



## **Agenda Item 3b**

June 16, 2014

**ITEM TYPE:** Revised Executive Compensation Policy

**PROGRAM:** Administration

**ITEM TYPE:** Action Consent

### **EXECUTIVE SUMMARY**

The purpose of this agenda item is to present for Board action the Revised Executive Compensation Policy.

### **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**

In May 2014, staff presented, and the Committee approved, changes to the Compensation Policies and Procedures for Executive and Investment Management Positions for the Rating Scale for Qualitative Performance Measures with an amendment to revise the rating category "Does Not Meet Expectations" to "Does Not Meet High Expectations." Corresponding definitions have been added to the policy to clarify each rating category.

Staff has made one additional revision to the policy, eliminating the Special Pay Retention Differential provision. The Retention Differential was a temporary policy provision, and contained a sunset date of June 30, 2012. It has not been in use since that date; however, the provision remained in the policy until the repayment period expired for all recipients. The repayment period has now passed, and this provision is no longer applicable.

The Qualitative Rating Scale and Retention Differential provision changes stated above are displayed in the attached policy in underline and strikeout format on pages 14 and 20, respectively.

### **ANALYSIS**

This policy revision is in alignment with the periodic policy review, in that it streamlines the qualitative rating scale and better aligns targeted performance with high expectations. In addition, the removal of the expired Retention Differential updates the policy to remove the provision which is no longer utilized.

Agenda Item 3b  
Performance, Compensation and Talent Management Committee  
June 16, 2014  
Page 2 of 2

**ATTACHMENT**  
Revised Executive Compensation Policy

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