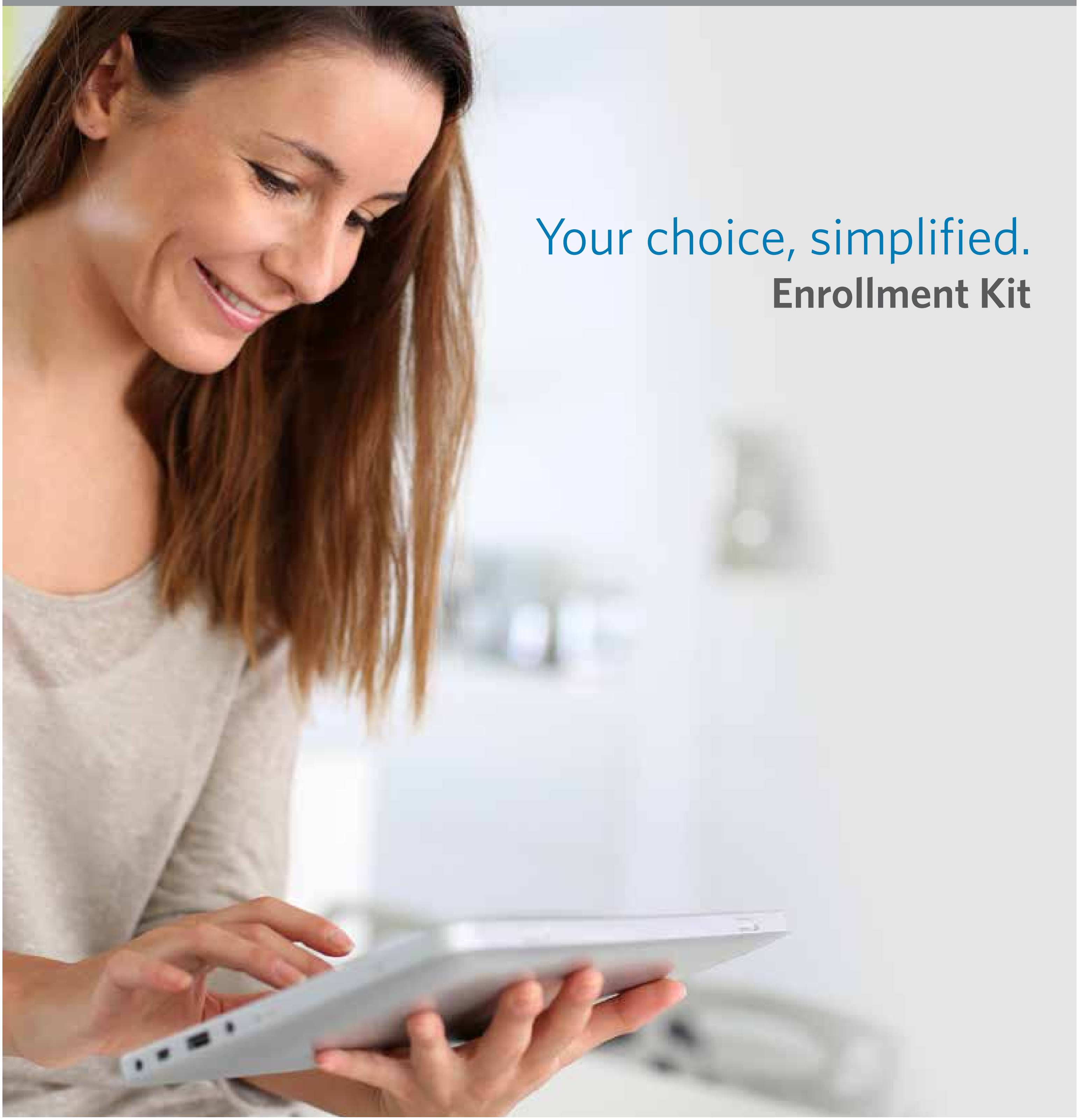
CalPERS

CalPERS Supplemental Income **457 Plan**



Your choice, simplified.

Enrollment Kit

We are CalPERS

CalPERS is the largest public pension fund in the U.S., with assets of approximately $330 billion as of June 30, 2014. The retirement system administers retirement benefits for more than 1.6 million current and retired California State, public school, and local public agency employees and their families on behalf of more than 3,000 public employers in the state. CalPERS also administers health benefits for 1.3 million enrollees and offers additional programs, including a deferred compensation retirement savings plan, member education services, and an employer trust for post-retirement benefits.

