

# Connections



## REACHING YOUR RETIREMENT

SEMIANNUAL PUBLICATION FOR ACTIVE AND INACTIVE CALSTRS MEMBERS

### A note from the Teachers' Retirement Board

At the March meeting of the Teachers' Retirement Board, CalSTRS Chief Executive Officer Jack Ehnes announced his plan to retire effective September 1, 2020. As the effects of COVID-19 on the global economy and CalSTRS operations became apparent during the days following his announcement, the board asked him to continue to serve as CEO through June 30, 2021.

We are grateful and pleased that Jack, also recognizing the severity of the emerging situation, agreed to stay on as CEO as requested by the board. Jack's experience and stable leadership during this crisis will be necessary in the coming months. It is in the best interest of our membership, the fund that we oversee, and CalSTRS' dedicated staff that he stays through June 2021. His new retirement date also allows the board to postpone the executive search for a new CEO to ensure the most thorough and competitive process possible.

We will continue to do the critical work necessary to uphold our mission of securing the financial future and sustaining the trust of California's educators. CalSTRS has been delivering on its mission for well over a century. This crisis does not and will not deter us. We are confident that by working together in alignment with CalSTRS' solid values, we will emerge from this challenge.

On behalf of the board, we thank you for your continued dedication and commitment to California students and our state's public education system. The health and well-being of our members is of the utmost importance and we wish for your continued personal health and safety.

## INSIDE:

- 2 Updates from CalSTRS on coronavirus
- 3 myCalSTRS: Submit your retirement application online
- 4 CalSTRS releases 2018-19 Sustainability Report
- 5 How Pension2 fits into your future
- 6 Teacher Talk: Spotlight on California's educators
- 7 Board news

Also inside:

**2019 Summary Report to Members**

## 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  
Karen Yamamoto  
Betty Yee

Jack Ehnes  
*Chief Executive Officer*

Christopher J. Ailman  
*Chief Investment Officer*

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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

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## ► Updates from CalSTRS on coronavirus

We know you may have concerns about the implications of the coronavirus outbreak to your long-term retirement plans and questions about how to access CalSTRS services during this time.

Responding to state and community shelter-in-place directives, we have temporarily reduced hours at our Contact Center and transitioned to working remotely. You can still reach us by telephone, but to reduce wait times, we encourage you to use secure messaging through *myCalSTRS* or our secure online form at **CalSTRS.com/contact-us**. You can also visit **CalSTRS.com** to find answers to frequently asked questions.

Our member service centers are temporarily closed and group workshops are postponed. We are rescheduling in-person group benefit planning sessions to webinar format and our staff will reach out to those with scheduled sessions to advise of these changes.

As school districts, county offices of education or other governing bodies have authorized school closures based on COVID-19 concerns, we remain committed to working with employers. As long as employees are paid during the closures, there should be no impact to a member's service credit because their earnings should reflect the compensation they would have received had schools not been closed. We are working proactively with employers to monitor any potential impacts that school closures could have on service credit for our members and reviewing each closure on a case-by-case basis.

The spread of COVID-19 has affected global markets over the short term. CalSTRS is a long-term investor, and we think in terms of decades—not days, weeks or months. The CalSTRS investment portfolio is broadly diversified in order to respond to periods of market volatility and uncertainty. Our members' retirement benefits continue to be secure.

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



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

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)**



# 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.

Log in to your *myCalSTRS* account and click *Complete & Submit Forms*, then click *Apply for Service Retirement* for step-by-step guidance that will help you complete the application accurately. You'll receive an email confirmation when we receive your application.

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



## ➤ Don't have a *myCalSTRS* account?

Go to [myCalSTRS.com](https://www.calstrs.com) and sign up for convenient, secure online services and 24/7 access to your account information.

# CalSTRS releases 2018–19 Sustainability Report

We are pleased to release our sixth annual *Sustainability Report*. At CalSTRS, sustainability signifies the actions we take to ensure we are here in perpetuity, securing the financial future and sustaining the trust of California’s educators.

