

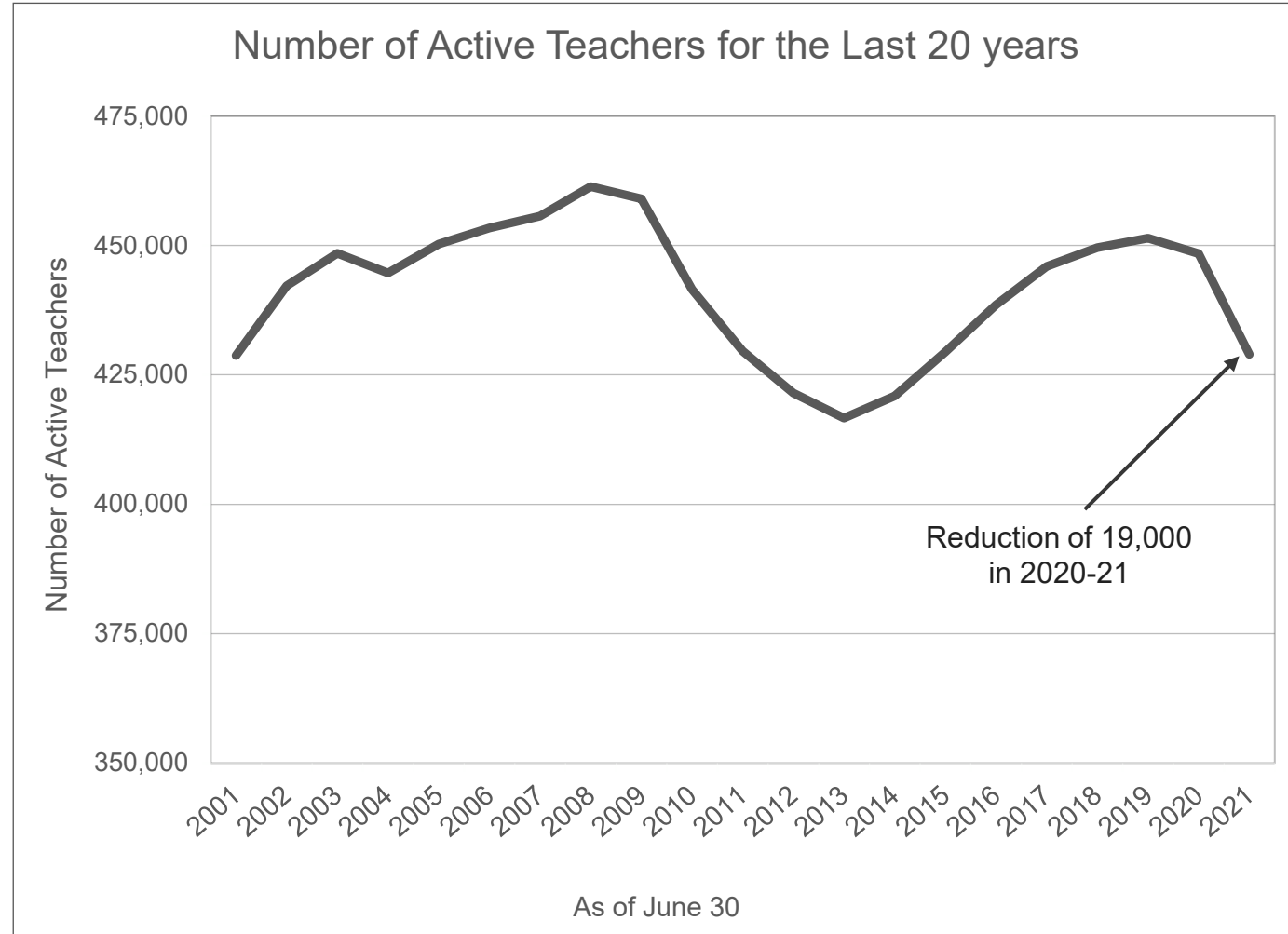