Your CalPERS Supplemental Income 457 Plan.

All employees whose employers have adopted the CalPERS Supplemental Income 457 Plan (the "Plan") are eligible to join the Plan and there are currently no minimum service requirements to fulfill. The Plan is a voluntary savings program that allows you to defer any amount, subject to annual limits, from your paycheck on a pre-tax basis. In addition, your contributions and their earnings, if any, can benefit from the power of tax-deferred compounding. What this means is that you don't pay income taxes on your investments or earnings until you start to take withdrawals, usually in retirement.

Designed with the participants' interest in mind

- Promotes smart investing principles
- Easy payroll deduction of contributions
- Contributions and earnings can benefit from the power of tax-deferral
- Withdrawals are taxed as ordinary income when distributions begin
- Simplified fee structure
- Experienced retirement educators help participants define retirement goals, integrating them with existing defined benefit planning
- Access to financial learning resources, provided by Voya Institutional Plan Services, LLC.
  - Tools for retirement planning, personal finance, estate planning and family finance.

This Guide is intended to introduce you to general investment concepts and help you understand the investment options available to you as a participant in the Plan. This Guide is not intended to provide investment advice. You should consider consulting with an outside investment advisor prior to investing.

Table of Contents

Plan Forms

All forms noted in this brochure can be found in the Forms section of the Plan website at **https://calpers.voya.com**, or obtained by calling the Plan Information Line at **(800) 260-0659**.

Your Personal Identification Number (PIN)

You will receive a PIN in the mail shortly after you complete the enrollment process. You will need your PIN to access your account information and to make transactions either online or through the Plan Information Line.

PIN Reset Capabilities

When you log on to the Plan website for the first time, you will be prompted to establish a Username and to choose security questions to establish future PIN reset capabilities in case you forget or misplace your PIN in the future. If you misplaced your PIN and haven't established PIN reset capabilities, there are two ways to obtain a new PIN.

- Online at **https://calpers.voya.com**, click on the link *Forgot Your PIN?* in the User Login box.
- Call **(800) 260-0659**, and provide your Social Security number.

Your PIN will be mailed to your address on record within three business days.

Need Assistance?

Participant Service Representatives* are available Monday – Friday, 6:00 a.m. to 5:00 p.m. Pacific Time (except stock market holidays) to assist you with transactions, information about your account or any other general CalPERS Supplemental Income 457 Plan questions and requests by calling the Plan Information Line at **(800) 260-0659**.

* *Participant Service Representatives are Registered Representatives of Voya Investment Advisors, LLC (member SIPC).*

Ready to enroll?

Complete the *Employee New Enrollment Form* and the *Beneficiary Designation* forms, following the form instructions carefully; return both to your Personnel/Payroll Department and you're on your way!

Preparing your action plan.

It's never too late to start, and it's never too small an amount to invest when it comes to planning for your retirement.

You may enroll in the Plan at any time, as there is no waiting or enrollment period. Your contributions are made through easy payroll deductions and the Plan is flexible so you may stop, increase or decrease your contributions as often as your employer allows without penalty or cost.

The Target Retirement Date Funds have been designated as the default investment under the Plan. IF YOU DO NOT MAKE AN AFFIRMATIVE INVESTMENT ELECTION PRIOR TO THE DATE THE FIRST CONTRIBUTION IS DEPOSITED INTO YOUR ACCOUNT, YOUR CONTRIBUTIONS WILL BE INVESTED IN THE APPROPRIATE TARGET RETIREMENT DATE FUND, BASED ON YOUR DATE OF BIRTH AND ASSUMING YOU WILL RETIRE AT AGE 60. Prior to investing you should carefully review all fund information and objectives and consider consulting with an outside investment adviser. Investing involves risk, including possible loss of principal.

Tips to planning.

Unexpected challenges will likely cross your path at some point or another over your career, but by creating an Action Plan, you may have an easier time staying on track to meet your retirement goals over time. Here are a few things to consider as you get started:

Maintain an emergency fund.

The Plan was not designed to be a short-term savings vehicle or to replace your household emergency fund. Therefore, it is important that you have another source of savings that you can access easily for emergencies.

- Most experts suggest having three to six months of your living expenses set aside in cash.

Be consistent.

