



Actuarial Valuation of the Defined Benefit Program as of June 30, 2021

May 2022 Board Meeting

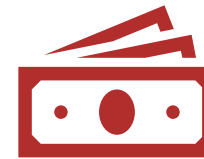


Significant events since previous valuation



27.2%
investment
return

Supplemental
contributions
from State

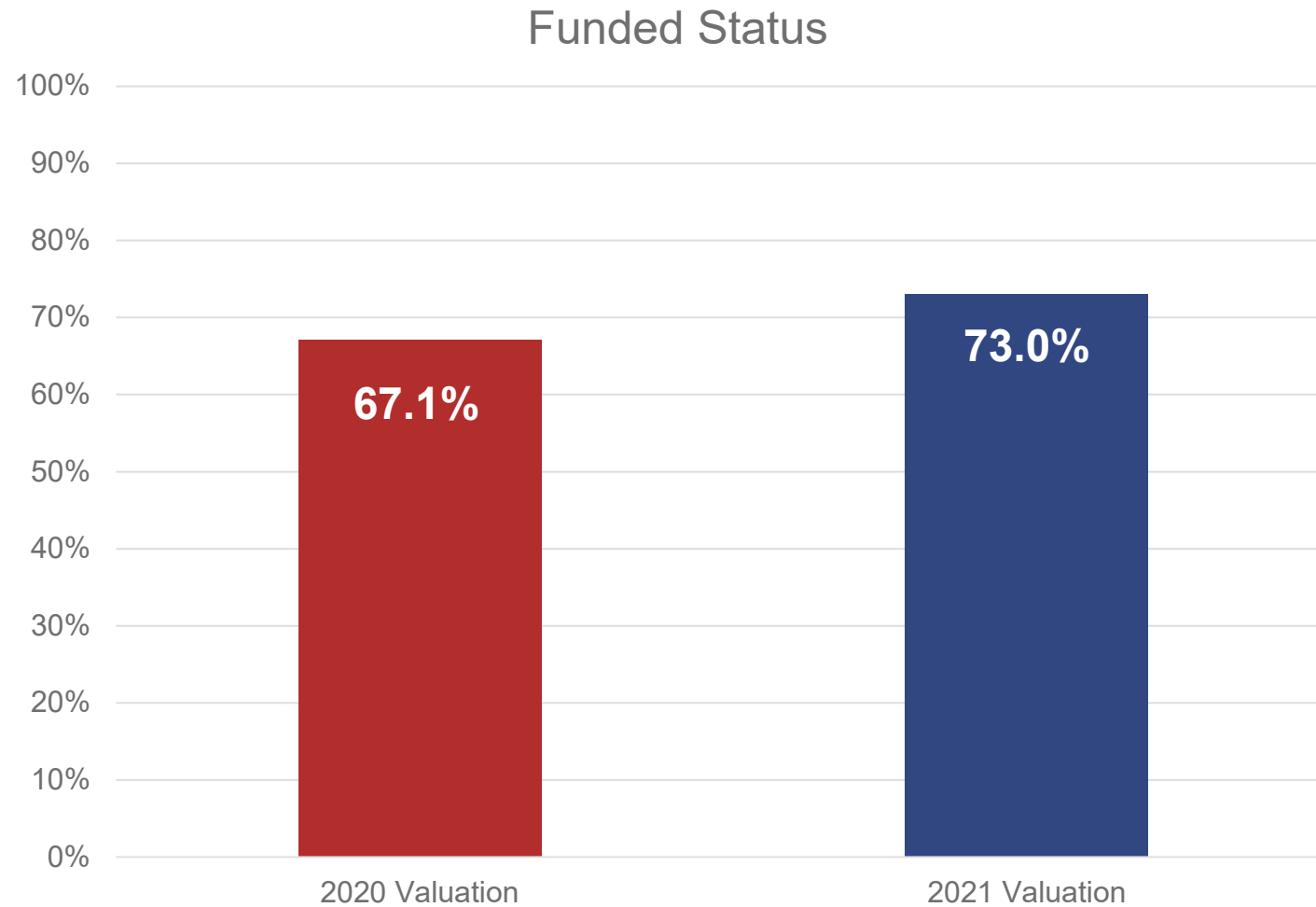


Update to
valuation policy

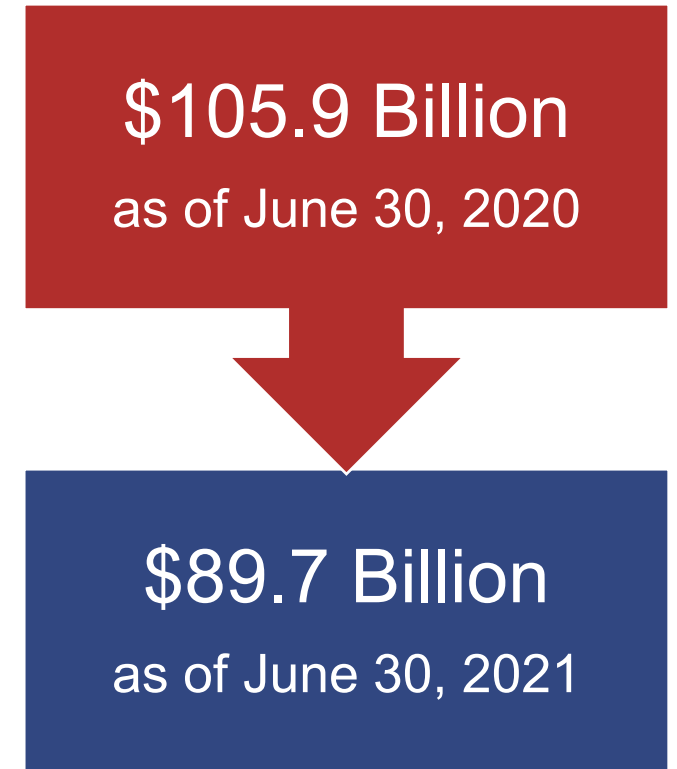
Decline in active
membership



Improvement in funding levels