Our sustainability report was prepared in accordance with the Global Reporting Initiative Standards guidelines—a framework that incorporates stakeholder engagement and feedback into organizational prioritization and report focus. We highlight:

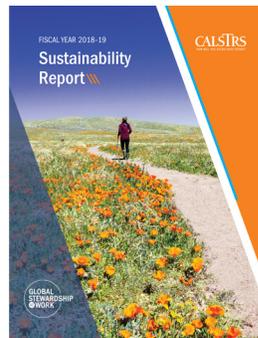
**Path to Full Funding:** CalSTRS’ primary goal is to ensure a financially sustainable trust fund for our members and beneficiaries. Learn about the historical and projected funding status, reporting and risks.

**Member Retirement Preparedness:** CalSTRS members are expected to live longer than the average Social Security retirement recipient. Read why we encourage members to evaluate the impact of working longer and contributing to supplemental savings early in their careers.

**Information Security:** Securing member and organizational data is one of our most critical priorities. Learn about actions we take to protect sensitive member information.

**Ethics and Compliance:** We adhere to high standards of ethical business practices. Read about the role of Ethics and Compliance throughout the organization, including training and policy acknowledgement.

**Portfolio Readiness for Low-Carbon Transition:** CalSTRS is taking steps to address the physical and transition risks that climate change poses to its investment portfolio and protect the fund.



View the full 2018–19 report at [CalSTRS.com/sustainability-reports](https://www.calstrs.com/sustainability-reports)

## Retirement benefits fuel local economies:



During fiscal year  
**2018–19:**

CalSTRS paid an estimated  
**\$12 billion** in benefits



to **229,546**  
**retirees** living  
in California.

# 2019

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

## 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

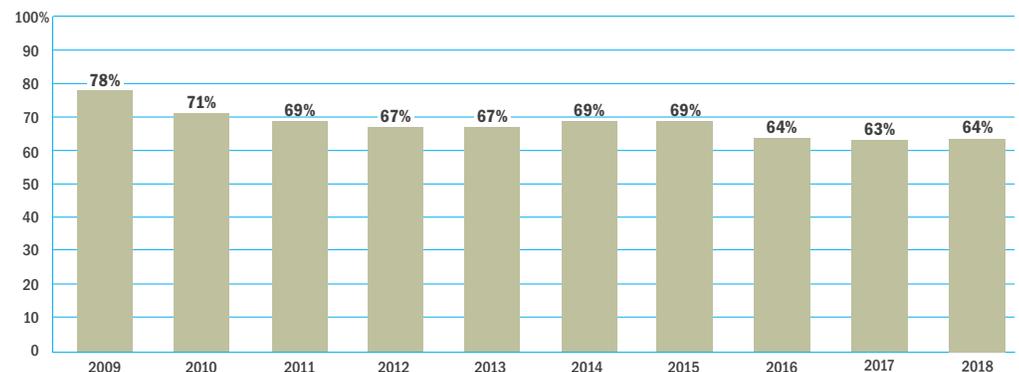
### State Teachers' Retirement Plan Statement of changes in fiduciary net position

