



CALSTRS®

## Second report to the Legislature on the progress of the CalSTRS Funding Plan

March 2024 Board Meeting

# 5-year check point with the California Legislature

*Next report due no later than  
July 1, 2024*



Report to Legislature on the  
Progress of the CalSTRS Funding Plan

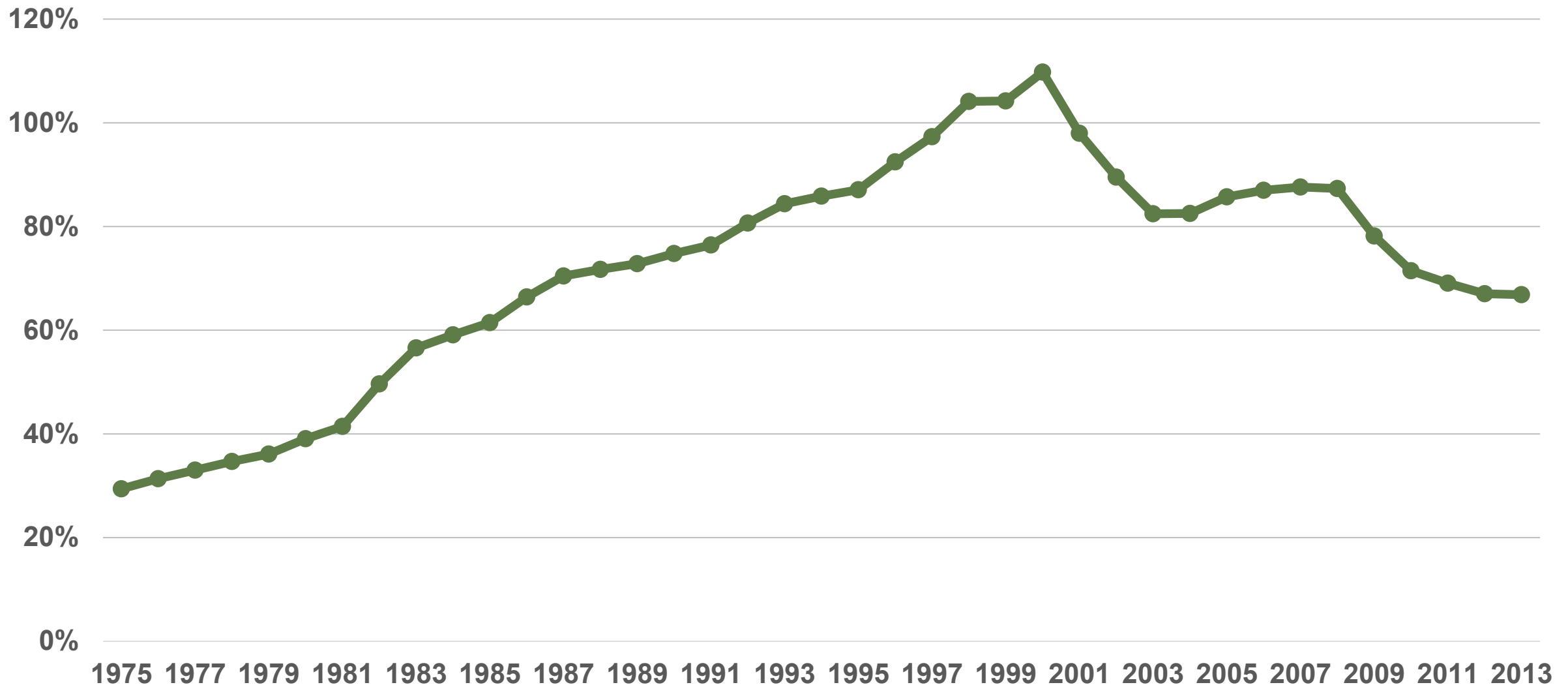
June 2019

California State Teachers' Retirement System  
100 Waterfront Place  
West Sacramento, CA 95605

