

# Connections



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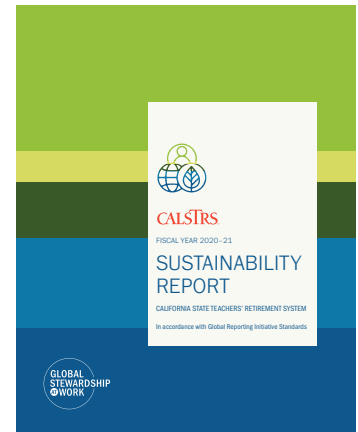
## REACHING YOUR RETIREMENT

SEMIANNUAL PUBLICATION FOR ACTIVE AND INACTIVE CALSTRS MEMBERS

### CalSTRS 2020–21 Sustainability Report

We are pleased to announce the release of our eighth annual *Sustainability Report*. CalSTRS practices sustainable stewardship of the Teachers' Retirement Fund for the financial security of California's educators.

Our report was prepared in accordance with the Global Reporting Initiative Standards—a framework that incorporates stakeholder engagement and feedback into organizational prioritization and report focus. Our key topics reflect our approach to corporate sustainability and business continuity.



**Today, we are better positioned than 10 years ago to be able to react to and absorb the impact of a recession.**

#### CalSTRS' COVID-19 resiliency

We adapted the way we do business to continue providing member benefits on time while supporting our employees. Many of the innovations we employed during the COVID-19 pandemic will carry forward in the future.

#### Member retirement education

We continue to focus on providing our members convenient access to retirement education. We remained available to members via phone and online throughout the year. In-person workshops and group benefits planning sessions were converted to a webinar format.

#### CalSTRS Funding Plan progress

The 27.19% net investment return earned by CalSTRS in 2020–21 has significantly improved projected funding levels. We now expect the Defined Benefit Program to reach full funding sooner than previously projected under current actuarial assumptions.

*continued on page 3*

## CalSTRS mission:

Securing the financial future and sustaining the trust of California's educators

## Teachers' Retirement Board

Harry M. Keiley, Chair  
Sharon Hendricks, Vice Chair  
Keely Bosler  
Denise Bradford  
Fiona Ma  
William Prezant  
Ken Tang  
Tony Thurmond  
Jennifer Urdan  
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Christopher J. Ailman  
*Chief Investment Officer*

## Editor

Laura Martin

## Designer

Casey McCracken

Statements in this publication are general and the Teachers' Retirement Law is complex and specific. Nothing contained in this publication should be construed as legal advice.

If a conflict arises between information contained in this publication and the law, the law prevails.

*CalSTRS Connections* is published twice a year for members of the California State Teachers' Retirement System.

Send your comments or suggestions to:

Editor, Communications  
CalSTRS  
MS 34  
P.O. Box 15275  
Sacramento, CA 95851

 printed on recycled paper

# COVID-19 update: Serving our members remotely

All member services are available via online or telephone sessions, and our Contact Center is taking calls from 8 a.m. to 5 p.m. Monday through Friday. You can send us a secure message through *myCalSTRS* or our online form at [CalSTRS.com/contact-us](https://www.calstrs.com/contact-us). CalSTRS is also offering limited services at our member service center front counters from 8 a.m. to 5 p.m. Monday through Friday.

You can also find the latest updates and answers to most of your questions at [CalSTRS.com](https://www.calstrs.com) or through our publications at [CalSTRS.com/publications](https://www.calstrs.com/publications).

We encourage you to use the online services available through your *myCalSTRS* account, including updating your beneficiary designations, viewing your latest *Retirement Progress Report* and updating contact information. For added convenience, several of our forms can now be signed electronically. If you haven't signed up for *myCalSTRS*, go to [myCalSTRS.com](https://www.mycalstrs.com) and register today for immediate access to your accounts.

Visit our COVID-19 resources page for information on how to access all our services at [CalSTRS.com/covid-19-resources](https://www.calstrs.com/covid-19-resources).



