

## California Employers' Retiree Benefit Trust (CERBT)

### CERBT Program Overview

The CERBT Fund is an Internal Revenue Code (IRC) Section 115 trust dedicated to prefunding Other Post-Employment Benefits (OPEB), such as health, vision, dental, and life insurance, for all eligible California public agencies. The CERBT was established in 2007 and is referenced in section 22940 of the California Public Employees' Retirement Law (PERL). CERBT is the largest public employer OPEB trust fund in the State of California.

#### FY 2022-2023 CERBT Program

Program Participants	Count
Contracted Employers	606
Covered Lives	849,626

#### FY 2022-2023 CERBT Service Delivery

Category	Results
New Contracted Employers	10
Prospective Employer Workshops (in-person and webinar)	21
Prospective Education Employer Calls	842
In-Person Employer Account Updates	52
Virtual Employer Account Updates	98

### CERBT Participating Employers by Agency Type

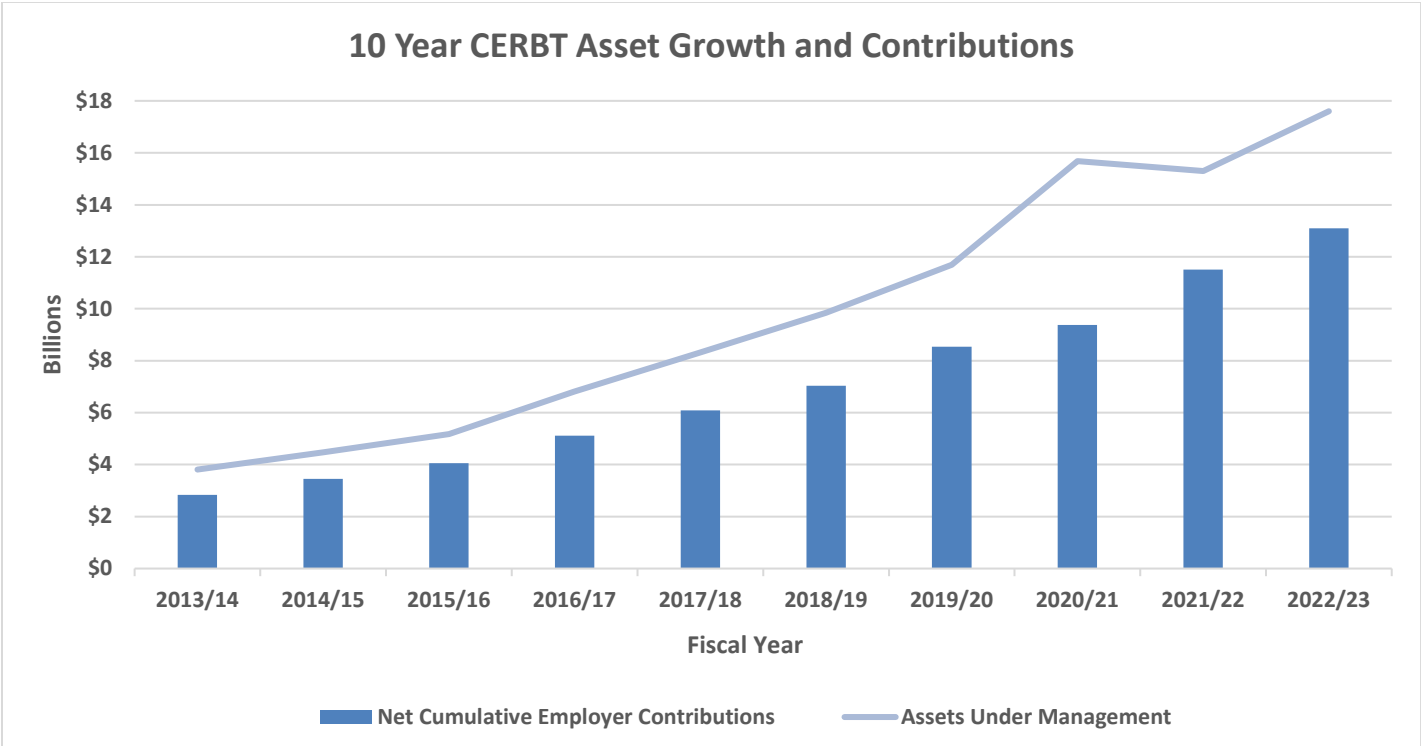
During fiscal year (FY) 2022-23, CERBT contracted employers increased from 598 to 606. Special districts represented the highest proportion of participating employers in CERBT, followed by cities. The State of California represents the largest participating employer in the CERBT with over \$6.73 billion in assets. A list of employers who contracted with the CERBT in FY 2022-23 may be found in the Appendix. The following table shows the number of participating employers in the CERBT by category type.