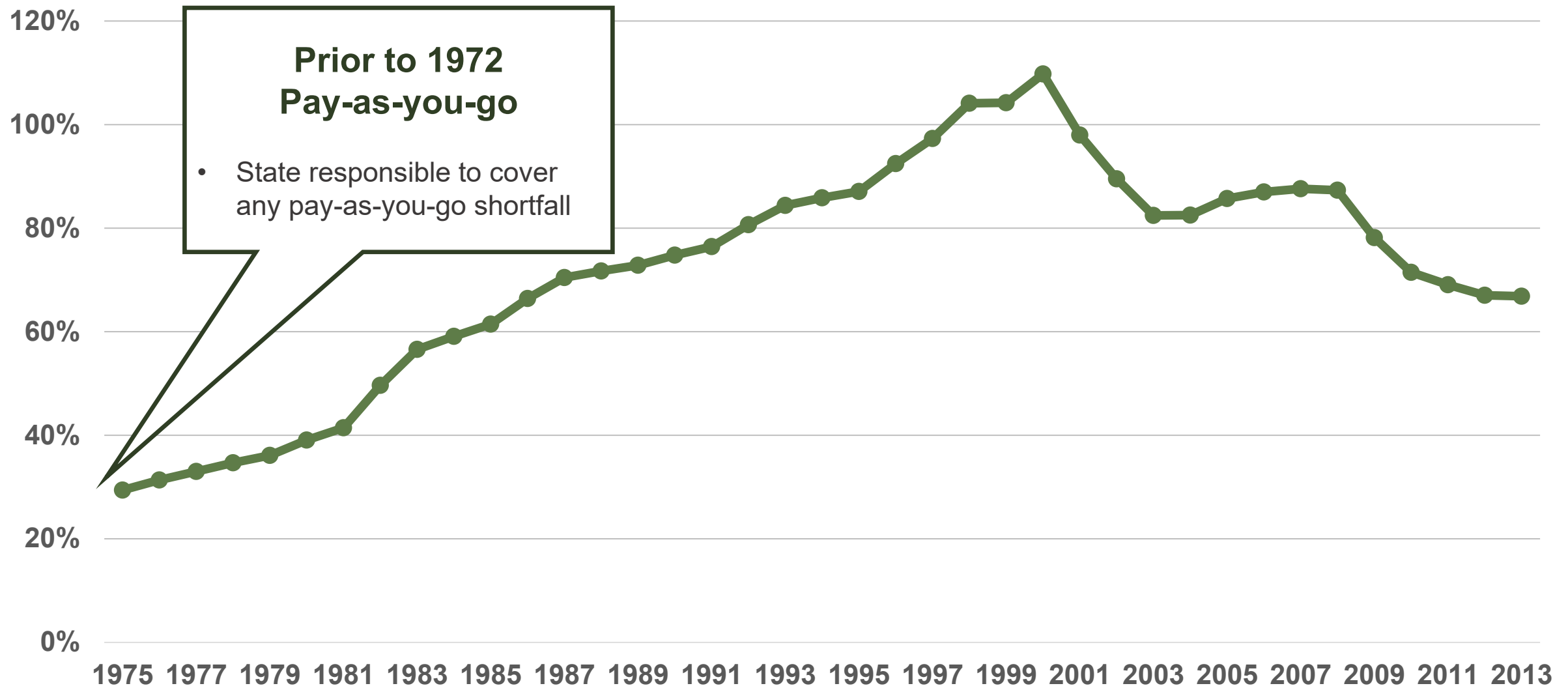
# Proposed topics

- **History of funding**
- **How the funding plan operates**
- **Changes since the adoption of the funding plan**
- **Risks and how they could be reduced to further strengthen the funding plan**

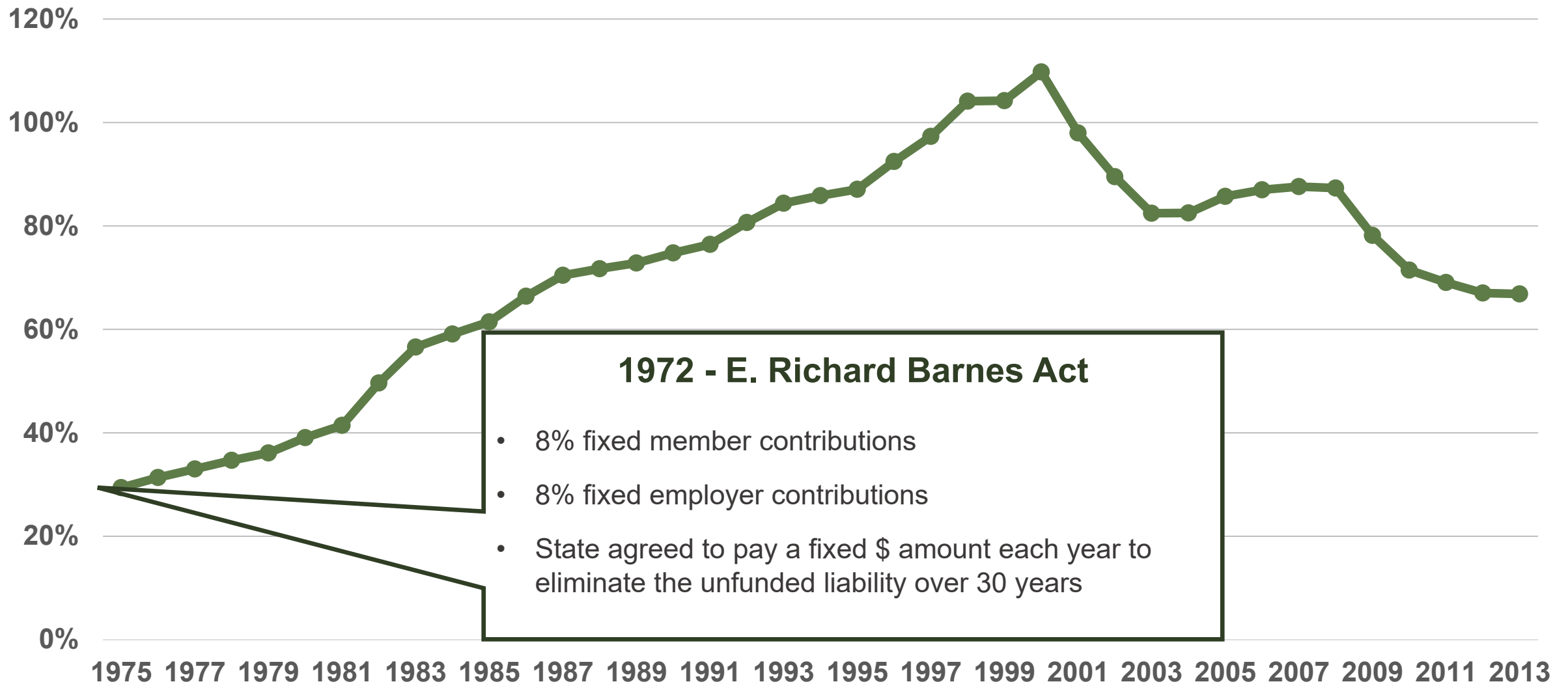
# CalSTRS historical funded status and key funding events



