

Enterprise Strategy Session

Board of Administration Offsite | July 15, 2025



Session Agenda



Our Foundation

Vision

- A respected partner, providing a sustainable retirement system and health care program for those who serve California

Mission

- Deliver retirement and health care benefits to members and their beneficiaries

Core Values

Quality • Respect • Accountability • Integrity • Openness • Balance

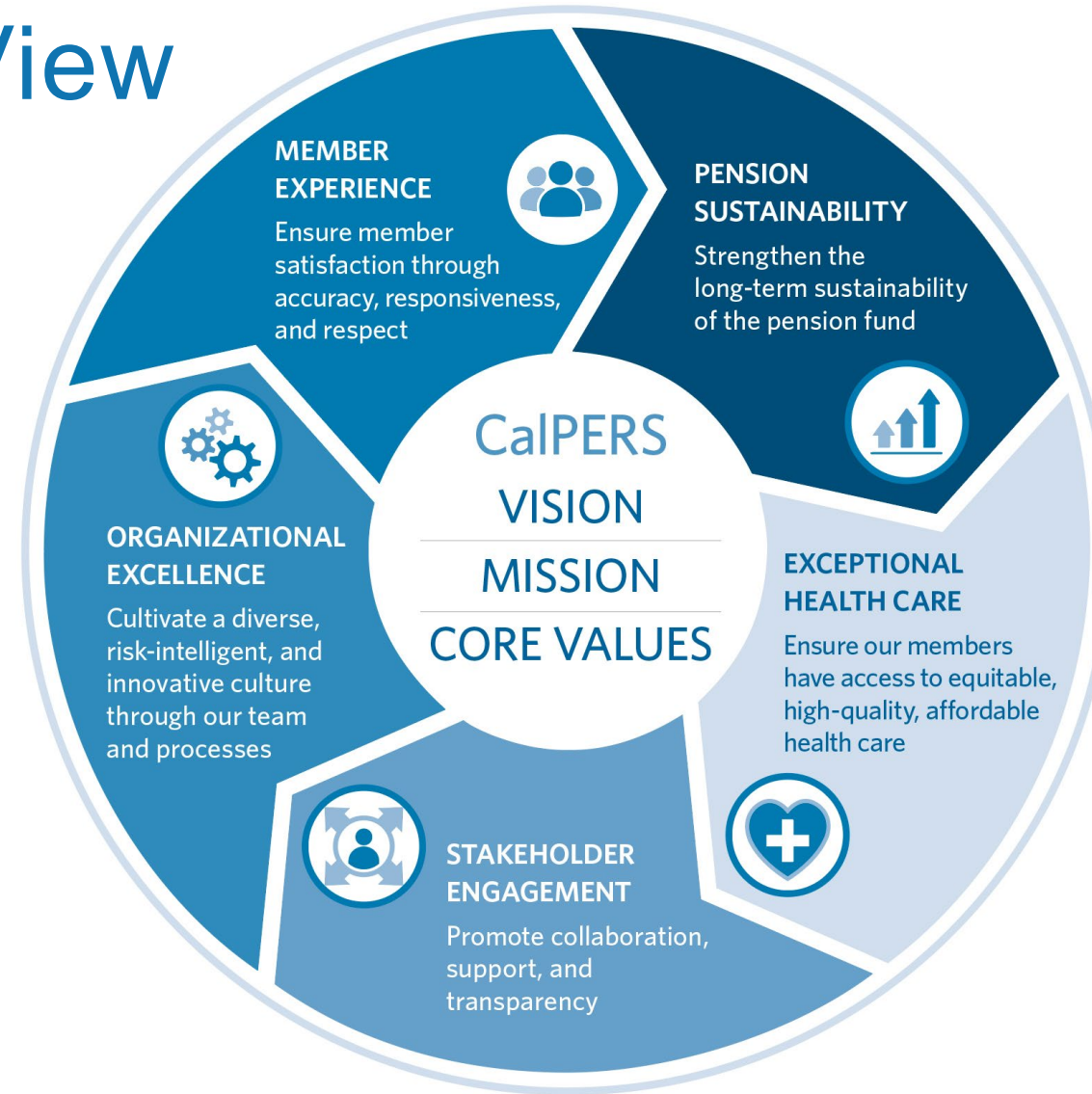
Strategic Framework

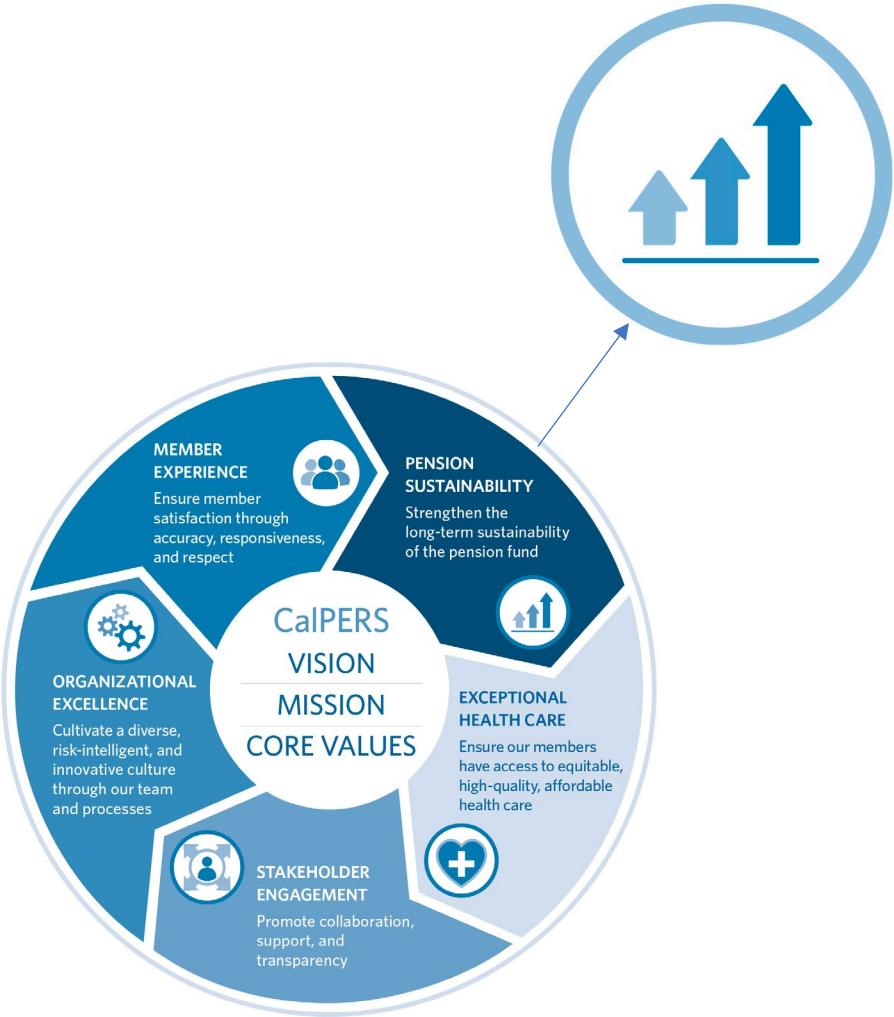


Enterprise Performance Management (EPM) System



Strategic View





Pension Sustainability



Pension Sustainability

Shared Goal by the Financial, Actuarial, and Investment Offices

Primary Tool is the Asset Liability Management (ALM) Process

**Connecting How We Invest With What We Owe
in Pension Liabilities**

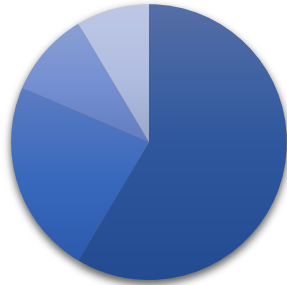
**Ensure Contributions, Plus Investment Returns, Are Enough to Pay the
Benefits and Expenses of the Pension System Now and Into the Future**



Pension Sustainability (continued)

ALM 2025: A New Proposed Investment Framework

Total Portfolio Approach (TPA)



Total Fund Focus of:

