




TOLERANCES	FREQ	2019–20	Q1	Q2	<b>Q3</b>	Q4	COMMENTS
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 **FUND SUSTAINABILITY** | Strengthen the long-term sustainability of the pension fund




Probability of PERF funding levels below 50% <i>Owner: Chief Actuary</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> &gt; 20%</li> <li><span style="color: yellow;">■</span> 10%–20%</li> <li><span style="color: green;">■</span> &lt; 10%</li> </ul>	Annually	2%				<i>Data as of November 2020</i>
Investment return: Funded status impact <i>Owner: Chief Actuary</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> &lt; 6%</li> <li><span style="color: yellow;">■</span> 6%–7%</li> <li><span style="color: green;">■</span> &gt; 7%</li> </ul>	Annually	4.7%				<i>Status based on actual returns reported on November 2020</i> <i>Exception report attached.</i>
Employer contribution rate impact <i>Owner: Chief Actuary</i>	Projected vs. Actual <ul style="list-style-type: none"> <li><span style="color: red;">■</span> &gt; 2%</li> <li><span style="color: yellow;">■</span> 1%–2%</li> <li><span style="color: green;">■</span> &lt; 1%</li> </ul>	Annually	Misc. 0.27%%  Safety 0.51%				<i>Results represent the variance between projected and actual annual contribution rates.</i>

 **HEALTH CARE AFFORDABILITY** | Transform health care purchasing and delivery to achieve affordability

Percent of contracting agencies retained <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> ≤ 97.9%</li> <li><span style="color: yellow;">■</span> 98%–98.9%</li> <li><span style="color: green;">■</span> ≥ 99%</li> </ul>	Annually	99.57%	99.7%			<i>Data as of March 2021</i>
Increase in Total Covered Lives (TCLs) <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> ≤ 5,999 TCLs</li> <li><span style="color: yellow;">■</span> 6,000–8,999 TCLs</li> <li><span style="color: green;">■</span> ≥ 9,000 TCLs</li> </ul>	Annually	5,407	16,597			<i>Data as of March 2021</i>
Legislation that negatively impacts CalPERS <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> Legislation exists</li> <li><span style="color: green;">■</span> No legislation exists</li> </ul>	Quarterly					
Maintain Health Care Fund Actuarial Reserve <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> &lt;90% / &gt;110% Actuarial Reserve</li> <li><span style="color: green;">■</span> 90%–110% Actuarial Reserve</li> </ul>	Annually	104%				<i>Pending refresh</i>

