



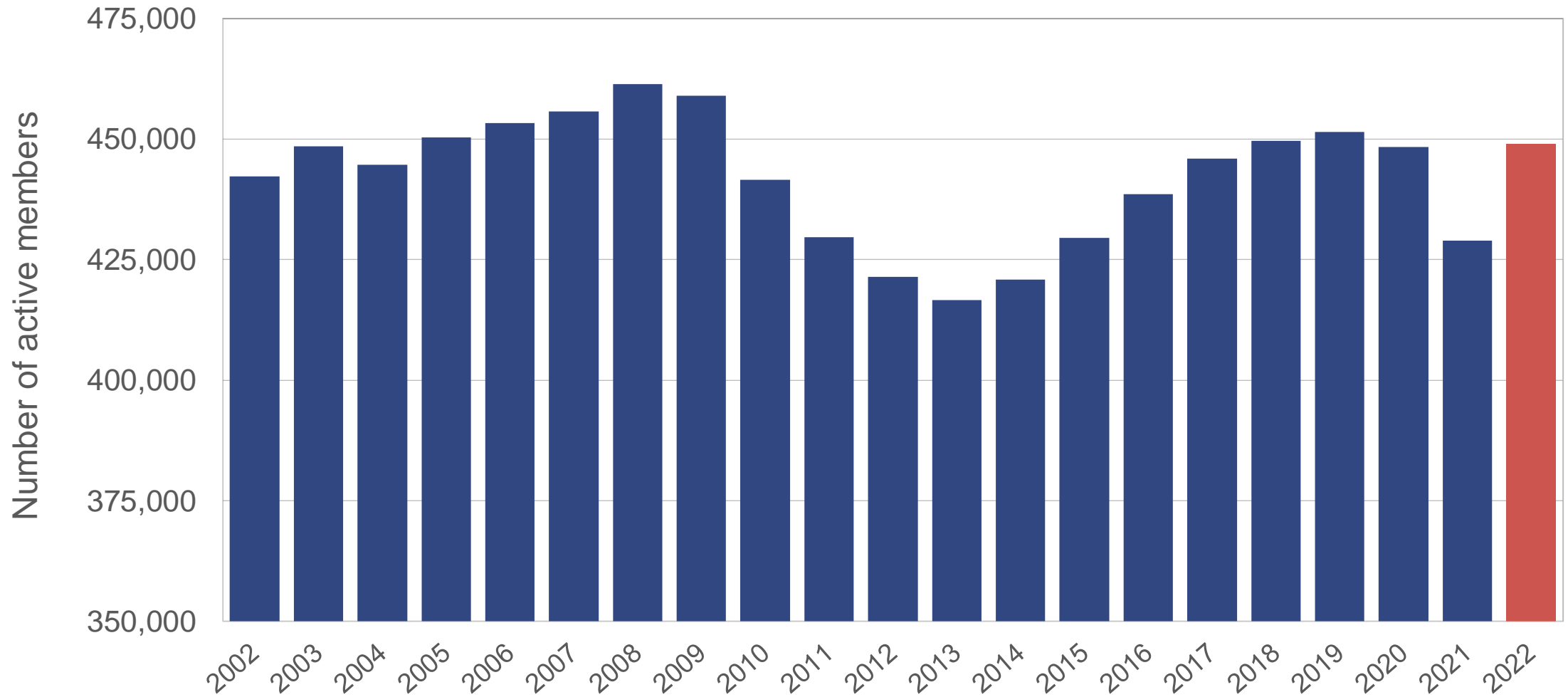
CALSTRS

Actuarial Valuations and Lump Sum Death Benefit

May 2023 Board Meeting

