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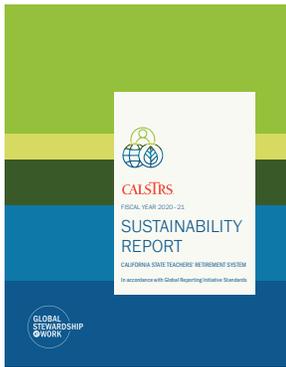
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CALSTRS Connections



YOUR MONEY MATTERS

SEMIANNUAL PUBLICATION FOR ACTIVE AND INACTIVE CALSTRS MEMBERS



CalSTRS 2020-21 Sustainability Report

We are pleased to announce the release of our eighth annual *Sustainability Report*. CalSTRS practices sustainable stewardship of the Teachers' Retirement Fund for the financial security of California's educators.

Our report was prepared in accordance with the Global Reporting Initiative Standards—a framework

that incorporates stakeholder engagement and feedback into organizational prioritization and report focus. Our key topics reflect our approach to corporate sustainability and business continuity.

CalSTRS' COVID-19 resiliency

We adapted the way we do business to continue providing member benefits on time while supporting our employees. Many of the innovations we employed during the COVID-19 pandemic will carry forward in the future.

Member retirement education

We continue to focus on providing our members convenient access to retirement education. We remained available to members via phone and online throughout the year. In-person workshops and group benefits planning sessions were converted to a webinar format.

CalSTRS Funding Plan progress

The 27.19% net investment return earned by CalSTRS in 2020-21 has significantly improved projected funding levels. We now expect the Defined Benefit Program to reach full funding sooner than previously projected under current actuarial assumptions.

Also inside:
2021 Summary Report to Members

Governor announces appointment to Teachers' Retirement Board

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CalSTRS mission:

Securing the financial future and sustaining the trust of California's educators

Teachers' Retirement Board

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Chief Investment Officer

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Designer

Casey McCracken

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:

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COVID-19 update: Serving our members remotely

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**. We will respond as quickly as possible. CalSTRS is also offering limited services at our member service center front counters from 8 a.m. to 5 p.m. Monday through Friday.

You can also find the latest updates and answers to most of your questions through **CalSTRS.com** or through our publications at **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** and register today for immediate access to your accounts.

Visit our COVID-19 resources page for information on how to access all our services at **CalSTRS.com/covid-19-resources**.

- **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.**



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)**

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CalSTRS 2020–21 Sustainability Report

Transition to net zero

We are committed to influencing public policies and engaging with companies to mitigate the risks of climate change and promoting an orderly transition to a net zero economy through investments. In September 2021, the Teachers' Retirement Board adopted a pledge to achieve net zero greenhouse gas emissions across the CalSTRS Investment Portfolio by 2050 or sooner.

Diversity, equity and inclusion

Research demonstrates that the most diverse companies are more likely to outperform less diverse peers on profitability. We participate in diversity and inclusion efforts within our organization and across the investment management industry. We also promote diversity on corporate boards of the companies in which we invest.

Our members report a high level of trust in CalSTRS. Members participating in our 2021 Annual Member Survey expressed a high level of agreement (75%) with the statement: *CalSTRS is an organization I can trust.*

Our data suggests that COVID-19 impacted member service retirements during the 2020–21 fiscal year. The number of service retirements was approximately 9% higher than the previous fiscal year.

The 2020–21 report is available at [CalSTRS.com/sustainability-reports](https://www.calstrs.com/sustainability-reports).

Ways to increase service credit

The more service credit you have at retirement, the greater your CalSTRS Defined Benefit monthly benefit. And remember—it is less expensive to buy service credit earlier in your career rather than later.

You can buy service credit for:

- Eligible leave, including maternity, paternity and sabbatical leave, and leave approved under the federal Family and Medical Leave Act and the California Family Rights Act.
- Eligible service in out-of-state or foreign public schools, the military, Peace Corps or Job Corps.
- Nonmember service for part-time or substitute work performed before you were a CalSTRS member.
- Redeposits of previously refunded contributions, plus interest, after returning to CalSTRS-covered employment.