#### CERBT Agencies by Type

Agency Type	Number of Contracting Agencies
Special Districts	328
Cities	155
Schools	83
Courts	29
Counties	10
State of California	1

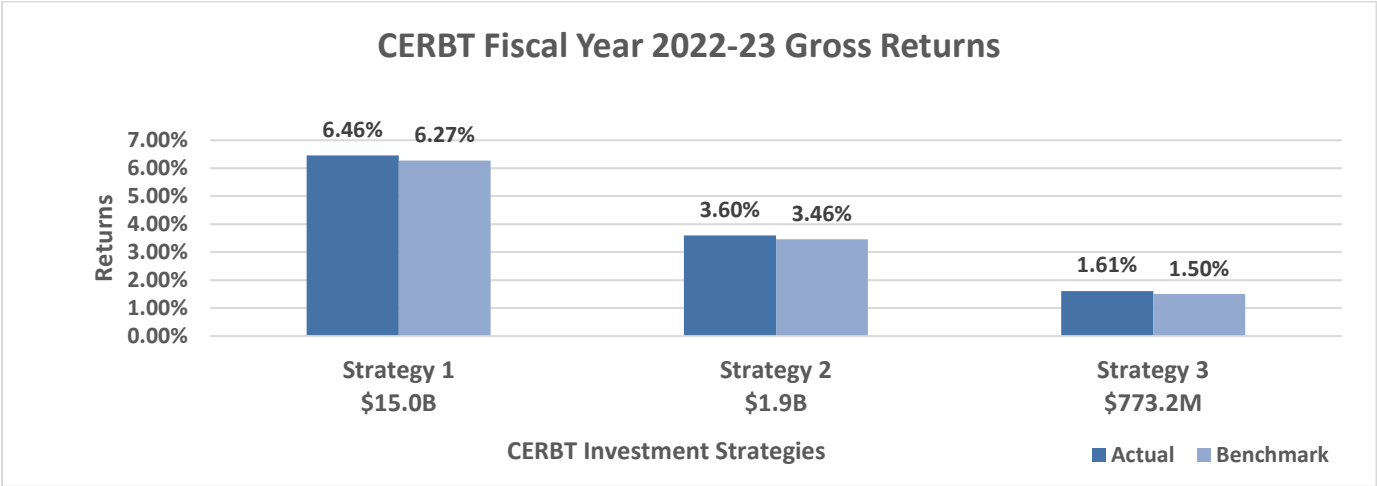
### CERBT Fund Assets and Cumulative Net Contributions

During FY 2022-23, CERBT assets under management (AUM) increased to \$17.6 billion, an increase of \$2.28 billion due to investment performance and employer contributions. The following graph shows the most recent 10-year CERBT asset growth in billions and contributions since FY 2013-14.



### CERBT Investment Performance

The CERBT Fund gross returns for the 12 months ending June 30, 2023, as compared to their respective benchmarks is shown in the chart below. CERBT Strategy 1 posted more favorable returns, which are primarily attributable to a higher allocation to global equities. Global equity was the strongest performing asset class during FY 2022-23. The chart below shows the CERBT gross returns for FY 2022-23.



**CERBT Investment Strategy Options**

Each strategy offers a distinctly different long-term expected return and return volatility. Strategy 1 has the highest long-term expected rate of return and return volatility while Strategy 3 has the lowest long-term expected rate of return and return volatility.

The asset allocations with projected rates of return and volatility for each strategy were approved in March 2022 and adjustments completed by October 2022. The following table provides the expected rates of return and standard deviations for each of the three CERBT investment strategies.

