



Strategic Measures Overview
May 13-14, 2013

The Strategic Measures Project Team has developed four measures to evaluate the success of the Strategic Plan.

Goal A: Improve long-term pension and health benefit sustainability

- Percentage of net annualized investment returns relative to return assumptions and benchmarks
- Percentage of net value added achieved through CalPERS management of the portfolio relative to benchmark data

Goal B: Cultivate a high-performing, risk-intelligent and innovative organization

- Percentage of pension related warrants and or payments made to our customers within established service level agreements
- Customer satisfaction with CalPERS services as measured by surveys and correspondence data

Goal C: Engage in State and national policy development to enhance the long-term sustainability and effectiveness of our program

Board Strategic Measures Report Template – Sample	
Strategic Plan Goal A:	
Strategic Objective	
Strategic Measure:	
Definition	
Purpose	
Measure (Sample)	
	Data Source
Goal	
Status / Comments	
Frequency	
Benefit(B) & Risk(R)	



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Strategic Plan Goal A: Improve long-term pension and health benefit sustainability

Strategic Objective: Deliver target risk adjusted investment returns

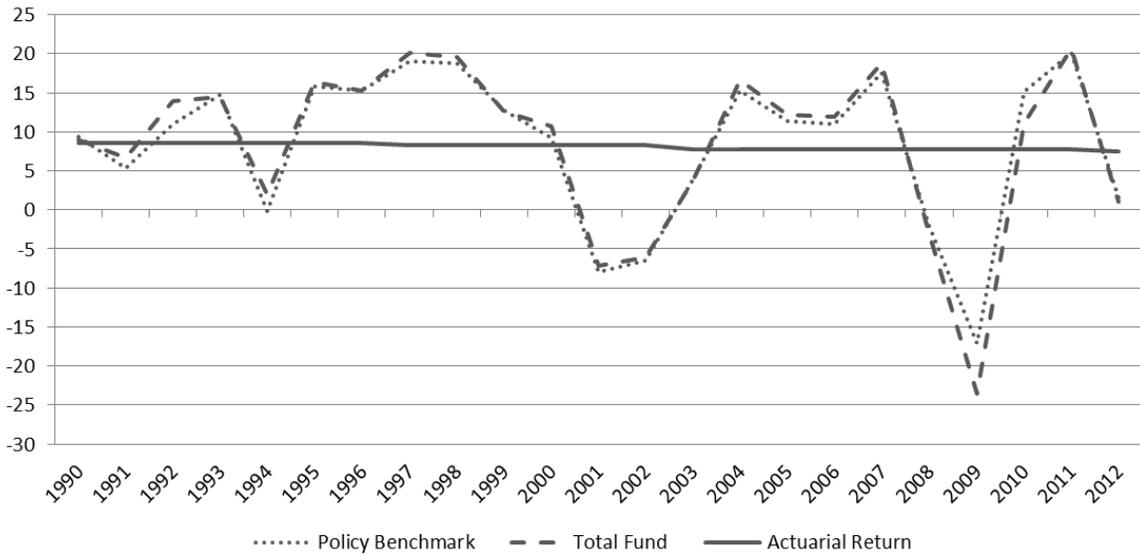
Strategic Measure: Percentage of net annualized investment returns relative to the return assumptions and benchmarks

Definition Percentage of net annualized investment returns relative to the return assumptions and benchmarks