Consistency is important to help you achieve your retirement goals.

- Once you select your contribution amount, contributions to the Plan are made every pay period via payroll deduction, making the Plan a consistent and convenient way to save.

Make small changes where you can.

Keep a spending journal for a few weeks to help you track where your money is going and to identify saving opportunities, such as:

- Bring your lunch to work.
- Brew your own coffee.
- Drink tap water instead of buying bottled water.
- Rent a DVD and pop your own popcorn on Saturday night.

Keeping it together!

If you have an eligible IRA or retirement plan from a previous employer, you may want to consider moving those funds into your Plan account. Just complete a *Rollover Contribution Form* to start the transfer process. Assets rolled over from another plan may be subject to additional restrictions.

STEP ONE:
How much will you need?

Today, many financial experts agree that you will need 70% or more of your current income to maintain your current lifestyle in retirement. Your long-term strategy not only has to work up to the day you retire, it will most likely need to continue generating growth and income throughout your retirement.

So, if you have 30 years before you retire, and you live another 30 years after you retire, you're looking at creating and maintaining a 60-year investment strategy!

Chances are you're going to need to rely on personal savings, over and above your Social Security and defined-benefit pension benefits, when it comes to meeting your retirement income goals. Participating in the CalPERS Supplemental Income 457 Plan is another way to save for your retirement goals.

STEP TWO:
How much can you save?

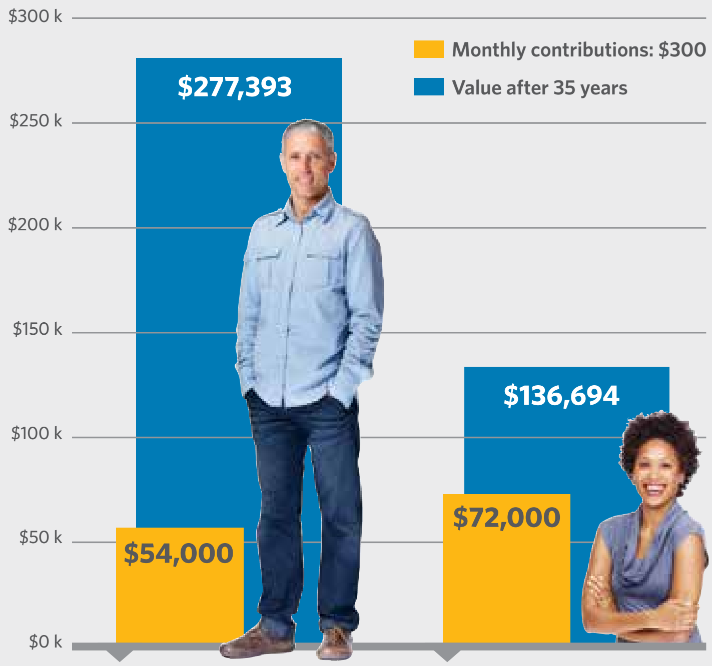
Deciding how much to save is a personal decision. Check out the "My Retirement Outlook" calculator in the Education and Tools section of the Plan website. It can help you determine how much you can really afford to save from each paycheck.

Don't put off until tomorrow what you can do today.

You might think you can't afford to put much aside, but making small changes now could make a big difference over the long term. By investing early your money has more time to work for you.

The cost of waiting.

This chart demonstrates the potential power of time vs. the potential cost of waiting.