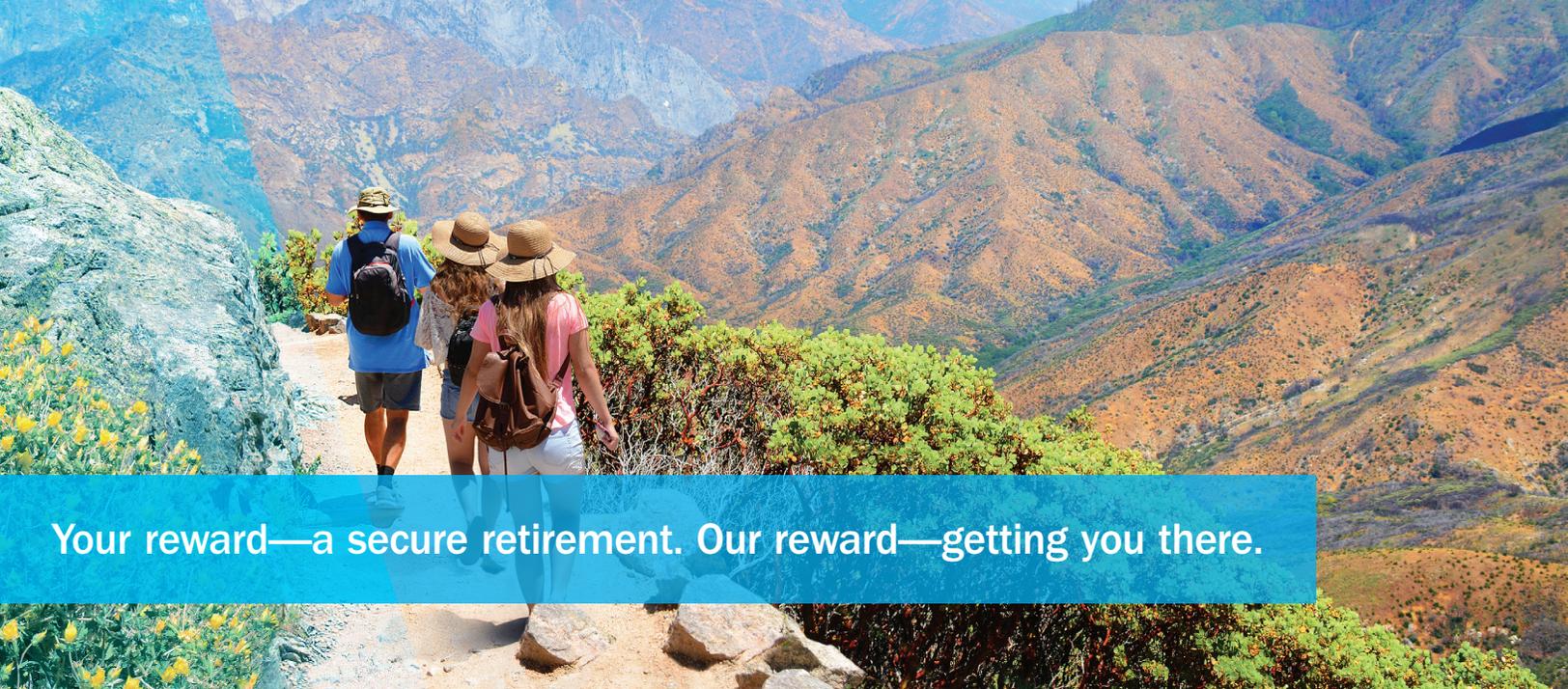
(Dollars in thousands)

	2019	2018
<b>Additions</b>		
Contributions (member, employer, state of California)	\$14,627,331	\$11,159,579
Investment income	15,808,257	19,364,771
Investment expense	(910,424)	(691,234)
Other income	127,603	105,144
<b>Total additions</b>	<b>\$29,652,767</b>	<b>\$29,938,260</b>
<b>Deductions</b>		
Benefits and refunds	\$15,295,980	\$14,536,696
Administrative expenses	253,953	216,083
Borrowing costs	105,306	94,249
Other expenses	4,275	1,678
<b>Total deductions</b>	<b>\$15,659,514</b>	<b>\$14,848,706</b>
<b>Increase in net position</b>	<b>13,993,253</b>	<b>\$15,089,554</b>
<b>Net position restricted for pensions/other postemployment benefits</b>		
Beginning of the year—as previously reported	\$224,868,635	\$210,289,900
Adjustment for application of GASB 75	—	(510,819)
Beginning of the year—as adjusted	224,868,635	209,779,081
<b>End of the year</b>	<b>\$238,861,888</b>	<b>\$224,868,635</b>

### Defined Benefit Program funding ratio

The June 30, 2018, funding valuation (released in May 2019) showed a decrease of \$0.1 billion in the unfunded actuarial obligation of the Defined Benefit Program to a total of \$107.2 billion and an increase in the funding ratio from 62.6% to 64.0%. This increase is primarily attributable to positive investment returns and increased contributions. A gradual increase in the funding ratio is projected under the CalSTRS Funding Plan as contributions increase, with a steady progress towards full funding by 2046.





