



CalSTRS CEO Ehnes to retire in 2021

After more than 18 years with CalSTRS, CEO Jack Ehnes announced his retirement at the March board meeting. Ehnes is well known throughout the organization as an approachable and engaging leader who never loses sight of CalSTRS' mission.

"We have demonstrated the value that a defined benefit pension plays in attracting and retaining California's quality public educators," Ehnes said. "The staff, leadership and board have successfully implemented a path to full funding, which has restored retirement security to California's public educators. This has transformed CalSTRS into a sustainable organization that will be here for teachers for generations to come."

Early in Ehnes' tenure, reform efforts threatened to significantly reduce or eliminate altogether public pension plans' ability to provide secure retirement benefits. During that time, CalSTRS evolved as a leader in the debate, emerging from those turbulent times with a solid long-term funding plan in place and a benefit structure that continues to provide educators with a rewarding retirement.

Ehnes served as CEO from February 2002 and will stay in his position through June 2021. His original retirement was planned for September 2020, but he agreed to remain with CalSTRS for a longer period to provide leadership and continuity through market volatility brought on in large part by the spread of COVID-19.

The board indicated it will secure an executive search firm to assist in the recruitment of the next CEO.



See CalSTRS' first-ever virtual board meeting, and an archive of previous board meetings, on [CalSTRS.com](https://www.calstrs.com).

Actuarial valuation as of June 30, 2019

The Teachers' Retirement Board received the results of the actuarial valuation for the CalSTRS Defined Benefit Program as of June 30, 2019. The valuation provides a snapshot-in-time of the system's financial health and is part of the ongoing effort to monitor and assess the system's ability to meet its long-term commitments.

While important, the actuarial valuation through June 30, 2019, does not account for recent market volatility experienced in global markets. CalSTRS continues to monitor the developing economic impacts from COVID-19 and will report back in the fall once the investment return for fiscal year 2019–20 is known. While the future is uncertain, because of the adoption of the CalSTRS Funding Plan in 2014, CalSTRS is better positioned today to handle such volatility than it was a decade ago. The report on the June 30, 2019 valuation is available online.

Board elects Keiley, Hendricks as chair, vice chair

At the May meeting, the Teachers' Retirement Board elected [Harry Keiley](#) as board chair and [Sharon Hendricks](#) as vice chair for the 2020–21 term.

The board nominates and elects its chair and vice chair annually and the newly-elected officers will assume their posts effective immediately.

Keiley, a high school teacher with the Santa Monica-Malibu Unified School District, will also serve as vice chair of the Investment and Compensation committees. Hendricks, a communications studies instructor with the Los Angeles Community College District, will also serve as chair of the Board Governance and Compensation committees.

Board members

- Harry M. Keiley**
Chair
- Sharon Hendricks**
Vice Chair
- Denise Bradford**
K-12 Classroom Teacher
- Keely Bosler**
Ex-Officio Member, Director of Finance
- Joy Higa**
Public Representative
- Fiona Ma**
Ex-Officio Member, State Treasurer
- William Prezant**
Public Representative
- Tony Thurmond**
Ex-Officio Member, State Superintendent of Public Instruction
- Karen Yamamoto**
Retiree Representative
- Betty Yee**
Ex-Officio Member, State Controller

Evaluating risks during COVID-19 pandemic

In late March, the CalSTRS Executive Risk Committee formally met to discuss all enterprise-level risks specific to the effects of the COVID-19 pandemic.

The committee presented their risk analysis and mitigation efforts for 10 enterprise level risk categories at the May 2020 meeting. The CalSTRS risk profile remains stable because of the additional mitigation efforts put in place in response to the COVID-19 pandemic. The full Enterprise Risk Management Report is available online:

Category 1: Pension Funding-Investment–Overall, the inherent risk in this category remains the same because we are long-term investors. The investment portfolio has weathered similar storms in the past and it will weather this storm as well.

Category 2: Pension Funding-Actuarial–The system actuaries are working closely with the Investments Branch and other groups to monitor the investment markets and their potential impact to the future contribution rates due to the pandemic.

Category 3: Pension Funding-Contribution Rate–At this time, it is too early to determine how contribution rates and funding levels will be impacted by the recent market and economic decline. The impact to the funding plan is expected to be discussed in more detail with the board at future dates, likely in the fall, when more information is available.

Category 4: Pension Administration–To reduce the risk of late employer reporting of member data, staff are reaching out to employers and are maintaining contact to closely monitor employer contributions and reporting for delays or indications of non-payment. All employers did pay their initial contributions due on the fifth business day of April and subsequently filed their previous months reporting as well, despite school closures.

Category 5: Financial Reporting–Staff is ensuring internal controls remain strong even in the remote work environment. All branch risk champions have been reviewing risks and ensuring documentation exists for exceptions to policies when required.

Category 6: Pension Reform–Staff is closely monitoring any new legislation including the federal stimulus initiatives for any effect on the funding of the system or retirement security of our membership.

Category 7: Information Security–CalSTRS requires a multi-factor authentication process for all remote user connectivity to ensure only authorized individuals can access our systems.

Category 8: Operational–Staff identified and implemented our disaster recovery plans (as mentioned above) where only essential staff are in the headquarters building intermittently to perform their essential services, while the rest of the staff now work remotely.

Category 9: Reputational–CalSTRS executives remain in contact with multiple board members, as appropriate, advising on various concerns surrounding the pandemic, including market volatility, information security, communication efforts and resources made available to members, employers, internal staff and other stakeholders.

Category 10: Transformational Change–This risk category is specific to the Pension Solution project. Large projects like Pension Solution require constant and active communication and collaboration to work through the challenges. Remote working has its added overhead in this regard. Project teams are utilizing various collaboration and communication tools and technologies to minimize the impact.

Teachers' Retirement Board committee assignments

Appeals

- Chair: Denise Bradford
- Vice Chair: Karen Yamamoto
- Member: Sharon Hendricks

Audits and Risk Management

- Chair: Betty Yee
- Vice Chair: Joy Higa
- Members: Karen Yamamoto, Keely Bosler, Fiona Ma, Tony Thurmond

Benefits & Services

- Chair: Karen Yamamoto
- Vice Chair: Denise Bradford
- Members: Sharon Hendricks, Harry Keiley, Joy Higa, William Prezant, Keely Bosler, Fiona Ma, Tony Thurmond, Betty Yee

Board Governance

- Chair: Sharon Hendricks
- Vice Chair: Betty Yee
- Members: Denise Bradford, William Prezant, Karen Yamamoto, Keely Bosler, Fiona Ma, Tony Thurmond

Compensation

- Chair: Sharon Hendricks
- Vice Chair: Harry Keiley
- Members: Joy Higa, Keely Bosler, Betty Yee

Investment

- Chair: Joy Higa
- Vice Chair: Harry Keiley
- Members: Sharon Hendricks, Denise Bradford, William Prezant, Karen Yamamoto, Keely Bosler, Fiona Ma, Tony Thurmond, Betty Yee

Next board virtual meeting dates:
July 15–17, 2020

For board [minutes](#), [full items](#) and [video archives](#) of past meetings, go to calstrs.com/teachers-retirement-board.

CALSTRS

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For more information on board meeting items and video archives, visit www.CalSTRS.com/teachers-retirement-board