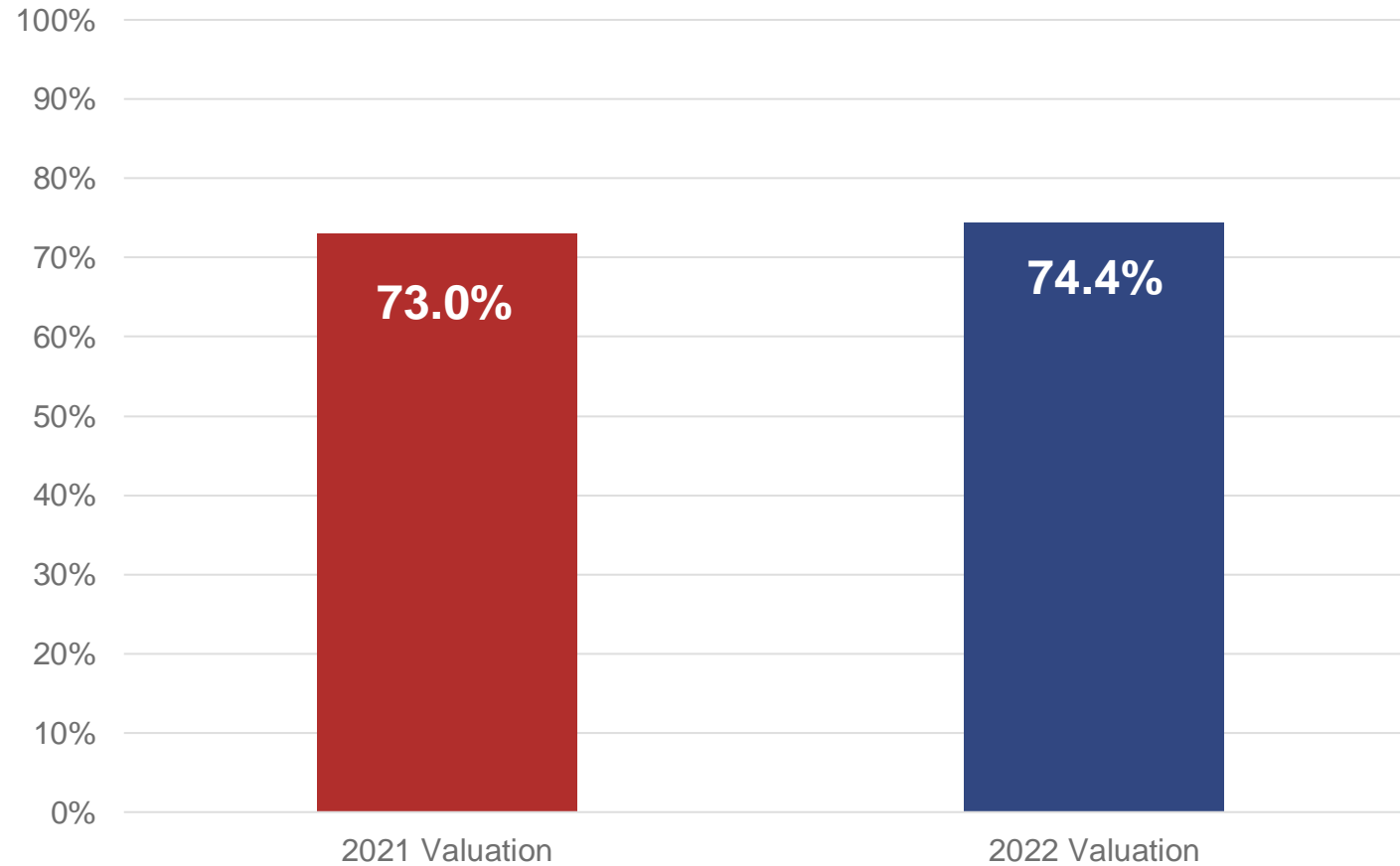
Number of active members

(Last 20 years – Defined Benefit Program only)

