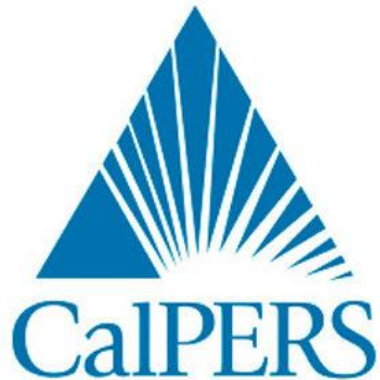




GLOBAL  
GOVERNANCE  
ADVISORS

# Executive & Investment Management Positions Compensation Review – Recommendations

DRAFT FOR DISCUSSION



California  
Public Employee  
Retirement  
System

March 28, 2023

# Outline

## Overview of Today's Material

<b>BACKGROUND</b> .....	<b>3</b>
<b>EXECUTIVE MANAGEMENT POSITIONS</b> .....	<b>7</b>
<b>INVESTMENT MANAGEMENT POSITIONS</b> .....	<b>17</b>
<b>POTENTIAL PHASE-IN STRATEGY</b> .....	<b>26</b>
<b>STRESS TESTING OF RECOMMENDATIONS</b> .....	<b>30</b>
<b>NEXT STEPS</b> .....	<b>34</b>
<b>APPENDIX A: CHIEF HEALTH DIRECTOR MARKET ANALYSIS</b> .....	<b>36</b>
<b>APPENDIX B: PEER GROUPS USED IN MCLAGAN ANALYSIS</b> .....	<b>39</b>



# BACKGROUND

# Positions Reviewed



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- The California Public Employees Retirement System (“CalPERS”) asked McLagan to assemble competitive compensation data for the following executive and investment management positions from its Board-reviewed compensation comparator group that is aligned with its Board-approved compensation policy:

Executive Positions	Investment Positions
Chief Executive Officer (“CEO”)	Chief Investment Officer (“CIO”)
Chief Financial Officer (“CFO”)	Deputy Chief Investment Officer (“Deputy CIO”)
General Counsel	Chief Operating Investment Officer (“COIO”)
Chief Operating Officer (“COO”)	Managing Investment Director
Chief Actuary	Investment Director
Chief Health Director *	Investment Manager
	Associate Investment Manager

\* McLagan does not survey the Chief Health Director position, but data has been collected by CalPERS HR to determine current competitiveness (see Appendix A).

# GGA's Role in the Review Process

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- As CalPERS' Primary Compensation Consultant, GGA's role as part of the compensation review process is as follows:
  - Highlight key findings from the compensation review as it relates to the competitiveness of compensation at CalPERS.
  - Provide recommendations on potential adjustments to compensation levels and structure at CalPERS to remain market competitive.

## PLEASE NOTE:

- GGA highlighted its key findings on the competitiveness of CalPERS' compensation at the February PCTM meeting.
- For the purposes of this meeting, GGA will be presenting its final recommendations to fill any observed gaps to the market from its review.
  - GGA is only recommending adjustments to the Base Salary ranges and not incumbent base salaries. That said, CalPERS has administrative authority to adjust incumbent base salaries within the range, where needed, once any range adjustments are approved.

# GGA's Determination of Market Competitiveness

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- In making its recommendations, GGA generally looks to align the Midpoint Salary, Target Total Cash Compensation and Target Total Compensation at CalPERS to the:
  - Combined Peer Group (i.e., Public Sector & Private Sector) Median
    - For Chief Health Director, GGA has attempted to align to the Median of similar California-based organizations.

## REMINDER:

- Total Cash Compensation = Salary + Annual Incentive at Target
- Total Compensation = Salary + Annual Incentive at Target + Long-Term Incentive at Target

# EXECUTIVE MANAGEMENT POSITIONS

# REMINDER: Competitiveness Breakdown



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- The current gap to market for all Executive Management positions is highlighted below.

Position	Salary	Total Cash	Total Compensation
	% Difference	% Difference	% Difference
CEO	+1%	-57%	-66%
CFO	-5%	-23%	-33%
General Counsel	-8%	-33%	-41%
COO	-25%	-46%	-55%
Chief Actuary	-4%	-32%	-40%
Chief Health Director	-34%	-16%	-16%

- Differences in Total Cash and Total Compensation implies that peer positions typically have a long-term incentive component included in their Total Compensation offering.



# Rationale for Recommendations

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## **GGA based its recommendations for Executive Management positions on the following rationale to:**

- Align CalPERS' compensation levels more competitively with the median of its policy-aligned peer group.
- Ensure base salary range levels are competitive with the peer group.
- Reflect the fact that material adjustments in salary ranges have not been made for certain roles in 3+ years.
- Ensure a meaningful and competitive amount of compensation is placed at-risk through incentives.
- Recognize that there is some hesitancy to make certain roles eligible for LTIP at this time.