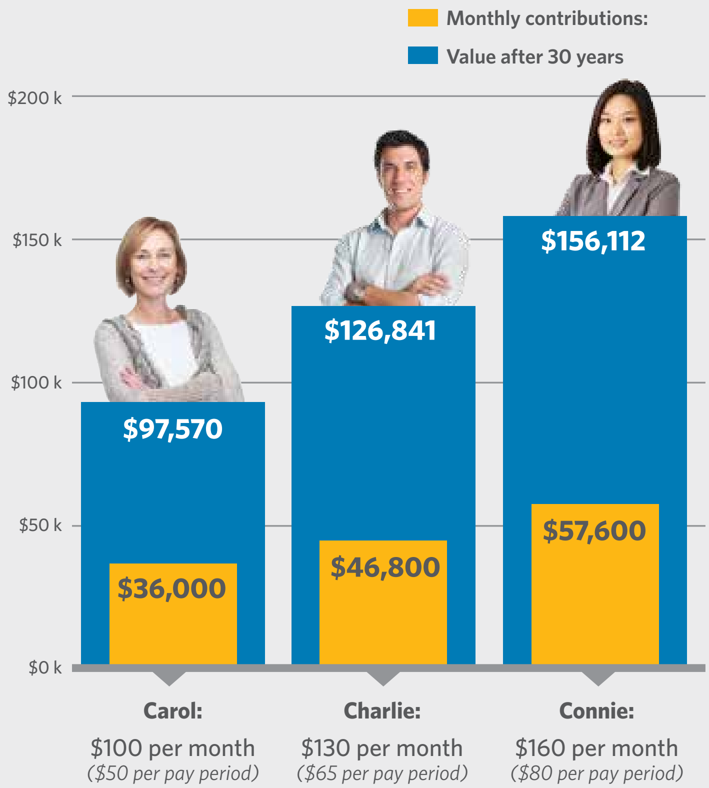
Carlos: starts now, contributes for 15 years, then stops to let the potential power of compounding go to work for the next 20 years.

Carmella: waits for 15 years and then begins to make contributions for 20 years.

This hypothetical example assumes a 6% effective annual interest rate and no withdrawals. For illustrative purposes only, to show how the number of years invested in the Plan could affect participant account values. Not intended as a guarantee of past or future performance of any security. Hypothetical assumptions are not guaranteed. Your actual results may vary. Actual rate of return may be more or less than shown and will depend upon a number of different factors, including a participant's choice of investment options. Any fees, expenses or charges that may be associated with the Plan are not considered in this illustration. Plans having these charges would reflect lower net returns. Systematic investing does not ensure a profit nor guarantee against a loss in declining markets. You should consider your financial ability to consistently invest in up as well as down markets. Consider your personal investment horizon and current as well as anticipated income bracket when making an investment decision. Changes in tax rates and tax treatment of investment earnings may impact results.

Pay yourself first with Plan contributions.

This chart demonstrates the potential added value of contributing more money over time.



This hypothetical example assumes bimonthly employee contributions and a 6% average annual return. Any fees, expenses or charges that may be associated with the Plan are not considered in this illustration. Plans having these charges would reflect lower net returns. Hypothetical assumptions are not guaranteed. Systematic investing does not ensure a profit nor guarantee against a loss in declining markets. You should consider your financial ability to consistently invest in up as well as down markets.

Incentives to help you save.

IRS Saver's Credit

To encourage low- and moderate-income individuals to save, the Federal government offers a tax credit for contributions to eligible retirement plans. You may be eligible for a credit on your federal taxes of up to $2,000. If you take this tax credit you can still deduct your contributions to qualified retirement savings plans as allowed under current law. To find out more information or to see if you qualify, check the Plan website or call the Plan Information Line.

Catch-Up Provisions

Age 50 Catch-Up — allows a participant who is at least age 50 before the end of the tax year to make additional contributions of $6,000, for a maximum of $24,000.

Special 3-Year Catch-Up — allows a participant who meets special conditions and has not been contributing the maximum in previous tax years to contribute up to twice the maximum annual contribution amount during the three years prior to his or her Normal Retirement Age. The current annual limit is $36,000 or the amount of Catch-Up credit available to you, whichever is less.

IRS regulations state the Age 50 Catch-Up Provision cannot be used in the same calendar year as the Special 3-Year Catch-Up Provision.

2016 Maximum Annual Contribution Limits

100% of income, up to $18,000

Age 50 Catch-Up: $6,000

Special 3-Year Catch-Up: $36,000

Annual IRS contribution limits are subject to change.

The Bottom Line.

Start planning for your retirement early!

- **Just starting out in your career?** You might think you can't afford to put anything aside, but by investing early, your investment has the opportunity to grow tax-deferred over a longer period. In the future you may want to consider increasing your contributions as your salary increases.
- **Nearing retirement?** When starting later in life it's important to consider your investment and tax-shelter strategies carefully. Consider consulting with an investment and tax advisor prior to making investment decisions.

STEP THREE:
What's your investment strategy?

When it comes to investing, people have different levels of risk tolerance and experience. There are some that have limited knowledge in actively developing an investment portfolio and there are those who prefer to select their own mix of investments.

Offering a simple approach to investing, the Plan's investment lineup is organized into choices designed to match your level of interest in investing.

Your choice, simplified.

