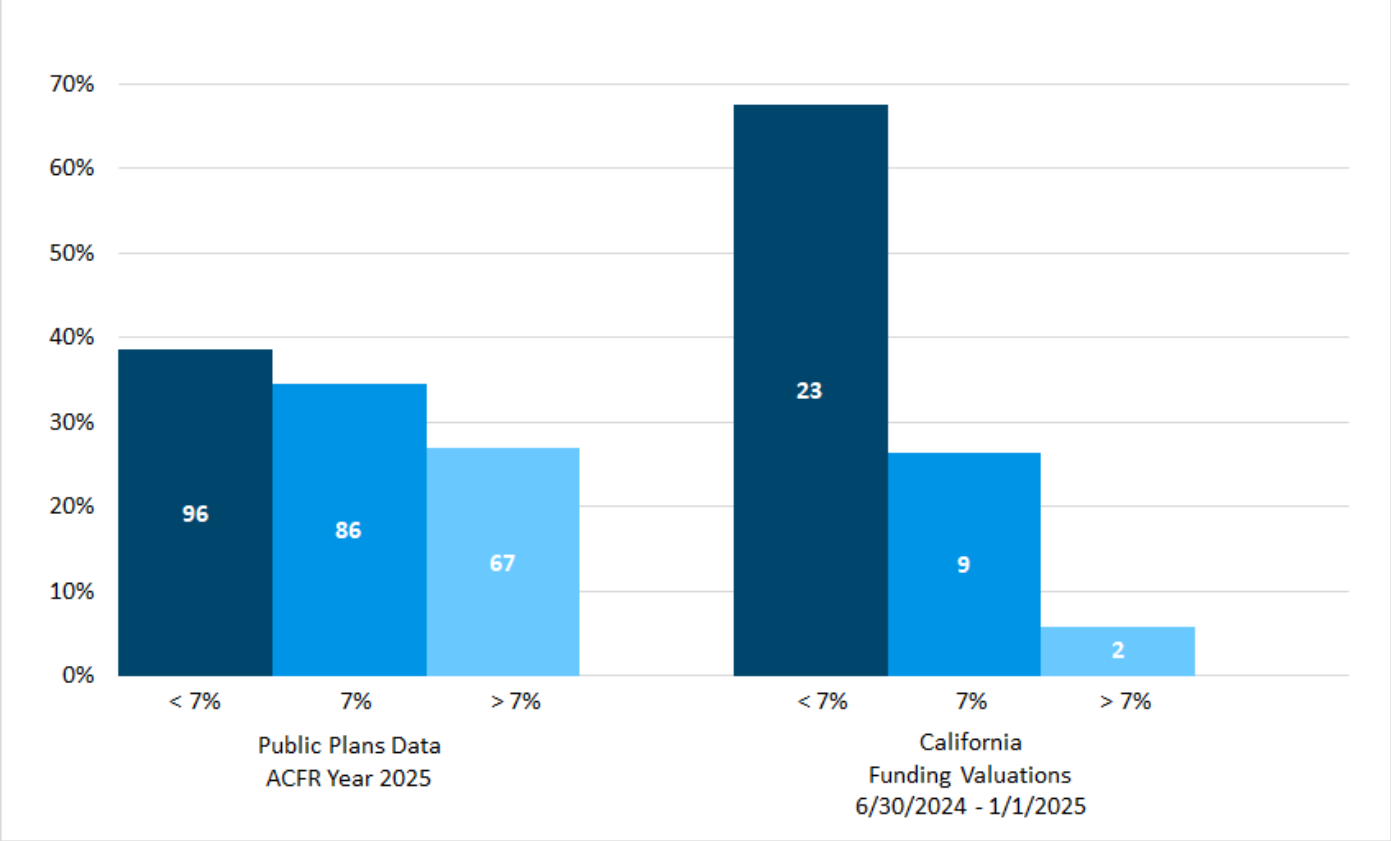
the majority of public plans have either maintained their current discount rate or continued to reduce the discount rate.

Beginning in late 2021, price inflation began to increase and elevated inflation, though below its November 2022 peak, has persisted. The Federal Reserve responded by increasing interest rates 11 times from March 2022 until July 2023. With inflation showing signs of cooling, the Federal Reserve began lowering interest rates three decreases in 2024 and three more in 2025. However, the battle with inflation is not yet over with year-over-year inflation rates currently running 3% to 4%. Consequently, interest rates have not returned to pre-2021 levels. In September 2026, the Federal Reserve once again increased interest rates. If inflation returns to Federal Reserve's target of 2%, lower interest rates will follow, and capital market assumptions may return to previous levels as well.

The Center for Retirement Research at Boston College Public Plans Data provides information on the discount rates used by large public U.S. retirement systems. This data was compiled from available 2025 Annual Comprehensive Financial Report (ACFR) information, which typically reports information from 2024 funding valuations. Therefore, it is somewhat out of date compared to current funding practices.

The Actuarial Office performs a more up to date, albeit smaller, survey of public retirement systems in California. The discount rates for 34 state, county and city retirement systems within California were compiled. The chart shown to the right of the Public Plans Data is based on funding valuations with valuation dates ranging from June 30, 2025, through January 1, 2026. The survey found that discount rates ranged from 6.00% to 7.25% (one system each) with a median of 6.75%. One system in the survey reduced the discount rate since the last survey two years ago from 7.00% to 6.75%. One additional system has taken action to do the same, effective June 30, 2026, which is not be reflected in chart on the following page. The trend to lower discount rate has slowed in recent years, but it has not stopped. Discount rates below 7%, once outliers, are becoming more common, as the following chart shows.

Figure 15. Recent Discount Rate for Public Plans



Discount rate changes are primarily due to 1) revised expectations of the future returns of utilized asset classes, which is closely tied to prevailing interest rates, or 2) decision to raise/lower investment risk by shifting investment allocations toward lower/higher risk return investments. The decision regarding the level of investment risk to target is among the most important decisions made by the system and its board. Excessive risk can lead to significant swings in funded status and contribution requirements as illustrated throughout this report.

The risks of setting a discount rate too high can be looked at two different ways. If discount rates are set higher than the reasonably expected average return, required contributions will be understated with the differences needing to be made up by future generations. Under that scenario, future contributions can rise to levels higher than if the discount rate had been set appropriately. In addition, if discount rates are set based entirely on interest rates and capital market assumptions that are temporarily inflated, systems may be forced to implement a painful reduction in discount rates when interest rates return to equilibrium.

Despite the improvement in capital market assumptions during the recent mid-cycle ALM review, the uncertainty surrounding the underlying drivers of these CMAs suggests that caution should be exercised when considering any proposal to increase the current discount rate of 6.8%.

Amortization Policy

The goals of a retirement system's amortization policy should be to pay down existing unfunded accrued liability (UAL) over a reasonable amount of time in order to:

- Provide benefit security for plan members
- Maintain intergenerational equity
- Limit contribution volatility to the extent possible

CalPERS current amortization policy adopted by the board (effective with the June 30, 2019 Actuarial Valuation reports), improved the overall expected outlook for these objectives relative to the previous policy.

The current policy uses a layered amortization approach with payment periods of 20 years (5 years for Golden Handshakes). Each year, new bases are added for unexpected changes in UAL since the previous valuation (investment gains/losses, changes to actuarial assumptions, etc.). Required payments toward investment gains and losses are subject to a 5-year phase-in to limit contribution volatility. The sum of required payments toward each individual base determines the total required UAL payment for each fiscal year.

Under this common amortization approach, despite set amortization periods of 20 years or less for each individual base, (30 years under the prior policy), the total required UAL payment for a given year relative to the total unfunded liability can vary significantly by plan. In addition, in some circumstances, the period over which the total payment would pay off the total UAL if held constant can exceed 20 years. Factors that result in such nonintuitive results are:

- The combining of positive and negative amortization bases of differing amounts with different remaining payment periods
- The 5-year phase-in of required payments toward investment gains/losses
- The extent to which amortization bases established prior to June 30, 2019, have remaining periods longer than 20 years
- Differing levels of non-investment related actuarial gains/losses

These factors can lead to either of the 2 potentially less desirable results described below:

1. A relatively small net payment that would take in excess of 20 years to pay off the UAL if the payment was held constant.