Retirement is one of life's biggest decisions, and we understand the importance of human connection when you make those choices. We continue to offer individual service retirement benefits planning sessions over the phone or online. Check out our webinars designed for midcareer members and members nearing retirement at [CalSTRS.com/webinars](https://www.calstrs.com/webinars). You can also schedule a telephone or Zoom benefits planning session on *myCalSTRS* or by calling 800-228-5453, option 3.



Find information about COVID-19 and how to protect yourself and others:

California Department of Public Health: [cdph.ca.gov](https://www.cdph.ca.gov)  
Centers for Disease Control and Prevention: [cdc.gov](https://www.cdc.gov)

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## CalSTRS 2020–21 Sustainability Report

### Transition to net zero

We are committed to influencing public policies and engaging with companies to mitigate the risks of climate change and promoting an orderly transition to a net zero economy through investments. In September 2021, the Teachers' Retirement Board adopted a pledge to achieve net zero greenhouse gas emissions across the CalSTRS Investment Portfolio by 2050 or sooner.

### Diversity, equity and inclusion

Research demonstrates that the most diverse companies are more likely to outperform less diverse peers on profitability. We participate in diversity and inclusion efforts within our organization and across the investment management industry. We also promote diversity on corporate boards of the companies in which we invest.

The 2020–21 report is available at [CalSTRS.com/sustainability-reports](https://CalSTRS.com/sustainability-reports).

Our members report a high level of trust in CalSTRS. Members participating in our 2021 Annual Member Survey expressed a high level of agreement (75%) with the statement: *CalSTRS is an organization I can trust.*

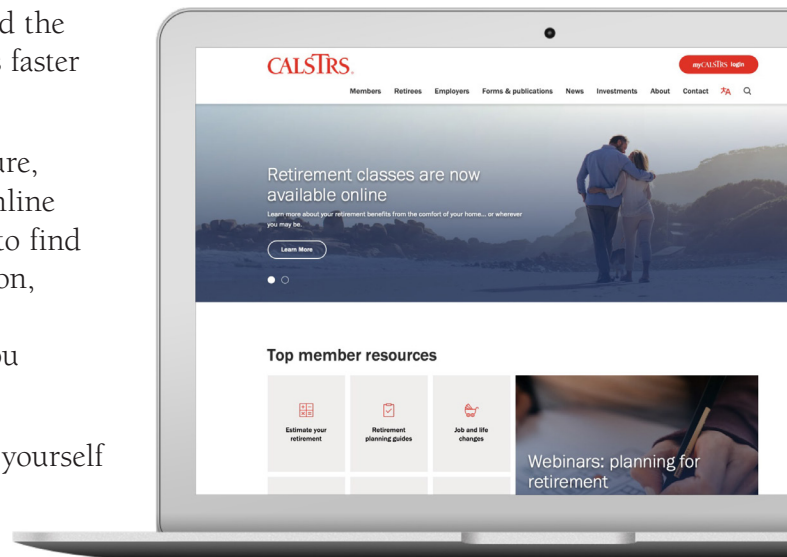
Our data suggests that COVID-19 impacted member service retirements during the 2020–21 fiscal year. The number of service retirements was approximately 9% higher than the previous fiscal year.

## Welcome to the new CalSTRS.com

We've refreshed the look of our website so you can find the information you need about your benefits and services faster and easier.

New features include a new and improved search feature, enhanced accessibility, faster load times and greater online security for our members. We've also made it simpler to find board agendas in the Teachers' Retirement Board section, and the forms section is redesigned with an improved searchability function that makes finding the forms you need easier than ever.

Take time to look around the new site and familiarize yourself with the new functionality and feel at [CalSTRS.com](https://CalSTRS.com).



## One-time death benefit increase

The one-time death benefit is a lump-sum payment made to a beneficiary upon the death of a CalSTRS Defined Benefit Program member. Effective July 1, 2022, the one-time death benefit is \$6,903 if a member dies before retirement under Coverage A and \$27,612 if under Coverage B. If a member dies after retirement, the one-time death benefit is \$6,903 under both Coverage A and Coverage B.

