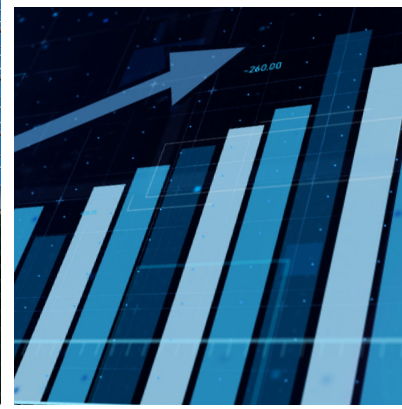
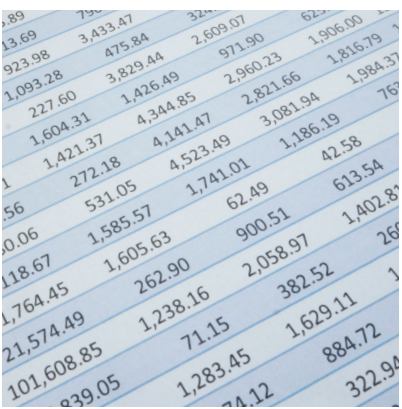
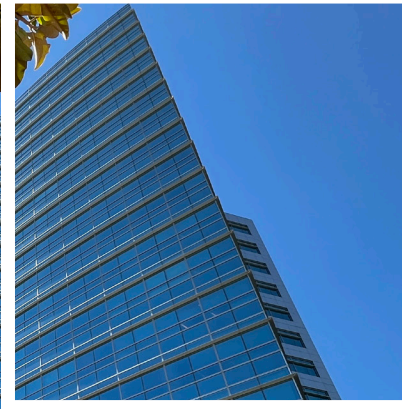
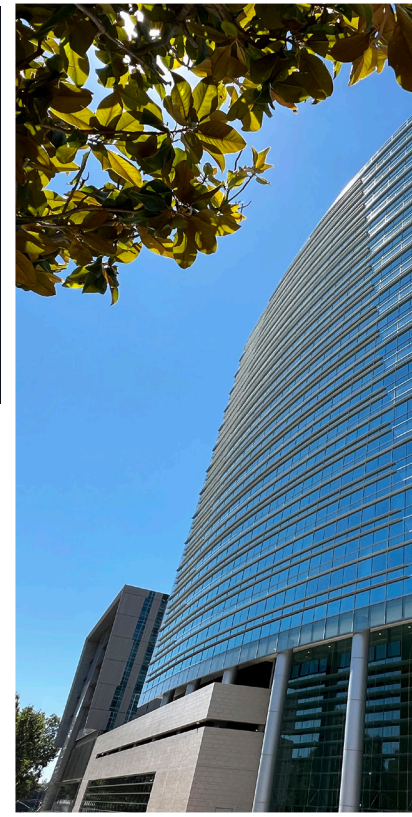




# Popular Annual Financial Report

**California State Teachers' Retirement System**  
A component unit of the State of California  
For the fiscal year ended June 30, 2024



**CALSTRS**  
HOW WILL YOU SPEND YOUR FUTURE?



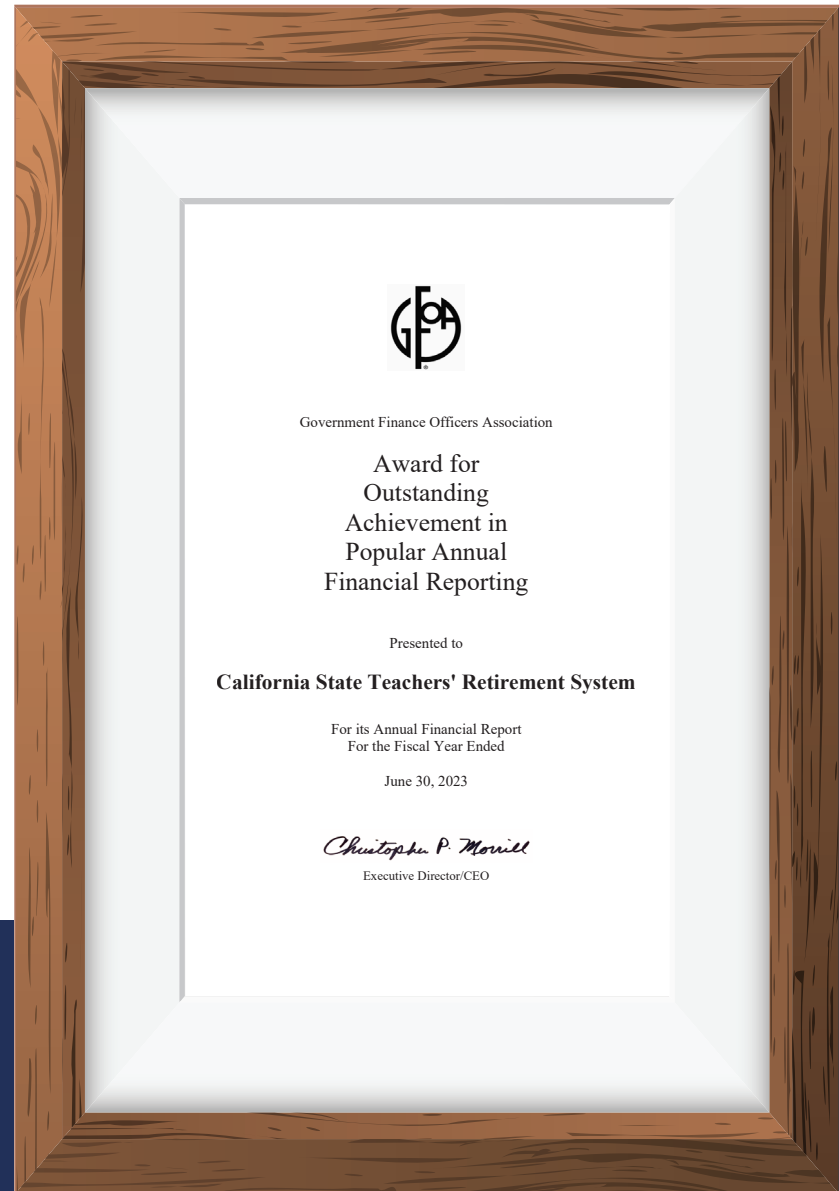
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This *Popular Annual Financial Report* summarizes our system's performance for fiscal year 2023–24. Although largely based on our fiscal year 2023–24 *Annual Comprehensive Financial Report*, this report is not prepared in accordance with the United States Generally Accepted Accounting Principles. Only the financial data of certain plans (defined benefit and defined contribution plans) are included in this report. Additionally, information is presented in a summarized manner, and certain financial statements and note disclosures required by the United States Generally Accepted Accounting Principles are omitted. Our 2023–24 *Annual Comprehensive Financial Report* is available at [CalSTRS.com/acfr](https://CalSTRS.com/acfr).

