

## 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. This program is available for all eligible California public agencies, schools, and the State of California. 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 2023-2024 CERBT Program

Program Participants	Count
Contracted Employers	603
Covered Lives	832,017

#### FY 2023-2024 CERBT Service Delivery

Category	Results
New Contracted Employers	3
Prospective Employer Workshops (in-person and webinar)	15
Prospective Education Employer Calls	1,287
Employer Account Update Meeting	154

### CERBT Participating Employers by Agency Type

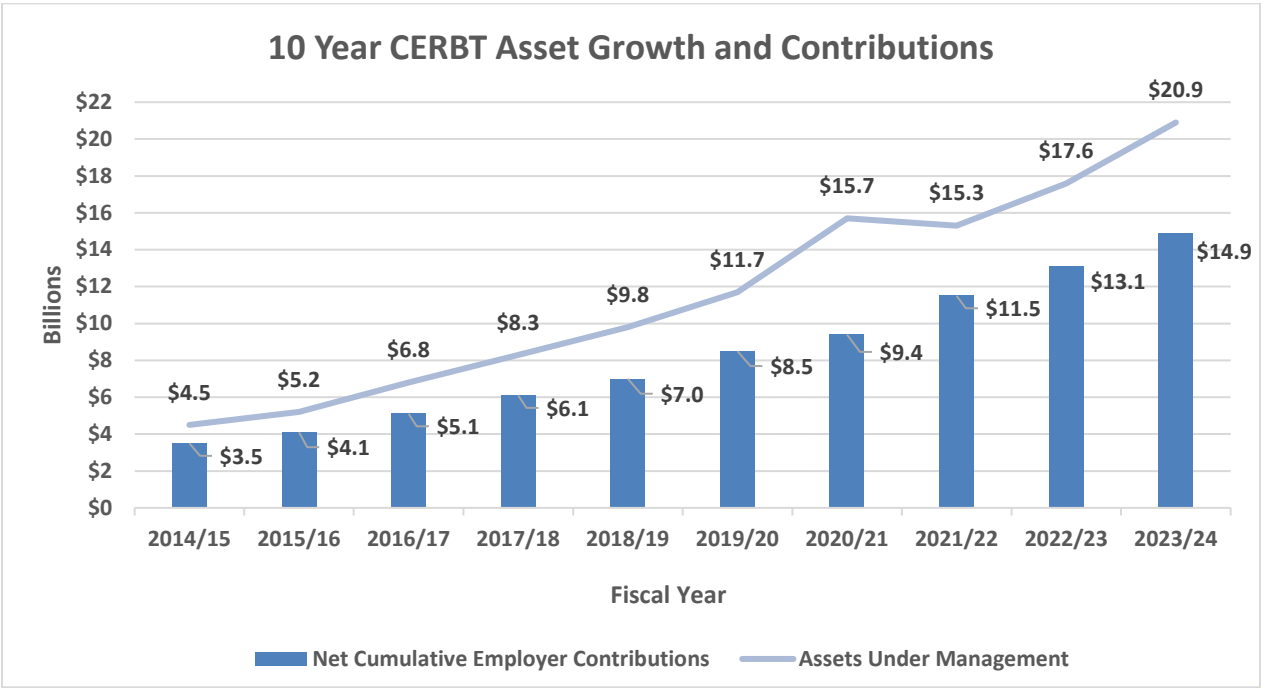
During fiscal year (FY) 2023-24, CERBT contracted employers decreased from 606 to 603, a net decrease from 6 contract terminations and 3 new contracts. Special districts represented the highest proportion of participating employers in CERBT, followed by cities. The State of California represents the largest participating employer in the CERBT with over \$8.9 billion in assets. A list of employers who contracted with the CERBT in FY 2023-24 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	329
Cities	151
Schools	83
Courts	30
Counties	9
State of California	1

**CERBT Fund Assets and Cumulative Net Contributions**

During FY 2023-24, CERBT assets under management (AUM) increased to \$20.9 billion, an increase of \$3.3 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 2014-15.



