

CalPERS' second set of books a wake-up call

By Mary Williams Walsh, New York Times

When one of the tiniest pension funds imaginable – for Citrus Pest Control District No. 2, serving just six people in California – decided last year to convert itself to a 401(k) plan, it seemed like a no-brainer.

After all, the little fund held far more money than it needed, according to its official numbers from California's renowned public pension system, CalPERS.

Except it really didn't.

In fact, it was significantly underfunded. Suddenly CalPERS began demanding a payment of more than half a million dollars.

It turns out that CalPERS, which managed the little pension plan, keeps two sets of books: the officially stated numbers, and another set that reflects the "market value" of the pensions that people have earned. The second number is not publicly disclosed. And it typically paints a much more troubling picture, according to people who follow the money.

Read the whole story