

The logo for CALSTRS, consisting of the letters 'CALSTRS' in a white, serif font, centered within a red rectangular box with a white border.


CALSTRS

2024 Review of Funding Levels and Risks

November board meeting



Risks to the funding plan

A hand is shown on the left side of the image, holding a fan of wooden blocks. The blocks are light-colored wood and are arranged in a fan shape, pointing towards the right. The background is dark and out of focus, with some blurred light sources.

Investment risk

Potential for lower returns and increased market volatility.

Longevity risk

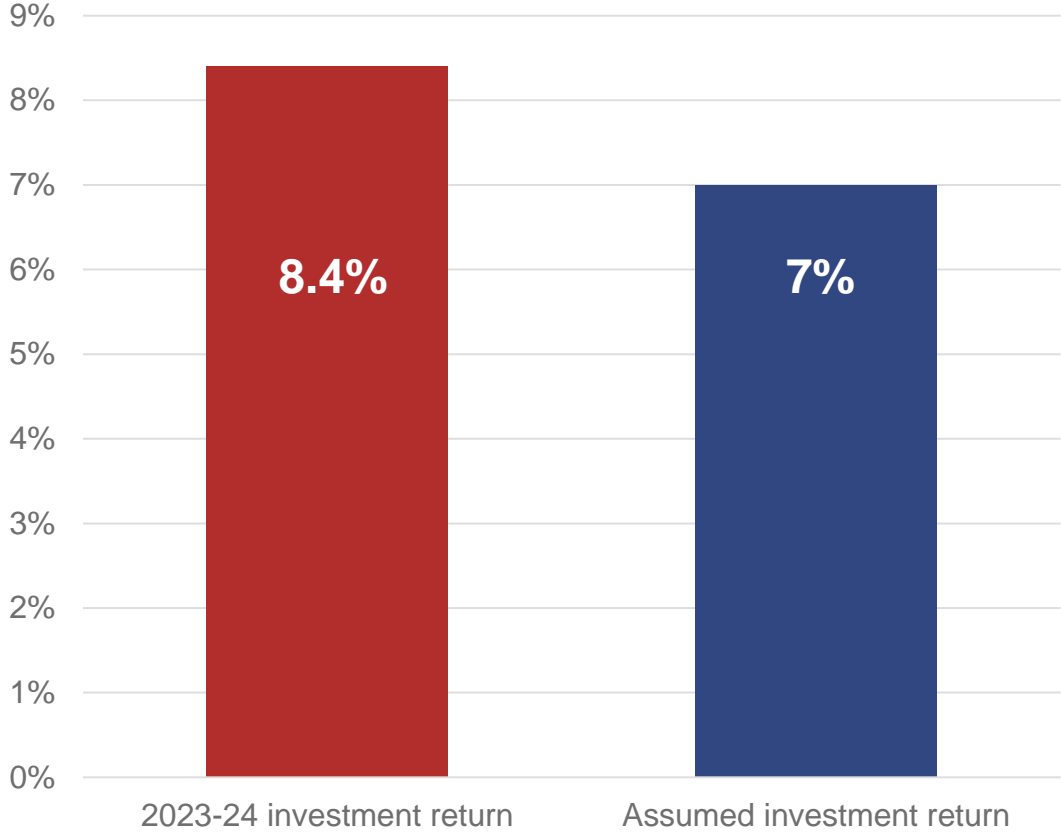
Members living longer in retirement.

Membership and payroll growth risk

Affects incoming contributions if membership base declines.

