



STRATEGIC RISK INDICATORS DASHBOARD

FY 2023-24 Third Quarter

TOLERANCES	FREQ	Q1	Q2	Q3	Q4	COMMENTS
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MEMBER EXPERIENCE | Ensure member satisfaction through accuracy, responsiveness, and respect

Externally proposed bills that have the potential to increase the complexity of the plan design <i>Owner: Deputy Executive Officer, Communications & Stakeholder Relations</i>	<ul style="list-style-type: none"> ■ Legislation exists ● No legislation exists 	Quarterly	●	■	■		
Member unauthorized account access attempts (Under development) <i>Owner: General Counsel</i>	Closed Session	Closed Session	Closed Session	Closed Session	Closed Session		

PENSION SUSTAINABILITY | Strengthen the long-term sustainability of the pension fund

Investment return: Funded status impact <i>Owner: Chief Actuary</i>	<ul style="list-style-type: none"> ■ < 5.8% ▲ 5.8%-6.8% ● > 6.8% 	Annually	▲	*	*		
Employer contribution rate impact <i>Owner: Chief Actuary</i>	Projected vs. Actual <ul style="list-style-type: none"> ■ > 2% ▲ 1%–2% ● < 1% 	Annually	Misc. *	Misc. ●	Misc. *		
			Safety *	Safety ●	Safety *		

EXCEPTIONAL HEALTH CARE | Ensure our members have access to equitable, high-quality, affordable health care

Legislation that negatively impacts CalPERS <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> ■ Legislation proposed/enacted ▲ Legislation monitored ● No legislation exists 	Quarterly	●	●	●		
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Maintain Health Care Fund Actuarial Reserve <i>Owner: Chief Health Director</i>	< 90% / >110% Actuarial Reserve 90%-110% Actuarial Reserve	Annually	*	*	*		
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STAKEHOLDER ENGAGEMENT | Promote collaboration, support, and transparency

Investment return: Funded status impact <i>Owner: Chief Actuary</i>	< 5.8% 5.8%-6.8% > 6.8%	Annually		*	*		
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ORGANIZATIONAL EXCELLENCE | Cultivate a diverse, risk-intelligent and innovative culture through our team and processes

Externally proposed bills potentially increasing the complexity of the plan design <i>Owner: Deputy Executive Officer, Communications & Stakeholder Relations</i>	Legislation exists No legislation exists	Quarterly					
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Organizational continuous improvement – annual engagement survey <i>Owner: Chief Operating Officer</i>	≤ 58.4% 58.5%-68.5% ≥ 68.6%	Annually	*	*			
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2023-24 Strategic Risk Indicator Summary

Indicator Title:	Externally proposed bills potentially increasing the complexity of the plan design
Executive Owner:	Deputy Executive Officer, Communications & Stakeholder Relations
Strategic Goal:	Member Experience; Organizational Excellence
Status:	Requires Monitoring
Numeric Status:	Legislation exists
Description:	This indicator tracks externally proposed bills that, if passed, can increase complexity of the plan design resulting in the potential increase of the CEM complexity score. The Legislative Affairs Division (LAD) works with all program areas to identify potential impacts of external legislation. In combination with the information obtained from the program areas, LAD develops its legislative analysis of the legislation to present to the board.
Intent:	To provide leading indication the member experience and organizational excellence strategic goal performance may be impacted due to external legislation increasing complexity.
Target:	No legislation exists
Refresh Frequency:	Quarterly
Reporting Range:	01/01/2024 – 03/31/2024
Tolerances:	Requires Attention: Legislation exists Requires Monitoring: N/A No Attention/Monitoring Needed: No legislation exists
Root Cause:	AB 1246 – Allows a retired member, who divorces after retirement and does not retain 100% of their retirement benefit, to designate their new spouse as the beneficiary of their postdivorce retirement settlement. SB 252 - Prohibits the CalPERS and CalSTRS boards from making new investments in fossil fuel companies, as defined, and requires both systems to divest existing fossil fuel company investments on or before July 1, 2031, if consistent with its fiduciary duty. Beginning on February 1, 2025, and annually thereafter, this bill requires each board to submit a report to the Governor and Legislature regarding any fossil fuel company holdings and divestments. Also, makes other conforming changes to cross-references relating to indemnification. SB 1379 - Exempts a retired person employed by the City of Vallejo or the County of Solano to perform a function or functions performed by a peace officer, evidence or dispatch personnel, or administrative or records personnel from the 960-hour work limitation. These provisions sunset on January 1, 2029.

Action Items:

AB 1246 – Work with legislative offices and stakeholder group representing members to provide technical assistance on the bill drafting. This provision becomes operative January 1, 2025 to ensure efficient implementation. Working with appropriate CalPERS program teams to accomplish.

SB 252 - Work with legislative office to provide information related to CalPERS' engagement activities.