# Alternatives Outlined

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**GGA is providing CalPERS with two alternatives on how to approach compensation adjustments given the current gap to the Peer Group.**

- 1. Align to Median Strategy:** This would align the Base Salary and Incentive levels and structure for each role to the Peer Group median but leads to some differentiation between the Annual Incentive opportunity for the CFO in relation to other direct reports to the CEO. Separately, the Chief Health Director's eligibility for Annual Incentive would be removed with a higher adjustment in Base Salary range made to align better with how similar roles are compensated in the market (i.e., with no Incentive).
- 2. Internally Equal below CEO Strategy:** This would generally align Base Salary and Incentive levels for each role to the Peer Group median but would provide the same Annual Incentive opportunity (as % of Salary) to all of the CEO's direct reports. Separately, the Chief Health Director would remain eligible for Annual Incentive to align with the structure of the other direct reports to the CEO, albeit at a lower level, to still align with the Peer Group median for similar roles from a Total Cash Compensation perspective.

# Recommended Salary Adjustments



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- GGA is recommending an adjustment to the Executive Management roles below the CEO to position Midpoint base salaries at the median of the peer group. Salary bands have also been set with a range of 75% to 125% of the Band Midpoint for all roles for greater consistency moving forward.

Position	Current			Recommended		
	Min	Mid	Max	Min	Mid	Max
CEO	\$377,250	\$503,000	\$628,750	\$377,250	\$503,000	\$628,750
CFO	\$217,500	\$297,250	\$377,000	\$234,000	\$315,000	\$390,000
General Counsel	\$225,000	\$307,500	\$390,000	\$251,250	\$335,000	\$418,750
COO	\$187,500	\$250,000	\$312,500	\$251,250	\$335,000	\$418,750
Chief Actuary	\$206,000	\$264,200	\$322,400	\$206,250	\$275,000	\$343,750

# Salary Adjustment Alternatives for Chief Health Director



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- The CalPERS Chief Health Director role is currently eligible for an Annual Incentive, however many of the comparable organizations provide higher base salaries with no Incentive opportunity.
- Provided below are two potential salary range adjustment alternatives for the Chief Health Director:
  1. Adjust Salary Range and Remove Annual Incentive Eligibility (i.e., Align to Median strategy)
  2. Adjust Salary Range While Continuing to Make Role Eligible for Annual Incentive (i.e., Internally Equal Below CEO strategy)

Alternative	Current			Recommended		
	Min	Mid	Max	Min	Mid	Max
Alternative #1	\$204,750	\$279,825	\$354,900	\$318,750	\$425,000	\$531,250
Alternative #2	\$204,750	\$279,825	\$354,900	\$251,250	\$335,000	\$418,750

# Incentive Adjustments – Alternative #1 (Align to Median)



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## Potential Incentive Opportunity Levels:

- Adjustments to Incentive compensation would include making positions below the CEO more competitive on Total Cash (aligned close to the peer group median for each role), while positioning the CEO more competitively on a Total Compensation basis. LTIP eligibility remains unchanged.

Position	Annual Incentive (% of Salary)						Long-Term Incentive (% of Salary)					
	Current			Recommended			Current			Recommended		
	Min	Tgt.	Max	Min	Tgt.	Max	Min	Tgt.	Max	Min	Tgt.	Max
CEO	0%	27%	40%	0%	100%	150%	0%	27%	40%	0%	100%	150%
CFO	0%	27%	40%	0%	60%	90%	*	*	*	*	*	*
General Counsel	0%	27%	40%	0%	70%	105%	*	*	*	*	*	*
COO	0%	27%	40%	0%	70%	105%	*	*	*	*	*	*
Chief Actuary	0%	27%	40%	0%	70%	105%	*	*	*	*	*	*
Chief Health Dir.	0%	27%	40%	*	*	*	*	*	*	*	*	*

# Resulting Market Positioning – Alternative #1 (Align to Median)



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- Provided below is a summary of the resulting competitiveness with the peer group after the implementation of GGA's recommendations which aligns Total Cash close to median for all roles.
  - GGA notes that the gap to market for the CEO is currently too great to fill all at once without separating how the Long-Term Incentive opportunity is determined from the Annual Incentive opportunity.

Position	Salary (\$'000s)			Total Cash (\$'000s)			Total Comp. (\$'000s)		
	CalPERS Mid	Market P50	% Diff.	CalPERS Mid	Market P50	% Diff.	CalPERS Mid	Market P50	% Diff.
CEO	\$503	\$499	+1%	\$1,006	\$1,469	-32%	\$1,509	\$2,268	-33%
CFO	\$315	\$312	+1%	\$504	\$494	+2%	\$504	\$567	-11%
General Counsel	\$335	\$336	0%	\$570	\$587	-3%	\$570	\$665	-14%
COO	\$335	\$335	0%	\$570	\$586	-3%	\$570	\$696	-18%
Chief Actuary	\$275	\$276	0%	\$468	\$494	-5%	\$468	\$560	-16%
Chief Health Dir.	\$425	\$425	0%	\$425	\$425	0%	\$425	\$425	0%

# Incentive Adjustments – Alternative #2 (Internally Equal below CEO)



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## Potential Incentive Opportunity Levels:

- Adjustments to Incentive compensation would include making positions below the CEO more competitive on Total Cash (each role being given the same Annual Incentive opportunity though), while positioning the CEO more competitively on a Total Compensation basis. LTIP eligibility remains unchanged.