The GFOA Popular Annual Financial Reporting Awards Program encourages and assists state and local governments to produce readily accessible and easily understandable reports for the general public and other interested parties without a background in public finance. CalSTRS is proud to announce we received this program's award for our *Popular Annual Financial Report* for the fiscal year ended June 30, 2023.

# Award: GFOA Certificate



## Message from the CEO



### Advancing sustainability forward

CalSTRS was established in 1913 as the pension plan for California's public school educators. We started by serving 120 retired members and 15,000 active members. Today, we are the largest educator-only pension fund in the world—serving more than 1 million members and their beneficiaries. Our membership spans from new teachers just starting their career to educators enjoying their retirement years.

With a net position of approximately \$343.5 billion as of June 30, 2024, we model best practices in sustainable investment and customer service to our members. Our commitment to stewardship ensures we're here for our members as we continue to deliver on our mission: *securing the financial future and sustaining the trust of California's educators.*

### Helping members secure their financial future

We provide retirement tools, such as member service centers, in-person workshops, webinars, publications, videos and websites to support our members throughout their careers. As public school educators, our members have unique financial education needs—and we strive to be their trusted guide to retirement.

### Funding plan

The CalSTRS Funding Plan established a schedule of contribution rate increases shared between members, employers and the State of California to bring CalSTRS toward full funding by 2046. The funding plan is a model of shared responsibility and works with investment portfolio performance to advance the system along the path of long-term sustainability. The funding plan has placed CalSTRS in a favorable position to withstand a recession in the next few years and keep the funding plan on track.

### Sustainable organization

Our organizational and investment sustainability practices ensure the viability of CalSTRS and promote long-term value creation, responsible investment strategies, stewardship of our natural resources and engagement with our stakeholder communities.

### Innovation

To better anticipate the needs of our members and staff, we're developing an innovation program in alignment with our 2022–25 *Strategic Plan*.

### Net zero investment portfolio pledge

We continue our commitment to achieving net zero emissions across the CalSTRS Investment Portfolio by 2050 or sooner. To do so, we're increasing investments in climate solutions, escalating our involvement in climate-risk strategies, engaging corporations in our portfolio, influencing changes in public policies, and advancing sustainable business and investment practices.

### Expansion to 200 Waterfront

We expanded our Headquarters campus with a new tower built in alignment with sustainable green building practices that include sustainable construction, energy conservation and whole-building integrated energy efficiency measures. Staff began working in the new tower in August 2024.

### Diversity, equity and inclusion

A workplace culture where all staff are treated with respect and feel they belong is the way to achieve our strategic goals of becoming trusted stewards, leading innovation, managing change and creating a sustainable organization. We continue to focus on structural and behavioral inclusion efforts with our staff.

### Pension Solution

This multiyear project will replace our current pension administration and auxiliary systems. The project will deliver a modern, flexible and sustainable solution that enhances services to members, beneficiaries, employers and staff. We plan to implement the project in the fall of 2025.

### Enterprise risk management

We regularly review enterprise-level risks and consider internal and external factors that could be catalysts for emerging risks. We focus on technological enhancements that support business continuity and disaster recovery. We also protect our information systems by detecting threats, proactively mitigating identified risks and adapting to the rapidly evolving cybersecurity landscape.

Respectfully submitted,

A handwritten signature in black ink that reads "C. Lichnock". The signature is fluid and cursive.

Cassandra Lichnock  
Chief Executive Officer  
CalSTRS

## State Teachers' Retirement Plan financial summary

The State Teachers' Retirement Plan (STRP) provides retirement benefits to California's public school educators from prekindergarten through community college and consists of the Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. Assets held by the STRP are for the exclusive purpose of providing benefits to members of these programs and their beneficiaries.

### Financial summary

The table to the right presents a condensed summary of the STRP's statement of fiduciary net position as of June 30, 2024 and 2023. Investment assets represent the majority of total STRP assets and increased 9.4% primarily due to positive investment returns in fiscal year 2023-24.

### Fiduciary net position (Dollars in thousands)

Assets and deferred outflows of resources	2024	2023	Percent change
Investment assets	\$378,439,722	\$345,997,115	9.4%
Cash	280,459	205,676	36.4%
Receivables	12,607,517	12,823,127	(1.7%)
Capital assets	813,975	731,819	11.2%
All other assets and deferred outflows of resources	165,540	174,722	(5.3%)
<b>Total assets and deferred outflows of resources</b>	<b>392,307,213</b>	<b>359,932,459</b>	<b>9.0%</b>
Liabilities and deferred inflows of resources			
Investment liabilities	35,135,785	28,218,965	24.5%
Investments purchased payable	6,234,050	6,652,763	(6.3%)
Loans and bonds payable	6,125,797	6,018,133	1.8%
All other liabilities and deferred inflows of resources	3,793,905	2,124,088	78.6%
<b>Total liabilities and deferred inflows of resources</b>	<b>51,289,537</b>	<b>43,013,949</b>	<b>19.2%</b>
<b>Net position restricted for pensions</b>	<b>\$341,017,676</b>	<b>\$316,918,510</b>	<b>7.6%</b>

## State Teachers' Retirement Plan financial summary (continued)

The table to the right presents a condensed summary of the STRP's statement of changes in fiduciary net position for fiscal years 2023-24 and 2022-23. Net position is impacted by additions to the plan (such as contributions and investment income and loss) and deductions from the plan (such as benefit payments and administrative expenses).

The STRP's ending net position for the fiscal year ended June 30, 2024, increased from the prior fiscal year primarily due to member, employer and state contributions as well as net investment income due to a positive investment return. Our time-weighted return (net of fees) for the fiscal year ended June 30, 2024, was 8.4%, which is up from 6.3% for the fiscal year ended June 30, 2023.

For complete versions of the statement of fiduciary net position and the statement of changes in fiduciary net position for the STRP, refer to our *Annual Comprehensive Financial Report* available at [CalSTRS.com/acfr](http://CalSTRS.com/acfr).

The bottom right chart shows a 10-year trend of net position for the STRP and serves as a general indicator of CalSTRS' financial health from an accounting perspective.

