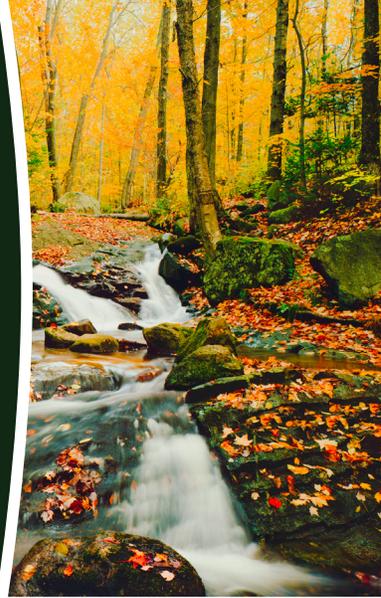


Inside:

- 2 COVID-19 update: Serving our members remotely
- 4 Have you named your one-time death benefit recipient yet?
- 5 CalSTRS annual Member Satisfaction Survey results
- 6 myCalSTRS: Access CalSTRS online services 24/7
- 9 How Pension2 fits into your future
- 14 Board News

CALSTRS Connections



YOUR MONEY MATTERS

SEMIANNUAL PUBLICATION FOR ACTIVE AND INACTIVE CALSTRS MEMBERS



Cassandra Lichnock announced as new CalSTRS CEO

In May, the Teachers' Retirement Board announced the appointment of Cassandra Lichnock as CalSTRS' new chief executive officer effective July 1, 2021. CalSTRS is the world's largest educator-only pension fund, with a more than 70% female membership. Lichnock is the fund's first female CEO—an important milestone demonstrating the board's commitment to diversity and inclusion.

As CEO, Lichnock will build and execute strategy, deliver on operational excellence, and forge a strong relationship with the board. She will continue her leadership in modernizing CalSTRS systems and processes, build on our commitment to sustainability and diversity, and focus on evolving CalSTRS workplace culture as we plan for a post-pandemic future.

"Cassandra's experience and knowledge of CalSTRS operations and culture will ensure a smooth transition and continuity for our members, employees and stakeholders," said board chair Harry Keiley. "She is the right choice to continue partnering with the board, staff and executives to deliver on our mission to provide a secure retirement to California's educators."

Lichnock joined CalSTRS in 2008 as the human resources executive officer and served as chief operating officer since 2013 overseeing the Audit Services, Enterprise Strategy Management, Administrative Services, Benefits and Services, Public Affairs, and Technology Services divisions as well as the Office of the Ombuds. She advised the board and the CEO, ensuring that the most complex and critical operational issues and policy matters impacting the system were developed and implemented consistent with CalSTRS mission, vision and values.

Also inside:

View your 2020-21 Retirement Progress Report on myCalSTRS page 3

Teacher Talk: Spotlight on California's educators

See page 7

continued on page 13

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
Joy Higa
Fiona Ma
William Prezant
Tony Thurmond
Jennifer Urdan
Karen Yamamoto
Betty Yee

Cassandra Lichnock
Chief Executive Officer

Christopher J. Ailman
Chief Investment Officer

Editor

Laura Martin

Designer

Juliann Binder

Statements in this publication are general and the Teachers' Retirement Law is complex and specific. If a conflict arises between information contained in this publication and the law, any decisions will be based on the law.

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

We are in the process of planning our approach to reopening in-person services at our member service centers. 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). We will respond as quickly as possible.

You can also find answers to most of your questions through [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.calstrs.com) and register today for immediate access to your accounts.

Planning for the future? Our webinars feature financial planning strategies designed with you in mind, for every stage of your career. Sign up for a free webinar today 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.

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).

➤ **Go to [CalSTRS.com](https://www.calstrs.com) for the latest updates.**



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)

Keep track of your account and service credit balance

View your 2020–21 Retirement Progress Report on *myCalSTRS*

Your *Retirement Progress Report* for 2020–21 is now available online. It's important to keep an eye on your CalSTRS account and service credit balances by reviewing your report every year. Log on to your secure *myCalSTRS* account at **myCalSTRS.com**, select *View Your Retirement Progress Reports* and then select the year. You can also:

- Use the online glossary if you have any questions about terms used in the report.
- Select the *Employer Detail* screen to view a breakdown of your earnings, contributions, compensation earnable and service credit by employer and by assignment.

