

# Public Pensions: The CalPERS Experience



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A horizontal strip of images showing a diverse group of people of various ages and ethnicities smiling and interacting. On the left, a man in a green jacket smiles. In the center, a young girl in a firefighter costume is being held. On the right, a man in a white shirt and tie smiles, and another man in a yellow shirt is visible in the background.

# CalPERS is Complex & Diverse

- Administer five state employee pension plans
- Administer classified school employee pension plan
- Administer more than 2,000 pension plans for more than 1,500 CA public agencies
- Offer 13 retirement formulas; 57 contract provision options



# CalPERS Membership Makeup

- Approximately one-third state, one-third school, and one-third public agency members
- Active and inactive: 1.02 million
- Retired and beneficiaries: 432,000



# CalPERS Benefit Summary (As of 6/30/05)

- Average monthly retirement benefit — \$1,750
- Average monthly service retirement
  - school members — \$936
  - state misc. members — \$2,044
- Average monthly benefit of new retirees — \$2,745
- Average age 59 with 21.1 years of service for service retirees



# CalPERS-CalSTRS Differences

- CalPERS is more diverse with state, school, and public agency members
- CalPERS is more complex, administering 2,000 PA plans, five state plans, and school plan
- CalPERS Board annually sets employer contribution rates; CalSTRS rates are fixed by law



## CalPERS-CalSTRS Differences (cont.)

- CalPERS members have a wider income range
- Most CalPERS members are eligible for Social Security, not most CalSTRS members
- CalPERS covers safety members; CalSTRS does not