Position	Annual Incentive (% of Salary)						Long-Term Incentive (% of Salary)					
	Current			Recommended			Current			Recommended		
	Min	Tgt.	Max	Min	Tgt.	Max	Min	Tgt.	Max	Min	Tgt.	Max
CEO	0%	27%	40%	0%	100%	150%	0%	27%	40%	0%	100%	150%
CFO	0%	27%	40%	0%	70%	105%	*	*	*	*	*	*
General Counsel	0%	27%	40%	0%	70%	105%	*	*	*	*	*	*
COO	0%	27%	40%	0%	70%	105%	*	*	*	*	*	*
Chief Actuary	0%	27%	40%	0%	70%	105%	*	*	*	*	*	*
Chief Health Dir.	0%	27%	40%	0%	27%	40%	*	*	*	*	*	*

# Resulting Market Positioning – Alternative #2 (Internally Equal below CEO)



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- Provided below is a summary of the resulting competitiveness with the peer group after the implementation of GGA's recommendations which aligns Total Cash to median for all roles, with the CFO positioned above median by an extra 6% due to a higher Incentive opportunity to align with others.
  - GGA notes that the gap to market for the CEO is currently too great to fill all at once without separating how the Long-Term Incentive opportunity is determined from the Annual Incentive opportunity.

Position	Salary (\$'000s)			Total Cash (\$'000s)			Total Comp. (\$'000s)		
	CalPERS Mid	Market P50	% Diff.	CalPERS Mid	Market P50	% Diff.	CalPERS Mid	Market P50	% Diff.
CEO	\$503	\$499	+1%	\$1,006	\$1,469	-32%	\$1,509	\$2,268	-33%
CFO	\$315	\$312	+1%	\$536	\$494	+8%	\$536	\$567	-6%
General Counsel	\$335	\$336	0%	\$570	\$587	-3%	\$570	\$665	-14%
COO	\$335	\$335	0%	\$570	\$586	-3%	\$570	\$696	-18%
Chief Actuary	\$275	\$276	0%	\$468	\$494	-5%	\$468	\$560	-16%
Chief Health Dir.	\$335	\$425	-21%	\$425	\$425	0%	\$425	\$425	0%



# INVESTMENT MANAGEMENT POSITIONS

# REMINDER: Competitiveness Breakdown



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- Midpoint Salary figures are competitive for almost all roles. Less competitive Annual and Long-Term Incentive opportunity levels are the main cause for the gap in CalPERS' compensation when compared to the Combined Peer Group.

Position	Salary	Total Cash	Total Compensation
	% Difference	% Difference	% Difference
CIO	-2%	-39%	-37%
Deputy CIO	+11%	-24%	-19%
COIO	-5%	-39%	-47%
Managing Inv. Dir.	+14%	-23%	-26%
Inv. Director	+13%	-25%	-24%
Inv. Manager	+15%	-18%	-11%
Associate IM	-13%	-29%	-24%

# Rationale for Recommendations

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## **GGA based its recommendations for Investment Management positions on the following rationale to:**

- Align CalPERS compensation levels more competitively with the median of its policy-aligned peer group.
- Ensure base salary range levels are competitive with the peer group.
- Reflect movement in the market that has increased the level of compensation that is placed at-risk through incentives.
- Reflect a mix between Salary, Annual Incentive and Long-Term Incentive that aligns with market practice.

# Alternatives Outlined

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**GGA is providing CalPERS with two alternatives on how to approach compensation adjustments given the current gap to the Peer Group.**

- 1. Align to Median Strategy:** This would align the Base Salary and Incentive levels and structure for each role to the Peer Group median but leads to the same Annual and Long-Term Incentive opportunity (as % of Salary) for the Deputy CIO and Managing Investment Director roles, even though the Deputy CIO role is viewed internally as being a larger and more complex role than the Managing Investment Director role.
- 2. DCIO Above MID Strategy:** This would generally align Base Salary and Incentive levels for each role to the Peer Group median but would differentiate the Annual and Long-Term Incentive opportunity (as % of Salary) for the Deputy CIO and Managing Investment Director roles to reflect the larger and more complex role that the Deputy CIO plays within the CalPERS investment team.

# Recommended Salary Adjustments



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- GGA is recommending an adjustment only to the Base Salary range for the Associate Investment Manager position to align more competitively to the Median of the peer group. All other investment management positions are already competitively positioned and do not require adjustment.

