

# 2024-25 Business Plan

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California Public Employees' Retirement System

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# OVERVIEW

## Business Plan Initiatives Support our Strategic Goals & Objectives

The 2024-25 CalPERS Business Plan describes the Business Plan Initiatives (BPIs) designed to help us reach our Strategic Goals and Strategic Objectives.

Our Strategic Framework depicts CalPERS' strategic approach and the relationship between each level.

- Our Vision and Mission provide insight to our aspirations and clearly state our purpose.
- Strategic Goals communicate what we want to accomplish over the long term.
- Objectives clarify how we will achieve these stated Goals.
- Strategic Measures (Measures) provide meaningful progress indicators for achieving our Goals and Objectives.
- BPIs are projects that develop or enhance our strategic capabilities.

### Strategic Framework



#### How to read this plan:

- Each section contains a strategic goal and its related objectives.
- The corresponding Business plan initiatives (BPIs) for each goal are listed underneath the objectives.
- Each BPI's title, description and associated strategic measure(s) are provided.
- To see more BPI details and to track progress, visit our **Enterprise Performance Reporting website**, which showcases our strategic measures, BPIs, and KPIs goals.

Strategic measures are described in **CalPERS 2022-27 Strategic Plan**. BPIs and strategic measures work together, as we strive to reach our strategic goals and objectives. They are all aligned with CalPERS' Mission and Vision, as depicted in CalPERS Strategic Framework.



# MEMBER EXPERIENCE

Strategic Goal: Ensure member satisfaction through accuracy, responsiveness, and respect

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## Objectives:

- Deliver accurate benefits to our members and their beneficiaries
- Ensure that our members and their beneficiaries receive benefit payments on time
- Provide timely response and appropriate action to inquiries
- Enhance services, communication, and education tools for our members

## BPIs:

- **Customer Contact Information:** Conduct an industry scan to identify best practices for maintaining a large mailing and email address database. Develop strategies to maintain and update this specific customer contact information. (June 2025)
  - **Associated Measures:** Customer Satisfaction; Customer Inquiry Timeliness
- **Customer Satisfaction Surveys:** Assess effectiveness of current customer service satisfaction surveys; assessment will also consider surveys to serve our community with diverse linguistic backgrounds. (June 2025)
  - **Associated Measure:** Customer Satisfaction
- **Overpayments and Survivor Benefit Services:** Evaluate technology-based solutions to address overpayments. Enable myCalPERS users to generate death benefit estimates for estate planning. (June 2025)
  - **Associated Measures:** Benefit Payment Accuracy; Benefit Payment Timeliness



# PENSION SUSTAINABILITY

Strategic Goal: Strengthen the long-term sustainability of the pension fund

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## Objectives:

- Balance the costs of future pension payments with the expected future investment risks and returns through the Asset Liability Management process
- Mitigate the risk of significant investment loss while balancing contribution levels and volatility
- Deliver risk-adjusted investment returns to meet or exceed the expected rate of return
- Integrate sustainable investment strategies

## BPIs:

- **Asset Liability Management:** Incorporate elements of funding risk from both an asset and liability perspective to ensure the sustainability of the fund. All deliverables will be reviewed by the Asset Liability Management Advisory Committee (ALMAC). (June 2027)
  - **Associated Measures:** Funded Status; Total Expected Fund Volatility; Employer Contribution Rates
- **Total Fund Processes\*:** This aligns with the Investment Office Data and Technology Modernization Strategic Initiative to develop, refine, and institutionalize transparent, disciplined, and clear investment decision-making processes to increase organizational effectiveness for total fund and support a culture of accountability. (June 2027)
  - **Associated Measures:** Annualized (5-year) Excess Investment Returns Relative to Total Fund Policy Benchmark; Cost Advantaged vs. Peers; 5-year Net Value Added
- **Total Fund Portfolio:** This aligns with the Investment Office Portfolio Resilience and Sustainable Investments Initiatives to construct a Total Fund Portfolio positioned to generate the required rate of return over the long term, by ensuring effective allocation of risk, leverage, and liquidity. (June 2027)
  - **Associated Measures:** Total Expected Fund Volatility; Annualized (5-year) Excess Investment Returns Relative to Total Fund Policy Benchmark
- **Emerging and Diverse Managers:** Assembly Bill 890 requires CalPERS to submit and publish a report to the Legislature on the status of achieving appropriate objectives and initiatives regarding the participation of emerging and diverse managers managing capital on behalf of CalPERS investment portfolio. (June 2027)
  - **Associated Measures:** Percentage of Diverse Managers
- **Investment Strategy – Net Zero by 2050:** Refresh CalPERS' Investments Net Zero Strategy and incorporate advocacy, engagement, integration, and investment. (June 2027)
  - **Associated Measures:** Just Transition to Net Zero by 2050