In support of our commitment to sustainability, CalSTRS securely delivers your annual *Retirement Progress Report* to your *myCalSTRS* account, reducing paper and postage costs. If you want a printed version of next year's report mailed to you, submit the *Retirement Progress Report Delivery Preference* form, available at **CalSTRS.com/forms**, by July 1, 2022.

- If you're age 45 or older, your report will include two estimates of your retirement benefits.
- Contact your employer immediately if you believe there's a discrepancy in your report.
- Check your *Retirement Progress Report* to confirm that you have designated your one-time death benefit recipient. If you need to update your beneficiary, complete the *Recipient Designation* form online through your *myCalSTRS* account or download a form at **CalSTRS.com/forms**.



To learn more about the information included in your report, watch the *Your CalSTRS Retirement Progress Report* video at **CalSTRS.com/member-benefit-education**.

Have you received unsolicited email about CalSTRS retirement planning?

When communicating via email, a CalSTRS representative will always have “@CalSTRS.com” in the email address—for example: noreply@CalSTRS.com. We will never ask for your personal information in an unsolicited email or other type of electronic communication.



Lisa Blatnick appointed CalSTRS chief operating officer

CalSTRS appointed Lisa Blatnick as chief operating officer effective August 16, 2021. She replaces Cassandra Lichnock, who became CalSTRS' chief executive officer on July 1, 2021.

As COO, Blatnick will oversee Audit Services, Enterprise Strategy Management, Administrative Services, Benefits and Services, Public Affairs, Technology Services and the Office of the Ombuds. She will also serve as a key advisor to the Teachers' Retirement Board and CEO and will ensure the most complex and critical operational issues and policy matters impacting the retirement system are developed and implemented in a manner consistent with CalSTRS' mission, vision and values.

Blatnick served as chief of administrative services since August 2015, leading human resources, procurement, facilities management, business continuity and sustainability. She has played an instrumental role in numerous high-profile projects, including the expansion of the headquarters office in West Sacramento and management of internal resources that support an investment strategy known as the CalSTRS Collaborative Model, which brings more assets internally to reduce costs.

She joined CalSTRS in September 2003 as a facilities coordinator and has nearly 28 years of experience working for the state of California. She also held the position of director of facilities management and procurement before becoming chief of administrative services. Prior to joining CalSTRS, Blatnick worked at the Legislative Counsel Bureau and the Office of Criminal Justice Planning in human resources and facilities management-related positions. Blatnick will lead CalSTRS' transition to a blended work environment, which will include in-office and remote work, with a focus on preserving workplace culture and collaboration.

Blatnick is a native of Sacramento and holds certificates in human resource management and labor-management relations from the University of California, Davis.

Have you named your one-time death benefit recipient yet?

If you haven't named your one-time death benefit recipient, just log on to your *myCalSTRS* account and select *Manage Your Beneficiary Selections*. You may name one or more recipients for the one-time death benefit—a person, trust, charity, estate, parochial institution, corporation or public entity.

When you use *myCalSTRS* to complete your *Recipient Designation* form, you and your spouse or registered domestic partner can now electronically sign through DocuSign. DocuSign does not require *myCalSTRS* registration for your spouse or registered domestic partner.

Melissa Norcia appointed CalSTRS chief administrative officer

Melissa Norcia was recently appointed as CalSTRS' chief administrative officer effective September 15, 2021. She replaces Lisa Blatnick, who became CalSTRS' chief operating officer in August 2021.

Norcia will lead human resources, procurement, facilities management, business continuity and sustainability. She will also partner with the chief operating officer and other executives in overseeing multiple mission-critical projects, such as the expansion of the headquarters office in West Sacramento and management of internal resources that support an investment strategy known as the CalSTRS Collaborative Model, which brings more assets internally to reduce costs.

Norcia joined CalSTRS in 2009 as the equal employment opportunity officer and was promoted to various leadership roles before being appointed as director of human resources in 2015. She also served as staff support to the Teachers' Retirement Board Compensation Committee. Her leadership experience includes growing and managing various human resources programs, including EEO, talent management, payroll and benefits, workforce development and planning, executive compensation, diversity and inclusion, organizational development and operations.

Norcia is a native of Sacramento and holds certificates in labor-management relations and human resources development and management from the University of California, Davis.

