



Regular Meeting

Item Number 16 – Open Session

Subject: Disclosure of Incentives for Statutory Positions for the 2020-21 Plan Year

Presenter(s): Chairperson

Item Type: Consent Information

Date & Time: November 5, 2021 – 0 minutes

Attachment(s): Attachment 1 – Incentive Disclosure

PowerPoint(s): None

PURPOSE

The purpose of this item is to disclose to the board a summary report of incentive awards for participants covered under the board's policy, Section 700, Compensation Policy for Designated Executive Management, and Investment staff (Compensation Policy), for FY 2020-21.

DISCUSSION/SUMMARY

The board's Compensation Policy and its [Administrative Procedures](#) are designed to provide full transparency for members, beneficiaries and other related constituents. The policy is intended to reinforce CalSTRS investment, governance and compensation philosophies and objectives, allow CalSTRS to attract, motivate and retain top-performing executive and investment staff, align incentive payouts with overall System, functional area, and individual performance, and focus staff on key investment objectives/benchmarks that are measured on a long-term basis.

Participants within the incentive pay plan are eligible for maximum incentive opportunities based on quantitative and qualitative measures which vary by position and associated responsibility. The board's compensation principles incorporate a clear direction that quantitative incentives are only earned when investment performance is above identified benchmarks. Those benchmarks are delineated by the board's Compensation Committee with the assistance of its compensation consultant, as well as its overall investment consultants, and are regularly reviewed and updated as necessary. As a defined benefit pension system, our investment outlook is long-term. Quantitative measures are based on three-year returns of the total portfolio and asset classes. In FY 2020-21, the three-year return for the total portfolio exceeded the target benchmark. This resulted in incentives being awarded for that component, which ranges from 15-30 percent of the

total opportunity based on position. Qualitative measures are focused on the current plan year and include personal evaluation components. In some cases where there was no incentive awarded for asset class performance, an award could be made for the qualitative components.

An annual report summarizing incentives awarded to eligible staff is provided in Attachment 1. This report identifies the staff person's annual base salary, the maximum incentive award percentage opportunity, the actual incentive percentage achieved, and the resulting dollar amount of the incentive awarded for those that are subject to the board's compensation setting policy. In addition, the report includes Investment Officer IIIs and IIs, whose compensation and incentive parameters are set by the State's collective bargaining process and administered in alignment with the board's Compensation Policy. The quantitative elements of the incentive awards were reviewed and verified by the board's compensation consultant, Global Governance Advisors. All of the awards were made in compliance with and disclosed per the board's Compensation Policy and its Administrative Procedures.

Per board policy, the actual compensation awards are calibrated to represent a very small portion of the above-benchmark value that staff could create. As of the fiscal year ending June 30, 2021, the 3-year returns for Fixed Income, Inflation Sensitive, Innovative Strategies, Global Equity, Private Equity, Real Estate and Sustainable Investments and Stewardship Strategies outperformed their benchmarks and contributed to the overall alpha of the Total Fund. The 3-year return of the Total Fund's outperformance equates to approximately \$6.7 billion in income for CalSTRS based upon specific staff decisions (net of fees). The incentive payments for this fiscal year, totaling \$15.17 million, represent 0.23 percent of the value added from those specific investment decisions (this amount does not include the incentive awards for the Chief Executive Officer and the Chief Investment Officer which will be presented to the board today in a separate item.

Incentive awards are not considered creditable compensation for defined benefit pension (CalPERS) calculations.

