

CalPERS — keeping your best interests in mind

CalPERS has been providing financial and health security to California Public employees, retirees, beneficiaries and their families for over 75 years. Please be reassured we are focused on your retirement security during these challenging economic times. Our commitment remains the same — to provide you financial security, value, low cost and quality customer service.



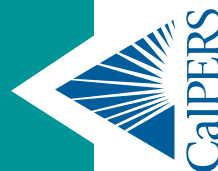
change often presents opportunities

Take this opportunity to review your investment selections to ensure that they continue to meet your long-term goals. This is a good time to:

- Determine your personal investment style
- Develop an investment strategy to meet that style
- Formulate a plan to meet your retirement goal
- Review progress on a regular basis

<https://calpers2.ingplans.com> 1-877-557-3655

Supplemental Income Plans
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City of Anaheim CalPERS
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Announcing
an Important Change to Your
City of Anaheim CalPERS
Supplemental Income 457 Plan
Coming August 30, 2010

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log on or call anytime day or night* with your PIN to:

Monitor your account balance

Manage your investments & transfer money among funds

See how your funds are performing

View, download, and print account statements, including up to 18 months of the most recent history

Download your account data to Quicken® and Microsoft® Money

Keep up-to-date on Plan rules

Download forms

* Excluding any period of time dedicated to scheduled standard system maintenance.

For more information about the Plan changes, attend a workshop. Go to the Plan Web site for more information, including dates, times, and locations.

The Current Financial Climate Requires New Investment Thinking

CalPERS was recently notified by State Street Global Advisors (SSgA) that they will be phasing out their Stable Value Investment Fund. This decision by SSgA is consistent with investment firms industry-wide given the change in dynamics of the stable value market as a result of recent market conditions.

Today, current market conditions are driving book value insurers still in the business to tighten up investment guidelines for the underlying assets of stable value funds in an effort to reduce risk. As a result, the long-term performance advantage that stable value funds have had over Short-Term Investment Funds may decrease going forward, which may result in a lower return rate.

Short-Term Investment funds and Stable Value funds both seek to provide investors with liquidity and protection of principal. Short-Term Investment funds accomplish this by investing in the shortest-term securities, while Stable Value funds must rely on book value guarantors or insurance contracts to allow smoothing of the market volatility of their underlying investments. Short-Term Investment funds typically limit their investments to securities maturing within a year or less, while Stable Value funds invest in securities that may have up to five years or longer before maturity. The yield on Short-Term Investment funds typically varies more than the yield on Stable Value funds, depending on economic conditions. Over the long term, the average yield on a Short-Term Investment fund may not be as high as the average yield on a Stable Value fund. However, Short-Term Investment funds do not have the restrictions on transfers to other specific investment options that are often imposed by Stable Value funds.

Changes are Coming to the Fixed-Income Fund Line-up

Fixed-income funds offer different strategies with varying levels of risk and return to meet retirement investing objectives. CalPERS identified two primary investment characteristics that we believe participants were seeking when selecting the Stable Value Fund — characteristics that are particularly popular with those nearing retirement or looking to purchase service credit:

- Preservation of principal
- Limited exposure to market volatility.

After evaluating a number of options CalPERS has determined that it is in the best interests of Plan participants to offer two new investment fund options: a **Short-Term Investment Fund** and a **Short-Term Bond Fund**, in lieu of a stable value fund.

- Short-Term Investment Funds typically offer liquidity and are comprised of lower-risk investments with the goal of protecting principal.
- The Short-Term Bond Fund may initially offer a higher yield than the Short-Term Investment Fund due to the current yield environment but it will be subject to slight market volatility and risk.¹

¹ There is no guarantee that the Funds will meet their intended objective.

SSgA Stable Value Fund to Transition to the Short-Term Investment Fund

Participant account assets in the SSgA Stable Value Fund will transfer to the Short-Term Investment Fund after the market closes at 1:00 p.m. Pacific Time on August 27, 2010. The mapped assets will be reflected in participant accounts on August 30, 2010.

Important Transition Information

- **Participants with assets in the SSgA Stable Value Fund do not need to take any action for the transfer to occur. Fund assets in the SSgA Stable Value Fund will automatically move to the CalPERS Short-Term Investment Fund.**
- **If you do not think the Short-Term Investment Fund is right for you, you have the option to transfer your money to another fund of your choice before the stock market close at 1:00 p.m. Pacific Time on Friday, August 27, 2010.**
- **Access to the SSgA Stable Value Fund will be eliminated after the stock market close at 1:00 p.m. Pacific Time on Friday, August 27, 2010.**
- **There will be no need for a quiet period as you will maintain your usual access to your account.**
- **You may conduct transactions on your account as usual beginning Monday, August 30, 2010 at 6 a.m. Pacific Time.**

The New Fixed Income Fund Line-Up

The CalPERS investment fund line-up will now offer four fixed-income funds with varying degrees of risk and return to help accommodate your investment objectives. If conditions improve, CalPERS may choose to add a stable value fund back into the fund line-up in the future. In addition, there will be no transfer limitations to or from any investment fund, except as noted above and existing CalPERS Excessive Short-Term Trading Policy.

Fixed-Income Fund Line-Up Effective August 30, 2010

Assets in the SSgA Stable Value Fund will be transferred to the new CalPERS Short-term Investment Fund through a process called “mapping”.



This information is for general discussion purposes only. Prior to investing, consider the funds' investment objective, risks, fees, and expenses. The Fund Fact Sheets contain this and other important information and may be obtained from the dedicated website: <https://calpers.ingplans.com>. Always be sure to read the Fund Fact Sheets before investing. Remember, investing involves a number of risks, including the loss of principal. If you need assistance in making your investment selections, you should seek the advice of a financial advisor.

questions?

To speak with a Customer Service Associate, call the Plan Information Line at 1-877-557-3655, Monday – Friday, 6:00 a.m. to 5:00 p.m. Pacific Time (except stock market holidays).