## Subscribe to the CalSTRS Pension Sense blog online

Get helpful information about your benefits, the CalSTRS Investment Portfolio, corporate engagement activities and more by subscribing to our Pension Sense blog at [CalSTRS.com/pension-sense-blog](https://CalSTRS.com/pension-sense-blog).



## Looking for a 403(b) plan to roll over your funds?

A 403(b) supplemental retirement savings plan is one way to set aside additional money for retirement. If you want to roll over funds or start a 403(b) account, visit [403bCompare.com](https://403bCompare.com) to explore your options and easily compare between hundreds of plans.

CALSTRS  
pension 2  
personal wealth plan

## How Pension2 fits into your future

**CalSTRS Pension2® 403(b) and 457(b) plans give you a smart way to build personal savings that complement your CalSTRS retirement benefit.**

- You control how you save and invest.
- Your costs are lower, with no commissions.
- You choose funds to match your investing style.
- Your account can potentially grow tax-deferred with taxes generally not due until money is withdrawn.

**Have funds in your CalSTRS Defined Benefit Supplement account? Roll them over to Pension2 when you retire.**

**Learn more at [Pension2.com](https://Pension2.com).**

**It's your future. Choose Pension2™.**

## Net zero: CalSTRS' holistic approach to climate change

Every day we see a new headline about how climate change is damaging our environment, not just in California, but around the world. At CalSTRS, we believe climate change is one of the biggest threats to our future, and to the long-term sustainability of our investment fund. We have addressed climate risks to the portfolio for nearly 20 years by investing in climate solutions, engaging with companies, and aligning with the global movement to achieve net zero.

In September 2021, the Teachers' Retirement Board committed CalSTRS to a net zero investment portfolio by 2050 or sooner to guard against the worst impacts of climate change, preserve a livable planet and enhance the long-term value of our investments. Net zero means achieving a balance between the amount of greenhouse gases put into the atmosphere and those taken out.

We are not waiting until 2050. We are taking steps now to reduce emissions in our portfolio. We are developing a comprehensive Net Zero Action Plan to establish a baseline of current portfolio emissions, set interim greenhouse gas reduction metrics and targets along the path to net zero, increase investments in low-carbon solutions and drive ongoing change with companies in our portfolio.

CalSTRS is investing \$20 billion in climate-oriented solutions, and these investments are accelerating as we identify new opportunities:

- \$4.2 billion: Dedicated low-carbon strategies in our Public Equities Portfolio.
- \$294 million: Green bonds in our Fixed Income Portfolio.
- \$1.4 billion: Renewable power, agriculture, timberland and LEED-certified structure investments in our Inflation Sensitive Portfolio.
- \$14.2 billion: LEED-certified buildings in our Real Estate Portfolio.

This holistic approach to climate change is important because for every dollar we pay in benefits, about 60 to 65 cents come from investment income. We know our decisions and actions determine our long-term viability and contribute to our ability to secure our members' financial futures. Our net zero pledge ensures we are actively addressing climate change so the fund will be here for future generations of public school educators in California.

Learn more about our approach at  
[CalSTRS.com/path-to-net-zero](https://CalSTRS.com/path-to-net-zero).

## Need an updated benefit estimate?

Did you attend a retirement planning session this past year and now need an updated retirement benefit estimate because circumstances in your life have changed?

Call us at 800-228-5453 and select option 3. Please note, it can take 14 to 21 business days for your updated estimate to arrive in the mail.

This service is only available if you're eligible to retire and previously attended a CalSTRS benefits planning session.



# myCALSTRS

Easy. Fast. Secure.

## Are you within six months of retiring?

### Submit your application online for faster processing

Fill out and submit your *Service Retirement Application* through your myCalSTRS account—it's easy and secure and will expedite the processing time for a faster turnaround. You'll also receive your award letter sooner.

