

TEACHERS' RETIREMENT BOARD
COMPENSATION COMMITTEE CHARTER

INTRODUCTION

The Compensation Committee has been established to provide oversight to the System's compensation policies and plan that support the successful recruitment, development and retention of talent to meet the business objectives of CalSTRS.

AUTHORITY

To develop recommendations for the Board related to the System's compensation plan and policies necessary for effectively administering the compensation plan.

To engage professional services consultants and counsel as necessary to assist the Committee in fulfilling its responsibilities.

COMPOSITION

The Committee shall be composed of a minimum of three (3) members appointed by the Chairperson of the Board.

MEETINGS

The Committee will meet on an as-needed basis as determined by the Committee Chair in consultation with the Chair of the Board but no less than once per year.

RESPONSIBILITIES

The Compensation Committee shall have responsibility for the following:

1. With the assistance of outside professional services, make a determination of the labor market benchmarks that will be utilized to compare System personnel salaries.
2. With the assistance of outside professional services, conduct a periodic examination of the compensation structure to assess its competitiveness and make recommendations for any adjustments.
3. Conduct periodic reviews of the Board's annual evaluation processes for the Chief Executive Officer and Chief Investment Officer to determine if any modifications are necessary.
4. Review relevant human resource policies that might hinder the System's ability to attract talented employees and make recommendation for change.

5. Periodically review and make recommendations for modifying the criteria that are used for incentive awards to ensure that the performance measures are still relevant and effective.
6. Develop for Board adoption written policies that document the compensation plan and its administration.
7. Review labor market data on the System's employees to assess the impact of the compensation plan on the recruitment and retention of staff.

Approved November 3, 2005