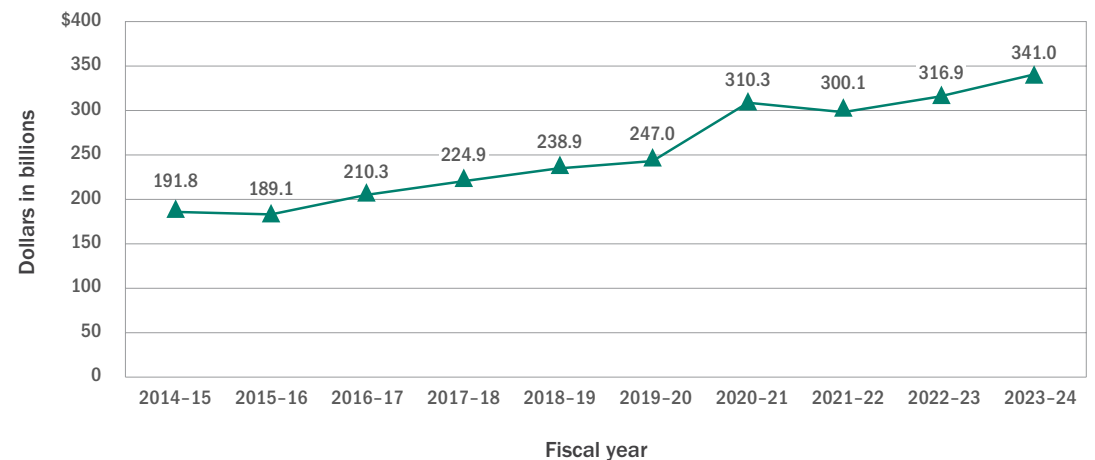
### Other funds and programs

Certain financial information and membership data for the CalSTRS Pension2® Program are shown on page 7. Refer to our *Annual Comprehensive Financial Report* for complete financial statements of the Pension2 Program, Medicare Premium Payment Program and Teachers' Deferred Compensation Fund.

### Changes in fiduciary net position (Dollars in thousands)

Additions	2024	2023	Percent change
Contributions	\$17,266,130	\$15,770,718	9.5%
Net investment income	26,173,060	19,674,901	33.0%
Other income	391,348	303,053	29.1%
<b>Total additions</b>	<b>43,830,538</b>	<b>35,748,672</b>	<b>22.6%</b>
Deductions			
Benefit payments and refunds of contributions	19,188,082	18,383,839	4.4%
All other expenses	543,290	502,608	8.1%
<b>Total deductions</b>	<b>19,731,372</b>	<b>18,886,447</b>	<b>4.5%</b>
<b>Increase in net position</b>	<b>24,099,166</b>	<b>16,862,225</b>	<b>42.9%</b>
Net position - beginning of the year	316,918,510	300,056,285	5.6%
<b>Net position - end of the year</b>	<b>\$341,017,676</b>	<b>\$316,918,510</b>	<b>7.6%</b>

### 10-year trend of STRP net position



## State Teachers' Retirement Plan financial summary (continued)

### How benefits are funded

Over the last 30 years, approximately 61.8% of retirement benefits have been funded by investment returns with the remainder coming from a combination of member, employer and state contributions, as shown in the graphic to the right.

### Contributions and benefit payments

The bottom right chart compares STRP contributions to benefit payments for the last decade and shows annual contributions generally fall short of annual benefit payments. Despite this, it's normal for a mature pension plan to have benefit payments exceed contributions coming into the system. Additionally, investment income and the associated cash generated on our investments have historically been sufficient to cover the gap between contributions and benefit payments.

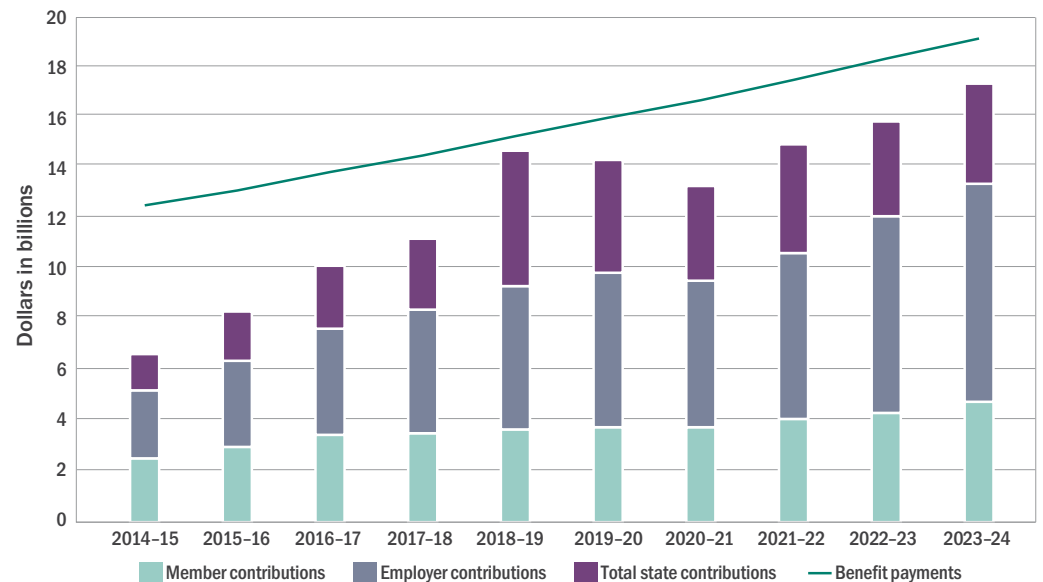
The gap between contributions and benefit payments began to decrease as a result of increased contribution rates pursuant to the CalSTRS Funding Plan beginning in fiscal year 2014-15. The gap was significantly reduced when the state made supplemental contribution payments of approximately \$2.2 billion and \$1.1 billion in fiscal years 2018-19 and 2019-20, respectively. However, those supplemental payments were one-time, nonrecurring contributions. Going forward, the gap between contributions and benefit payments is expected to increase in perpetuity in line with a maturing pension plan.

As a pension plan matures, having negative cash flows is expected and does not necessarily imply the system will have to sell assets to make benefit payments. Through the end of the CalSTRS Funding Plan, cash generated from investment income (such as dividends, coupons on bonds and rental income on real estate holdings) would need to be at least 2.5% of total assets to avoid having to sell assets to pay benefits. Enough cash is currently generated from investment income to cover this gap.