CalSTRS annual Member Satisfaction Survey results

Earlier this year, we conducted our annual Member Satisfaction Survey to gain insight into your experiences with the delivery of CalSTRS benefits and services. Similar to prior years, we asked a random sample of active and retired members about their overall satisfaction with CalSTRS.

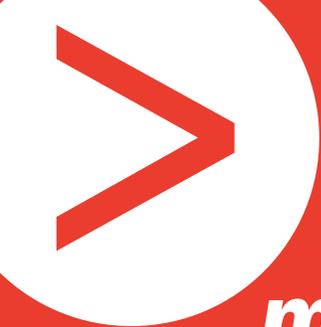
Consistent with previous survey results, 75% of members who responded reported "CalSTRS is an organization I can trust." Both active and retired members indicated retirement planning, the cost of health care and the state of the economy were all major drivers of confidence in their financial needs being met in retirement.

Other findings from the survey—specific to members 49 and younger—include:

- 62% report mortgage payments as the main financial obligation preventing them from saving sufficiently for retirement
- 59% need additional income to meet their financial goals in retirement
- 34% are confident they have enough money to live comfortably throughout their retirement years
- 21% are knowledgeable about their CalSTRS defined benefits



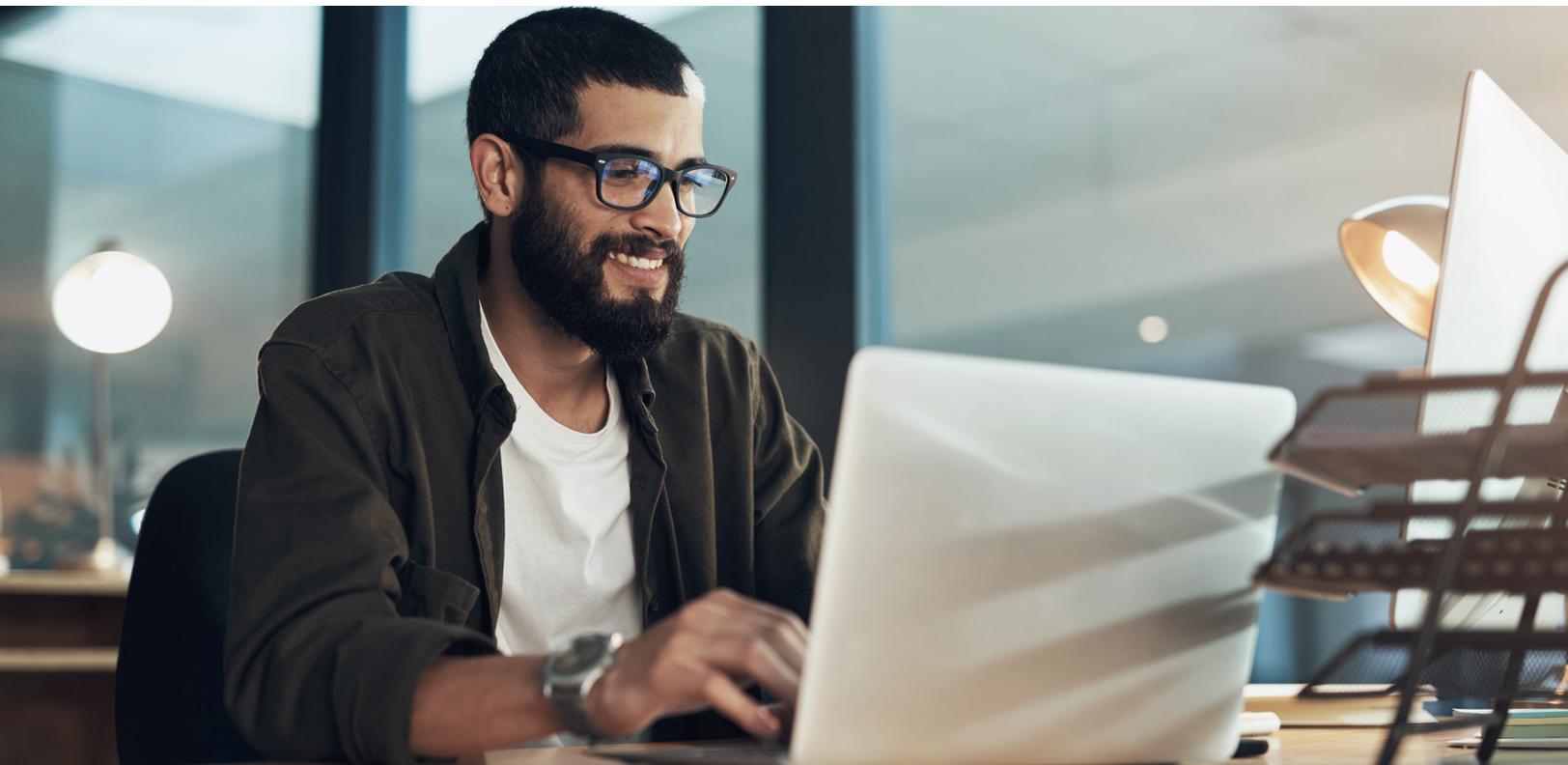
- **Survey results were presented to the Teachers' Retirement Board in September. Read the results by visiting [CalSTRS.com/teachers-retirement-board](https://www.calstrs.com/teachers-retirement-board) and click the *Public Meeting Notices and Agendas* link.**