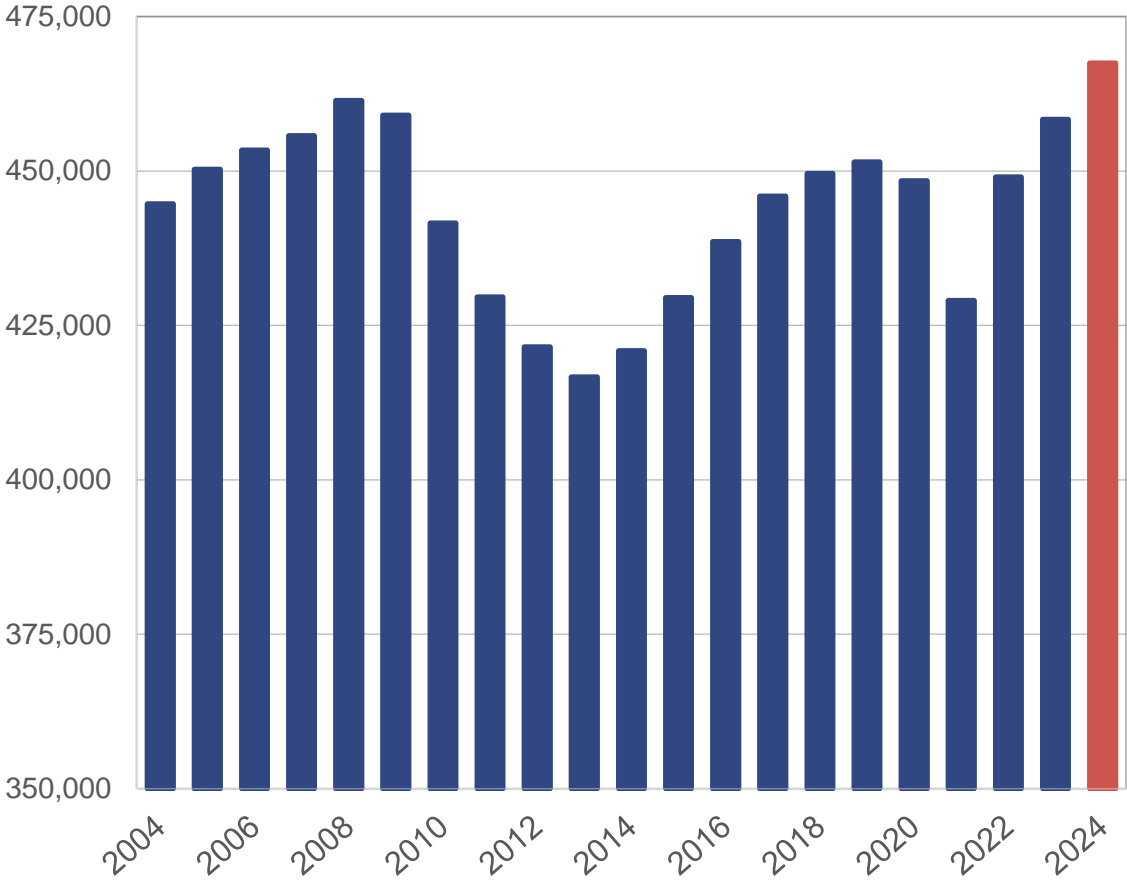
Positive experience in 2023-24

Actual versus assumed investment return



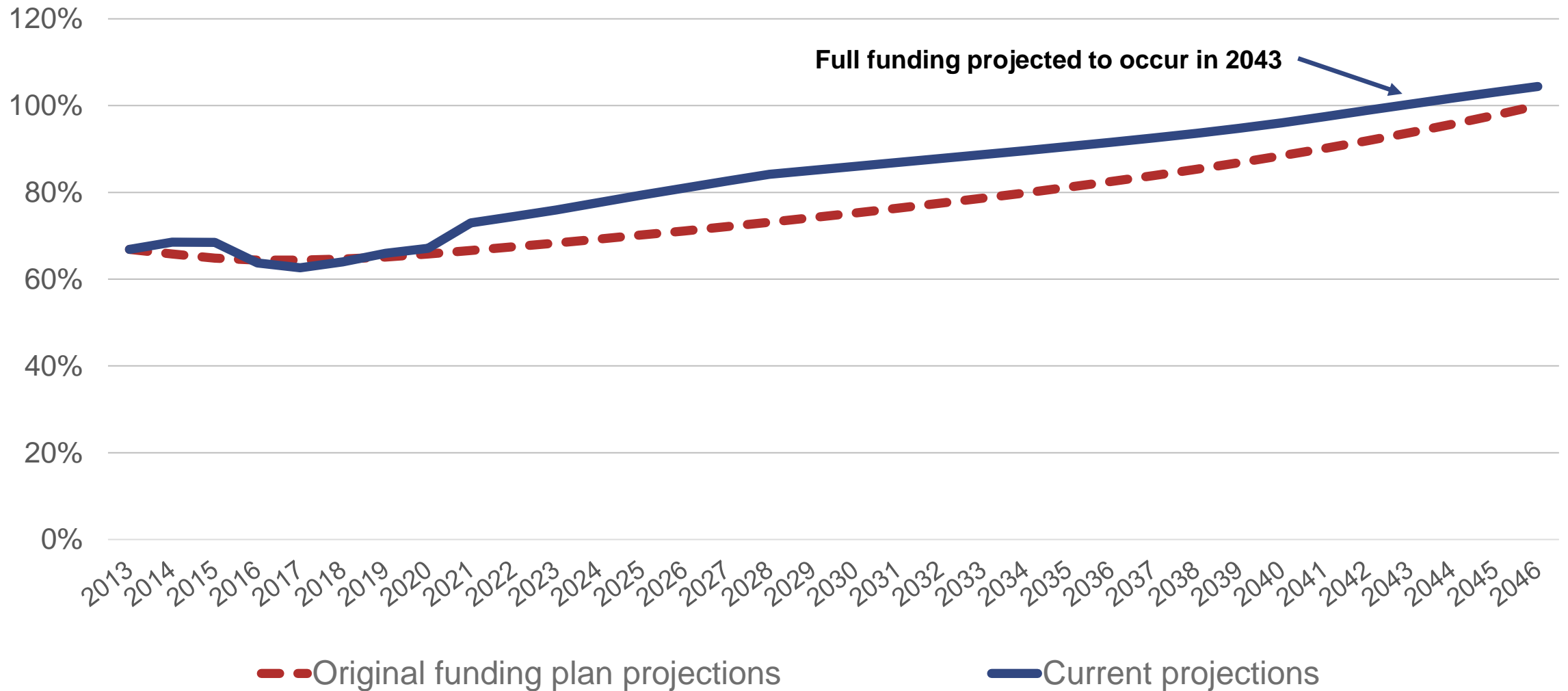
Average compounded return of 7.7% since June 2014

Number of active CalSTRS members



Projected funded status

(Assumes 7% investment return each year into the future and 3.25% payroll growth)