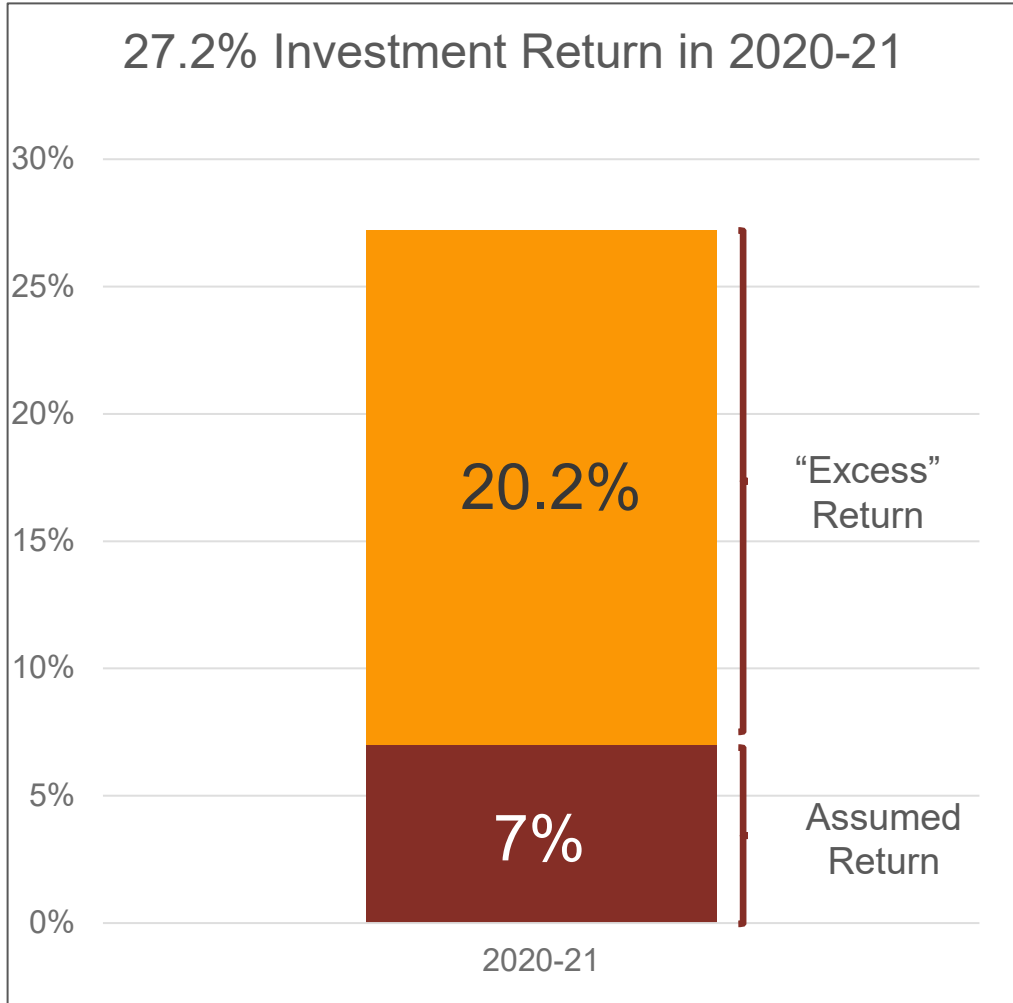