Risk

Strategy

Decisions

Performance

**Better Performance Results in Lower
Employer and Member Costs**

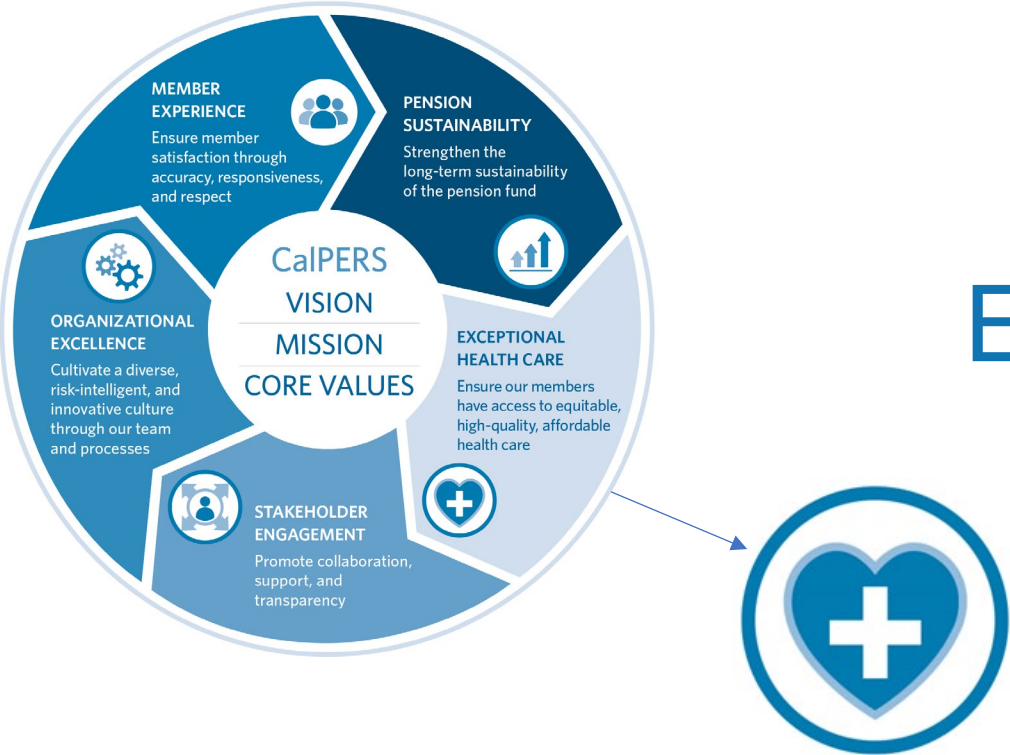


Pension Sustainability (continued)

Key Initiatives For Success: People & Culture

In Strategic Partnership with Human Resources:

- Developing Collaborative Leadership Behaviors
- Succession Planning Framework and Business Continuity Planning
- Developing Rotational Team Model and Secondments



Exceptional Health Care



Exceptional Healthcare

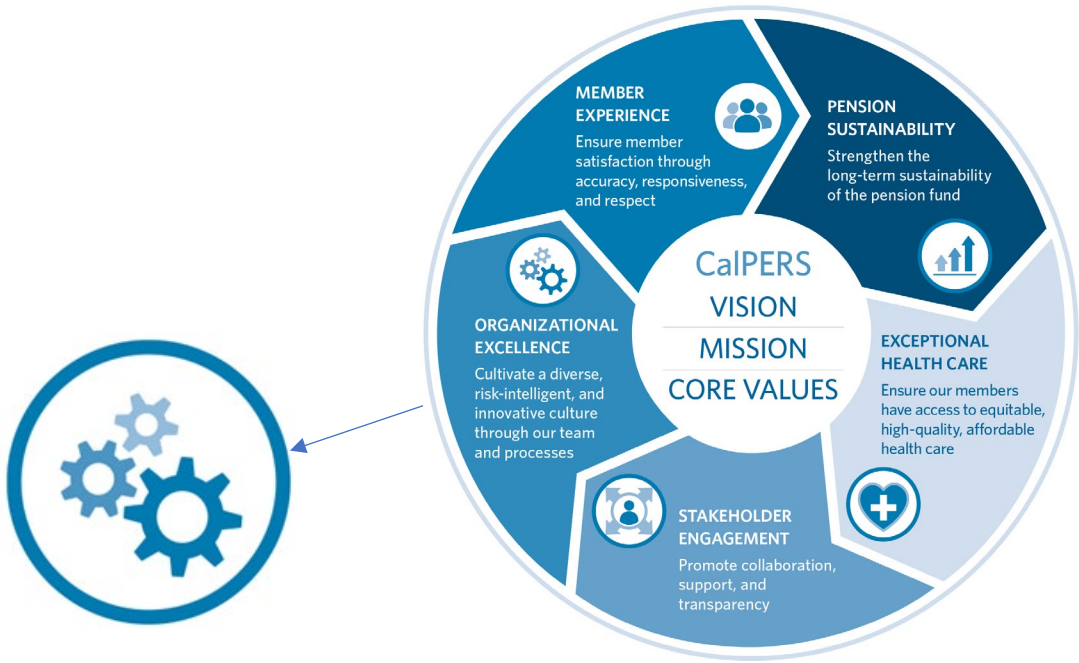
Overarching strategies:

- 2026-30: Pharmacy Benefits Contract
 - Affordability
 - Medication Access and Safety
 - Transparency

Key Initiatives:

- Behavioral Health Screening and Treatment
 - Improving access
- Advanced Primary Care
 - Enhancing primary care investments

Organizational Excellence





Organizational Excellence

Implement Employee Engagement Survey Action Plans

Emerging Leader Program (ELP) Key Opportunities:

- Valuing team member contributions
- Enhancing communication across divisions
- Fostering a stronger sense of belonging
- Ensuring efforts are made to gather team member's perspectives



Organizational Excellence (continued)

Implement Outreach Strategies



Close Vacancy Gaps

50%

INCREASE IN APPLICATIONS



Increase Qualified Applicants

What this means:
Significant growth in engagement of outreach effectiveness



Organizational Excellence (continued)

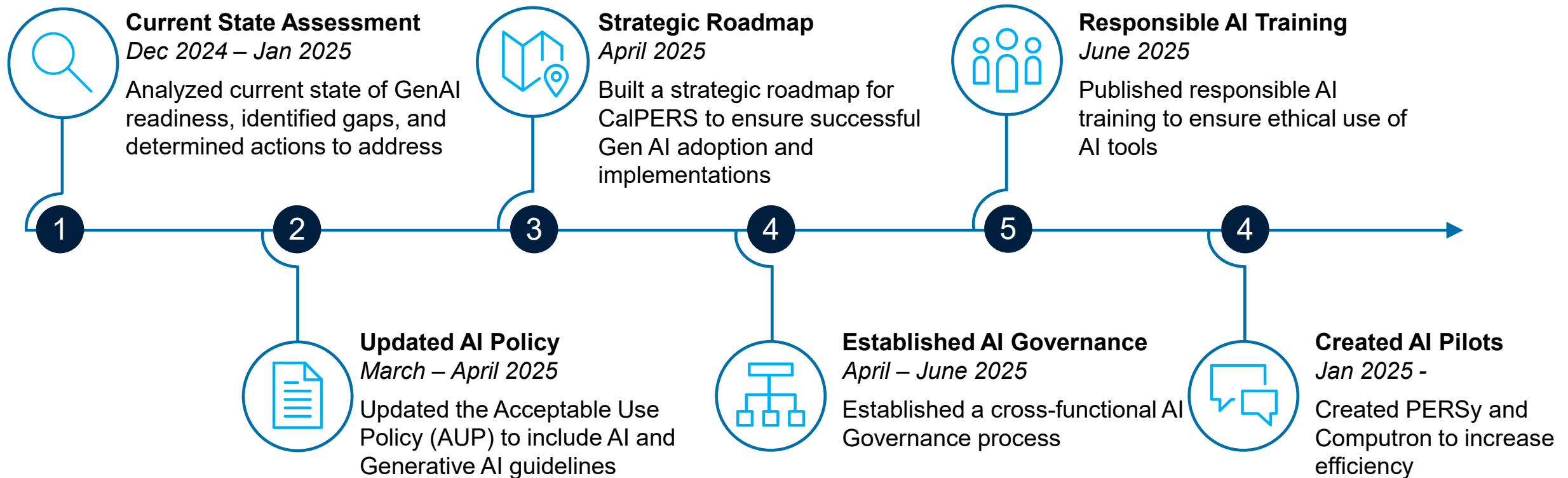
Generative Artificial Intelligence Advancement

Utilize Generative Artificial Intelligence (Gen AI) strategies to refine processes, create efficiencies, and mitigate risks within critical business areas including customer service, health, and investments.