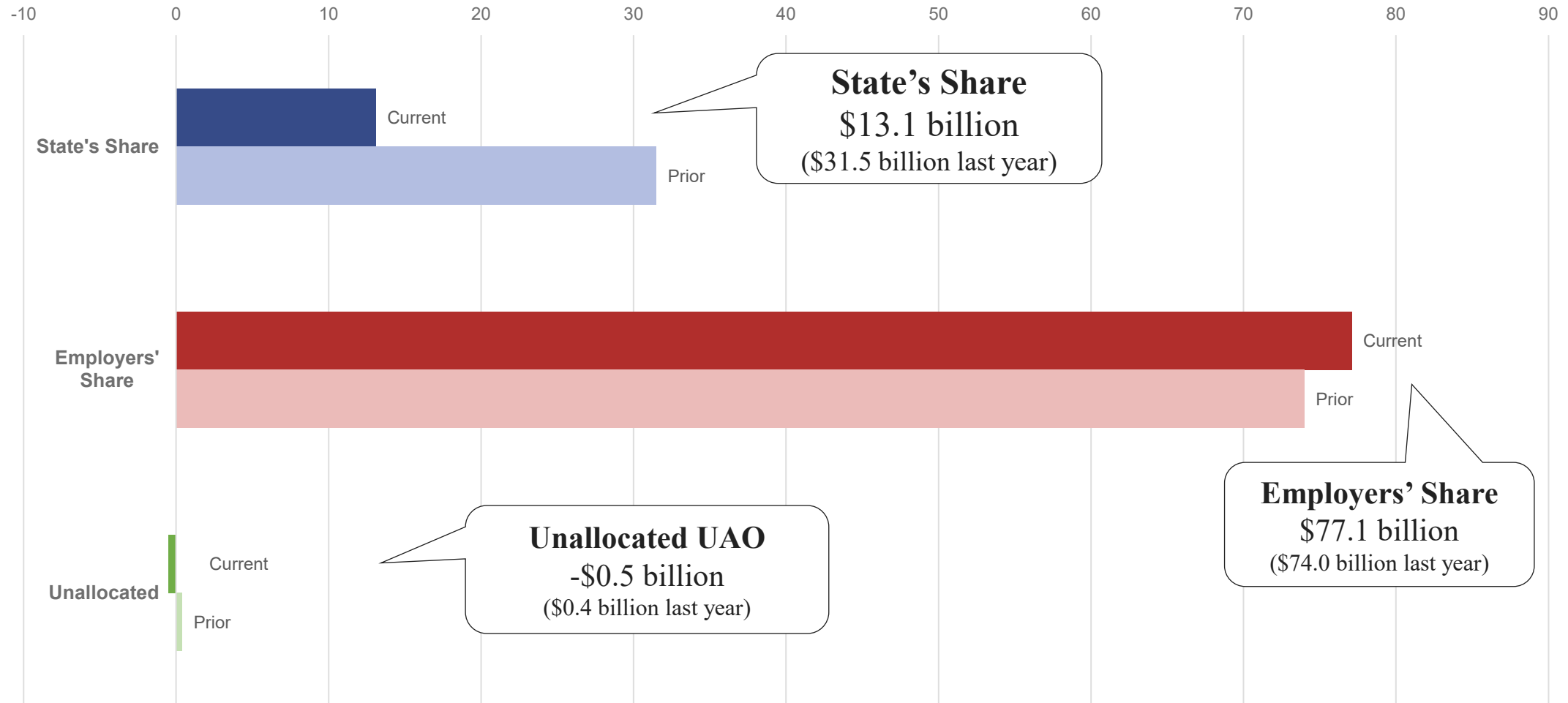
Unfunded Actuarial Obligation



Breakdown of the Unfunded Actuarial Obligation

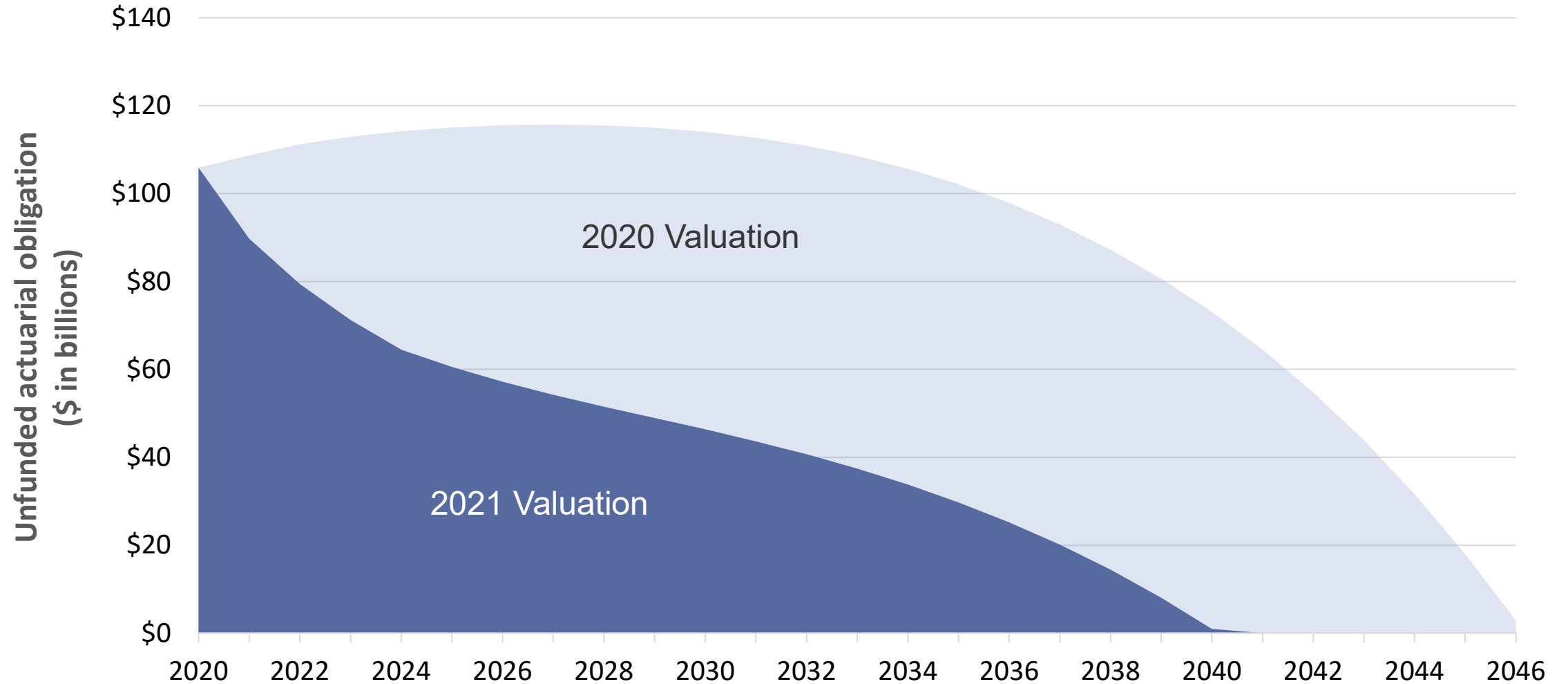
(Based on the June 30, 2021 Actuarial Valuation of the DB Program)