Position	Current			Recommended		
	Min	Mid	Max	Min	Mid	Max
CIO	\$424,500	\$566,000	\$707,500	\$431,250	\$575,000	\$718,750
Deputy CIO	\$339,900	\$453,200	\$566,500	\$339,900	\$453,200	\$566,500
COIO	\$246,000	\$328,000	\$410,000	\$258,750	\$345,000	\$431,250
Managing Inv. Dir.	\$309,000	\$412,000	\$515,000	\$309,000	\$412,000	\$515,000
Inv. Director	\$240,750	\$321,000	\$401,250	\$240,750	\$321,000	\$401,250
Inv. Manager	\$183,000	\$244,000	\$305,000	\$183,000	\$244,000	\$305,000
Associate IM	\$109,500	\$146,000	\$182,500	\$125,250	\$167,000	\$208,750

# Incentive Adjustments – Alternative #1 (Align to Median)



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## Potential Incentive Opportunity Levels:

- Adjustments would be made to both the Annual and Long-Term Incentive opportunity levels for all investment management positions to reduce the gap to the peer group median.

Position	Annual Incentive (% of Salary)						Long-Term Incentive (% of Salary)					
	Current			Recommended			Current			Recommended		
	Min	Tgt.	Max	Min	Tgt.	Max	Min	Tgt.	Max	Min	Tgt.	Max
CIO	0%	100%	150%	0%	180%	270%	0%	100%	150%	0%	180%	270%
Deputy CIO	0%	80%	120%	0%	110%	165%	0%	80%	120%	0%	110%	165%
COIO	0%	50%	75%	0%	90%	135%	0%	50%	75%	0%	90%	135%
Managing Inv. Dir.	0%	70%	105%	0%	110%	165%	0%	70%	105%	0%	110%	165%
Inv. Director	0%	50%	75%	0%	80%	120%	0%	50%	75%	0%	80%	120%
Inv. Manager	0%	40%	60%	0%	50%	75%	0%	40%	60%	0%	50%	75%
Associate IM	0%	27%	40%	0%	40%	60%	0%	27%	40%	0%	40%	60%

# Resulting Market Positioning – Alternative #1 (Align to Median)



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- Provided below is a summary of the resulting competitiveness against the peer group after the implementation of GGA's recommendations.

Position	Salary (\$'000s)			Total Cash (\$'000s)			Total Comp. (\$'000s)		
	CalPERS Mid	Market P50	% Diff.	CalPERS Mid	Market P50	% Diff.	CalPERS Mid	Market P50	% Diff.
CIO	\$575	\$575	+0%	\$1,610	\$1,850	-13%	\$2,645	\$2,691	-2%
Deputy CIO	\$453	\$409	+11%	\$952	\$1,073	-11%	\$1,450	\$1,456	0%
COIO	\$345	\$347	-1%	\$656	\$803	-18%	\$966	\$1,228	-21%
Managing Inv. Dir.	\$412	\$362	+14%	\$865	\$907	-5%	\$1,318	\$1,332	-1%
Inv. Director	\$321	\$285	+13%	\$578	\$641	-10%	\$835	\$846	-1%
Inv. Manager	\$244	\$212	+15%	\$366	\$415	-12%	\$488	\$491	-1%
Associate IM	\$167	\$167	0%	\$234	\$260	-10%	\$301	\$295	+2%

# Incentive Adjustments – Alternative #2 (DCIO Above MID)



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## Potential Incentive Opportunity Levels:

- Adjustments would be made to both the Annual and Long-Term Incentive opportunity levels for all investment management positions to reduce the gap to the peer group median. Deputy CIO would be eligible for a higher Incentive opportunity than the Managing Investment Director.

Position	Annual Incentive (% of Salary)						Long-Term Incentive (% of Salary)					
	Current			Recommended			Current			Recommended		
	Min	Tgt.	Max	Min	Tgt.	Max	Min	Tgt.	Max	Min	Tgt.	Max
CIO	0%	100%	150%	0%	180%	270%	0%	100%	150%	0%	180%	270%
Deputy CIO	0%	80%	120%	0%	120%	180%	0%	80%	120%	0%	120%	180%
COIO	0%	50%	75%	0%	90%	135%	0%	50%	75%	0%	90%	135%
Managing Inv. Dir.	0%	70%	105%	0%	110%	165%	0%	70%	105%	0%	110%	165%
Inv. Director	0%	50%	75%	0%	80%	120%	0%	50%	75%	0%	80%	120%
Inv. Manager	0%	40%	60%	0%	50%	75%	0%	40%	60%	0%	50%	75%
Associate IM	0%	27%	40%	0%	40%	60%	0%	27%	40%	0%	40%	60%



# Resulting Market Positioning – Alternative #2 (DCIO Above MID)



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- Provided below is a summary of the resulting competitiveness against the peer group after the implementation of GGA's recommendations.