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

## Defined Benefit Program

### Membership

Fiscal year	2019	2018
Active members	451,429	449,595
Inactive members	204,593	198,058
<b>Total</b>	<b>656,022</b>	<b>647,653</b>
Service retirement benefits	270,835	264,780
Disability benefits	10,152	10,089
Survivor benefits	27,652	26,990
<b>Total</b>	<b>308,639</b>	<b>301,859</b>
<b>Total members and beneficiaries</b>	<b>964,661</b>	<b>949,512</b>

### Average active member age and years of service

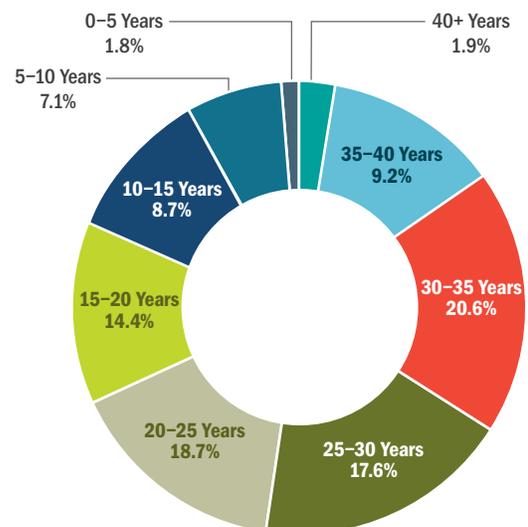
Fiscal year	2019	2018
Average age	45.2	45.2
Average years of service	12.2	12.1
Average annual salary	\$77,736	\$75,604

### Members retiring

Fiscal year	2019	2018
Number retiring	12,331	12,778
Average age	63.3	63.3
Average years of service	24.083	24.264
Average annual final compensation	\$94,560	\$92,748
Average annual member-only benefit	\$54,564	\$54,144

### Years of service at retirement

As of June 30, 2019



# 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. Within the Financial section of the CAFR, the same information is reported in accordance with GAAP. For more current investment information, as well as videos detailing key aspects of the investment portfolio, see CalSTRS.com.

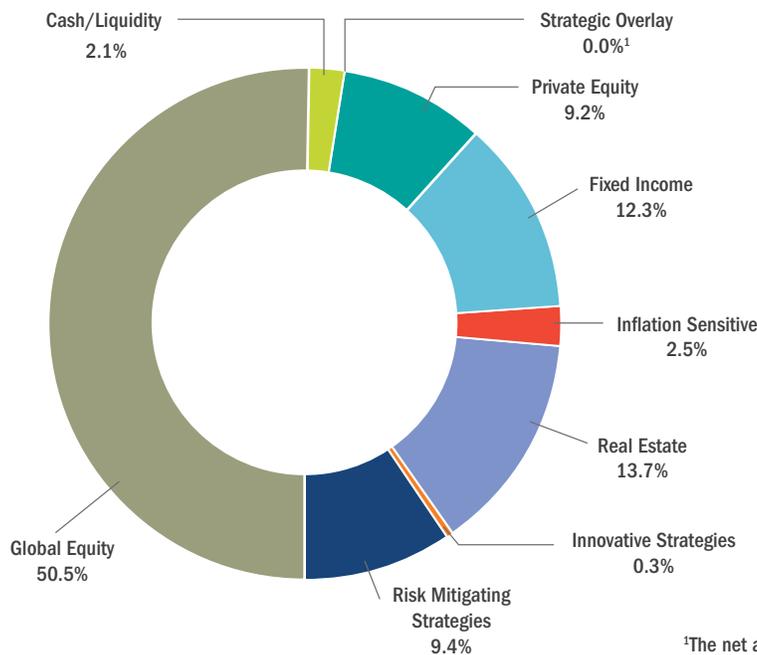
## Investment allocation

The board adopts long-term strategic allocation targets to be implemented over several years. The following charts provide the distribution of the STRP investments based on portfolio allocation and market value of investments.

