

**Excerpt from:
Compensation Policies and Procedures for
Executive and Investment Management Positions**

Compensation Administration and Management

The CalPERS Board of Administration reserves the right to rescind or modify these Policies and Procedures and the compensation schedules derived from them at any time.

Covered Positions

Administrative Executives:

- Chief Executive Officer
- Chief Actuary
- Chief Financial Officer
- General Counsel

Investment Executives and Managers:

- Chief Investment Officer
 - Chief Operating Investment Officer
 - Senior Investment Officer
 - Senior Portfolio Manager
 - Portfolio Manager
-

Program Elements

There are three components to the CalPERS Executive Compensation Program:

- Base Pay
 - Pay-for-Performance (Incentive Pay)
 - Special Pay
-

Base Pay Overview

- Each covered position classification has a discrete salary range
 - Salary ranges are based on relevant public and private sector market data gathered every two years or as the Board deems necessary
 - Movement within defined salary ranges is driven by the annual employee performance appraisal process or other compelling circumstances such as equity or retention
-

***Performance
Award
Overview***

- A performance (or incentive) award is an annual, one-time contingent cash award reflecting an individual's achievement of measureable performance objectives documented in an annual performance plan
 - A performance award is a form of pay-for-performance which is intended to ensure that CalPERS is meeting critical organizational objectives
 - Performance award potential varies by position
-

***Special Pay
Overview***

Special pay provisions are designed to address specific or extenuating circumstances:

- Special within-range salary movement may be granted to address retention, internal equity or other extraordinary circumstances subject to appropriate approvals
 - Additional compensation may be granted in conjunction with interim assignment of additional responsibilities until a position is filled
 - A recruitment differential, or one-time payment upon appointment to a position, may be provided to eligible appointees based on an individual's specific circumstances
-

Base Pay

Base Pay Ranges

Base salary ranges, rather than single rates of pay, will be established for positions covered under Government Code Section 20098(a).

Determination of base salary ranges will be based upon one or more of the following:

- Consideration of internal equity factors
 - Relevant marketplace salary survey data gathered every two years
 - A review of relevant data when a position becomes vacant
 - Data gathered when the Performance, Compensation and Talent Management Committee (PCTMC) determines a special survey is necessary, or
 - Consideration of industry standards and best practices relative to executive compensation
-

***Determining
Base Pay
Ranges***

Base salary ranges are established by using a blend of global private and public sector data as follows:

- Data is weighted 50% on the median of large financial services (banking and insurance) private sector, and 50% on the 75th percentile of large global (U.S. and non-U.S.) public sector (greater than \$75 billion in assets)
- If only one sector is available, weighted 100% on that sector
- If no quality position matches are available, adjustments are based on internal position relationships
- A standard range width of 50% is used for all positions

For purposes of this provision, the “median” shall be interpreted as the midpoint of any array of market salary data. Where multiple sources of market salary data are used, the average of the medians will be used to describe the median of the market.

See Appendix 1: *Base Pay Ranges*

Salary Surveys

To ensure salary ranges are appropriate and relatively competitive with the defined market comparator group, a comprehensive salary survey of all comparable executive positions may be conducted every two years or as the Board deems necessary. Special surveys may also be done to validate the existing range or establish a new recruiting range when a position becomes vacant or a new position is established. In the intervening years, executive base salary ranges may be adjusted by an amount reflective of general annual private sector executive salary movement as reported by a reputable source, such as the American Compensation Association.
