



Finance and Administration Committee

Agenda Item 4e

September 17, 2024

Item Name: Pension Contracts Management Program Report

Program: Pension Contracts Management Services

Item Type: Information Consent

Executive Summary

This information consent item includes an annual report to the committee regarding the status of pension participating employers. The annual report provides an update on the contract program, collection activities, and contract terminations in process.

Strategic Plan

This agenda item supports the pension sustainability goal of the CalPERS 2022-27 Strategic Plan, which aims to strengthen the long-term sustainability of the pension fund. Pension and health funding are considered a strategic risk to the organization, and proper management of employer contracts and collection of payments are critical to ensuring long-term sustainability.

Background

This agenda item provides an annual program update regarding the status of participating pension employers. The Pension Contracts Management Program (PCMP) works with public agencies to establish, amend, and/or terminate contracts for pension benefits as well as determine charter schools' eligibility to participate in the CalPERS pension program. PCMP also provides education to contracting agencies regarding the process of pension contract terminations and addressing outstanding receivables related to contracted benefits and employer contributions. The annual agenda item provides information on the contract program, contract terminations in process, and participating employers experiencing hardship.

Analysis

The attached Pension Contracts Management Program Annual Report summarizes the program status and activities during the fiscal year 2023-24. Additionally, the report provides an update on contract terminations and remedies for employers experiencing financial hardship.

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

Clearly defined processes for risk oversight, collections and contract terminations will provide the following benefits:

- Timely resolution of routine collections issues.
- Timely attention to and escalation of serious collections issues to CalPERS management.
- Improved long-term sustainability of the pension fund.

Potential Risks could include:

- Risk of employer's default on their required contributions.
- Involuntary termination which may result in benefit reductions for members.

Attachments

Attachment 1 – Pension Contracts Management Annual Report Overview

Attachment 2 – Pension Contracts Management Annual Report

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