myCALSTRS

Access CalSTRS online services 24/7

myCalSTRS offers easy, secure and convenient access to your accounts and CalSTRS forms, anytime, anywhere. Register at [myCalSTRS.com](https://mycalstrs.com).



With myCalSTRS, you can:

- Update your contact information.
- Access your annual *Retirement Progress Report* and view information reported by your employer.
- View your account balances.
- Name and update your one-time death benefit recipient.
- Complete and submit forms.
- Link your CalSTRS Pension2® 403(b) or 457(b) account, if you have one.
- Ask questions about your accounts and receive prompt, secure answers.
- Request e-delivery of newsletters, notifications and statements.

> Need help registering?

View the self-paced, interactive online registration guide at mycalstrs.com.

You'll find help with resetting your password at calstrs.com/mycalstrs-help-videos.

Teacher Talk: Spotlight on California's educators

Teacher builds love of woodworking into decades of advocating for vocational skills



Lance Gunnensen

Trades and industry instructor
El Dorado High School, Placerville
CalSTRS member, 27 years

Lance Gunnensen knows he's teaching his students skills they can use straight out of high school and beyond. As a trades and industry instructor at El Dorado High School in Placerville, he teaches everything from woodworking technology to engineering and design for grades 9 through 12. He also spends a fair amount of his time as an advocate of career and technical education.

He's a board member of the California Industrial and Technical Education Association. The group provides workshops and conferences for educators in career technical education across the state.

"Students who are graduating from our schools can readily find good employment and a good career in any of the trades," Gunnensen said. "There's an absolute dearth of trained technically skilled people in every single trade in California and career and technical education helps meet that need. Whether that's teaching students skills that lead through college to be an architect or an engineer or teaching skills for a career in skilled trade directly out of high school. We still need auto mechanics and people who can build cabinetry and homes and people who can fix and repair things."

How has your work changed during the pandemic?

Gunnensen said it's difficult to teach a hands-on program online. "But there's a great deal of what we call hands on,

minds on learning to do as well. I started with lots of videos and our safety training program. Of course, there is academic work in the career tech programs in the high schools all around the state. So that's how I got through the first part of the year, going through those academic skills in math, science and writing."

The high school switched to a hybrid model, with some time with online learning and some in-person learning, with smaller classes in person.

"And boy do they love it. Students figured out they really miss school, and they loved my program anyway. They've been really interested in our classes and they're happy to be back."

Why did you become a teacher?

"I've been teaching most of my life. I just enjoy teaching, no matter what the subject. I did come from industry, where I made furniture and cabinets and did home construction to put myself through college. I always enjoyed making things. When I realized I could put my passion for making and teaching together, it was the obvious choice to become a trades teacher."

continued on page 8

Teacher Talk: Spotlight on California's educators

Teacher builds love of woodworking into decades of advocating for vocational skills

Gunnerson got his start as a substitute teacher in woodshop. "I think that was a way to give back what woodworking in high school had done for me. It turned my life around for the positive. Because of my woodworking classes, I felt competent and confident about learning, which inspired me to go to college."

How long have you been teaching?

