



## Finance and Administration Committee

# Agenda Item 5d

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**February 13, 2023**

**Item Name:** Treasury Analysis and Liquidity Status Report

**Program:** Financial Office

**Item Type:** Information Consent

### **Executive Summary**

This is the Semi-Annual Treasury Analysis and Liquidity Status Report for the period ending December 31, 2022. The report shows CalPERS maintained adequate liquidity coverage levels for all funds in normal and stressed environments.

The Enterprise Treasury Team (ETT) conducted an annual review of the Funding Contingency Plan and no changes were recommended. During the reporting period, no events occurred that would have required use of the Funding Contingency Plan. The review was conducted in January 2023.

### **Strategic Plan**

This item supports the organizational excellence strategic goal from the CalPERS 2022-27 Strategic Plan, to cultivate a diverse, risk-intelligent, and innovative culture through our team and processes.

### **Background**

The Treasury Management Policy requires the Treasury Management Program to provide the Finance and Administration Committee with an update on fund liquidity status. The Semi-Annual Treasury Analysis and Liquidity Status Report (Attachment 1) fulfills this obligation by providing liquidity coverage ratio analysis and cash flow forecasting analysis for the Public Employees' Retirement Fund (PERF), Legislators' Retirement Fund (LRF), Judges' Retirement Fund I (JRF I), Judges' Retirement Fund II (JRFII), Health Care Fund (HCF), and the Long-Term Care Fund (LTCF) to be known as all funds. The last report was presented to the committee in September 2022.

### **Analysis**

#### **Liquidity Coverage Analysis**

The report confirms the liquidity coverage for all funds remained above the threshold in normal environments. In addition, all funds would have maintained adequate Level I liquidity had a stressed or crisis event occurred during this reporting period.

## **Cash Flow Forecasting Accuracy Analysis**

Overall cash flow forecasting accuracy for the PERF, LRF, JRF I, and LTCF was in the 90<sup>th</sup> percentile. JRF II's cash flow accuracy for contributions was in the 90<sup>th</sup> percentile. JRF II's distribution accuracy was in the 76<sup>th</sup> percentile and was impacted by the timing of Monetary Credit Payments. Monetary Credit Payment discrepancies can occur when the actual retirement date differs from the estimated planned retirement date. Monetary Credits provide a lump sum payment to those judges who leave the bench before reaching eligibility for the defined benefit plan. HCF's contribution accuracy was in the 73<sup>rd</sup> percentile from July through November due to the timing of the CRF transfer, higher than expected reimbursement in October, and lower than expected reimbursement in November. Accuracy was in the 90<sup>th</sup> percentile in December. HCF's distribution accuracy was in the 90<sup>th</sup> percentile except for September, October, and December. In those months, accuracy was in the 86<sup>th</sup> percentile and was impacted by Medical Pharmacy Claims and Administrative Fees.

## **Status of the Funding Contingency Plan**

During the reporting period, no events occurred that would have required use of the plan. The plan review was conducted in January 2023 and no changes were recommended. The team continues to use the plan to manage, measure, monitor and control funding coverage with respect to the payment of member benefits and all other CalPERS' obligations.

## **Budget and Fiscal Impacts**

Not Applicable

## **Benefits and Risks**

Not Applicable

## **Attachments**

Attachment 1 – Semi-Annual Treasury Analysis and Liquidity Status Report

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