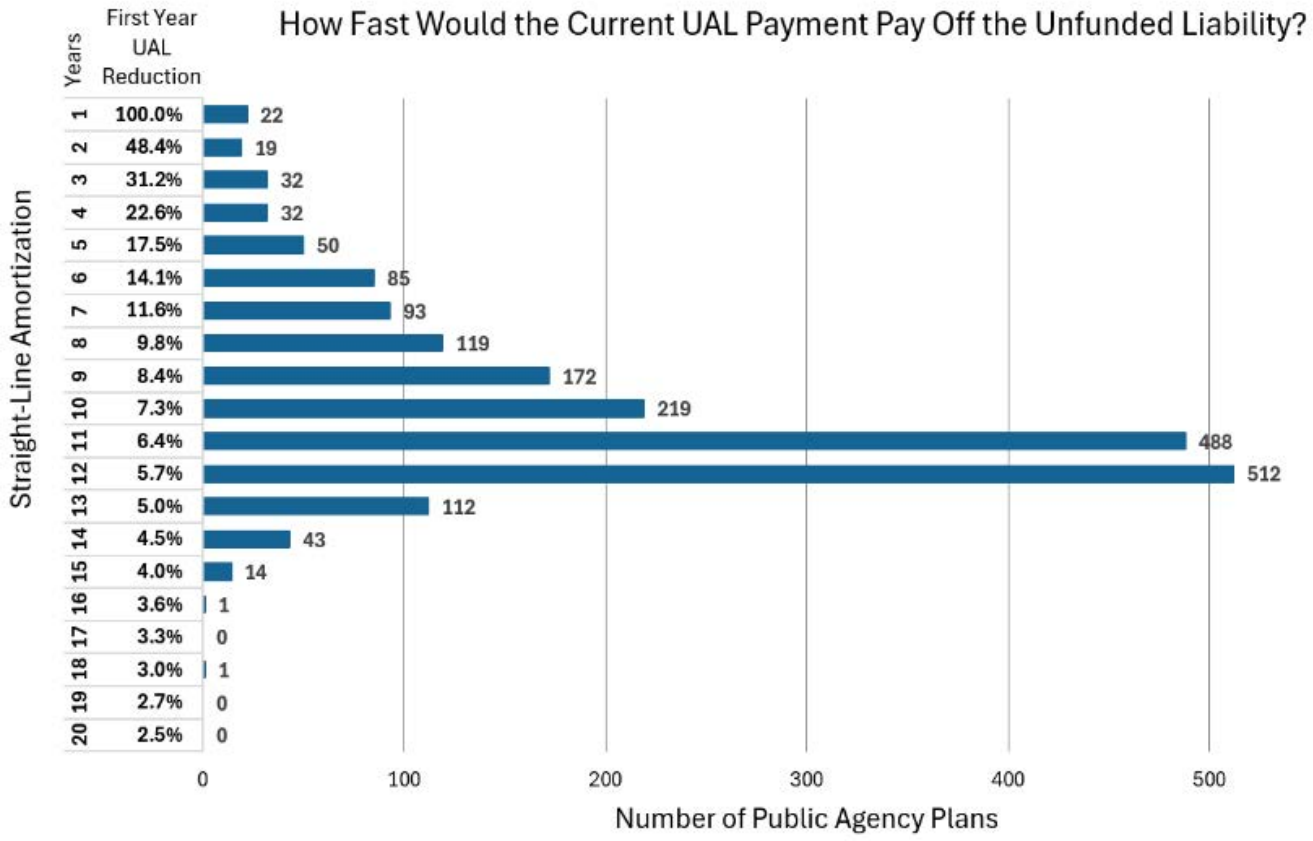
This is most likely to happen in a year following a large investment loss due to the phase-in of the UAL payment toward that loss. This can also lead to "negative" amortization of the total UAL (total payment is less than interest on the UAL).

2. A relatively high net payment that would pay off the UAL in a short period of time if held constant.

This is most likely to happen in a year following a large investment gain due to the phase-in of the negative UAL payment toward that gain.

A review of the most recently determined UAL payments for fiscal tear 2027-28 for public agencies produced the following results.

Figure 16. UAL Payment to Unfunded Liability



The results above indicate that no CalPERS public agency plan has a required UAL payment for FY 2027-28 that would take longer than 18 years to pay off the UAL if held constant. This also means no plan will have negative amortization for this year. In addition, the average amortization period is between 11 and 12 years, which is considered a relatively short period among public retirement systems. Finally, the phase-in

of the recent investment gains which is leading to higher UAL payments than if there was no phase-in, allows the plans to continue improving toward 100% funded at a faster pace.

While the current amortization policy is appropriate and consistent with other large public retirement systems, the Actuarial Official is currently reviewing the policy and the associated objectives. In particular, we will examine the various circumstances that lead to the types of disparity seen in the results shown in the table above, and whether modifications to the current policies may provide possible advantages.

Note: The Actuarial Amortization Policy addresses situations where an employer has requested an extension of the amortization of the UAL due to a financial necessity. While these policies can temporarily moderate employer contribution requirements, such employers are required to contribute at least interest on the UAL.

Employers Making Supplemental Payments

Many contracting public agencies have elected to make additional contributions over and above the minimum required contributions, an option that is unfortunately not available to School employers. Education efforts over the last few years have increased employers' awareness of the ability to make such payments and the many advantages of doing so. As part of the education efforts, CalPERS Actuarial Office has been providing the Managing Employer Contribution (MEC) spreadsheet upon employer request and access to the Pension Outlook tool on the CalPERS website. These tools help employers estimate the possible impact of additional contributions to their plans. Over the last five fiscal years ending June 30, 2026, approximately 29% of contracting agencies have made at least one additional contribution.

The primary advantages of additional contributions are:

- Expected savings in interest paid and lowering the overall cost of the pension program
- Lower risk of low funded status in the future
- Lower risk of high contributions in the future
- A reduction to net pension liability for financial reporting purposes
- A reduction in pension expense for financial reporting purposes

The form of these ADPs varies between employers. Some employers make occasional ADPs on an ad hoc basis, for example, if they have a budgetary surplus towards the end of a fiscal year. Other employers have made more regular ADPs on a monthly or quarterly basis, and some even have a formal plan in place to pay off their unfunded liabilities by a specific target date.

Employers establish their own pension funding policies to create a comprehensive strategy that can incorporate pension prefunding trusts outside the CalPERS pension plan, as well as the agency's revenue projections and financial goals. Some agencies adopt broader funding policies that address both pension obligations and other post-employment benefits (OPEB), such as retiree health benefits. Although these

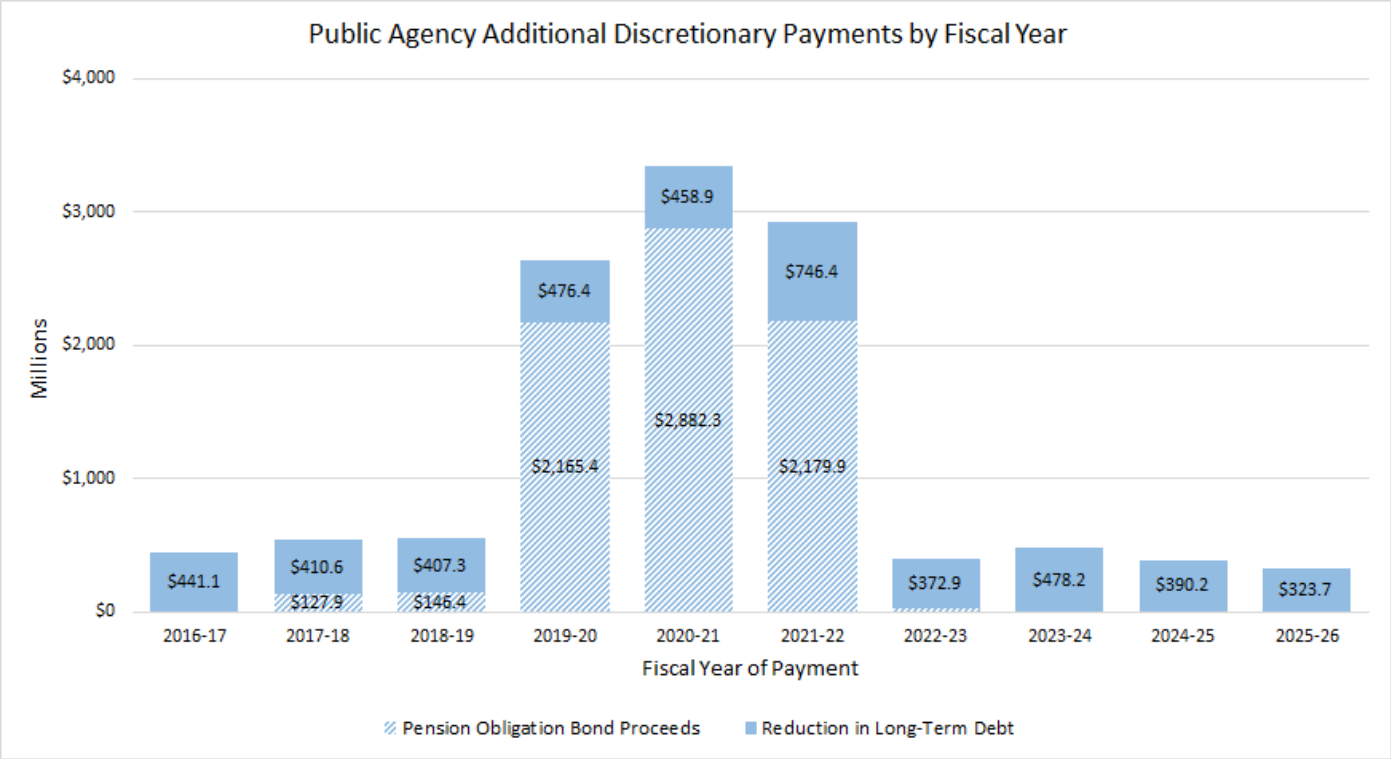
policies vary, they generally establish guidelines for making supplemental contributions to CalPERS and pension prefunding trusts, as well as for withdrawing assets from prefunding trusts to pay or reimburse pension and retiree health costs. Due to more aggressive funding practices by some agencies and good investment returns in recent years, more plans are reaching the target level of assets. As of June 30, 2023, 30 CalPERS plans had a funded ratio of 100% or higher. As of June 30, 2026, that number is projected to increase to 293.