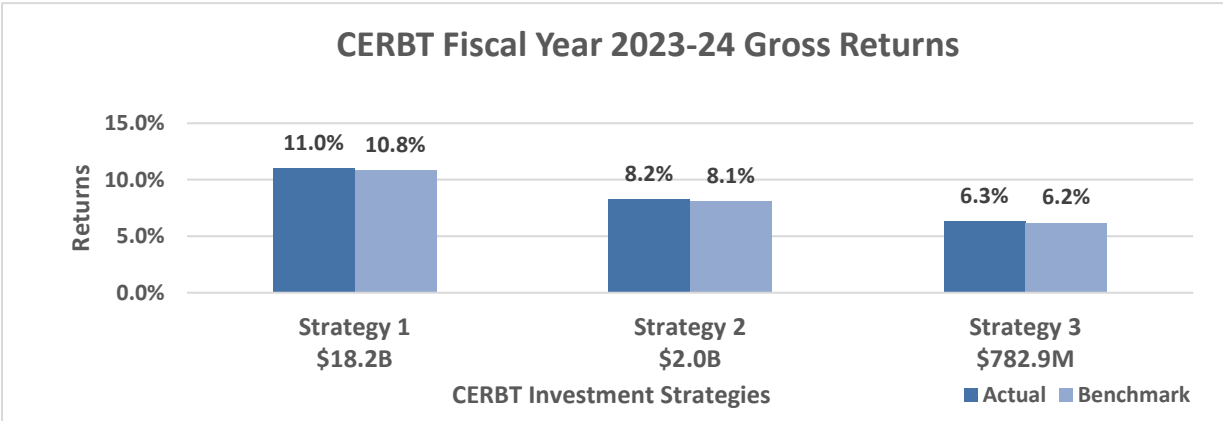
**CERBT Fee Reduction**

In FY 2023-24, the CERBT Program performed a trust fee and reserve level review. The CERBT Program will be reducing the participation fees by 1.5 basis points (bps) from 10 to 8.5 basis points in FY 2024-25. The CERBT Program has analyzed the Program Reserve Policy, historical trends, projected expenses and forecast changes in the Trust. The last fee reduction for the CERBT Program was in July 2015. To ensure the CERBT maintains a reserve balance within scope of the CERBT Reserve Policy, a fee reduction of 1.5 bps is necessary. The CERBT

Program will closely monitor the reserve levels to ensure the reduction while maintaining sufficient reserve funds.

**CERBT Investment Performance**

The CERBT Fund gross returns for the 12 months ending June 30, 2024, 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 equities were the strongest performing asset class during FY 2023-24. The chart below shows the CERBT gross returns for FY 2023-24.



**CERBT Investment Strategy Options**

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

The asset allocations with projected rates of return and volatility for each strategy were approved in June 2024. 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	Expected Standard Deviation
Strategy 1	6.4%	11.5%
Strategy 2	6.1%	9.5%
Strategy 3	5.8%	8.1%

## 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. During FY 2023-24, CEPPT contracted employers increased from 89 to 96. 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 2023-24 may be found in the Appendix. The following table shows the number of participating employers in the CEPPT by category type.