# EXCEPTIONAL HEALTH CARE

Strategic Goal: Ensure our members have access to equitable, high-quality, affordable health care

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## Objectives:

- Ensure all members receive equitable care
- Ensure our members have access to care when and where they need it
- Ensure the care we provide is affordable
- Ensure our members receive high-quality health care

## BPIs:

- **Advanced Primary Care:** Develop, implement, and participate in strategies that will improve quality and access to primary care services for CalPERS health care members. (June 2027)
  - **Associated Measures:** Access to Care; Achieving Health Equity; Behavioral Health Screening and Treatment; Health Care Affordability; Health Care Member Experience; Population Health Management
- **Behavioral Health Screening and Treatment:** Improve behavioral health access, screening, and treatment for CalPERS health care members through health plan contracts, leveraging partnerships, and developing recommendations for further improvement. (June 2027)
  - **Associated Measures:** Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity
- **Expand Member Outreach and Education:** Implement an outreach strategy to improve CalPERS member engagement and knowledge of the health benefits and options available to them so they can make more informed health care decisions. (June 2025)
  - **Associated Measures:** Health Care Member Experience
- **Improve Health Data Quality and Application:** Collaborate with CalPERS health plans to develop and implement data quality improvement plans to improve the quality, relevancy, and consistency of the data in the CalPERS Health Care Decision Support System (HCDSS). (June 2025)
  - **Associated Measures:** Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Health Care Affordability; Achieving Health Equity
- **Improve Pharmacy Benefit Strategies:** Using expert clinical input and CalPERS pharmacy data to balance member choice, quality, safety, affordability, and prescription drug access. (June 2027)
  - **Associated Measures:** Population Health Management; Health Care Member Experience; Access to Care; Health Care Affordability; Achieving Health Equity
- **Increase Health Care Affordability:** Improve health care affordability through increased competition, high-value networks, and innovative benefit designs. (June 2026)
  - **Associated Measure:** Health Care Affordability



# EXCEPTIONAL HEALTH CARE, continued

Strategic Goal: Ensure our members have access to equitable, high-quality, affordable health care

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- **Promote and Improve Health Equity:** Develop and implement a health equity strategy to advance health equity and improve clinical quality for CalPERS health care members. (June 2027)
  - **Associated Measures:** Access to Care; Achieving Health Equity; Behavioral Health Screening and Treatment; Health Care Member Experience; Population Health Management
- **Promoting Clinical Quality Improvement:** Improving health outcomes through clinical quality improvement efforts that promote alignment and continuous performance evaluation, public transparency of performance results, and patient-centered care with advanced primary care and behavioral health integration. (June 2027)
  - **Associated Measures:** Access to Care; Achieving Health Equity; Behavioral Health Screening and Treatment; Health Care Member Experience; Population Health Management



# STAKEHOLDER ENGAGEMENT

Strategic Goal: Promote collaboration, support, and transparency

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## Objectives:

- Educate and engage stakeholders on system impacts including policy and program changes, risks, and mitigations
- Enhance services, communication, and education tools for our partners

