CalPERS reports 18.4% profit on investments

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By Dale Kasler

CalPERS today reported an 18.4 percent profit on its investment portfolio in the just-ended fiscal year.

The big pension fund said it was the fourth time in five years that it has earned double-digit investment returns. CalPERS is still trying to claw its way back from the crippling multibillion-dollar losses of 2008-09, when the housing bubble burst and the financial markets crashed.

This is great investment performance that we should be proud of, said CalPERS board President Rob Feckner in a prepared statement. The results were announced at a board meeting in San Rafael.

The 18.4 percent gain is substantially above CalPERS official forecast of 7.5 percent.

CalPERS portfolio sits at $299.4 billion, well above the pre-crash level. But because the crash left it with a smaller pool of money to invest for several years, it has been unable to keep up with rising liabilities as older government workers accumulate service time.

As a result, CalPERS is still underfunded and has been raising rates. The pension fund has plenty of money to pay pension claims for the foreseeable future but has just 76 percent of the assets it needs to cover long-term obligations.

In April it approved the first in a series of rate increases to reflect longer life expectancies for its retirees. The states annual contribution will increase to $5 billion, a jump of $1.2 billion, when the rate increases are fully phased in.

The latest investment results reflect strong performances in the stock market, private equity and real estate. These are solid numbers fueled in part by the significant rebound of the financial markets, said Ted Eliopoulos, the interim chief investment officer at the California Public Employees Retirement System.

Call The Bees Dale Kasler, (916) 321-1066. Follow him on Twitter @dakasler.

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