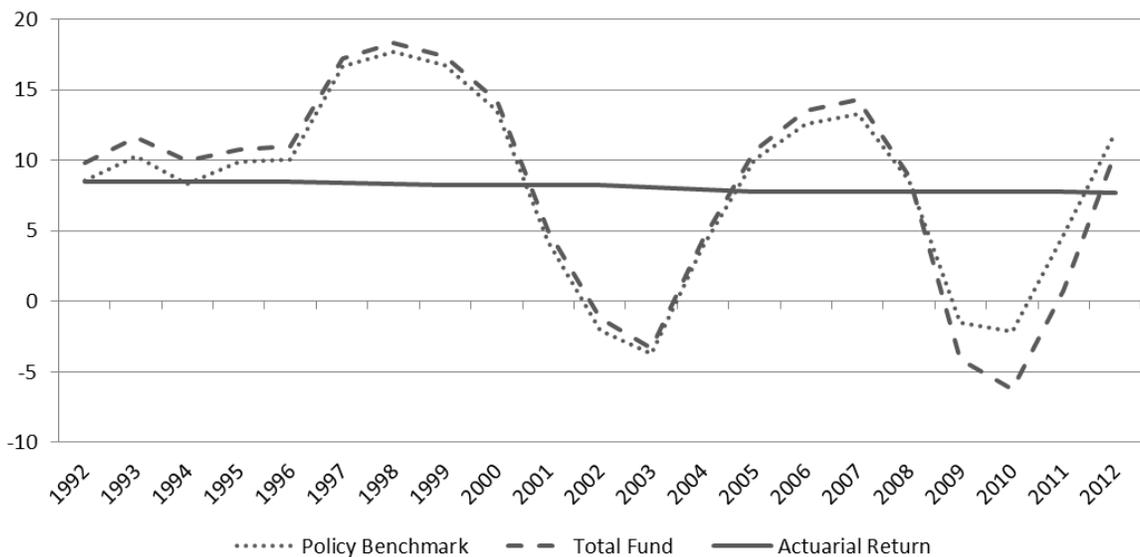
Purpose This measure provides a method to compare investment performance from year-to-year on 1-Year, 3-Year, 5-Year and 10-Year returns to benchmarks that are representative of the returns that could be expected in a similar investing environment, and reflect the overall market conditions.

Measure (Sample)

CalPERS Total Fund Annual 1-Year Return Series (%)



CalPERS Total Fund Annual 3-Year Rolling Return (%)

