

Board Governance Manual, Section 7E-8

8. Lump Sum Death Benefit for Active and Retired Members

A one-time lump sum death payment is payable to the beneficiary upon the death of an active or retired DB Program member under certain conditions specified in statute. Sections 23801, 23851 and 23880 permit the board to adjust the death payment amount following each actuarial valuation based on changes in the “All Urban California Consumer Price Index”. The board adopts the benefit amounts after the latest actuarial valuation and upon [a determination by ~~recommendation from~~ its consulting actuary of the impact of an adjustment on the funding of the Defined Benefit Program. It is the policy of the board that:](#)

- a. The board shall adopt lump sum death benefit amounts for members of the DB Program annually with the goal of adopting the benefit amounts before July of the fiscal year in which the rate applies.
- b. The board shall adopt separate death benefit amounts for active Coverage A members, all retired members, and active Coverage B members.
- c. The board shall adopt the same benefit amount for Coverage B members under both the CalSTRS 2% at 60 and 2% at 62 benefit programs.
- d. The adoption of the benefit amounts shall be based on the latest actuarial valuation [of the Defined Benefit Program](#) and a [determination by the board’s ~~recommendation from its~~ consulting actuary of the projected impact of an adjustment on the funding of the Defined Benefit Program.](#)
- e. [Increases in the benefit amounts shall be based on inflation in California in the previous calendar year as measured by the change in the All Urban California Consumer Price Index during the 12-month period ending in the preceding month of December.](#)
- f. [Annual increases shall not exceed the assumed long-term inflation assumption most recently adopted by the board. If the inflation in California in the previous calendar year exceeds the long-term inflation assumption, the portion of the inflation in excess of the assumption shall be made available in future years when inflation is below the long-term inflation assumption.](#)
- g. [Effective July 1, 2024, cumulative increases in the lump-sum death benefit amounts shall not exceed the long-term inflation assumption.](#)
- h. [An increase should be considered if the funded status of the Defined Benefit Program is projected to be 100% or greater on June 30, 2046 and the current and projected funded status,](#)

as of the most recent actuarial valuation, reflecting the increased benefit amounts, is greater than the funded status specified in the following schedule:

<u>Valuation Date (as of June 30)</u>	<u>Funded Status Threshold</u>
<u>2023</u>	<u>68.3%</u>
<u>2024</u>	<u>69.2%</u>
<u>2025</u>	<u>70.2%</u>
<u>2026</u>	<u>71.1%</u>
<u>2027</u>	<u>72.1%</u>
<u>2028</u>	<u>73.1%</u>
<u>2029</u>	<u>74.2%</u>
<u>2030</u>	<u>75.3%</u>
<u>2031</u>	<u>76.4%</u>
<u>2032</u>	<u>77.5%</u>
<u>2033</u>	<u>78.7%</u>
<u>2034</u>	<u>79.9%</u>
<u>2035</u>	<u>81.2%</u>
<u>2036</u>	<u>82.5%</u>
<u>2037</u>	<u>83.9%</u>
<u>2038</u>	<u>85.3%</u>
<u>2039</u>	<u>86.9%</u>
<u>2040</u>	<u>88.5%</u>
<u>2041</u>	<u>90.1%</u>
<u>2042</u>	<u>91.9%</u>
<u>2043</u>	<u>93.8%</u>
<u>2044</u>	<u>95.7%</u>
<u>2045</u>	<u>97.8%</u>
<u>2046</u>	<u>100.0%</u>

History: Adopted November 6, 2014, and amended on March 7, 2024.