➤ View the *Purchasing Service Credit* video at [CalSTRS.com/videos](https://www.calstrs.com/videos) or see the fact sheet and booklet at [CalSTRS.com/publications](https://www.calstrs.com/publications).

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.

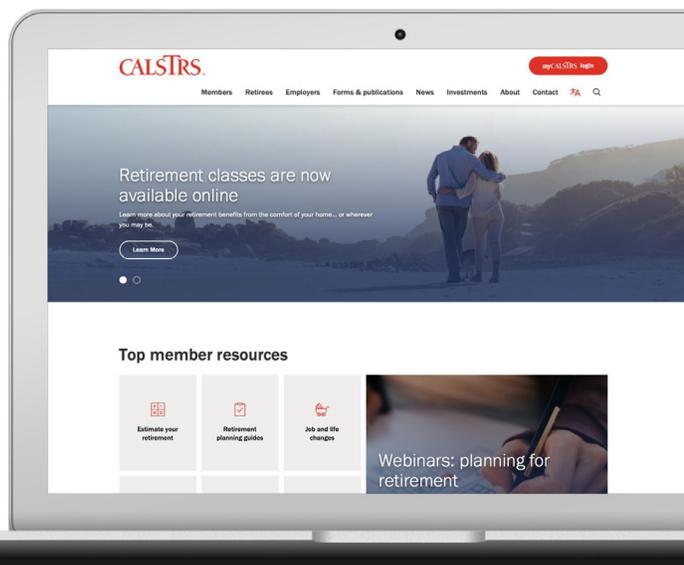
It's your future. Choose Pension2™.

Welcome to the new CalSTRS.com

We've refreshed the look of our website so you can find the information you need about your benefits and services faster and easier.

New features include a new and improved search feature, enhanced accessibility, faster load times and greater online security for our members. We've also made it simpler to find board agendas in the Teachers' Retirement Board section, and the forms section is redesigned with an improved searchability function that makes finding the forms you need easier than ever.

Take time to look around the new site and familiarize yourself with the new functionality and feel at **CalSTRS.com**.



One-time death benefit increase

The one-time death benefit is a lump-sum payment made to a beneficiary upon the death of a CalSTRS Defined Benefit Program member. Effective July 1, 2022, the one-time death benefit is \$6,903 if a member dies before retirement under Coverage A and \$27,612 if under Coverage B. If a member dies after retirement, the one-time death benefit is \$6,903 under both Coverage A and Coverage B.

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](https://www.403bcompare.com) to explore your options and easily compare hundreds of plans.

Subscribe to the CalSTRS Pension Sense blog online

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

Net zero: CalSTRS' holistic approach to climate change

Every day we see a new headline about how climate change is damaging our environment, not just in California, but around the world. At CalSTRS, we believe climate change is one of the biggest threats to our future, and to the long-term sustainability of our investment fund. We have addressed climate risks to the portfolio for nearly 20 years by investing in climate solutions, engaging with companies, and aligning with the global movement to achieve net zero.

In September 2021, the Teachers' Retirement Board committed CalSTRS to a net zero investment portfolio by 2050 or sooner to guard against the worst impacts of climate change, preserve a livable planet and enhance the long-term value of our investments. Net zero means achieving a balance between the amount of greenhouse gases put into the atmosphere and those taken out.

We are not waiting until 2050. We are taking steps now to reduce emissions in our portfolio. We are developing a comprehensive Net Zero Action Plan to establish a baseline of current portfolio emissions, set interim greenhouse gas reduction metrics and targets along the path to net zero, increase investments in low-carbon solutions and drive ongoing change with companies in our portfolio.

CalSTRS is investing \$20 billion in climate-oriented solutions, and these investments are accelerating as we identify new opportunities:

- \$4.2 billion: Dedicated low-carbon strategies in our Public Equities Portfolio.
- \$294 million: Green bonds in our Fixed Income Portfolio.
- \$1.4 billion: Renewable power, agriculture, timberland and LEED-certified structure investments in our Inflation Sensitive Portfolio.
- \$14.2 billion: LEED-certified buildings in our Real Estate Portfolio.

