# CALPERS APPROVES QUESTIONABLE PAY & BONUSES

**By Al Darby | Vice President**

The April 14 CalPERS Committee meetings and the April15 Board meetings, were both designed to serve CalPERS staff interests, and not the pension system's beneficiaries. Here's what happened.

The Performance and Compensation Committee's focus was incentive pay for the CalPERS investment unit personal, using the proposed Total Portfolio Approach, which would replace the current system of individual,asset-allocation performance. The detailed, biased report creates a formula allowing for higher staff compensation, because the formula uses private insurance and banking compensation ranges. Bonus formulas were similarly escalated to allow more generous payouts based on questionable criteria.

> ***The CalPERS' bonus system is in dire need of repair***

Public comments from RPEA Health Benefits Director JJ Jelincic highlighted the vastly questionable inclusion of private-industry pay practices for a public pension system. Compensation ranges in public pension funds are stricter and lower because there is no profit-motive component. CalPERS members should be alarmed and question the Board on this.

At the CalPERS Finance and Administration Committee, a comprehensive report was presented for a new, management software system for the investment unit,requiring a seven-year contract with three, annual renewals thereafter. The committee approved the contract with the inclusion of the three-year extension, for a system that is neither fully developed nor proven to achieve its intended purpose. JJ Jelincic told the Board that the contract was based on an unsound approach and its excessive term length might not be legal.

The CalPERS Board meeting addressed Diversity,Equity and Inclusion (DEI). This comes at a time when the CalPERS pension system is funded at a 75% level,and decreasing under the Trump-induced stock market decline, caused by volatile tariffs on the world economy. DEI may be a noble endeavor, but the real CalPERS priority should be achieving a 100% funded pension system.