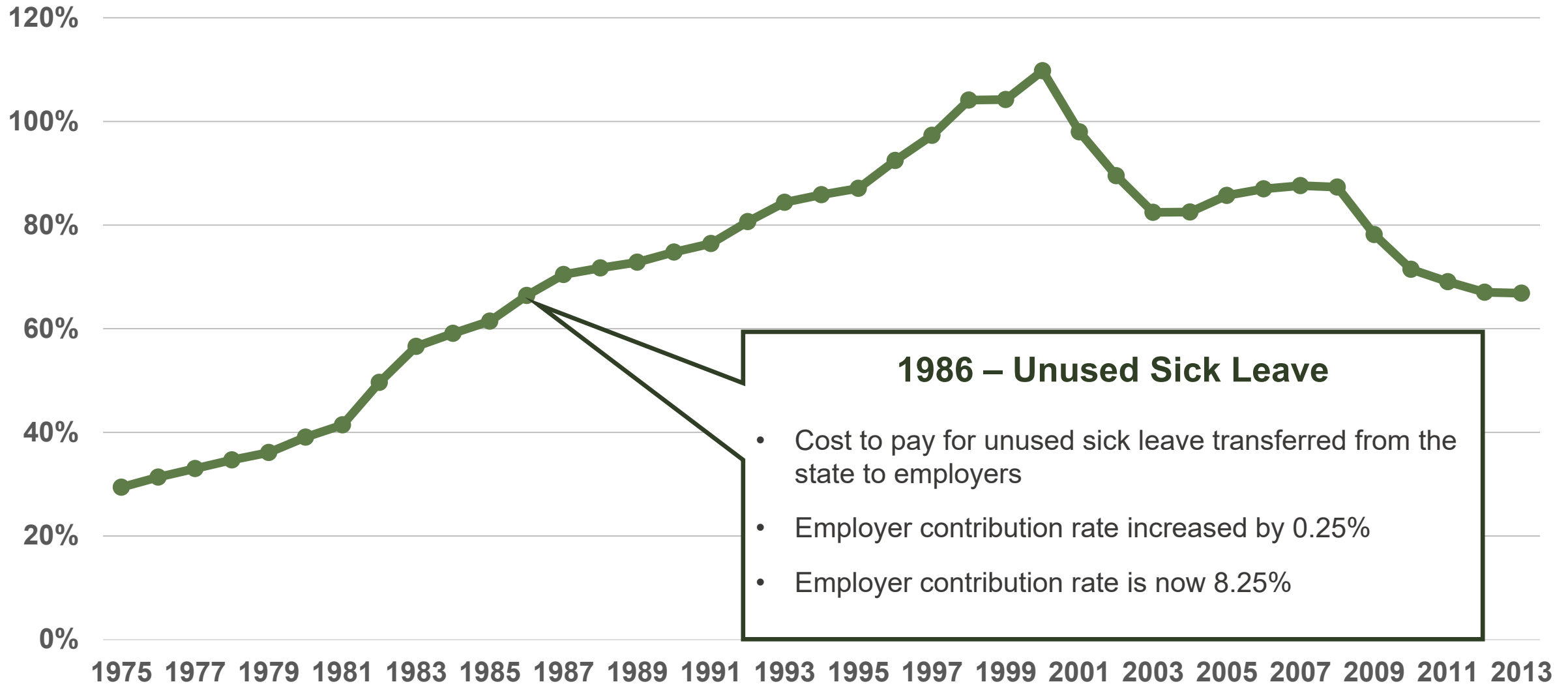
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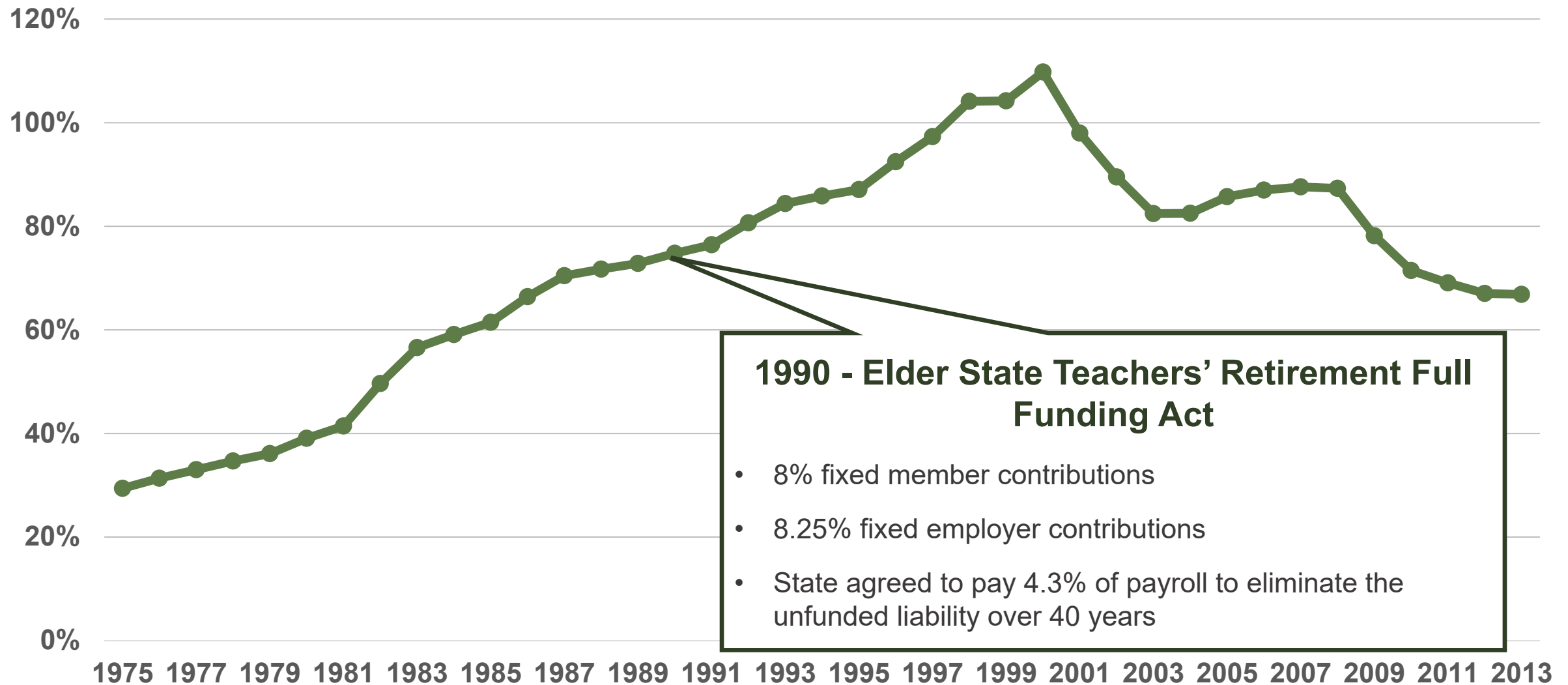
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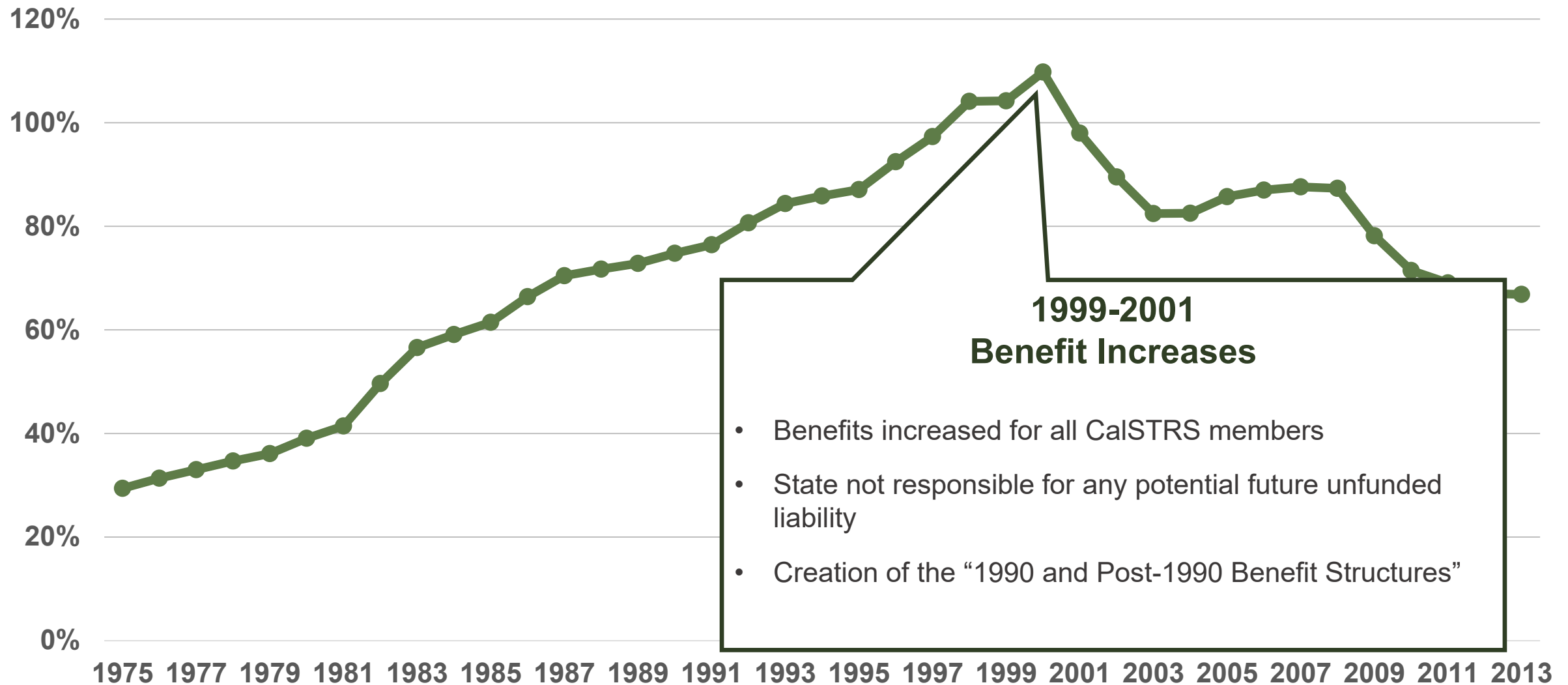