Position	Salary (\$'000s)			Total Cash (\$'000s)			Total Comp. (\$'000s)		
	CalPERS Mid	Market P50	% Diff.	CalPERS Mid	Market P50	% Diff.	CalPERS Mid	Market P50	% Diff.
CIO	\$575	\$575	+0%	\$1,610	\$1,850	-13%	\$2,645	\$2,691	-2%
Deputy CIO	\$453	\$409	+11%	\$997	\$1,073	-7%	\$1,541	\$1,456	+6%
COIO	\$345	\$347	-1%	\$656	\$803	-18%	\$966	\$1,228	-21%
Managing Inv. Dir.	\$412	\$362	+14%	\$865	\$907	-5%	\$1,318	\$1,332	-1%
Inv. Director	\$321	\$285	+13%	\$578	\$641	-10%	\$835	\$846	-1%
Inv. Manager	\$244	\$212	+15%	\$366	\$415	-12%	\$488	\$491	-1%
Associate IM	\$167	\$167	0%	\$234	\$260	-10%	\$301	\$295	+2%

# POTENTIAL PHASE-IN STRATEGY

# Potential Phase-In Strategy

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**GGA notes that there are recommended material adjustments required to Annual and Long-Term Incentives under these recommendations.**

- GGA worked in the past with public funds and financial organizations in similar situations to develop a phase-in strategy over a 2 to 3-year period to make adjustments over time as opposed to all at once.
- Provided on the following two pages for CalPERS' consideration are potential strategies to gradually phase-in recommended Annual and Long-Term Incentive adjustments over a 2-year period.

# 2-Year Phase-In Strategy – Executive Management Positions



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- Under a 2-year phase-in approach, approximately half of the adjustment would be made in Year 1 (FY 2023-2024) with the second half of the adjustment made in Year 2 (FY 2024-2025).

Position	Target Annual Incentive (% of Salary)			Target Long-Term Incentive (% of Salary)		
	Current	Year 1	Year 2	Current	Year 1	Year 2
CEO	27%	65%	100%	27%	65%	100%
CFO*	27%	45%/50%	60%/70%	*	*	*
General Counsel	27%	50%	70%	*	*	*
COO	27%	50%	70%	*	*	*
Chief Actuary	27%	50%	70%	*	*	*
Chief Health Director*	27%	0%/27%	0%/27%	*	*	*

\* Both Alternative #1 and Alternative #2 Annual Incentive opportunity levels are shown for CalPERS reference.

# 2-Year Phase-In Strategy – Investment Management Positions



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- Under a 2-year phase-in approach, approximately half of the adjustment would be made in Year 1 (FY 2023-2024) with the second half of the adjustment made in Year 2 (FY 2024-2025).

Position	Target Annual Incentive (% of Salary)			Target Long-Term Incentive (% of Salary)		
	Current	Year 1	Year 2	Current	Year 1	Year 2
CIO	100%	140%	180%	100%	140%	180%
Deputy CIO*	80%	95%/100%	110%/120%	80%	95%/100%	110%/120%
COIO	50%	70%	90%	50%	70%	90%
Managing Inv. Dir.	80%	95%	110%	80%	95%	110%
Inv. Director	50%	65%	80%	50%	65%	80%
Inv. Manager	40%	45%	50%	40%	45%	50%
Associate IM	27%	33.5%	40%	27%	33.5%	40%

\* Both Alternative #1 and Alternative #2 Annual Incentive opportunity levels are shown for CalPERS reference.

