

## Proposed 2020-21 Incentive Metrics

### Total Fund Performance

The Total Fund Performance Metric is measured based on fund performance against the policy benchmark for the five-year period of July 1, 2016, through June 30, 2021. Payout ratio for intermediate results will be determined by interpolation.

Variance (bps) from Benchmark	Payout Ratio
+35	1.50 (150%)
+30	1.41 (141.7%)
+20	1.25 (125%)
+5	1.00 (100%)
0	0.76 (76.3%)
-15	0.05 (5%)
< -15	0.00 (0%)

### Enterprise Operational Effectiveness

The Enterprise Operational Effectiveness Metric for 2020-21 is defined as Overhead Operating Costs as a percentage of Total Operating Costs ("OOC").

- Total Overhead Operating Costs ("OOC") identify all administrative costs not mapped directly to Product and Service Delivery Operating Costs ("PSDOC"); excludes Board and Third-Party Administrator Costs
- $OOC = OOC / (OOC + PSDOC)$

Score	Payout Ratio
< -1.1%	1.50 (150%)
-1.1% to < -0.6%	1.25 (125%)
-0.6% to 0.0%	1.00 (100%)
> 0.0% to 1.0%	0.75 (75%)
> 1.0% to 1.5%	0.50 (50%)
> 1.5%	0.00 (0%)

### Investment Office CEM

The 2020-21 annual participation in the CEM benchmarking survey analyzes CalPERS' investment costs and return performance over a five-year period against a customized peer group.

Score	Payout Ratio
Outperforms US Benchmark on Net Value Added (Returns) <b>and</b> Cost by 0.2% and 5 bps, respectively	1.50 (150%)
Outperforms US Benchmark on Returns <b>and</b> Cost by .001% and 1 bps, respectively	1.00 (100%)
Outperforms US Benchmark on Cost <b>or</b> Outperforms US Benchmark on Returns	0.50 (50%)
Underperforms US Benchmark on Returns <b>and</b> Cost	0.00 (0%)

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### Customer Service

The Customer Service Metric for 2020-21 is based on the following two Service Dimensions:

- Benefit Payment Timeliness: Percentage of benefit payments issued to our customers within established service levels
- Customer Satisfaction: Customer service with CalPERS services as measured by surveys and other methods

Score	Payout Ratio
≥ 95%	1.50 (150%)
94% to < 95%	1.25 (125%)
92% to < 94%	1.00 (100%)
90% to < 92%	0.75 (75%)
88% to < 90%	0.50 (50%)
< 88%	0.00 (0%)

### Stakeholder Engagement

The Stakeholder Engagement Metric for 2020-21 is based on results of the following three Stakeholder Engagement Survey questions:

- Is CalPERS sensitive to the needs of Stakeholders?
- Does CalPERS do a good job of keeping its stakeholders informed?
- On a scale of one to ten, how would you rate CalPERS being effective in engaging and communicating with stakeholders?

Score	Payout Ratio
> 83%	1.50 (150%)
> 81% to 83%	1.25 (125%)
> 79% to 81%	1.00 (100%)
> 77% to 79%	0.75 (75%)
> 75% to 77%	0.50 (50%)
≤ 75%	0.00 (0%)