CALSTRS

2021 Review of Funding Levels and Risks

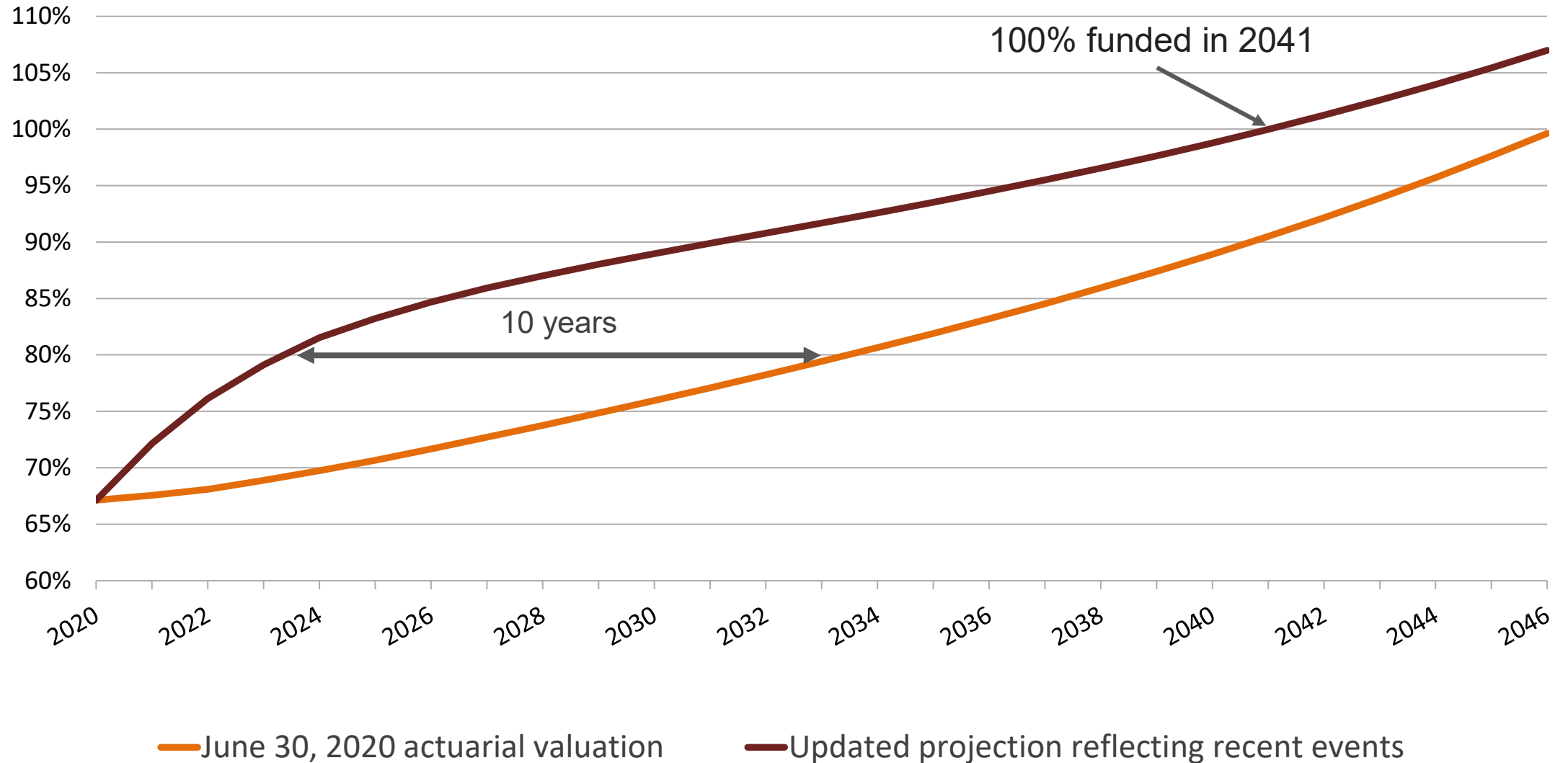
November 2021 Board Meeting

Key Events Since Completion of 2020 Actuarial Valuation