## Asset allocation

### Total investment portfolio of \$236.9 billion

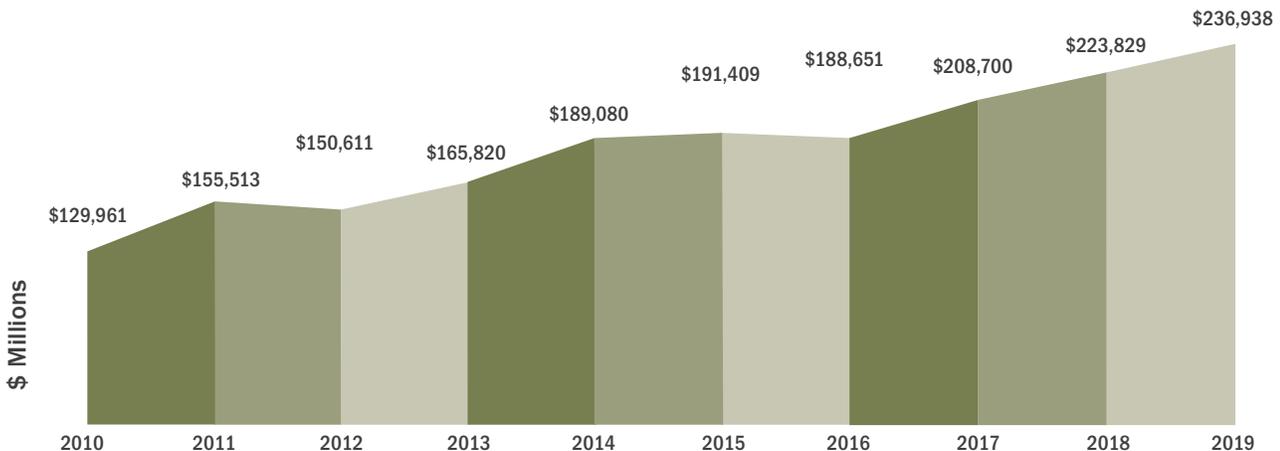
As of June 30, 2019



<sup>1</sup>The net asset value for Strategic Overlay was (\$6.7) million, which rounds to less than 0.1% of the total asset allocation.

## Market value of investments

(Fiscal years ending June 30)

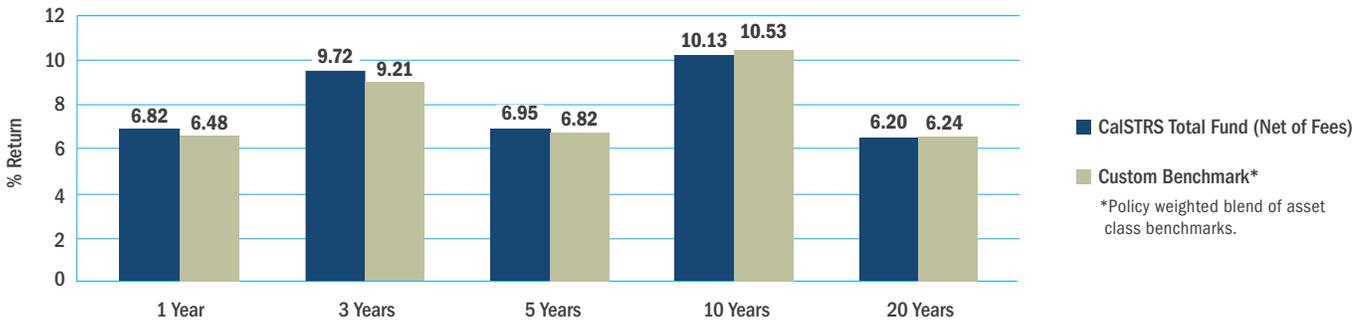


# Securing your financial future (continued)

The following charts show CalSTRS returns versus custom benchmarks as of June 30, 2019. Benchmarks are goals and standards used to measure investment performance.