## BPIs

- **Communication Tool Enhancements – Public Website:** Enhance CalPERS' public website by implementing a redesign to improve user experience and increase performance. (June 2027)
  - **Associated Measure:** Effectiveness of Digital Communications Outreach – Visits to Public Website
- **External Communications – Proactive Policy Messaging:** Increase communications across all digital platforms focused on policy actions related to pensions, investments, and health care. (June 2025)
  - **Associated Measures:** Effectiveness of Digital Communications Outreach – Visits to Public Website; Effectiveness of Digital Communications Outreach – Social Media Followers
- **Expand Stakeholder Education:** Implement training, education, and outreach opportunities to educate members, employers, and stakeholders on system risks, mitigation strategies, and compliance enhancements. (June 2027)
  - **Associated Measures:** Stakeholder Perception Surveys:
    - Compliance and Risk
    - Participation
    - Employer Rating
    - Risk
    - Member Rating
    - Stakeholder Rating
    - Overall Rating
- **Facilitate Stakeholder Dialogue:** Enhance engagement with stakeholders on policy and program issues that impact active members, retired members, employers, stakeholder leaders, private sector interests, and other institutional investors and administrators. (June 2027)
  - **Associated Measures:** Stakeholder Perception Surveys:
    - Compliance and Risk
    - Participation
    - Employer Rating
    - Risk
    - Member Rating
    - Stakeholder Rating
    - Overall Rating
- **CalPERS 457 Plan Compliance:** The CalPERS Supplemental Income Program (SIP) 457 plan must comply with Secure 2.0 Act requirements by January 1, 2026. The BPI will measure efforts to implement changes to comply with the provisions. (June 2026)
  - **Associated Measures:** Stakeholder Perception Surveys:
    - Employer Rating
    - Member Rating





# ORGANIZATIONAL EXCELLENCE

Strategic Goal: Cultivate a diverse, risk-intelligent, and innovative culture through our team and processes

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## Objectives:

- Integrate and sustain leadership competencies to promote behaviors that retain and engage a high-performing workplace
- Recruit and retain diverse talent
- Enhance team member engagement and employment experience
- Cultivate compliance and risk functions throughout the enterprise
- Improve processes, operations, and advance technologies to gain efficiencies and effectiveness

## BPIs

- **Develop FY 2023-28 Workforce Plan Strategies:** Support and enhance workforce planning efforts to align with the CalPERS Strategic Plan. (December 2025)
  - **Associated Measures:** Candidate Pool Outreach; Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development
- **Establish and Implement a Diverse Outreach Strategy:** Develop and implement new recruitment strategies that expand CalPERS' candidate pools and enhance a culture of equity and inclusion. (June 2025)
  - **Associated Measures:** Candidate Pool Outreach; Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development
- **Human Capital Management Cloud Migration:** Upgrade the existing Human Capital Management (PeopleSoft) system to a cloud-based solution. (February 2025)
  - **Associated Measures:** Candidate Pool Outreach; Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development
- **Talent and Culture Enhancement Strategies:** Identify and implement strategies that enhance career development opportunities. (June 2027)
  - **Associated Measures:** Candidate Pool Outreach; Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development; Team Member Engagement
- **Total Fund People:** This aligns with the Investment Office People and Culture Strategic Initiative to realign Investment Office resources and skills in support of the total fund portfolio to reinforce working as one team, with a culture of trust, respect, and accountability. (June 2027)
  - **Associated Measures:** Workforce Demographics; Employee Development



# ORGANIZATIONAL EXCELLENCE, continued

Strategic Goal: Cultivate a diverse, risk-intelligent, and innovative culture through our team and processes