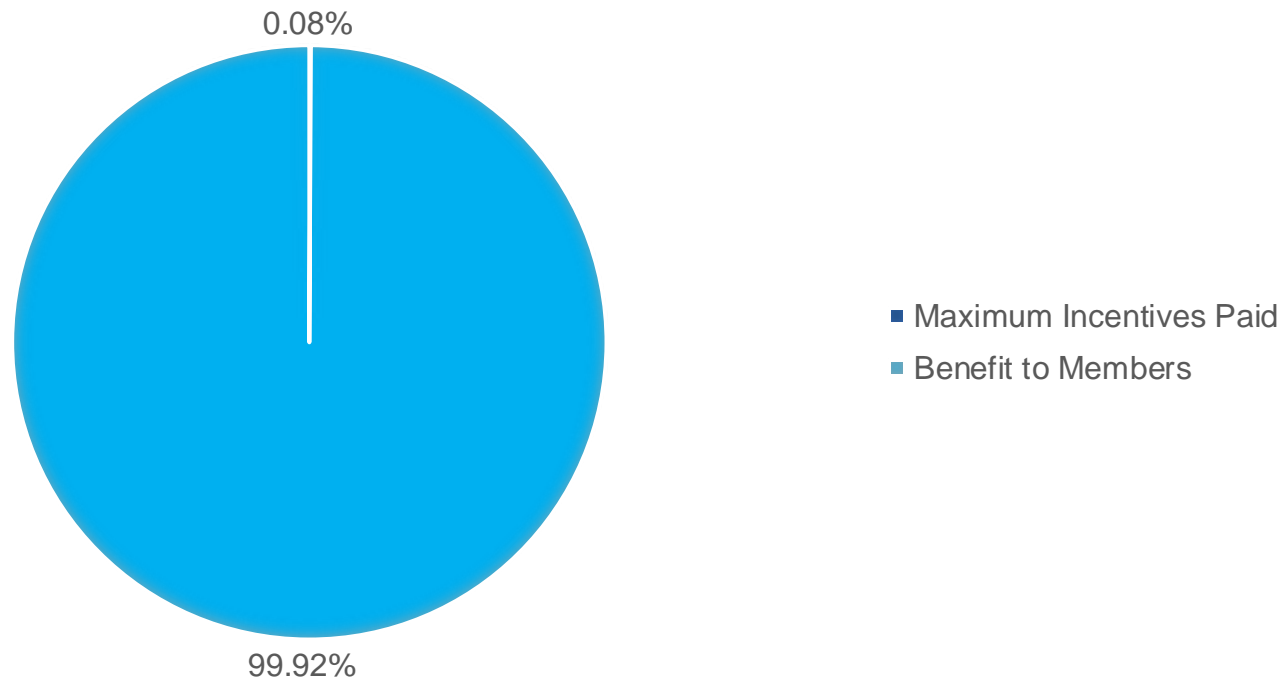
# STRESS TESTING OF RECOMMENDATIONS

# Maximum Incentives as % of AUM Growth



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- Outlined in the graphic below is an estimate of the impact of GGA's recommendations in terms of the breakdown of value of Maximum Annual and Long-Term Incentives as a percentage of AUM Growth over the 5-year performance period.



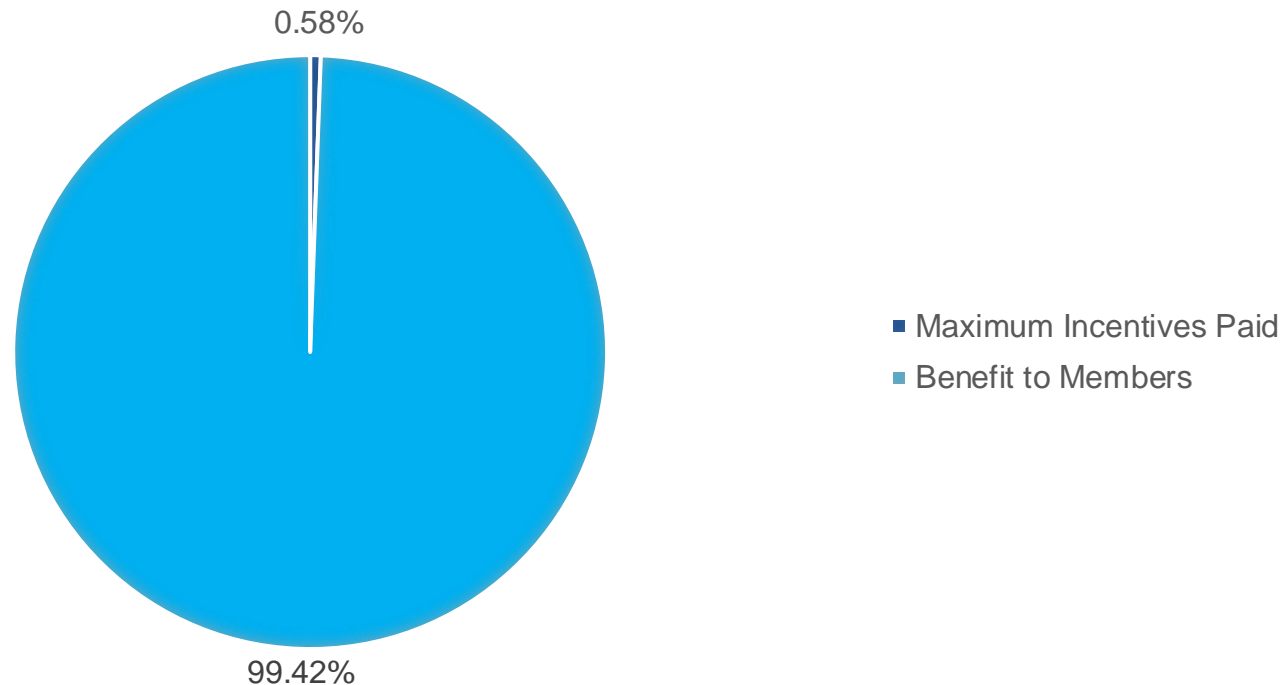
- Maximum performance-based incentives are estimated to make-up less than 0.1% of AUM Growth (and only if maximum performance is realized for the System).

# Maximum Incentives as % of Growth Over Actuarial Threshold

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- Outlined in the graphic below is an estimate of the impact of GGA's recommendations in terms of the breakdown of value of Maximum Annual and Long-Term Incentives as a percentage of Growth Over Actuarial Threshold over the 5-year performance period.



- Maximum performance-based incentives are estimated to make-up less than 0.6% of Growth achieved over the Actuarial Threshold (and only if maximum performance is realized for the System).