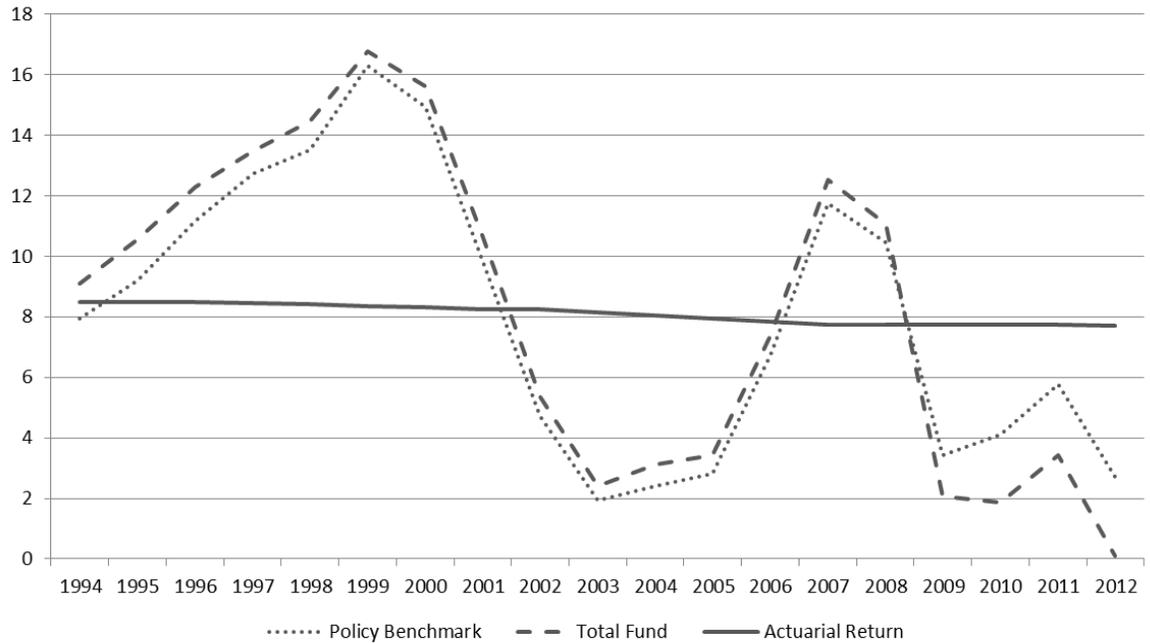




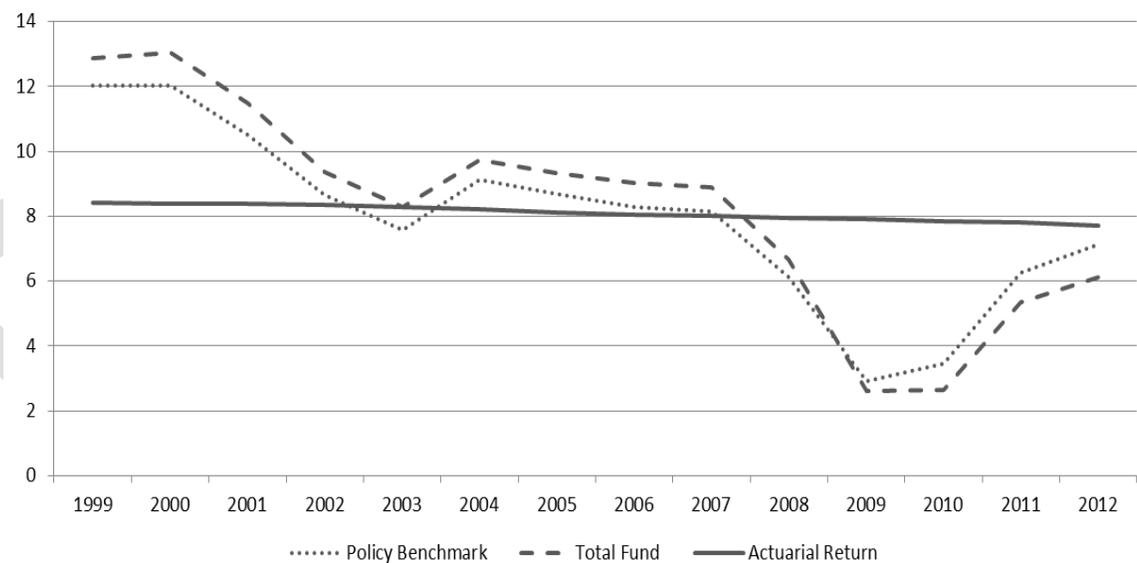
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Measure
(Sample)
continued

CalPERS Total Fund Annual 5-Year Rolling Return (%)



CalPERS Total Fund Annual 10-Year Rolling Return (%)



*Actual Data Source: My State Street and CalPERS

Goal	To meet or exceed rate of return (e.g. 7.5%) over specified time period
Status / Comments	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> ● Meets Target </div> <div style="text-align: center;"> ● Watch </div> <div style="text-align: center;"> ● Action Required </div> </div> <p>•Indicator based on goal</p>
Frequency	Annual Reporting
Benefit (B) & Risk(R)	B: Provides information on net annualized investment returns. R: Publicizing information as a measure may increase public scrutiny