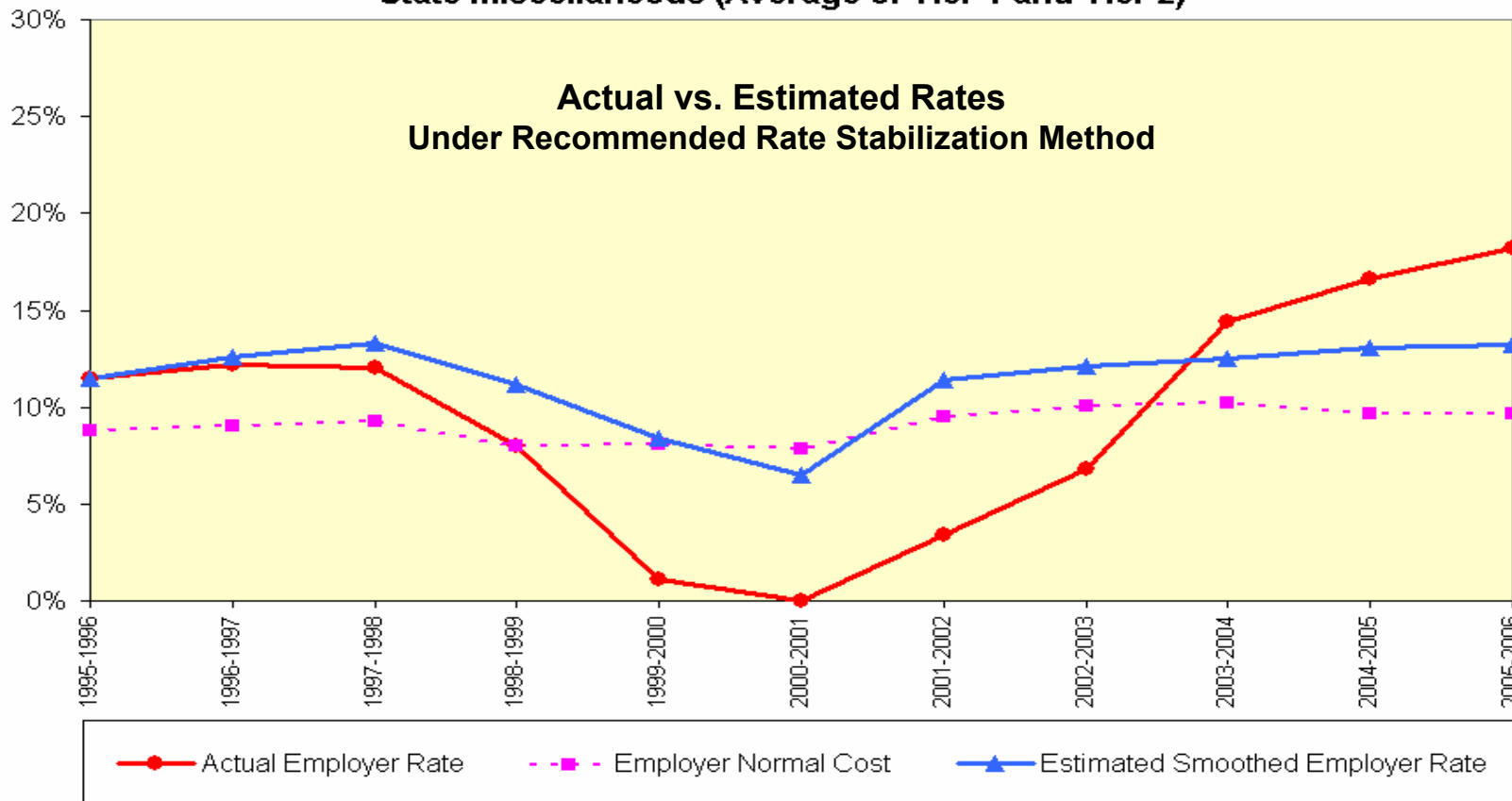


# CalPERS Assets & Liabilities

- Accrued Liability: \$195 billion (6/30/04)
- Actuarial Value of Assets: \$169 billion (6/30/04)
- Market Value of Assets: \$166 billion (6/30/04)
- Market Value of Assets: \$190 billion (6/30/05)

