

TOLERANCES	FREQ	2020–21	Q1	Q2	Q3	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"> ■ > 20% ■ 10%–20% ■ < 10% 	Annually	*2%				*Pending ALM Board Action-Data as of October 2021
Investment return: Funded status impact <i>Owner: Chief Actuary</i>	<ul style="list-style-type: none"> ■ < 6% ■ 6%–7% ■ > 7% 	Annually	21.3%				Status based on actual returns reported July 2021
Employer contribution rate impact <i>Owner: Chief Actuary</i>	Projected vs. Actual <ul style="list-style-type: none"> ■ > 2% ■ 1%–2% ■ < 1% 	Annually	Misc. -1.56% *-0.51% Safety -2.97% *-1.01%				Results represent the variance between projected and actual annual contribution rates. *Rates reflect the risk mitigation policy discount rate

HIGH-QUALITY AFFORDABLE HEALTH CARE | Improve health care quality, access & affordability

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

REDUCE COMPLEXITY | Reduce complexity across the enterprise

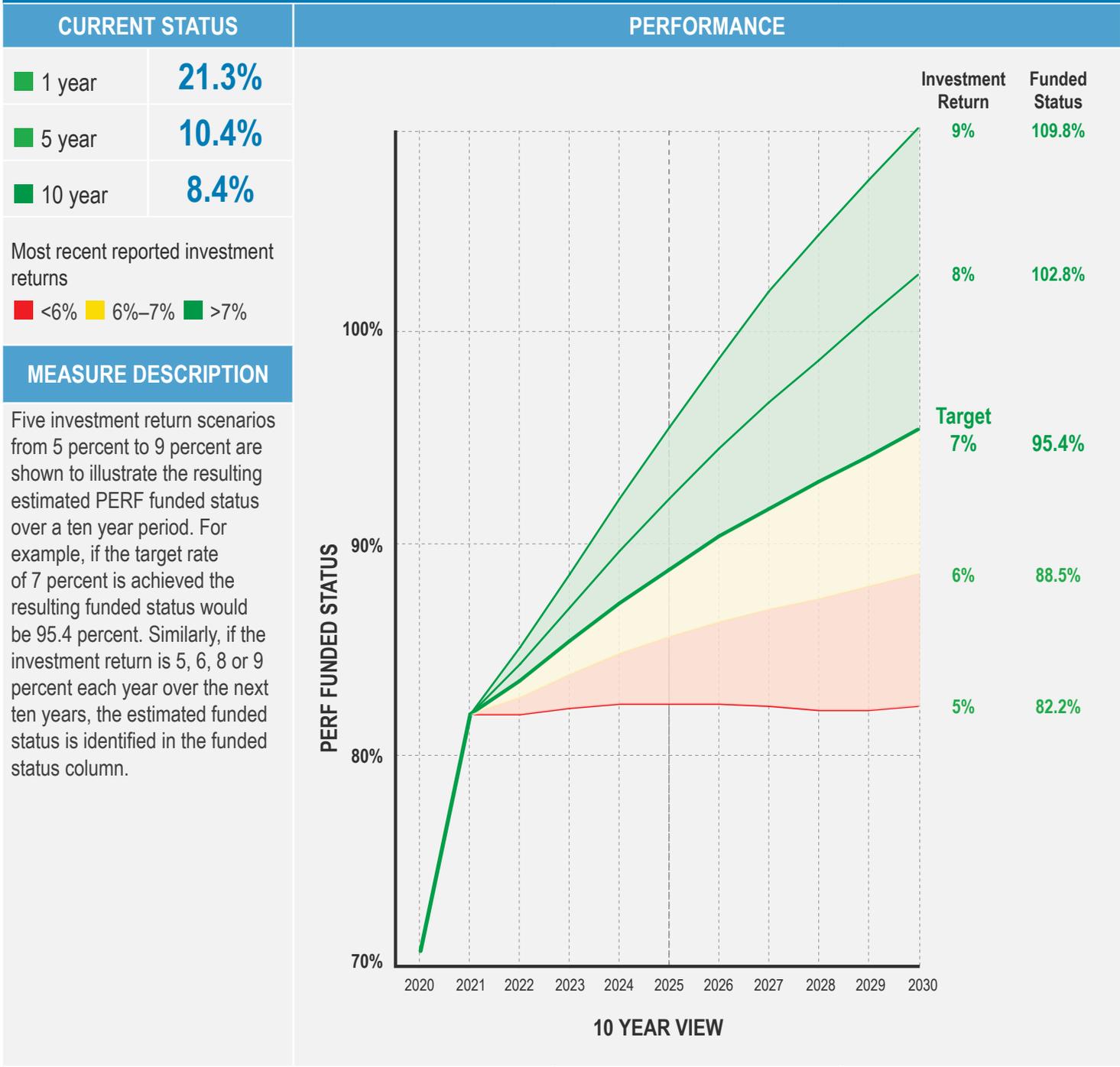
Proposed legislation that would reduce plan designs <i>Owners: Deputy Executive Officer, Communications & Stakeholder Relations</i>	<ul style="list-style-type: none"> ■ No Legislation exists ■ Legislation exists 	Quarterly / Point in time					
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		TOLERANCES	FREQ	2020–21	Q1	Q2	Q3	Q4	COMMENTS
 REDUCE COMPLEXITY 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 & Stakeholder Relations</i>	<ul style="list-style-type: none"> ■ Legislation exists ■ No legislation exists 	Quarterly / Point in time							
Continuous process improvement adoption <i>Owners: Chief Operating Officer, Operations & Technology</i>	<ul style="list-style-type: none"> ■ Decrease in adoption ■ No change (0.0) ■ Increase in adoption 	Biannual	0.0%						<i>Data as of June 2021</i>
 RISK MANAGEMENT Cultivate a risk-intelligent organization									
Enterprise Risk Training Index <i>Owner: Chief Compliance Officer</i>	<ul style="list-style-type: none"> ■ ≤ 84% ■ 85%–94% ■ ≥ 95% 	Annually							<i>In development</i>
 TALENT MANAGEMENT Promote a high-performing and diverse workforce									
Employee Engagement Survey – Diversity and Inclusion (D&I) <i>Owners: Deputy Executive Officer, Communications & Stakeholder Relations</i>	<ul style="list-style-type: none"> ■ ≤ 44% agree ■ 45%–59% agree ■ ≥ 60% agree 	Annually	80.2%						<i>Data as of January 2021</i>