The State of California also makes contributions in excess of the actuarially required contributions in order to reduce unfunded liabilities. Some additional contributions have been collectively bargained, some are due to a provision in the California Constitution that requires certain surplus funds be used to reduce State pension debt, and some are discretionary and serve to reduce long-term costs and stabilize contribution rates. In July 2026, the State contributed $3.018 billion to supplement the actuarially required contributions.

In addition to additional discretionary payments, public agencies have also been issued Pension Obligation Bonds (POBs), especially during the low interest rate environment for the three fiscal years from 2019-20 to 2021-22. A POB is a taxable bond that some agencies issue to fund the unfunded portion of their pension liabilities by creating a debt to bondholders. Now that interest rates have risen, new POBs are not currently being issued. We are not aware of any POBs being issued by CalPERS public agencies since August 2022. Unless interest rates decline significantly, the use of POBs will remain infrequent.

The chart on the following page reflects the total ADPs made by public agencies including the POBs that were issued in order to make those ADPs. The ADPs reduce long-term public agency debt only to the extent they exceed new POB issues. In FY 2025-26, CalPERS public agencies issued no POBs, as far as we know, and ADPs have returned to pre-pandemic levels. Furthermore, as the most aggressively funded plans become fully funded, annual ADPs could continue declining.

Figure 17. Public Agency Additional Discretionary Payments by Fiscal Year



ADP information was provided by the CalPERS Financial Office. POB issuance data was downloaded from the California Debt and Investment Advisory Commission on the California State Treasurer website.

California Employers' Pension Prefunding Trust Program

Many public employers set aside additional pension assets in a trust separate from pension fund. These trusts, known as "Section 115 Trusts" (after Internal Revenue Code Section 115), allow employers to prefund future defined benefit pension system normal costs and UAL payments. Section 115 pension trust assets can be used by the employer at any time to reimburse the employer's general fund from which they have made pension contributions. Employers may also make pension contributions directly from a Section 115 pension trust.

The purposes of Section 115 pension trusts include the following:

- Save overall pension costs due to additional prefunding which generates investment income.
- Likely earn higher long-term returns than the State Treasurer's Local Agency Investment Fund or a county treasurer's office.
- Invest with different time horizons and risk levels than the pension fund.
- Retain liquidity on assets dedicated to pension costs.
- Stabilize and subsidize future budgets.
- Create a contingency reserve for difficult times ahead.

- Pay down pension liabilities in a predictable and prudent manner.

One of the most attractive of these Section 115 pension trust purposes from an employer's point of view is the ability to build up a contingency reserve that can be used to satisfy CalPERS contribution requirements during years the employer's budget is strained. This can be an effective way to deal with contribution volatility due to fluctuating investment markets, which is why these funds are commonly referred to as contribution stabilization funds.

The unfunded pension liabilities and future pension contribution volatility summarized in the previous sections of this report do not reflect the fact that hundreds of public employers already have Section 115 pension trust funds. Because Section 115 pension trusts can be expensive to set up and administer, CalPERS launched the CEPPT in 2019. The CEPPT was established by Senate Bill 1413 which gives public agency employers that provide a defined benefit pension plan additional low cost and not-for-profit investment vehicles to help manage pension costs. School employers can also utilize Section 115 pension trusts but cannot participate in the CEPPT. Participation in the CEPPT for eligible agencies is voluntary and provides employers with the flexibility to determine the amount of their contributions, reimbursements, and overall funding strategy.

The CEPPT offers two broadly diversified portfolio options, known as Strategy 1 and Strategy 2, with moderate to low risk profiles that are expected to have a net rate of investment return of 5.80% and 5.39%, respectively. As of August 31, 2026, a total of 108 employers have established CEPPT accounts, 105 of which provide their employees with pensions through CalPERS. Total assets under management as of that date were approximately $383 million, with about 74% of the assets invested in Strategy 1.

Conclusion

Three consecutive years of favorable investment returns have improved many of the metrics typically used to gauge the funded status and ongoing risks of CalPERS. These metrics include the system funded ratio which has improved to an estimated 85%, the risk of falling below certain funded ratio thresholds, and the risk of required employer contributions growing significantly from their current levels.

Future employer contributions are projected to remain roughly at current levels for a couple of years before the full impact of recent investment gains are reflected in their determination. At that point, required contributions are projected to decline for the next several years. This assumes actual future experience is consistent with actuarial assumptions, including a 6.8% expected annual investment return.

While the improvement in system metrics over the last few years is encouraging, the estimated funded ratio of 85% remains 15% below the system funding target of 100%, and important risks continue to be present. Current investment policies allow for a significant level of investment risk within the asset portfolio. This exposure to riskier investments could result in larger investment losses, leading to larger decreases in plan funded ratios and larger increases in employer contributions. In addition, recent inflation levels and volatility suggest that future inflation could be higher than our 2.5% assumption.

Various strategies and actions by CalPERS, its board, and its employers have improved the sustainability of the system and mitigated certain risks. Among these are:

- The adoption in 2019 of the current amortization policies which mitigate the risk of the system dropping to dangerously low funding levels.
- Increasing the price inflation assumption from 2.3% to 2.5%.
- The continued improvements in investment policies which maintains favorable investment return expectations with acceptable investment volatility.
- Additional contributions made by CalPERS agencies and the state of California.
- The use of a separate 115 trust by many CalPERS agencies for mitigating the risk of required contribution spikes and volatility.
- Continued improvement to modeling tools that allow CalPERS and its participating employers to forecast future required contributions and funded status under a variety of possible future scenarios.