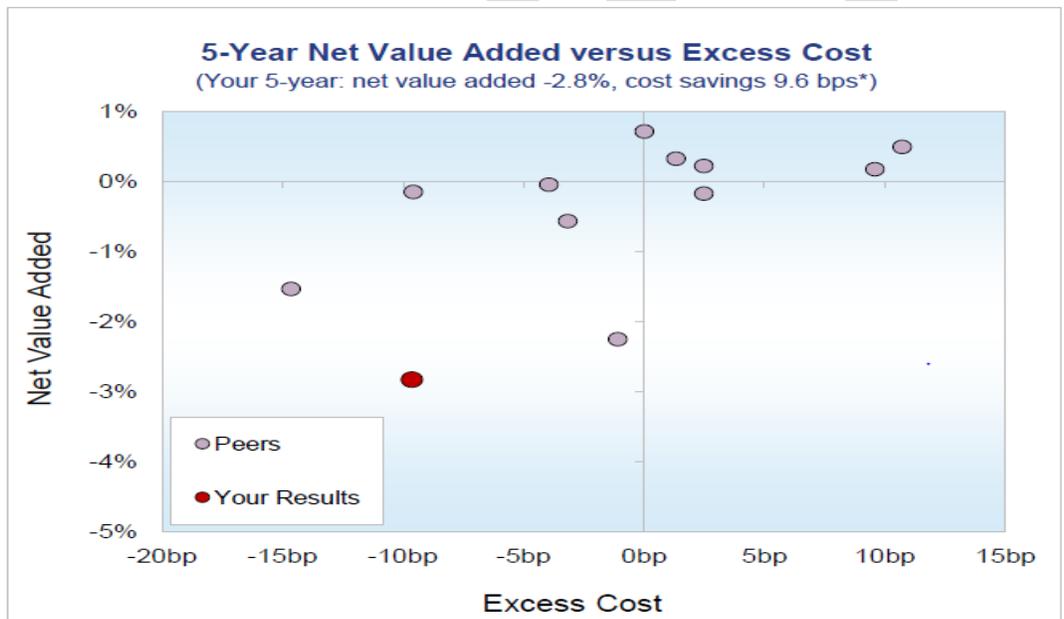
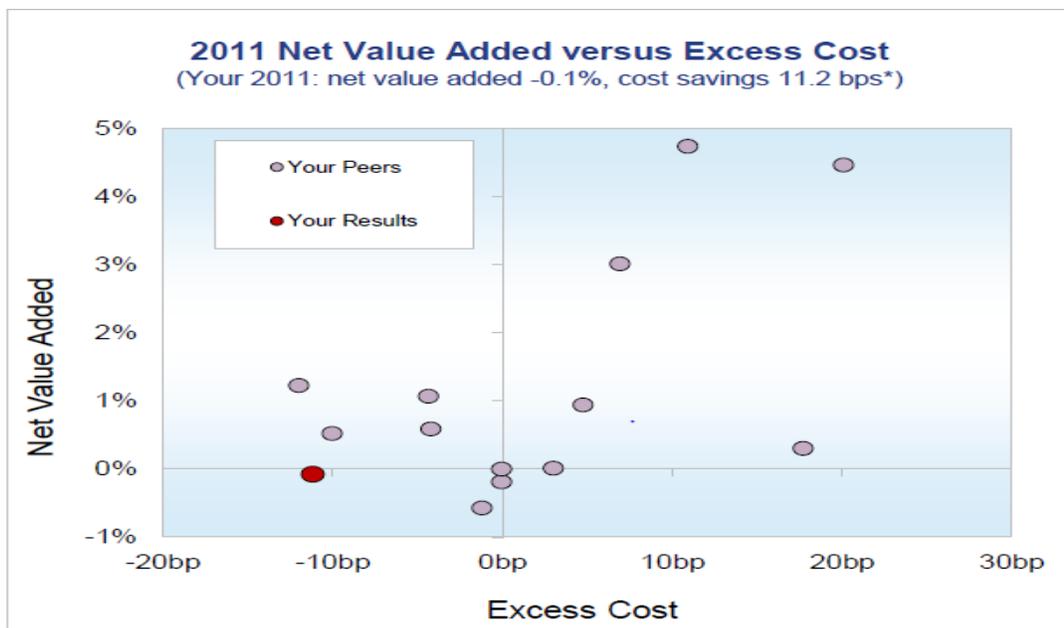
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Strategic Measure: Percentage of net value added achieved through CalPERS management of the portfolio relative to benchmark data																																																							
Definition	Percentage of net value added achieved through CalPERS management of the portfolio as measured by benchmark data provided by CEM Benchmarking																																																						
Purpose	<p>This measure provides a method to compare investment performance against the policy benchmark return based on the established policy mix less costs incurred by actively managing the portfolio. Net value added is defined as CalPERS total return less policy return and costs.</p> <p>The measure will present both the historical values for the last five calendar years and a 5-year average compared against the median net value added from our custom peer group of 14 large global organizations. In addition, the measure will chart the current year and 5-year average net value added metric for CalPERS versus its global peers.</p>																																																						
Measure* (Sample)	<table border="1"> <thead> <tr> <th colspan="7">CalPERS</th> </tr> <tr> <th>Year</th> <th>Total Return on Assets</th> <th>Policy Return on Assets</th> <th>Cost for Returns</th> <th>Net Value Added</th> <th>Peer Group Median</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>1.4%</td> <td>0.9%</td> <td>0.5%</td> <td>(0.1)%</td> <td>(0.1)%</td> </tr> <tr> <td>2010</td> <td>12.6%</td> <td>12.1%</td> <td>0.6%</td> <td>0.0%</td> <td>(0.9)%</td> </tr> <tr> <td>2009</td> <td>12.1%</td> <td>21.4%</td> <td>0.6%</td> <td>(9.8)%</td> <td>(0.4)%</td> </tr> <tr> <td>2008</td> <td>(27.0)%</td> <td>(23.5)%</td> <td>0.5%</td> <td>(4.0)%</td> <td>(3.1)%</td> </tr> <tr> <td>2007</td> <td>10.2%</td> <td>9.9%</td> <td>0.3%</td> <td>0.00%</td> <td>(0.3)%</td> </tr> <tr> <td>5- year Average</td> <td>0.6%</td> <td>2.9%</td> <td>0.5%</td> <td>(2.8)%</td> <td>(2.8)%</td> </tr> </tbody> </table>						CalPERS							Year	Total Return on Assets	Policy Return on Assets	Cost for Returns	Net Value Added	Peer Group Median	2011	1.4%	0.9%	0.5%	(0.1)%	(0.1)%	2010	12.6%	12.1%	0.6%	0.0%	(0.9)%	2009	12.1%	21.4%	0.6%	(9.8)%	(0.4)%	2008	(27.0)%	(23.5)%	0.5%	(4.0)%	(3.1)%	2007	10.2%	9.9%	0.3%	0.00%	(0.3)%	5- year Average	0.6%	2.9%	0.5%	(2.8)%	(2.8)%
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Measure*
(Sample)
continued



