



Performance, Compensation &
Talent Management Committee
Agenda Item 5

June 20, 2017

Item Name: 2017-18 Incentive Plans of the Chief Executive Officer and Chief Investment Officer

Program: Administration

Item Type: Action

Recommendation

Approve the 2017-18 incentive plans for the Chief Executive Officer (CEO) and Chief Investment Officer (CIO).

Executive Summary

This agenda item presents the proposed 2017-18 incentive plans for the CEO and CIO.

Strategic Plan

This agenda item supports the Talent Management goal of the 2017-22 Strategic Plan in promoting a high-performing and diverse workforce. 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 prior to the beginning of the fiscal year, or as soon as practical for new hires. The 2017-18 plans for the CEO and CIO are presented with this agenda item for approval.

The establishment of incentive 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.

Analysis

The CEO and CIO's incentive plans (Attachments 1 and 2) continue to contain the performance metrics and Total Fund performance measure adopted by the Board in August 2016. In addition, the CEO's plan also maintains the Organizational Leadership measure developed for 2016-17, which focuses on key leadership priorities.

The 2017-18 Leadership measure in the plan of the CIO reflects the CEO's key leadership priorities, and is the same measure that will be included in the incentive plans of all Deputies, Chiefs, and investment management positions to ensure a consistency of leadership expectations across the organization.

Budget and Fiscal Impacts

The cost of the incentive awards that arise from the recommendations in this item will be funded from existing resources.

Benefits and Risks

If the 2017-18 incentive plans of the Chief Executive Officer and Chief Investment Officer are not approved, the associated risk would be non-compliance with the policy-required development of annual plans.

Attachments

Attachment 1 – Chief Executive Officer’s 2017-18 incentive plan

Attachment 2 – Chief Investment Officer’s 2017-18 incentive plan

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Operations and Technology