Due to the recent favorable investment experience, the near-term potential severity of the typical CalPERS risks discussed in this document is somewhat lessened. With the current higher funded status, and projected decreases in future employer contribution requirements, negative events such as a market downturn or higher inflation, would likely be more easily tolerated by CalPERS and its participating

agencies. However, diligence toward reaching and maintaining the goal of 100% funding and further mitigating risks where possible should be continued. In particular, the following are recommended:

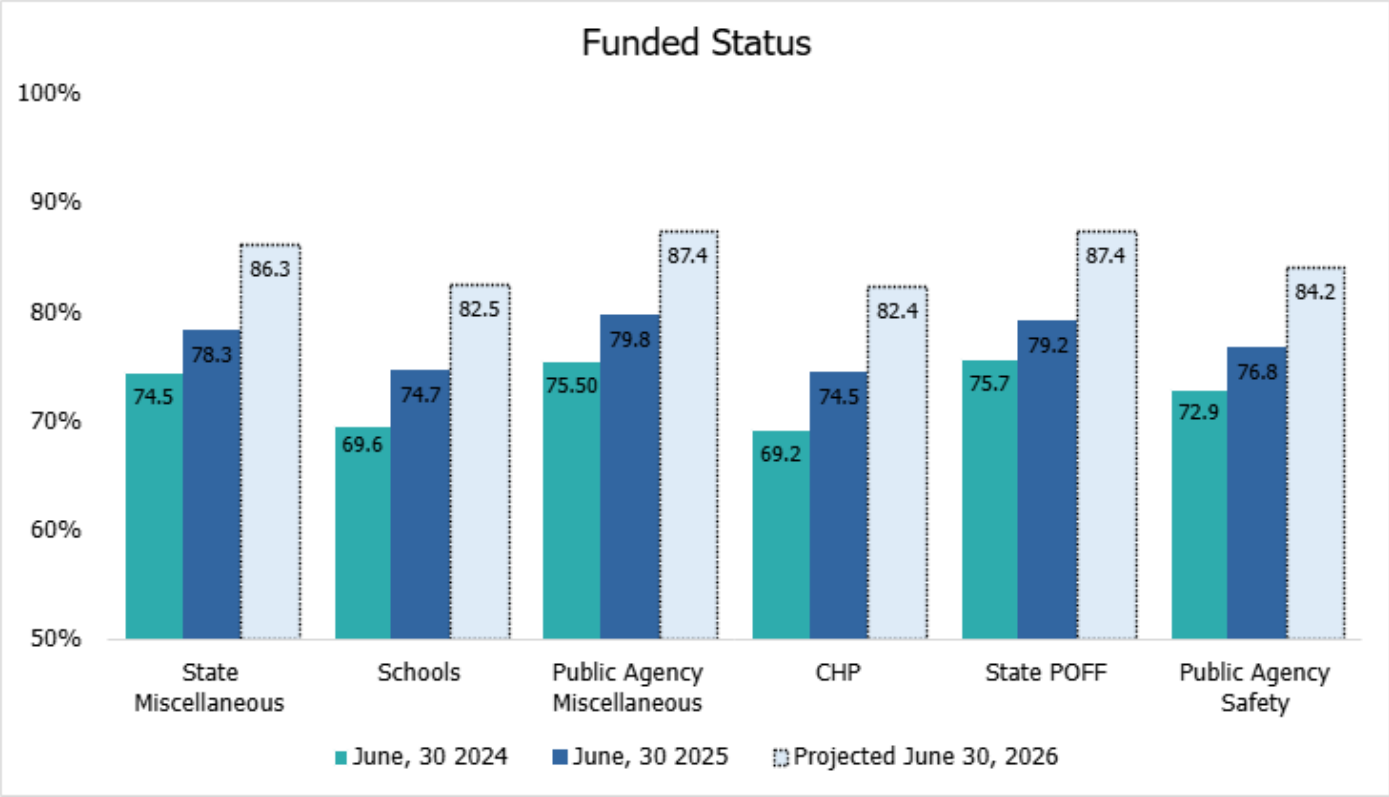
- Continual focus on the acceptable level of investment risk versus the desire for higher investment returns.
- Monitor the effectiveness of the current investment policy to ensure desired returns relative to the chosen level of risk.
- Continue the focus on educating participating employers on the risks facing the system and providing tools that enhance their ability to manage these risks.
- Review the effectiveness of the current funding policies over the next 1-2 years.

Appendix A – Public Employees' Retirement System (PERS) Summary Statistics

	June 30, 2024	June 30, 2025
Number of Actives[1]	940,956	968,859
Number of Transferred[1]	185,456	193,833
Number of Separated[1]	573,585	597,491
Number Receiving Benefits[1]	965,318	986,850
Payroll	$74.1 billion	$79.2 billion
Entry Age Accrued Liability	$684.5 billion	$719.4 billion
Market Value of Assets	$505.4 billion	$562.5 billion
Unfunded Liability	$179.1 billion	$156.9 billion
Funded Status	73.8%	78.2%
Prior Year Benefit Payment	$33.2 billion	$35.0 billion
Prior Year Employer Contributions	$24.9 billion	$23.4 billion
Prior Year Employee Contributions	$6.4 billion	$6.8 billion

[1]These counts are from the CalPERS actuarial valuation system, which may not match the statistics provided in CalPERS ACFR. For example, the number of receiving displayed in this report is not the count of unique benefit recipients; rather, it is the count of data records in CalPERS actuarial valuations for benefits in pay status. Some individual retirees have multiple records in our data due to having worked at multiple CalPERS agencies. Numbers shown in the ACFR for retirees receiving benefits include individuals just once in the count even if they are receiving benefits from multiple CalPERS agencies.

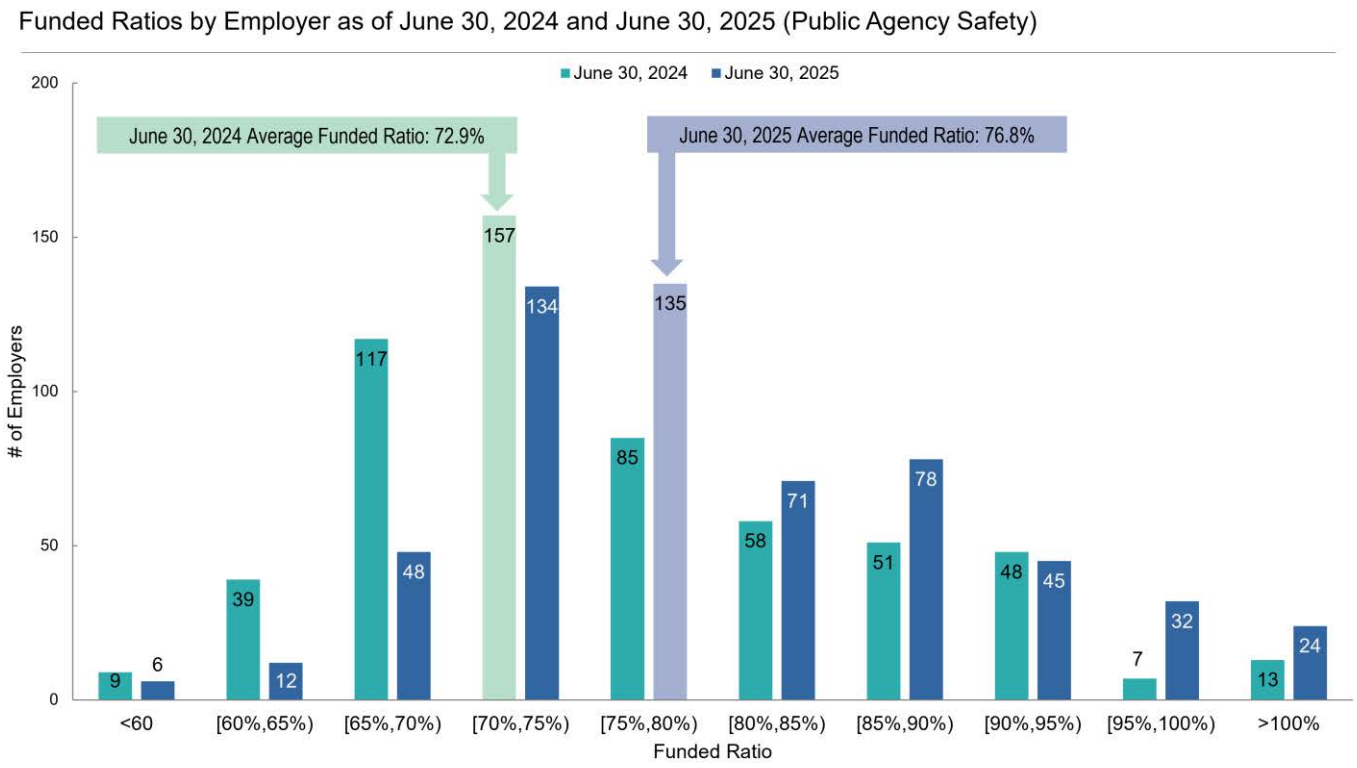
Figure 18. Funded Status of Various PERF Components



