

Opinion: How did CalPERS dig a \$153B pension hole?

By Dan Pellissier, San Jose Mercury News

During the next five weeks, the CalPERS board, custodian of \$326 billion in assets needed to fulfill retirement promises for 1.8 million California public employees and beneficiaries, will make decisions affecting government budgets for decades to come.

The problem is, despite their fiduciary duty under the state Constitution to “protect the competency of the assets” under their absolute control, CalPERS is roughly \$153 billion short of fully funding the retirement promises earned to date.

How did CalPERS dig this huge hole? During the last decade, they manipulated actuarial assumptions and methods to keep employer and employee contribution rates low in the short term.

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