

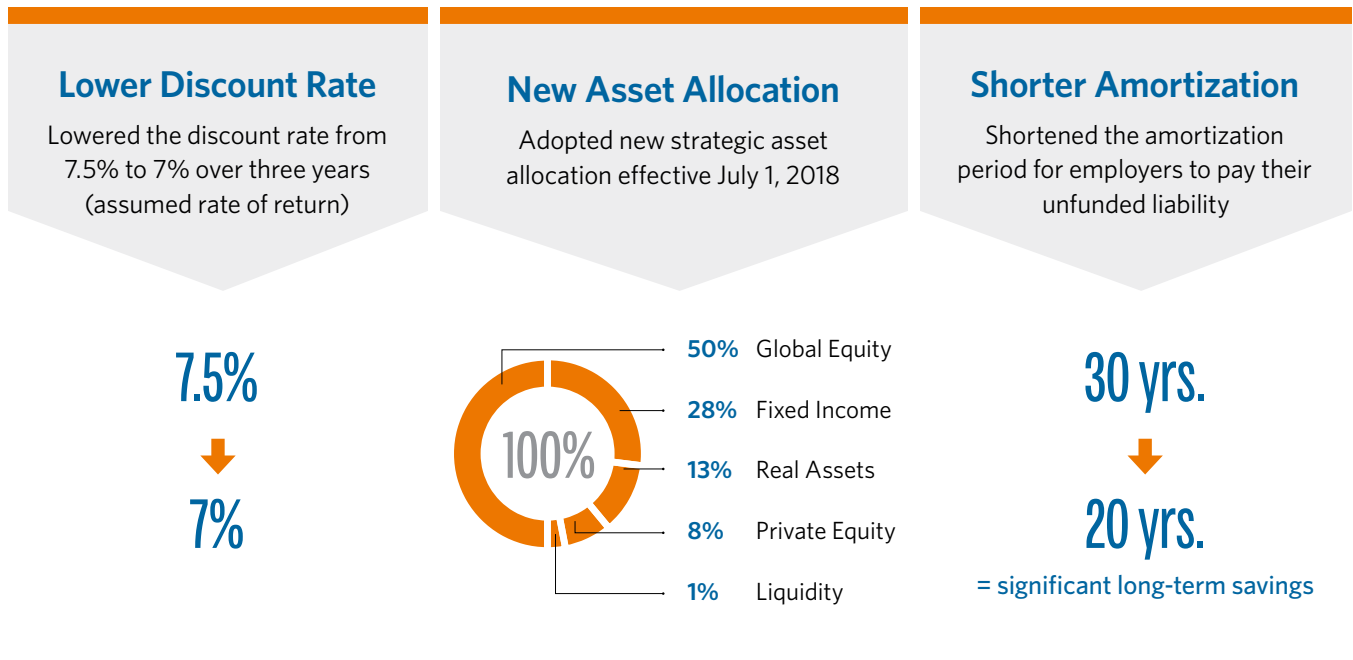
A Solid Foundation for the Future

Acting on the discount rate, asset allocation, and amortization, CalPERS has built a solid path forward for the long-term future of the fund.

We have provided retirement security for California’s public employees for more than 85 years. Through good times and bad, CalPERS has been a strong, reliable presence in our members’ lives. Our \$21 billion in annual benefit payments help fuel economic activity across the Golden State.

