

**CalPERS 2014-16 Business Plan
Mid-Year Update – Key Accomplishments
July 1, 2014 – December 31, 2014**

Key Accomplishments - by Goal and Strategic Objective

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

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

Investment Risk Management (June 2016)

Accomplishments:

- Staff prepared information to be shared at the February 2015 Investment Committee meeting to provide additional context on counterparty monitoring and Value at Risk (VAR) topics in Risk reports.
 - Staff revised the charter and voting structure of the Investment Strategy Group and formed two subcommittees: the Trust Level Risk and Attribution subcommittee, which ensures that investment risks are intended, understood, and compensated; and the Macro Valuation and Positioning subcommittee, which provides an organized approach to making asset class rebalance and tactical position decisions.
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Asset Allocation (June 2016)

Accomplishments:

- Staff completed the Terminated Agency Pool (TAP) analysis and presented findings to the Investment Committee in December 2014. The findings on the performance and rebalance of the TAP program will support the Investment Committee in their oversight capacity.
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Strategic Objective | Educate employers and other stakeholders to make informed decisions about retirement security and health care

Employer Health Benefits (June 2015)

Accomplishments:

- Staff conducted employer and member organization focus groups at seven regional offices between July and September of 2014 to solicit feedback on health benefit design, flexibility, geographic regions, and wellness program strategies.
 - Staff compiled and summarized data/feedback from the focus groups and stakeholder meetings and presented the information to the Pension & Health Benefits Committee in December 2014.
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Key Accomplishments - by Goal and Strategic Objective (Cont.)

California Employers' Retiree Benefit Trust (CERBT) Fund Growth Strategies (June 2015)

Accomplishments:

- Staff met with over 40 CERBT employers to deliver retention presentations (annual update) which included information on program fees and investment returns.
 - Staff discussed the CERBT program with over 125 prospective employers to encourage new participants and continue educating current participants. Communication methods included in-person visits, emails, and telephone calls.
 - Staff developed retention and marketing databases which will allow the CERBT staff to track its marketing and retention efforts more accurately, produce reports, share the information and develop strategies to increase employer participation in the program.
 - Staff initiated a process to archive historical valuation data and supporting documents for each CERBT contracted employer to improve accessibility.
 - Staff initiated enhancement efforts for the CERBT Access database to produce useful statistical data for the CERBT employer contribution and disbursement projections and actuarial data summaries which are used for annual reporting and retention presentations.
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Strategic Objective | Deliver target risk-adjusted investment returns

Investment Performance (June 2016)

Accomplishments:

- The Public Markets Portfolio Management System (PM2) went live in September 2014. Completion of the PM2 project implements a platform solution that significantly upgrades the technology and investment servicing capabilities used in Internal Equity Portfolio Construction to assure an accurate investment book of record is used when making investment decisions. Going live with the PM2 solution replaces existing portfolio management tools, improves controls, and increases capacity to take on new investment strategies.
 - Global Fixed Income (GFI) staff developed and implemented a daily report from the BlackRock System Aladdin (the GFI portfolio management software) to incorporate both internal and domestic assets into one report to better monitor the risks of the GFI Program.
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Cost Effectiveness (June 2016)

Accomplishments:

- Staff simplified the trust-level performance and asset allocation presentation within the investment section of the CalPERS Annual Financial Report.
 - Staff updated the initial Investment Office fiscal year 2014-15 cost savings to \$87.6 million, arising primarily from improved fee structures negotiated on new commitments made by the Real Estate Program.
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Emerging Manager Programs (June 2016)

Accomplishments:

- Staff completed the Year-Two report to the California Legislature on the CalPERS Five-Year Plan for Emerging Managers and presented it to the Investment Committee in November 2014. The report provides a complete picture of all the portfolio management and external outreach initiatives that staff has undertaken during the reporting period.
 - Staff hosted the first Emerging and Diverse Manager Day at CalPERS on October 23, 2014. The event had over 130 attendees, representing 71 emerging and diverse manager firms. Attendees had the opportunity to meet with CalPERS Investment Office senior staff and advisors in the Private Equity, Global Equity and Real Estate asset classes.
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Strategic Objective | Ensure high-quality, accessible, and affordable health benefits

Population Health Management (June 2015)

Accomplishments:

- Staff incorporated Population Health Management (PHM) program development into the health plan and the Pharmacy Benefit Manager Quarterly Business Review meetings to compare and contrast CalPERS PHM model with health plan PHM models to identify conceptual differences, provide updates, answer questions, and obtain feedback.
 - Staff evaluated the quote from Truven Health to update the 2009 Population Health study with 2013 data and determined it was too costly. As a result, management made the decision to utilize internal staff to conduct the 2013 Population Health study using Truven Health as the data source.
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Goal B | Cultivate a high-performing, risk-intelligent and innovative organization

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

End-to-End Business Intelligence (June 2015)

Accomplishments:

- Staff drafted a charter for the Business Intelligence Competency Center (BICC), a cross-divisional collaborative team dedicated to ensuring Business Intelligence (BI) products are of the highest quality.
 - Staff developed BI priorities and a BI Request Process in October 2014.
 - Staff launched the BICC, met with members, and provided them with onboarding binders that gave them an overview of the BI Program in December 2014.
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Service Delivery Transformation (June 2016)