**CERBT Investment Strategies**

Strategy Options	Expected Rate of Return	Standard Deviation
Strategy 1	6.0%	12.1%
Strategy 2	5.5%	9.9%
Strategy 3	5.0%	8.4%

# California Employers’ Pension Prefunding Trust (CEPPT)

## CEPPT Program Overview

California Employers’ Pension Prefunding Trust Fund (CEPPT) became operational in July 2019 and is referenced in section 21711 of the PERL. CEPPT is an IRC Section 115 trust dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies.

### FY 2022-2023 CEPPT Program

Contracted Employers	89
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### FY 2022-2023 CEPPT Service Delivery

Category	Results
New Contracted Employers	18
Prospective Employer Workshops (in-person and webinar)	21
Prospective Education Employer Calls	842
In-Person Employer Account Updates	6
Virtual Employer Account Updates	9

## CEPPT Participants by Agency Type

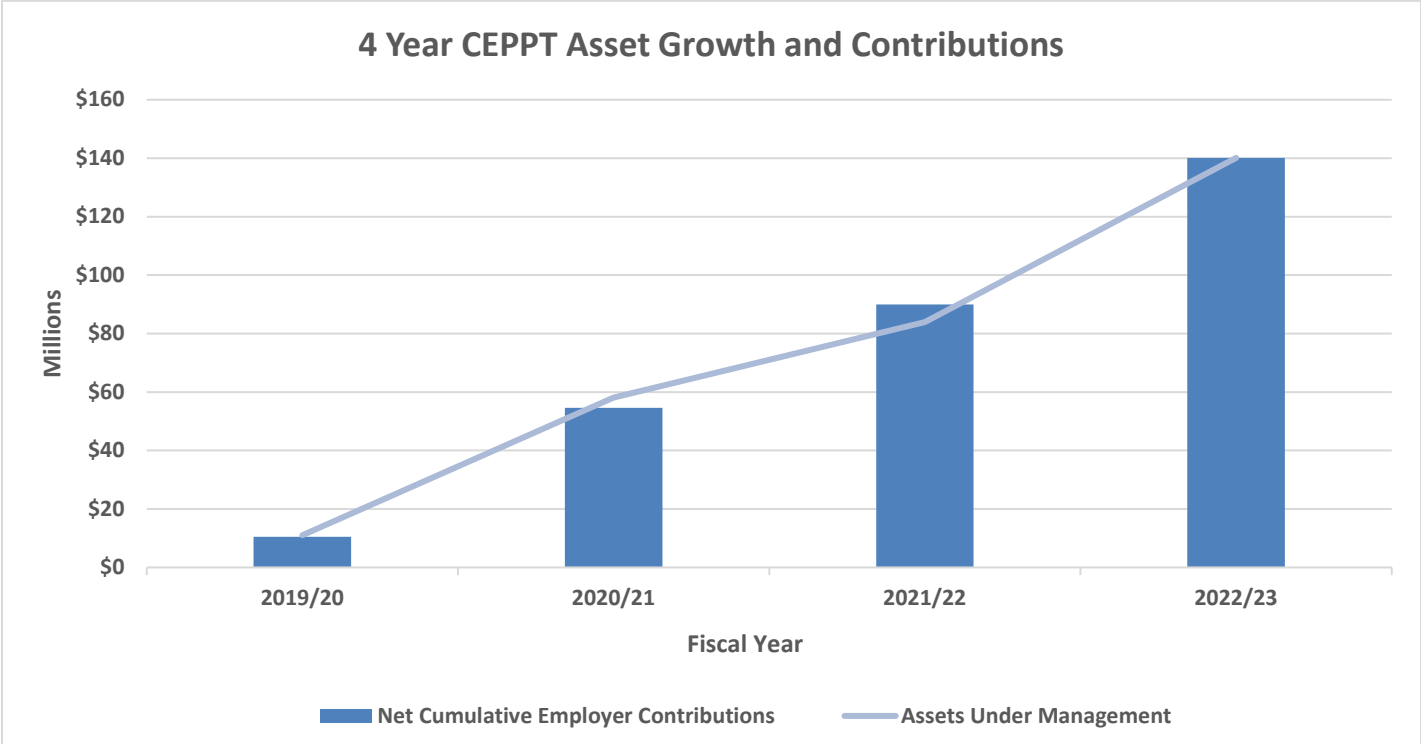
During FY 2022-23, CEPPT contracted employers increased from 72 to 89. Special districts represent the highest proportion of participating employers in CEPPT, followed by cities. A list of employers who contracted with the CEPPT in FY 2022-23 may be found in the Appendix. The following table shows the number of participating employers in the CEPPT by category type.