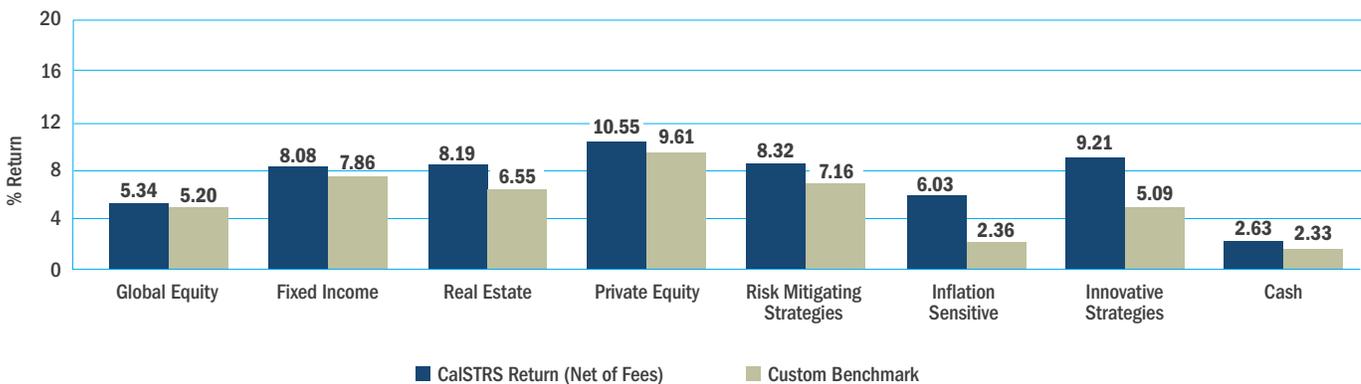
## Time-weighted returns

As of June 30, 2019



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

As of June 30, 2019



## CalSTRS Resources



### WEB

CalSTRS.com  
Click *Contact Us* to email  
myCalSTRS.com  
403bCompare.com  
Pension2.com

### STAY CONNECTED



### CALL

800-228-5453  
7 a.m. to 6 p.m.  
Monday through Friday  
916-414-1099  
Calls from outside the U.S.  
888-394-2060  
CalSTRS Pension2®  
Personal Wealth Plan  
855-844-2468 (toll free)  
Pension Abuse Reporting Hotline



### WRITE

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



### VISIT

Member Services  
100 Waterfront Place  
West Sacramento, CA 95605  
Find your nearest  
CalSTRS office at  
CalSTRS.com/localoffices



### FAX

916-414-5040

## ▶ 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** to explore your options and easily compare between hundreds of plans.



## ▶ Increase in required minimum distribution age

Effective January 1, 2020, the required minimum distribution age increased from age 70½ to age 72 for individuals who attain age 70½ after that date. If you are no longer working, IRC section 401(a)(9) and the California Education Code now require CalSTRS to begin the required minimum distribution of your benefits no later than April 1 of the calendar year following the year you reach age 70½ if you turned age 70½ on or before December 31, 2019. If you turn age 70½ on or after January 1, 2020, CalSTRS must begin the required minimum distribution of your benefits no later than April 1 of the calendar year following the year you reach age 72 or older.

Please note, under the recently signed Coronavirus Aid, Relief, and Economic Security (CARES) Act, the required minimum distribution for defined contribution accounts is suspended for 2020. This includes 401(k), 403(b), and 457(b) plans, as well as IRAs. For more information, please log in to your Pension2 account or, if you have another account, visit your plan administrator's web site. The CARES Act does not include changes affecting required minimum distributions for public defined benefit pension plans, such as CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs.

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.**

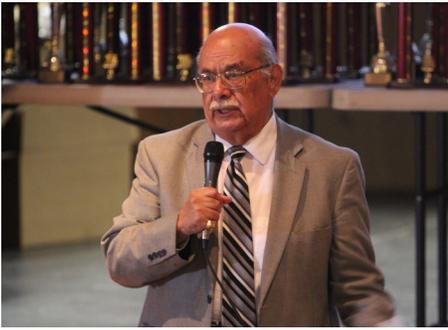
- You control how you save and invest.
  - Your costs are lower, with no commissions.
  - You choose funds to match your investing style.
  - Your account can potentially grow tax-deferred with taxes generally not due until money is withdrawn.
- ▶ **Have funds in your CalSTRS Defined Benefit Supplement account? Roll them over to Pension2 when you retire.**

▶ **Learn more at [Pension2.com](https://www.pension2.com).**

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

## ► **Teacher Talk:** Spotlight on California’s educators

*Educator measures success in generations*



**Joe I. Mendoza**  
Director of Special Populations  
Educational Support  
Ventura County Office of Education  
CalSTRS member: 63 years

After 63 years of service in education, Joe Mendoza enjoys his current job as director of Special Populations Educational Support with the Ventura County Office of Education. “I didn’t think I would be living this long. I’m 87 years old. It’s a surprise to me. I’m still enjoying myself, which I suppose is the key.”

Mendoza got his start in the classroom in 1957 teaching sixth grade. He spent the next 20 years teaching at every

level—including university—before shifting into administration.