Unfunded Actuarial Obligation (\$89.7 billion)

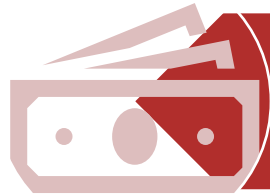


Projected Unfunded Actuarial Obligation

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



Monitoring emerging risks



Price inflation

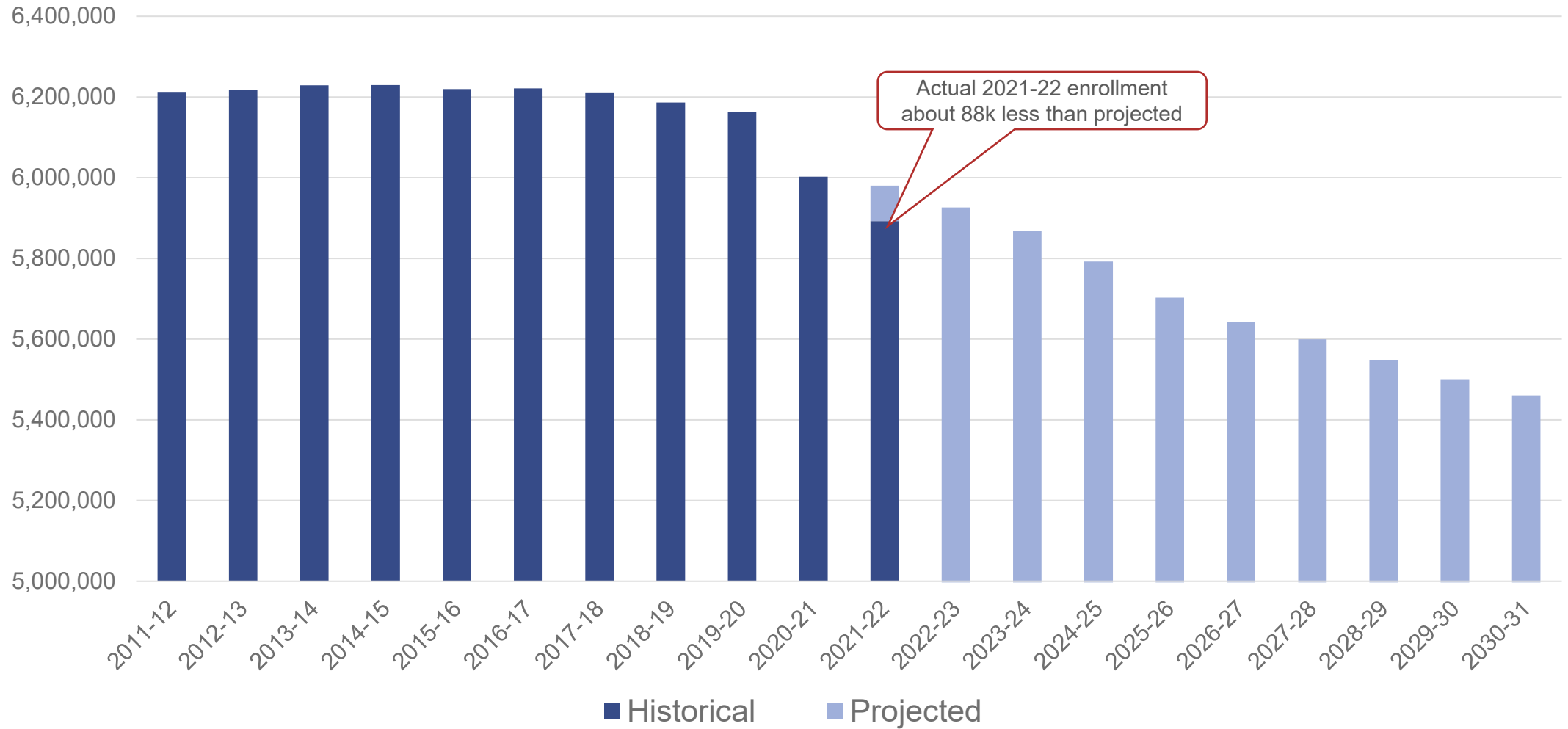


Investment return



K-12 Enrollment

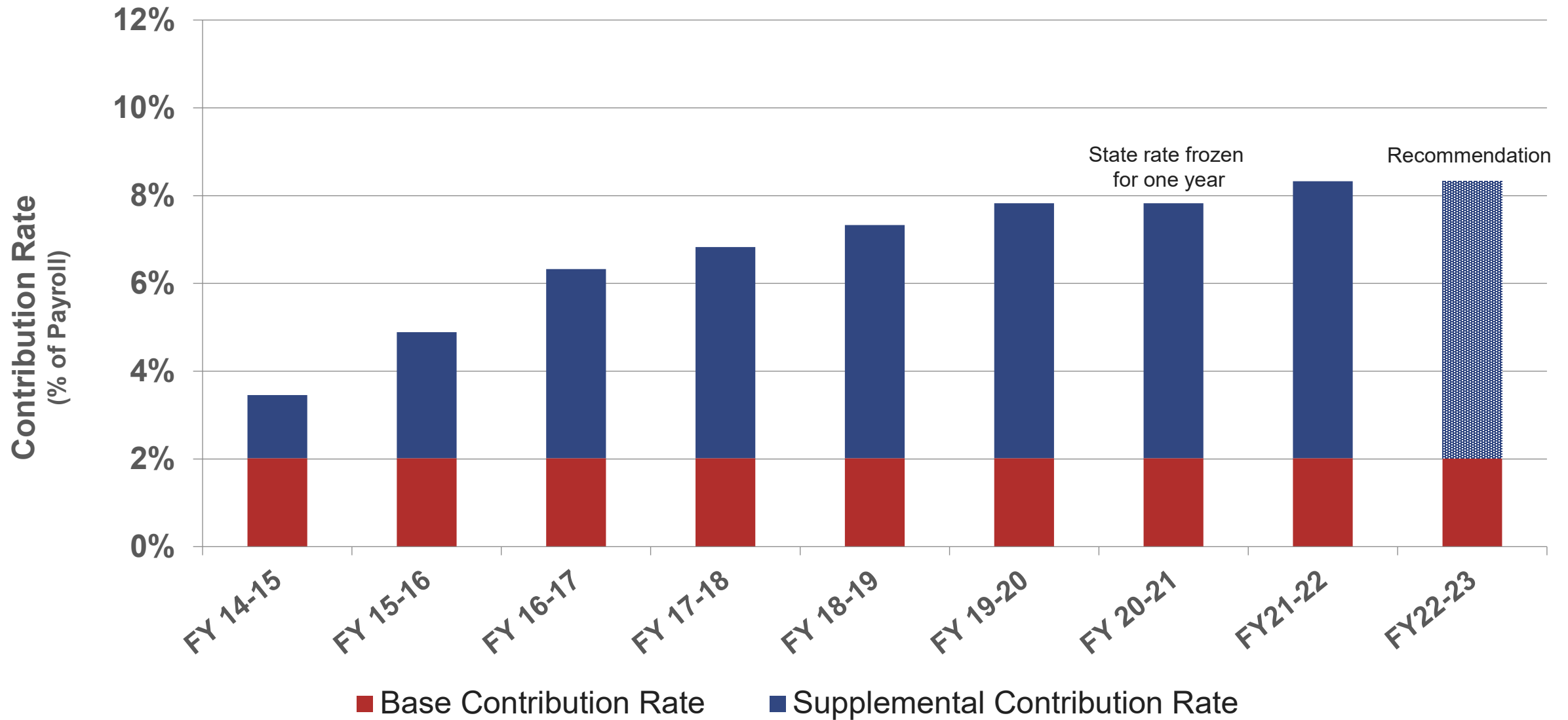
Historical and projected K-12 enrollment



* Projected enrollments based on Department of Finance projections from June 2021

