



# CalPERS Reports Preliminary 5.8% Investment Return for 2022-23 Fiscal Year

---

July 19, 2023

Communications & Stakeholder Relations

Contact: John Myers, Chief of the Office of Public Affairs

(916) 795-3991 - [newsroom@calpers.ca.gov](mailto:newsroom@calpers.ca.gov)

**SACRAMENTO, Calif.** – CalPERS reported a preliminary net return of 5.8% on its investments for the 12-month period ending June 30, 2023, the pension fund’s leaders said Wednesday. Assets as of that date were valued at \$462.8 billion.

“Even with the economic challenges that still confront institutional investors, we have been able to maintain our focus on meeting the long-term retirement promises made to our members and their families,” said CalPERS Chief Executive Officer Marcie Frost.

The preliminary 5.8% net investment return stands in contrast to the prior fiscal year, when global financial volatility led to the fund’s first negative net return since the Great Recession.

When factoring in CalPERS’ discount rate of 6.8% — comparable to an assumed annual rate of return – and the 2022-23 preliminary return of 5.8%, the estimated funded status now stands at 72%.

Public equity investments outpaced all other asset classes in the new investment report, with an estimated 14.1% return in FY 2022-23. These assets comprise about 45% of the Total Fund.

“The resiliency of the stock market—particularly since the start of the calendar year—has created a solid base for the investment team to implement innovative approaches in delivering added value for our members in the coming years,” said CalPERS Chief Investment Officer Nicole Musicco.

Private debt, established as a unique asset class last year, outperformed the policy benchmark and reported a preliminary investment return of 6.5%.

The Total Fund’s second largest component, fixed income assets, finished the fiscal year flat. And two asset classes – private equity and real estate – reported a negative return.

## 1 Year Return

Asset Class	Net Rate of Return (in percent)	Policy Benchmark (in percent)
PERF	5.8	5.5
Public Equity	14.1	14.1
Income	0.0	0.0
Private Equity*	-2.3	-5.9
Real Assets*	-3.1	-4.0
Private Debt*	6.5	3.7

*\*Private market asset valuations lag one quarter and are as of March 31, 2023.*

While a single year's investment returns are an important marker, long-term return rates provide a more comprehensive look at efforts to secure the future needs of public sector retirees. Total fund annualized returns for the five-year period ending June 30, 2023, stood at 6.1%, the 10-year period at 7.1%, the 20-year period at 7%, and the 30-year period at 7.5%.

The preliminary net return is an early snapshot of the CalPERS portfolio. The official Total Fund performance will undergo additional review over the next few months by outside experts, as well as by CalPERS investment and finance officials.

The ending value of the Public Employees' Retirement Fund (PERF) for FY 2022-23 will be based on additional factors beyond investment returns, including employer and employee contributions, monthly payments made to retirees, and various investment fees.

The final fiscal year performance returns will be used to set contribution levels for the State of California and school districts in the 2024-25 fiscal year and for contracting counties, cities, and special districts in the 2025-26 fiscal year.

## Media Advisory

A news media availability via Zoom to discuss fiscal year investment returns with the CalPERS CEO, CIO, and senior investment office staff will be held Wednesday, July 19 at 12:00 p.m. PDT. Credentialed media can send an email to [newsroom@calpers.ca.gov](mailto:newsroom@calpers.ca.gov) for information on how to log in.

# About CalPERS

For more than nine decades, CalPERS has built retirement and health security for state, school, and public agency members who invest their lifework in public service. Our pension fund serves more than 2 million members in the CalPERS retirement system and administers benefits for more than 1.5 million members and their families in our health program, making us the largest defined-benefit public pension in the U.S. For more information, visit [www.calpers.ca.gov](http://www.calpers.ca.gov).

Updated: July 19, 2023

**From:** PARS <communications@pars.org>  
**Sent:** Wednesday, August 2, 2023 8:45 AM  
**To:** BCPUD  
**Subject:** Response to CalPERS Preliminary Returns



## Response to CalPERS Preliminary 2022-23 FY Returns:

Now is the Time to Explore a Section 115 Trust

California Public Employees' Retirement System (CalPERS) has recently reported a preliminary **net return of 5.8% for the fiscal year 2022-23**. Although this is a positive return, it falls below the CalPERS' discount rate of 6.8% for the second consecutive year.

This disparity will add further financial strain on local governments due to mounting pension obligations and increasing contribution requirements. Furthermore, with certain asset classes such as private equity and real estate posting negative returns during the fiscal year, the situation calls for an innovative, proactive approach to manage pension costs.

*"Reality is, CalPERS has underperformed for the second year in a row. One percentage change may not seem like much, but when it's your agency's bottom line that's left to make up the unforeseen difference, you feel it."*

- Charles Francis  
Retired Finance Director

To tackle these challenges, we encourage you to consider the **Pension Rate Stabilization Program (PRSP)**, a Section 115 Trust.

PRSP is an IRS-approved, locally controlled program that allows public agencies to securely **set aside funds separately from CalPERS**, creating a tax-exempt "rainy day" fund to address future pension liabilities and contribution rate increases.



**PENSION RATE STABILIZATION PROGRAM (PRSP)**

PARS is a leading provider of Pension Rate Stabilization Programs (PRSP) for public agencies. The program allows agencies to set aside funds separately from CalPERS, creating a tax-exempt "rainy day" fund to address future pension liabilities and contribution rate increases.