### Funding for benefit payments by source (last 30 years)



### STRP contributions and benefit payments

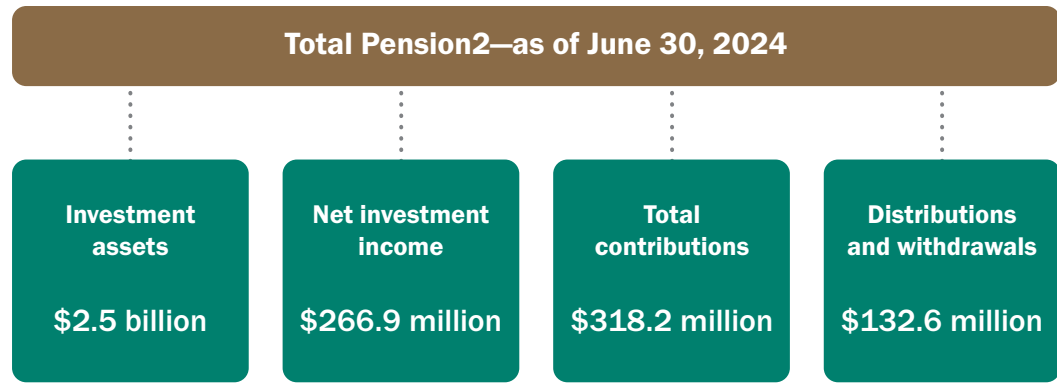


Note: Each data set shown by fiscal year in the chart above is presented in the order of state contributions on top, employer contributions in the middle and member contributions on the bottom.

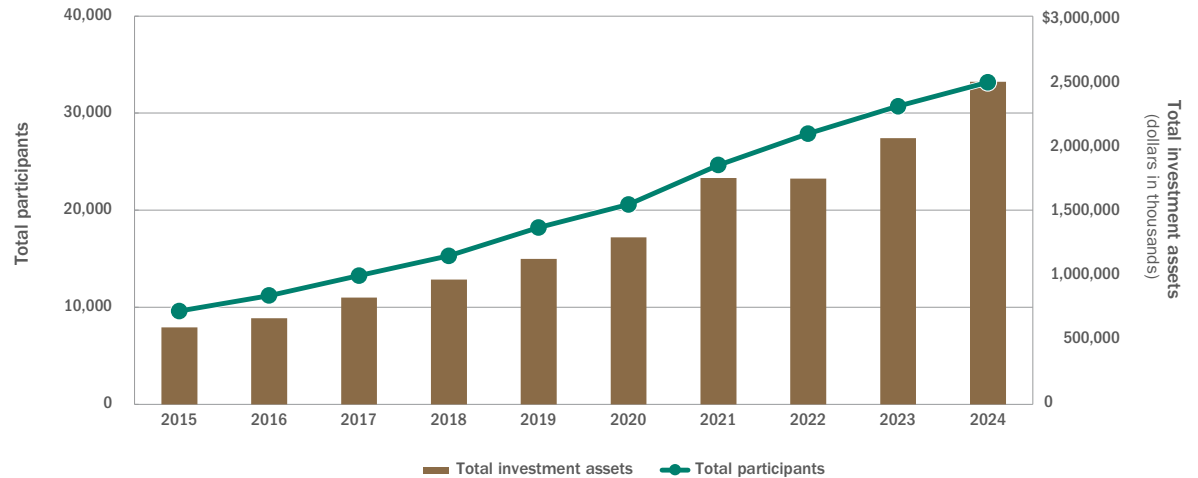
## Pension2 information

The Pension2® Program (Pension2) is CalSTRS' voluntary defined contribution plan that allows participants to invest tax-advantaged payroll deductions in high-quality, low-cost 403(b), Roth 403(b), 457(b) and Roth 457(b) supplemental savings plans for additional retirement savings. Pension2 is designed to complement members' retirement benefits, and the program assets are an accumulation of contributions and earnings on investments, which are participant directed. Some financial highlights of Pension2 are shown to the right.

As investments within Pension2 are participant driven, investment assets and net investment gains and losses are dependent upon each member's investment choices. Total membership within Pension2 has shown a steady increase over the past 10 years and had 33,188 participants as of June 30, 2024. Contributions to the plans are voluntary and require no minimum limitations.



### Pension2 participants vs. investment assets



## Funded ratio and net pension liability

### Funded ratio

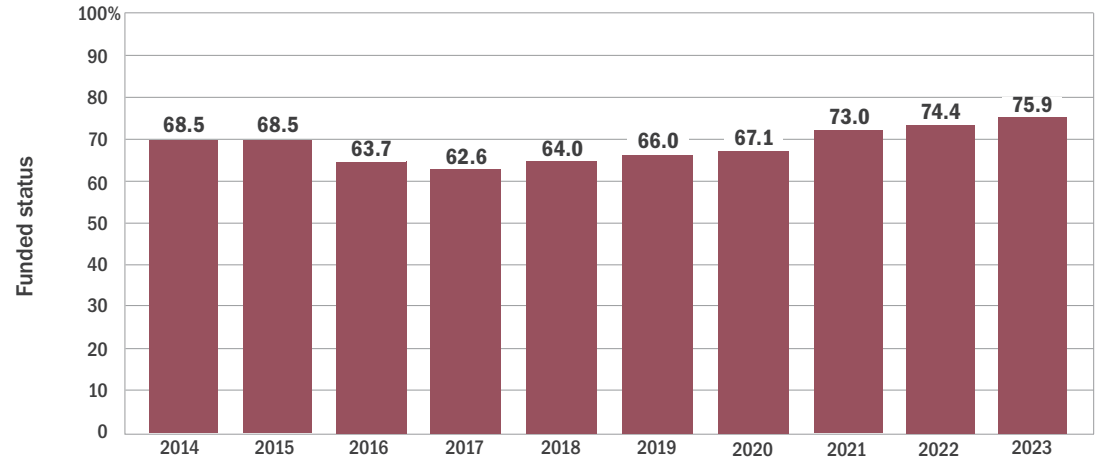
The June 30, 2023, actuarial valuation, which is the most recent valuation available, showed a decrease of \$2.0 billion in the unfunded actuarial obligation of the Defined Benefit Program to a total of \$86.6 billion and an increase in the funded ratio from 74.4% to 75.9%. The funded ratio, which is the amount of assets on hand to pay for obligations, is projected to gradually increase under the CalSTRS Funding Plan as contributions increase, with steady progress toward full funding by 2046.

