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Riskier Bet: Why CalPERS, the Country's Largest Pension Fund, is Getting into Banking.

IN SUMMARY

How does the nation's biggest public pension system pay down its debts amid a global economic collapse? One idea: Become a banker.

Retired DMV clerks, former firefighters and aging government bean-counters across California, put on your three piece suits: You might be getting into the banking business.

The California Public Employees' Retirement System, which manages a nearly \$400 billion basket of nest eggs for retired public workers across the state, is wading into the rollicking market for private debt.

It used to be that lending directly to small and medium-sized companies not traded on public stock exchanges was the business of big banks. But after the financial crisis of 2008, those traditional lenders were forced to park their money into less risky ventures. And that left behind a financial vacuum into which "shadow bankers" such as private equity financiers have been rushing ever since.

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