




## STRATEGIC RISK INDICATORS DASHBOARD

FY 2022-23 First Quarter


TOLERANCES	FREQ	Q1	Q2	Q3	Q4	COMMENTS
------------	------	----	----	----	----	----------

 **MEMBER EXPERIENCE** | Ensure member satisfaction through accuracy, responsiveness, and respect

Externally proposed bills that have the potential to increase the complexity of the plan design <i>Owner: Deputy Executive Officer, Communications &amp; Stakeholder Relations</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> Legislation exists</li> <li><span style="color: green;">●</span> No legislation exists</li> </ul>	Quarterly	<span style="color: red;">■</span>				
Member unauthorized account access attempts (Under development) <i>Owner: General Counsel</i>	<b>Closed Session</b>	<b>Closed Session</b>	<span style="color: blue;">□</span>				

 **PENSION SUSTAINABILITY** | Strengthen the long-term sustainability of the pension fund

Investment return: Funded status impact <i>Owner: Chief Actuary</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> &lt; 5.8%</li> <li><span style="color: yellow;">▲</span> 5.8%-6.8%</li> <li><span style="color: green;">●</span> &gt; 6.8%</li> </ul>	Annually	<span style="color: red;">■</span>				
Employer contribution rate impact <i>Owner: Chief Actuary</i>	Projected vs. Actual <ul style="list-style-type: none"> <li><span style="color: red;">■</span> &gt; 2%</li> <li><span style="color: yellow;">▲</span> 1%–2%</li> <li><span style="color: green;">●</span> &lt; 1%</li> </ul>	Annually	*				

 **EXCEPTIONAL HEALTH CARE** | Ensure our members have access to equitable, high-quality, affordable health care

Legislation that negatively impacts CalPERS <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> Legislation proposed/enacted</li> <li><span style="color: yellow;">▲</span> Legislation monitored</li> <li><span style="color: green;">●</span> No legislation exists</li> </ul>	Quarterly	<span style="color: green;">●</span>				
--	--	-----------	--------------------------------------	--	--	--	--

Maintain Health Care Fund Actuarial Reserve <i>Owner: Chief Health Director</i>	< 90% / >110% Actuarial Reserve 90%-110% Actuarial Reserve	Annually	*				
--	---	----------	---	--	--	--	--

**STAKEHOLDER ENGAGEMENT** | Promote collaboration, support, and transparency

Investment return: Funded status impact <i>Owner: Chief Actuary</i>	< 5.8% 5.8%-6.8% > 6.8%	Annually					
--	-------------------------------	----------	--	--	--	--	--

**ORGANIZATIONAL EXCELLENCE** | Cultivate a risk-intelligent and innovative culture through our team and processes

Externally proposed bills potentially increasing the complexity of the plan design <i>Owner: Deputy Executive Officer, Communications &amp; Stakeholder Relations</i>	Legislation exists No legislation exists	Quarterly					
--	---	-----------	--	--	--	--	--

Organizational continuous improvement – annual engagement survey <i>Owner: Chief Operating Officer</i>	≤ 58.4% 58.5%-68.5% ≥ 68.6%	Annually	*				
---	-----------------------------------	----------	---	--	--	--	--

### 2022-23 Strategic Risk Indicator Summary

<b>Indicator Title:</b>	Externally proposed bills potentially increasing the complexity of the plan design
<b>Executive Owner:</b>	Deputy Executive Officer, Communications & Stakeholder Relations
<b>Strategic Goal:</b>	Member Experience; Organizational Excellence
<b>Status:</b>	Requires Attention
<b>Numeric Status:</b>	Legislation Exists
<b>Description:</b>	This indicator tracks externally proposed bills that, if passed, can increase complexity of the plan design resulting in the potential increase of the CEM complexity score. The Legislative Affairs Division (LAD) works with all program areas to identify potential impacts of external legislation. In combination with the information obtained from the program areas, LAD develops its legislative analysis of the legislation to present to the board.
<b>Intent:</b>	To provide leading indication the member experience and organizational excellence strategic goal performance may be impacted due to external legislation increasing complexity.
<b>Target:</b>	No legislation exists
<b>Refresh Frequency:</b>	Quarterly
<b>Reporting Range:</b>	07/01/2022 – 09/30/2022
<b>Tolerances:</b>	Requires Attention: Legislation exists Requires Monitoring: N/A No Attention/Monitoring Needed: No legislation exists

#### Root Cause:

AB 2443 – Adds two deferred retirement options to the Judges’ Retirement System II (JRS II) with vesting requirements of reduced age and reduced service years than required under current law. This bill was signed into law on September 25, 2022, and becomes effect January 1, 2024.