To receive step-by-step instructions from a CalSTRS benefits specialist on how to fill out your *Service Retirement Application* electronically through your myCalSTRS account, join an Online Service Retirement Application Demonstration. Sign up at [CalSTRS.com/benefits-planning](https://CalSTRS.com/benefits-planning).

Learn more about the service retirement application process at [CalSTRS.com/service-retirement-application-process](https://CalSTRS.com/service-retirement-application-process).



## ➤ Don't have a myCalSTRS account?

Go to **myCalSTRS.com** and sign up for convenient, secure online services and 24/7 access to your account information.

## Summary Report to Members

### CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

This summary provides important details regarding your retirement fund.

**Our mission:**  
Securing the financial future and sustaining the trust of California's educators

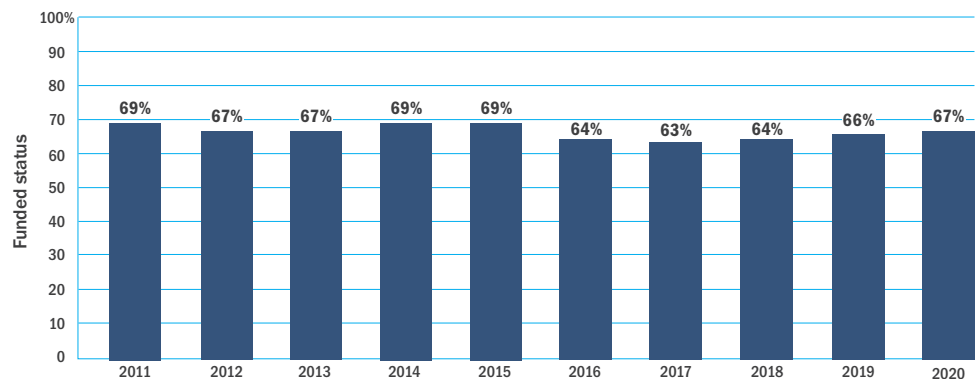
### State Teachers' Retirement Plan Statement of changes in fiduciary net position

(dollars in thousands)

	2021	2020
<b>Additions</b>		
Contributions (member, employer, State of California)	\$13,231,626	\$14,261,938
Investment income	67,521,852	10,773,441
Investment expenses	(483,232)	(670,363)
Other income	90,454	101,423
<b>Total additions</b>	<b>\$80,360,700</b>	<b>\$24,466,439</b>
<b>Deductions</b>		
Benefits and refunds	\$16,708,128	\$16,024,677
Administrative expenses	251,556	218,868
Borrowing costs	89,604	94,689
Other expenses	1,703	6,349
<b>Total deductions</b>	<b>\$17,050,991</b>	<b>\$16,344,583</b>
<b>Increase in net position</b>	<b>63,309,709</b>	<b>8,121,856</b>
<b>Net position restricted for pensions</b>		
Beginning of the year	\$246,983,744	\$238,861,888
<b>End of the year</b>	<b>\$310,293,453</b>	<b>\$246,983,744</b>

### Defined Benefit Program funded ratio

The June 30, 2020, actuarial valuation, which is the most recent valuation available, showed an increase of \$172 million in the unfunded actuarial obligation of the DB Program to a total of \$105.9 billion and an increase in the funded ratio from 66.0% to 67.1%. This increase is primarily attributable to increased contributions resulting from increased contribution rates per the CalSTRS Funding Plan. The funded ratio, which is the amount of assets on hand to pay for obligations, is projected to gradually increase under the funding plan as contributions increase, with steady progress toward full funding by 2046.



Your reward—a secure retirement.  
Our reward—getting you there.