“What keeps me going is the children and the parents and the colleagues with whom I work. They’re positive and supportive of the work we do. My supervisors have all been supportive of the things I try to accomplish. When everyone accepts and supports you, who wouldn’t stay on?”

### **What do you do right now?**

“I head up working with at-risk kids: Migrant students and homeless students, foster students, teen parent students and preschool students. Those are the major programs I oversee and work with.”

Working with generations of families has been satisfying, he said. “When you’ve worked as long as I have, you can see the value and success of education. When you’ve only taught 10 to 15 years, you don’t know, did my kindergartener make it? But when you’ve worked with three generations, almost four—you can point to teachers, lawyers, doctors, superintendents who have been in our programs, who have succeeded. I can see students not only graduate but can attest to the kind of life they have, thanks to the quality of our education.”

### **What was your favorite teaching job?**

“I just loved my sixth-grade students. In fact, I had two of my students, both teachers, from my original class in the 1950s, call for a cup of coffee a year or two ago. I asked, ‘Why did you call me out of all the teachers you’ve had?’

“You became our role model and the reason we wanted to have coffee is we’re retiring, and we wanted to thank you,” he recounted.

### **Why did you become an educator?**

“I grew up in a segregated community, and within that segregation, I remember my third and fourth grade teachers. They motivated me to read. I always remember that. I was a voracious reader and they would give me all the classics and poetry. I remember graduating from high school and knowing that was what I wanted to do. I wanted to be a teacher.”

*continued on page 7*

## Dana Dillon retires

The November 2019 board meeting was Dana Dillon's last on the Teachers' Retirement Board, where she has served since being elected in 2003. Dillon, who is retiring this spring after 36 years with the Weed Union Elementary School District, previously served as board chair and vice chair. She has also served as state council representative, director on the National Education Association board of directors, chair of the California Teachers Association's Retirement Committee and as a member of the CTA board of directors.

## Board welcomes new member

Denise Bradford, an elementary school teacher from the Saddleback Valley Unified School District in Orange County, is serving a 4-year term as one of three elected members on the 12-member board. She started her work on the board representing current educators with the January meeting. Bradford, who is a new-educator mentor and curriculum leader, is president of the Saddleback Valley Educators Association representing 1,200 members. She graduated from the University of Southern California with bachelor's degrees in German language and literature and international relations and obtained her master's in educational leadership and administration from California State University, Fullerton.

## Governor reappoints Karen Yamamoto to board

Gov. Gavin Newsom reappointed Karen Yamamoto to the board effective February 13, 2020. Yamamoto is a retired second grade teacher from the Washington Unified School District in West Sacramento and has served on the board since 2017. She has a master's degree in early childhood education from Sacramento State. Her term runs through December 31, 2023.

## Board Elects chair, vice chair

During the May board meeting, Harry M. Keiley was elected 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 newly elected officers assume their posts immediately.

*continued from page 6*

## Teacher Talk: Spotlight on California's educators

### How long until retirement?

"My last two bosses asked me that question just once. And I said to them, 'When I'm ready, I'll let you know.' And they never asked again. My current boss just said give me two years warning so I have time to train my replacement."

Mendoza said maybe he will retire in three years, when he's 90. "I would go for when I'm 100 years old, but that's pushing my luck. A round number at 90—that sounds nice."

Teacher Talk is a series of profiles on California educators. For the full-length version of this story, 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](mailto:Communications@CalSTRS.com), with "Teacher Talk" in the subject line.

## CalSTRS resources



**CalSTRS.com**  
Click *Contact Us* to email  
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403bCompare.com  
Pension2.com



**800-228-5453**  
7 a.m. to 6 p.m.  
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CalSTRS Pension2®  
Personal Wealth Plan

**855-844-2468** (toll free)  
Pension Abuse Reporting Hotline



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



**Member Services**  
100 Waterfront Place  
West Sacramento, CA 95605

Find your nearest  
CalSTRS office at  
CalSTRS.com/localoffices



**916-414-5040**  
**STAY CONNECTED**



## 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](https://myCalSTRS.com)



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

➤ [CalSTRS.com/forms](https://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

To ensure the continued safety of CalSTRS member data, we are updating our website security features. Starting June 30, our website will no longer support out-of-date internet browsers. A popup message will prompt you to update your browser if it is outdated.