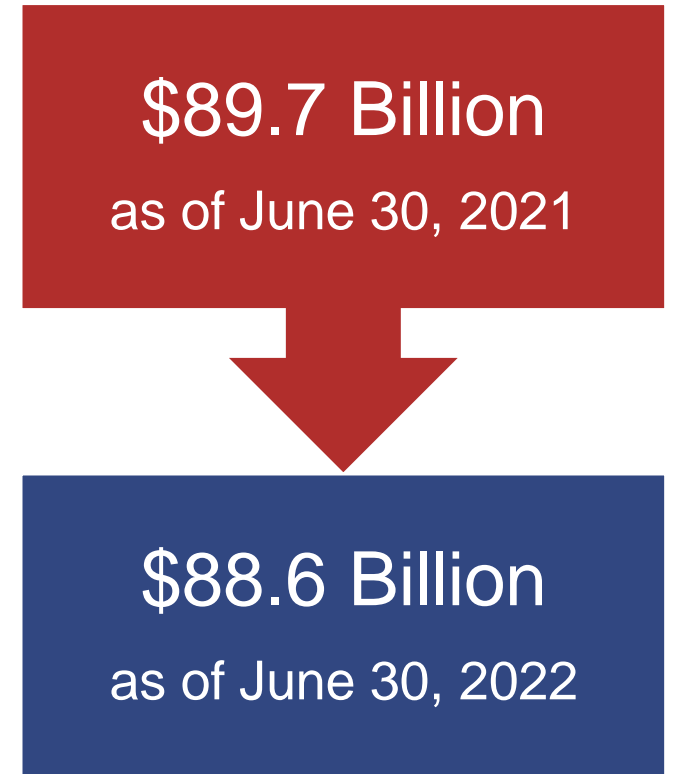


Slight improvements in funding levels (Still benefiting from the 27% return in 2020-21)