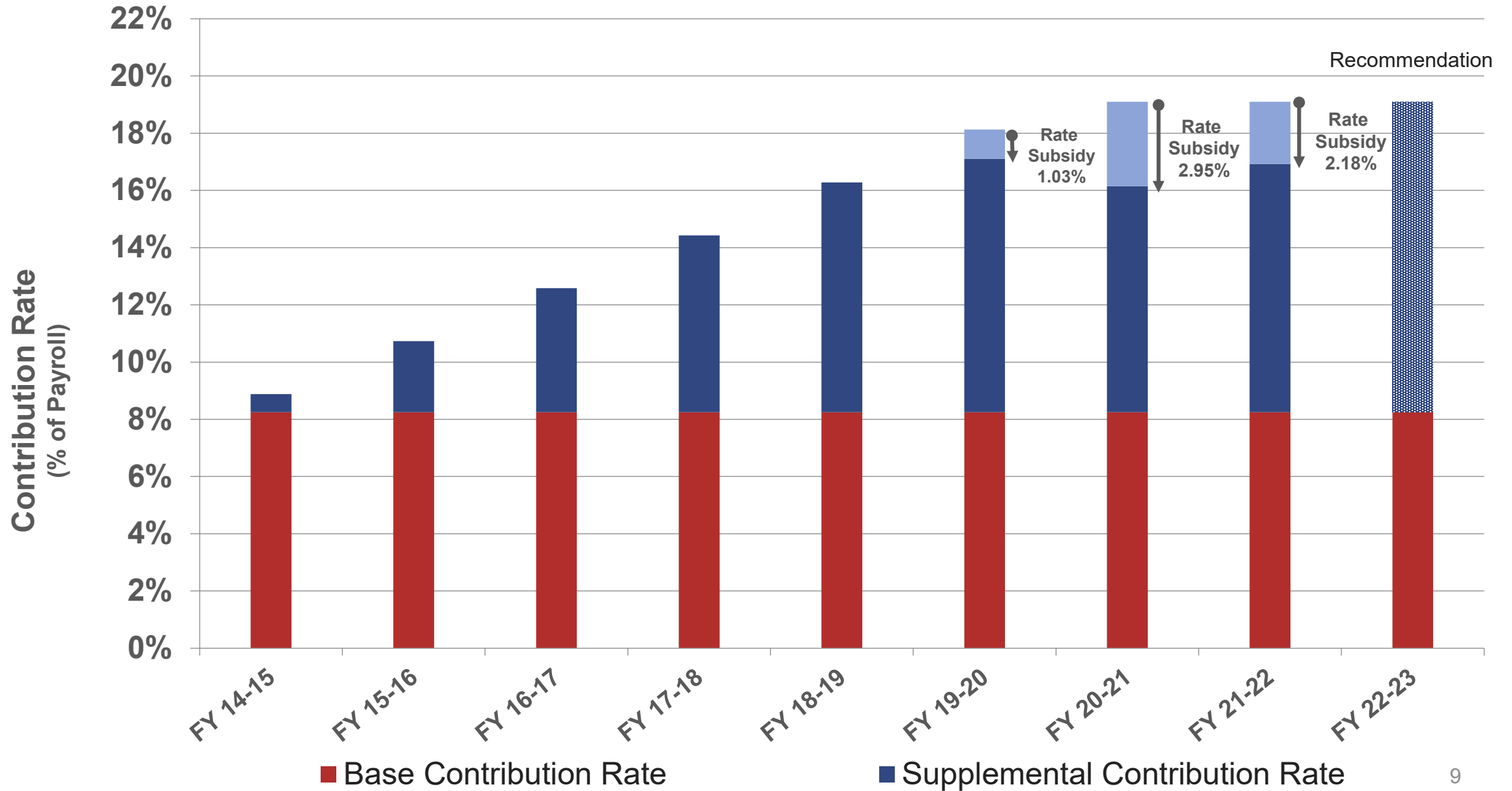
State contribution rates

(Defined Benefit Program Only)



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

Employer contribution rates



Recommendation for board adoption

| | Effective July 1, 2022 |
|---|------------------------|
| State Supplemental Contribution Rate | 6.311% |
| Employer Supplemental Contribution Rate | 10.850% |
| Normal Cost for 2% at 62 Members | 18.150% |