- Gen AI progress at CalPERS
- Organizational Readiness
- CalPERS Gen AI Assistant (PERSy)

Generative AI Progress at CalPERS

Over the past few months CalPERS has been preparing for the implementation of GenAI. **Below shows key activities the team has been working on** for this initiative:



PERSy



CalPERS' new AI Assistant to boost team member productivity, and enhance creativity secured within CalPERS' environment.



Draft Documents and Emails

- **Drafts content on a wide variety of topics**, from project plans and notes to member communications
- Can also **draft emails** and presentation content



Summarize Text and Images

- Can **ingest and analyze** images and/or large bodies of text
- Can **compare** multiple images and bodies of text

Enhances Productivity – automate repetitive tasks, create schedules, and generate templates.

Reduces Administrative Time – reduces time spent on research and summaries

Generates Insights – can analyze and identify trends and gaps

Upcoming Generative AI Use Cases

Below shows high priority AI use cases that the CalPERS is currently evaluating and/or piloting:

1. PEARL Bot (Public Employees Assistant for Retirement Law)

A solution to streamline the analysis of language for compliance with the Public Employees' Retirement Law (PERL)

2. Microsoft Copilot

AI-powered assistant integrated into Microsoft 365 suite of products that helps users boost productivity by generating content, and providing intelligent suggestions across applications like Word, Excel, and Outlook

3. INVO Research

A tailored solution for the Investment Office, designed to analyze large volumes of investment research data and provide insights and increase productivity

4. Contact Center Call Summarization

Leverage AI to automatically generate a concise post-call summary of customer interactions, reducing post-call note time and improving agent productivity

Member Experience





Member Experience

Strategies: Commitments Completed

Member Service Enhancements

- Online Disability Retirement and Survivor Benefit Applications
- Direct member communications via Member Self-Service
- Member Education Classes in Spanish

Process Improvements

- Benefit Verification
- Overpayment Project
- GenAI: Computron
- Transitioned from myInfo to myExpert

Compliance

- Standardizing Full-Time Equivalent for School Members
- Retired Annuitant Utilization



Member Experience (continued)

Strategies: Looking Ahead

Member and Employer Service Enhancements

- Survivor Benefit Account Clarity
- Disability Determinations Online for Local Safety
- Retired Annuitant Hiring Best Practices Employer Educational Videos
- myCalPERS Registration Campaign
- COLA and Tax Withholding Calculators*

Process Improvements

- GenAI: Participant Note Summarization - Call Center, Regional Offices, and Service Credit Purchase
- GenAI: Document Summarization - Court Documents and Disability Physician Forms

Stakeholder Engagement





Stakeholder Engagement

Communication & Stakeholder Enhancements

- Launched “CalPERS Now”, quarterly insights on key priorities
- Introduced Retiree Town Hall
- Launched website enhancements
- Outreach to members, employers and stakeholders at more than 160 events
- Migrated email communications to an advanced platform



CalPERS Now

A quarterly update on key issues for CalPERS stakeholders

This quarterly email is being sent to you in a period of noticeable economic and market uncertainty, which you've no doubt heard about through news media and social media sources.

But it's important to remember this: CalPERS pensions are secure, for retirees and active members alike.

Long-Term Investors Even in Tough Times

Since the inception of the system in 1932, CalPERS has consistently provided benefits to members without missing a beat. Last year, we made pension payments totaling some \$32 billion – a sizeable amount of money but only a fraction of a total fund that even in challenging times has topped \$500 billion.



Stakeholder Engagement (continued)

Targeted Email Communications

- 122 communications sent
- 23.4 million total emails
- 98.9% delivery rate
- 37.6% open rate
- 0.05% opt out rate



COLA's Secret to Retirement Security

Through the power of compounding growth, learn how your COLA maximizes your pension over time.