How We’ve Strengthened the Fund

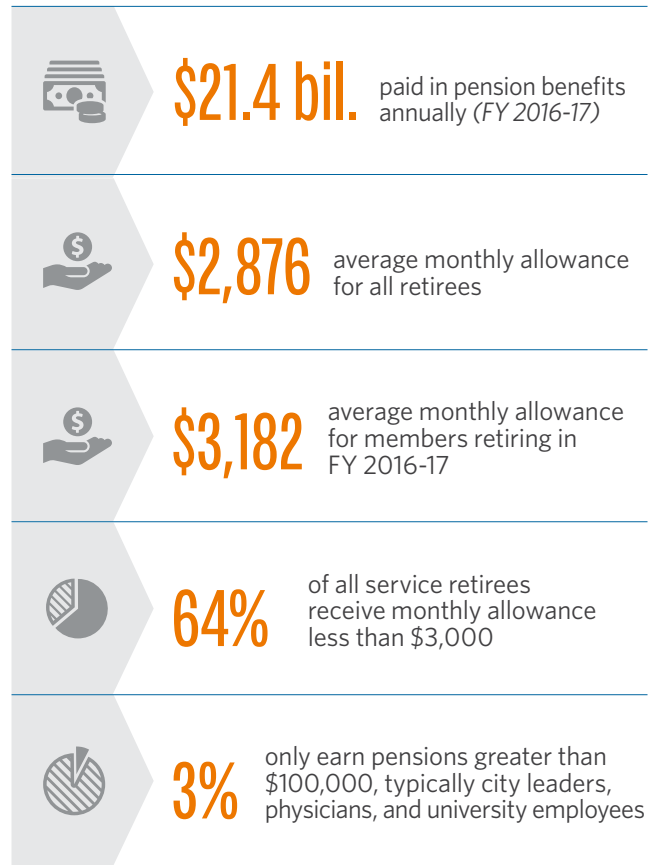
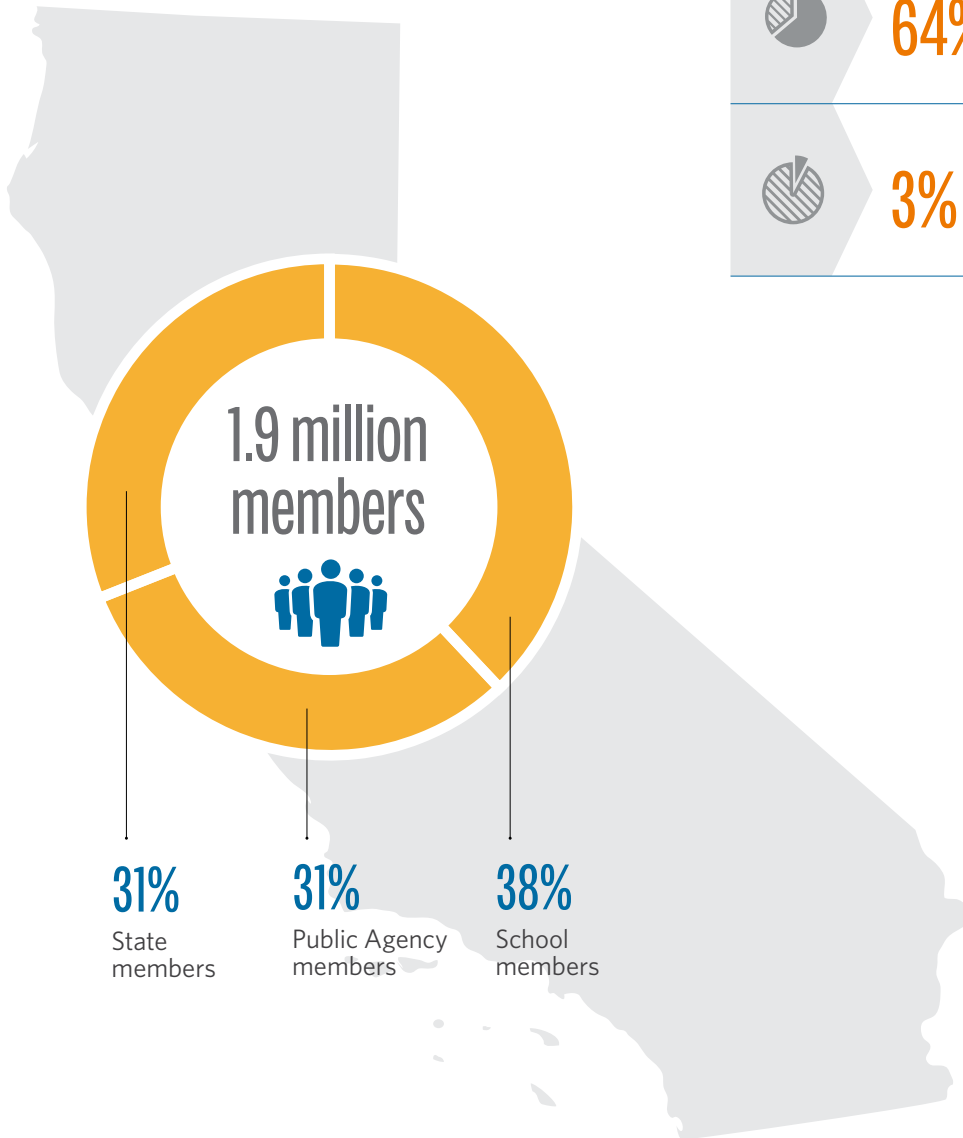
Over the past few years, we’ve adopted strong measures to ensure the long-term future of the CalPERS fund so that we can pay the benefits our members have earned after a career in public service.