Funded Status



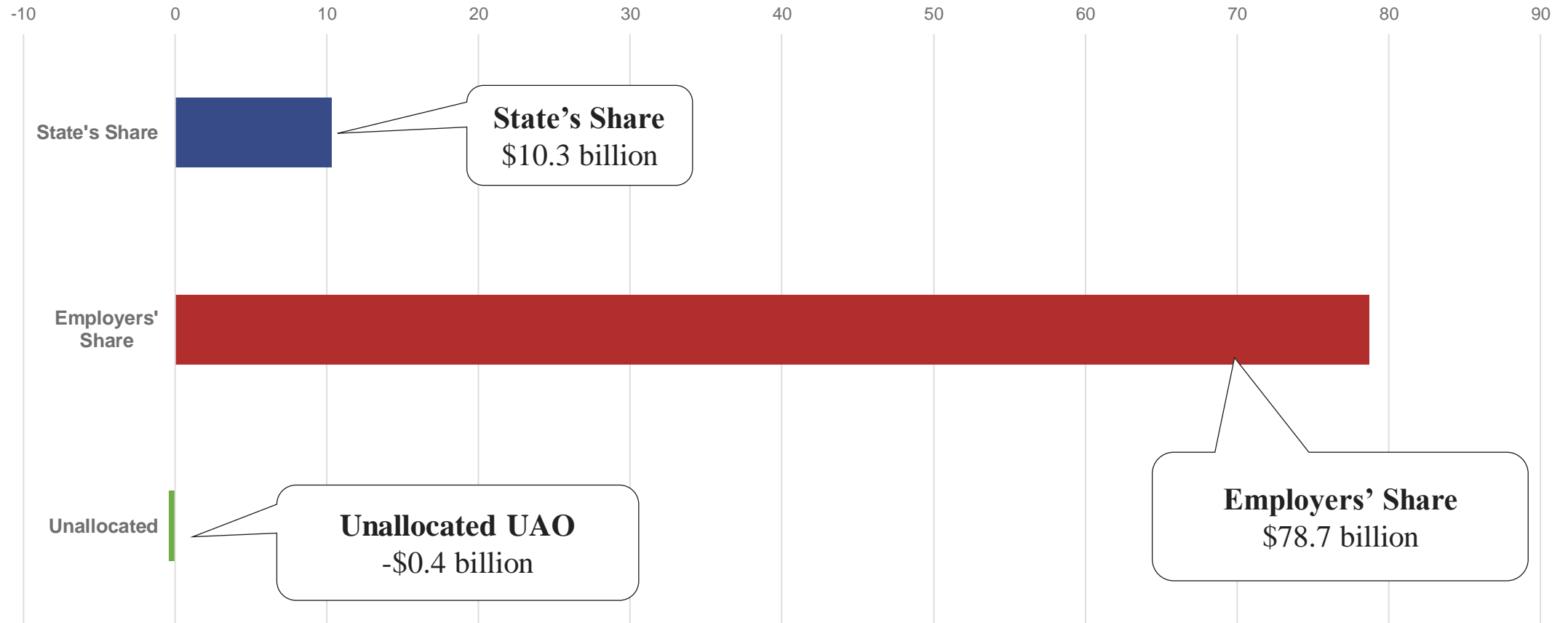
Unfunded Actuarial Obligation



Breakdown of the Unfunded Actuarial Obligation

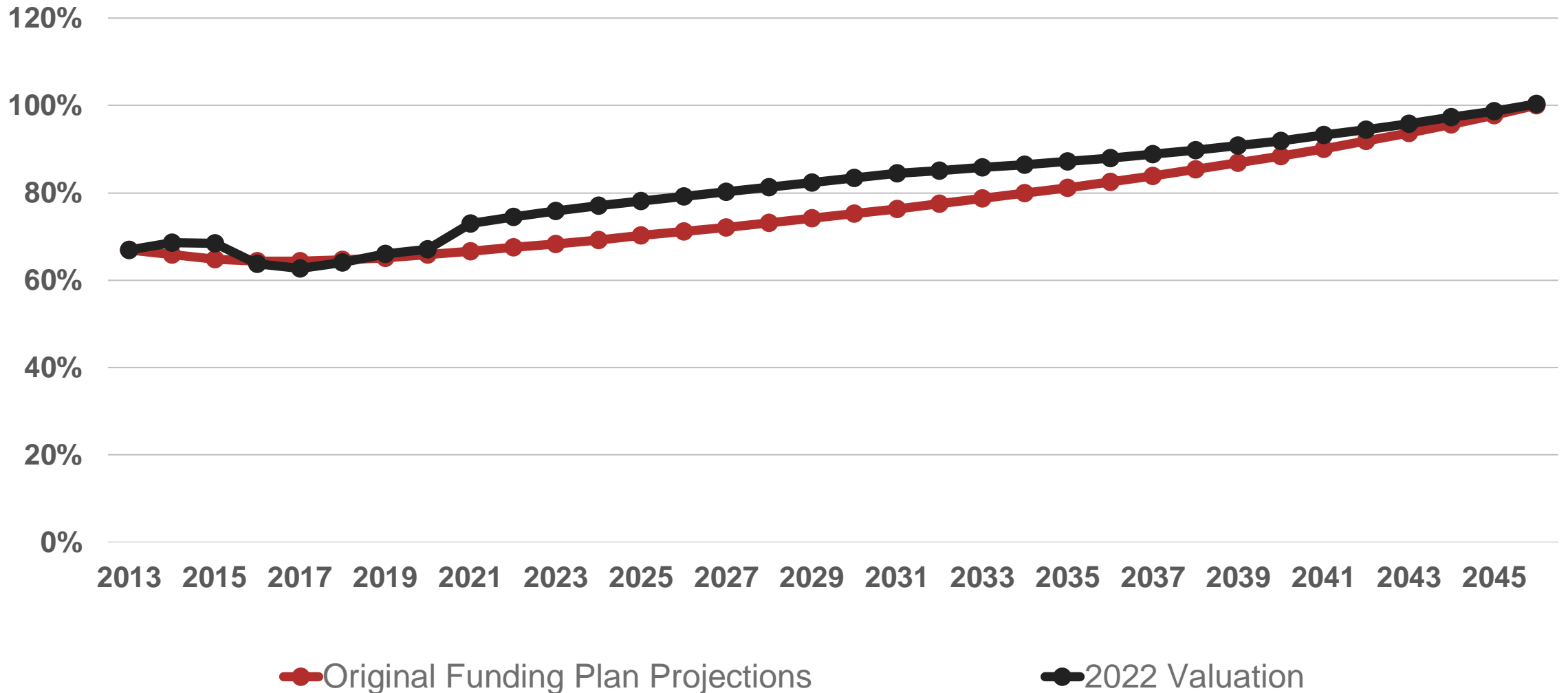
(Based on the June 30, 2022 Actuarial Valuation of the DB Program)

Unfunded Actuarial Obligation (\$88.6 billion)



Projected funded status

(Assumes 7% investment return each year into the future and 3.5% payroll growth)



Are contribution rate increases needed?