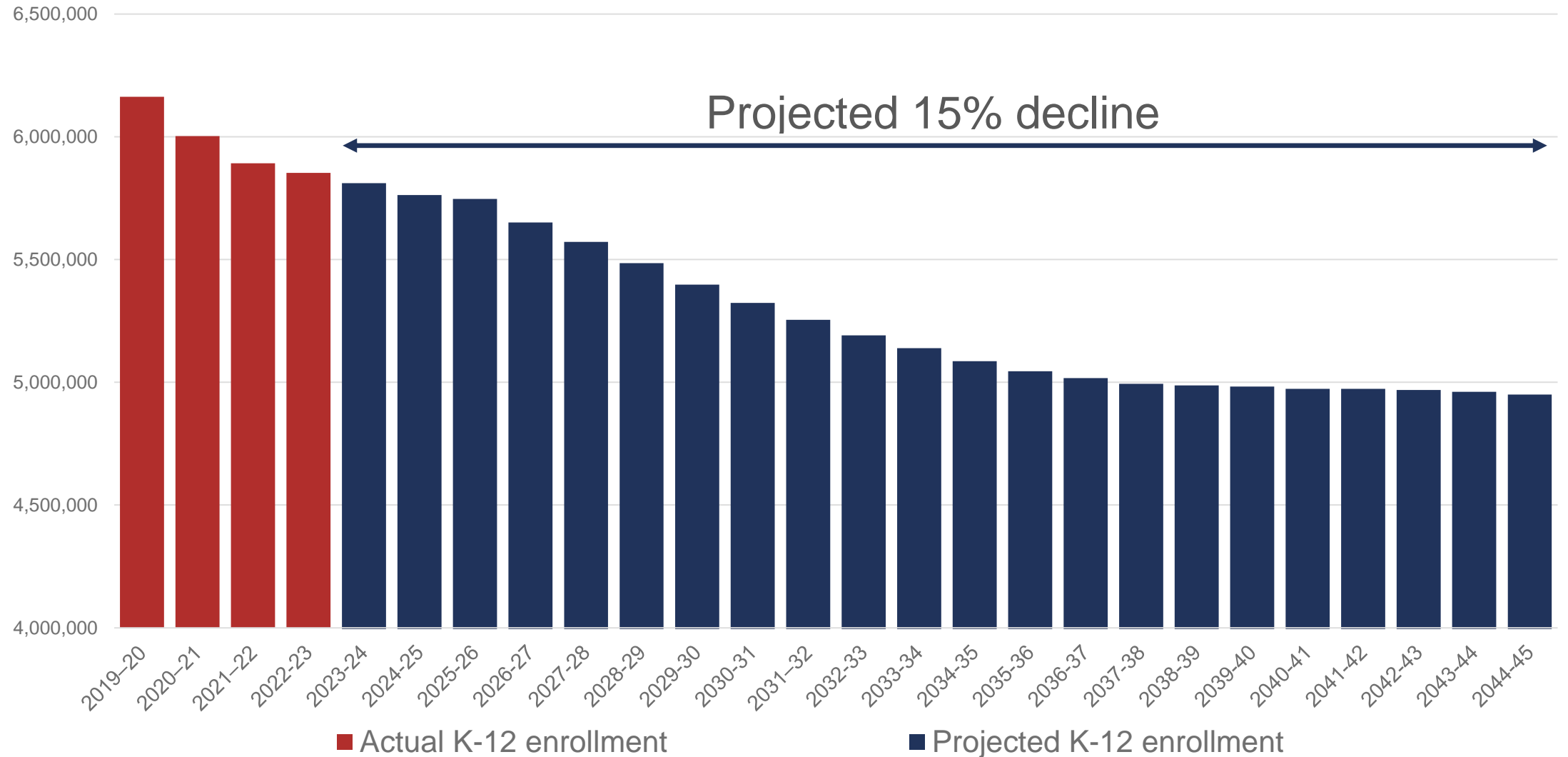
Projected contribution rates

(Assumes 7% investment return each year into the future and 3.25% payroll growth)

	Current contribution rate	Rate increase needed for FY 2025-26?	Year share is projected to be eliminated if rate remains unchanged
State	8.328%	No	2027
Employers	19.10%	No	2043

Note: the state also contributed 2.5% of payroll, minus \$72 million, to fund the SBMA, CalSTRS inflation protection program.