## Defined Benefit Program

### Membership in 2021

Fiscal year	2021	2020
Active members	429,681	448,419
Inactive members	230,770	213,056
<b>Total active and inactive members</b>	<b>660,451</b>	<b>661,475</b>
Service retirement benefits	281,302	276,070
Disability benefits	9,973	10,095
Survivor benefits	29,138	28,353
<b>Total retirees and beneficiaries</b>	<b>320,413</b>	<b>314,518</b>
<b>Total members, retirees and beneficiaries</b>	<b>980,864</b>	<b>975,993</b>

### Average active member age and years of service

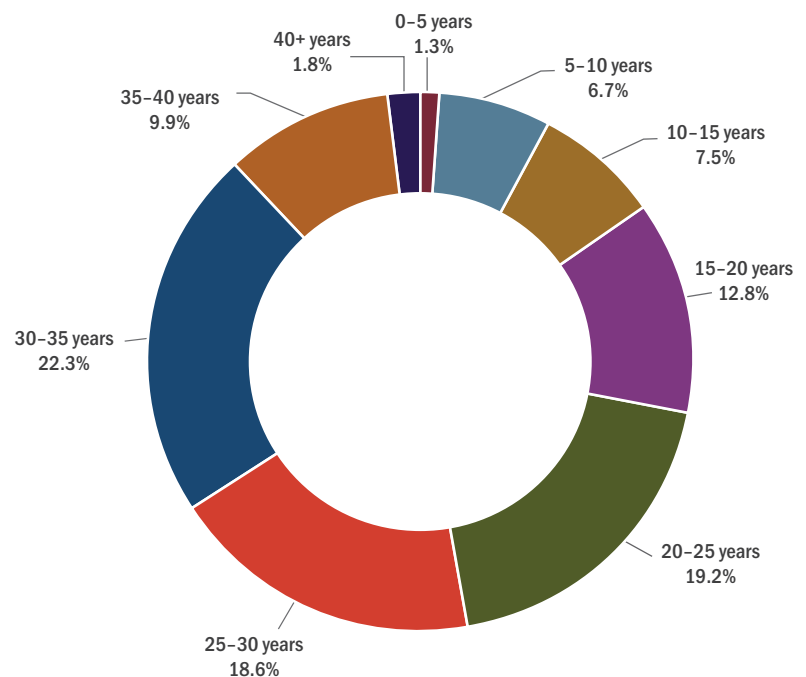
Fiscal year	2021	2020
Average age	45.4	45.3
Average years of service	12.9	12.4
Average annual salary	\$83,289	\$80,182

For more details, find the *Annual Comprehensive Financial Report* and the *Popular Annual Financial Report* at [CalSTRS.com/publications](http://CalSTRS.com/publications). The *Popular Annual Financial Report* contains information extracted from the *Annual Comprehensive Financial Report* and is designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

### Members retiring in 2021

Fiscal year	2021	2020
Number retiring	12,785	11,706
Average age	63.2	63.3
Average years of service	24.7	24.3
Average annual final compensation	\$98,880	\$95,376
Average annual Member-Only Benefit	\$57,756	\$55,368

### Years of service retirement in 2021





# Securing your financial future

CalSTRS' primary goal is to maintain a financially sound retirement system. CalSTRS' 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 compared 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 Generally Accepted Accounting Principles. For more current investment information, as well as videos detailing key aspects of the investment portfolio, see [CalSTRS.com](http://CalSTRS.com).