### Net pension liability

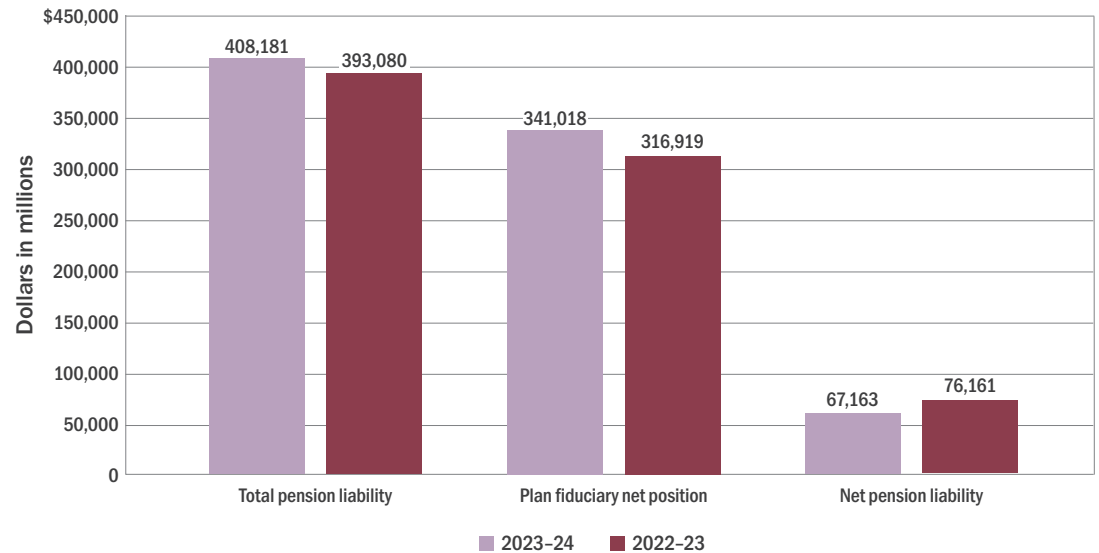
The net pension liability for the State Teachers' Retirement Plan (Defined Benefit, Defined Benefit Supplement, Cash Balance Benefit and Replacement Benefits programs) represents the excess of the total pension liability over fiduciary net position. The net pension liability is a calculation based on requirements set by the Governmental Accounting Standards Board and reflects total accrued benefits earned by plan members through the employment-exchange process less the value of plan assets available to fund the liability.

The net pension liability decreased by 11.8% from the prior fiscal year because the increase in the fiduciary net position of the STRP outpaced the increase in the total pension liability.

### Defined Benefit Program funded ratio



### Net pension liability - State Teachers' Retirement Plan

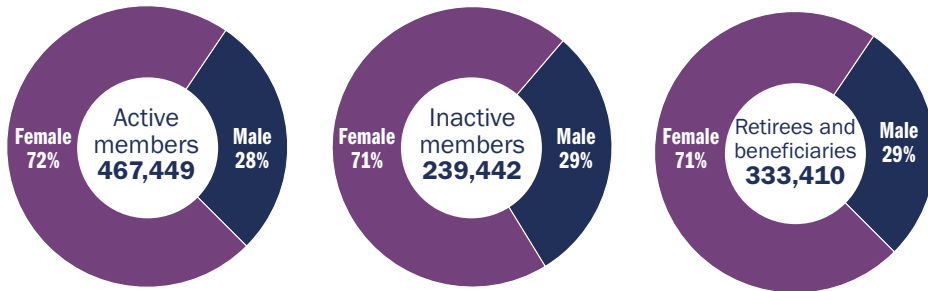




## Members

### Defined Benefit Program

Membership in the Defined Benefit Program includes California public school employees (prekindergarten through community college) involved in activities that support public education, including teaching, mentoring, selecting and preparing instructional materials, providing vocational or guidance counseling, or supervising people engaged in those activities. Membership is in effect as long as contributions remain on deposit with CalSTRS. As of June 30, 2024, members are employed by approximately 1,800 public school districts, community college districts, county offices of education, charter schools, state agencies and regional occupational programs.



### Membership in 2024<sup>1</sup>

Fiscal year (ended June 30)	2024	2023
Active members	467,449	458,645
Inactive members	239,442	234,479
<b>Total active and inactive members</b>	<b>706,891</b>	<b>693,124</b>
Service retirement benefits	292,386	288,494
Disability benefits	9,671	9,809
Survivor benefits	31,353	30,629
<b>Total retirees and beneficiaries</b>	<b>333,410</b>	<b>328,932</b>
<b>Total members, retirees and beneficiaries</b>	<b>1,040,301</b>	<b>1,022,056</b>

<sup>1</sup> The figures presented in the table above differ from those presented in the Financial section of the Annual Comprehensive Financial Report, which are rounded for presentation purposes.

### Members retired in 2024

Fiscal year (ended June 30)	2024	2023
Number retired	11,404	10,369
Average age	63.0	62.9
Average years of service	25.2	24.6
Average annual final compensation	\$113,033	\$105,672
Average annual Member-Only Benefit	\$67,913	\$61,692

### Average active member age and years of service

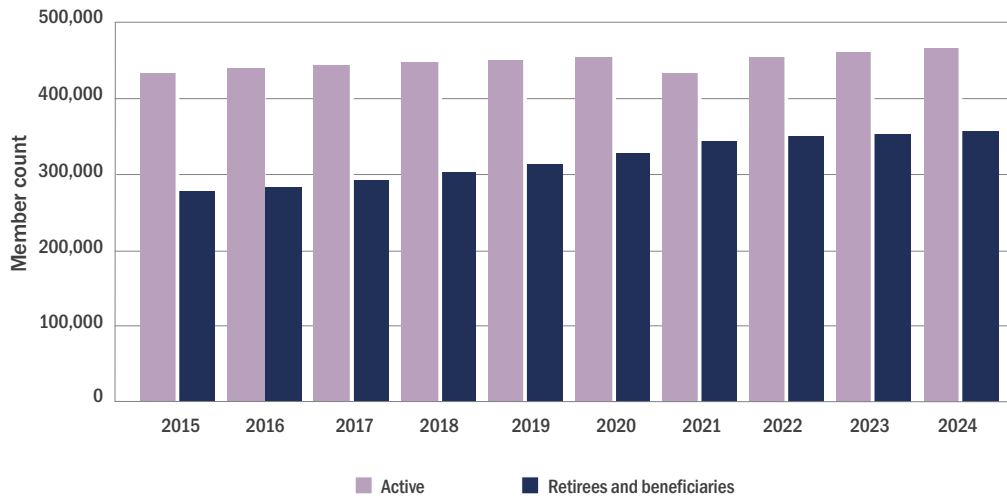
Fiscal year (ended June 30)	2024	2023
Average age	45.1	45.1
Average years of service	12.4	12.5
Average annual salary	\$96,260	\$90,481