Appendix B – Results of June 30, 2025 Public Agency Valuations for Safety Plans

Public Agency Funded Ratios for Safety Plans

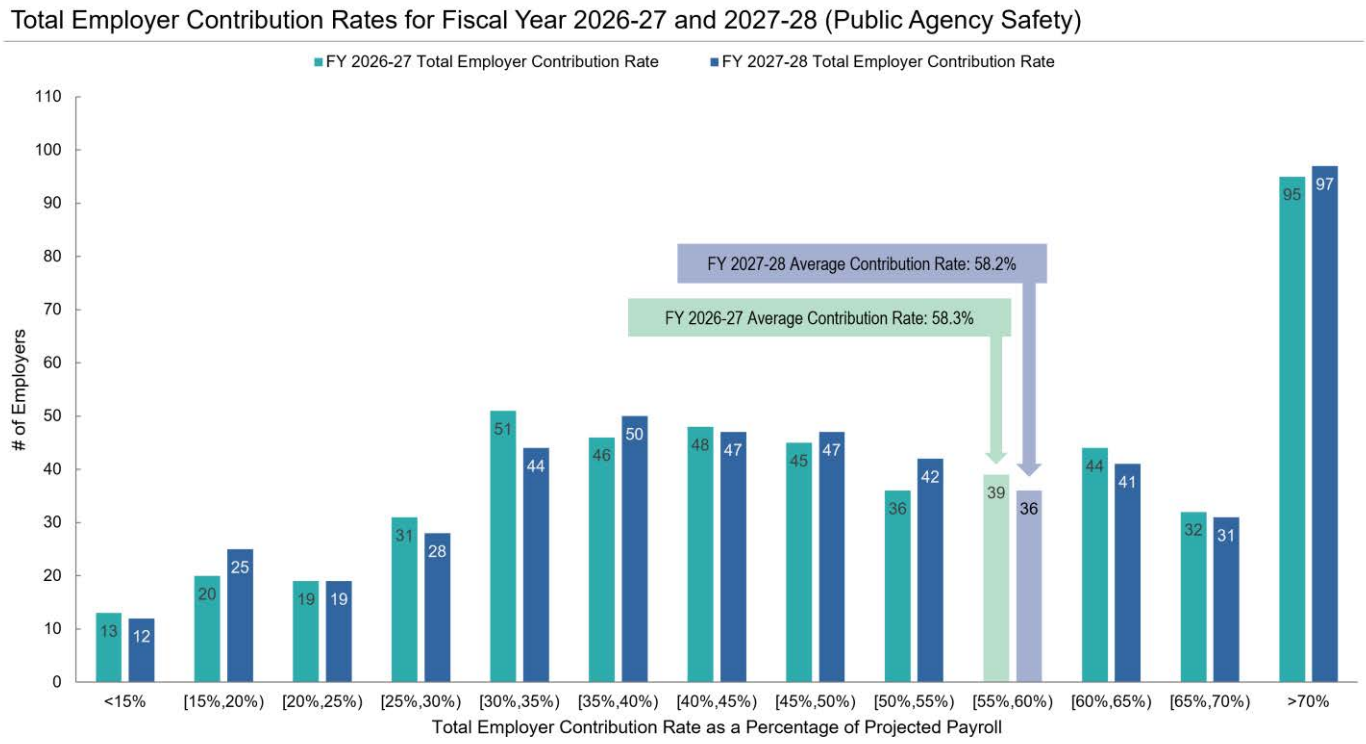
Figure 19. Funded Ratios by Employer



Public Agency Contribution Rates for Safety Plans

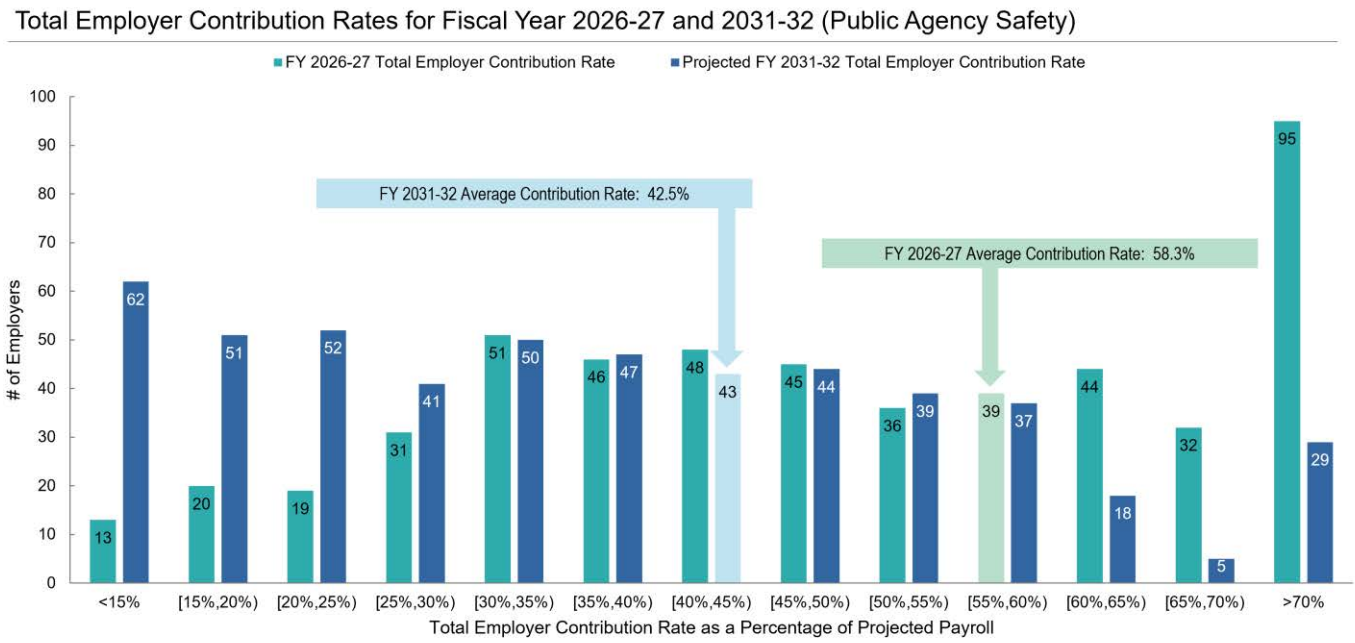
The following table displays the total employer contribution rates for public agency safety plans that contract with CalPERS for benefits. These contribution percentages reflect both the required normal cost contribution percentage and the required payment toward any unfunded liability (converted to a percent of payroll).

Figure 20. Total Employer Contribution Rates for Fiscal Year 2026-2027 and 2027-28 for Public Agency Safety



The following table displays the actual and projected total employer contribution rates for public agency safety plans that contract with CalPERS for benefits. These contribution percentages reflect both the required normal cost contribution percentage and the required payment toward any unfunded liability (converted to a percent of payroll). FY 2031-32 rates are based on a projected payroll. For plans with a decreasing number of active members (and therefore decreasing payroll), these contribution percentages can become quite large when the required payment toward unfunded liability becomes a large percentage of the decreasing payroll. In addition, the projected contributions are based on experience through June 30, 2025. There will be additional investment, economic and demographic experience that will impact the projected rates before they become actual rates in the future.

Figure 21. Total Employer Contribution Rates for Fiscal Year 2026-27 and 2031-32 for Public Agency Safety



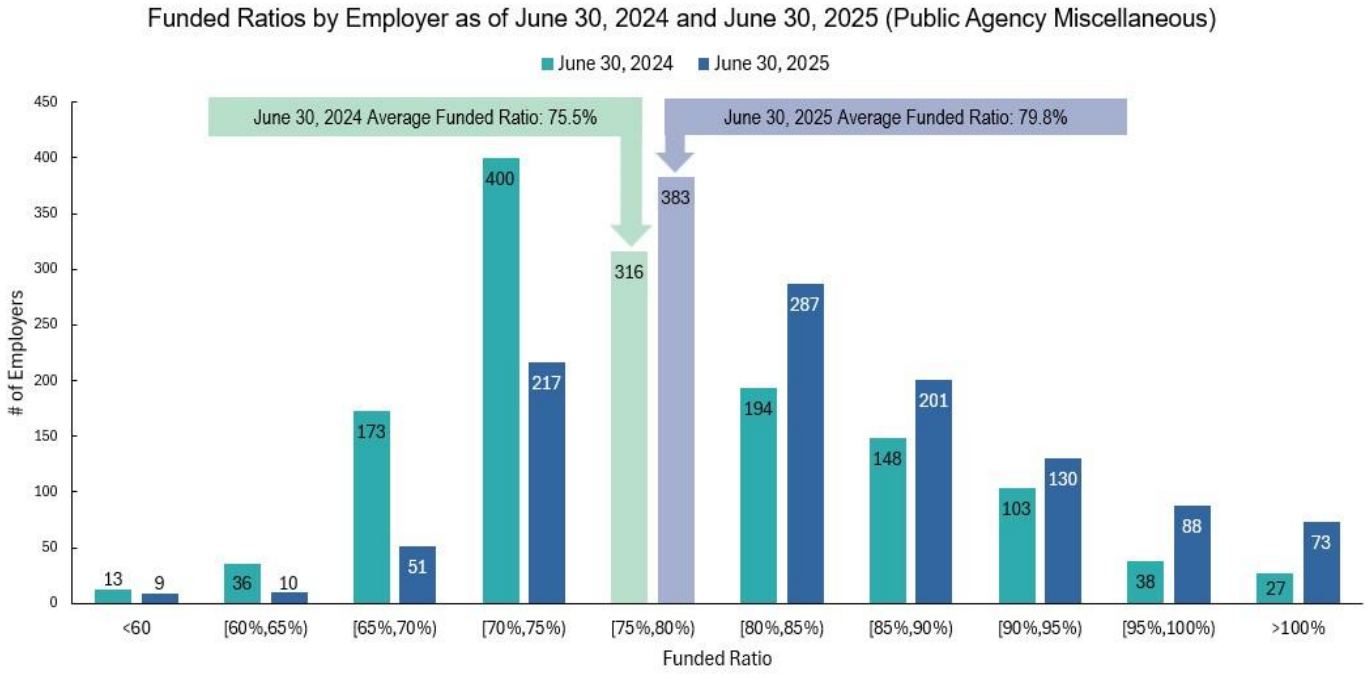
Active Safety Plans Meeting Funding Target on June 30, 2025