2020-2021 Incentive Award Disclosure

Name	Asset Class/ Function	Max Incentive Oppor- tunity	Incentive Awarded as a % of Base Pay	Annual Salary for Incentive Calculation	Award Amount
<u>Chief Operating Officer</u>					
Cassandra Lichnock	Executive	50%	45.2%	\$242,736	\$109,737
<u>Chief Financial Officer</u>					
Julie Underwood	Executive	50%	45.6%	\$269,640	\$123,023
<u>System Actuary</u>					
Rick Reed	Actuarial	30%	25.5%	\$262,620	\$66,968
David Lamoureux	Actuarial	30%	28.5%	\$290,820	\$82,884
<u>Deputy CIO</u>					
Scott Chan	Deputy CIO	175%	150.6%	\$408,000	\$614,320
<u>Investment Directors</u>					
Glenn Hosokawa	Fixed Income	125%	119.4%	\$378,072	\$451,323
June Kim	Global Equity	125%	102.3%	\$382,668	\$391,512
Paul Shantic	Infrastructure	125%	119.4%	\$378,072	\$451,323
April Wilcox ¹	Investment Svcs	125%	110.2%	\$192,700	\$212,268
Steven Tong	RMS	125%	89.4%	\$382,620	\$341,967
Margot Wirth	Private Equity	125%	118.8%	\$378,072	\$448,961
Mike DiRe	Real Estate	125%	120.0%	\$378,144	\$453,773
Kirsty Jenkinson	SISS	125%	108.7%	\$385,872	\$419,422
Geraldine Jimenez	Strategy & Risk	125%	109.7%	\$326,940	\$358,777
<u>Portfolio Managers</u>					
Geetha Arani	Fixed Income	125%	117.5%	\$172,008	\$202,109
Dan Depner	Fixed Income	125%	118.1%	\$198,660	\$234,667
David Gold	Fixed Income	125%	118.8%	\$238,464	\$283,176
Rosie Lucchesini-Jack	Fixed Income	125%	121.9%	\$252,168	\$307,330
Ian McCarty	Fixed Income	125%	119.4%	\$238,464	\$284,666
John Perez ²	Fixed Income	125%	120.6%	\$235,480	\$284,048
Jason Crawford	Global Equity	125%	101.7%	\$198,660	\$202,010
David Murphy	Global Equity	125%	102.3%	\$258,000	\$263,963

Name	Asset Class/ Function	Max Incentive Oppor- tunity	Incentive Awarded as a % of Base Pay	Annual Salary for Incentive Calculation	Award Amount
Raymond Venner	Global Equity	125%	100.4%	\$255,264	\$256,377
Wilson Yee	Global Equity	125%	100.4%	\$172,008	\$172,758
Charles Fitzpatrick	Inflation Sensitive	125%	121.3%	\$218,784	\$265,276
Glen Blacet	Innov Strategies	125%	121.3%	\$258,000	\$312,825
Aizaz Ali ¹	Private Equity	125%	117.5%	\$146,547	\$172,193
Lyndall (Tom) Baker	Private Equity	125%	118.8%	\$258,000	\$306,375
Seth Hall	Private Equity	125%	120.0%	\$258,000	\$309,600
Robert Ross	Private Equity	125%	122.5%	\$253,119	\$310,071
Deanna Winter ²	Private Equity	125%	118.1%	\$43,000	\$50,794
Daniel Clark	Real Estate	125%	119.4%	\$208,608	\$249,026
Bruce Deutschl	Real Estate	125%	119.4%	\$52,124	\$62,223
Julie Donegan	Real Estate	125%	119.4%	\$210,000	\$250,688
Don Palmieri	Real Estate	125%	120.0%	\$252,168	\$302,602
Mitch Pleis	Real Estate	125%	119.4%	\$227,052	\$271,043
Henry Thomas	Real Estate	125%	119.4%	\$258,000	\$307,988
Mike Thompson	Real Estate	125%	119.4%	\$258,000	\$307,988
Jeffrey Jaro ¹	RMS	125%	90.0%	\$75,083	\$67,575
Carrie Lo	RMS	125%	89.4%	\$258,000	\$230,588
Aeisha Mastagni	SISS	125%	108.7%	\$238,464	\$259,197
Brian Rice	SISS	125%	106.8%	\$252,168	\$269,365
Josh Diedesch	Strategy & Risk	125%	109.7%	\$198,660	\$218,005
Benjamin Wang	Strategy & Risk	125%	109.1%	\$215,004	\$234,597
<u>Inv Operations</u>					
<u>Directors</u>					
Shifat Hasan	Investment Svcs	75.0%	66.5%	\$193,944	\$128,910
April Wilcox ¹	Investment Svcs	75.0%	68.3%	\$70,818	\$48,399
<u>Assoc Portfolio Mgrs</u>					
Roy Clothier	Fixed Income	50%	48.0%	\$163,008	\$78,244
Simranjit Dhillon	Fixed Income	50%	48.0%	\$150,060	\$72,029
Catherine DiSalvo	Fixed Income	50%	48.0%	\$155,904	\$74,834
Anthony Kennedy ¹	Fixed Income	50%	47.2%	\$42,240	\$19,958
Debra Ng	Fixed Income	50%	48.3%	\$150,060	\$72,404
Darin Yi ¹	Fixed Income	50%	47.3%	\$122,008	\$57,649