## Members (continued)

### Defined Benefit Program

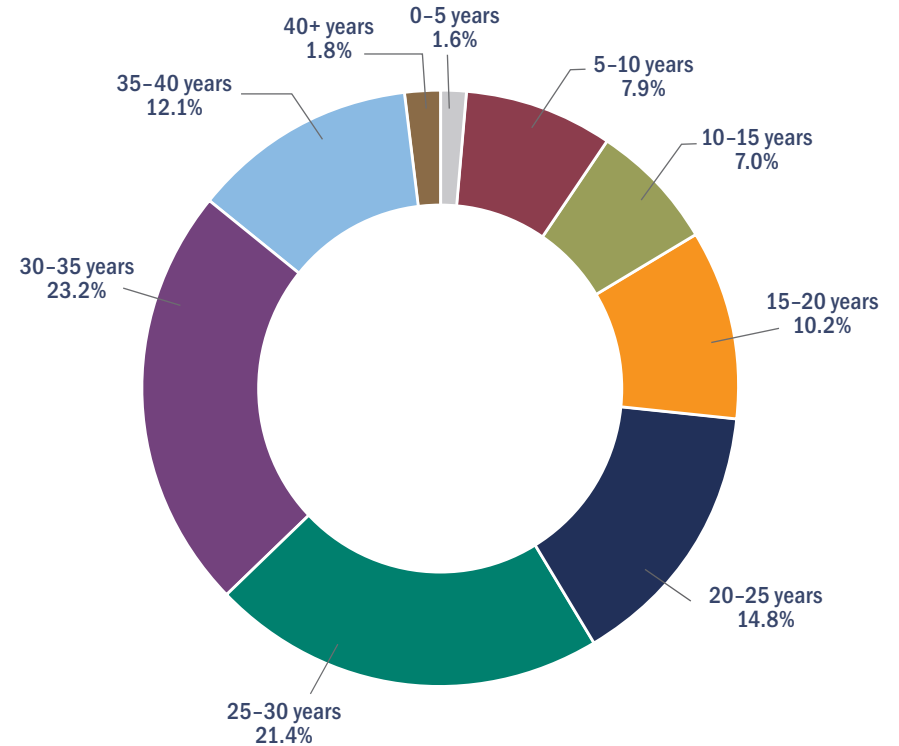
Over the last 10 years, the number of active members making contributions has increased 8.8%, from approximately 429,000 to 467,000, and the number of retirees and beneficiaries collecting benefits has increased 18.2%, from approximately 282,000 to 333,000.

### Change in number of active members vs. retirees and beneficiaries



### Years of service at retirement in 2024

The chart below shows the percentage of members who retired during fiscal year 2023-24 by range of service credit.



## Investments

CalSTRS' primary goal is to maintain a financially sound retirement system. Our philosophy is long-term patient capital—investing for long-term net cash flows and capital gain potential at a reasonable price. The presentation of investment values and related returns in this section is based on investment industry practices and provides timely information that is easily comparable to benchmarks and peer results.

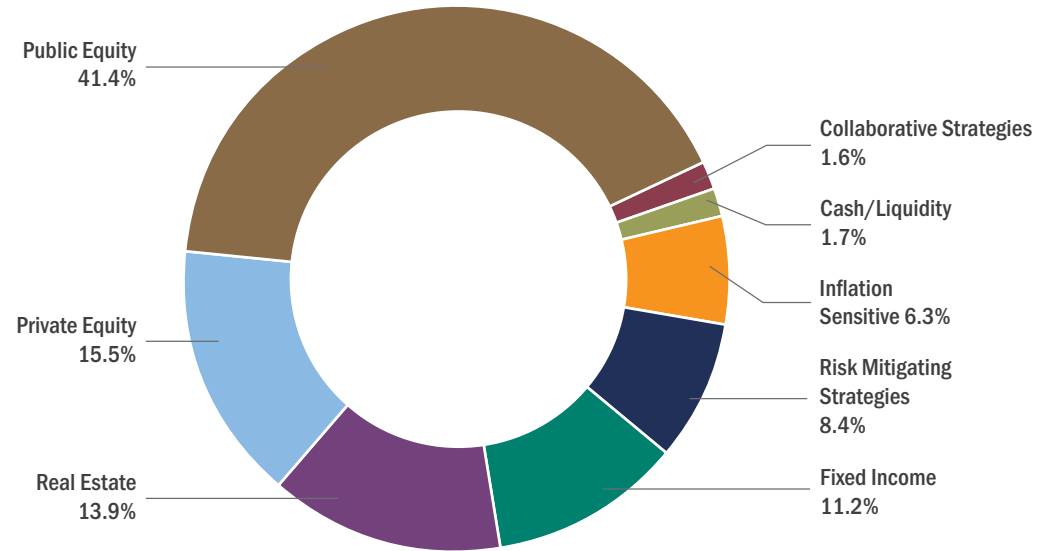
These values and returns may not match the Financial section of the *Annual Comprehensive Financial Report*, which presents this same information in accordance with United States Generally Accepted Accounting Principles. For more current investment information, as well as videos detailing key aspects of the CalSTRS Investment Portfolio, see [CalSTRS.com/investments](https://www.calstrs.com/investments).

### Investment allocation

The Teachers' Retirement Board, which administers CalSTRS, adopts long-term strategic allocation targets to be implemented over several years. These charts provide the distribution of the STRP investments based on portfolio allocation and net asset value of investments.

## Asset allocation as of June 30, 2024

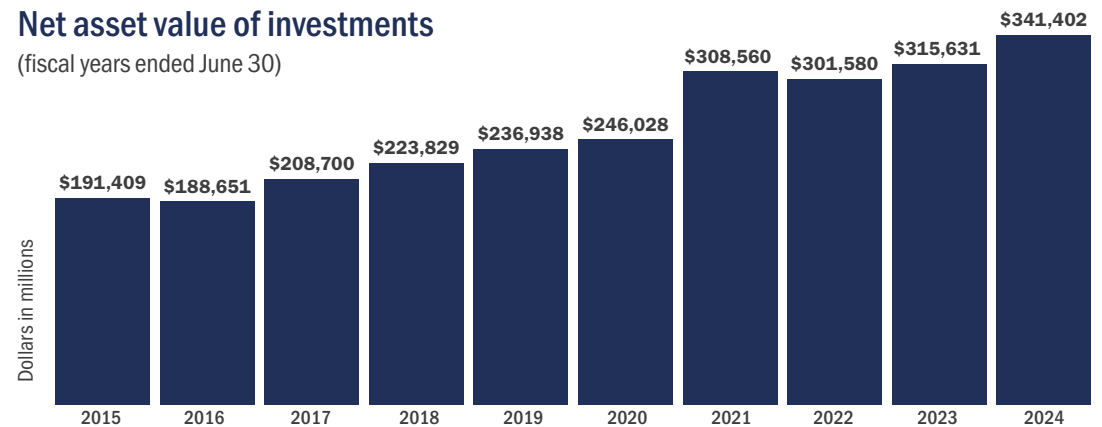
Total investment portfolio of \$341.4 billion<sup>1</sup>



<sup>1</sup> Public Equity, Private Equity and Collaborative Strategies include Sustainable Investment and Stewardship Strategies public and private investments of \$4.6 billion.