This holistic approach to climate change is important because for every dollar we pay in benefits, about 60 to 65 cents come from investment income. We know our decisions and actions determine our long-term viability and contribute to our ability to secure our members' financial futures. Our net zero pledge ensures we are actively addressing climate change so the fund will be here for future generations of public school educators in California. You can learn more about our approach at [CalSTRS.com/path-to-net-zero](https://www.calstrs.com/path-to-net-zero).



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.



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 to 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.

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

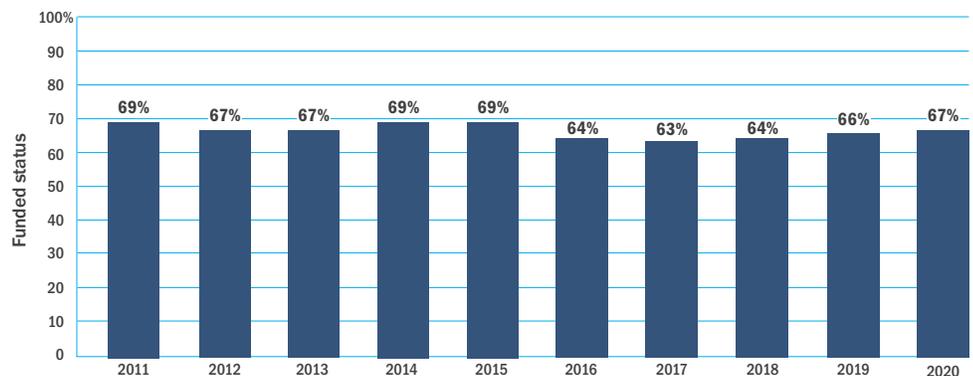
State Teachers' Retirement Plan Statement of changes in fiduciary net position

(dollars in thousands)

	2021	2020
Additions		
Contributions (member, employer, State of California)	\$13,231,626	\$14,261,938
Investment income	67,521,852	10,773,441
Investment expenses	(483,232)	(670,363)
Other income	90,454	101,423
Total additions	\$80,360,700	\$24,466,439
Deductions		
Benefits and refunds	\$16,708,128	\$16,024,677
Administrative expenses	251,556	218,868
Borrowing costs	89,604	94,689
Other expenses	1,703	6,349
Total deductions	\$17,050,991	\$16,344,583
Increase in net position	63,309,709	8,121,856
Net position restricted for pensions		
Beginning of the year	\$246,983,744	\$238,861,888
End of the year	\$310,293,453	\$246,983,744

Defined Benefit Program funded ratio

The June 30, 2020, actuarial valuation, which is the most recent valuation available, showed an increase of \$172 million in the unfunded actuarial obligation of the DB Program to a total of \$105.9 billion and an increase in the funded ratio from 66.0% to 67.1%. This increase is primarily attributable to increased contributions resulting from increased contribution rates per the CalSTRS Funding Plan. The funded ratio, which is the amount of assets on hand to pay for obligations, is projected to gradually increase under the funding plan as contributions increase, with steady progress toward full funding by 2046.



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

Defined Benefit Program

Membership in 2021

Fiscal year	2021	2020
Active members	429,681	448,419
Inactive members	230,770	213,056
Total active and inactive members	660,451	661,475
Service retirement benefits	281,302	276,070
Disability benefits	9,973	10,095
Survivor benefits	29,138	28,353
Total retirees and beneficiaries	320,413	314,518
Total members, retirees and beneficiaries	980,864	975,993