**PARS**  
PENSION RATE STABILIZATION PROGRAM

**Joining the PARS PRSP offers numerous benefits:**

- **Rate Stabilization** – Trust funds can be used to address rising contribution costs, reducing reliance on the general fund to buffer pension volatility.
- **Local Control** – Your agency maintains autonomy over assets, including timing of contributions, withdrawals, and determining investment risk tolerance level.
- **Rainy Day Fund** – The trust can be accessed at any time for pension-related expenses.
- **Combination Trust Structure** – Ability to prefund OPEB (retiree medical) benefits into the same trust, providing administrative simplicity and economies of scale.
- **Investment Flexibility** – Low cost, diversified investment options through PARS can offer the potential for a greater return than the general fund over the long run.
- **Irrevocable Trust** – Funds can only be used for pension-related purposes and are protected from diversion to other uses.

**Over 300 agencies have adopted the PARS Pension Rate Stabilization Program**

**Contact us today to learn more and get started!**



**Dennis Yu**  
*Executive Vice President*

[dyu@pars.org](mailto:dyu@pars.org)  
(800) 540-6369 x 104



**Ryan Nicasio**  
*Senior Vice President*  
[rnicasio@pars.org](mailto:rnicasio@pars.org)  
(800) 540-6369 x 134



**Rachael Sanders**  
*Vice President, Consulting*  
[rsanders@pars.org](mailto:rsanders@pars.org)  
(800) 540-6369 x 121



**Jennifer Meza**  
*Senior Manager, Consulting*  
[jmeza@pars.org](mailto:jmeza@pars.org)  
(800) 540-6369 x 141



**Mitch Barker**  
*Senior Consultant*  
[mbarker@pars.org](mailto:mbarker@pars.org)  
(949) 310-4876

---

[unsubscribe from this list](#)

**Our mailing address is:**  
PARS  
4350 Von Karman Ave Ste 100  
Newport Beach, CA 92660-2080

[Add us to your address book](#)



## PENSION RATE STABILIZATION PROGRAM (PRSP)

PARS (Public Agency Retirement Services) is pleased to offer the Pension Rate Stabilization Program (PRSP), an innovative IRC Section 115 irrevocable trust designed exclusively for CA public agencies to prefund pension costs and address pension liabilities. The PARS PRSP allows your public agency to securely set aside funds in a tax-exempt prefunding vehicle to mitigate long-term contribution rate volatility. Participating public agencies maintain local control over assets held in the trust and can determine the appropriate goals and risk tolerance level for the investments. Over 280 agencies have already joined the PARS PRSP, making PARS the #1 provider in California.

### WHY PREFUND YOUR PENSION OBLIGATIONS WITH THE PARS PRSP?

- Contributions into the trust can be used to help address future pension liabilities, which per GASB 68 is required to be shown on your agency's financial statements;
- Assets can be accessed to offset contribution rate increases (rate stabilization) or as a rainy day fund during adverse budgetary or economic conditions;

- May favorably impact a public agency's credit rating;
- Prudent use of reserve funds by applying them directly toward your public agency's increasing retirement costs; and
- As an irrevocable, exclusive benefit trust, the investment of assets can be diversified in order to potentially achieve a greater rate of return than your general fund (CA Government code section 53216.1).

### ADDITIONAL FEATURES OF THIS CUTTING-EDGE PROGRAM INCLUDE:

- Comprehensive, turnkey services that include consulting, record-keeping, reporting, compliance, trustee/custodian services and coordination of investment management;
- Multiple-employer trust structure that brings investment and administrative economies of scale with no risk sharing or set-up costs;
- Legally vetted program with exclusive IRS Private Letter Ruling (PLR);
- Full flexibility and local control over investment options, including both discretionary and directed trustee approaches;

PUBLIC  
AGENCY  
RETIREMENT  
SERVICES

# PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

*Continued on back* ►

Contact PARS at (800) 540-6369 ext. 127  
or visit us online at [www.pars.org](http://www.pars.org)

---

## ADDITIONAL FEATURES, CONTINUED:

- Can prefund OPEB benefits in the same trust; each is accounted for separately; assets aggregate for lower fees;
- Signature-ready documents that enable fast, streamlined implementation process; and
- Hands-on support from PARS and investment management partner service teams including a dedicated portfolio manager who takes on fiduciary responsibility, provides onsite reviews, and is available to you at anytime via cell phone access.

## FOR MORE INFORMATION, PLEASE CONTACT ONE OF OUR EXPERIENCED CONSULTANTS:

**DENNIS YU**, Executive Vice President  
dyu@pars.org or (800) 540-6369 ext. 104

**RYAN NICASIO**, Senior Vice President  
rnicasio@pars.org or (800) 540-6369 ext. 134

**RACHAEL SANDERS**, Vice President, Consulting  
rsanders@pars.org or (800) 540-6369 ext. 121

**JENNIFER MEZA**, Senior Manager, Consulting  
jmeza@pars.org or (800) 540-6369 ext. 141

**MITCH BARKER**, Senior Consultant  
mbarker@pars.org or (949) 310-4876

## ABOUT PARS

*For almost 40 years, PARS has designed and administered retirement plan and trust solutions exclusively for public agencies. As a specialist in program design, analysis, administration, record-keeping, compliance, consulting and marketing, PARS administers more than 1,500 plans for over 1,000 clients and has served more than 500,000 public employees. The California-based company is a leading provider of retirement programs for public agencies and is one of the largest private providers of multiple employer Section 115 trusts in the nation.*

PUBLIC  
AGENCY  
RETIREMENT  
SERVICES

**PARS**

TRUSTED SOLUTIONS. LASTING RESULTS.

Contact PARS at (800) 540-6369 ext. 127  
or visit us online at [www.pars.org](http://www.pars.org)