 **REDUCE COMPLEXITY** | Reduce complexity across the enterprise

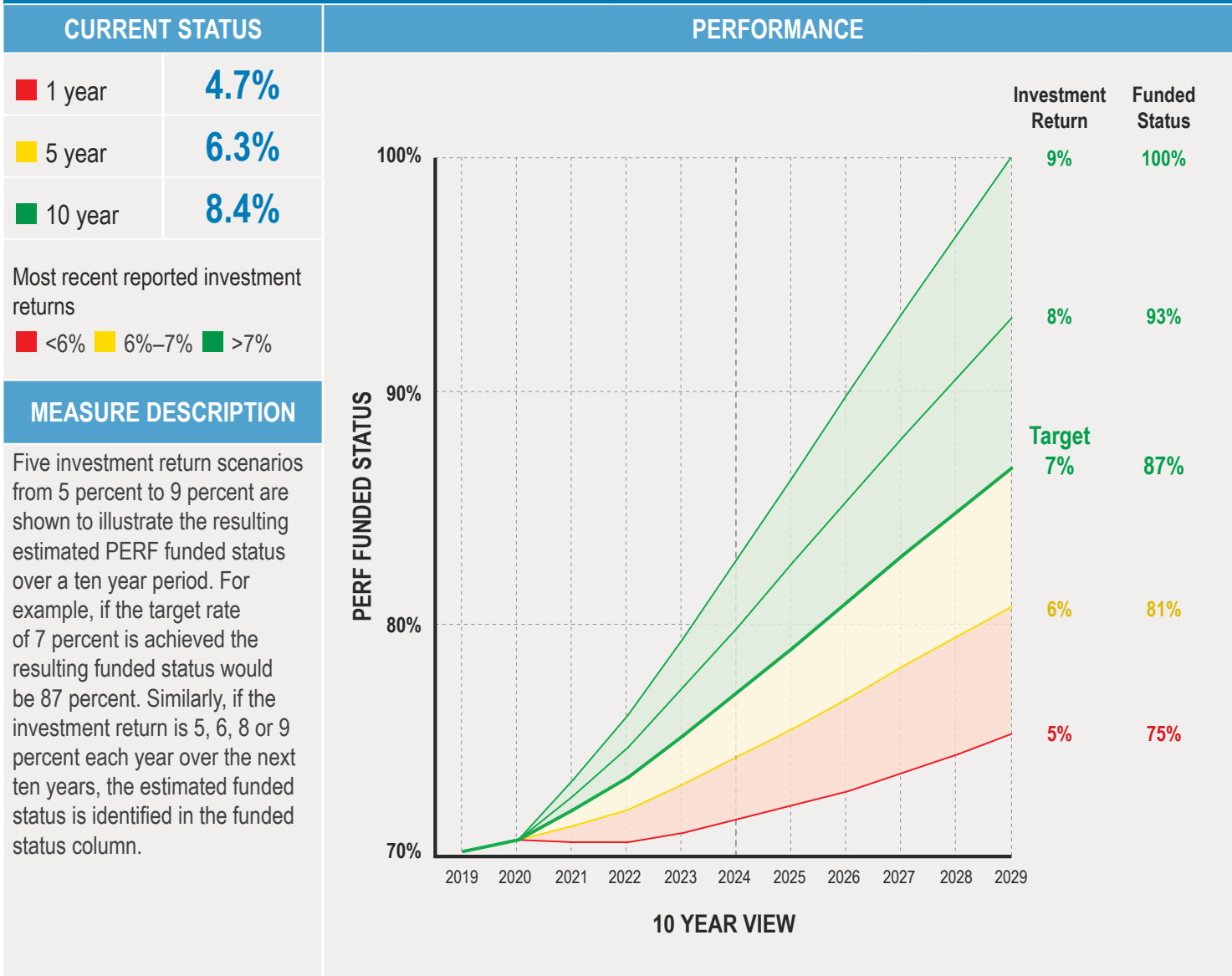
Proposed legislation that would reduce plan designs <i>Owners: Deputy Executive Officer, Communications &amp; Stakeholder Relations</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> No Legislation exists</li> <li><span style="color: green;">■</span> Legislation exists</li> </ul>	Quarterly / Point in time					
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		TOLERANCES	FREQ	2019–20	Q1	Q2	Q3	Q4	COMMENTS
 <b>REDUCE COMPLEXITY</b>   Reduce complexity across the enterprise									
Externally proposed bills that have the potential to increase the complexity of the plan design <i>Owners: Deputy Executive Officer, Communications &amp; Stakeholder Relations</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> Legislation exists</li> <li><span style="color: green;">■</span> No legislation exists</li> </ul>	Quarterly / Point in time							
Continuous process improvement adoption <i>Owners: Chief Operating Officer, Operations &amp; Technology</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> Decrease in adoption</li> <li><span style="color: yellow;">■</span> No change (0.0)</li> <li><span style="color: green;">■</span> Increase in adoption</li> </ul>	Biannual	0.1%	0.1					Changes to risk measure beginning FY 2020–21 that considers additional factors of Lean adoption and to be more aligned with the current KPI.
 <b>RISK MANAGEMENT</b>   Cultivate a risk-intelligent organization									
Enterprise Risk Training Index <i>Owner: Chief Compliance Officer</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> ≤ 84%</li> <li><span style="color: yellow;">■</span> 85%–94%</li> <li><span style="color: green;">■</span> ≥ 95%</li> </ul>	Annually							In development
 <b>TALENT MANAGEMENT</b>   Promote a high-performing and diverse workforce									
Employee Engagement Survey – Diversity and Inclusion (D&I) <i>Owners: Deputy Executive Officer, Communications &amp; Stakeholder Relations</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> ≤ 44% agree</li> <li><span style="color: yellow;">■</span> 45%–59% agree</li> <li><span style="color: green;">■</span> ≥ 60% agree</li> </ul>	Annually	68%	80.2%					

**FUND SUSTAINABILITY** | Strengthen the long-term sustainability of the pension fund



**Investment return: Funded status impact**



**NEXT STEPS**

Action Items	Owner	Targeted Completion Date
Ongoing stakeholder education and engagement	CFO/ALMAC	<a href="#">ALM Cycle</a>

**REDUCE COMPLEXITY** | Reduce complexity across the enterprise



**Externally proposed bills that have the potential to increase the complexity of the plan design**

CURRENT STATUS — FY 2019–20		PERFORMANCE		
<span style="color: red;">■</span>	<b>Legislation exists</b>			
<span style="color: red;">■</span> Legislation exists <span style="color: green;">■</span> No legislation exists				
ROOT CAUSE / SUCCESS		NEXT STEPS		
<p><b>AB 890</b> Requires CalPERS to prepare and release a report related to emerging and diverse investment managers.</p> <p><b>AB 1019</b> Requires divestment from specified investments related to the Government of Turkey.</p> <p><b>AB 1092</b> Prohibits CalPERS from administering retiree health benefits for retirees employed in positions with comparable health benefits, including private sector employment.</p> <p><b>AB 1293</b> Requires CalPERS to conduct annual re-testing for compliance with IRC 415 limits for JRS II retirees. Program area is already implementing this task due to change in federal guidance.</p> <p><b>SB 278</b> Administration of Reportable Compensation. May increase the number of MOUs employers submit for review. This is a reintroduction of SB 266 from 2019–2020.</p> <p><b>SB 457</b> Requires CalPERS to provide a separate trust fund for requesting school employers and cities that does not include specified investments related to the Government of Turkey. Significant administrative complexity to establish a separate trust.</p>	Action Items	Owner	Targeted Completion Date	
	AB 890–Work with author to include amendments reducing reporting requirements.	INVO	10/15/2021	
	AB 1019–Monitor and potentially request an Oppose position from the CalPERS board.	INVO	10/15/2021	
	AB 1092–Monitor and potentially request an Oppose position from the CalPERS board.	HAMD, EAMD	10/15/2021	
	AB 1293–Monitor and provide technical assistance as needed.	JLRS	10/15/2021	
	SB 278–Monitor discussions between the author and the Governor’s office.	EAMD	10/15/2021	
	SB 457–Monitor and potentially request an Oppose position from the CalPERS board.	Multiple program areas	10/15/2021	