Our Members Tell Our Story

They depend on us to help them achieve a measure of financial security in retirement after a career dedicated to public service.

We partner with 2,945 employers to provide pension benefits for retirees and their beneficiaries on behalf of the state, public agencies, school districts, and special districts. Our members include public employees from across California, including peace officers, firefighters, secretaries, custodians, bus drivers, and their beneficiaries.

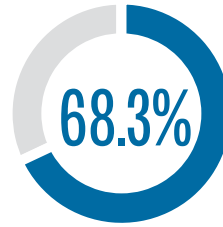


Investing for the Long Term

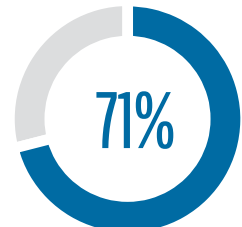
Our bottom line is strong and getting stronger.

The numbers that measure a pension plan's health have been on the rise, and recent investment returns and cash flow improvements only strengthen our position.

Every dollar we save by reducing our operating or investments costs, or by developing simpler, more efficient processes, is another dollar we can invest toward our members' benefits.

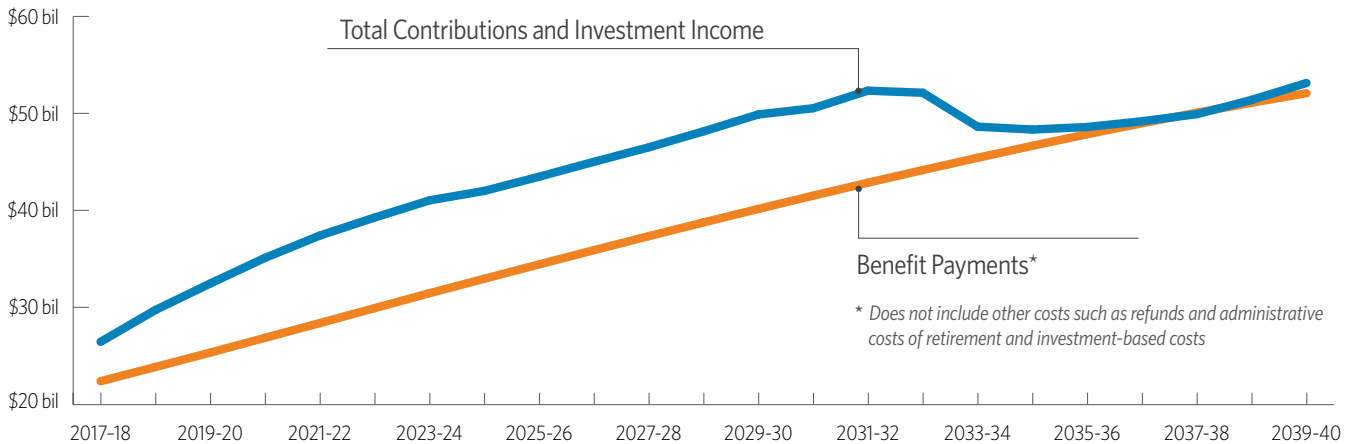


Funded Status
2015-16



Funded Status
December 31, 2017

Total Fund Cash Flows are Improving