Name	Asset Class/ Function	Max Incentive Oppor- tunity	Incentive Awarded as a % of Base Pay	Annual Salary for Incentive Calculation	Award Amount
Andy Iseri	Global Equity	50%	39.9%	\$162,756	\$64,979
Edgar Ramirez	Global Equity	50%	40.2%	\$150,060	\$60,286
Shawn Webster	Global Equity	50%	40.4%	\$157,596	\$63,707
Wayne Yim	Global Equity	50%	40.4%	\$157,704	\$63,751
John-Charles Gish ¹	Inflation Sensitive	50%	48.2%	\$68,005	\$32,812
Daniel Lau	Inflation Sensitive	50%	47.7%	\$70,660	\$33,740
Michael Warmerdam	Inflation Sensitive	50%	48.0%	\$136,380	\$65,462
Kelly Criss	Investment Svcs	50%	44.6%	\$167,360	\$74,579
Melissa DaRonco	Investment Svcs	50%	44.3%	\$157,596	\$69,834
Michael Dunigan	Investment Svcs	50%	44.3%	\$157,500	\$69,791
Pedro Ferrer De Morais ¹	Investment Svcs	50%	43.6%	\$105,850	\$46,110
Harmony Kingston ¹	Investment Svcs	50%	43.6%	\$100,320	\$43,701
Kimberly McDonnell	Investment Svcs	50%	44.3%	\$155,904	\$69,084
Matthew Schroeder	Investment Svcs	50%	44.3%	\$155,904	\$69,084
Nadiath Adechoubou ¹	Private Equity	50%	47.5%	\$100,886	\$47,921
Daniel Fuller ¹	Private Equity	50%	47.5%	\$139,590	\$66,305
Ha, Henry	Private Equity	50%	47.0%	\$137,064	\$64,420
Geetika Misra	Private Equity	50%	47.0%	\$157,536	\$74,042
Delfina Palomo	Private Equity	50%	47.5%	\$163,008	\$77,429
Katherine Rodota ¹	Private Equity	50%	48.5%	\$146,570	\$71,086
Joshua Ungar ¹	Private Equity	50%	47.5%	\$128,169	\$60,880
Greg Arendt ¹	Real Estate	50%	47.5%	\$123,080	\$58,463
Bruce Deutsch ¹	Real Estate	50%	50.0%	\$113,612	\$56,806
Christopher Preston ¹	Real Estate	50%	47.7%	\$137,500	\$65,656
Jeffrey Jaro ¹	RMS	50%	36.0%	\$84,558	\$30,441
Travis Antoniono ³	SISS	50%	43.5%	\$135,924	\$59,097
Philip Larrieu	SISS	50%	42.7%	\$163,008	\$69,650
Sarah Maile	SISS	50%	43.0%	\$135,924	\$58,417
Anthony Schmitz	Strategy & Risk	50%	43.4%	\$135,000	\$58,583
<u>Investment Officer IIIs</u>					
Anthony Kennedy ¹	Fixed Income	20%	19.5%	\$78,061	\$15,222
Marina Kong ¹	Fixed Income	20%	18.8%	\$64,269	\$12,083
Thuy (Kimmie) Nicolas	Fixed Income	20%	19.3%	\$118,289	\$22,830