### CEPPT Agencies by Type

Agency Type	Number of Contracting Agencies
Special Districts	64
Cities	22
Courts	3

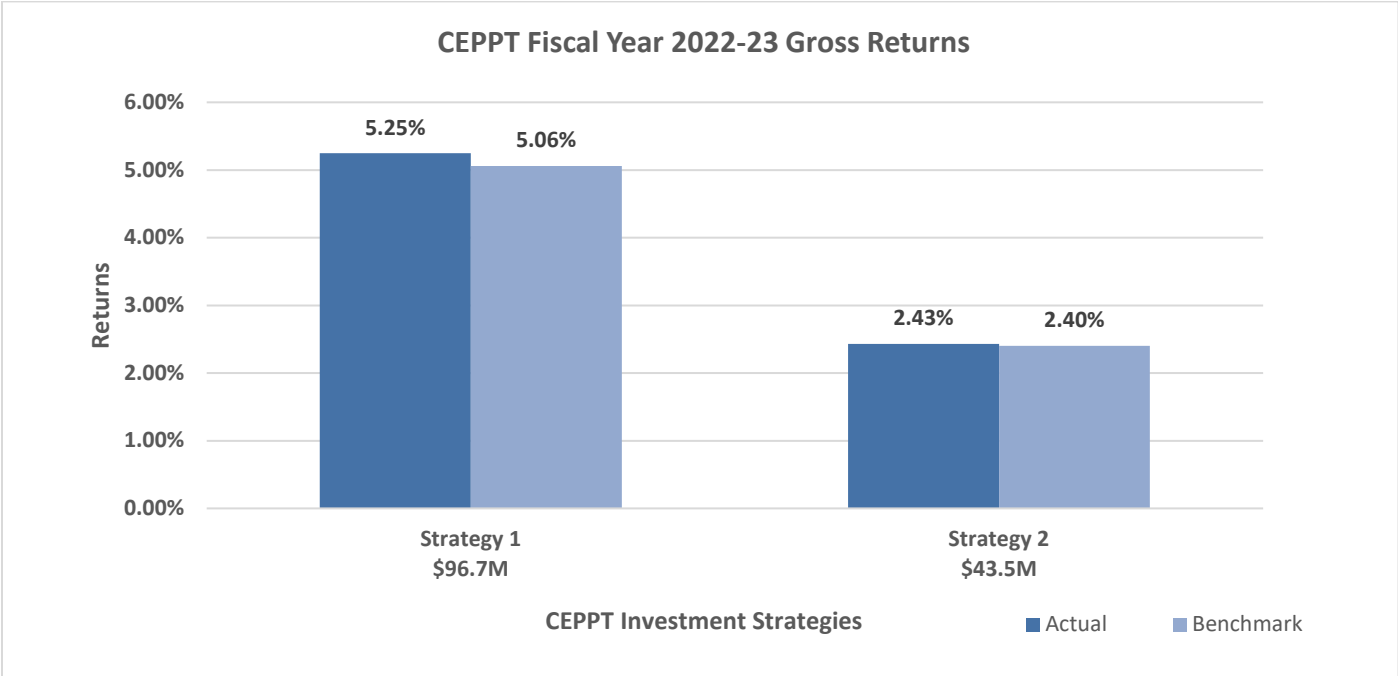
### CEPPT Fund Assets and Cumulative Net Contributions

During FY 2022-23, CEPPT assets increased to \$140.1 million, an increase of \$56.2 million due to employer contributions and investment performance. The following graph shows the inception to date CEPPT asset growth in millions and contributions since FY 2019-20.



### CEPPT Investment Performance

The CEPPT Fund gross returns for the 12 months ending June 30, 2023, as compared to their respective benchmarks, is shown in the chart below. CEPPT Strategy 1 posted more favorable returns, which are primarily attributable to a higher allocation to global equities. Global equity was the strongest performing asset class during FY 2022-23. The following chart provides CEPPT gross returns for FY 2022-23.