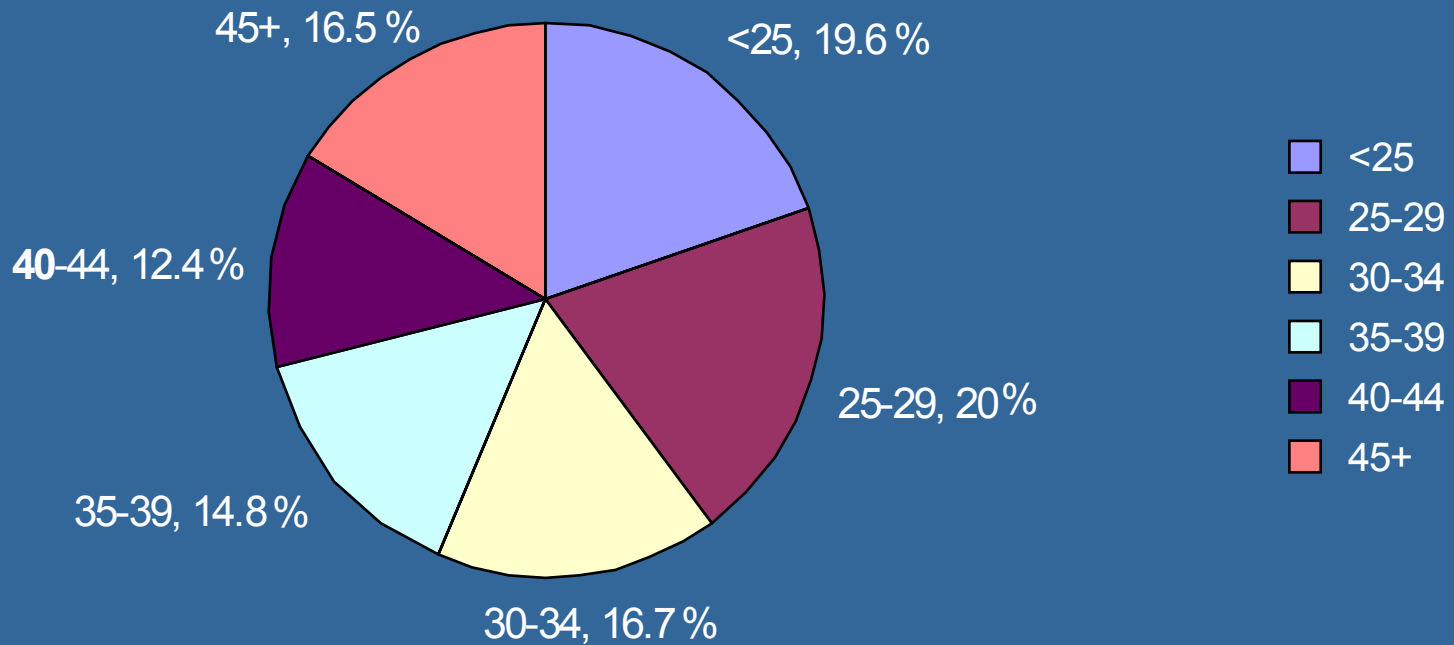


## Employer Contribution Rates State Miscellaneous (Average of Tier 1 and Tier 2)





# Starting Age of Membership





# Active Member Data

## 6/30/04 Data

## Mean

## Median

Current Age

45 years

46 years

Current Service Credit

10.3 years

7.7 years

Current Annual Salary

\$49,000

\$43,300



# Inactive Member Data

- Average age 43.6
- Median age is 44
- Mean service is 5.7 years
- Median service is 2.5 years
- 64% of Inactive Members on deposit are vested