Agency	Category	Consecutive Years
City of Lancaster	Police	1
City of Lathrop	Police	1
City of Mendota	Police	2
City of Menifee	Police	2
City of Orange Cove	Police	5 or more
City of Santa Cruz	Other Safety	5 or more
City of Santa Monica	Other Safety	5 or more
City of Wasco	Police	2
City of Williams	Police	1
City of Yreka	Fire	3
Linden-Peters Rural County Fire Protection District	Fire	1
Los Rios Community College District	School Police	1
McCloud Community Services District	Fire	1
Montebello Unified School District	School Police	1
Oakland City Housing Authority	Police	1
Penryn Fire Protection District	Fire	2
San Bernardino Community College District	School Police	5 or more
San Miguel Community Services District	Fire	2
Schell Vista Fire Protection District	Fire	1

Appendix C – Results of June 30, 2025 Public Agency Valuations for Miscellaneous Plans

Public Agency Funded Ratios for Miscellaneous Plans

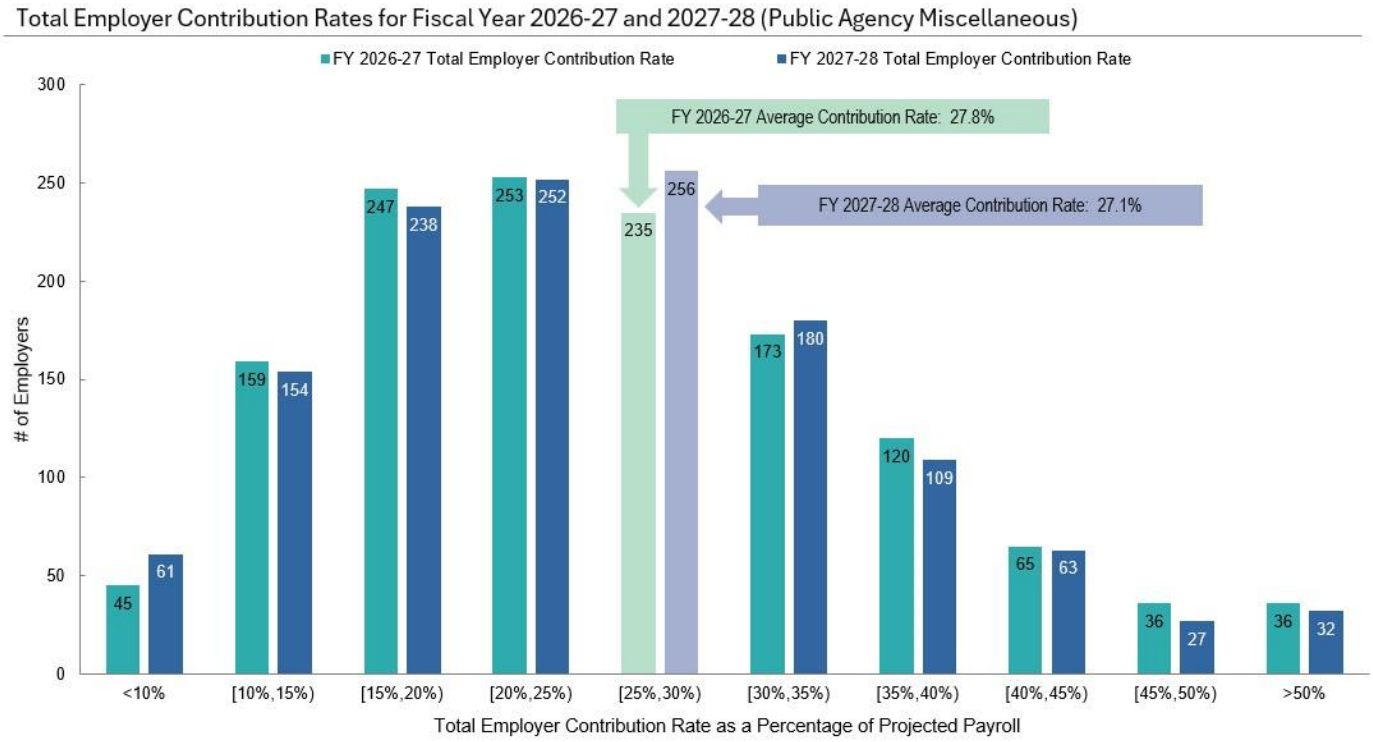
Figure 22. Funded Ratios by Employer



Public Agency Contribution Rates for Miscellaneous Plans

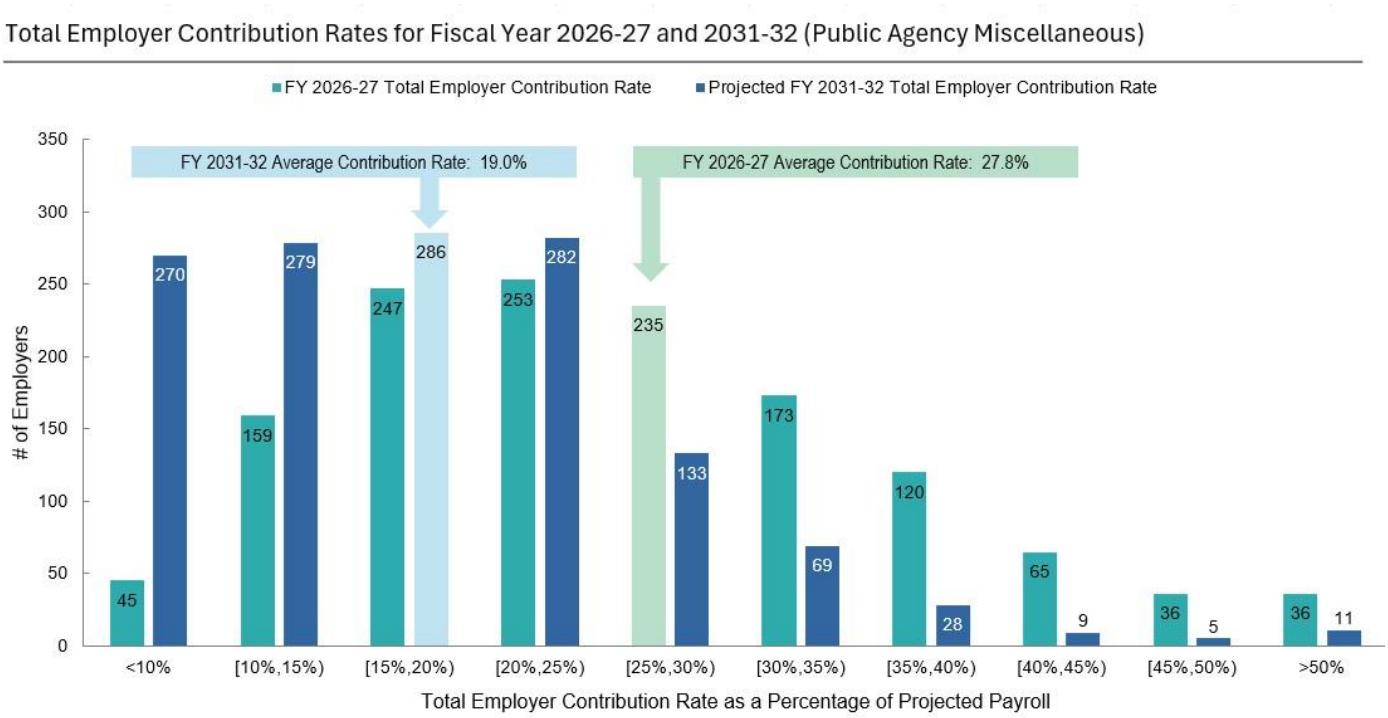
The following table displays the total employer contribution rates for public agency miscellaneous plans that contract with CalPERS for benefits. These contribution percentages reflect both the required normal cost contribution percentage and the required payment toward any unfunded liability (converted to a percent of payroll).

