
2017–22 Strategic Plan



California Public Employees' Retirement System

A Message from Our Board President and Chief Executive Officer

The *2017-22 Strategic Plan* is the result of a year-long collaborative process between our board of administration and executive team that gives us a fresh look at the next five years. Our shared goal was to build a thoughtful and relevant plan for the future that began on July 1, 2017.

In developing the five goals within this plan, we went through an extensive process to gain an understanding of the major risks and opportunities facing CalPERS. We gathered valuable information and feedback from a variety of internal and external stakeholders.

After analyzing this input, we could see where we were and where we needed to go. The end result was five goals – each with its own set of objectives and measures for success – that will guide us for the next half-decade. The strategic plan is not meant to be a detailed roadmap, but a guide to steer us over the next several years.

Another outcome of our process was a refinement of our Vision and Mission statements to make them more reflective of our purpose and direction. When we link them to our Core Values, they provide a full picture of who we are and what we stand for. We share them with you in the pages ahead.

We will continue to use our business plan as the vehicle to put the strategic plan into action. It gives us the flexibility to be nimble and responsive to the current environment and industry trends, while still accomplishing the goals and objectives we have established.

To our board members, team members, and senior leaders, as well as the employer associations, labor groups, retiree and pension associations, federal representatives, health and investment business partners, and state government officials who contributed to this process, we thank you for your time and valuable input.

We encourage you to make our new *2017-22 Strategic Plan* come alive by exploring it and finding meaningful ways to connect it with the work you do. Together, we can continue our legacy of service to California and to our members.

Note: The CalPERS *2017-22 Strategic Plan* is a dynamic document that must maintain its relevance to guide us over a period of five years. As such, this newly issued version reflects new information since it went into effect July 1, 2017. It may continue to change over time to reflect the needs of the enterprise and its members.

Sincerely,

Henry Jones
2019 President
CalPERS Board of Administration

Marcie Frost
Chief Executive Officer



Henry Jones



Marcie Frost

We Serve Those Who Serve California

To achieve this, we always keep **OUR VISION** in focus, which is to be a respected partner, providing a sustainable retirement system and health care program for those who serve California.

We are guided to do this by **OUR MISSION**, which is to deliver retirement and health care benefits to members and their beneficiaries.

What drives us is our **OUR CORE VALUES**, which are enduring, passionate, and distinctive beliefs that inspire our culture and our priorities.

Our Vision

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

Our Mission

Deliver retirement and health care benefits to members and their beneficiaries

Our Core Values

Quality
Respect
Accountability
Integrity
Openness
Balance



Fund Sustainability

Strengthen the long-term sustainability of the pension fund

Keeping our promise of a secure pension is the cornerstone of our mission. It has been the reason for our existence since 1932. Long-term sustainability of the pension fund and availability of the funds for our members when they retire are the embodiment of that promise we made more than 85 years ago. To fulfill this promise, we strive to deliver targeted, risk-adjusted investment returns and to keep our stakeholders engaged and educated about how we balance risks and mitigations to achieve this goal.



High-Quality Affordable Health Care

Improve health care quality, access & affordability

We aspire to transform health care purchasing and delivery by ensuring our members have access and receive high-quality care while providing value and affordability.



Reduce Complexity

Reduce complexity across the enterprise

CalPERS is a large organization, but large doesn't have to mean complicated. We will focus on streamlining our operations, processes, and procedures over the next five years. We believe this will benefit us by gains in efficiency and improve productivity among our employees. By simplifying our benefit programs, we believe we can improve service delivery, decrease costs, and reduce risk.



Risk Management

Cultivate a risk-intelligent organization

We need to continue our efforts to be a risk-intelligent organization. This means protecting the data of our members and employers is paramount to us. We are keenly aware of the potential risks we face, and have risk mitigation methods in place for use on a daily basis. We also work to make our compliance and audit processes more strategic based on risk and trend analysis.



Talent Management

Promote a high-performing and diverse workforce

We want and need a high-performing and diverse workforce. To achieve this, we want to ensure that our employees have the resources they need to provide outstanding service to our members, business partners, stakeholders, and staff. We will continue to step up our efforts to recruit and empower a broad range of talented employees to meet our organizational priorities.

Strategy Map

The Strategy Map illustrates our 2017-22 goals, along with our Vision, Mission, and Core Values.