**FY 2023-2024 CEPPT Program**

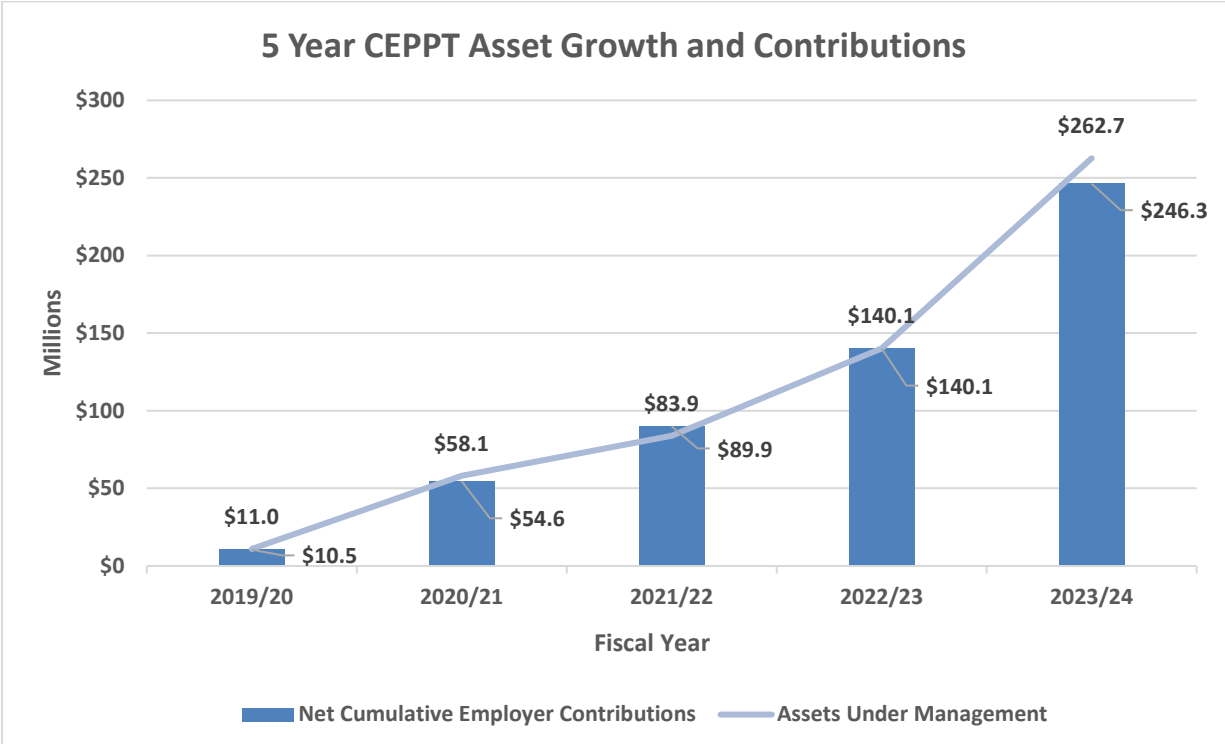
Agency Type	Number of Contracting Agencies
Special Districts	68
Cities	25
Total Contracted Employers	96

**FY 2023-2024 CEPPT Service Delivery**

Category	Results
New Contracted Employers	7
Prospective Employer Workshops (in-person and webinar)	15
Prospective Education Employer Calls	1,287
Employer Account Update Meeting	12

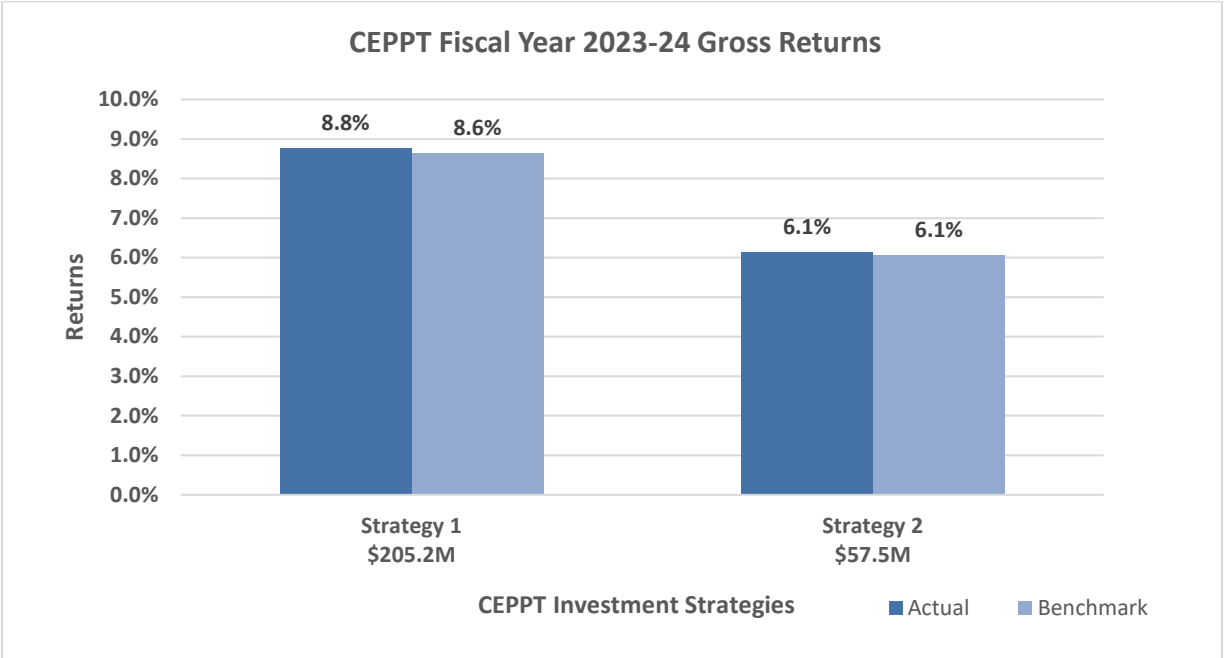
### CEPPT Fund Assets and Cumulative Net Contributions