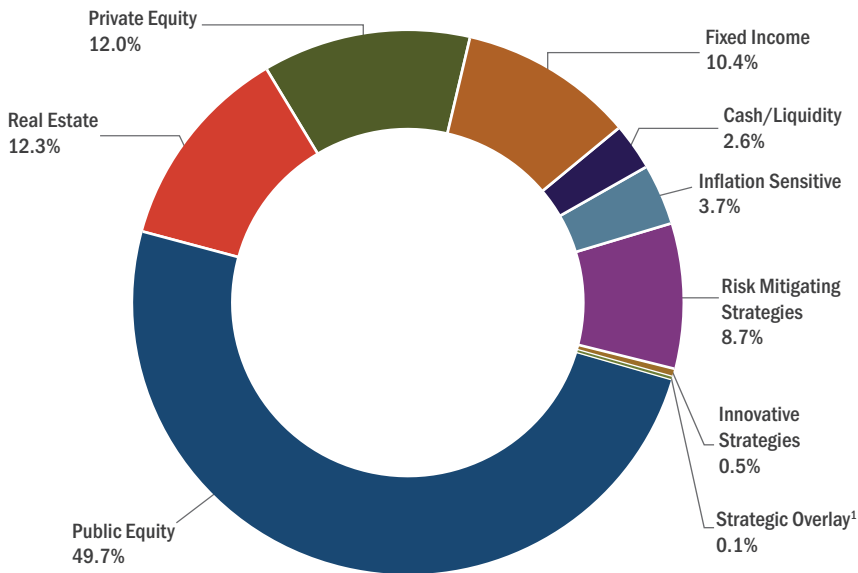
## Investment allocation

The Teachers' Retirement Board adopts long-term strategic allocation targets to be implemented over several years. The following charts provide the distribution of the State Teachers' Retirement Plan investments based on portfolio allocation and market value of investments.

## Asset allocation

### Total investment portfolio of \$308.6 billion

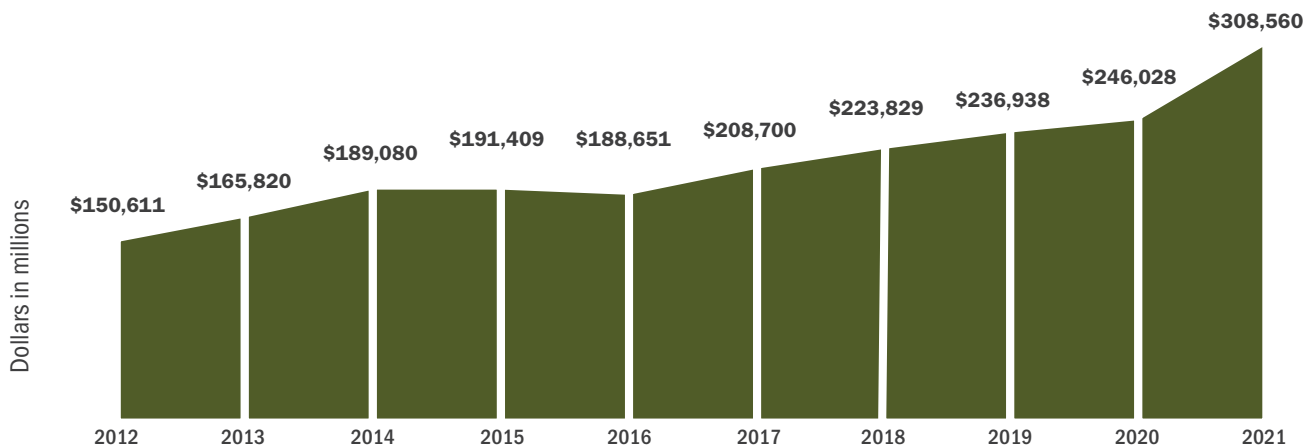
as of June 30, 2021



<sup>1</sup>Strategic Overlay consists of the Currency Management Program and Derivative Overlay.

## Market value of investments

(fiscal years ended June 30)