**CEPPT Investment Strategy Options**

Each strategy offers a distinctly different long-term expected return and return volatility. Strategy 1 has the higher long-term expected rate of return and return volatility while Strategy 2 has the lower long-term expected rate of return and return volatility.

The asset allocations and projected rates of return and volatility for each strategy were approved in March 2022 and adjustments were completed by October 2022. The following table provides the expected rates of return and standard deviations for each of the two CEPPT investment strategies.

**CEPPT Investment Strategies**

Strategy Options	Expected Rate of Return	Standard Deviation
Strategy 1	4.5%	8.8%
Strategy 2	3.5%	6.1%

## Supplement Income Plans (SIP)

### SIP Program Overview

The Supplemental Income Plans (SIP) program offers two deferred compensation plans - the CalPERS 457 Plan and the Supplemental Contributions Plan (SCP). The CalPERS 457 Plan is a deferred compensation supplemental retirement income plan that is available to employees of local public agencies and schools that contract with CalPERS for this plan. A copy of the 457 Plan Document can be found as an attachment to this document. The SCP is an after-tax supplemental contributions program available to state employees, as well as active judges who are members of the Judge’s Retirement Systems I and II.

#### FY 2022-2023 SIP Program

Program Participants	Count
Contracted Agencies	843
Plan Participants	40,716

#### FY 2022-2023 SIP Service Delivery

Category	Results
New Contracted Agencies (see Appendix for listing)	17
Participant Enrollments	2,884
Participants Group Education Presentations	471
Participant Education Plan Reviews (individual)	9,573
On-Site Agency Visits	1,056
Webinars	64
Staff Outreach Agency Retention Calls	830
Agency Plan Reviews	56
Roth Option Additions	54
Distributed Year-End Agency Plan Statements To All Contracted Agencies	843
Social Media Campaigns	11

### SIP Participating Employers by Agency Type

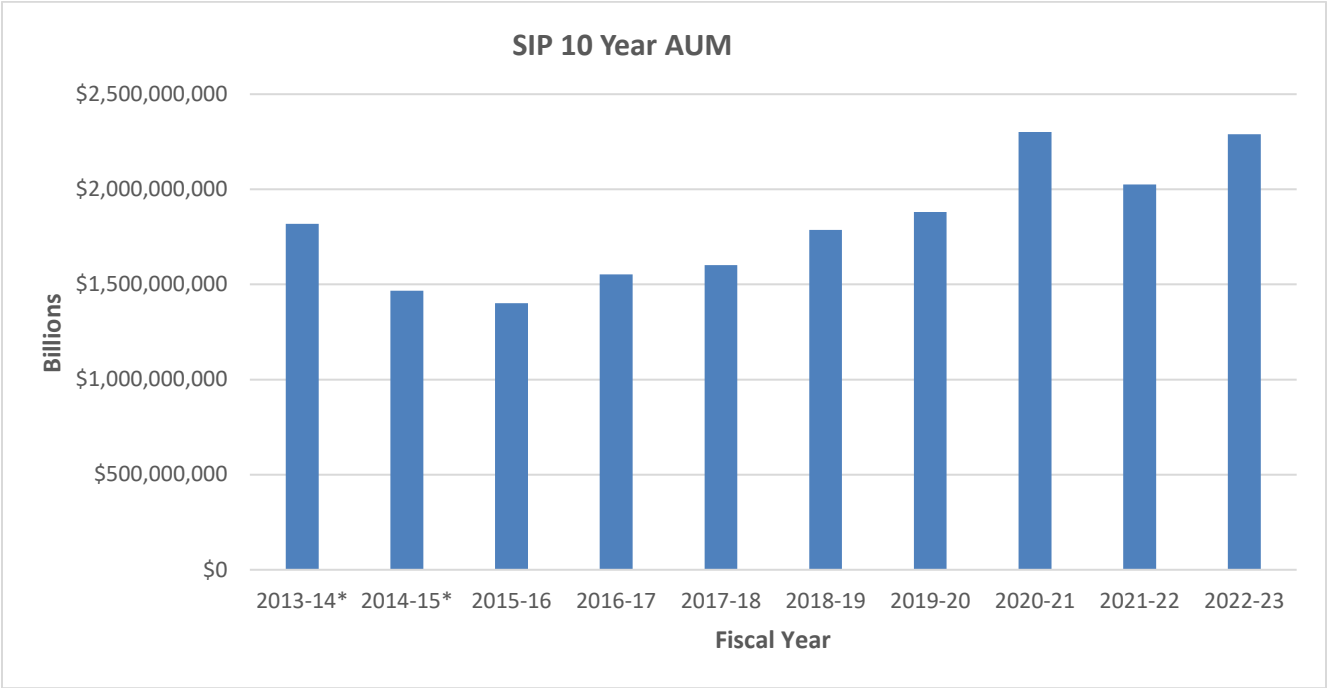
The table below provides a breakout of participating agency types. A list of employers who contracted with the SIP (457 Plan) in FY 2022-23 is found in the Appendix.