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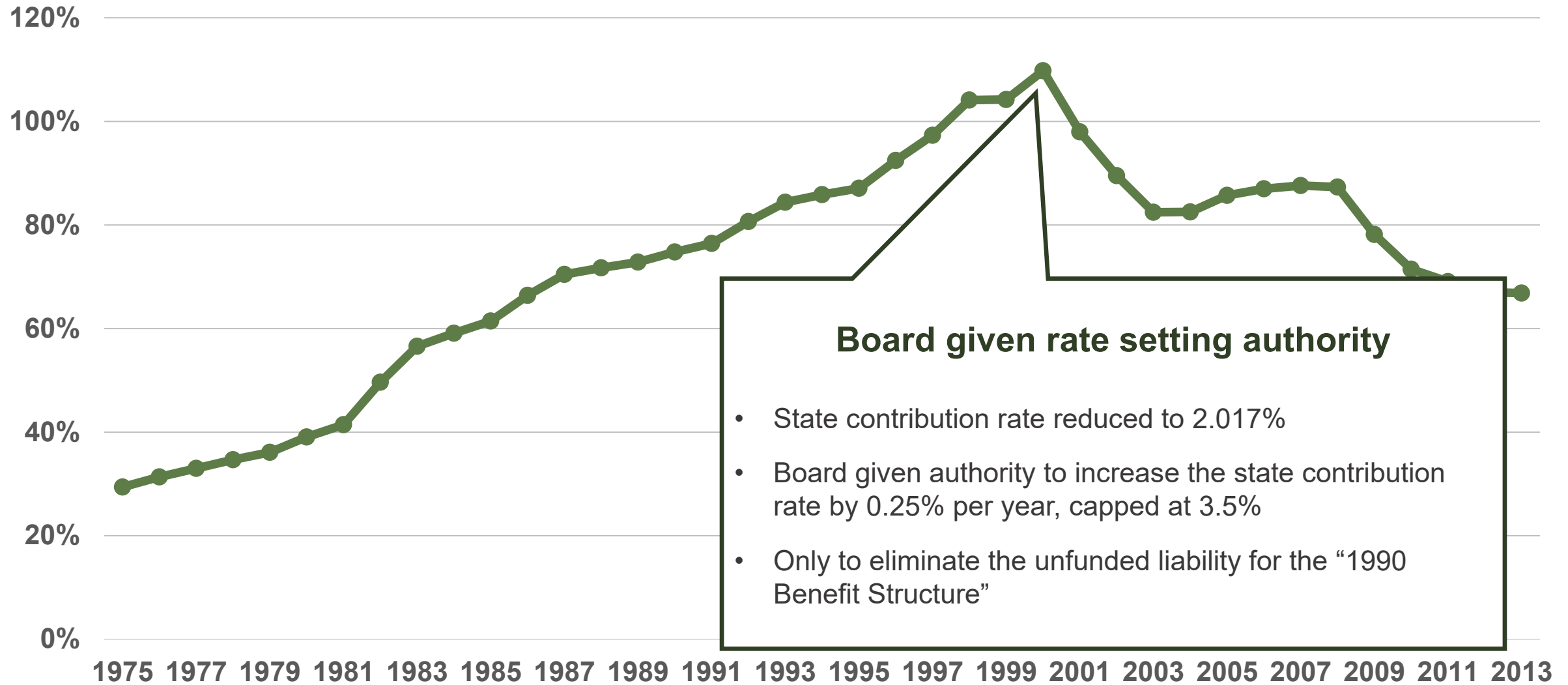