Name	Asset Class/ Function	Max Incentive Oppor- tunity	Incentive Awarded as a % of Base Pay	Annual Salary for Incentive Calculation	Award Amount
Stacey Reichenberg	Fixed Income	20%	19.0%	\$115,894	\$22,020
Matthew Schott	Fixed Income	20%	19.1%	\$120,205	\$22,959
Darin Yi ¹	Fixed Income	20%	19.5%	\$14,339	\$2,796
Sharon Jou	Global Equity	20%	16.4%	\$118,289	\$19,364
Helena Posner	Global Equity	20%	16.2%	\$116,373	\$18,817
Justin Wiles	Global Equity	20%	16.4%	\$126,229	\$20,663
Madison Doris ¹	Inflation Sensitive	20%	19.1%	\$98,683	\$18,848
John Charles Gish ¹	Inflation Sensitive	20%	19.3%	\$53,114	\$10,251
Daniel Lau ¹	Inflation Sensitive	20%	19.1%	\$58,705	\$11,213
K Altier ¹	Innov Strategies	20%	19.0%	\$87,024	\$16,535
Matthew Lisonbee	Innov Strategies	20%	19.3%	\$115,894	\$22,368
Jennifer Enos	Investment Svcs	20%	17.7%	\$114,024	\$20,210
Pedro Ferrer De Morais ¹	Investment Svcs	20%	18.1%	\$25,922	\$4,698
Harmony Kingston ¹	Investment Svcs	20%	18.1%	\$24,185	\$4,383
Ron Leu	Investment Svcs	20%	17.7%	\$122,205	\$21,660
Ramona Marzion	Investment Svcs	20%	17.7%	\$119,247	\$21,136
David Munoz ¹	Investment Svcs	20%	17.4%	\$75,117	\$13,089
Ryan Phillips ¹	Investment Svcs	20%	17.5%	\$58,049	\$10,173
Diego Sanchez	Investment Svcs	20%	17.4%	\$119,726	\$20,862
Haytham Sharief	Investment Svcs	20%	17.7%	\$130,536	\$23,137
Sanjay Singh	Investment Svcs	20%	17.7%	\$130,536	\$23,137
Ralph Smith ¹	Investment Svcs	20%	17.4%	\$60,952	\$10,621
Daniel Thai	Investment Svcs	20%	17.5%	\$114,024	\$19,982
Karen Tuason	Investment Svcs	20%	17.5%	\$129,594	\$22,711
April Uyematsu	Investment Svcs	20%	17.7%	\$119,726	\$21,221
Mami Wong	Investment Svcs	20%	17.4%	\$130,536	\$22,746
Kristian Altier ¹	Private Equity	20%	19.0%	\$43,512	\$8,267
Christopher Moore	Private Equity	20%	19.6%	\$125,223	\$24,544
Vanessa Morris	Private Equity	20%	19.6%	\$110,376	\$21,634
Tyler Rico	Private Equity	20%	19.5%	\$109,464	\$21,345
Kathleen Williams ²	Private Equity	20%	19.0%	\$32,634	\$6,200
Greg Arendt ¹	Real Estate	20%	20.0%	\$3,048	\$610
Kari Salazar-Maynard	Real Estate	20%	19.4%	\$127,366	\$24,709
Orintheo Swanigan	Real Estate	20%	19.1%	\$130,536	\$24,932
Vandy Tep	Real Estate	20%	19.1%	\$115,415	\$22,044
Tiffany Vispetto	Real Estate	20%	18.7%	\$130,536	\$24,410

Name	Asset Class/ Function	Max Incentive Oppor- tunity	Incentive Awarded as a % of Base Pay	Annual Salary for Incentive Calculation	Award Amount
Michael Yager	Real Estate	20%	19.1%	\$130,536	\$24,932
Jean Paule Blardony	RMS	20%	14.1%	\$115,894	\$16,341
Nicholas Abel	SISS	20%	17.6%	\$130,140	\$22,893
Doug Chen	SISS	20%	17.0%	\$115,894	\$19,692
Brian Graeme ³	SISS	20%	16.8%	\$59,400	\$9,974
Mary Morris	SISS	20%	16.8%	\$130,536	\$21,918
Matthew Toepel	Strategy & Risk	20%	17.4%	\$110,376	\$19,159
Angela Tran	Strategy & Risk	20%	17.5%	\$115,415	\$20,149