#### SIP Agencies by Type

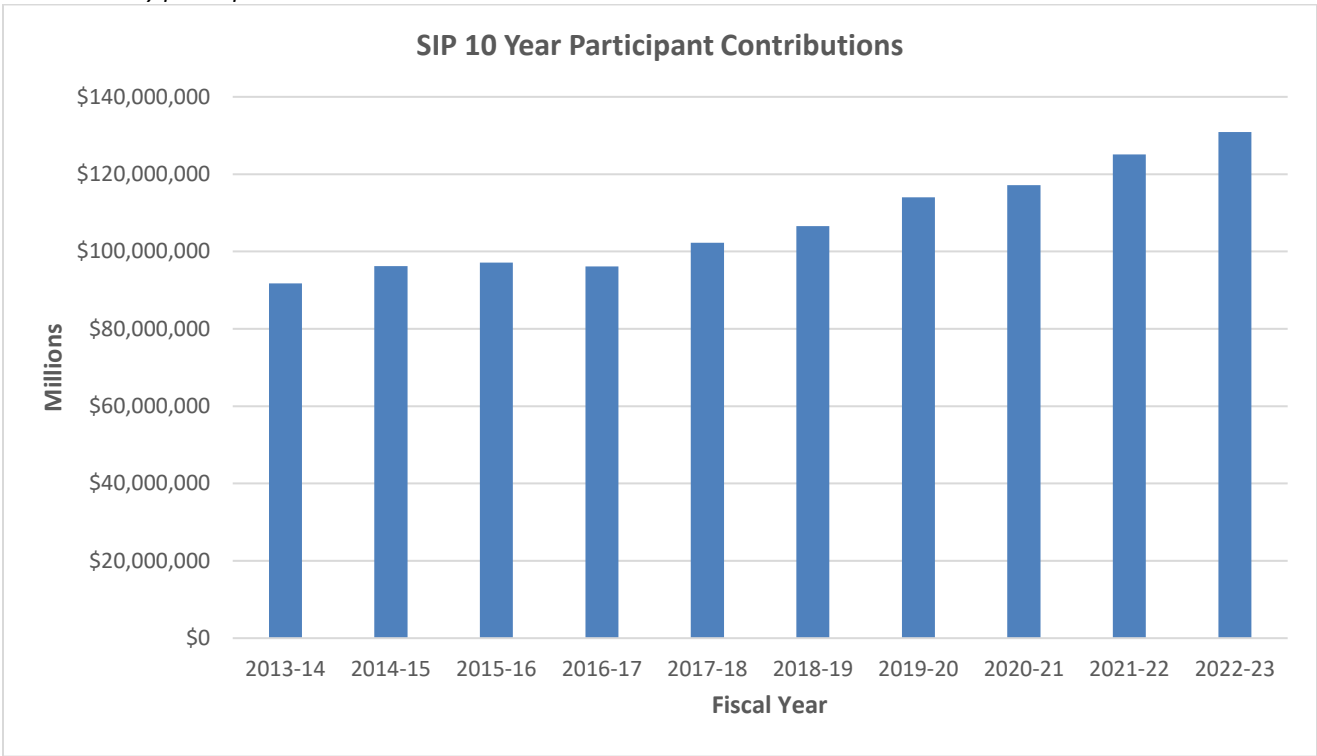
Agency Type	Number of Contracting Agencies
Special Districts	488
Schools	200
Cities	108
Counties	17
Courts	16

## SIP Assets Under Management and Contributions

During FY 2022-23, SIP AUM increased to \$2.29 billion, an increase of \$264 million due to investment performance and participant contributions. The tables below provide 10-year historical comparisons for AUM and participant contributions.