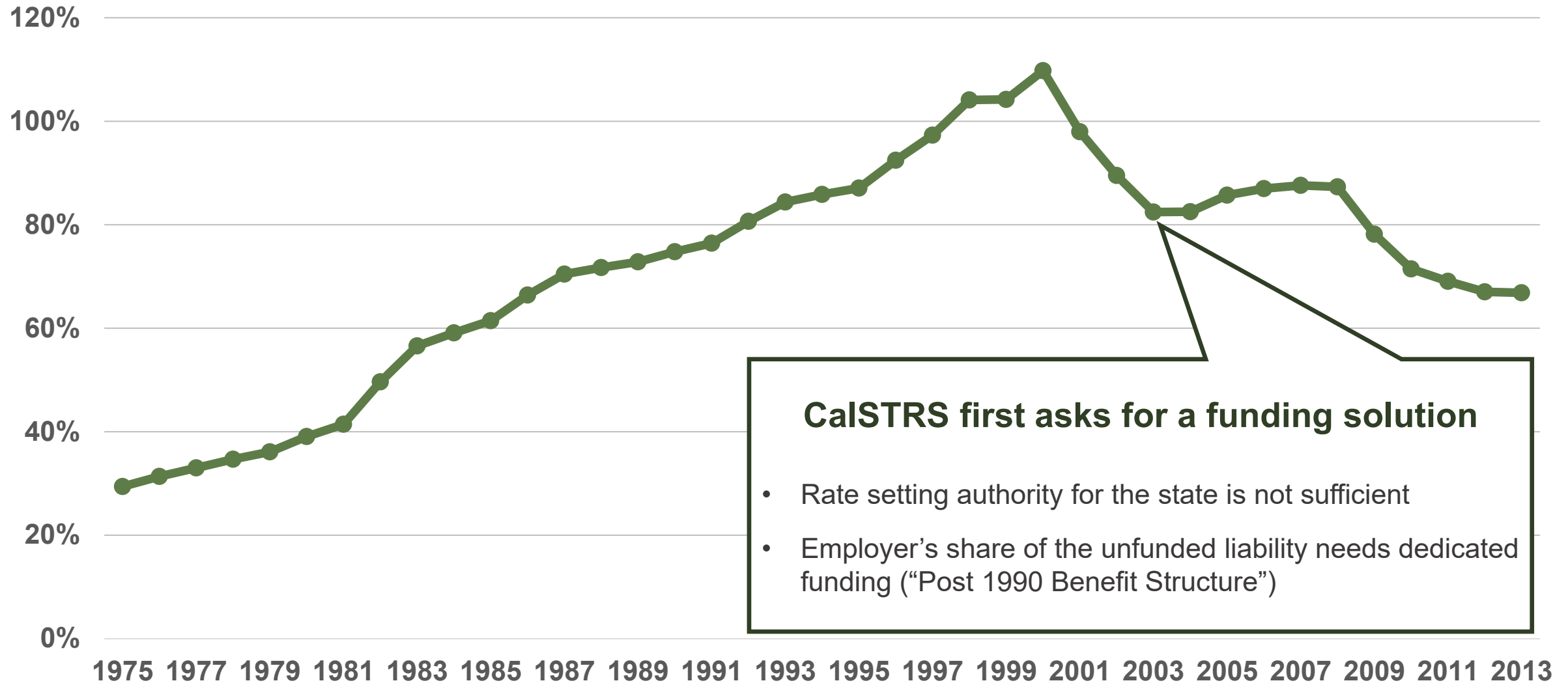
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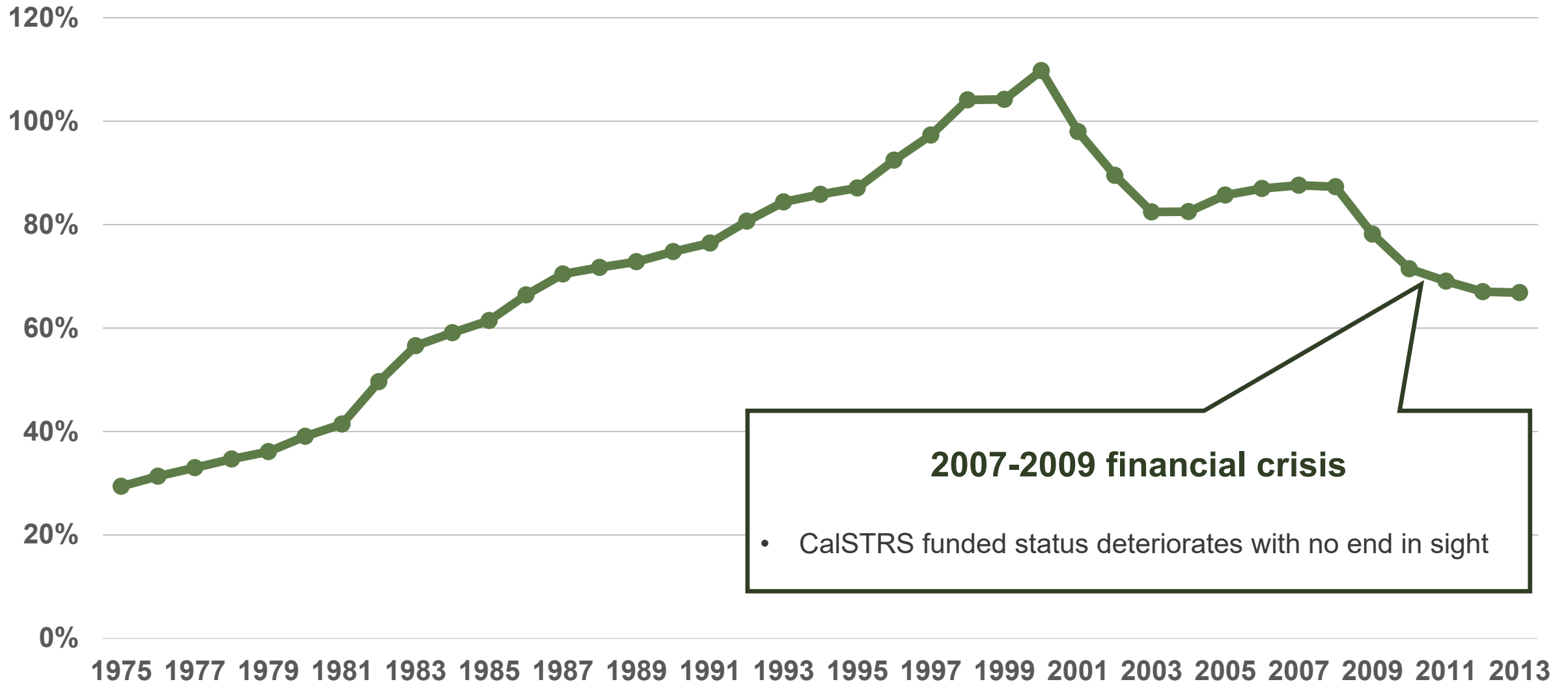
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