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- **Implement Engagement Survey Action Items:** Develop and implement action items using results from the annual Employee Engagement Survey. Action items are identified based on areas that have the greatest impact on engagement, including low scoring items and/or items with significant downtrend. (June 2025)
  - **Associated Measures:** Team Member Engagement; Net Promoter Score; Response Rate of Employee Engagement Survey
- **Information Security Strategy:** Advance the Information Security Office strategy and mitigate cybersecurity threats and vulnerabilities. (June 2027)
  - **Associated Measure:** Information Security Assessment Score
- **Organizational Compliance and Risk Management Effectiveness:** Develop and deploy a multi-year implementation plan for the first line of defense (FLOD) and second line of defense (SLOD) by organizing enterprise and division resources to support new and enhanced compliance and risk management functions. (June 2025)
  - **Associated Measures:** Organizational Compliance Effectiveness; Risk Management Effectiveness
- **Data Retention and Disposition:** Ensure member-sensitive information are appropriately retained and disposed, i.e., archived or deleted in accordance with application retention timeframes. Explore alternatives for archiving or deleting data that are no longer in use to align with CalPERS's policies and procedures. (June 2025)
  - **Associated Measure:** Operational Efficiencies
- **Generative Artificial Intelligence Advancement:** Evaluate strategies, organizational readiness, and consider risks related to Generative Artificial Intelligence (Gen AI) advancement that will enhance processes and create efficiencies within critical business areas including customer service, health, and investments. (June 2027)
  - **Associated Measure:** CEM Benchmarking Information Technology Capability Score
- **Mature Targeted Information Technology (IT) Capabilities:** Mature targeted IT capabilities to enhance infrastructure continuity and reliability, delivery of core services, as well as anticipate and meet emerging business needs of the future. (June 2027)
  - **Associated Measure:** CEM Benchmarking Information Technology Capability Score
- **Total Fund Processes\*:** This aligns with the Investment Office Data and Technology Modernization Strategic Initiative to develop, refine, and institutionalize transparent, disciplined, and clear investment decision-making processes to increase organizational effectiveness for total fund and support a culture of accountability. (June 2027)
  - **Associated Measures:** Annualized (5-year) Excess Investment Returns Relative to Total Fund Policy Benchmark; Cost Advantaged vs. Peers; 5-year Net Value Added



# ORGANIZATIONAL EXCELLENCE, continued

Strategic Goal: Cultivate a diverse, risk-intelligent, and innovative culture through our team and processes

## Objective:

- Cultivate diversity, equity, & inclusion through culture, talent, investments, health equity, and supplier diversity

## Pillar: Culture

- **Implement Diversity, Equity, & Inclusion (DE&I) Framework:** Implement and mature the DE&I Framework Five (5) Pillars: Culture, Talent Management, Health Equity, Supplier Diversity, and Investments, through collaboration and efforts with contributing program areas. (June 2027)
  - **Associated Measure:** DE&I Engagement Survey Results
- **Increase Enterprise-Wide Diversity, Equity, & Inclusion (DE&I) Knowledge and Awareness:** Increase knowledge and awareness of DEI themes and concepts by providing communication, training, and engagement opportunities as well as develop tools and resources for the enterprise. (June 2027)
  - **Associated Measure:** DE&I Engagement Survey Results

## Pillar: Supplier Diversity

- CalPERS complies with the California State law which states that all State Agencies must meet or exceed the target of 25% Small Business participation and 3% for Disabled Veterans Business Enterprise participation for total contracting dollars. This information is reported to our Board of Administration on an annual basis and provides detailed information and fiscal year totals for both procurement and contracting activities.
  - **Associated Measures:** Disabled Veterans Business Enterprise Requirements Compliance; Small Business Requirements Compliance

## These initiatives integrate DE&I throughout the plan.

### Pillar: Talent

- Develop 2023-28 Workforce Plan Strategies
- Establish and Implement a Diverse Outreach Strategy
- Talent and Culture Enhancement Strategies
- Total Fund People

### Pillar: Investments

- Emerging and Diverse Managers
- Investment Strategy - Net Zero by 2050

### Pillar: Health Equity

- Advanced Primary Care
- Behavioral Health Screening and Treatment
- Improve Health Data Quality and Application
- Improve Pharmacy Benefit Strategies
- Increase Health Care Affordability
- Promote and Improve Health Equity
- Promoting Clinical Quality Improvement

\* Supports multiple Strategic Goals





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