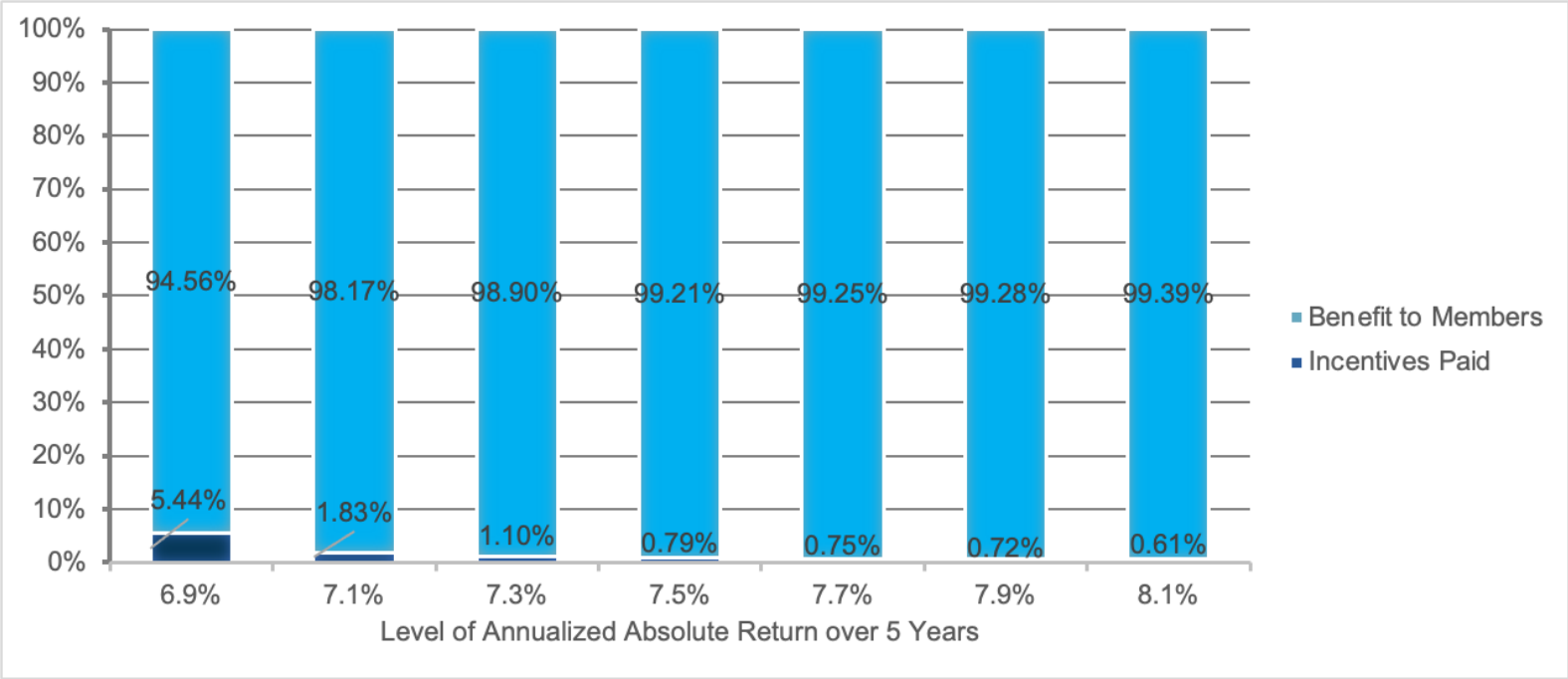


# Potential Incentives at Different Rates of Return



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- Outlined in the graphic below is an estimate of the impact of GGA's recommendations in terms of the breakdown of value of Annual and Long-Term Incentives as a percentage of Growth Over Actuarial Threshold over the 5-year performance period at different assumed rates of return.



- Performance-based incentives are estimated to make-up no more than 5.44% of Growth achieved over the Actuarial Threshold.

# NEXT STEPS

# Next Steps

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## Moving forward, GGA recommends the CalPERS Board:

- Approve the required adjustments to Base Salary ranges to position CalPERS more competitively.
- Approve the required adjustments to Annual and Long-Term Incentive opportunity levels to position CalPERS more competitively.
  - For the CFO and Deputy CIO roles, GGA recommends Alternative #2 given its understanding of how CalPERS has historically positioned the CFO and Deputy CIO in relation to other roles internally.
  - For the Chief Health Director role, GGA recommends Alternative #1 given its understanding of the criticality of this role to CalPERS, the structure of compensation paid to similar roles in the market and to ensure competitiveness.
- Approve, if desired, the use of a 2-year strategy to phase-in Incentive opportunity adjustments over time.
- Direct CalPERS HR to reflect any adjustments to Base Salary ranges, Annual and Long-Term Incentive opportunity levels within an updated compensation policy.

# APPENDIX A: Chief Health Director Market Analysis

# Peers Analyzed



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- Below are the California-based health organizations included in the analysis that CalPERS felt it could attract talent from, or lose talent to. While none are an exact match to CalPERS' Chief Health Director ("CHD") role, they similarly oversee health benefits programs including policy, research, plan contracting and administration, rate management, account management, and long-term care.
  - Covered California's Chief Deputy Executive Director (Program Plans, Sales & Service) was identified as the closest comparable to CalPERS' CHD. When CalPERS established the CHD position, this Covered California position was used to establish the Mid-point of the CHD position salary range.