#### Action Items:

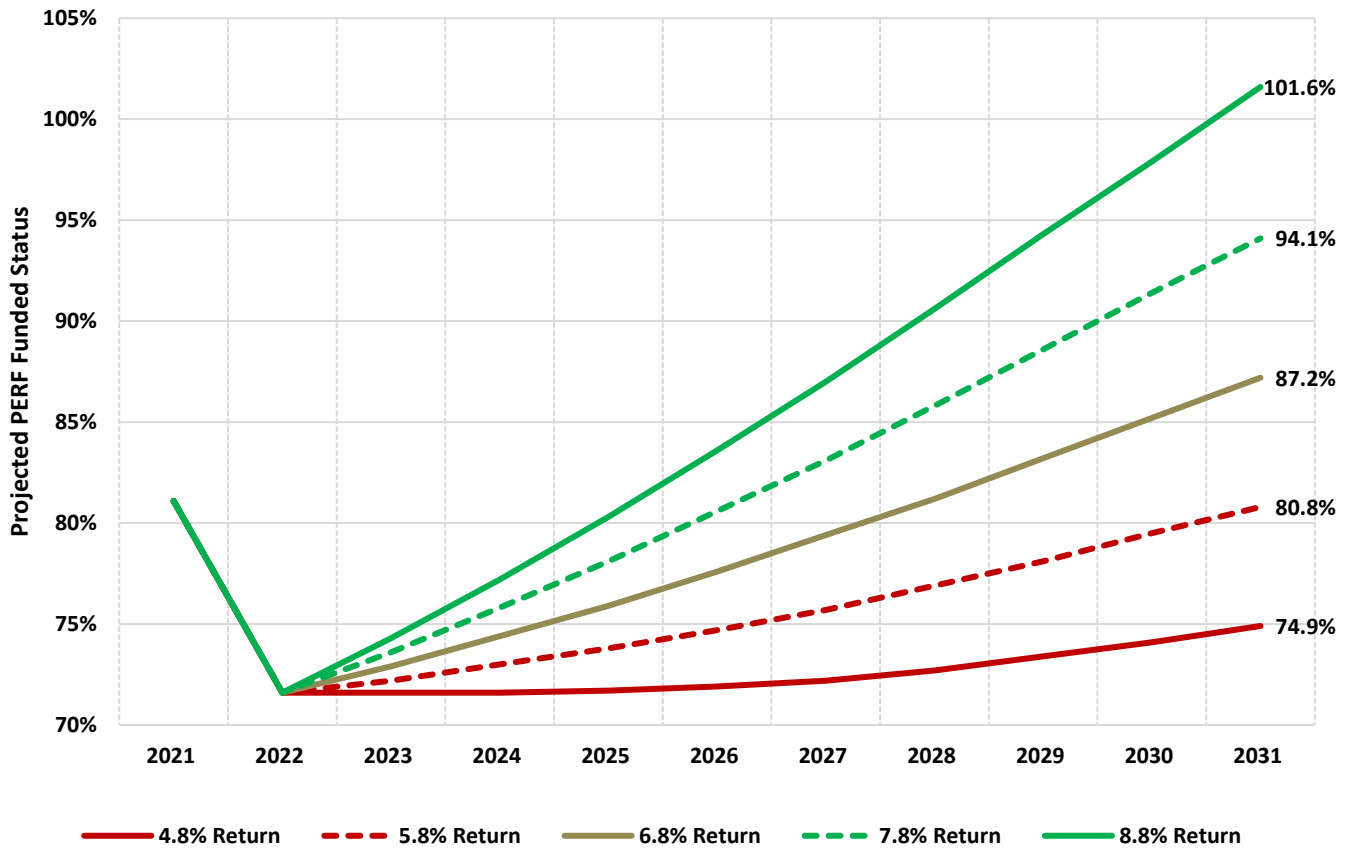
AB 2443 – Work with legislative offices and stakeholder group representing judges to provide technical assistance on the bill drafting. Will require legislation to be enacted in 2023, prior to the effective date of January 1, 2024, to ensure efficient implementation. Working with appropriate CalPERS program teams to accomplish

### 2022-23 Strategic Risk Indicator Summary

**Indicator Title:** Member unauthorized access attempts – Closed Session  
**Executive Owner:** General Counsel  
**Strategic Goal:** Member Experience  
**Status:** Under development

### 2022-23 Strategic Risk Indicator Summary

<b>Indicator Title:</b>	Investment return: Funded status impact
<b>Executive Owner:</b>	Chief Actuary
<b>Strategic Goal:</b>	Pension Sustainability; Stakeholder Engagement
<b>Status:</b>	Requires Attention
<b>Numeric Status:</b>	-7.4%
<b>Description:</b>	This indicator reports the prior fiscal year investment return. The investment return impacts the funded status, which will impact future employer contribution rates.
<b>Intent:</b>	To provide leading indication that pension sustainability and stakeholder engagement strategic goal performance may be impacted due to lower investment return.
<b>Target:</b>	6.8% investment return
<b>Refresh Frequency:</b>	Annually, July
<b>Reporting Range:</b>	07/01/2021 – 06/30/2022
<b>Tolerances:</b>	Requires Attention: Less than 5.8% Requires Monitoring: Between 5.8-6.8% No Attention/Monitoring Needed: Greater than 6.8%
<b>Root Cause:</b>	Five investment return scenarios from 4.8 percent to 8.8 percent are shown to illustrate the resulting estimated PERF funded status over a ten-year period. For example, if the target rate of 6.8 percent is achieved the resulting funded status would be 87.2 percent. Similarly, if the investment return is 4.8, 5.8, 7.8 or 8.8 percent each year over the next ten years, the estimated funded status is identified.