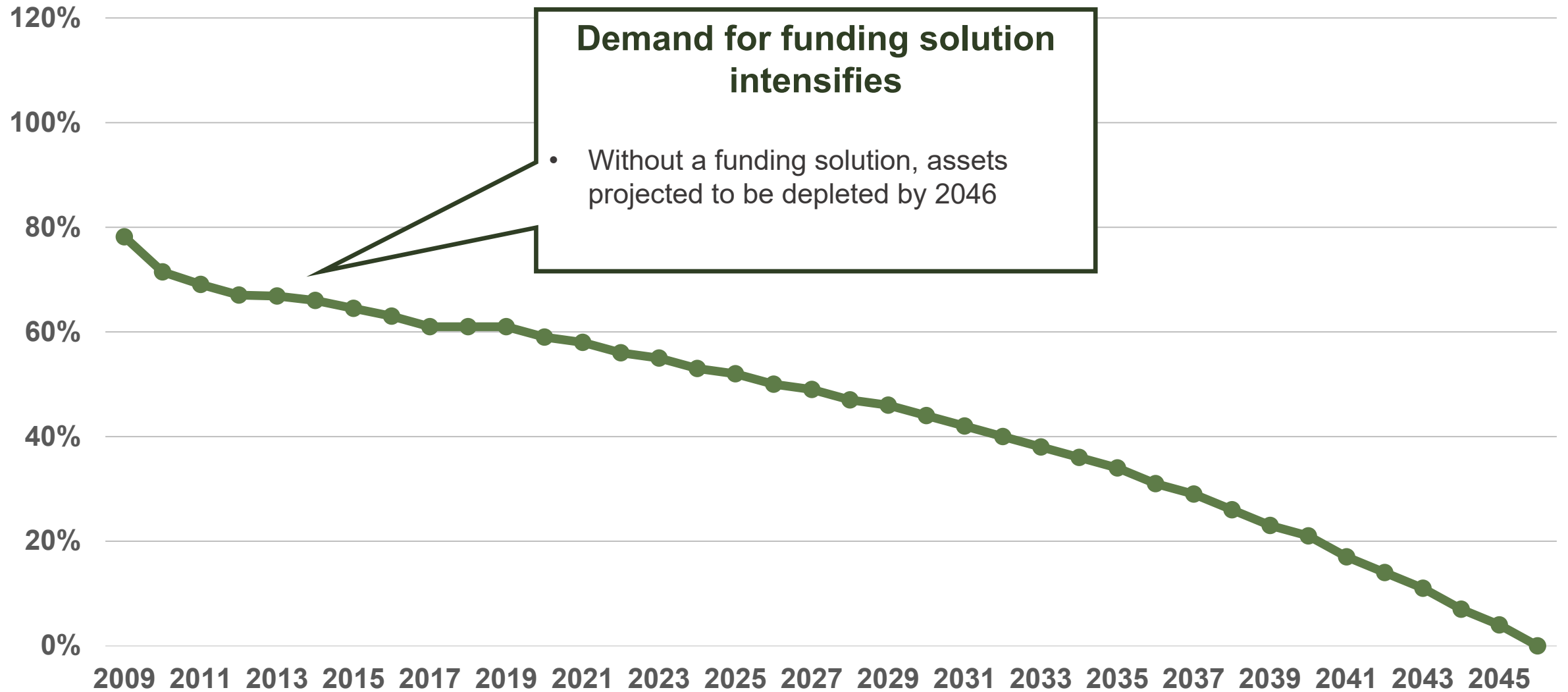
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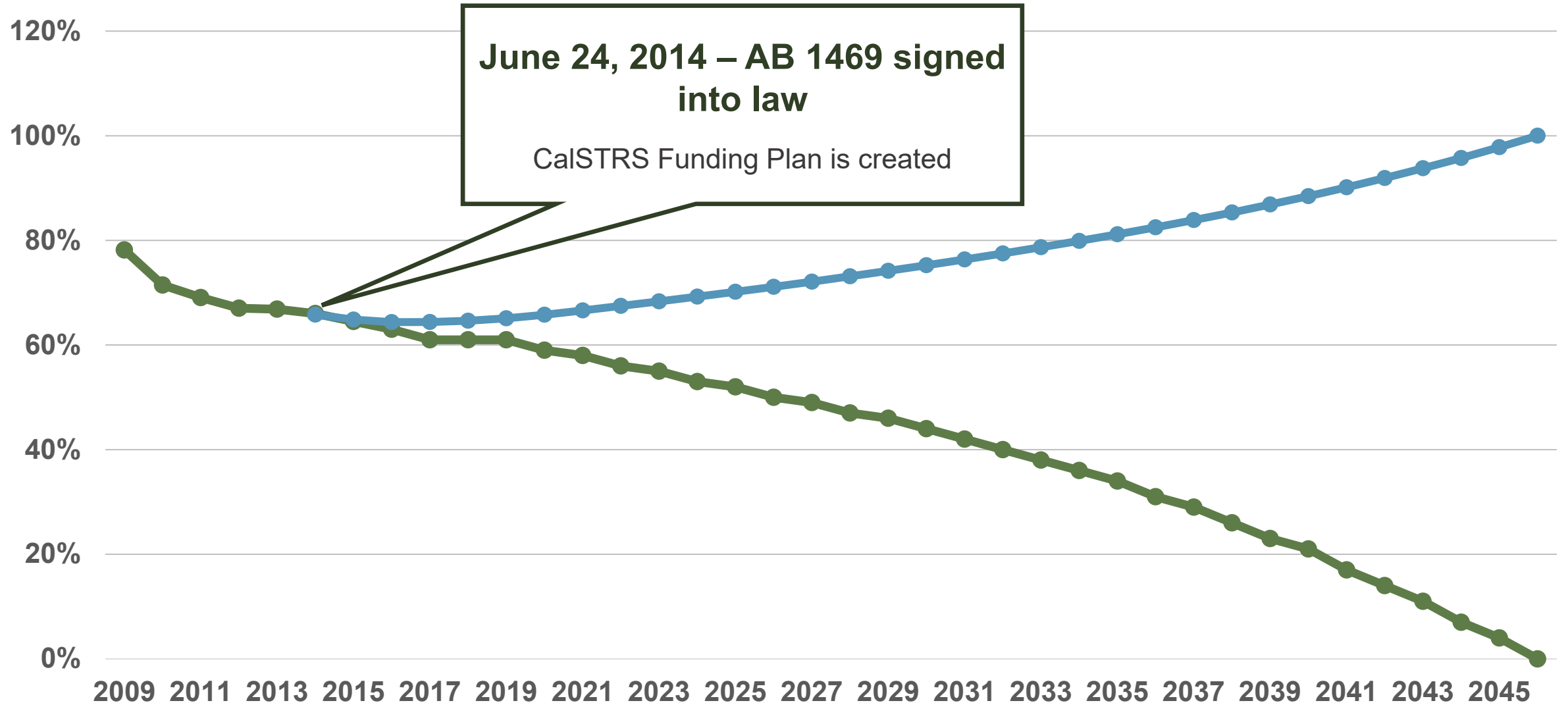