# New Retired Members

## 6/30/04 Data

## Mean

## Median

Age at Retirement

59.4 years

59 years

Service Credit at Retirement

19.2 years

18.6 years

Annual Salary at Retirement

\$36,100

\$33,800

Initial Annual Benefit

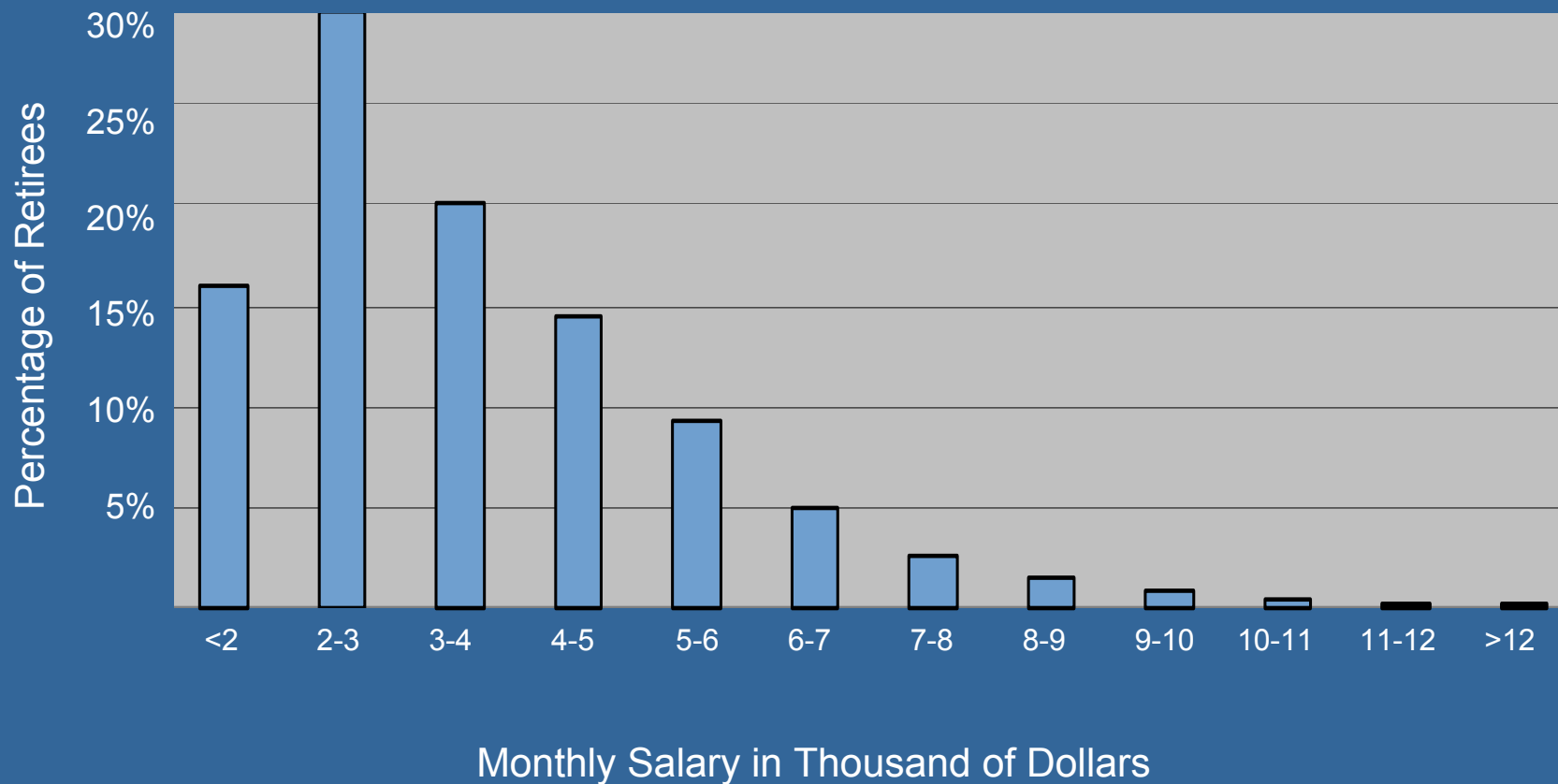