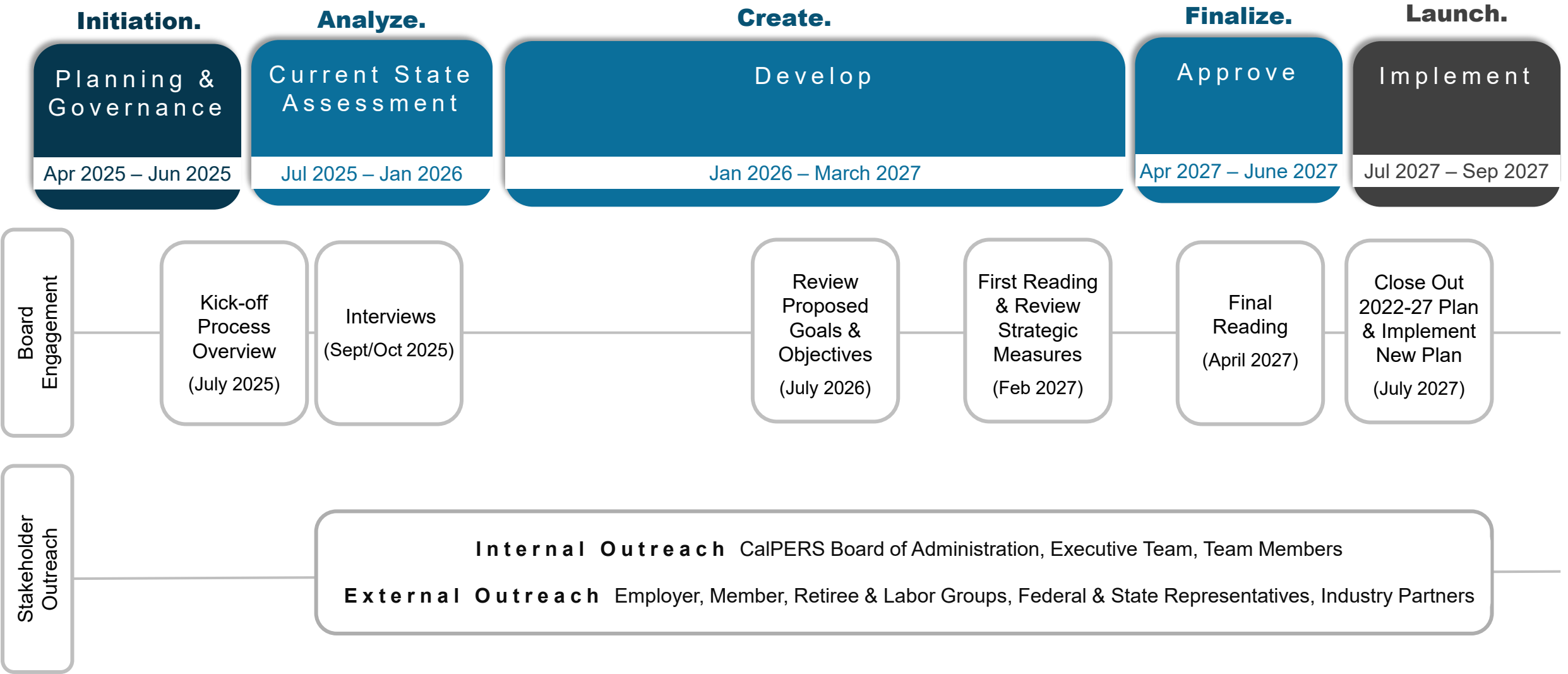
Stakeholder Engagement (continued)

Future Goals:

- Access additional myCalPERS data for increased customization
- Implement lifecycle approach with automated emails sent based on filters and triggers to members
- Explore partnership with external vendor for full website redesign
- Optimize search function
- Analyze social media growth and engagement to sync audiences and messages for each platform

2027-32 Strategic Plan Development - Overview & Timeline

FY 25/26 FY 27/28



Strategic Plan Development- Board Engagement

Small group interviews- September/October 2025

- Gather SWOT input
- Validate Mission and vision

July 2026 Session

- Share stakeholder feedback, analysis, and themes
- Review Proposed Goals and Objectives
- Gather feedback

February 2027 Session

- First reading of Goals & Objectives
- Review Strategic Measures
- Gather feedback

April 2027 Session

- Final review of Goals, Objectives, and Strategic Measures
- Approval of Strategic Plan

July 2027 Session

- Close out 2022-27 Strategic Plan
- Kick-Off 2027-32 Strategic Plan

In Closing

Feedback, Questions?