



# Finance and Administration Committee

## Agenda Item 5c

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**February 18, 2025**

**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, 2024. 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 2025.

### **Strategic Plan**

This agenda item aligns with the pension sustainability goal to strengthen the long-term sustainability of the health and pension funds.

### **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 (LCR) 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 2024.

### **Analysis**

The LCR analysis serves to identify whether the program was required to sell investments, beyond the normal operating requirements, to cover operational expenses. The LCR analysis provides a comprehensive view of a fund's liquidity by evaluating the equilibrium between cash

inflows, such as contributions and investment returns, and cash outflows, including benefit disbursements and operational expenses. Maintaining LCR ratios within predetermined limits is one indicator of the funds' fiscal health. Any significant deviation from these thresholds may signal a need for immediate, strategic intervention to sustain the pension and health fund's long-term stability and fiscal integrity.

**Liquidity Coverage Analysis:** The report confirms the liquidity coverage for all funds remained above the threshold in normal environments from July 2024 through December 2024. 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:** Cash flow forecasting accuracy for all funds was in the 90th percentile for July 2024 through December 2024. The increase in July contributions for PERF was attributed to timing of the receipts of both the quarterly State Employer contributions and Unfunded Accrued Liability contributions.

**Status of Funding Contingency Plan:** During the reporting period, no events occurred that would have required use of the Funding Contingency Plan. The plan review was conducted in January 2025 and no changes are 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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