Average active member age and years of service

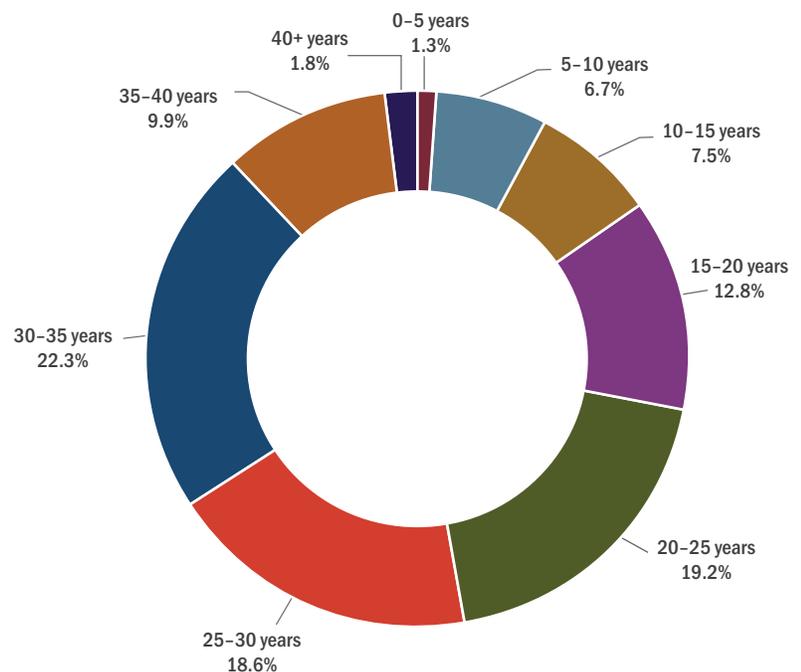
Fiscal year	2021	2020
Average age	45.4	45.3
Average years of service	12.9	12.4
Average annual salary	\$83,289	\$80,182

For more details, find the *Annual Comprehensive Financial Report* and the *Popular Annual Financial Report* at CalSTRS.com/publications. The *Popular Annual Financial Report* contains information extracted from the *Annual Comprehensive Financial Report* and is designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

Members retiring in 2021

Fiscal year	2021	2020
Number retiring	12,785	11,706
Average age	63.2	63.3
Average years of service	24.7	24.3
Average annual final compensation	\$98,880	\$95,376
Average annual Member-Only Benefit	\$57,756	\$55,368

Years of service retirement in 2021



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. These values and returns may not match the Financial section of the *Annual Comprehensive Financial Report*, which presents this same information in accordance with Generally Accepted Accounting Principles. For more current investment information, as well as videos detailing key aspects of the investment portfolio, see CalSTRS.com.

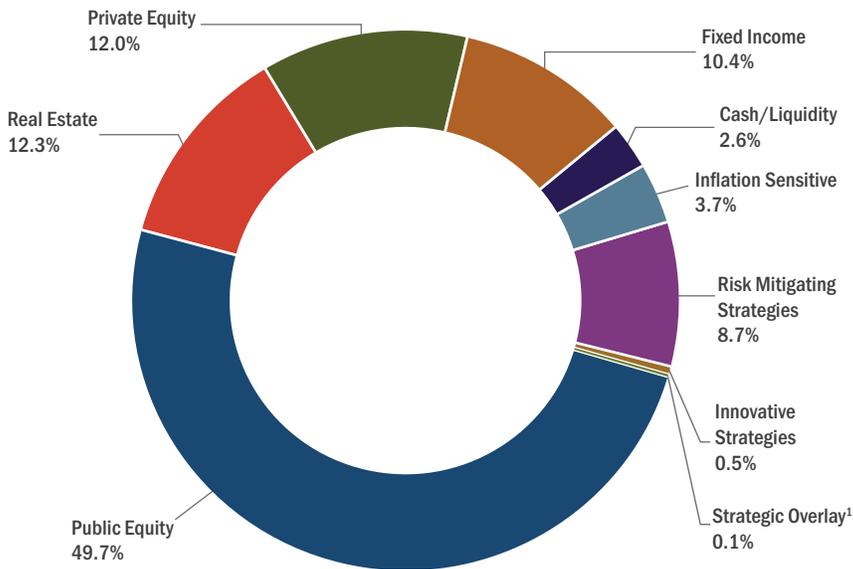
Investment allocation

The Teachers' Retirement Board adopts long-term strategic allocation targets to be implemented over several years. The following charts provide the distribution of the State Teachers' Retirement Plan investments based on portfolio allocation and market value of investments.