Investment Officer IIs

Nicholas Clyde	Fixed Income	10%	9.6%	\$89,226	\$8,610
Melanie Guzman	Fixed Income	10%	9.6%	\$86,720	\$8,368
Tiffany Lau	Fixed Income	10%	9.5%	\$93,246	\$8,812
Julie Song ¹	Fixed Income	10%	9.4%	\$45,610	\$4,310
Shivangni Krishna	Global Equity	10%	8.0%	\$97,565	\$7,839
Varun Melvani ¹	Global Equity	10%	8.1%	\$45,610	\$3,688
Misty Watson ¹	Global Equity	10%	8.1%	\$81,509	\$6,631
Guldip Dhillon	Inflation Sensitive	10%	9.7%	\$87,711	\$8,508
Christopher Ellis	Inflation Sensitive	10%	9.3%	\$102,516	\$9,585
Rona Johnson	Inflation Sensitive	10%	9.4%	\$90,676	\$8,524
Selina Muaysa	Inflation Sensitive	10%	9.7%	\$86,362	\$8,334
Lilit Arakeylan	Investment Svcs	10%	8.7%	\$92,180	\$8,031
Michael Carlson ¹	Investment Svcs	10%	8.7%	\$63,916	\$5,569
James Hagerty ¹	Investment Svcs	10%	8.7%	\$71,673	\$6,244
Richard Morgan	Investment Svcs	10%	8.5%	\$86,004	\$7,278
Huy Ngo	Investment Svcs	10%	8.8%	\$88,806	\$7,781
Alicia Osborn ¹	Investment Svcs	10%	8.7%	\$49,673	\$4,328
Ryan Phillips ¹	Investment Svcs	10%	9.0%	\$48,151	\$4,340
Ankur Prabhakar	Investment Svcs	10%	8.7%	\$99,384	\$8,659
Vicky Quan	Investment Svcs	10%	8.7%	\$88,445	\$7,706
Sonia Sanchez ¹	Investment Svcs	10%	8.7%	\$75,738	\$6,599
Ralph Smith ¹	Investment Svcs	10%	9.1%	\$44,125	\$4,021
Timothy Smith ¹	Investment Svcs	10%	8.7%	\$51,958	\$4,527
Zang Thao	Investment Svcs	10%	8.8%	\$99,564	\$8,724
Thomas Willardson	Investment Svcs	10%	8.8%	\$84,299	\$7,387
Mylene Wu	Investment Svcs	10%	8.7%	\$87,436	\$7,618

Name	Asset Class/ Function	Max Incentive Oppor- tunity	Incentive Awarded as a % of Base Pay	Annual Salary for Incentive Calculation	Award Amount
Taylor Brooks ^{1,3}	Private Equity	10%	9.5%	\$63,606	\$6,043
Debora Goulart Green	Private Equity	10%	9.6%	\$81,912	\$7,864
Christopher Singh	Private Equity	10%	9.6%	\$93,246	\$8,998
Miquel Uribe ¹	Private Equity	10%	9.8%	\$70,961	\$6,954
Samantha Phan ¹	Real Estate	10%	9.6%	\$45,413	\$4,360
Mauricio Smith	Real Estate	10%	9.4%	\$88,806	\$8,392
Christine Swanson ^{1,3}	Real Estate	10%	9.7%	\$81,880	\$7,942
Jake O'Hagan	Real Estate	10%	9.6%	\$83,157	\$7,983
Ibukunoluwa Aina	RMS	10%	7.2%	\$83,617	\$5,979
Michel Paniagua	RMS	10%	7.1%	\$86,720	\$6,157
Gabriel DeMesa ¹	SISS	10%	8.4%	\$49,673	\$4,170
Yiquin Liu ^{1,3}	SISS	10%	8.5%	\$75,396	\$6,405

Total Incentive Awards: \$15,166,680

Total incentive opportunity as a percent of base salary: 64.5% (sum of awards / sum of base salaries)

Total incentive compensation as a percent of maximum incentive opportunity: 93.3% (sum of awards / sum of maximum incentive opportunity)

¹ Pro-rata award – mid-year appointment or promotion

² Pro-rata award - Retiree

³ Eligible Separation – Award may be prorated