



## Board of Administration

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**January 17, 2023**

**Item Name:** Salary Range Adjustment for Chief Actuary, Chief Health Director, Chief Financial Officer, and General Counsel Positions

**Program:** Administration

**Item Type:** Action

### **Recommendation**

Provide direction on increases to the maximum of the base salary ranges for the following classifications: Chief Actuary, Chief Health Director, Chief Financial Officer, and General Counsel. These increases would be effective July 1, 2022, for the current fiscal year.

### **Executive Summary**

During the Board's compensation workshop in November 2022, the Board provided committee direction to the Human Resources team to return with an action item addressing compensation range adjustments for the four classifications where the incumbent is at maximum: Chief Actuary, Chief Health Director, Chief Financial Officer, and General Counsel classifications.

### **Strategic Plan**

This agenda item supports CalPERS' Strategic Goal to promote a high-performing and diverse workforce in the 2022-27 Strategic Plan. The Executive Compensation Program provides a means for recruiting, retaining, and engaging highly skilled executives to meet organizational priorities and strengthen the long-term sustainability of the pension fund by generating returns to pay member benefits.

### **Background**

Pay ranges for these four classifications have not received an adjustment for several years. The range for the Chief Actuary classification was last adjusted in July 2008. The compensation for the Chief Health Director was set in March 2019, when the classification was first established. The range for the Chief Financial Officer was last adjusted in June 2018, and General Counsel was most recently adjusted in September 2019.

### **Analysis**

In follow-up to the Board's direction in November 2022, an option is being presented to increase the maximum of the salary ranges for the Chief Actuary, Chief Health Director, Chief Financial

Officer, and General Counsel classifications by 4%. This option is consistent with the maximum base pay increase awarded in the Board's compensation program during the year-end process for fiscal year 2021-22. As a reminder, for fiscal year 2021-22, the Chief Executive Officer capped base pay increases at 4% considering the global markets and return environment.

### **Budget and Fiscal Impacts**

An annual four percent increase to the maximum of the base pay ranges for the Chief Actuary, Chief Financial Officer, Chief Health Director, and General Counsel will increase possible salary, benefit, and incentive expenditures by approximately \$94,000 annually. To apply retroactively to July 1, 2022, any non-budgeted expenses will be funded from existing resources and future funding requirements will be included in forthcoming budget proposals.

### **Benefits and Risks**

The regular review and adjustment of compensation levels is good governance, best practice, and aids in the ability to recruit and retain highly skilled executives and investment management professionals.

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Michelle Tucker, Chief  
Human Resources Division