Your Choice	Your Involvement	The Investment Approach
Help-Me-Do-It. *Target Retirement Date Funds — A diversified portfolio in a single fund.*	You select the fund, CalPERS manages the asset allocation of the fund. This approach is convenient if you don't have the desire, time or experience to actively select your asset allocation and manage it over time.	A series of target retirement date funds offer a diversified portfolio in one fund. Each fund invests in a well-diversified portfolio of a mix of index funds that is automatically rebalanced to a less aggressive mix of investments to become more conservative as it approaches its target date.
Do-It-Myself. *Core Funds — A carefully selected list of passively managed investment options.*	You select your funds and actively design and manage your asset allocation over time. If you like to design and actively manage your own asset allocation based on your individual circumstances, you can choose from a carefully selected list of core investment fund options.	CalPERS has selected a set of six index funds in different asset classes (stocks, bonds, and cash equivalents) so you can diversify your portfolio based on your personal situation.

Personal Choice Retirement Account® *(If available)*

Your employer must adopt the Personal Choice Retirement Account® (PCRA) option in order for you to participate. The PCRA is a fee-based brokerage account that offers you the ability to invest in mutual funds and Certificates of Deposit (CD's). You have to apply for and set up a separate PCRA account before you may trade mutual funds. Please confirm with your employer if they have adopted the PCRA option; if so you may obtain information on how to enroll from them. Please note, however, the mutual funds are not selected, reviewed or monitored by CalPERS.

Participant Fees

We strive to provide investments and services at a reasonable cost using a simple fee schedule with an overall objective of minimizing expenses. There are costs associated with investing in the underlying investment fund options offered under the Plan. Each of the investment fund options currently have an annual fee of less than one percent, prorated daily based on your account balance. CalPERS periodically reviews fees and operating costs, and changes to fees and costs may be made at any time.

More information about the fees associated with each investment offering can be found in the Fund Fact Sheets or on the Plan website.

Investing 101

Target Date Funds vs. Index Funds

What are target date funds?

Target date funds are broadly diversified funds which have a predetermined underlying asset mix that are intended to adjust over time toward a more conservative allocation until the selected target date.

You simply choose a target date fund based on the date you expect to begin withdrawing money for retirement. While target date funds are intended to offer a simpler investing approach, you should continue to monitor your Plan investments and make adjustments as needed.

What are index funds?

Index funds are designed to produce results that mirror the performance of the index they track by buying and holding the stocks or bonds included in the index. That's why these funds are often described as passively managed. If you want to invest in a certain asset class, such as the stocks or bonds of large U.S. companies, an index fund gives you a convenient way to invest without having to choose individual stocks or bonds.

What is an index?

A fund's performance is usually compared with its market benchmark or index. An index is a grouping of stocks or bonds selected to represent a particular market. The best-known index is the Dow Jones Industrial Average that follows 30 of the largest U.S. companies. The Standard & Poor's 500 Index widens the range to include 500 of the largest U.S. companies for a broader reading of the market. An index is not managed and cannot be invested in directly.

Investing 102

The Asset Classes

There are three basic asset classes and each has specific risk and return features to consider. There are also asset allocation investments, like the target date funds, that generally contain a mix of any of the three asset classes.

Asset Class	Benefit	Risk
Asset Allocation	Professionals make the diversification, asset allocation and rebalancing decisions	Shifting to a conservative mix over time helps manage risk, but does not guarantee earnings growth
Asset Class	**Benefit**	**Risk**
Cash Equivalents	Designed to protect original investment or principal	May not keep pace with inflation over time
Bond	Generally offer greater income potential than short-term investments and not as much risk as stocks	Lower growth potential
Stocks	Historically, stocks have provided greater long-term returns than other asset classes	Due to market volatility the value of stocks can go up and down over short periods of time

Investing 103

Investment risk vs. inflation risk

Investment risk is generally associated with the potential that investments may go down in value as a result of market volatility, though other risks exist. Stocks are generally considered riskier investments because they tend to fluctuate in value more than conservative investments like bonds. Conservative investments may help reduce investment risk, but over the long term they can expose you to another kind of risk — inflation risk. When investments are earning less than the rate of inflation, they are actually losing value.

The importance of asset allocation & diversification

Combining different types of investments through asset allocation and diversification may help you manage risk and maximize your return potential by smoothing out market fluctuations, while still taking advantage of the market's potential for higher returns.

