

**CALSTRS**

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM



# **Financial Statement Highlights**

June 2014 Fiscal Year End

Lucy Arbuckle

Employer Advisory Committee

November 20, 2014

# Agenda

- Financial Statements – STRP
- Net Pension Liability – STRP
- Other Pension Information – STRP
- Communications

# STRP Statement of Fiduciary Net Position

## **NET POSITION**

*(Dollars in Thousands)*

<b>ASSETS</b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>Percent Change</u></b>
Investments <sup>1</sup>	\$ 214,193,243	\$ 190,407,340	12.5%
Cash	287,965	345,517	(16.7%)
Investment Receivables	2,637,163	3,587,362	(26.5%)
Member, Employer and Other Receivables	573,549	670,460	(14.5%)
Capital Assets	228,362	237,901	(4.0%)
<b>TOTAL ASSETS</b>	<b>\$ 217,920,282</b>	<b>\$ 195,248,580</b>	<b>11.6%</b>
<b>LIABILITIES</b>			
Benefits in Process of Payment	1,121,034	1,044,692	7.3%
Investment Payables	2,908,250	3,527,392	(17.6%)
Loan Payables	944,269	937,494	0.7%
Other	161,415	143,640	12.4%
Securities Lending Obligation	22,311,298	23,246,453	(4.0%)
<b>TOTAL LIABILITIES</b>	<b>\$ 27,446,266</b>	<b>\$ 28,899,671</b>	<b>(5.0%)</b>
<b>NET POSITION</b>	<b>\$ 190,474,016</b>	<b>\$ 166,348,909</b>	<b>14.5%</b>

<sup>1</sup> Includes securities lending collateral of \$22.3 billion.



# STRP Statement of Changes In Fiduciary Net Position

## **CHANGES IN NET POSITION**

*(Dollars in Thousands)*

<b>ADDITIONS</b>		<b><u>2014</u></b>		<b><u>2013</u></b>	<b><u>Percent Change</u></b>
Member	\$	2,263,613	\$	2,336,731	(3.1%)
Employer		2,272,166		2,283,263	(0.5%)
State		1,383,468		1,328,298	4.2%
Net Investment Income		30,401,903		20,682,156	47.0%
Other		2,055		1,744	17.8%
<b>TOTAL ADDITIONS</b>	\$	<b>36,323,205</b>	\$	<b>26,632,192</b>	<b>36.4%</b>
<b>DEDUCTIONS</b>					
Benefit Payments		11,927,556		11,354,733	5.0%
Refunds of Contributions		107,600		104,994	2.5%
Administrative Expenses		154,155		137,165	12.4%
Other		8,787		4,448	97.5%
<b>TOTAL DEDUCTIONS</b>	\$	<b>12,198,098</b>	\$	<b>11,601,340</b>	<b>5.1%</b>
<b>NET POSITION INCREASE</b>		<b>24,125,107</b>		<b>15,030,852</b>	<b>60.5%</b>
<b>BEGINNING NET POSITION</b>		<b>166,348,909</b>		<b>151,318,057</b>	<b>9.9%</b>
<b>ENDING NET POSITION</b>	\$	<b>190,474,016</b>	\$	<b>166,348,909</b>	<b>14.5%</b>

## STRP Net Pension Liability of Employers and the State (formerly Funded Status)

*(dollars in millions)*

Total pension liability	\$	248,911
Less: STRP fiduciary net position		<u>(190,474)</u>

Net pension liability of employers and the state	\$	<u>58,437</u>
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STRP fiduciary net position as a percentage of the total pension liability	77%
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## **STRP Net Pension Liability of Employers and the State (formerly Funded Status) – continued...**

- NPL rolled forward using 6-30-13 valuation.
- Methods/assumptions similar to DB funding valuation for entire STRP per Board resolution 14-16.
- 7.6% assumed investment rate of return (gross of admin expenses) instead of 7.5% (net of admin expenses).

# Other Pension Information – STRP

- Schedule of Proportionate Share of Contributions (Schedule IX).
- Schedule of Aggregate Pension Amounts (Schedule X).
- Notes to Schedules IX and X.
- Unmodified Audit Opinion.



# Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity

California State Teachers' Retirement System  
State Teachers' Retirement Plan  
Schedule of Proportionate Share of Contributions  
for Employers and Nonemployer Contributing Entity  
for the Year Ended June 30, 2014

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
62555	Los Angeles Community College District	\$ 1,462,452	0.040%
<b>62555</b>	<b>Los Angeles Community College District</b>	<b>\$ 1,462,452</b>	
63098	City College of San Francisco	492,192	0.013%
<b>63098</b>	<b>City College of San Francisco</b>	<b>\$ 492,192</b>	
Total CalSTRS-calculated employer contributions		\$ 2,291,104,886	62.350%
State contributions (nonemployer contributing entity) <sup>1</sup>		1,383,468,047	37.650%
<b>Total employer and state contributions included in the proportionate share calculation</b>		<b>\$ 3,674,572,933</b>	<b>100.000%</b>
Plus: Contributions for separately financed liabilities of individual employers <sup>2</sup>		14,456,510	
Less: Employer contributions redirected to fund MPPP		(33,394,757)	
<b>Total employer and state contributions in the Statement of Changes in Fiduciary Net Position</b>		<b>\$ 3,655,634,686</b>	

1) CalSTRS recognizes state contributions for the entire fiscal year at the beginning of each fiscal year per CalSTRS revenue recognition policy.

2) Contributions excluded from proportionate share calculation per CalSTRS policy. These include employer contributions for retirement incentives, additional service credit, and unused sick leave.



<b>Total Net Pension Liability</b>	<u>\$ 58,437</u>
<b>Increase (decrease) in Net Pension Liability</b>	\$ (13,001)
<b>Less: Items subject to amortization <sup>1</sup></b>	
Differences between expected and actual experience	-
Changes of assumptions	-
Differences between projected and actual earnings on plan investments	(17,987)
Change in NPL recognized immediately in pension expense	<u>\$ 4,986</u>
<b>Plus: Current year amortization of deferred outflows of resources <sup>1</sup></b>	
Differences between expected and actual experience <sup>2</sup>	-
Changes of assumptions <sup>2</sup>	-
Differences between projected and actual earnings on plan investments <sup>3</sup>	-
	<u>\$ -</u>
<b>Less: Current year amortization of deferred inflows of resources <sup>1</sup></b>	
Differences between expected and actual experience <sup>2</sup>	-
Changes of assumptions <sup>2</sup>	-
Differences between projected and actual earnings on plan investments <sup>3</sup>	3,597
	<u>\$ 3,597</u>
<b>Total pension expense</b>	<u><u>\$ 1,389</u></u>

**Deferred outflows of resources:**

Differences between expected and actual experience	-
Changes of assumptions	-
Differences between projected and actual earnings on plan investments <sup>3</sup>	-
<b>Total deferred outflows of resources</b>	<u><u>\$ -</u></u>

**Deferred inflows of resources:**

Differences between expected and actual experience	-
Changes of assumptions	-
Differences between projected and actual earnings on plan investments <sup>3</sup>	14,390
<b>Total deferred inflows of resources</b>	<u><u>\$ 14,390</u></u>

1) This schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date.

2) These items are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2014

3) Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

# Communications

- Starting in January 2015, we will continue our presentations to groups of employers relating to GASB 67/68.
- For questions or comments, please contact Lucy Arbuckle at [LArbuckle@CalSTRS.com](mailto:LArbuckle@CalSTRS.com).

Questions?

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