*\*The Peace Officers and Firefighters Fund (POFF) terminated during FY 2013-14 year and distributions were taken by participants in FY 2014-15.*





### SIP Target Retirement Date Fund Highlights

Target Retirement Date Fund returns were between 4.79% and 15.49% before fees for the 12 months ending June 30, 2023, and all outperformed their respective benchmarks by between 14 and 24 basis points on a gross basis.

The table below provides the CalPERS Target Retirement Date Funds and Core Fund returns before fees for the 12 months ending June 30, 2023, as compared to their respective benchmarks. On October 1, 2022, the annual glide path rebalance was applied to the Target Retirement Date Funds, which moved certain funds to a slightly more conservative allocation. For 457 Plan and Supplemental Contributions Plan net investment performance returns, click on the following links:

<https://my.voya.com/einfo/pdfs/forms/calpers/450001/457PLANJUNE2023.pdf>

<https://my.voya.com/einfo/pdfs/forms/calpers/452001/SCPPLANJUNE2023.pdf>

#### SIP Target Date Fund Line Up and Performance for FY 2022-2023

Fund	Assets (mil)	Gross Return	Benchmark
Income	\$184.0	4.79%	4.65%
2020	\$161.2	6.42%	6.27%
2025	\$220.4	8.67%	8.49%
2030	\$221.5	10.54%	10.34%
2035	\$152.4	12.96%	12.75%
2040	\$141.9	15.07%	14.84%
2045	\$85.3	15.49%	15.25%
2050	\$53.1	15.49%	15.25%
2055	\$20.2	15.49%	15.25%
2060	\$9.9	15.49%	15.25%

#### SIP Core Fund Line Up and Performance for FY 2022-2023

Fund	Assets (mil)	Gross Return	Benchmark
US Equity Index Fund	\$677.2	18.96%	18.95%
International Equity Index Fund	\$71.9	13.05%	12.47%
Real Assets Fund	\$19.9	(0.51%)	(0.68%)
Intermediate-Term Bond Index Fund	\$52.9	(0.92%)	(0.94%)
Short-Term Bond Index Fund	\$37.4	0.59%	0.52%
Short-Term Investment Fund	\$122.6	4.13%	3.59%

## Appendix

The following table provides a listing of new contracted employers for CERBT, CEPPT and SIP who joined in FY 2022-23.

### New Contracted Employers FY 2022-2023

CERBT	CEPPT	SIP (457 Plan)
Centralia Elementary School District	Altadena Library District	Butte County Association of Governments
City of Calexico	Bay Area Air Quality Management District	El Dorado County Water Agency
City of Grand Terrace	Butte County Air Quality Management District	Granada Community Services District
Hidden Valley Lake Community Services District	City of Agoura Hills	Greater Los Angeles County Vector Control District
McKinleyville Community Services District	City of Industry	Grossmont Healthcare District
Palo Alto Unified School District	City of Ojai	Home Gardens County Water District
Paradise Recreation and Park District	City of San Luis Obispo	Mariana Ranchos County Water District
Ramona Municipal Water District	City of Westlake Village	Monte Rio Fire Protection District
Riverside County Law Library	East Palo Alto Sanitary District	North Tahoe Fire Protection District
Yolo County Public Agency Risk Management Insurance Authority	Fern Valley Water District	Occidental Community Services District
	McCloud Community Services District	Resource Conservation District of Monterey County
	Monterey Peninsula Regional Park District	Roseville Joint Union High School District
	Paso Robles City Housing Authority	San Rafael City Elementary School District
	Riverside County Law Library	Seely County Water District
	Sacramento County Public Law Library	Sierra County Superior Court
	San Mateo County Transit District	Wasco Union High School District
	Upper San Gabriel Valley Municipal Water District	West Contra Costa Transportation Advisory Committee
	Vacaville-Elmira Cemetery District	