



# Performance, Compensation and Talent Management Committee

California Public Employees' Retirement System

---

## Agenda Item 5

June 18, 2013

**ITEM NAME:** 2013-14 Performance Plans: Chief Executive Officer and Chief Investment Officer

**PROGRAM:** Administration

**ITEM TYPE:** Action

### **RECOMMENDATION**

Approve the 2013-2014 Performance Plans for the Chief Executive Officer and Chief Investment Officer.

### **EXECUTIVE SUMMARY**

This agenda item presents the 2013-14 Performance Plans for the Chief Executive Officer and Chief Investment Officer.

### **STRATEGIC PLAN**

This agenda item supports Goal B of the 2012-17 Strategic Plan in cultivating a high-performing, risk-intelligent and innovative organization. The Executive Compensation Program provides a means for recruiting and retaining highly-skilled executives to the benefit of the CalPERS organization as a whole.

### **BACKGROUND**

The Board of Administration's Compensation Policies and Procedures include a schedule for approving incentive plans for the upcoming fiscal year. The 2013-14 performance plans for the Chief Executive Officer and Chief Investment Officer are presented with this agenda item for approval.

### **ANALYSIS**

#### **CalPERS Strategic and Business Plans**

This year's executive plans reflect an alignment of the organization's highest enterprise priorities as outlined in the 2012-2017 Strategic Plan, which focuses on three main goals as follows:

- Goal A – Improve long-term pension and health benefit sustainability
- Goal B – Cultivate a high-performing, risk-intelligent and innovative organization
- Goal C – Engage in State and national policy development to enhance the long-term sustainability and effectiveness of our programs

All executives have shared leadership accountability for executing these goals. The work priorities outlined in the 2013-15 Business Plan and performance plans will cascade down to all levels of executive and senior management staff in their objective

setting process. The intent is to ensure that the entire management team is aligned and working together on the most critical organizational priorities.

The establishment of performance plan measures is critical to the management of a competitive compensation program for executives at the highest levels of the organization. This, in turn, is critical to the success of the organization. The cost of performance awards that might arise from the recommendations in this item will be funded from existing resources.

**BENEFITS/RISKS**

If the 2013-14 performance plans of the covered positions are not accepted, the associated risk would be non-compliance with the policy-required development for annual performance plans.

**ATTACHMENTS**

2013-14 performance plans are attached in the following order:

1. Chief Executive Officer
2. Chief Investment Officer
3. Wilshire Consulting Opinion Letter

---

KATRINA S. HAGEN, Chief  
Human Resources Division

---

DOUGLAS HOFFNER  
Deputy Executive Officer  
Operations and Technology