\$27,000

\$16,800



# Final Monthly Compensation

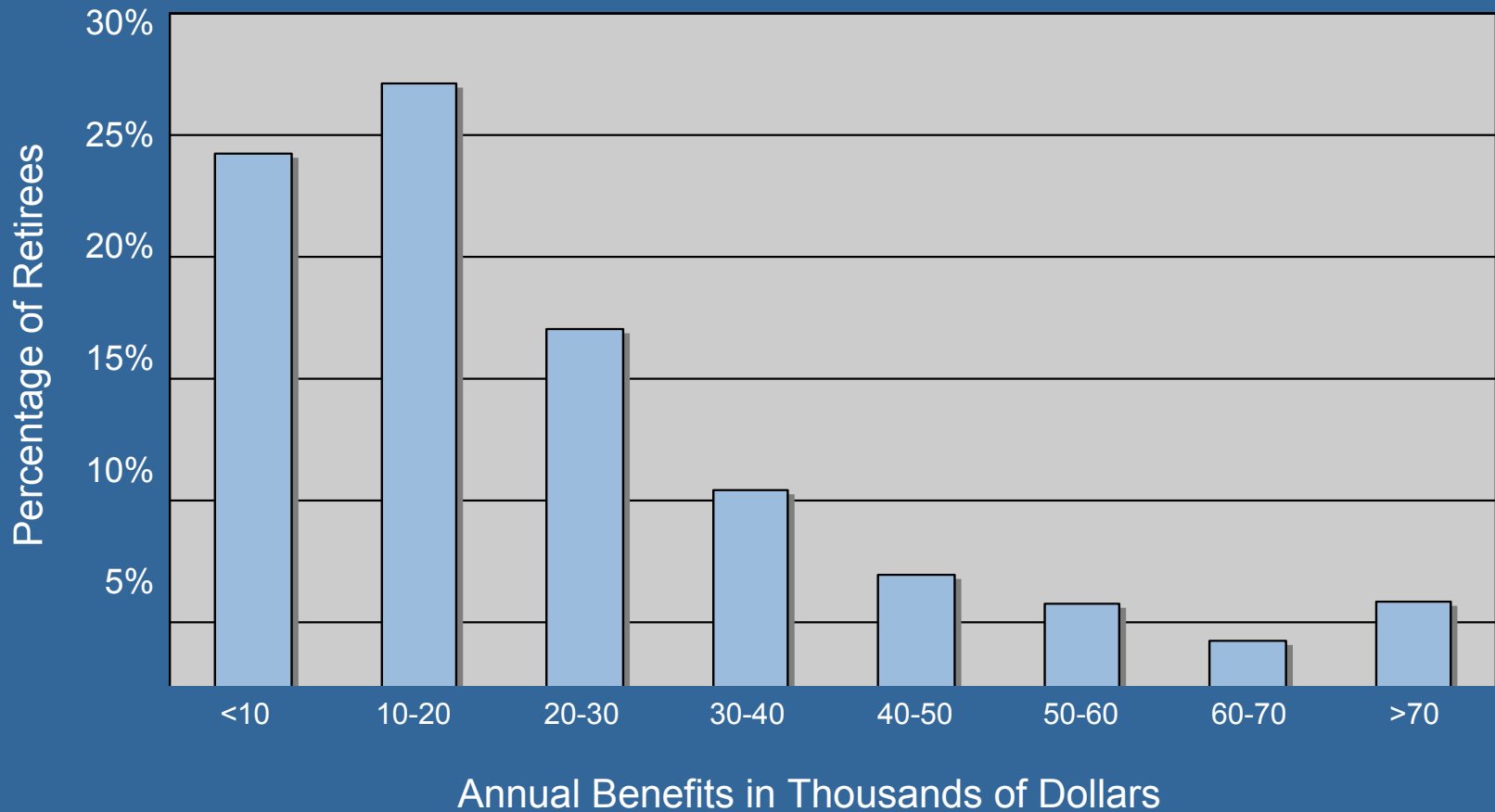
FY 2003-04 Retirees





# Annual Benefit Distribution

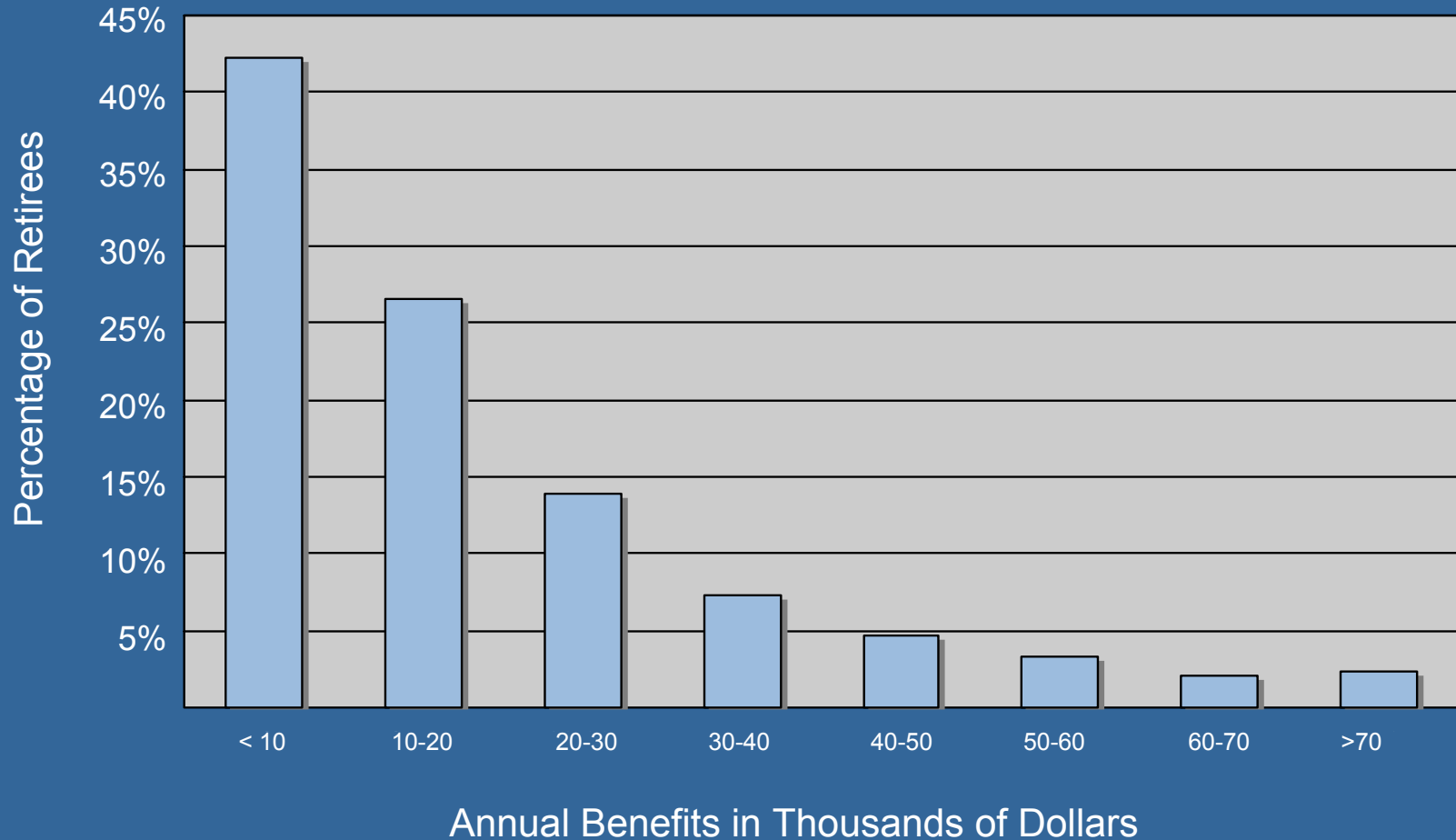
2000-2004 Retirees — As of June 30, 2004