Asset allocation involves assigning specific percentages of your investments to different asset classes according to your financial goals, risk tolerance and time horizon. Diversification is a risk management technique that mixes a variety of investments within a portfolio. It involves distributing your money among different securities, sectors, industries and strategies within a number of asset classes. Diversification through asset allocation does not ensure a profit or protect against loss.

Help-Me-Do-It

Target Retirement Date Funds — A diversified portfolio in a single fund.

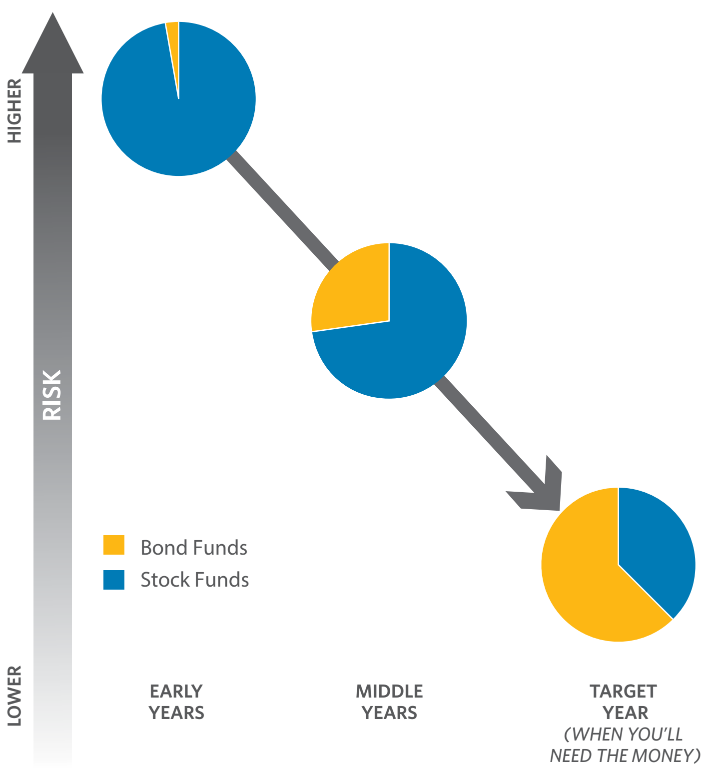
CalPERS Target Date Funds

The target date funds offer the ease and convenience of a professionally managed, diversified portfolio for participants who don't have the time, desire or expertise to choose an appropriate asset mix for their situation and actively manage it over time.

Once you select your target date fund, the fund's underlying asset mix will automatically adjust over time so you don't have to actively manage your allocation after making the initial investment decision.

Funds that evolve over time.

Over time, the investment mix of each fund gradually shifts from a greater concentration of higher-risk investments (such as stock funds) to a greater concentration of lower-risk investments (such as bond funds). The investment mix automatically becomes more conservative as the target date fund approaches its target date, so you don't have to actively manage the mix of individual investments over time.



For illustration purposes only. Actual fund allocations will vary. Please refer to the individual fund fact sheets.

Picking your target date fund.

Simply choose the fund with the target date that is closest to the year you expect to begin withdrawing money from your Plan account. For example, if you were born in 1965 and expect to retire at age 60, you would select the CalPERS Target Retirement 2025 Fund.

If your birthdate is....	Your CalPERS Target Retirement Date Fund is...
On or before 1952	CalPERS Target Retirement Income Fund
On or between 1953 – 1957	CalPERS Target Retirement 2015 Fund
On or between 1958 and 1962	CalPERS Target Retirement 2020 Fund
On or between 1963 and 1967	CalPERS Target Retirement 2025 Fund
On or between 1968 and 1972	CalPERS Target Retirement 2030 Fund
On or between 1973 and 1977	CalPERS Target Retirement 2035 Fund
On or between 1978 and 1982	CalPERS Target Retirement 2040 Fund
On or between 1983 and 1987	CalPERS Target Retirement 2045 Fund
On or between 1988 and 1992	CalPERS Target Retirement 2050 Fund
On or after 1993	CalPERS Target Retirement 2055 Fund

Based on assumption that retirement age is 60.