Our Vision

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

Our Mission

Deliver retirement and health care benefits to members and their beneficiaries

Our Core Values

Quality	Integrity
Respect	Openness
Accountability	Balance



FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective: Fund the System through an integrated view of pension assets and liabilities

Measure: **Funded status**

Target: Long-term funded status of 100% – beyond the current strategic plan

Measure: **Projected funded status**

Target: Meet the annual projected funded status

Objective: Mitigate the risk of significant investment loss

Measure: **One-year total expected fund volatility**

Target: Current total expected fund volatility of 8% or less

Objective: Deliver target risk-adjusted investment returns

Measure: **Annualized (five-year) excess investment returns relative to total fund policy benchmark**

Target: Meet or exceed the total fund policy benchmark

Objective: Educate employers, members, and stakeholders on system risks and mitigation strategies

Measure: **Stakeholder assessment survey – risk**

Target: Five-year goal to achieve a score of 5.43 out of 7 points, a 5% increase from baseline, representing an annual increase of 1% or 0.05 points



FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective: Integrate environmental, social, and governance (ESG) considerations into investment decision making

Measure: Investment managers' policies and procedures for ESG factor integration

Target: Of internal and external investment managers, 100% shall have policies and procedures in place to integrate ESG factors into investment decisions



HIGH-QUALITY AFFORDABLE HEALTH CARE

Improve health care quality, access & affordability

Objective: Ensure our members receive high-quality care

Measure: Chronic disease prevention & management

Target: 75% of CalPERS health plans achieved high-quality benchmarks for diabetes, high blood pressure and obesity care.

Measure: Behavioral health quality

Target: This measure is under development until June 2021.

Objective: Ensure our members have access to care when and where they need it

Measure: Measuring access to care

Target: Of surveyed CalPERS health program members, 90% report that they “usually” or “always” receive routine care as soon as they need it.

Measure: Member experience

Target: Of surveyed CalPERS health program members, 85% rate their care an 8, 9 or 10 on a 10-point scale.

Objective: Ensure the care we provide is affordable

Measure: Health care premium affordability

Target: This measure is under development until March 2021.



REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective: Simplify programs to improve service and/or reduce cost

Measure: Cost Effectiveness Measurement (CEM) pension complexity score

Target: Maintain weighted average complexity score between 58 – 62 points

Measure: CEM information technology capability score

Target: CalPERS target is to stay within the range of 80 - 90 points

Objective: Streamline operations to gain efficiencies, improve productivity, and reduce costs

Measure: CEM cost per member

Target: Reduce by 2% annually

Measure: Overhead operational cost

Target: Reduce by 1.5 - 2% annually

Measure: Five-year net value added

Target: Exceed the median U.S. peer on investment cost and returns



RISK MANAGEMENT

Cultivate a risk-intelligent organization

Objective: Enhance compliance and risk functions throughout the enterprise

Measure: Stakeholder assessment survey – compliance and risk

Target: Five-year goal of 5.43 out of 7 points, a 5% increase from baseline, representing an annual increase of 1% or 0.05 points from baseline

Measure: Risk employee awareness survey

Target: Five-year goal of 86%, a 2% annual increase from baseline

Measure: Risk program maturity assessment

Target: Increase one point by 2021-22, from the baseline scores set in FY 2017-18

Measure: Compliance employee awareness survey

Target: Maintain 90% or greater positive response rate to the compliance survey question through June 2022

Measure: Compliance program maturity assessment

Target: Increase one point by FY 2021-22, from the baseline scores set in FY 2017-18

Objective: Continue to evolve cyber security program

Measure: Composite security health score within range

Target: Provided to board in closed session



TALENT MANAGEMENT

Promote a high-performing and diverse workforce

Objective: Recruit and empower a broad range of talents to meet organization priorities

Measure: Effectiveness of outreach activities

Target: Increase total job views in LinkedIn by 10% annually

Measure: Engagement survey results and action items – diversity and inclusion

Target: CalPERS has a high-performing status of greater than 59%

Measure: Engagement survey results and action items – accountability

Target: CalPERS has a high-performing status of greater than 59%

Measure: Engagement survey results and action items – senior and executive management relationships

Target: CalPERS has a high-performing status of greater than 59%

Objective: Cultivate leadership competencies and develop succession plans across the enterprise

Measure: Proficiency in CalPERS leadership competencies

Target: Under development



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