## Net asset value of investments

(fiscal years ended June 30)



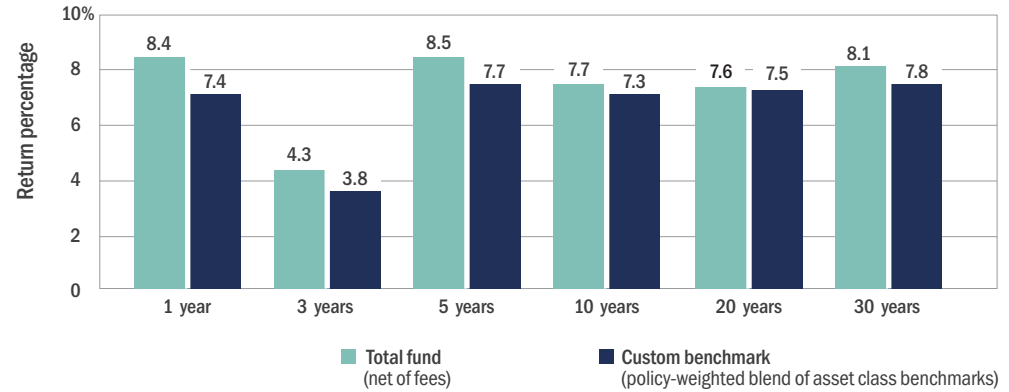
## Investments (continued)

### Investment performance

The CalSTRS Investment Portfolio (total fund) posted an 8.4% one-year return calculated on a net of fees time-weighted return basis for the fiscal year ended June 30, 2024. These charts show CalSTRS' returns versus custom benchmarks as of June 30, 2024. Benchmarks are goals and standards used to measure investment performance.

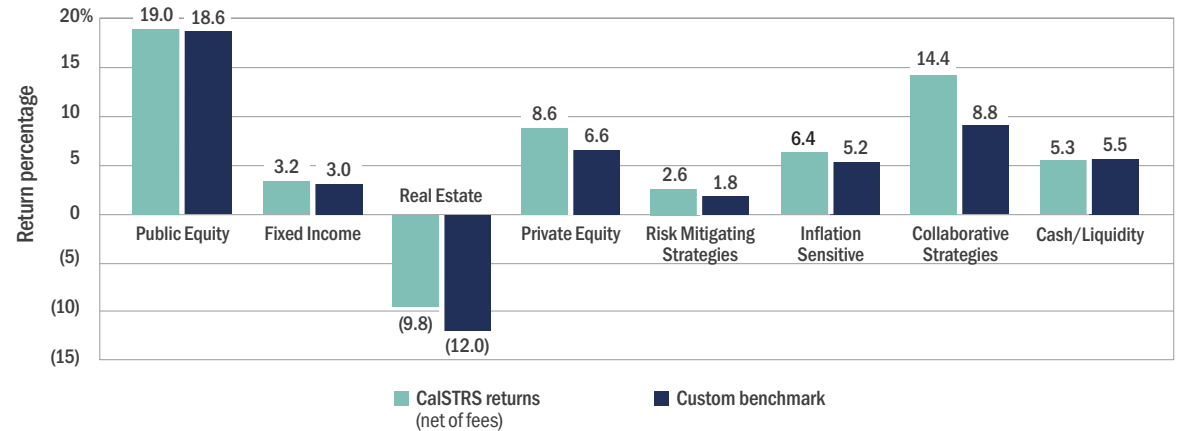
### Time-weighted portfolio returns

as of June 30, 2024



### Time-weighted one-year portfolio returns

as of June 30, 2024



## CalSTRS' impact on California's economy

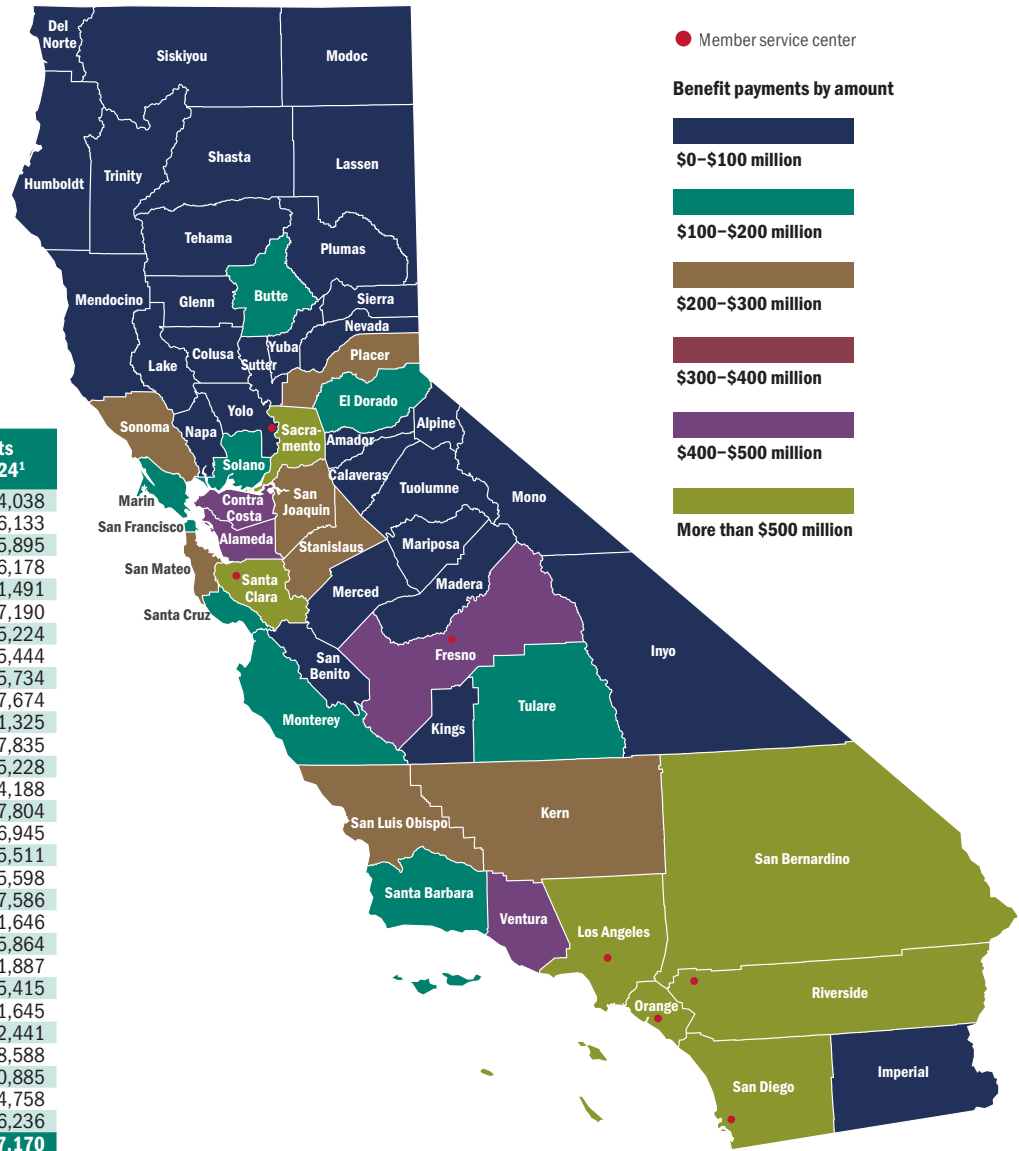
CalSTRS contributes to California's economy through the benefits we pay to our members, who may then spend that money in the communities in which they live. We paid an estimated \$14.5 billion in benefits to 240,597 retirees living in California during fiscal year 2023-24. This chart and map show the number of retired members living in each county and a range of the amount of benefits paid to those members, as well as the locations of the CalSTRS member service centers.