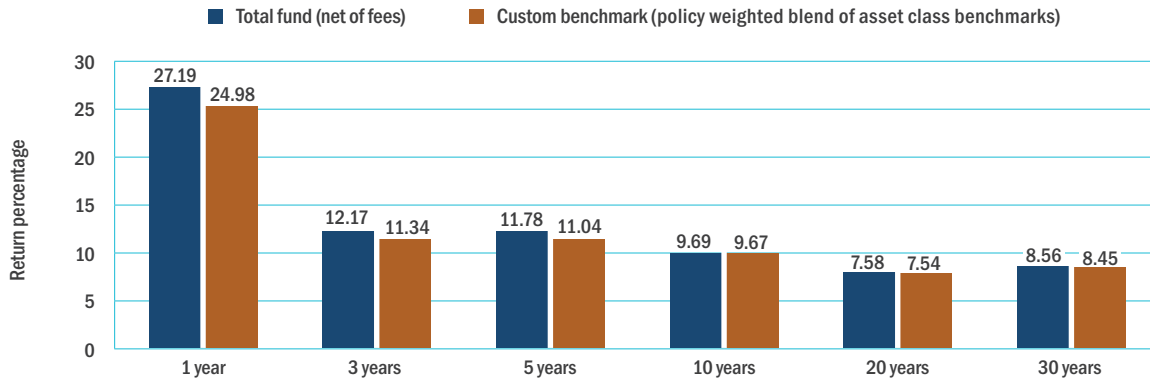


# Securing your financial future (continued)

The following charts show CalSTRS' returns versus custom benchmarks as of June 30, 2021. Benchmarks are goals and standards used to measure investment performance.

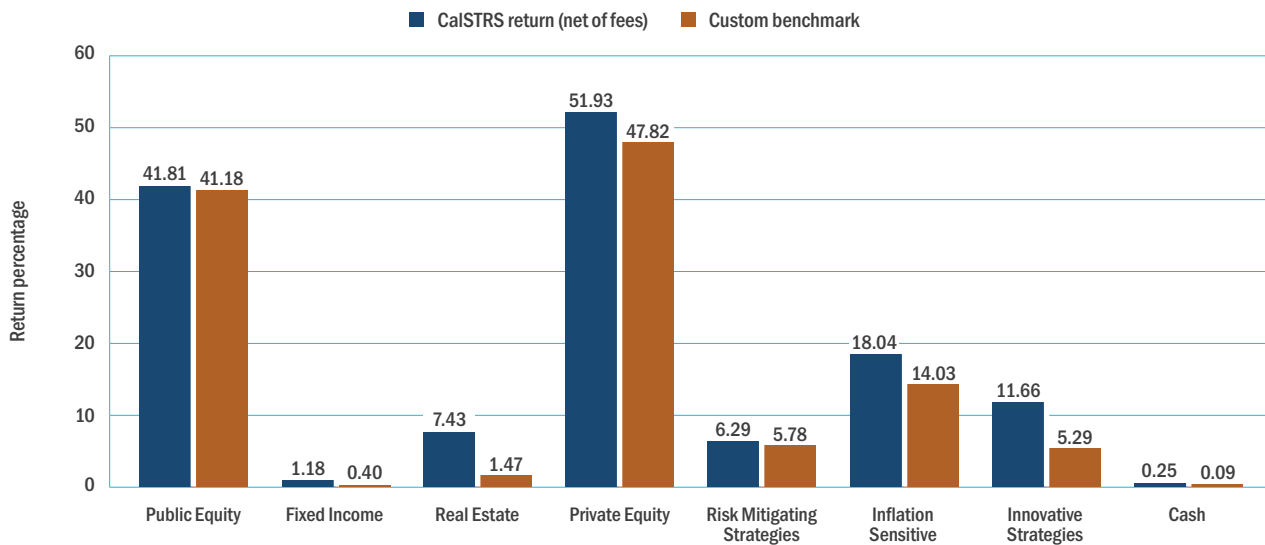
## Time-weighted returns

as of June 30, 2021



## One-year time-weighted returns by portfolio types

as of June 30, 2021



### CalSTRS resources



#### WEB

**CalSTRS.com**  
Click *Contact Us* to email

**myCalSTRS.com**

**403bCompare.com**

**Pension2.com**

#### STAY CONNECTED



#### CALL

Monday through Friday  
8 a.m. to 5 p.m.

800-228-5453  
Calls within the U.S.

916-414-1099  
Calls from outside the U.S.

888-394-2060  
CalSTRS Pension2®  
Personal wealth plan

844-896-9120 (toll free)  
CalSTRS Compliance and Ethics Hotline  
[CalSTRShotline.ethicspoint.com](http://CalSTRShotline.ethicspoint.com)



#### WRITE

**Postal mail**  
CalSTRS  
P.O. Box 15275  
Sacramento, CA  
95851-0275

**Overnight delivery to  
CalSTRS Headquarters**  
100 Waterfront Place  
West Sacramento, CA  
95605



#### VISIT

Find your nearest CalSTRS office  
at [CalSTRS.com/localoffices](http://CalSTRS.com/localoffices).