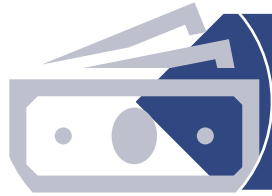
	Current contribution rate	Rate increase needed for FY 2023-24?	Year share is projected to be eliminated if rate remains unchanged
State	8.328%	No	2028
Employers	19.10%	No	2046

* The state also contributes 2.5% of payroll to SBMA, CalSTRS inflation protection program.

Recommendation for board adoption

	Effective July 1, 2023
State Supplemental Contribution Rate	6.311%
Employer Supplemental Contribution Rate	10.850%
Normal Cost for 2% at 62 Members	18.394%

Monitoring emerging risks



Price inflation

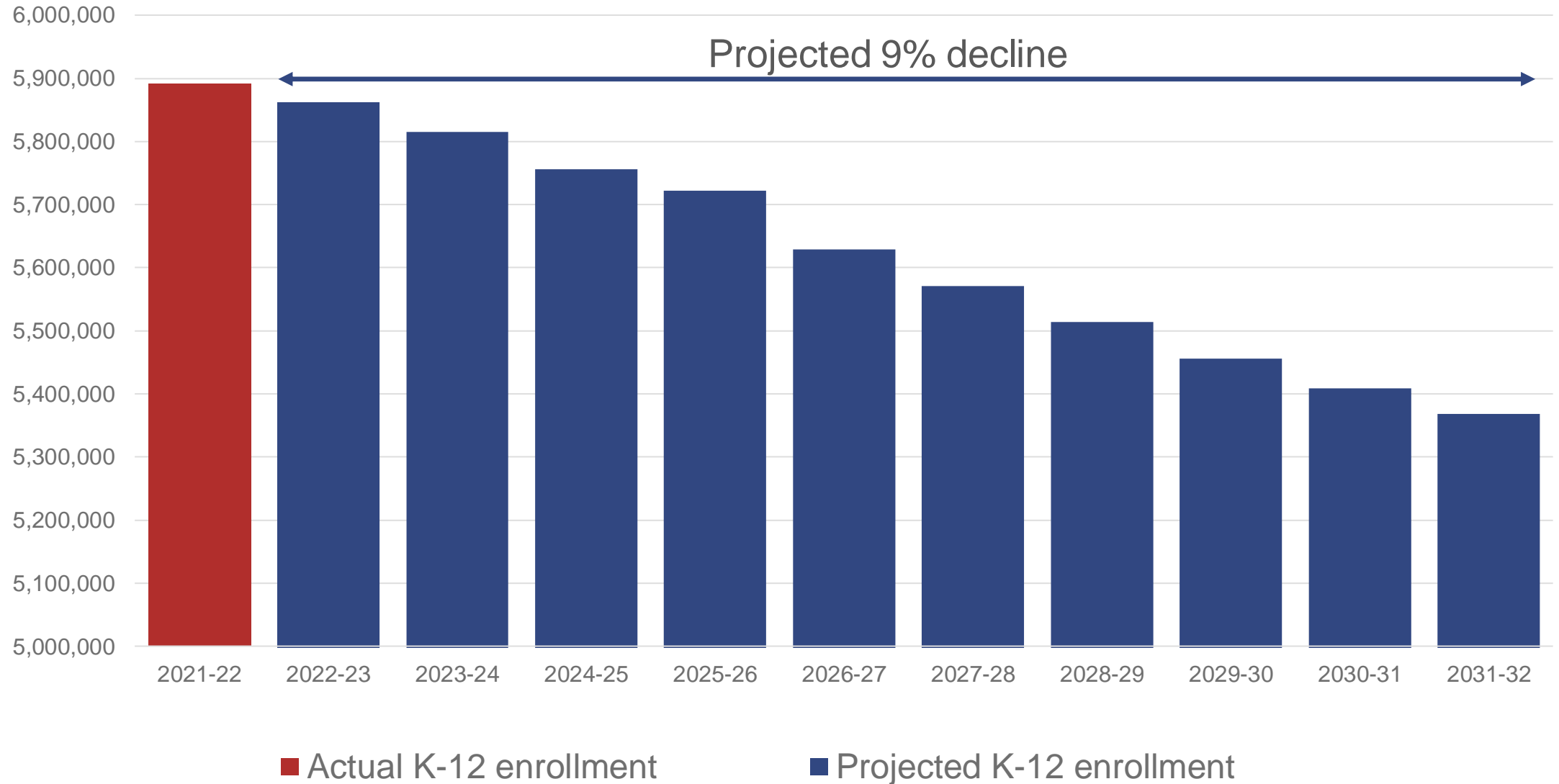


Investment return



K-12 Enrollment

Projected K-12 enrollment



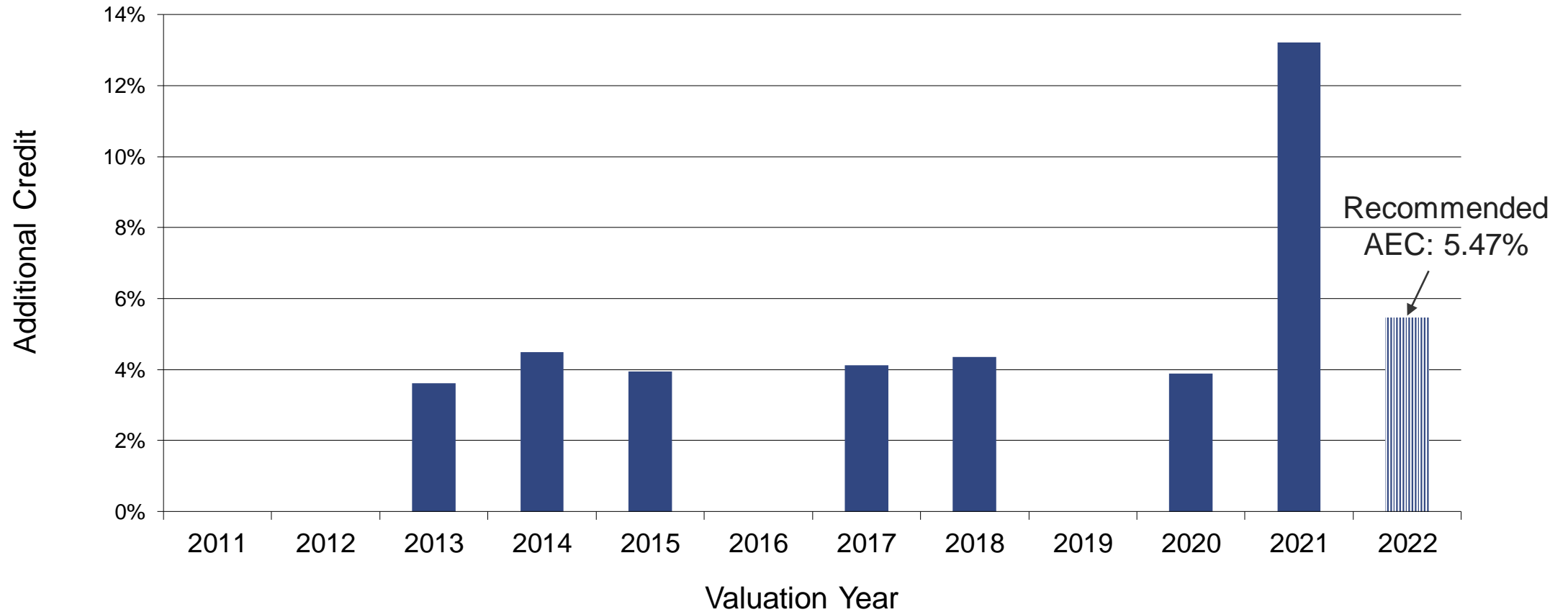
Next fiscal year

- Review of actuarial assumptions
 - Experience study report to be presented in January 2024
- 5-year check point with the California Legislature
 - Next report on the progress of funding plan due June 30, 2024

