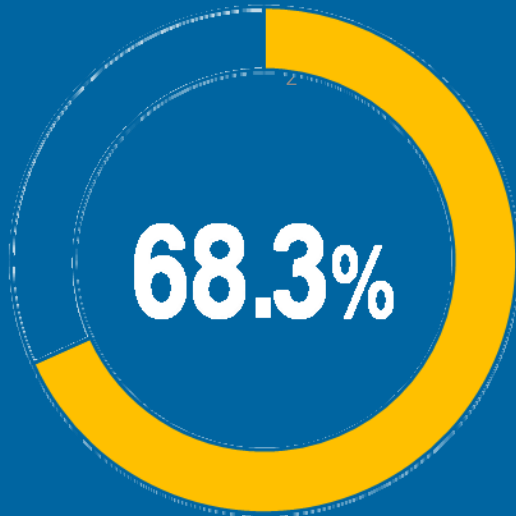


CalPERS Update: A Solid Foundation for the Future

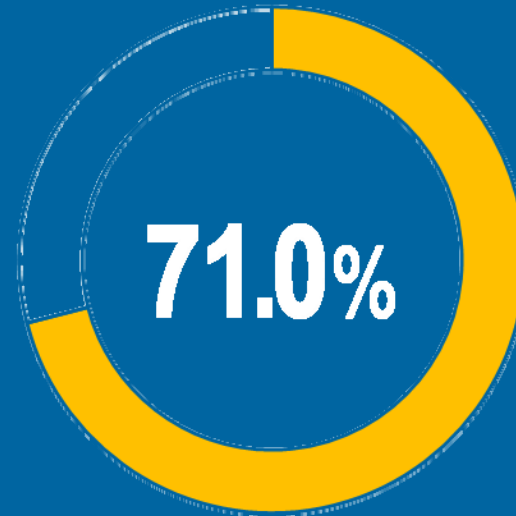
National Conference on Public Employee Retirement Systems
2018 Public Pension Funding Forum

Marcie Frost, CalPERS CEO
September 17, 2018





Funded Status
June 30, 2017



Funded Status
June 30, 2018

Decisions to Mitigate Risk

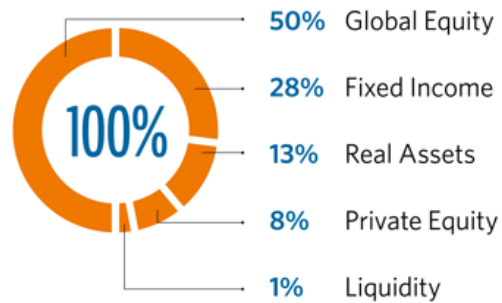
Lower Discount Rate

Lowered the discount rate from 7.5% to 7% over three years
(assumed rate of return)

7.5%
↓
7%

New Asset Allocation

Adopted new strategic asset allocation effective July 1, 2018



Shorter Amortization

Shortened the amortization period for employers to pay their unfunded liability

30 yrs. → 20 yrs.
=
significant long-term savings



1.5–2%
reduction
annually



70%
managed
in-house



\$170 million
savings



Strategic Goals

-  Fund Sustainability
-  Health Care Affordability
-  Reduce Complexity
-  Risk Management
-  Talent Management

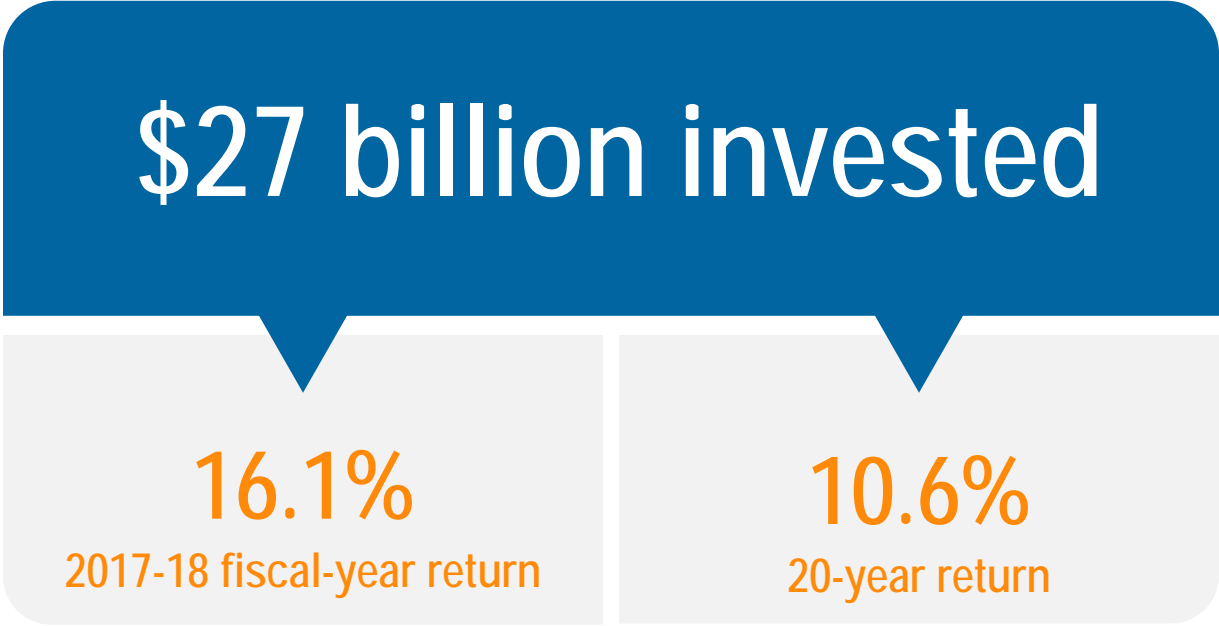
Employee Awareness Key to Culture of Risk



Technology

Innovation

Change



As of June 30, 2018

CalPERS Direct: Innovation

Late stage investments in
tech/life sciences/healthcare

CalPERS Direct: Horizon

Long-term investments in core
economy established companies

Forward Looking Models



Engagement
vs.
Divestment

ESG & Risk
Mitigation

Thank You