



Performance, Compensation & Talent Management Committee

Agenda Item 8a

February 20, 2019

Item Name: Semiannual Status Report on Incentive Plan of the Chief Executive Officer

Program: Administration

Item Type: Action

Recommendation

Approve the Chief Executive Officer's (CEO's) 2018-19 incentive plan semiannual status report.

Executive Summary

This agenda item presents for approval the fiscal year 2018-19 incentive plan semiannual status report of the CEO.

Strategic Plan

This agenda item supports CalPERS' Strategic Goal to promote a high-performing and diverse workforce in the 2017-22 Strategic Plan. The Executive Compensation Program provides a means for recruiting, retaining, and empowering highly-skilled executives to meet organizational priorities and strengthen the long-term sustainability of the pension fund by generating returns to pay member benefits.

Background

The Board's Compensation Policy for Executive and Investment Management Positions (Policy) requires all covered program participants to prepare status reports on their incentive plan objectives at mid-year and year-end. The Policy also requires the Performance, Compensation and Talent Management Committee approve the semiannual status report for the CEO's incentive plan.

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 Committee approved the CEO's incentive plan in August 2018, and Attachment 1 contains the CEO's status report covering the period of July 1, 2018, through December 31, 2018.

Budget and Fiscal Impacts

The cost of incentive awards and base pay adjustments resulting from the year-end performance evaluation process has been addressed through the annual budget process and will be funded from existing resources.

Benefits and Risks

Status reports provided to the Board demonstrate identifiable progress made to date on the organizational priorities stated in the Strategic and Business Plans, helping to identify potential challenges and mitigation strategies.

If the CEO's 2018-19 semiannual status report is not accepted, the associated risk would be non-compliance with the Board's Compensation Policy for Executive and Investment Management Positions.

Attachment

Attachment 1 – CEO's Incentive Plan Semiannual Status Report

Tina Campbell, Chief
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Operations and Technology