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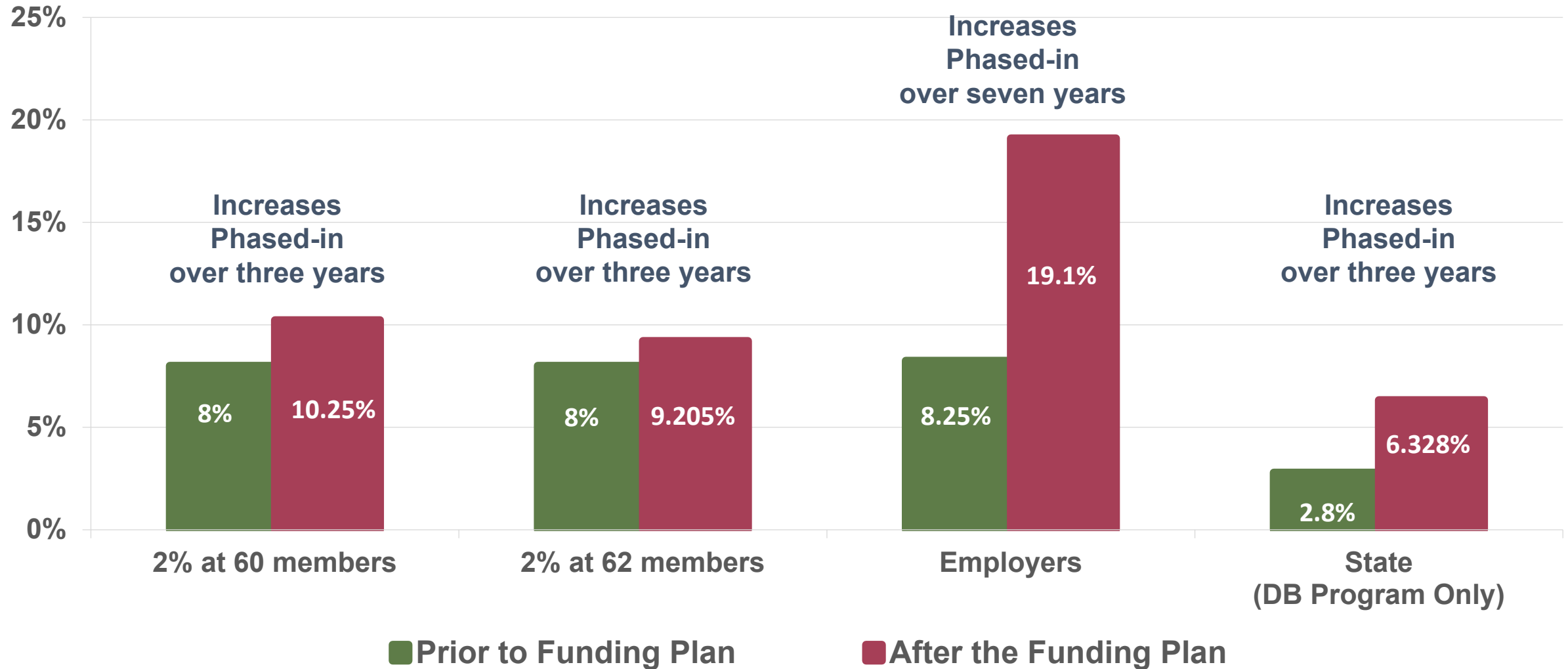
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# Everyone agreed to higher contribution rates