**Action Items:**

On-going stakeholder education and engagement (Asset Liability Management Team)

### 2022-23 Strategic Risk Indicator Summary

**Indicator Title:** Employer contribution rate impact

**Executive Owner:** Chief Actuary

**Strategic Goal:** Pension Sustainability

**Status:** Pending Refresh

**Numeric Status:**

**Description:** This indicator tracks the difference between the projected employer contribution rate and the actual contribution rate.

**Intent:** To provide leading indication that future employer contribution rates may be higher than originally projected thereby impacting the pension sustainability strategic goal.

**Target:** Less than 1%

**Refresh Frequency:** Annually, December

**Reporting Range:**

**Tolerances:** Requires Attention: Greater than 2%  
Requires Monitoring: Between 1-2%  
No Attention/Monitoring Needed: Less than 1%

**Root Cause:**

**Action Items:**

### 2022-23 Strategic Risk Indicator Summary

<b>Indicator Title:</b>	Legislation that negatively impacts CalPERS
<b>Executive Owner:</b>	Chief Health Director
<b>Strategic Goal:</b>	Exceptional Health Care
<b>Status:</b>	No Attention/Monitoring Needed
<b>Numeric Status:</b>	No legislation exists
<b>Description:</b>	This indicator tracks any proposed or enacted legislation that may negatively impact CalPERS Health Benefits Program. Legislation may impact health care access, equity, affordability, or quality.
<b>Intent:</b>	To provide leading indication the exceptional health care strategic goal performance may be impacted due to unfavorable changes in federal or state legislation affecting the commercial health care market.
<b>Target:</b>	No legislation exists
<b>Refresh Frequency:</b>	Quarterly
<b>Reporting Range:</b>	07/01/2022 – 09/30/2022
<b>Tolerances:</b>	Requires Attention: Legislation proposed or enacted that will negatively impact program Requires Monitoring: Legislation being monitored for impact No Attention/Monitoring Needed: No legislation exists
<b>Root Cause:</b>	
<b>Action Items:</b>	



### 2022-23 Strategic Risk Indicator Summary

<b>Indicator Title:</b>	Maintain health care fund actuarial reserve
<b>Executive Owner:</b>	Chief Health Director
<b>Strategic Goal:</b>	Exceptional Health Care
<b>Status:</b>	Pending Refresh
<b>Numeric Status:</b>	
<b>Description:</b>	<p>This indicator tracks the level of health care fund actuarial reserve that assures the sustainability of the health care fund. Four distinct reserve requirements must be met to secure the solvency of the CalPERS Self-Funded Health Plans: an incurred but not reported (IBNR) reserve; a reserve for premium inadequacy (underwriting risk), also called a risk-based capital reserve; a continuity of care liability; and an administrative liability to cover the estimated costs associated with plans termination. The sum of these four is what is called the required actuarial reserve. If the reserve drops or increases beyond an actuarially prudent threshold, then a surcharge or reduction will be considered by adding or subtracting to the premium to bring the reserve back to the proper level.</p>
<b>Intent:</b>	To provide leading indication the exceptional health care strategic goal performance may be impacted due to actuarial reserves falling below required ranges.
<b>Target:</b>	90%-110%
<b>Refresh Frequency:</b>	Annually, June
<b>Reporting Range:</b>	07/01/2022-06/30/2023
<b>Tolerances:</b>	Requires Attention: Less than 90% or greater than 110% Requires Monitoring: N/A No Attention/Monitoring Needed: Between 90%-110%
<b>Root Cause:</b>	
<b>Action Items:</b>	

### 2022-23 Strategic Risk Indicator Summary

<b>Indicator Title:</b>	Organizational continuous improvement – annual engagement survey
<b>Executive Owner:</b>	Chief Operating Officer
<b>Strategic Goal:</b>	Organizational Excellence
<b>Status:</b>	Pending Refresh
<b>Numeric Status:</b>	
<b>Description:</b>	This indicator tracks team members survey response to the annual engagement survey statement: “I am encouraged to provide my ideas about improving CalPERS.” Surveying team members provides insight into whether the organization and management are supporting team members by encouraging creativity, innovation, and continuous improvement to foster new ideas.
<b>Intent:</b>	To provide leading indication the organizational excellence strategic goal performance may be impacted due to decreased team member innovation and continuous improvement.
<b>Target:</b>	Perceptyx 68.6% benchmark
<b>Refresh Frequency:</b>	Annually, January
<b>Reporting Range:</b>	November 2021 – October 2022
<b>Tolerances:</b>	Requires Attention: Less than or equal to 58.4% Requires Monitoring: Between 58.5%-68.5% No Attention/Monitoring Needed: Greater than or equal to 68.6%
<b>Root Cause:</b>	
<b>Action Items:</b>	