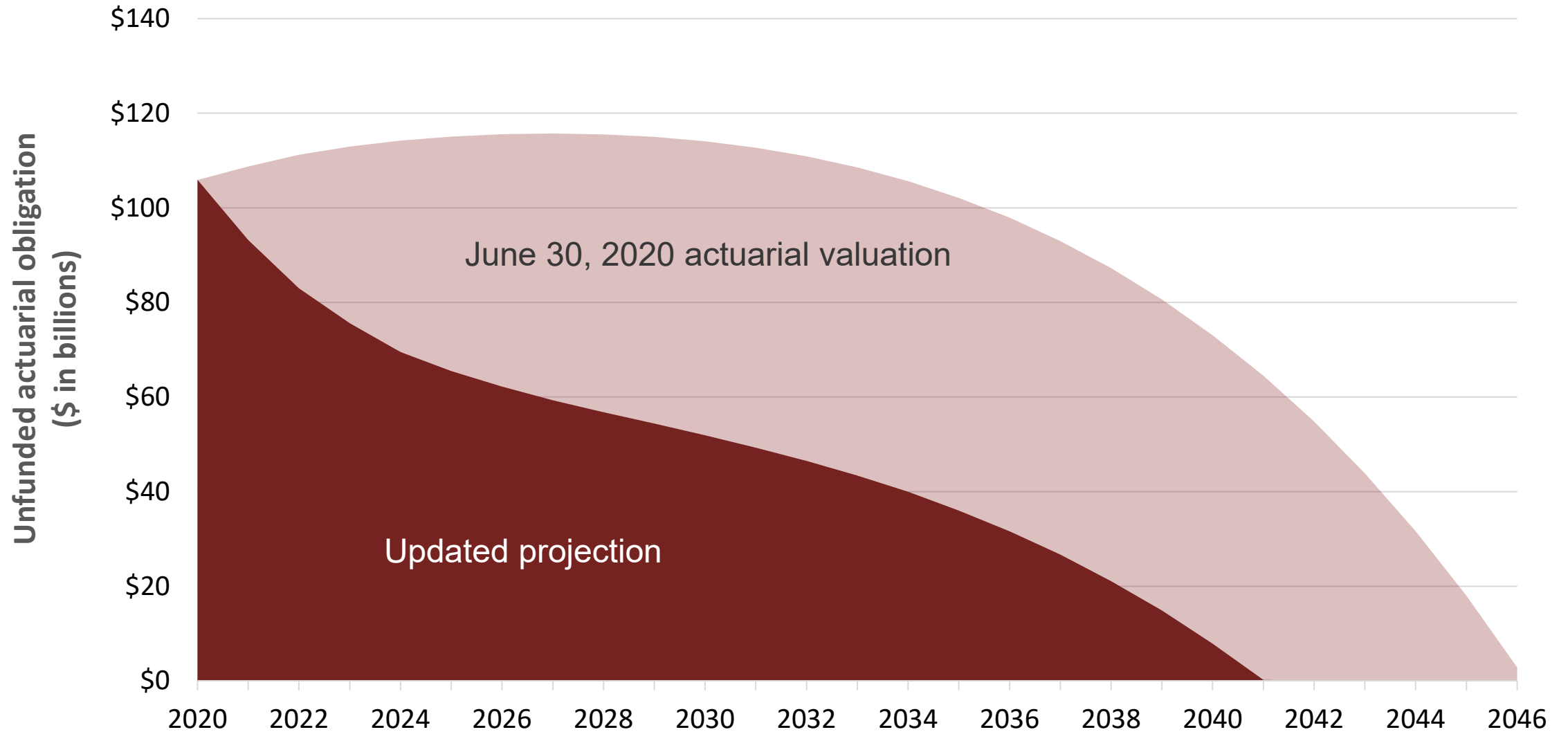
Projected Funded Status

(assumes 7% investment return each year into the future and 3.5% payroll growth)