Note: Contribution rate for 2% at 62 members increased by 1%, to 10.205% in 2018 as a result of rules set by PEPPRA.

## CalSTRS board given limited rate setting authority (Goes away in 2046)

	Maximum change per year	Maximum rate
State contribution rate (Effective FY 17-18)	0.5%	No maximum
Employer contribution rate (Effective FY 21-22)	1.0%	20.25%

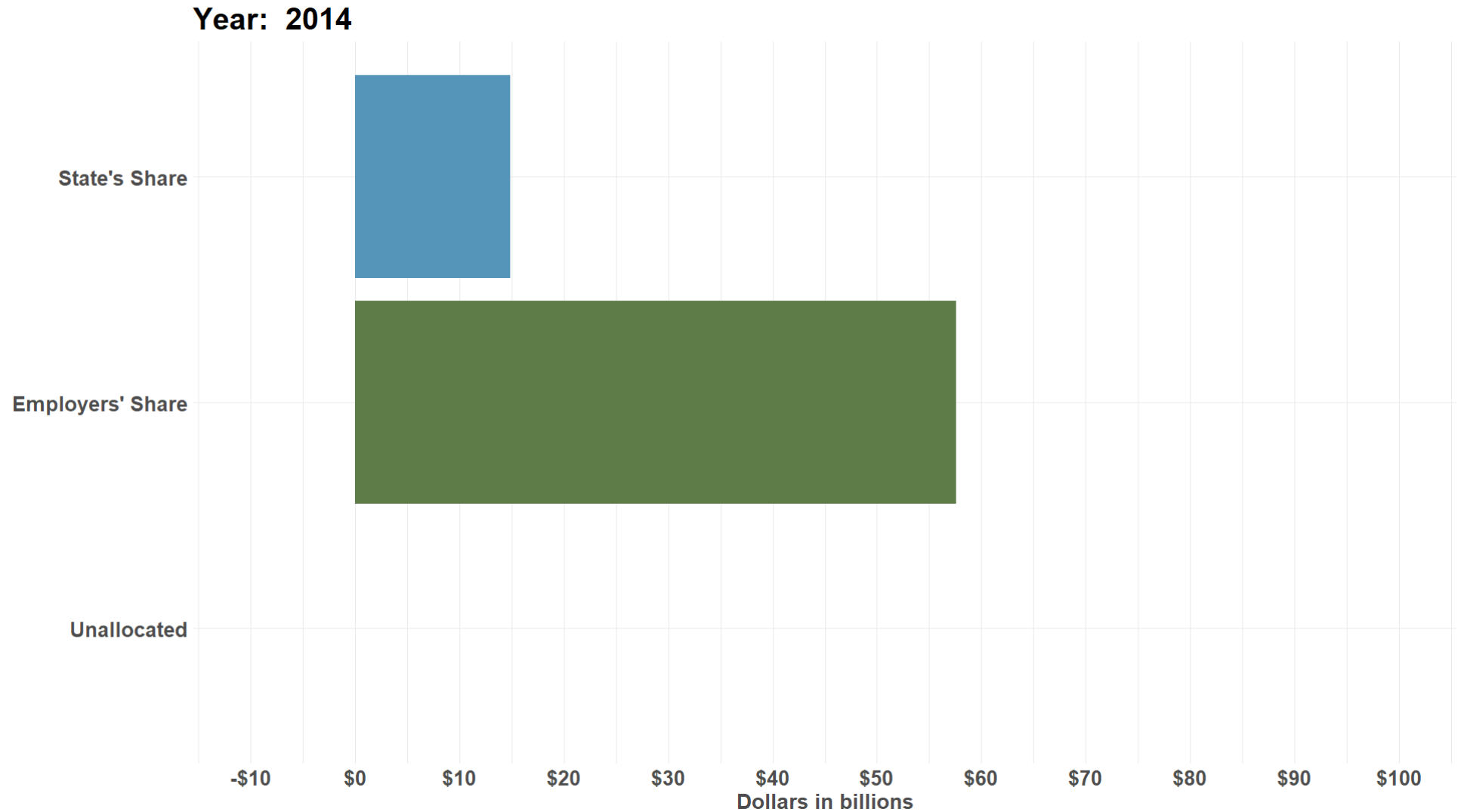


# Complex allocation rules for the unfunded liability

<b>State's share</b>  Unfunded liability for the 1990 benefit structure	<b>Employers' share</b>  Unfunded liability for the post-1990 benefit structure  (Service PRIOR to July 1, 2014)	<b>Unallocated</b>  Unfunded liability for the post-1990 benefit structure  (Service AFTER to July 1, 2014)
<b>Total unfunded liability</b>		

# Changes since the funding plan

(History of the breakdown in the share of the unfunded liability)



# CalSTRS funding plan

## Features that could be strengthened

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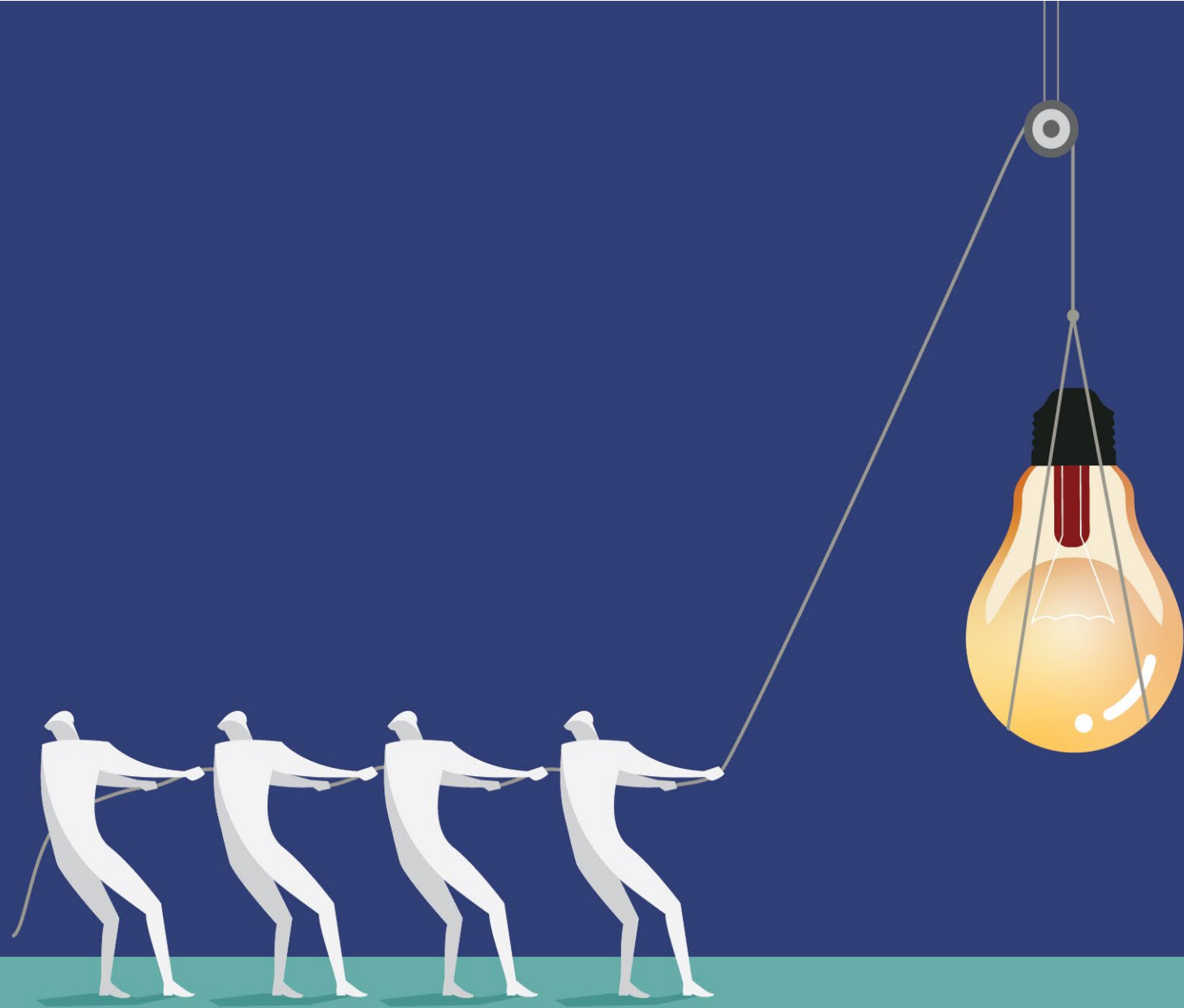
## What we like!

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- Goes away in 2046
- Cannot address the “unallocated” portion
- State supplemental rate goes to 0% once state share is eliminated
- 0.5% limit for increases for the state rate

- It works! Making progress toward full funding
- Employer rate not sensitive to investment volatility
- Limits on rate increases provide budget predictability

# Next steps





**Questions?**