

INCENTIVE METRICS | Fiscal Year 2023-24

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, 2019, through June 30, 2024. Payout ratio for intermediate results will be determined by interpolation.

Variance (bps) from Benchmark	Payout Ratio
+10	1.50 (150%)
+5	1.00 (100%)
0	0.00 (0%)

Enterprise Operational Effectiveness

The Enterprise Operational Effectiveness Metric for 2023-24 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 costs, Third-Party Administrator Costs, and lump sum payment 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 2023-24 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) and Cost by 0.2% and 5 bps, respectively	1.50 (150%)
Outperforms US Benchmark on Returns and Cost by .001% and 1 bps, respectively	1.00 (100%)
Outperforms US Benchmark on Cost or Outperforms US Benchmark on Returns	0.50 (50%)
Underperforms US Benchmark on Returns and Cost	0.00 (0%)

Customer Service

The Customer Service Metric for 2023-24 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
≥ 96%	1.50 (150%)
95% to < 96%	1.25 (125%)
94% to < 95%	1.00 (100%)
93% to < 94%	0.75 (75%)
92% to < 93%	0.50 (50%)
< 92%	0.00 (0%)

Stakeholder Engagement

The Stakeholder Engagement Metric for 2023-24 is based on results of the following three Stakeholder Engagement Survey questions:

- Is CalPERS sensitive to the needs of its members?
- Is CalPERS doing a good job of keeping in touch with its members and keeping them informed?
- CalPERS is effective in communicating and engaging with stakeholders. (Ranked on scale of 1-10)

Score	Payout Ratio
≥ 83%	1.50 (150%)
81% to < 83%	1.25 (125%)
80% to < 81%	1.00 (100%)
79% to < 80%	0.75 (75%)
78% to < 79%	0.50 (50%)
< 78%	0.00 (0%)