During FY 2023-24, CEPPT assets increased to \$262.7 million, an increase of \$122.6 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, 2024, 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 equities were the strongest performing asset class during FY 2023-24. The following chart provides CEPPT gross returns for FY 2023-24.



**CEPPT Investment Strategy Options**

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

The asset allocations and projected rates of return and volatility for each strategy were approved in June 2024. The following table provides the expected rates of return and standard deviations for each of the two CEPPT investment strategies.

**CEPPT Investment Strategies**

<b>Strategy Options</b>	<b>Expected Rate of Return</b>	<b>Expected Standard Deviation</b>
Strategy 1	5.4%	8.4%
Strategy 2	4.9%	5.9%

## 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 2023-2024 SIP Program

Program Participants	Count
Contracted Agencies	846
Plan Participants	41,338

#### FY 2023-2024 SIP Service Delivery

Category	Results
New Contracted Agencies (see Appendix for listing)	10
Participant Enrollments	2,787
Participants Group Education Presentations	505
Participant Education Plan Reviews (individual)	9,531
On-Site Agency Visits	1,146
Webinars	60
Staff Outreach Agency Retention Calls	655
Agency Plan Reviews	50
Distributed Year-End Agency Plan Statements to All Contracted Agencies	846
Social Media Campaigns	10

### SIP Participating Employers by Agency Type

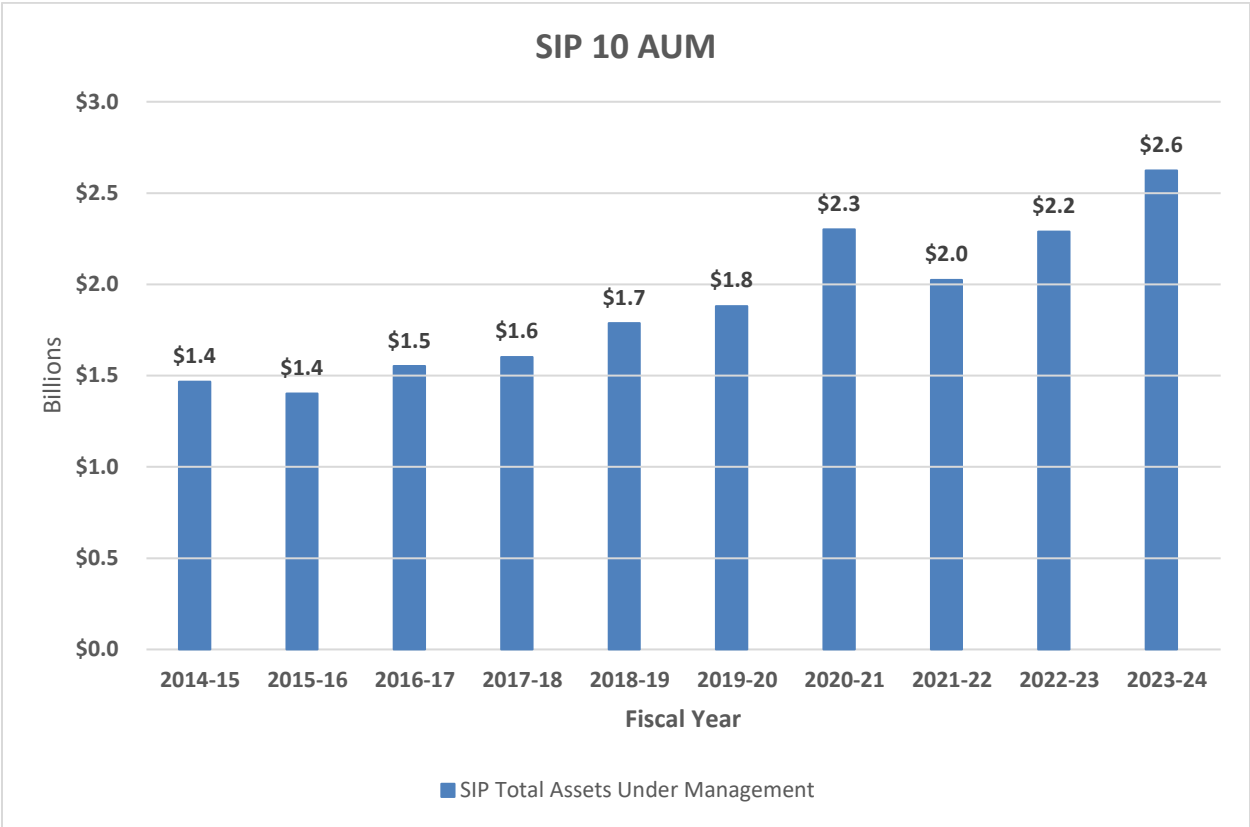
The table below provides a breakout of participating agency types. A list of employers who contracted with the SIP (457 Plan) in FY 2023-24 is found in the Appendix.