Call ahead to verify the hours  
and services of your local office.



#### FAX

916-414-5040

# Board News



## Board highlights available online

CalSTRS offers an easy-to-read downloadable summary of board meeting highlights that is posted online after each meeting. You can view the summary at [CalSTRS.com/board-highlights](https://www.calstrs.com/board-highlights).

The Teachers' Retirement Board meeting video archive can be found at [CalSTRS.com/board-meeting-video-archive](https://www.calstrs.com/board-meeting-video-archive).

## Governor announces appointment to Teachers' Retirement Board

In November 2021, Governor Newsom appointed Ken Tang to the Teachers' Retirement Board. Tang is the school board representative appointed by the Governor to the 12-member board, and his term lasts through December 31, 2023. The appointment is subject to Senate confirmation. More information about Tang's appointment is available on the Governor's website at [gov.ca.gov](https://www.gov.ca.gov).

## Teachers' Retirement Board reelects chair Keiley, vice chair Hendricks

At the Teachers' Retirement Board meeting on May 4, the board reelected Harry M. Keiley as chair and Sharon Hendricks as vice chair of the board for the fiscal year 2022–23 term. The 12-member board nominates and elects its chair and vice chair annually, and the newly elected officers assume their posts immediately.

## CalSTRS selected as a best place to work in money management for seventh time

CalSTRS was named a Best Place to Work in Money Management in 2021 by *Pensions & Investments* magazine for the seventh time and sixth consecutive year.

*Pensions & Investments*, the global news source of money management, recently presented the results of its 10th annual survey and recognition program dedicated to identifying and recognizing the best employers in the money management industry.

"This is an honor that recognizes CalSTRS' commitment to providing a positive, diverse and inclusive culture that brings out the best in our talented team members," said Chief Investment Officer Christopher J. Ailman. "It shows that our employees are engaged, motivated and resilient, especially during these trying times."

This is CalSTRS' seventh recognition in the award's 10 years. CalSTRS was also a recipient of the award in 2020, 2019, 2018, 2017, 2016 and 2013.

A complete list of winners of the 2021 Best Places to Work in Money Management award can be found at [pionline.com](https://www.pionline.com).



HOW WILL YOU SPEND YOUR FUTURE?

### CalSTRS resources

- WEB** [CalSTRS.com](http://CalSTRS.com)  
Click [Contact Us](#) to email
- [myCalSTRS.com](http://myCalSTRS.com)
- [403bCompare.com](http://403bCompare.com)
- [Pension2.com](http://Pension2.com)
- 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 (toll free)**  
CalSTRS Compliance and Ethics Hotline  
[CalSTRShotline.ethicspoint.com](http://CalSTRShotline.ethicspoint.com)
- WRITE** **Postal mail**  
P.O. Box 15275  
Sacramento, CA 95851-0275
- Overnight delivery to**  
**CalSTRS Headquarters**  
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West Sacramento, CA 95605
- VISIT** Find your nearest CalSTRS office  
at [CalSTRS.com/localoffices](http://CalSTRS.com/localoffices).
- Call ahead for the hours and services  
of your local office.
- FAX** **916-414-5040**

STAY CONNECTED



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## Moved or planning a move soon?

### Two ways to update your contact information:



myCalSTRS makes it easy. From the homepage, select *Update Your Profile*, then follow the instructions.

➤ [myCalSTRS.com](http://myCalSTRS.com)



Complete the *Address Change Request* form, sign, date and mail it to us.

➤ [CalSTRS.com/forms](http://CalSTRS.com/forms)

- For your security, when you update your mailing or email address, we will send you a letter and an email confirming the update. Make sure we have your personal email address so we'll be able to reach you.

### CalSTRS website security update

We have updated our website security features. Our website no longer supports out-of-date internet browsers. A popup message will prompt you to update your browser if it is outdated.