# Annual Benefit Distribution

All Retirees—As of June 30, 2004





# Most Pensions Under \$50,000

- 93% of all retirees receive less than \$50,000 annually
- Since 2000, 84% of retirees receive less than \$50,000 annually





# Facts vs. Myths



# What Was the Cause of Employer Rate Increases?



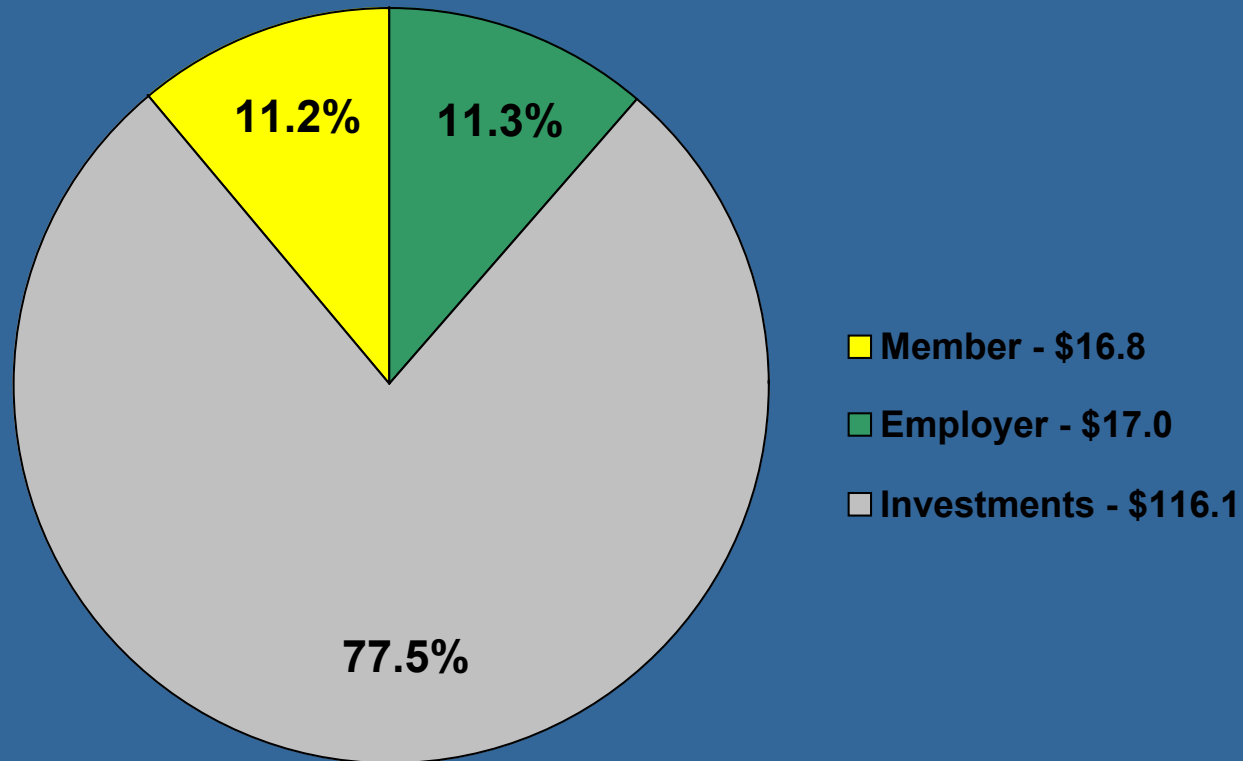
# Cause of Rate Increases

- Increase in employer rates primarily due to the economy
- State employer rates lower than 1980-1986
- Over 75% of CalPERS revenue from investment returns



# Who Pays for Retirement Benefits?

# Income Source — 1995 - 2004



Benefit Payments 1995-2004 = \$54.1 Billion



# Member & Employer Contributions (11-year review)