Accomplishments:

- Staff developed a training toolkit on myCalPERS system roles and access to on-board new employer staff about doing business with CalPERS and provide them with educational materials.
 - Staff conducted outreach to CalPERS peer retirement systems to determine best practices and what access channels other systems offer their employers. This will allow staff to evaluate other access opportunities.
 - Staff developed two new Comprehensive Business Process surveys for members. These surveys will help gauge customer satisfaction with Service Credit Purchasing and Service Retirement processes.
 - Staff released two New Employer surveys in December 2014 covering payroll reporting and new health enrollments. These surveys will help these program areas gauge customer satisfaction and target service improvements.
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Strategic Objective | Recruit, retain, develop and empower a broad range of talents against organizational priorities

Workforce Strategic Implementation Plan (June 2016)

Accomplishments:

- **Recruitment Outreach and Marketing:** Staff enhanced CalPERS materials and presence at outreach events by using technology to assist potential applicants with navigating our website, showcasing our mobile exam application, and reinforcing CalPERS as an innovative and destination employer.
 - To attract well-qualified and diverse candidates, staff partnered with the Office of Public Affairs External Communications Unit for a social media campaign “miniseries” in November 2014. The “miniseries” consisted of 25 Tweets and 10 posts on Facebook and Google Plus targeted at job seekers.
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Compensation Policy Review (June 2015)

Accomplishments:

- Staff conducted a Compensation Education Panel for the Board of Administration Offsite in July 2014. The industry expert panel provided the Board with expert opinion regarding executive compensation philosophies, practices and future possibilities.
- Staff conducted an educational workshop for the Board of Administration on the Compensation Policy Review project findings and recommendations in November 2014.

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

Participating Employer Financial Hardship/Insolvency (June 2015)

Accomplishments:

- Staff participated in hearings in Stockton case on City's proposed plan of adjustment with ultimate result that court confirmed a plan that does not impair pensions.
- Staff continued to educate media and stakeholders with respect to Judge Klein's rulings.

Treasury Management (June 2016)

Accomplishments:

- Staff developed a current state assessment for the Treasury Management Program that describes cash and liquidity components for each Trust and determines criteria for different levels of cash based on availability and use.
 - Staff created a high-level plan for detail design that describes policy and practice development, as well as process workflow development.
 - Staff developed Treasury Management principles to provide the foundation for future Treasury Management policies and practices.
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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

Investment and Pension Beliefs Communication Strategies (June 2016)

Accomplishments:

- Staff successfully managed the public announcement of CalPERS' decision to eliminate hedge funds, using key messages developed in coordination with the Investment Office and in support of Investment Beliefs. This action generated the largest amount of news coverage for a single CalPERS story in the last five years, with hundreds of stories and continued mentions of the decision in major media outlets.
 - To strengthen awareness and understanding of CalPERS' Pension Beliefs, staff assisted CEO Anne Stausboll in publishing an article about the Beliefs in the Sacramento Bee.
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Strategic Objective | Provide education and engagement opportunities to shape policy agenda and expand impact

Strategic Partnerships (June 2015)

Accomplishments:

- CalPERS partnered with the Canadian Pension Plan Investment Board and the University of California, Davis, to host the September 2014 Global CFO Conference for international Chief Financial Officers. The event gathered influential financial professionals recognized as industry leaders from all over the world and provided opportunities to connect, develop partnerships, and share insights on best practices.
 - Staff developed a plan to strengthen partnerships and pursue strategic relationships with academic institutions based on their proximity, past collaborative efforts, and retirement-security subject-matter expertise. Three institutions were selected: Boston College, California State University, Sacramento, and the University of California at Berkeley.
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Thought Leadership (June 2015)

Accomplishments:

- CalPERS officially launched the "Research Center," an internal on-line tool providing one-stop access to Business Intelligence products.
 - In November 2014, staff published an article, "Increasing Defined Contribution Plan Participation: A California Pilot Project," in the Fall 2014 edition of the Journal of Retirement. The article highlights the results of the CalPERS "Savings Plus" pilot project, a Retirement Research and Planning Division-led collaborative effort with the California Department of Human Resources and the State Controller's Office.
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Demonstrate Industry Leadership (June 2015)

Accomplishments:

- Staff oversaw the successful launch and implementation of the External Outreach Taskforce, which will define opportunities for participation in conferences and events to communicate our message, particularly in the areas of health, risk, pensions, and investments.
 - Staff hosted the annual Educational Forum in October 2014, which provides opportunities for the CalPERS Board and Executives to strengthen partnerships with CalPERS employers and offers educational sessions for employers to manage their health and pension benefits.
 - Staff actively supported Chief Financial Officer Cheryl Eason's participation in the Employer Roundtable, Education Forum, Employer Response Dialogs, and California State Association of Counties Annual Conference. These events allowed CalPERS to further its interests and partnerships by directly communicating and engaging with leaders in government and business.
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