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	ALM Cycle

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 2021–22		PERFORMANCE		
■	Legislation exists			
■ Legislation exists ■ No legislation exists				
ROOT CAUSE / SUCCESS		NEXT STEPS		
Bill Number	Action Items	Owner	Targeted Completion Date	
AB 890 Requires CalPERS to prepare and release a report related to emerging and diverse investment managers.	AB 890–Board adopted a Support position after amendments were adopted into the bill, including a sunset clause for the report.	INVO	Signed into law	
AB 1019 Requires divestment from specified investments related to the Government of Turkey.	AB 1019–Monitor and potentially request an Oppose position from the CalPERS board.	INVO	1/31/2022	
AB 1092 Prohibits CalPERS from administering retiree health benefits for retirees employed in positions with comparable health benefits, including private sector employment.	AB 1092–Monitor and potentially request an Oppose position from the CalPERS board.	HAMD, EAMD	1/31/2022	
AB 1293 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.	AB 1293–Monitor. CalPERS-drafted technical amendments were adopted into the bill.	JLRS	Signed into law	
SB 278 Administration of Reportable Compensation. May increase the number of MOUs employers submit for review. This is a reintroduction of SB 266 from 2019-2020.	SB 278–Monitor discussions between the author and the Governor’s office.	EAMD	Signed into law	
SB 457 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.	SB 457–Monitor. Board adopted an Oppose position, so will advocate opposition.	Multiple program areas	6/30/2022	