Figure 23. Total Employer Contribution Rates for Fiscal Year 2026-2027 and 2027-28 for Public Agency Miscellaneous



The following table displays the actual and projected total employer contribution rates for public agency miscellaneous plans that contract with CalPERS for benefits. These contribution percentages reflect both the required normal cost contribution percentage and the required payment toward any unfunded liability (converted to a percent of payroll). FY 2031-32 rates are based on a projected payroll. For plans with a decreasing number of active members (and therefore decreasing payroll), these contribution percentages can become quite large when the required payment toward unfunded liability becomes a large percentage of the decreasing payroll. In addition, the projected contributions are based on experience through June 30, 2025. There will be additional investment, economic and demographic experience that will impact the projected rates before they become actual rates in the future.

Figure 24. Total Employer Contribution Rates for Fiscal Year 2026-27 and 2031-32 for Public Agency Miscellaneous



Active Miscellaneous Plans Meeting Funding Target on June 30, 2025

Agency	Consecutive Years
Alliance of Schools for Cooperative Insurance Programs	1
Associated Students of California State University, Chico	1
California Special Districts Association	1
Camarillo Health Care District	1
Camrosa Water District	1
Carmel Area Wastewater District	1
City of Indian Wells	2
City of La Quinta	1
City of Laguna Woods	1
City of Lake Forest	1
City of Menifee	1
City of Tulelake	5 or more
City of Williams	1
Coastal Animal Services Authority	1
Community Development Commission of Mendocino County	1
Compton Creek Mosquito Abatement District	5 or more
Contra Costa Transportation Authority	1
Del Rey Community Services District	5 or more
East Contra Costa Irrigation District	1
Ebbetts Pass Fire Protection District	1
Feather Water District	5 or more
Glendale College, Associated Students of	1
Idyllwild Fire Protection District	5 or more
Kings County Association of Governments	1
Linda County Water District	1
Lindsay Strathmore Public Cemetery District	5 or more
Local Agency Formation Commission of Monterey County	1
Mammoth Lakes Fire District	5 or more
Midway City Sanitary District	1

Agency	Consecutive Years
Monterey Peninsula Regional Park District	1
Napa County Mosquito Abatement District	5 or more
North Tahoe Public Utility District	1
North Yuba Water District	1
Oakland City Housing Authority	1
Olcese Water District	5 or more
Peninsula Health Care District	5 or more
Pioneer Cemetery District	1
Reedley Cemetery District	5 or more
Rio Vista-Montezuma Cemetery District	5 or more
Riverside Transit Agency	1
Sacramento Metropolitan Cable Television Commission	5 or more
Salinas Valley Solid Waste Authority	1
San Francisco Health Authority	1
San Gorgonio Pass Water Agency	1
Sanitary District No. 5 of Marin County	1
Santa Clara County Housing Authority	5+
Shasta Community Services District	1
Solano County Water Agency	1
South San Joaquin County Fire Authority	1
Stinson Beach Fire Protection District	2
Sweetwater Springs Water District	1
Tehachapi-Cummings County Water District	1
Transportation Agency for Monterey County	1
Trindel Insurance Fund	1
Tulare Public Cemetery District	5 or more
Tuolumne County Transportation Council	1
Westwood Community Services District	5 or more
Wheeler Ridge-Maricopa Water Storage District	2
Williams Fire Protection Authority	1

Appendix D – Additional Information on PEPRA Impacts

Figure 25. PEPRA Impacts

Plan Type	% PEPRA Members 6/30/2025	% PEPRA Payroll 6/30/2025	Estimated Cost Savings Through 6/30/2025	Estimated Cost Savings Next 10 Years
State	62.3%	56%	$2.9 B	$11.2 B
Schools	70.3%	62%	$1.8 B	$4.7 B
Public Agencies	67.3%	59%	$5.1 B	$19.8 B