## Health Organizations Analyzed

Covered California*	Camarillo Health Care District	Kern Health System
Alameda Alliance for Health	CenCal Health	Peninsula Health Care District
Beach Cities Health District	Grossmont Healthcare District	San Francisco Health Plan
BETA Healthcare Group Risk Mgmt. Authority	Health Plan of San Joaquin	Santa Clara Family Health Plan
CalOptima	Inland Empire Health Plan	Tri-City Mental Health Center

\* Covered California's Chief Deputy Executive Director (Program Plans, Sales & Service) is considered the most appropriate match for the CalPERS Chief Health Director role.

# Summary of Market Data



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- Outlined below is a summary of the market data collected by CalPERS for comparable roles to the Chief Health Director within the state of California (closest comparable organizations).
  - GGA notes that Covered California is identified as the most comparable organization for the CHD at CalPERS, so its data is also shown separate from the combined data.

Group	Annualized Base Salary		
	P25	P50 (Median)	P75
California Organizations	\$295,104	\$424,977	\$576,884

Organization	Covered California Salary Range			Actual Base Salary	Base Salary + One-Time Pay Differential*
	Low	Mid	High		
Covered California	\$312,960	\$366,180	\$419,400	\$362,508	\$580,013

\* Covered California provides up to a 60% of Base Salary One-Time Pay Differential payment for recruiting purposes which is shown here.

# APPENDIX B: Peer Groups Used in - McLagan Analysis

# Executive Management Peer Group – Summary



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Executive Management Peer Group Summary				
	Public Sector	Cali-based Agency	Private Sector	Combined
<b>Government</b>				
Leading US Public Funds	✓			✓
Leading Canadian Public Funds	✓			✓
CA-based Agencies		✓		✓
<b>For Profit</b>				
Banks			✓	✓
Insurance Companies			✓	✓

*\* Excerpt from original McLagan report*



# Executive Management Peer Group – California-Based Agencies



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California-based Agency Comparators		
Agency	Governed by a Board	Independent Pay Authority
Bay Area Rapid Transit (BART)	✓	✓
City of Los Angeles	✓	
County of Los Angeles	✓	✓
Covered California (California Health Benefit Exchange)	✓	
East Bay Municipal Utility District	✓	✓
Los Angeles County Employee Retirement System (LACERA)	✓	✓
Los Angeles Department of Water and Power (LADWP)	✓	
Sacramento Municipal Utility District (SMUD)	✓	
San Diego City Employees' Retirement System (SDCERS)	✓	
Santa Barbara County Employees' Retirement System (SBCERS)	✓	
State Compensation Insurance Fund (SCIF)	✓	

*\* Excerpt from original McLagan report*

# Executive Management Peer Group – Public Pension Funds



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Public Sector		
		AUM (\$B)
Canadian Pension Plan Investment Board	Canadian Pension Fund	\$482
CA State Teachers' Retirement System	US Public Fund	328
Caisse de depot et placement du Quebec	Canadian Pension Fund	300
Ontario Teachers Pension Board	Canadian Pension Fund	193
British Columbia Investment Management Corp	Canadian Pension Fund	168
State of Wisconsin Investment Board	US Public Fund	166
Teacher Retirement System of Texas	US Public Fund	160
Virginia Retirement System	US Public Fund	107
State Teachers Retirement System of Ohio	US Public Fund	97
OMERS	Canadian Pension Fund	92
Healthcare of Ontario Pension Plan	Canadian Pension Fund	91

*\* Excerpt from original McLagan report*

# Investment Management Peer Group – Summary



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Leading Institutional Managers		
		AUM (\$B)
CA State Teachers' Retirement System	US Public Fund	\$327.6
Ontario Teachers Pension Board	Canadian Pension Fund	192.7
Canadian Pension Plan Investment Board	Canadian Pension Fund	168.5
British Columbia Investment Management Corp	Canadian Pension Fund	168.3
State of Wisconsin Investment Board	US Public Fund	165.6
Teacher Retirement System of Texas	US Public Fund	160.0
Virginia Retirement System	US Public Fund	107.2
State Teachers Retirement System of Ohio	US Public Fund	96.7
OMERS	Canadian Pension Fund	92.0
Healthcare of Ontario Pension Plan	Canadian Pension Fund	91.2
Caisse de depot et placement du Quebec	Canadian Pension Fund	90.0
General Motors Asset Management	US Corp. Plan Sponsor	70.6
Harvard Management Company	US Endowment	58.1
Yale University Investments	US Endowment	48.3
Stanford Management Company	US Endowment	41.9
Princeton University	US Endowment	37.0
MIT Investment Management Company	US Endowment	30.6
Duke University	US Endowment	30.1
DuPont Capital Management	US Corp. Plan Sponsor	21.3
University of Michigan	US Endowment	21.2
Washington University in St. Louis	US Endowment	15.8
University of Virginia Investment Mgmt	US Endowment	15.0
Columbia University	US Endowment	14.4

Private Sector Firms			
	AUM		
	25th	50th	75th
Advisory Firms, Banks and Insurance Companies	\$140.1	\$202.4	\$331.7

\* Excerpt from original McLagan report



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