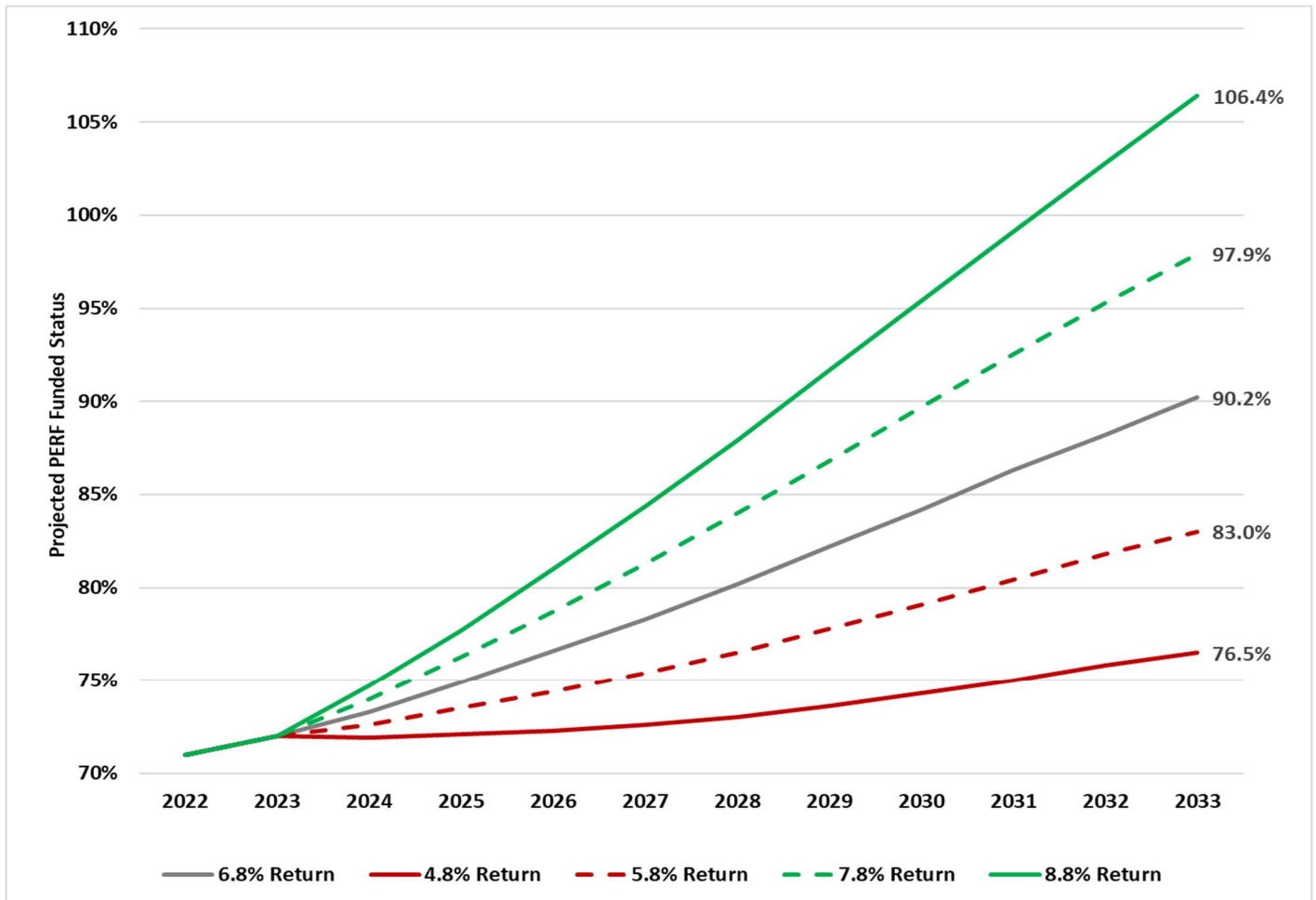
SB 1379 - Work with legislative offices and impacted employer to provide technical assistance on the bill drafting. This provision becomes effective immediately upon signature. Working with appropriate CalPERS program teams to accomplish.

2023-24 Strategic Risk Indicator Summary

Indicator Title: Member unauthorized access attempts – Closed Session
Executive Owner: General Counsel
Strategic Goal: Member Experience
Status: Closed Session

2023-24 Strategic Risk Indicator Summary

Indicator Title:	Investment return: Funded status impact
Executive Owner:	Chief Actuary
Strategic Goal:	Pension Sustainability; Stakeholder Engagement
Status:	Pending Refresh
Numeric Status:	6.0%
Description:	This indicator reports the prior fiscal year investment return. The investment return impacts the funded status, which will impact future employer contribution rates.
Intent:	To provide leading indication that pension sustainability and stakeholder engagement strategic goal performance may be impacted due to lower investment return.
Target:	6.8% investment return
Refresh Frequency:	Annually, July
Reporting Range:	07/01/2022 – 06/30/2023
Tolerances:	Requires Attention: Less than 5.8% Requires Monitoring: Between 5.8%-6.8% No Attention/Monitoring Needed: Greater than 6.8%
Root Cause:	Five investment return scenarios from 4.8 percent to 8.8 percent are shown to illustrate the resulting estimated PERF funded status over a ten-year period. For example, if the target rate of 6.8 percent is achieved the resulting funded status would be 90.2 percent. Similarly, if the investment return is 4.8, 5.8, 7.8 or 8.8 percent each year over the next ten years, the estimated funded status is identified.