Gunnerson has been teaching in public schools for 27 years, but before that, he also taught outdoor education programs for years. He also taught professional development and team building experiences for youth, college students and professionals.

What's one thing you're proud of as a teacher?

"The reason I got into teaching was to help students be successful in life. I can say that every student who I've had an impact on—whether they've gone into one of the trades as a profession or not—any student I've made a connection with, that makes me feel good. I've had students who write or call me years after graduation and tell me that I helped them in some profound way—that makes me proud."

What's something fun about you?

Gunnerson was featured on "Shop Class," a television show on Disney+. "Someone from the show called me out of the blue and ask if I'd like to do this show they were producing.

I was recommended to them by a fellow teacher and I still don't know who that was."

The 2020 reality show featured kids making things in competition with other teams. "It was kind of a serious competition at times but mostly a lot of fun. All the teams and instructors were great fun to be with."

Plans for retirement?

"They won't let me retire. I'm one-of-a-kind," Gunnerson joked. "First, I've got to find someone to replace me in this position. They don't make us shop teachers like they used to. There just aren't enough trades education teachers in this field. That's one of the things we're working to change. Our society needs these skills."

Teacher Talk is a series of profiles on California educators. For more stories, visit [CalSTRS.com/teacher-talk-profiles](https://www.calstrs.com/teacher-talk-profiles). To be considered for a future profile, please email Communications@CalSTRS.com, with "Teacher Talk" in the subject line.

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.
- **A CalSTRS retirement benefit will replace, on average, 50% to 60% of a member's salary. It's never too early to start saving more money for your future.**

➤ **Learn more at Pension2.com.**

It's your future. Choose Pension2™.

Changing districts? Don't forget to transfer your sick leave

If you change employers during your career, make sure to work with your previous employer right away to arrange the transfer of your accumulated unused sick leave to your new employer. We'll convert your unused sick leave to additional service credit when you retire, but we can only accept unused sick leave from employers you worked for during the last school year in which you earned creditable compensation.

- **To learn more about sick leave, see the *Member Handbook* at CalSTRS.com/publications.**



Need help choosing a 403(b) plan?

403bCompare is your resource for information on the 403(b) plans offered by your school district. You'll find everything you need to start building your personal retirement savings. Check out 403bCompare.com to explore your options and easily compare hundreds of plans.

CalSTRS Office of the Ombuds is here to help

Mark Gini was appointed as the new CalSTRS Ombuds in January 2021, replacing Tom Barrett who retired after 19 years as the Ombuds. Gini provides assistance in resolving problems and conflicts that are not solved through the usual CalSTRS communication channels. He serves as an advocate for CalSTRS members and is required by law to make recommendations to the CEO regarding complaints made by school employees, members, employee organizations, the California Legislature, or the public regarding actions of CalSTRS employees. The mission of the ombuds is to be truthful and act with integrity,

foster respect for all CalSTRS members, and advocate for procedural fairness in the content and administration of CalSTRS' practices, processes and policies.

The Office of the Ombuds recently implemented four guiding principles of practice. These principles are derived from professional standards established by the International Ombuds Association and the United States Ombudsman Association. They reflect a commitment to ethical conduct to maintain the integrity of the Office of the Ombuds:

The ombuds is independent in structure and function to the highest degree possible within CalSTRS.

Independence

Impartiality

The ombuds is designated as neutral and impartial. The ombuds will not engage in any situation which could create a conflict of interest.

The ombuds does not make binding decisions, mandate policies, or formally adjudicate issues for CalSTRS. The Office of the Ombuds supplements but does not replace any formal complaint or grievance channels at CalSTRS.

Informality

CalSTRS Ombuds Guiding Principles

Confidentiality

The ombuds holds all communications with those seeking assistance in strict confidence. Confidential member information is shared only when necessary to resolve an issue/complaint.

The Office of the Ombuds is a safe environment where CalSTRS members and the public can voice their concerns. Gini will help resolve issues and may recommend a variety of options to address any concern raised. If you haven't been able to resolve an issue through normal CalSTRS communication channels, contact the ombuds through an online inquiry form at [CalSTRS.com/contact-us](https://www.calstrs.com/contact-us).

From the Pension Sense blog: Protecting your pensions: Why CalSTRS' votes matter

Sometimes extraordinary things happen in the most ordinary places.

