

CalPERS 2013-15 Business Plan

Third Quarter Status Update

January 1, 2014 – March 31, 2014

Update Summary

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

Strategic Objective | Fund the System through an integrated view of pension assets and liabilities

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>Funding Risk Appetite/Tolerances</i>	<i>July 2014</i>	★	No
<i>Review of Actuarial Assumptions & Implementation of Potential New Assumptions</i>	<i>June 2015</i>	●	No
<i>Investment Risk Management</i>	<i>June 2015</i>	●	Yes

Strategic Objective | Educate employers and other stakeholders to make informed decisions about retirement security and health care

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>Actuarial Valuation System Redesign and Enhance</i>	<i>June 2015</i>	●	Yes
<i>Health Care Customer Resources</i>	<i>June 2014</i>	●	No
<i>Health Care Member Tools</i>	<i>June 2014</i>	●	No
<i>Medicare Flexibility</i>	<i>June 2014</i>	●	No
<i>Employer Health Benefits</i>	<i>June 2015</i>	●	Yes
<i>Improve Health Care for Senior Members</i>	<i>December 2014</i>	●	Yes
<i>LTC Strategy Implementation</i>	<i>June 2014</i>	●	No

Strategic Objective | Deliver target risk-adjusted investment returns

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>Investment Performance</i>	<i>June 2015</i>	●	Yes
<i>Cost Effectiveness</i>	<i>June 2015</i>	●	Yes
<i>Organization, Systems, and Controls</i>	<i>June 2015</i>	●	Yes
<i>Emerging Investment Manager Strategy</i>	<i>June 2015</i>	●	Yes
<i>Environmental, Social, Governance (ESG) Investment Strategy</i>	<i>June 2015</i>	●	Yes

Status Key: ● Green – On Track ▲ Yellow – At Risk ■ Red – Needs Management Attention ★ Blue – Completed

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Update Summary (Cont.)

Strategic Objective | Ensure high-quality, accessible and affordable health benefits

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>Health Benefit Purchasing Structure</i>	<i>June 2014</i>		No
<i>Integrated Health Models</i>	<i>June 2015</i>		No
<i>Population Health Management</i>	<i>June 2015</i>		Yes

Strategic Objective | Create a lifestyle of wellness among members and employers

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>Employer Wellness Partnerships</i>	<i>June 2015</i>		Yes
<i>Engaged Health and Wellness Platform</i>	<i>June 2014</i>		No

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

Strategic Objective | Use a focused approach to generate, test, refine and implement new ideas

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>Enterprise Content Management</i>	<i>June 2015</i>		Yes
<i>Enterprise Internal Innovation</i>	<i>June 2014</i>		Yes

Strategic Objective | Deliver superior end-to-end customer service that is adaptive to customer needs

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>End-to-End Business Intelligence</i>	<i>June 2015</i>		Yes
<i>Service Delivery Transformation: Access</i>	<i>June 2014</i>		Yes
<i>Service Delivery Transformation: Quality</i>	<i>June 2015</i>		Yes
<i>Service Delivery Transformation: Effectiveness</i>	<i>June 2015</i>		Yes
<i>Service Delivery Transformation: Service</i>	<i>June 2014</i>		Yes

Status Key:  Green – On Track  Yellow – At Risk  Red – Needs Management Attention  Blue – Completed

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Update Summary (Cont.)

Strategic Objective | Recruit, retain, develop and empower a broad range of talents against organizational priorities

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>Knowledge Transfer, Insourcing, and Consultant Reduction</i>	<i>June 2014</i>		Yes
<i>Workforce Strategic Plan Development</i>	<i>September 2013</i>		No
<i>Workforce Strategic Plan Implementation</i>	<i>June 2014</i>		Yes

Strategic Objective | Actively manage business risks with an enterprise-wide view

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>Information Security Roadmap</i>	<i>June 2015</i>		Yes
<i>Policy Management</i>	<i>June 2014</i>		No
<i>Investment Expense Reporting</i>	<i>June 2014</i>		No
<i>Investment Reconciliation Process</i>	<i>June 2014</i>		No
<i>One Budget Model</i>	<i>June 2014</i>		No
<i>Quarterly Reporting</i>	<i>December 2013</i>		No
<i>Strategic Measures</i>	<i>June 2014</i>		Yes
<i>Strategic Risk Measures</i>	<i>June 2015</i>		Yes
<i>Municipal Bankruptcies</i>	<i>June 2015</i>		Yes

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

Strategic Objective | Clarify and communicate CalPERS perspective on pension, health and financial markets

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>Investment Beliefs</i>	<i>December 2013</i>		No
<i>Pension Beliefs</i>	<i>June 2014</i>		No

Status Key:  Green – On Track  Yellow – At Risk  Red – Needs Management Attention  Blue – Completed

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Update Summary (Cont.)

Strategic Objective | Provide education and engagement opportunities to shape policy agenda and expand impact

Initiative Title	Due Date	Status	Transitioned to 2014-16 Plan
<i>Strategic Partnerships</i>	<i>June 2015</i>		Yes
<i>Thought Leadership</i>	<i>June 2015</i>		Yes
<i>Demonstrate Industry Leadership</i>	<i>June 2015</i>		Yes

Status Key:  Green – On Track  Yellow – At Risk  Red – Needs Management Attention  Blue – Completed

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Initiatives Completed, at Risk and/or Needing Management Attention

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

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Funding Risk Appetite/Tolerances (July 2014)

Status: 

Accomplishments:

- Contracted with a vendor that completed a review of the Asset Liability Management Framework.
- In February 2014, staff used information from the Asset Liability Management (ALM) Model in Adoption of New Demographic and Economic Actuarial Assumptions.

Next Steps:

- Initiative Completed. (Any further work will be part of core workload)

Risks / Issues:

- Initiative Completed.
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* There are no initiatives due to be completed and no initiatives identified at-risk for the third quarter.