Asset allocation

Total investment portfolio of \$308.6 billion

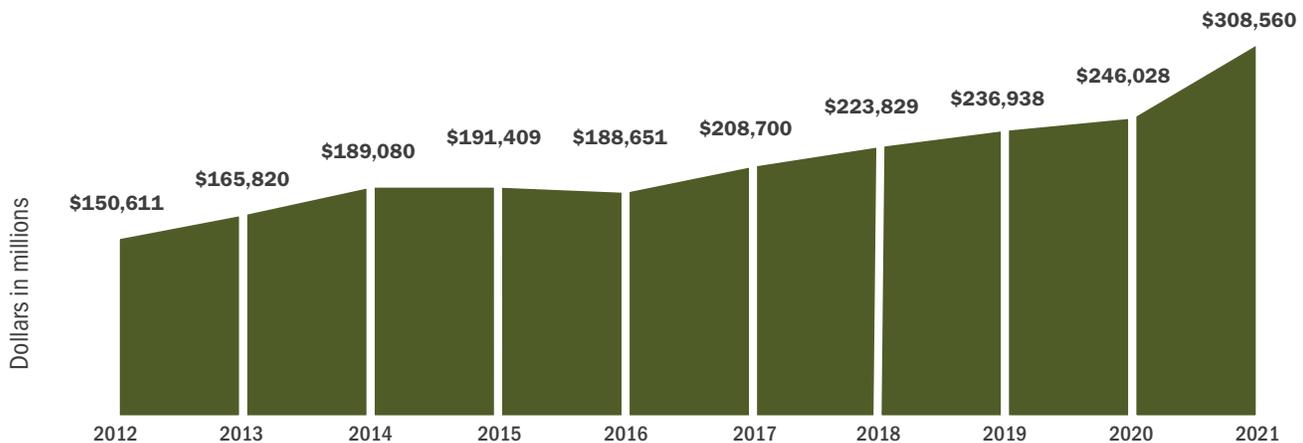
as of June 30, 2021



¹Strategic Overlay consists of the Currency Management Program and Derivative Overlay.

Market value of investments

(fiscal years ended June 30)

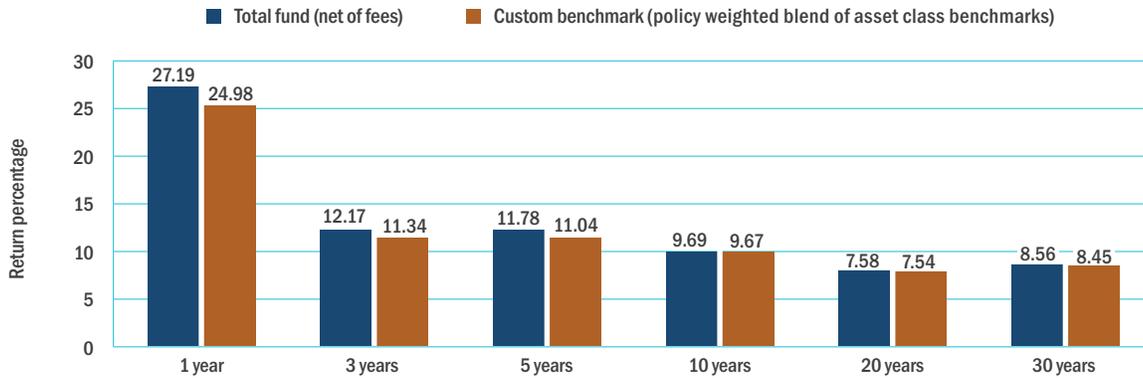


Securing your financial future (continued)

The following charts show CalSTRS' returns versus custom benchmarks as of June 30, 2021. Benchmarks are goals and standards used to measure investment performance.