Action Items: On-going stakeholder education and engagement (Asset Liability Management Team)

2023-24 Strategic Risk Indicator Summary

Indicator Title:	Employer contribution rate impact
Executive Owner:	Chief Actuary
Strategic Goal:	Pension Sustainability
Status:	Pending Refresh
Numeric Status:	Less than 1%
Description:	This indicator tracks the difference between the projected employer contribution rate and the actual contribution rate.
Intent:	To provide leading indication that future employer contribution rates may be higher than originally projected thereby impacting the pension sustainability strategic goal.
Target:	Less than 1%
Refresh Frequency:	Annually, December
Reporting Range:	07/01/2022 – 6/30/2023
Tolerances:	Requires Attention: Greater than 2% Requires Monitoring: Between 1-2% No Attention/Monitoring Needed: Less than 1%
Root Cause:	The investment return for the year ending June 30, 2023 was 6.1% (versus the expected return of 6.8%). This relatively small difference will have minimal impact on required employer contributions.
Action Items:	The actual impact of the 6.1% return by plan will be determined in the June 30, 2023 actuarial valuations. Employers' required contributions will be first impacted during FY 2025-26 (FY 2024-25 for state and schools). The impact of the 6.1% return can be estimated by plan using Pension Outlook.

2023-24 Strategic Risk Indicator Summary

Indicator Title:	Legislation that negatively impacts CalPERS
Executive Owner:	Chief Health Director
Strategic Goal:	Exceptional Health Care
Status:	No Attention/Monitoring Needed
Numeric Status:	No legislation exists
Description:	This indicator tracks any proposed or enacted legislation that may negatively impact CalPERS Health Benefits Program. Legislation may impact health care access, equity, affordability, or quality.
Intent:	To provide leading indication the exceptional health care strategic goal performance may be impacted due to unfavorable changes in federal or state legislation affecting the commercial health care market.
Target:	No legislation exists
Refresh Frequency:	Quarterly
Reporting Range:	01/01/2024 – 03/31/2024
Tolerances:	Requires Attention: Legislation proposed or enacted that will negatively impact program Requires Monitoring: Legislation being monitored for impact No Attention/Monitoring Needed: No legislation exists
Root Cause:	No Attention/Monitoring Needed: No legislation exists
Action Items:	No Attention/Monitoring Needed: No legislation exists

2023-24 Strategic Risk Indicator Summary

Indicator Title:	Maintain health care fund actuarial reserve
Executive Owner:	Chief Health Director
Strategic Goal:	Exceptional Health Care
Status:	Pending Refresh
Numeric Status:	
Description:	<p>This indicator tracks the level of health care fund actuarial reserve that assures the sustainability of the health care fund. Four distinct reserve requirements must be met to secure the solvency of the CalPERS Self-Funded Health Plans: an incurred but not reported (IBNR) reserve; a reserve for premium inadequacy (underwriting risk), also called a risk-based capital reserve; a continuity of care liability; and an administrative liability to cover the estimated costs associated with plans termination. The sum of these four is what is called the required actuarial reserve. If the reserve drops or increases beyond an actuarially prudent threshold, then a surcharge or reduction will be considered by adding or subtracting to the premium to bring the reserve back to the proper level.</p>
Intent:	To provide leading indication the exceptional health care strategic goal performance may be impacted due to actuarial reserves falling below required ranges.
Target:	90%-110%
Refresh Frequency:	Annually, June
Reporting Range:	07/01/2022 – 06/30/2023
Tolerances:	Requires Attention: Less than 90% or greater than 110% Requires Monitoring: N/A No Attention/Monitoring Needed: Between 90%-110%
Root Cause:	
Action Items:	

2023-24 Strategic Risk Indicator Summary

Indicator Title:	Organizational continuous improvement – annual engagement survey
Executive Owner:	Chief Operating Officer
Strategic Goal:	Organizational Excellence
Status:	No Attention/Monitoring Needed
Numeric Status:	68.6%
Description:	This indicator tracks team members survey response to the annual engagement survey statement: “I am encouraged to provide my ideas about improving CalPERS.” Surveying team members provides insight into whether the organization and management are supporting team members by encouraging creativity, innovation, and continuous improvement to foster new ideas.
Intent:	To provide leading indication the organizational excellence strategic goal performance may be impacted due to decreased team member innovation and continuous improvement.
Target:	Perceptyx 68.6% benchmark
Refresh Frequency:	Annually, January
Reporting Range:	November 2022 – October 2023
Tolerances:	Requires Attention: Less than or equal to 58.4% Requires Monitoring: Between 58.5%-68.5% No Attention/Monitoring Needed: Greater than or equal to 68.6%
Root Cause:	No Attention/Monitoring Needed
Action Items:	No Attention/Monitoring Needed