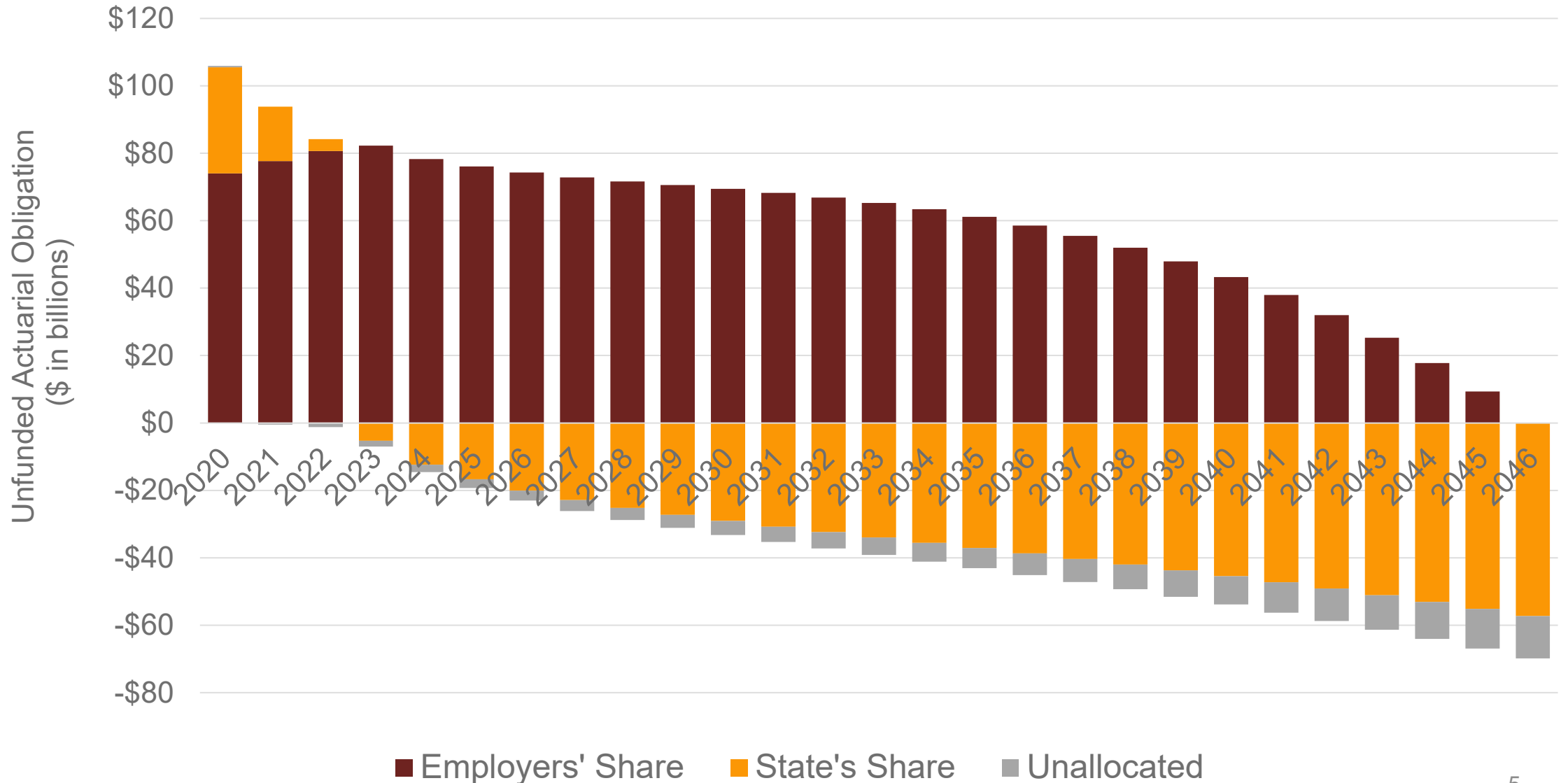
Projected Unfunded Actuarial Obligation

(assumes 7% investment return each year into the future and 3.5% payroll growth)



Projected Breakdown of the Unfunded Actuarial Obligation

(assumes 7% investment return each year into the future and 3.5% payroll growth)



What is Included in the Employers' Share of Unfunded Actuarial Obligation?