A company boardroom, for example, is typically the setting for corporate execs to create strategies, set goals, and review day-to-day business operations. It's business as usual. This also holds true for publicly traded companies, where the board of directors meet once a year with their shareholders (the company's owners) to review the business. Normally, the actions at these meetings create little fanfare and few front-page headlines. But this past fiscal year was anything but normal.

Because our number-one job at CalSTRS is to protect the pensions of California's public educators, we, as a significant global investor with long-term investment strategies, take an active role at these annual general meetings. We want to make sure the publicly traded companies we're invested in are planning appropriately for the future. This is one way we protect our long-term investments. The meetings provide a valuable opportunity for us to let the board of directors know where we stand on each agenda item. Typically, we make our voices heard by casting a vote—which in the investor world is known as a “proxy vote.”

Part of our responsibility as a co-owner of a publicly traded company is to cast our proxy votes (or “proxies”) with the same care and attention we provide to all our other investment assets. While our strategies and methods of engagement may vary with each company we're invested in, our goal is always the same: to influence long-term value creation and sustainable business practices.

History has shown that our engagement activities, including proxy voting, have resulted in stronger relationships with our companies and better financial outcomes. We currently own stock in more than 9,000 companies and our portfolio is valued at over \$300 billion. And because we are an involved and responsible shareholder, we vote by proxy at each company's annual general meeting. In fact, this past fiscal year we cast more than 101,000 proxy votes.

In the United States, these annual general meetings are primarily held in April and May, hence this busy period of the year is referred to as “proxy season.”

Not a normal proxy season

This fiscal year, perhaps more than any previous year, it has become readily apparent that financial performance and climate change have become inextricably linked. You don't have a winning performance strategy if you haven't adequately planned for the future, and that means addressing climate change, which is widely accepted as the greatest threat to our future. That is the message we shared via our votes at many companies this proxy season. Our actions not only upended some boardroom meetings in unprecedented ways, they have captured the attention of the media, other investors, climate-change activists and many more.

Here are two standout examples of how proxy votes made a difference this season:

ExxonMobil

ExxonMobil, one of the world's largest energy companies and a part of our investment portfolio since Exxon and Mobil merged in 1999, has failed to develop a strategic business plan that will address the global transition from highly ExxonMobil, one of the world's largest energy companies and a part of our investment portfolio

continued on page 12

continued from page 11

since Exxon and Mobil merged in 1999, has failed to develop a strategic business plan that will address the global transition from highly polluting energy sources (such as fossil fuels) to cleaner forms of energy (such as those with lower greenhouse-gas emissions). At their annual general meeting in May 2021, there was a board of directors election. Year after year, these elections have been uncontested and the standing board members are reelected or they essentially hand-pick their successors. Business as usual. This time, however, the company's shareholders let the board know it was time for change.

A small investment-management firm called Engine No. 1 decided to promote an impressive alternate slate of nominees for ExxonMobil's board of directors, and we were the first in line to support their candidates. We cast our proxy votes in favor of the proposed new directors and so did the majority of the other shareholders. Much to the surprise of ExxonMobil, three of the four Engine No. 1 nominees won. This was an extraordinary turn of events that continues to attract global attention.

We believe these new directors can help the company better prepare for a future that is less reliant on fossil fuels and kinder to our planet—and we will continue to monitor their progress.

Read more about this historic vote and the final results at [CalSTRS.com/2021-news-releases](https://www.calstrs.com/2021-news-releases).

Phillips 66

For several years, we have been collaborating with an investor-led initiative called Climate Action 100+ and our shared mission is to ensure the world's largest corporate greenhouse-gas emitters effectively address climate change. In 2018, we became a co-lead investor of the Climate Action 100+ engagement with Phillips 66, a U.S.-based energy company.

Small commitments to climate action are no longer enough; to underscore that point we filed a shareholder proposal requesting Phillips 66 to evaluate and report on how its lobbying activities align with the goals of the 2015 Paris Agreement. At their annual general meeting in May 2021, a majority of Phillips 66's shareholders supported our proposal: 62% cast their proxy votes in our favor. This was a great victory and will help drive Phillips 66 to take more effective action and further align its business strategies with the Paris Agreement. In fact, on September 30, just four months after their meeting, the company announced it would reduce greenhouse gas emissions by the year 2030. This announcement proves continued engagement efforts by investors can hold companies accountable and drive change.

