CALSTRS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Fact Sheet

CalSTRS Funding Levels and Contribution Rates

CalSTRS Defined Benefit Program

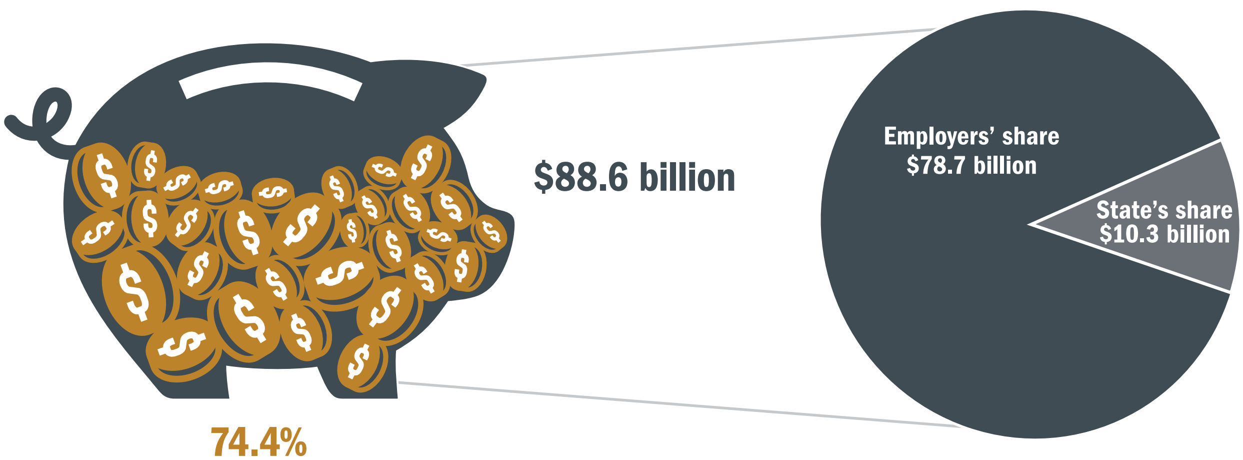
(as of the June 30, 2022, actuarial valuation)

Funded status

(based on the actuarial value of assets)

Unfunded actuarial obligation*

(based on the actuarial value of assets)



* The unfunded actuarial obligation graphic does not include the unallocated amount, which is negative $0.4 billion.

CalSTRS funded status and funding plan

The funded status is the ratio of CalSTRS' assets to the value of educators' promised benefits. An unfunded actuarial obligation (UAO) exists when the system's obligations exceed its assets. The CalSTRS Funding Plan—Assembly Bill 1469 (Chapter 47, Statutes of 2014)—was adopted to address the UAO and put the Defined Benefit Program on the path to full funding by June 30, 2046, through incremental shared contribution increases among the program's three contributors: CalSTRS members, employers and the State of California. The plan also distributes the responsibility to pay down the UAO between the state and employers and gives the Teachers' Retirement Board limited rate-setting authority.

Contribution rates

Below is a table showing the contribution rates for the state, employers and members that have been in place since the adoption of the funding plan. Projected rates in shaded areas are estimates that do not reflect the 2022–23 investment performance. They also could be affected by future investment performance, demographic changes and actuarial assumption changes. Changes in the contribution rates from the 2019–20, 2020–21 and 2021–22 state budgets are also included. The Teachers' Retirement Board voted to keep contribution rates at existing levels for fiscal year 2023–24 for the state and for employers at its May 2023 meeting.

Fiscal year begin	State[1]	Employers[2]	2% at 60 members	2% at 62 members[3]
2014	3.54%	8.88%	10.25%	8.15%
2015	4.891%	10.73%	10.25%	8.56%
2016	6.328%	12.58%	10.25%	9.205%
2017	6.828%	14.43%	10.25%	9.205%
2018	7.328%	16.28%	10.25%	10.205%
2019	7.828%	17.10%	10.25%	10.205%
2020	7.828%	16.15%	10.25%	10.205%
2021	8.328%	16.92%	10.25%	10.205%
2022	8.328%	19.10%	10.25%	10.205%
2023	8.328%	19.10%	10.25%	10.205%
2024	≈8.3%	≈19%	10.25%	10.205%

On behalf of employers, the state made supplemental pension payments to CalSTRS in 2019–20 and redirected approximately $1.6 billion of the supplemental payments for short-term rate relief in 2020–21 and 2021–22. As a result, the employer contribution rates for 2019–20 and 2020–21 were reduced from the rates originally established in the funding plan by 1.03% and 2.95%, respectively. Furthermore, in 2021–22, the rate was reduced by 2.18% from the 19.10% rate that was set by the board in June 2021. In May 2022 and May 2023, the board voted to keep the employer rate at 19.10% for the third year in a row. No additional rate relief was provided by the state.

The 2020–21 state budget suspended the board's rate-setting authority for the state contribution rate for 2020–21, and the rate increase adopted by the board in May 2020 did not go into effect. Instead, the state rate remained at 7.828% in 2020–21. To ensure CalSTRS was made whole, the state transferred a total of $881 million using General Fund and Proposition 2 revenues to bridge the gap and further reduce the state's share of CalSTRS UAO. The board also voted to keep the state contribution rate at 8.328% for 2022–23 and 2023–24 in May 2022 and May 2023, respectively. Although it's expected the state contribution rate will stay at existing levels through fiscal year 2028–29, it's important to note the state contribution rate could be materially impacted by future investment performance.

1 Additionally, the state contributes 2.5% to the Supplemental Benefit Maintenance Account.

2 Employer contribution rates are set in statute through 2020–21, and starting in 2021–22, the funding plan provides the board with limited employer rate-setting authority.

3 The contribution rate for CalSTRS 2% at 62 members is equal to one half of the normal cost pursuant to the Public Employees' Pension Reform Act of 2013 (PEPRA) plus 1.205% and could change if the normal cost increases or decreases by more than 1% from the normal cost as of the June 30, 2017, actuarial valuation.