

		TOLERANCES	FREQ	2019–20	Q1	Q2	Q3	Q4	COMMENTS
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%						Data as of November 2020
Investment return: Funded status impact <i>Owner: Chief Actuary</i>	<ul style="list-style-type: none"> ■ < 6% ■ 6%–7% ■ > 7% 	Annually	4.7%	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. 0.27% Safety 0.51%					Results represent the variance between projected and actual annual contribution rates.	
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"> ■ ≤ 97.9% ■ 98%–98.9% ■ ≥ 99% 	Annually	99.57%	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	5,407	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						Data as of June 2021	
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	104%	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							

TOLERANCES	FREQ	2019–20	Q1	Q2	Q3	Q4	COMMENTS
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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	0.1%	0.1%	0.0%			

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>
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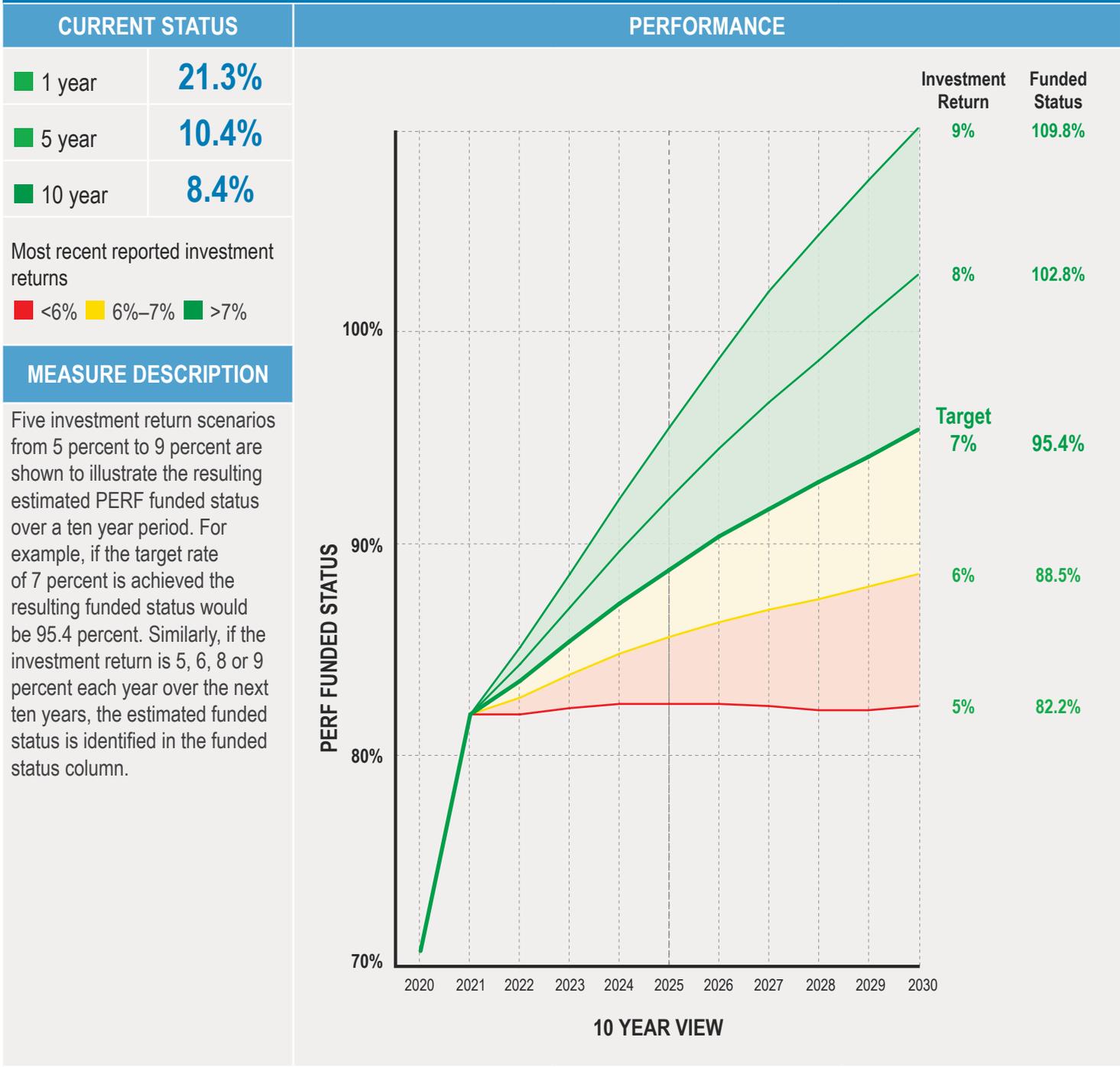
TALENT MANAGEMENT | Promote a high-performing and diverse workforce

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	68%	80.2%				
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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 2020–21		PERFORMANCE		
■	Legislation exists			
■ Legislation exists ■ No legislation exists				
ROOT CAUSE / SUCCESS		NEXT STEPS		
<p>AB 890 Requires CalPERS to prepare and release a report related to emerging and diverse investment managers.</p> <p>AB 1019 Requires divestment from specified investments related to the Government of Turkey.</p> <p>AB 1092 Prohibits CalPERS from administering retiree health benefits for retirees employed in positions with comparable health benefits, including private sector employment.</p> <p>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.</p> <p>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.</p> <p>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.</p>	Action Items	Owner	Targeted Completion Date	
	AB 890–Board adopted a Support position after amendments were adopted into the bill, including a sunset clause for the report.	INVO	10/15/2021	
	AB 1019–Monitor and potentially request an Oppose position from the CalPERS board.	INVO	1/31/2022	
	AB 1092–Monitor and potentially request an Oppose position from the CalPERS board.	HAMD, EAMD	1/31/2022	
	AB 1293–Monitor. CalPERS-drafted technical amendments were adopted into the bill.	JLRS	10/15/2021	
	SB 278–Monitor discussions between the author and the Governor’s office.	EAMD	10/15/2021	
	SB 457–Monitor. Board adopted an Oppose position, so will advocate opposition.	Multiple program areas	6/30/2022	

REDUCE COMPLEXITY | Reduce complexity across the enterprise



Continuous process improvement adoption

CURRENT STATUS — FY 2020–21		PERFORMANCE		
	0.0%			
<ul style="list-style-type: none"> ■ Decrease in adoption ■ No change (0.0) ■ Increase in adoption 				
ROOT CAUSE / SUCCESS		NEXT STEPS		
<ul style="list-style-type: none"> Nearly 61% of CalPERS team is trained in Lean fundamentals. There is an increased understanding of how process improvements align with CalPERS strategic and operational goals. There was a decreased level of participation in process improvement efforts and participation in the CalPERS Lean Community of Practice. 	Action Items	Owner	Targeted Completion Date	
	Continue to encourage team leaders to champion Lean adoption.	PRDA	12/31/2021	
	Further market Lean successes to increase process improvement efforts and build a stronger Lean community.	PRDA/PAOF	12/31/2021	