The power of engagement

The 2021 proxy season has been a record-breaking year for various shareholder resolutions, particularly environmental, social and sustainable governance investment issues. As the largest educator-only pension fund in the world, we have the power to make changes through our engagements with even the most resistant companies. We are a long-term investor and we will be focusing on climate-change issues for the long haul. Our efforts not only prepare us for the future, they help maximize our investment returns for California's public educators for years to come.

➤ **Get helpful information about your benefits, the investment portfolio, corporate engagement activities and more by subscribing to our blog at [CalSTRS.com/pension-sense-blog](https://www.calstrs.com/pension-sense-blog).**

New to education? Learn more about your CalSTRS benefits online

As you help to build your students' futures, it's important to focus on your future, too. If you're just starting out, take a few minutes to better educate yourself about your benefits. Learn about early career considerations, our webinars and steps you can take now for your secure future (like saving more money!) at CalSTRS.com/getting-started.

- **Part-time educators: learn more about your benefits at CalSTRS.com/part-time-educator.**



continued from page 1

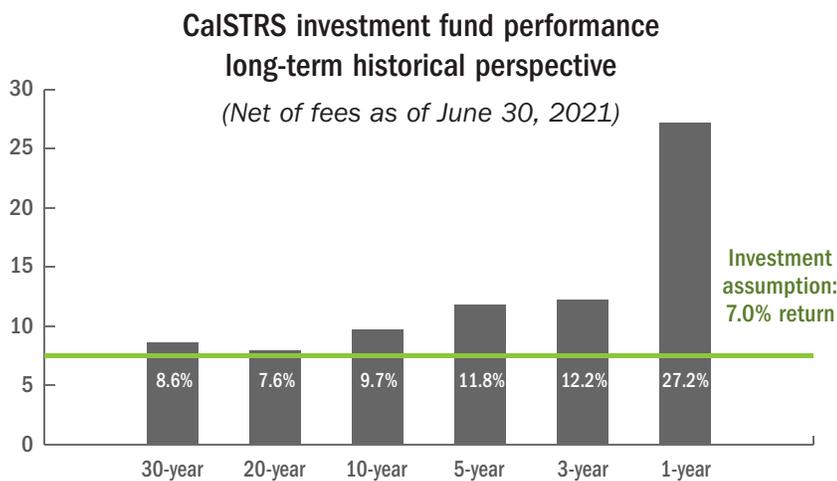
Cassandra Lichnock announced as new CalSTRS CEO

“I am already working with the board and executives to build on the progress we’ve made on sustainability, social responsibility, diversity, equity and inclusion. It’s not lost on me that I am the first woman to lead CalSTRS. I am so proud of our culture. Our staff’s dedication to our mission and their work is what makes CalSTRS an outstanding organization and destination employer. I am excited to lead this organization as we take on the challenges and opportunities the future will present,” said Lichnock.

A native of California, Lichnock holds a Bachelor of Arts in management from Golden Gate University, San Francisco, as well as an executive certificate in Technology Operations and Value Chain Management from the Massachusetts Institute of Technology and certificates in human resource management from Golden Gate University and labor management relations from the University of California, Davis.

Funding update: CalSTRS earns historic 27.2% investment returns for 2020–21

CalSTRS earned a historic 27.2% net return on investments for the 2020–21 fiscal year, a record high that far exceeded the investment assumption of 7.0%. Growth was driven by strong performance across all markets, despite the global pandemic. As of June 30, 2021, the total fund value was \$308.6 billion—double the value from just 10 years ago.



“This year’s record-breaking investment performance is a testament to the long-term sustainability of a pension fund managed by a dedicated investment team and a committed Teachers’ Retirement Board,” said Chief Executive Officer Cassandra Lichnock. “The fiscal-year returns exceeded all expectations. They also offer another measure of how we’re delivering on our promise to provide California’s hardworking teachers and their families with a secure retirement.”