Higher retirement benefits since 1999



2% member contributions sent to DBS instead of DB for 10 years

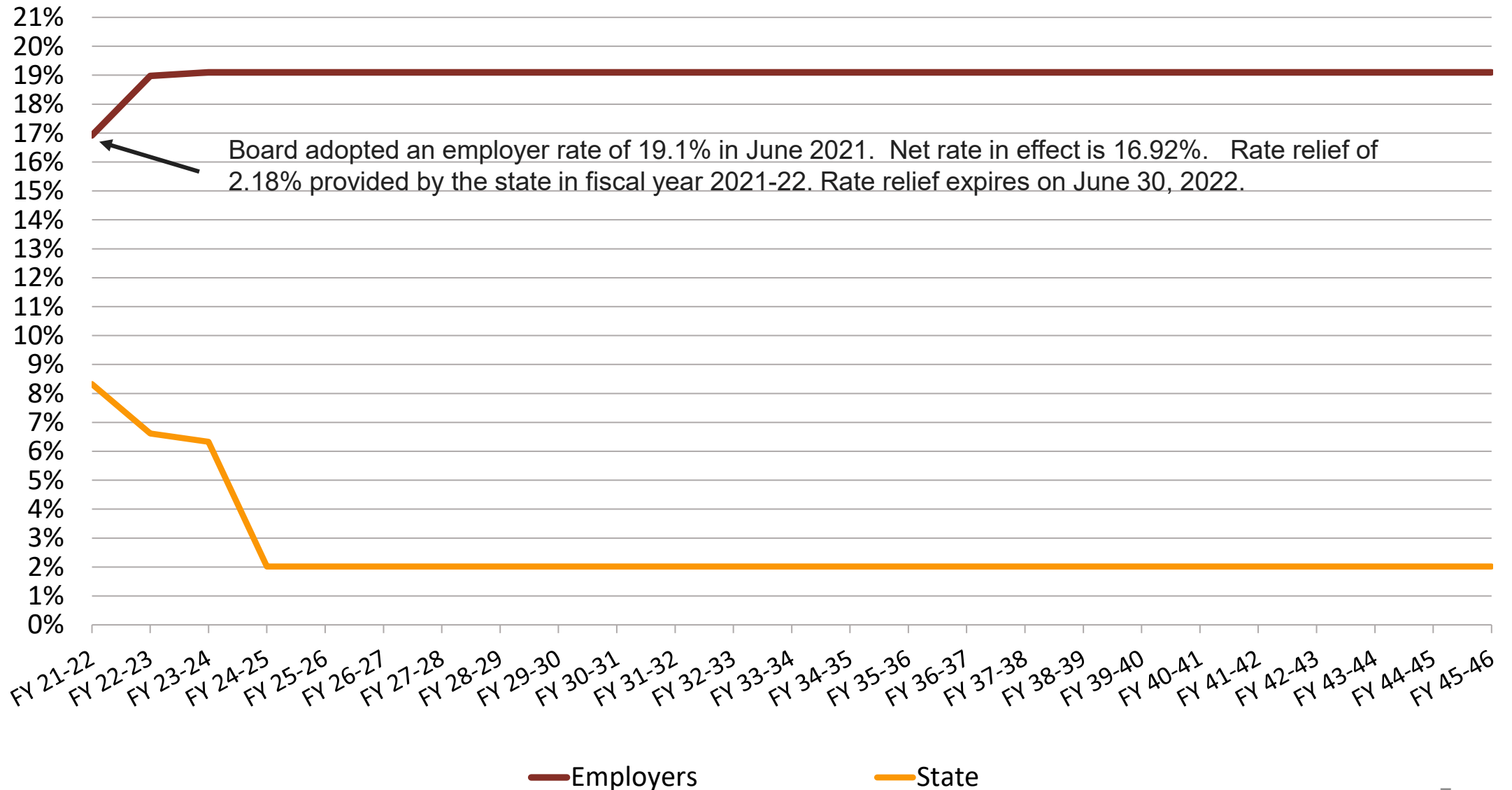


"Missed" investment earnings

Act like a "debt" tied to the actual investment return

Projected Contribution Rates

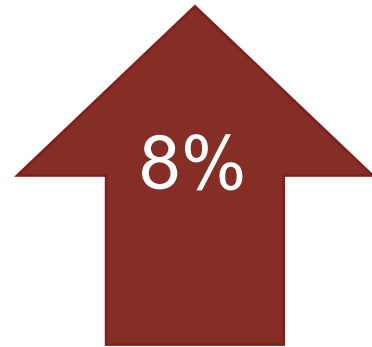
(assumes 7% investment return each year into the future and 3.5% payroll growth)