### Defined Benefit Program

#### Retirees who live in California—characteristics by county

County	Number of retirees	Estimated benefits paid in FY 2023-24 <sup>1</sup>
Alameda	8,226	\$495,747,205
Alpine	12	722,314
Amador	457	23,316,785
Butte	2,631	138,221,655
Calaveras	593	30,337,961
Colusa	125	6,364,563
Contra Costa	7,373	424,347,019
Del Norte	266	13,357,566
El Dorado	2,389	134,950,873
Fresno	7,540	441,286,184
Glenn	184	9,421,063
Humboldt	1,471	66,515,769
Imperial	868	59,069,579
Inyo	251	11,771,605
Kern	4,577	277,545,803
Kings	658	39,558,097
Lake	489	23,850,536
Lassen	239	12,162,428
Los Angeles	44,950	2,830,622,171
Madera	1,074	57,310,885
Marin	2,139	115,616,975
Mariposa	215	10,335,789
Mendocino	1,087	52,735,973
Merced	1,515	92,834,434
Modoc	76	2,847,690
Mono	108	5,948,422
Monterey	3,233	189,745,159
Napa	1,287	74,852,055
Nevada	1,524	77,624,226

County	Number of retirees	Estimated benefits paid in FY 2023-24 <sup>1</sup>
Orange	22,566	\$1,558,164,038
Placer	4,926	285,526,133
Plumas	274	12,725,895
Riverside	13,666	835,416,178
Sacramento	9,910	551,941,491
San Benito	412	25,437,190
San Bernardino	10,877	676,045,224
San Diego	22,868	1,376,735,444
San Francisco	2,943	167,555,734
San Joaquin	4,137	248,547,674
San Luis Obispo	4,696	257,941,325
San Mateo	3,832	248,577,835
Santa Barbara	3,329	189,425,228
Santa Clara	8,365	547,564,188
Santa Cruz	3,486	192,727,804
Shasta	1,657	84,566,945
Sierra	42	2,245,511
Siskiyou	648	30,025,598
Solano	2,845	160,447,586
Sonoma	5,214	283,181,646
Stanislaus	3,658	228,585,864
Sutter	720	42,821,887
Tehama	515	26,085,415
Trinity	122	5,281,645
Tulare	3,063	187,102,441
Tuolumne	740	39,038,588
Ventura	7,393	449,600,885
Yolo	1,802	94,614,758
Yuba	334	17,866,236
<b>Total</b>	<b>240,597</b>	<b>\$14,544,817,170</b>



<sup>1</sup> The annualized benefits based on the June 2024 monthly benefits, which also include purchasing power protection payments from the Supplemental Benefit Maintenance Account.

# Teachers' Retirement Board

## DENISE BRADFORD

Board Chair  
K-12 Classroom Teacher  
Term: January 1, 2024–  
December 31, 2027

## MICHAEL GUNNING

Public Representative  
Term: April 26, 2022–  
December 31, 2025

## HARRY M. KEILEY

K-12 Classroom Teacher  
Term: January 1, 2024–  
December 31, 2027

## KEN TANG

School Board Representative  
Term: February 16, 2024–  
December 31, 2027

## KAREN YAMAMOTO

Board Vice Chair  
Retiree Representative  
Term: February 16, 2024–  
December 31, 2027

## SHARON HENDRICKS

Community College Instructor  
Term: January 1, 2024–  
December 31, 2027

## FIONA MA

State Treasurer  
Ex Officio Member

## TONY THURMOND

State Superintendent  
of Public Instruction  
Ex Officio Member

## MALIA M. COHEN

State Controller  
Ex Officio Member

## STEVE JUAREZ

Public Representative  
Term: September 24, 2024–  
December 31, 2027

## JOE STEPHENSHAW

Director of Finance  
Ex Officio Member

## VACANT

Public Representative

The Teachers' Retirement Board administers CalSTRS and sets policies and rules to ensure benefits are paid according to the law.

The 12-member board is composed of:

- Three active CalSTRS members elected by current educators.
- One retired CalSTRS member appointed by the Governor and confirmed by the Senate.
- Three public representatives appointed by the Governor and confirmed by the Senate.
- One school board representative appointed by the Governor and confirmed by the Senate.
- Four board members who serve in an ex officio capacity by virtue of their office: Director of Finance, State Controller, State Superintendent of Public Instruction and State Treasurer.

The board appoints a chief executive officer to administer CalSTRS consistent with the board's policies and rules and selects a chief investment officer to direct the CalSTRS Investment Portfolio in accordance with board policy.

Note: Board members are listed as of the date this report is issued.

## CalSTRS resources



### WEB

[CalSTRS.com](https://www.calstrs.com)  
[myCalSTRS.com](https://www.myCalSTRS.com)  
[403bCompare.com](https://www.403bCompare.com)  
[Pension2.com](https://www.Pension2.com)

### STAY CONNECTED



### CALL

800-228-5453  
Calls from within the U.S.  
  
916-414-1099  
Calls from outside the U.S.  
  
888-394-2060  
CalSTRS Pension2®  
Personal wealth plan  
  
844-896-9120  
CalSTRS Compliance  
and Ethics Hotline  
[CalSTRShotline.ethicspoint.com](https://www.CalSTRShotline.ethicspoint.com)



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CalSTRS Headquarters**  
100 Waterfront Place  
West Sacramento, CA  
95605



### VISIT

Find your nearest  
CalSTRS office at  
**[CalSTRS.com/local-offices](https://www.calstrs.com/local-offices)**.  
  
Call ahead for the hours  
and services available at your  
local office.



### FAX

916-414-5040