June 30, 2020, actuarial valuation

Each spring, the board receives the results of the actuarial valuation from the prior fiscal year. Actuarial valuations provide a snapshot-in-time of the retirement system’s financial health. In June, the board adopted the results of the June 30, 2020, valuation. At that time, the funded ratio—the percentage of funds currently on hand to pay future benefits—for the Defined Benefit Program increased from 66.0% to 67.1%, primarily due

to contributions to pay down the unfunded actuarial obligation under the board’s valuation policy and additional contributions by the state. The positive trajectory toward full funding is good news for the fund and emphasizes how, because of the adoption of the CalSTRS Funding Plan in 2014, we are better positioned today to handle market volatility than a decade ago.

Contribution rates update

This year marks the first time the board could set employer contribution rates. The board voted to keep the employers’ supplemental rate at the existing level of 10.85%, for a total employer rate of 19.1%, though employers will contribute more overall as the state’s rate relief subsidy is decreasing from 2.95% to 2.18% this year.

The rate relief subsidy refers to money contributed by the state directly to CalSTRS on behalf of employers to provide short-term rate relief, in large part due to the impact of the COVID-19 pandemic.

CalSTRS also acknowledges the commitment of the state to the funding of retirement benefits. The state budget provides CalSTRS a total payment of \$4.3 billion, \$584 million above the amount that is required based on the state contribution rate adopted by the board.

There are no changes to any member contribution rates this year.

The road ahead

We continue to monitor economic impacts resulting from COVID-19. The June 30, 2021, valuation, which will determine the new funded ratio following this historic year of returns along with other experience from 2020–21, will be presented to the board next spring.

Board re-elects Keiley, Hendricks as chair, vice chair

The Teachers' Retirement Board re-elected Harry Keiley as chair and Sharon Hendricks as vice chair for 2021–22.

Keiley, a high school teacher with the Santa Monica-Malibu Unified School District, was elected to the board in 2007. He is also a member of the Benefits and Services and Investment committees.

Hendricks, who was elected to the board a decade ago, is a communications studies instructor with the Los Angeles Community College District and will serve as vice chair of the Investment Committee and as a member of the Appeals, Benefits and Services, and Board Governance committees.

Teachers' Retirement Board commits to net zero investment portfolio

At its September meeting, the Teachers' Retirement Board committed to achieving net zero greenhouse gas emissions across the CalSTRS Investment Portfolio by 2050 or sooner, aligning with the science-based targets of the Paris Agreement.

“CalSTRS' commitment to a net zero investment portfolio builds on a prudent process analyzing the effects on the fund of the low-carbon transition and more than 20 years of progress using our influence as a significant global investor to promote long-term sustainable public policies and business practices,” said Board Chair Harry Keiley. “Climate change threatens our future, and its links to business and financial investments are undeniable. This pledge is

rooted in our century-long promise to deliver a secure retirement for California's public educators and their families.”

CalSTRS will continually report on its progress toward net zero to the board's Investment Committee.

Net zero commitment builds on past climate investment efforts

Since 2004, CalSTRS has invested in climate-oriented solutions and integrated climate risk considerations into its investment and stewardship activities. Our climate change-related investment activities have accelerated in the past five years and include several milestones:

- **2016:** Investing in a low-carbon public equities index with significantly lower exposure to carbon emissions.
- **2017:** Implementing thermal coal exclusions in the CalSTRS Investment Portfolio.
- **2019:** Adopting the Low-Carbon Transition Work Plan.
- **2020:** Supporting the development of the California Climate Investment Framework with the California Department of Finance.
- **2021:** Funding two low-carbon transition readiness exchange-traded funds and the election of three dissident directors to the ExxonMobil board.

➤ **Watch how CalSTRS commits to net zero:**
[youtube.com/watch/nv8vvb8VPQ0](https://www.youtube.com/watch/nv8vvb8VPQ0).

➤ **Read more board meeting highlights at**
[CalSTRS.com/board-highlights](https://www.calstrs.com/board-highlights).



CalSTRS resources

- WEB** CalSTRS.com
Click [Contact Us](#) to email
myCalSTRS.com
403bCompare.com
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

- WRITE** **Postal mail**
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.
The COVID-19 pandemic has affected our
hours and services. Call ahead to verify
your local office is open.

- FAX** **916-414-5040**

STAY CONNECTED



PRSRST STD
U.S. POSTAGE
PAID
PERMIT NO. 25
SACRAMENTO, CA



Moved or planning a move soon?

Two ways to update your contact information:



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

➤ myCalSTRS.com



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

➤ 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.

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.