Figure 26. Estimated PEPRA Savings

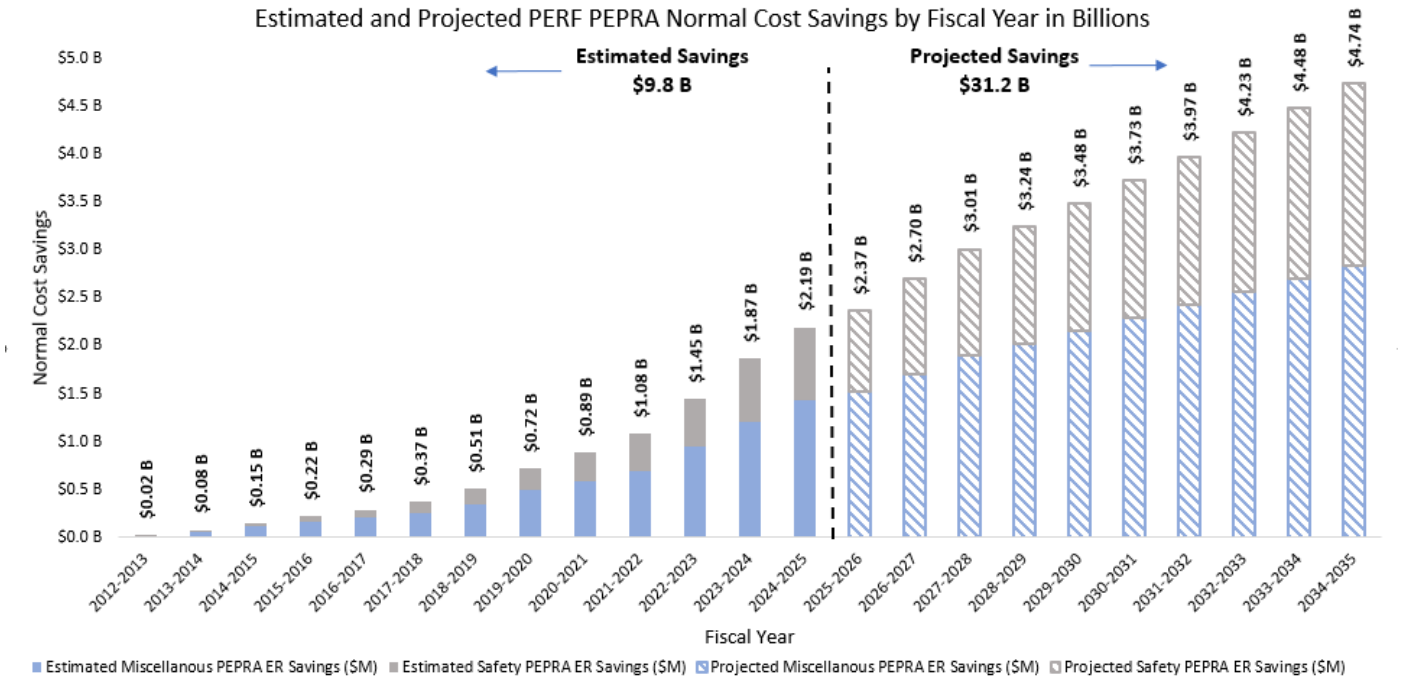


Figure 27. Miscellaneous Active PEPRA Population

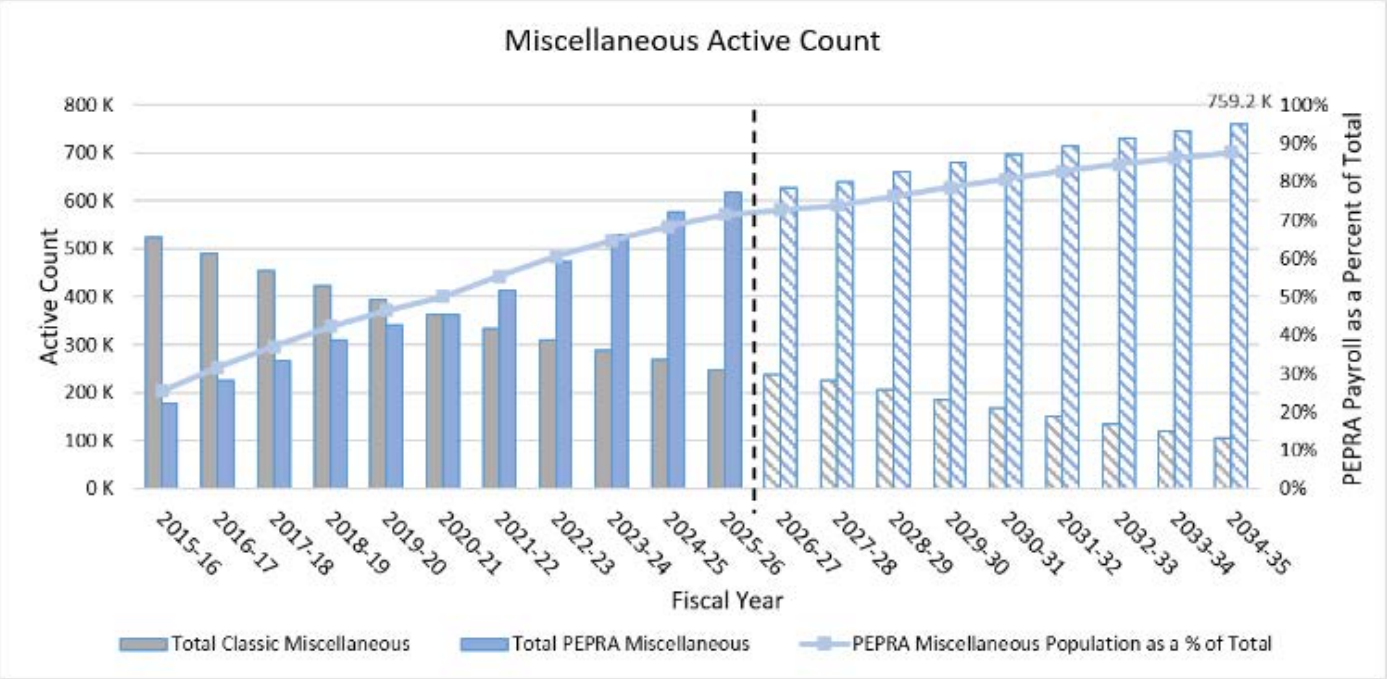


Figure 28. Safety Active PEPRA Population

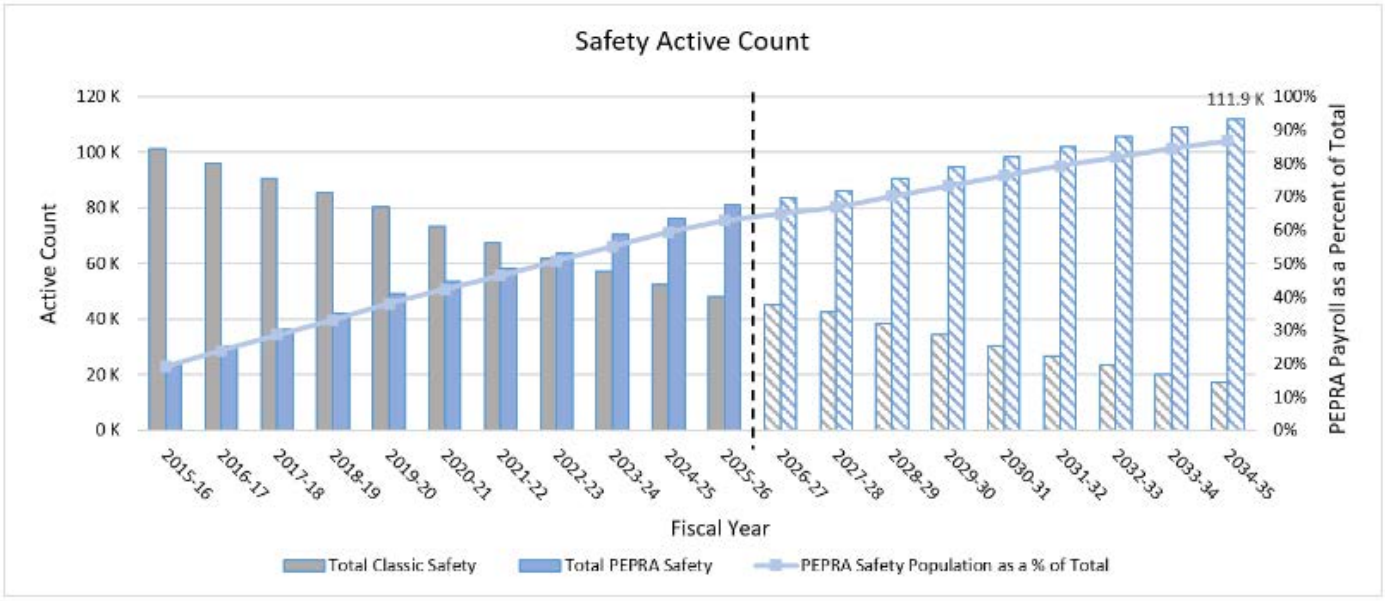
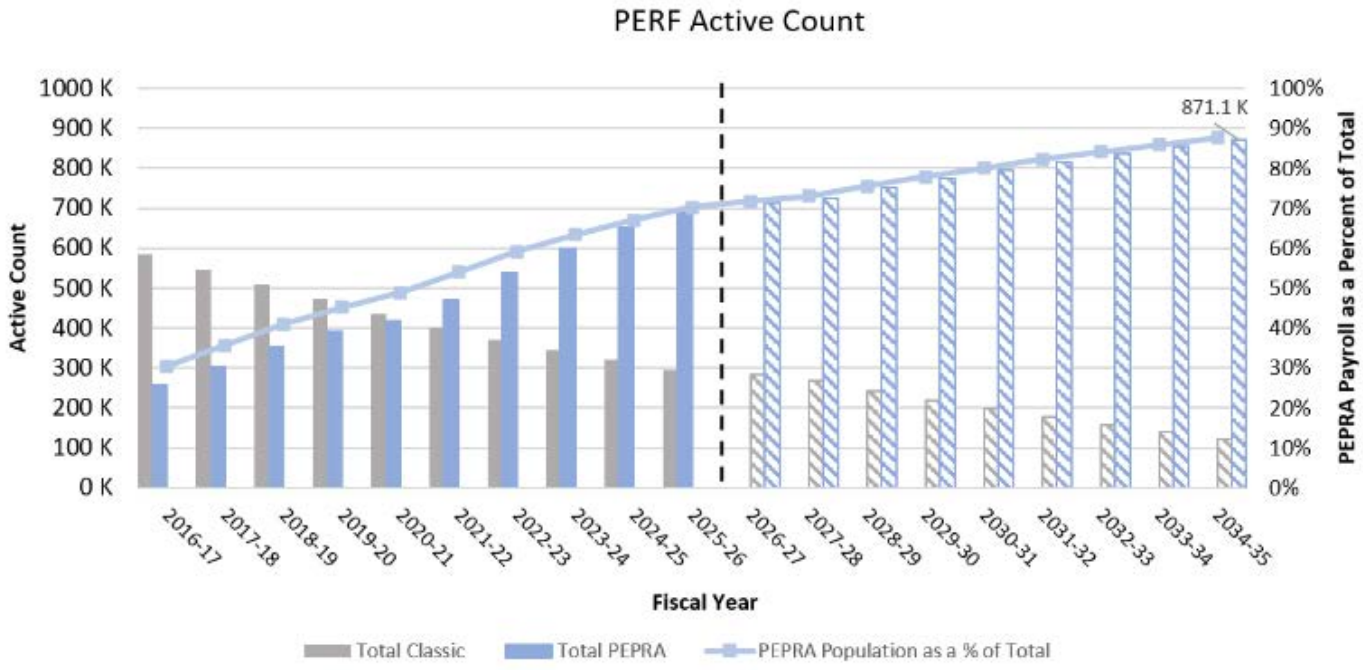


Figure 29. PERF Active PEPRA Population



2026 Annual Review of Funding Levels and Risks

November 2026