Defined Benefit Supplement Program

Historical and Recommended Additional Earnings Credit (AEC)

Funded status as of June 30, 2022: 129.9%

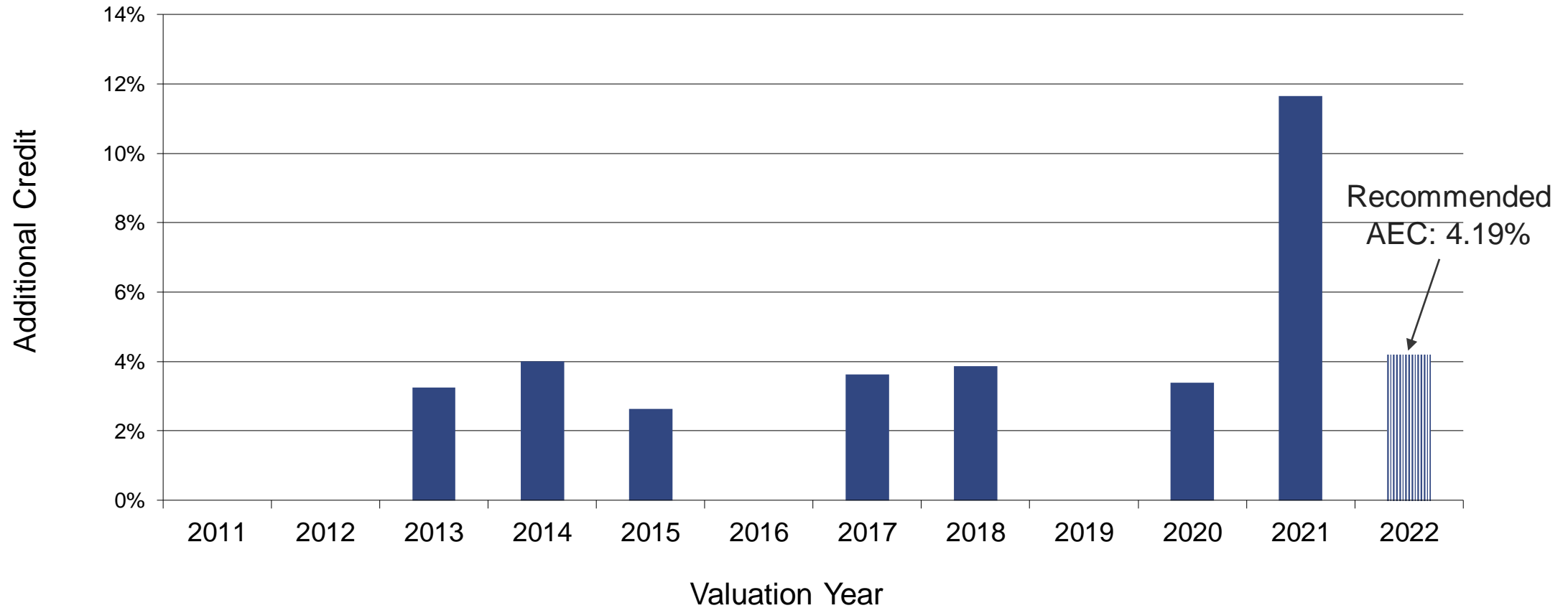


Revised funded ratio will be 124.1% if recommended AEC is granted and surplus will be reduced by \$609 million to \$3.34 billion.

Cash Balance Benefit Program

Historical and Recommended Additional Earnings Credit (AEC)

Funded status as of June 30, 2022: 115.5%



Revised funded ratio will be 111.0% if recommended AEC is granted and surplus will be reduced by \$15.3 million to \$43.4 million. 12

Lump sum death benefit

	Retired members and Coverage A Active	Coverage B Active
Current benefit	\$6,903	\$27,612
Increase being considered by the board	5.6% (\$384)	5.6% (\$1,536)
Revised benefit (if adopted by the board)	\$7,287	\$29,148

** If an increase is adopted by the board, the June 30, 2022 unfunded actuarial obligation will increase by \$60 million.*

Questions?