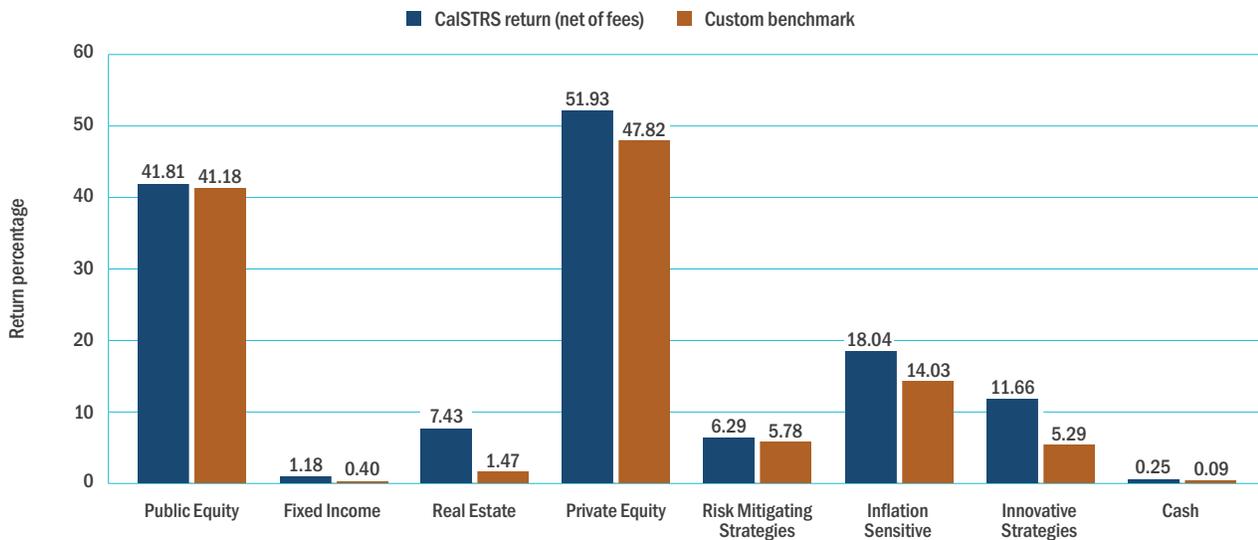
Time-weighted returns

as of June 30, 2021



One-year time-weighted returns by portfolio types

as of June 30, 2021



CalSTRS resources



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Call ahead to verify the hours
and services of your local office.



FAX

916-414-5040



Board highlights available online

CalSTRS offers an easy-to-read downloadable summary of board meeting highlights that is posted online after each meeting. You can view the summary at [CalSTRS.com/board-highlights](https://www.calstrs.com/board-highlights).

The Teachers' Retirement Board meeting video archive can be found at [CalSTRS.com/board-meeting-video-archive](https://www.calstrs.com/board-meeting-video-archive).

Governor announces appointment to Teachers' Retirement Board

In November 2021, Governor Newsom appointed Ken Tang to the Teachers' Retirement Board. Tang is the school board representative appointed by the Governor to the 12-member board, and his term lasts through December 31, 2023. The appointment is subject to Senate confirmation. More information about Tang's appointment is available on the Governor's website at [gov.ca.gov](https://www.gov.ca.gov).

Teachers' Retirement Board reelects chair Keiley, vice chair Hendricks

At the Teachers' Retirement Board meeting on May 4, the board reelected Harry M. Keiley as chair and Sharon Hendricks as vice chair of the board for the fiscal year 2022–23 term. The 12-member board nominates and elects its chair and vice chair annually, and the newly elected officers assume their posts immediately.

CalSTRS selected as a best place to work in money management for seventh time

CalSTRS was named a Best Place to Work in Money Management in 2021 by *Pensions & Investments* magazine for the seventh time and sixth consecutive year.

Pensions & Investments, the global news source of money management, recently presented the results of its 10th annual survey and recognition program dedicated to identifying and recognizing the best employers in the money management industry.

"This is an honor that recognizes CalSTRS' commitment to providing a positive, diverse and inclusive culture that brings out the best in our talented team members," said Chief Investment Officer Christopher J. Ailman. "It shows that our employees are engaged, motivated and resilient, especially during these trying times."



This is CalSTRS' seventh recognition in the award's 10 years. CalSTRS was also a recipient of the award in 2020, 2019, 2018, 2017, 2016 and 2013.

A complete list of winners of the 2021 Best Places to Work in Money Management award can be found at [pionline.com](https://www.pionline.com).

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[myCalSTRS](https://mycalstrs.com) 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

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.