\$350 billion

in assets as of December 31, 2017



1.5-2% reduction

in overhead costs each of the next 5 fiscal years



15.7% investment returns

in calendar year 2017; 11.2% in FY 2016-17



300+ → 150 reduction

in external managers



\$47 billion

increase in assets in calendar year 2017



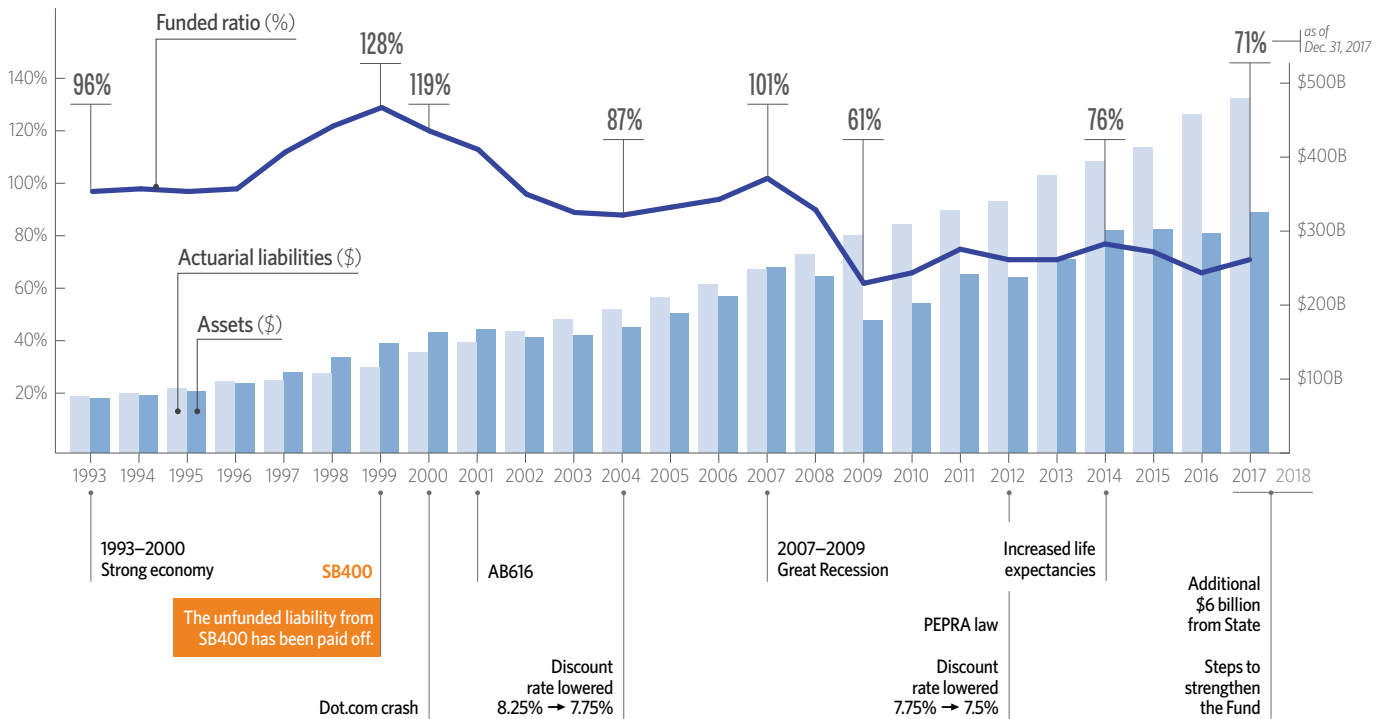
\$170 million savings

in reducing investment expenses in FY 2015-16

Retirement Security Across the Decades

We opened our doors in 1932 in the middle of the Great Depression, after California voters approved creating a plan to provide retirement security to the state's public employees. Over the decades we have faced challenges and made tough decisions in the best interest of our members and the fund.

Historical Factors Impact Funded Status (1993-2018)



It will take time to increase our funded status, but lowering the **discount rate**, adopting a new strategic **asset allocation**, and shortening **amortization period**, as well as improving efficiency and reducing operational costs, will **strengthen the sustainability of the CalPERS fund** for decades to come.