#### SIP Agencies by Type

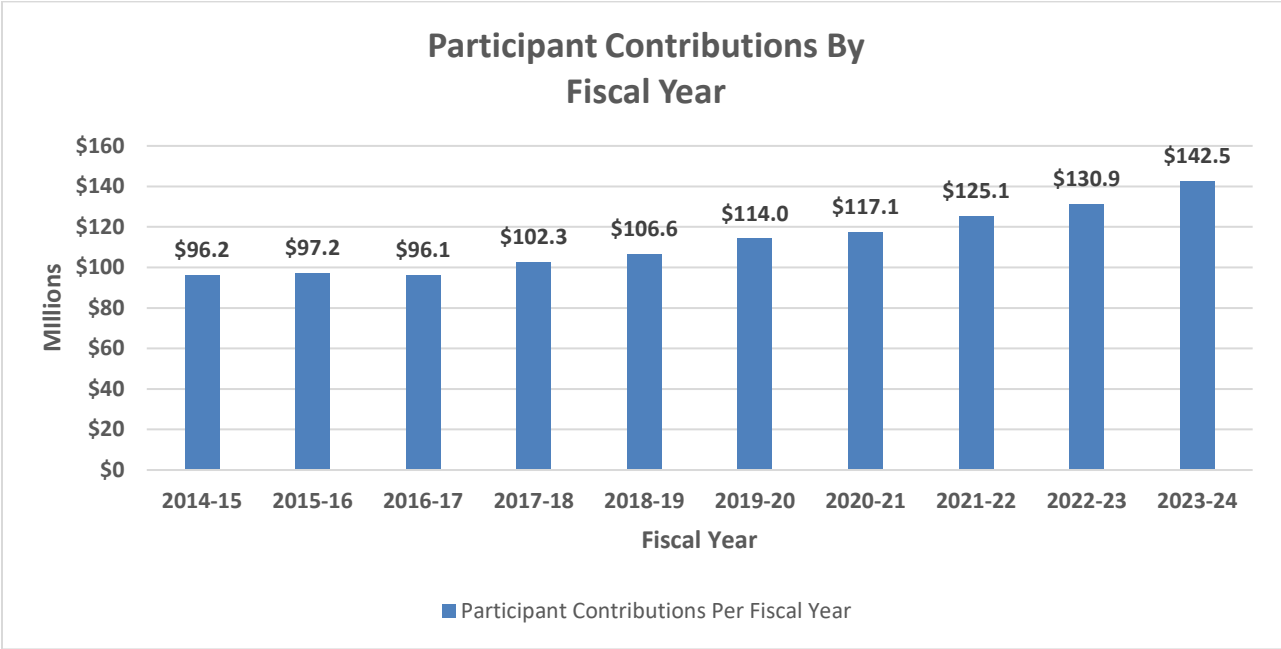
Agency Type	Number of Contracting Agencies
Special Districts	502
Schools	205
Cities	107
Counties	15
Courts	17

## SIP Assets Under Management and Contributions

During FY 2023-24, SIP AUM increased to \$2.6 billion, an increase of \$332 million due to investment performance and participant contributions. The tables below provide 10-year historical comparisons for AUM and participant contributions.







