

# CalPERS 2016-17 Business Plan

## New and In-Progress Initiatives

March 15, 2016

## CalPERS 2016-17 Business Plan – New and In-Progress Initiatives

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

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

Initiative Title	Initiative Description	Completion Date
<b>[NEW] Risk Factor Development for Asset Liability Management</b>	Develop a model that identifies and analyzes risk factors driving assets and liabilities and explore the potential for risk factor-based allocation	June 2017
<b>Investment Risk Management and Performance Attribution</b>	Build effective investment risk and performance attribution review and decision processes within and across asset classes to ensure risks are fully understood, intended, and compensated	June 2017
<b>[NEW] Redesign and Enhance the Actuarial Valuation System</b>	Redesign and enhance the Actuarial Valuation System to increase capabilities, streamline processes, and create a more robust valuation system	June 2017
<b>Enhance Capital Allocation Framework</b>	Enhance the Capital Allocation framework through improved risk factor modeling and greater understanding and ownership of trust-level investment risk and performance	June 2017

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

Initiative Title	Initiative Description	Completion Date
<b>[NEW] CalPERS Pension Prefunding Trust</b>	Develop and administer a funding mechanism for employers to invest in a pension prefunding trust	June 2017
<b>Sustain the Growth of the California Employers' Retiree Benefit Trust Fund and Improve Service to Our Employers</b>	Develop and implement strategies to sustain the growth of the California Employers' Retiree Benefit Trust fund and enhance the delivery of service to our employers	June 2017
<b>[NEW] Promote Access to High-Value Health Care Services</b>	Explore feasibility to introduce incentives to promote access to quality and preventive services, increase treatment adherence, and adopt healthy behaviors	June 2017

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

Objective – Educate employers and other stakeholders to make informed decisions about retirement security and health care (Cont.)

Initiative Title	Initiative Description	Completion Date
<b>[NEW] Provide Health Costs Education and Outreach</b>	Provide employers with aggregate views of health data to identify major health care costs and assess impacts	December 2016
<b>Complete Pilot to Improve Long-Term Care Hospital Transition Care for Senior Members</b>	Assess the specialized hospital transition care management program to improve quality and reduce hospital readmissions for Preferred Provider Organization Health Plan members with Long-Term Care policies	September 2016

Objective – Deliver target risk-adjusted investment returns

Initiative Title	Initiative Description	Completion Date
<b>[NEW] Investment Program Long-Term Planning</b>	Explore long-term planning considerations including private assets business model, talent management, and office locations	June 2017
<b>[NEW] External Manager Monitoring, Expectations, and Reduction Strategy</b>	Develop enhanced governance and protocols to improve efficiencies and controls in assessing and engaging external managers and migrating additional asset types in house	June 2017
<b>Enhance Business Effectiveness, Resource Allocation, and Efficiency of Investment Programs</b>	Enhance cost effectiveness, resource allocation, and efficiency of the investment program to increase net returns on assets	June 2017
<b>Enhance Investment Platform and Controls</b>	Enhance the investment platform and internal controls environment to achieve optimum efficiency	June 2017
<b>Investment Beliefs and Environmental, Social, and Governance (ESG) Risk Integration</b>	Develop a framework for the integration of CalPERS Investment Beliefs and ESG risk considerations into the investment decision-making process	June 2017

## CalPERS 2016-17 Business Plan – New and In-Progress Initiatives

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

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

Initiative Title	Initiative Description	Completion Date
<b>Complete Cost Effectiveness Measurement (CEM) Evaluation and Identify Enhancements</b>	Evaluate and analyze CEM Benchmarking reporting data to identify the feasibility of pension administration cost savings and performance improvements	June 2017

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

Initiative Title	Initiative Description	Completion Date
<b>Improve the Use of Data to Drive Business Insights</b>	Provide self-service access and education to business intelligence data to support risk mitigation, planning, innovation, and organizational performance	June 2017
<b>[NEW] Improve Customer Engagement and Communications</b>	Review core business processes and publications to enhance customer engagement and the overall end-to-end experience	June 2017
<b>[NEW] Capture Customer Feedback</b>	Utilize customer surveys to collect customer satisfaction data, and analyze the survey data to track and improve customer service	June 2017
<b>[NEW] Implement Financial Literacy Education for Members</b>	Implement a plan to enhance members' understanding of key concepts related to financial literacy through increased education and training	June 2017
<b>Implement Digital Communication Strategy</b>	Enhance digital communications capabilities to support outreach and communication to members, employers, and other stakeholders	June 2017

## CalPERS 2016-17 Business Plan – New and In-Progress Initiatives

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

Objective – Recruit, retain, develop, and empower a broad range of talents against organization priorities

Initiative Title	Initiative Description	Completion Date
<b>[NEW] Emerging Leader</b>	Develop and implement a journey-level training program to prepare non-supervisory employees for future leadership roles	December 2016
<b>[NEW] Organizational Health Index</b>	Assess the Organizational Health Index survey results and identify and address high priority improvements to CalPERS culture	June 2017
<b>[NEW] Expand Internal Diversity Program</b>	Develop and implement a plan to expand the Diversity and Inclusion Program to increase outreach and engagement	June 2017
<b>Compensation Policy Review</b>	Develop recommendations to the incentive compensation programs and policies governed by the CalPERS Board of Administration	June 2017

Objective – Actively manage business risks with an enterprise-wide view

Initiative Title	Initiative Description	Completion Date
<b>[NEW] Master Enterprise Business Continuity Plan</b>	Update master Business Continuity Program that accounts for enterprise priorities and can be executed post a major disruption	December 2016
<b>Align Technology Planning to Business Priorities</b>	Establish an approach to ensure technology planning aligns to business priorities	June 2017
<b>[NEW] Enhance Enterprise Compliance Capabilities and Internal Controls</b>	Implement enhancements to enterprise compliance capabilities and internal controls throughout the organization as described in the five-year compliance plan	June 2017
<b>Enhance Cyber Security Program</b>	Implement risk mitigation strategies to enhance management of security events, access to information and data loss prevention to safeguard information assets	June 2017

## CalPERS 2016-17 Business Plan – New and In-Progress Initiatives

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

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

Initiative Title	Initiative Description	Completion Date
<b>Enhance External Partnerships</b>	Develop partnerships with industry experts, the business community, employers and stakeholders on key policy issues to strengthen awareness and understanding of CalPERS long-term strategic priorities and goals, and forge solutions in the best interests of the system's members and employers	June 2017
<b>[NEW] Employer Excise Tax</b>	Assess appropriately the impacts of excise tax and execute an outreach plan that provides stakeholders information on the excise tax policy and other Affordable Care Act components	June 2017