Improved Funding Risk Measures

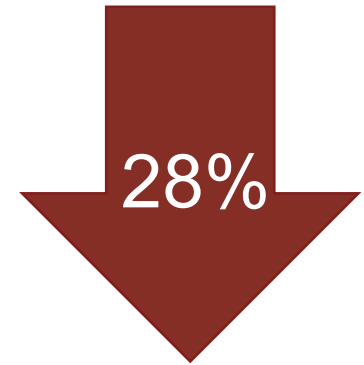
Probability of Reaching
Full Funding

57%

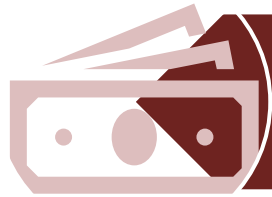


Probability of Dropping
Below 60% Funded

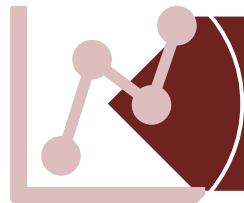
41%



Monitoring Actuarial Assumptions



Price inflation

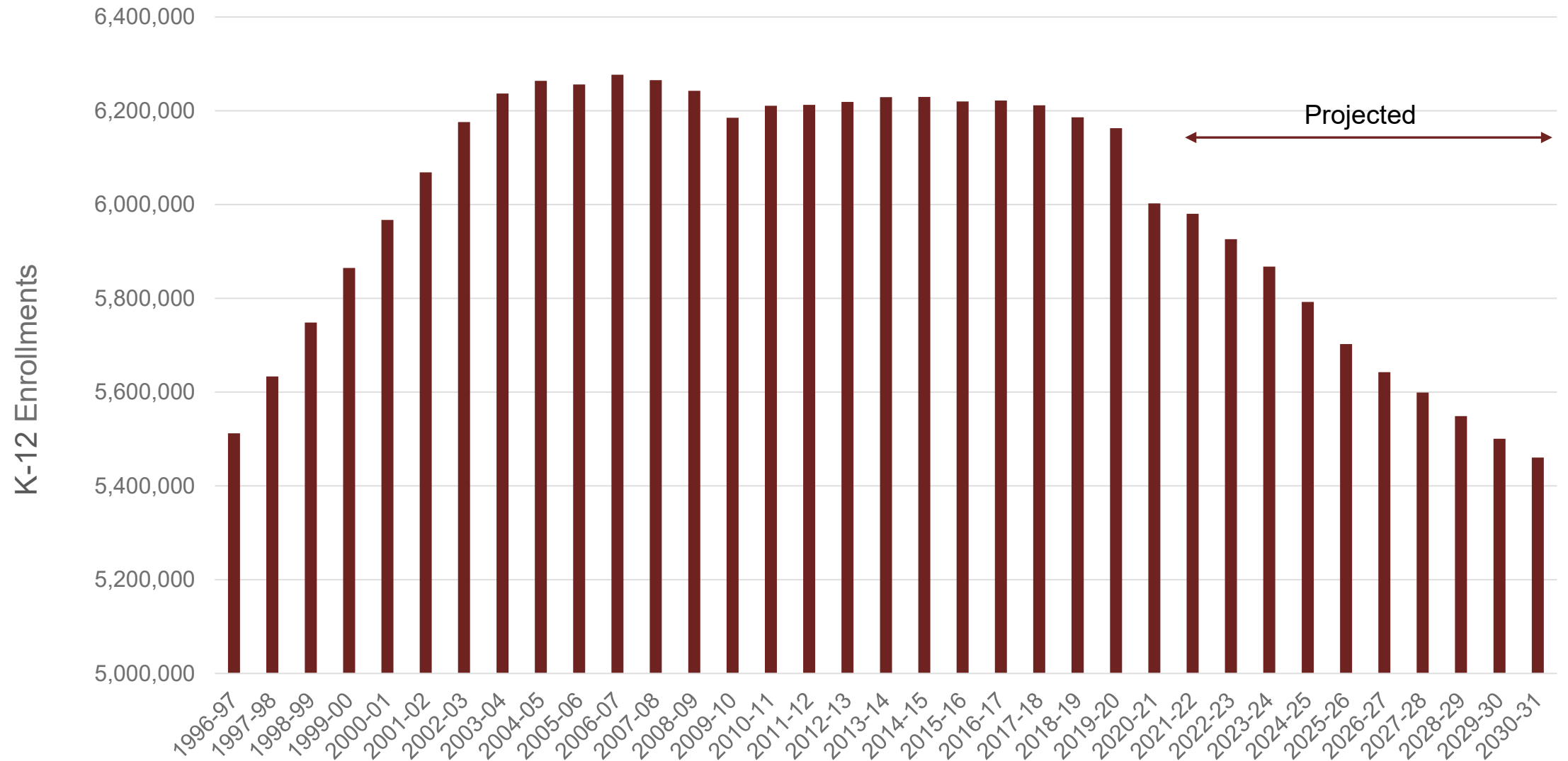


Investment return



Wage/payroll growth

Historical and Projected K-12 Enrollments for California



Next Steps

- January 2022 - review of board valuation policy
- May 2022 – actuarial valuation
 - Should the state contribution rate be reduced?
 - Employer rate expected to remain at 19.1%
- Review of asset allocation and actuarial assumptions
 - Work to begin in FY 2022-23

Questions?