The "target date" is the approximate date when an investor plans to start withdrawing their money. When their target date is reached, they may have more or less than the original amount invested. For each target-date portfolio, until the day prior to its target date, the portfolio will seek to provide total returns consistent with an asset allocation targeted for an investor who is retiring in approximately each portfolio's designated target year. On the target date, the portfolio will seek to provide a combination of total return and stability of principal. There is no guarantee than any investment option will achieve its stated objective. Principal value fluctuates and there is no guarantee of value at any time, including the target date. Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

While target date funds are intended to offer a simpler investing approach, you should continue to monitor your Plan investments and make adjustments as needed.

Do-It-Myself

Core Funds – A carefully selected list of passively managed investment options.

Core Funds

If you like to pick, actively manage and design your asset allocation, you can choose from a carefully selected list of core investment fund options. CalPERS has selected a set of six index funds in different asset classes (stocks, bonds, and cash equivalents) so you can diversify your portfolio based on your personal situation.

Index Fund	Asset Class
SSgA U.S. Government Short Term Investment Fund	Cash Equivalent
SSgA Real Asset Fund	Inflation Protection
SSgA U.S. Short-Term Government/ Credit Bond Index Fund	Bond
SSgA U.S. Bond Index Fund	Bond
SSgA Russell All Cap Index Fund	U.S. Stocks
SSgA Global All Cap Equity ex U.S. Index Fund	Global Stocks

Building your investment portfolio.

It is important for you to determine how long you plan to keep your money invested, and your willingness to stay invested during market ups and downs, and build a portfolio appropriate for that strategy.

When developing your investment strategy, you need to consider:

- How much to save and invest today.
- Your investment time horizon.
- Your risk tolerance.

Once you determine the answers to these questions you can create an investment mix that will help you work toward your objective.

A reminder about asset allocation.

Asset allocation helps to reduce investment risk by spreading your money among different investments, or across the main asset classes. Combining different types of investments, i.e. stocks, bonds and cash equivalents, may help you manage risk and maximize your return potential by smoothing out market fluctuations, while still taking advantage of the market's potential for higher returns. However, diversification through asset allocation does not specifically ensure a profit or protect against loss.

Be aware of inflation risk.

When you're ready to retire, you'll most likely be living in a much more expensive world than today. Conservative investments (like bonds) may help reduce volatility risk, but over the long term they can expose you to inflation risk. When investments are earning less than the rate of inflation, they are actually losing value.

Be a smart investor!

Visit the online Education and Tools for resources on retirement planning, personal finance, estate planning and family finance.

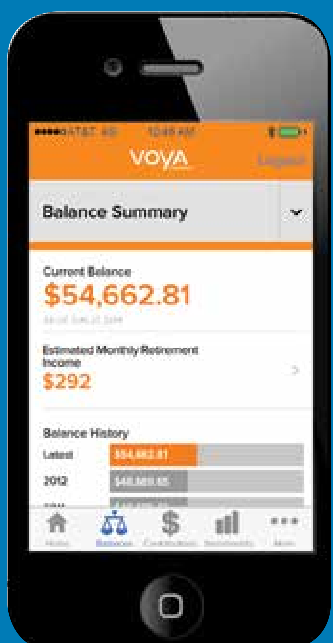
Account Management is at your fingertips.

We're just a click away!

The Plan gives you access to your account 24/7 (excluding any period of time dedicated to scheduled standard system maintenance) to manage your Plan investments and manage your personal information by logging in to the Plan website or calling the Plan Information Line.

Download the Voya Retirement Plan Account mobile application for iPhone® and Android™ onto your mobile device to view information about your Plan account or to use the savings calculator.

- To try the mobile app for the first time, sign in to your online account at least once first. Then use your smartphone to download the app directly from the App Store℠ or the Google Play Store for Android™ devices (keywords: **Voya Retire**). For more information, visit **mobile.voya.com**.



iPhone is a trademark of Apple Inc., registered in the U.S. and other countries. App Store is a service mark of Apple Inc. Android is a trademark of Google Inc.

Available on the App Store

Account access

You will need your Personal Identification Number (PIN) to access your account in order to complete any transactions, to make any changes to your account, or to change any personal information if not done by form.