**SIP Fee Reduction**

In FY 2023-24, the SIP Program performed a trust fee and reserve level review. The SIP Program will be reducing the participation fees by 4 basis points (bps) from 26 to 22 basis points in FY 2024-25. The SIP Program has analyzed the Program Reserve Policy, historical trends, projected expenses, and forecast changes in the Trust. The last fee reduction for the SIP Program was October 2022. To ensure the SIP maintains a reserve balance within scope of the SIP Reserve Policy, a fee reduction of 4 bps is necessary. The SIP Program will closely monitor the reserve levels to ensure the reduction while maintaining sufficient reserve funds.

**SIP Target Retirement Date Fund Highlights**

Target Retirement Date Fund returns were between 8.1% and 17.6% before fees for the 12 months ending June 30, 2024.

The table below provides the CalPERS Target Retirement Date Funds and Core Fund returns before fees for the 12 months ending June 30, 2024, as compared to their respective benchmarks. On October 1, 2023, 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 respective links:

- [https://my.voya.com/einfo/pdfs/forms/calpers/450001/457\\_PLAN\\_JUNE2024.pdf](https://my.voya.com/einfo/pdfs/forms/calpers/450001/457_PLAN_JUNE2024.pdf)
- [https://my.voya.com/einfo/pdfs/forms/calpers/452001/SCP\\_PLAN\\_JUNE2024.pdf](https://my.voya.com/einfo/pdfs/forms/calpers/452001/SCP_PLAN_JUNE2024.pdf)

**SIP Target Date Fund Line Up and Performance for FY 2023-2024**

<b>Fund</b>	<b>Assets (mil)</b>	<b>Gross Return</b>	<b>Benchmark</b>
Income	\$187.4	8.1%	8.0%
2020	\$163.8	9.1%	9.1%
2025	\$232.3	11.2%	11.2%
2030	\$260.1	12.9%	12.9%
2035	\$188.7	14.7%	14.7%
2040	\$179.5	16.8%	16.8%
2045	\$110.7	17.6%	17.6%
2050	\$70.7	17.6%	17.6%
2055	\$29.0	17.6%	17.6%
2060	\$14.2	17.6%	17.6%
2065	\$3.7	17.6%	17.6%

**SIP Core Fund Line Up and Performance for FY 2023-2024**

<b>Fund</b>	<b>Assets (mil)</b>	<b>Gross Return</b>	<b>Benchmark</b>
US Equity Index Fund	\$806.5	23.2%	23.1%
International Equity Index Fund	\$78.6	11.5%	11.6%
Real Assets Fund	\$17.8	5.9%	5.8%
Intermediate-Term Bond Index Fund	\$51.5	2.7%	2.6%
Short-Term Bond Index Fund	\$38.4	4.9%	4.9%
Short-Term Investment Fund	\$119.7	5.7%	5.4%

**Appendix**

The following table provides a listing of new contracted employers for CERBT, CEPPT and SIP who joined in FY 2023-24.

**New Contracted Employers FY 2023-2024**

CERBT	CEPPT	SIP (457 Plan)
Lower Tule River Irrigation District	Beaumont-Cherry Valley Water District	Standard Elementary School District
Rancho Murieta Community Services District	City of Arcata	City of Calipatria
San Benito County Superior Court	City of Guadalupe	Kern-Tulare Water District
	City of Tracy	Butte County Resource Conservation District
	Coachella Valley Mosquito and Vector Control District	Happy Homestead Cemetery District
	Rubidoux Community Services District	Loomis Union Elementary School District
	Solano County Mosquito Abatement District	Rancho Murieta Community Services District
		City of Solana Beach
		City of Walnut
		Sacramento Area Sewer District