Public Agenda Item #12

Consideration of the Incentive Compensation Plan for Plan Year 2026 (Action)

August 20, 2025

Rhonda McCray, Acting Director of Human Resources

Jamey Pauley, ICP Program Specialist

Incentive Compensation Plan (ICP)

Annual Review

- The Board of Trustees reviews and approves the ICP on an annual basis.
- For the May Board meeting, staff provides:
  - A review of the plan objectives and key features
  - A summary of the ICP awards over the most recent five years
  - Information on any proposed plan changes
  - A draft plan document for the upcoming fiscal year
- At the August Board meeting:
  - Staff presents the final proposed plan document for consideration and approval

Incentive Compensation Plan

Plan Year 2026 – Minor Updates

Staff is proposing some minor updates to the Plan document:

- Adding “Investment Analyst VI” to Appendix A
  - new job classification level created by SAO.
- Minor clean-up on Appendix B.

These changes are reflected in the draft Plan document.

Incentive Compensation Plan

Plan Year 2026 – Minor Update to Appendix A

Plan Groups	Maximum Incentive Award Percentages	Payment Schedules (Year 1/2/3, see Section 6.2)
Portfolio Manager IV, V & VI	80%	50/25/25
Portfolio Manager I, II & III	70%	50/25/25
Chief Trader I & II	70%	50/25/25
Investment Analyst V & VI	70%	50/25/25
Trader I, II & III	65%	50/25/25
Investment Analyst III & IV	58%	50/25/25
Investment Operations Manager	50%	50/25/25
Investment Analyst I & II	35%	50/25/25

Incentive Compensation Plan

Plan Year 2026 – Minor Updates to Appendix B

Main Category Weights	Main Category	Sub Category	Exec. Director	~~CIO Dep. CIO Inv. Serv.~~ Investment Admin. & Solutions	Credit & Hedge Funds	Portfolio Mgmt.	Private Equity	Public Equity	Real Assets	Treasury & Trading	Legal Services
25% Maximum (excluding ED)	Discretionary		50% (5)	25%	25%	25%	25%	25%	25%	25%	25%
35% Minimum	Global Composite Performance		50%	75%	35%	~~X~~75%	35%	35%	35%	35%	35%
40% Maximum		A combination of one or more of the following, as indicated below (1):									
		Global Public Equity						X			
		Internal Global Public Equity						X			
		Individual Portfolios			X	~~X~~		X		X	
		~~Internally Traded Portfolios~~								~~X~~	
		~~Trading Performance~~								~~X~~	

Discussion

Action Item