

CalPERS and COVID-19: How CalPERS is Responding to COVID-19 Pandemic

COVID-19 Webinar Series

May 5, 2020

How to Ask a Question

- All phone lines have been muted.
- For written questions - use the Q&A window to the right side of your screen. Please enter your name, title and city.

Additional Information

Upcoming COVID-19 Webinars:

- Do More with Available Grant Funding to Help Meet Your Housing Needs on May 7
- Keeping Resort Towns Afloat: Managing Revenue Shortages and Tourism Messaging During COVID-19 on May 12

www.cacities.org/events

Speakers & Agenda:

Bijan Mehryar
Legislative Representative
League of California Cities

Michael Cohen
Chief Financial Officer
CalPERS

Bijan Mehryar
Legislative Representative
League of California Cities





CalPERS Pension Update *League of California Cities*

May 5, 2020



Three Key Risk Management Priorities



Investment
risk



Employer
affordability



Climate risk

Financial Picture – Current Estimates

\$375 billion
current assets

~1.0%
current investment
returns

Strategic asset allocation



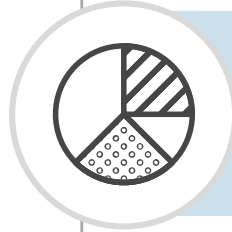
Better Prepared than 2008

Positioned to mitigate risk and capitalize on investment opportunities

Investments



Healthy liquidity position

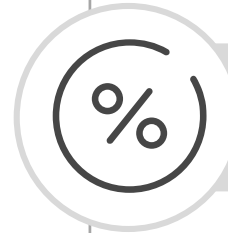


Diversified portfolio and asset allocation



Total fund perspective

Employers



7% discount rate



Shortened amortization to 20 years



Additional payments by the State and many public agencies

Have a Plan & Follow the Plan

Following our agreed plan from June 2019 on **what to do** during a drawdown



Meet all of our required cash flow obligations



Assess and understand impacts of drawdown across the portfolio



Maintain our desired risk exposures



Opportunistically seek to deploy capital / dry powder

Ensuring we **do NOT deviate** from our June 2019 plan

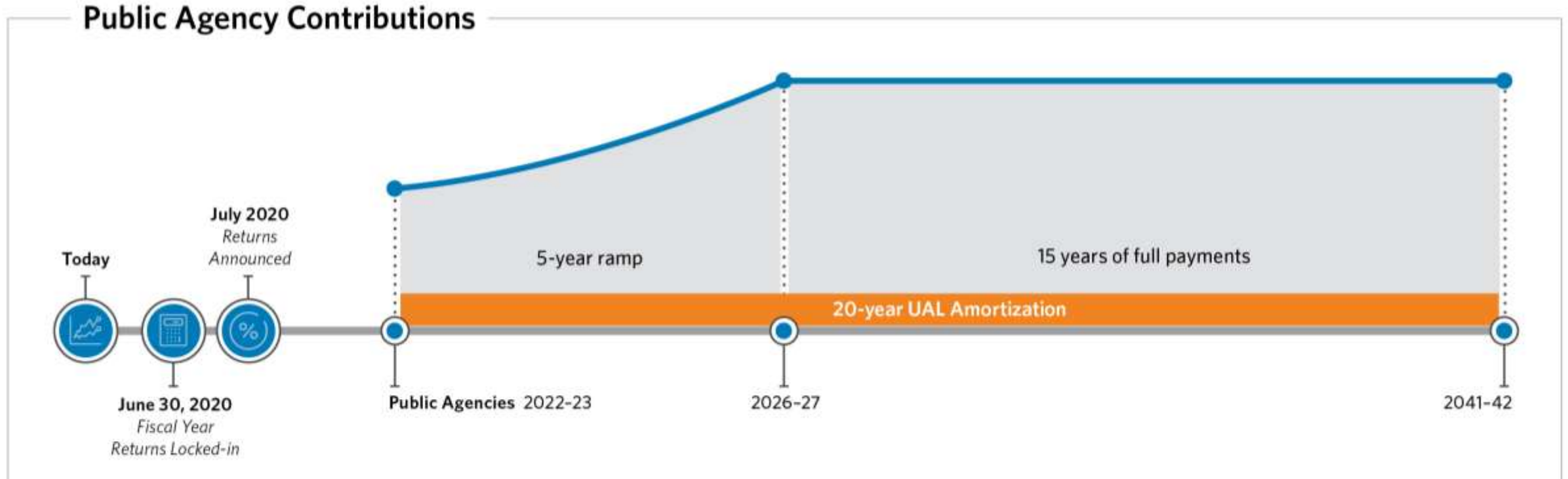


Succumb to common investment behavioral biases

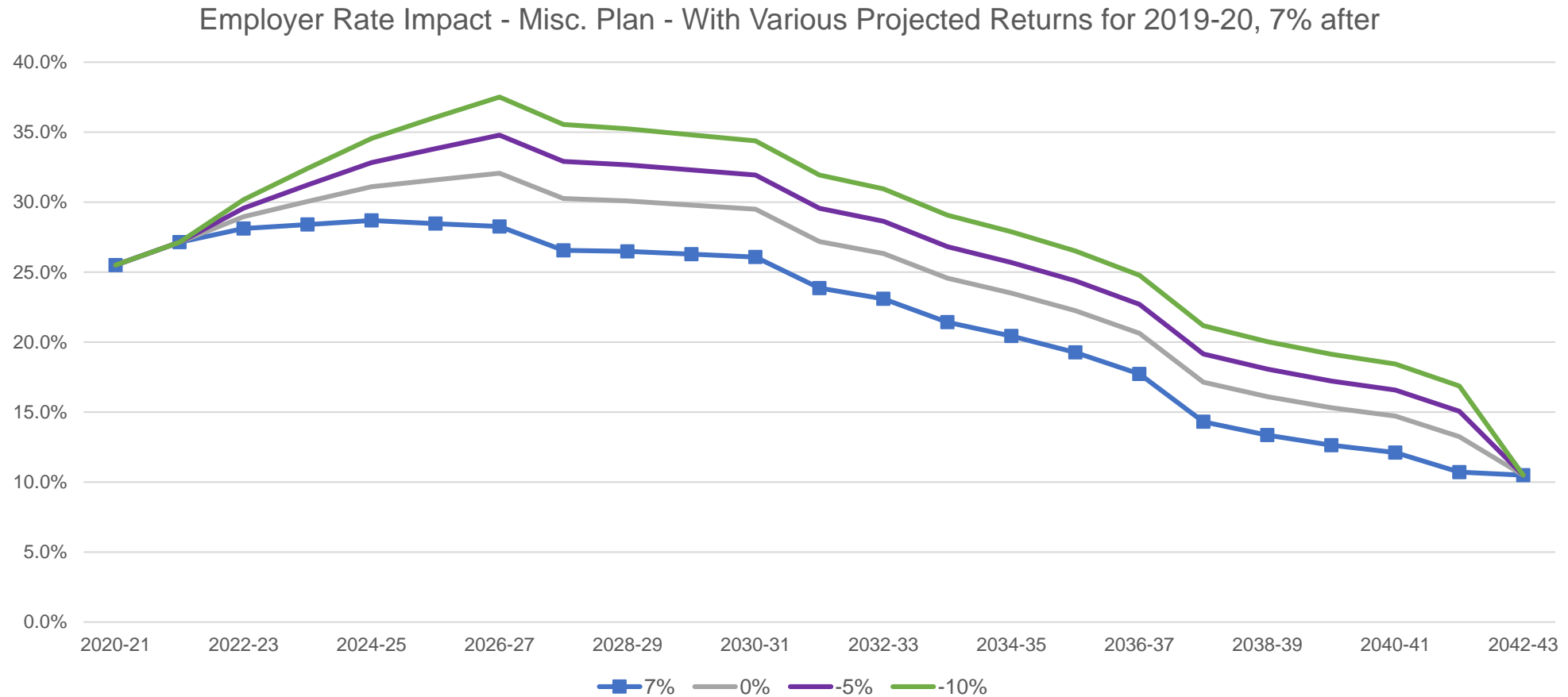


Allow deviation from pre-determined plan without a strong justification

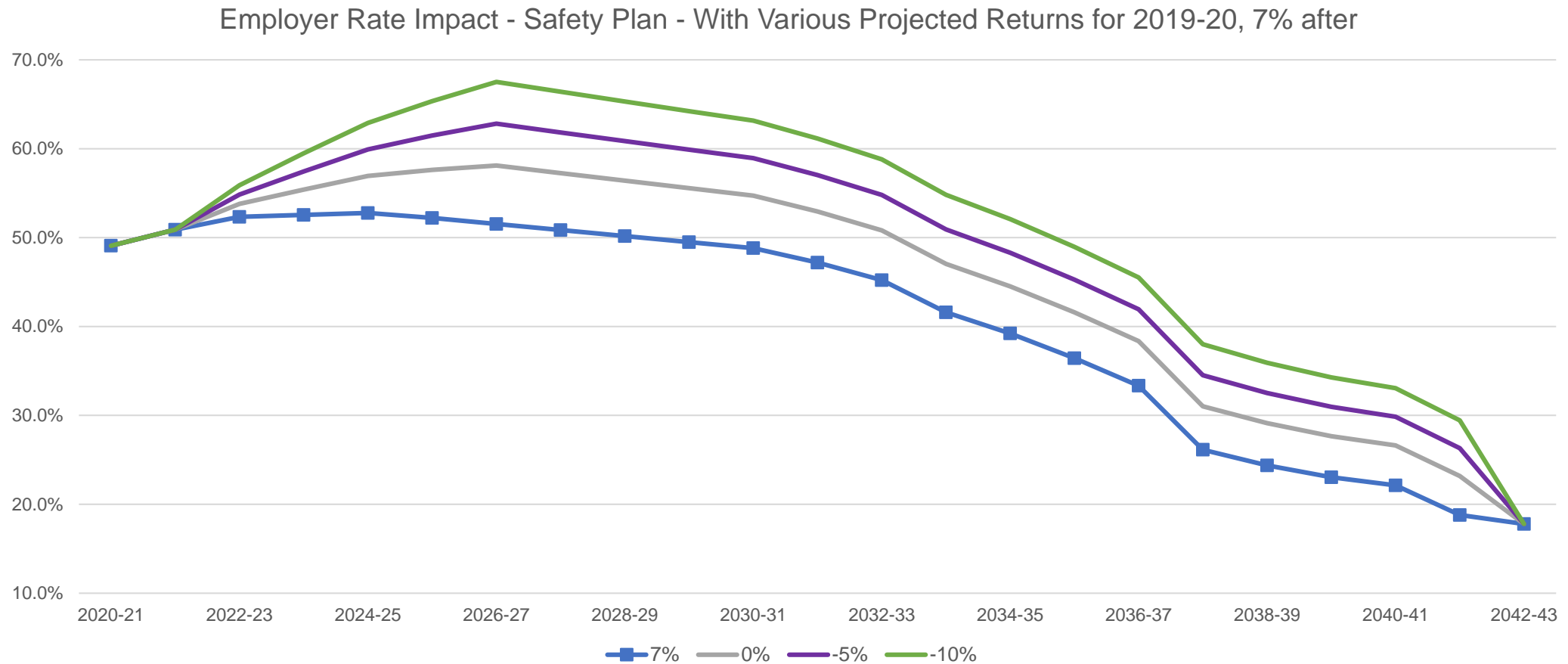
How Investment Losses are Amortized – Public Agencies



Potential Employer Contributions – Sample Misc. Plan



Potential Employer Contributions – Sample Safety Plan



Options Exist, But Are Limited

Operating principles



- Actuarial soundness for active and retired members
- Pensions must be funded and benefits paid

Pension laws govern decision-making



- COLAs
- Benefit design changes

Finding ways to be flexible

- Case-by-case reviews for employers with financial necessity
- Contact CalPERS to explore options

CalPERS Contact Information & Resources

Financial Assistance Inquiries

Pension Contract Management Team:
pensioncontracts@calpers.ca.gov

Prefunding Trusts:
CEPPT4U@calpers.ca.gov

Operational Questions

888 Employer Contact Center:
888-CalPERS

Employer Response Team:
ERT@calpers.ca.gov
800-253-4594

Inquiries and Connections:
CalPERS_Stakeholder_Relations@calpers.ca.gov

References and Resources

Employer FAQs:
www.calpers.ca.gov

PA/School Reference Guide

Virtual Training Available

Q & A





Questions?

www.cacities.org/coronavirus