*Actual Data Source: CEM Benchmarking Investment Cost Effectiveness Analysis (for the 5 years ending December 31, 2011 (p.10, 24 & 25 of executive summary / p. 13 of implementation value added)

Goal	Continue to improve investment returns for costs
Status / Comments	Meets Target Watch Action Required •Indicator based on goal
Frequency	Annual Reporting
Benefit(B) & Risk(R)	B: Provides information on the net value added through the management of the CalPERS portfolio R: Publicizing information as a measure may increase public scrutiny

Strategic Measures Overview
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Strategic Plan Goal B: Cultivate a high-performing, risk intelligent and innovative organization	
Strategic Objective: Deliver superior, end-to-end customer service that is adaptive to customers' needs	
Strategic Measure: Percentage of pension related warrants and or payments made to our customers within established service level agreements	
Sample Measure: <i>Percentage of first service retirement payments (warrants) issued within service level agreements</i>	
Definition	The percentage of pension related payments made to our customers which fall within a pre-established service level agreement.
Purpose	This measure provides insight about the effectiveness and timeliness of the various program areas throughout CalPERS that make pension related payments and or disbursements to our customers. Our customers rely on the pension related payments they receive from CalPERS for financial freedom and that operating within the established service level agreements aids in the delivery of superior, end-to-end customer service that is adaptive to customers' needs.
Measure	$\frac{\text{Number of pension related payments made to our customers within the service level agreement}}{\text{Total number of pension related payments made to our customers}}$
Goal	The goal will be established based on the individual metrics chosen for this measure.
Status / Comments	 Meets Target  Watch  Action Required •Indicator based on goal
Frequency	Annual (to Board)
Benefit(B) & Risk(R)	B: Provides information on the timeliness of distributions paid to members and beneficiaries R: Publicizing information as a measure may increase public scrutiny



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Strategic Plan Goal B: Cultivate a high-performing, risk intelligent and innovative organization	
Strategic Objective: Deliver superior, end-to-end customer service that is adaptive to customers' needs	
Strategic Measure: Customer satisfaction with CalPERS services as measured by surveys and correspondence data	
Sample Measure: <i>Percentage of participants that indicated that the CalPERS instructor led retirement courses met their needs</i>	
Definition	Often, CalPERS surveys our customers after providing services, education and training. This measurement focuses on the customers satisfaction of the services provided and or the value of the education or training delivered.
Purpose	Delivering high quality customer service is essential to the organization. Assessing customer satisfaction will allow us to better serve our customers and allow us to take a proactive approach to service delivery.
Measure*	$\frac{\text{Number of customers indicating satisfaction with the service, education, or training}}{\text{Total number of customers taking the survey}}$
Goal	The goal will be established based on the individual metrics chosen for this measure.
Status / Comments	 Meets Target  Watch  Action Required •Indicator based on goal
Frequency	Annual (to Board)
Benefit(B) & Risk(R)	B: Assists the Board in evaluating customer satisfaction with CalPERS services R: Publicizing information as a measure may increase public scrutiny

*Staff continues to develop and explore points of contact and customer segments

- Points of participant contact
 - Online
 - Phone
 - Walk-in