What can you do where?	ONLINE	MOBILE APP	PHONE
Investments			
Change and/or monitor your investment elections	•	•	•
Review current and historic balances	•	•	•
Transfer money among funds	•	•	•
Reallocate account balance	•	•	•
Automatic rebalancing	•		•
Download account data to Quicken®	•		
Personal Information			
To review or change designation of beneficiary information	•		•

By form only, submitted to your employer's benefit coordinator to complete any of the following requests:

Type of Request	Form Name
Enroll in the Plan	*Employee New Enrollment*
Designation of Beneficiary Information	*Beneficiary Designation*
Distribution Request	*Distribution*
457 Transfers into CalPERS 457 Plan	*457 Account Transfer*
IRA, 401(a), 401(k) or 403(b) Rollover	*Rollover*

Confirmation of changes

You will be mailed a confirmation within three business days following any changes made to your account. If you do not receive a confirmation in a timely manner, please contact the Plan Information Line to ensure that your changes were properly made to your account. It is your responsibility to monitor these changes and to promptly notify a Participant Service Representative by calling **(800) 260-0659**, Monday – Friday, 6:00 a.m. to 5:00 p.m. Pacific Time (except stock market holidays) if a change to your Plan account was not implemented correctly.

Features of the CalPERS 457 Plan.

Distribution Flexibility

You may begin taking distributions from your CalPERS account at any time once you retire or separate from employment. The Plan offers you the flexibility to receive:

- a lump sum
- a partial lump sum
- payments for a specific time period
- payments based on your life expectancy or the combined life expectancy of you and your spouse.
- to purchase an annuity.

There is no early withdrawal penalty in the CalPERS Supplemental Income 457 Plan. You may take a distribution at anytime once you have separated from employment.

Required Minimum Distributions

Federal tax law requires you to begin taking distributions from your CalPERS Supplemental Income 457 Plan account no later than April 1 of the year following the year you reach age 70½, unless you are still employed. If you remain employed beyond April 1 following the year in which you reach age 70½, payment must begin by April 1 in the year following the year you end your employment.

Tax Liability on Distributions

Distributions are treated as ordinary income in the year the money is paid and are subject to federal and state income taxes. 20% is withheld for federal tax purposes, as well as 2% for state taxes for California residents, at the time of payment on all distributions. A rollover to another eligible retirement plan or a traditional IRA is not subject to tax withholding.

Purchasing Service Credit

You may choose to use your investments in the Plan to purchase Pension Service Credit, if eligible.

In-service Withdrawals

Generally, you cannot withdraw money from your Plan account while you are still employed by your employer with the exception of:

- **Unforeseeable Emergency Withdrawals**
  Under qualifying circumstances you may make an emergency withdrawal prior to separation from service.
- **Loan Privilege**
  You may borrow from your Plan account balance to assist you in meeting your financial needs only if your employer has adopted the Loan Provision of the Plan. Additional fees apply.

Guidelines & Forms

Guidelines on Distributions, Tax Liability and In-service withdrawals are available on the Plan website.

All forms noted in this brochure can be found in the *Forms* section of the Plan website at **https://calpers.voya.com**, or obtained by calling the Plan Information Line at **(800) 260-0659**.

Questions & Requests

CalPERS Participant Service Representatives* are available Monday – Friday, 6:00 a.m. to 5:00 p.m. Pacific Time (except stock market holidays) to assist you with transactions, information about your account or any other general CalPERS Supplemental Income 457 Plan questions and requests.

* *Participant Service Representatives are Registered Representatives of Voya Investment Advisors, LLC (member SIPC).*

Easy account access, 24/7 at **https://calpers.voya.com** or **1-800-260-0659** *(Press 2)*

- View, download, and print account statements, including 18 months of history
- Manage beneficiary information online
- Automatic account rebalancing
  - Automatically rebalances an account to current investment elections
- Reallocation of account balances
  - Redistribute fund balances across multiple funds in one simple transaction
- Download forms and stay up-to-date on Plan rules
- Download account date to Quicken®

For more information:

- Go to **https://calpers.voya.com**
  - Select ***CalPERS 457 Plan Information*** under Plan Information
- Call **(800) 260-0659**
  - **Press 2** for a Participant Service Representative*, Monday – Friday, 6:00 a.m. to 5:00 p.m. Pacific Time
  - **Press 3** to schedule a meeting with a local Voya Representative
- **Phone Review Fridays** — Make a date to talk with a local Voya Representative on Phone Review Friday, or any day of the week that's best for you
  - Go to **www.calpers457.checkappointments.com**
  - Schedule a phone review at a time of your choice
  - Receive an email confirmation of your appointment
  - Receive an email reminder one hour prior to your appointment
  - Or call toll free at **(888) 713-8244**

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