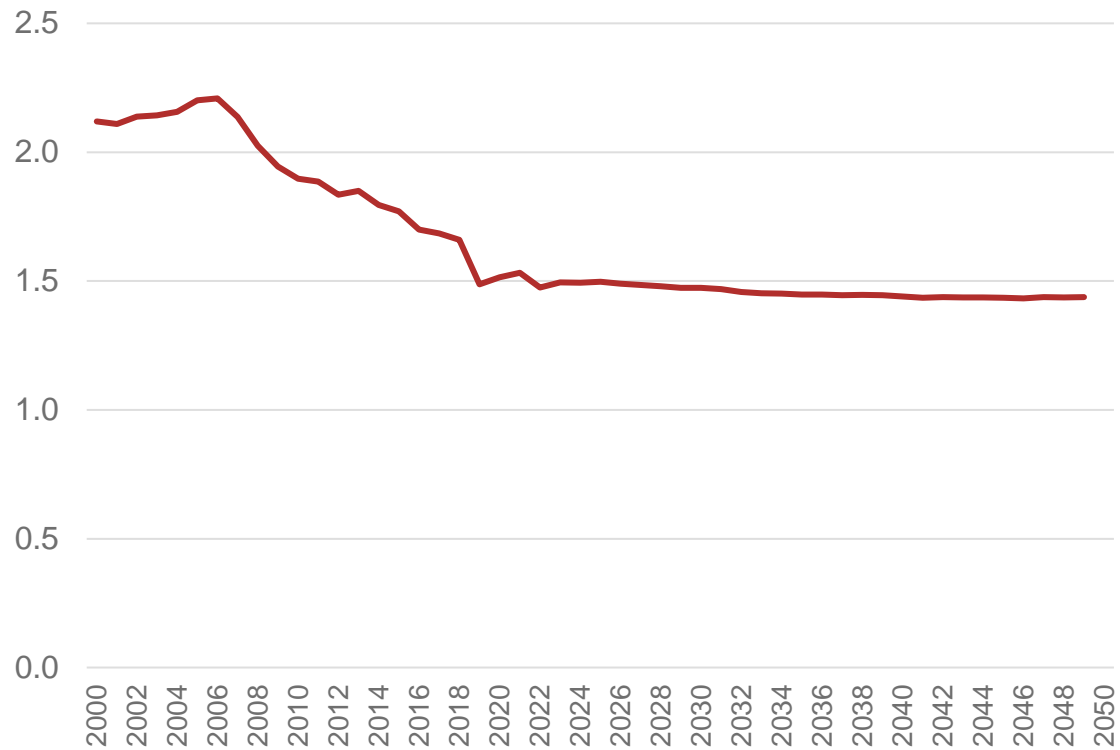
Projected K-12 enrollment



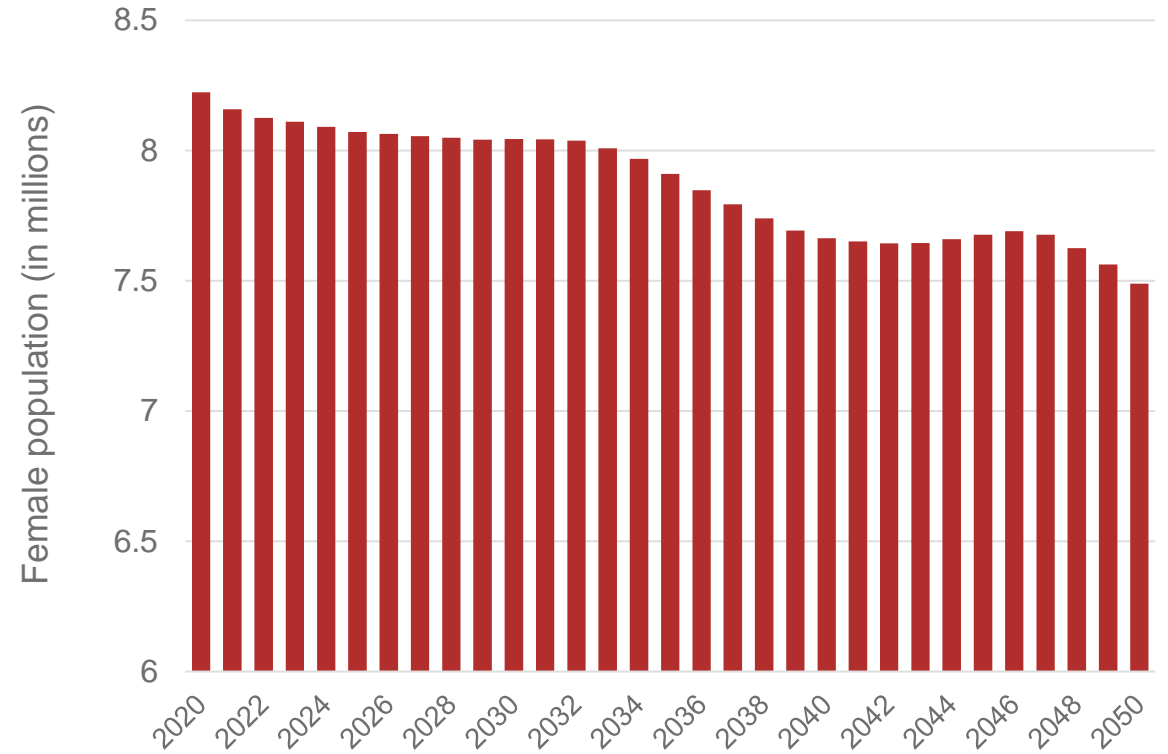
Source: Department of Finance – October 2023

Projected fertility rates and California women population

California fertility rates



Projected California female population (ages 15 through 44)



CalSTRS Funding Plan – what we're watching

- The 2046 end date
- The “unallocated” portion
- The 0.5% limit on state contribution rate increase
- The elimination of the state's share of the unfunded actuarial obligation

Questions?