

CALSTRS

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

June 30, 2016 Actuarial Valuation and Implications for Contribution Rates

David Lamoureux

Employer Advisory Committee Meeting

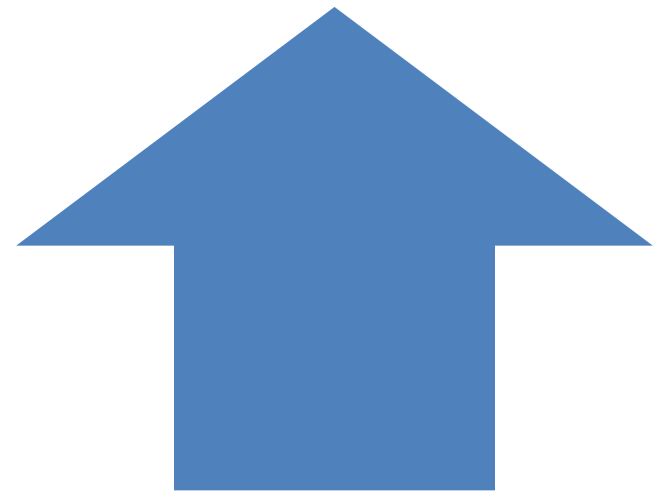
May 10, 2017



February 2017 Board Meeting

- Board was presented with results of experience study.
- Teachers' Retirement Board adopted new assumptions.

Key Assumption Changes Adopted by the Board

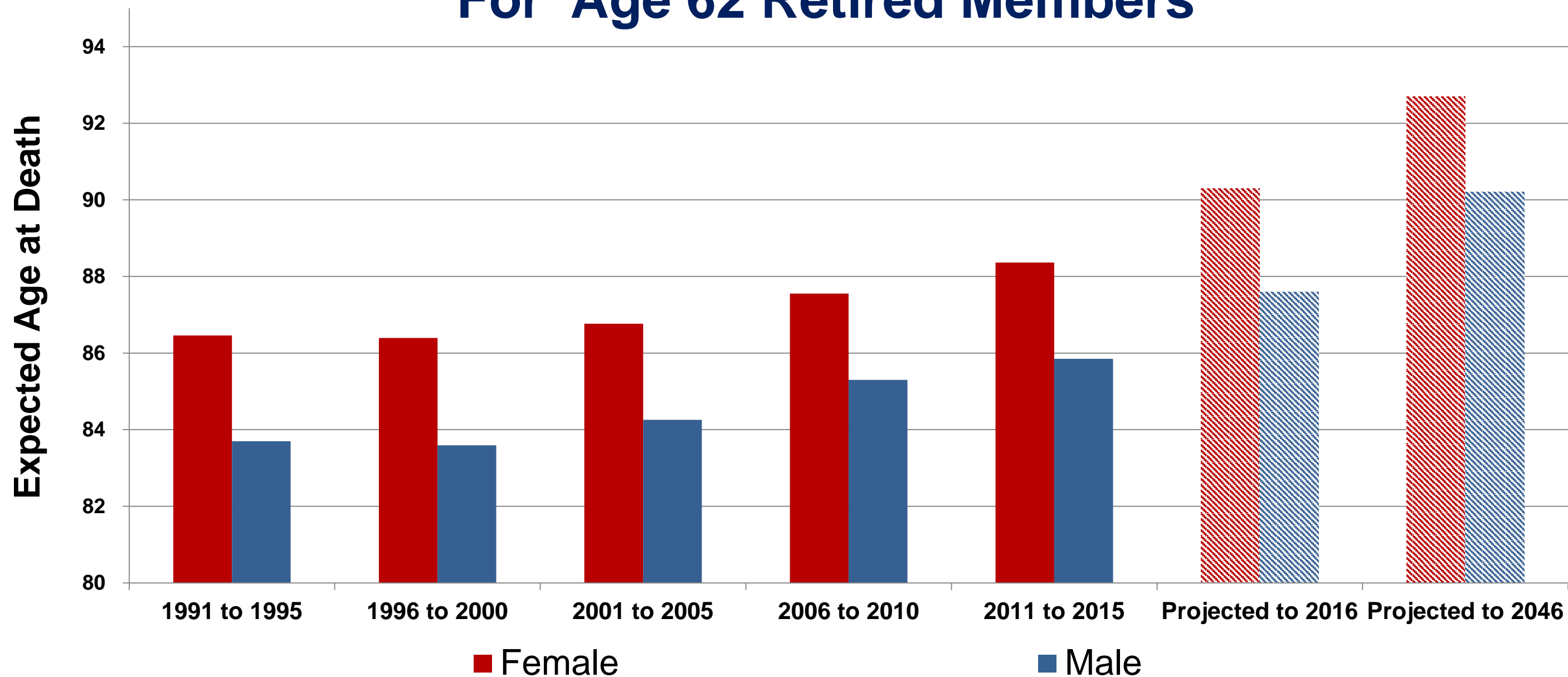


Life Expectancy



**Return
Expectations**

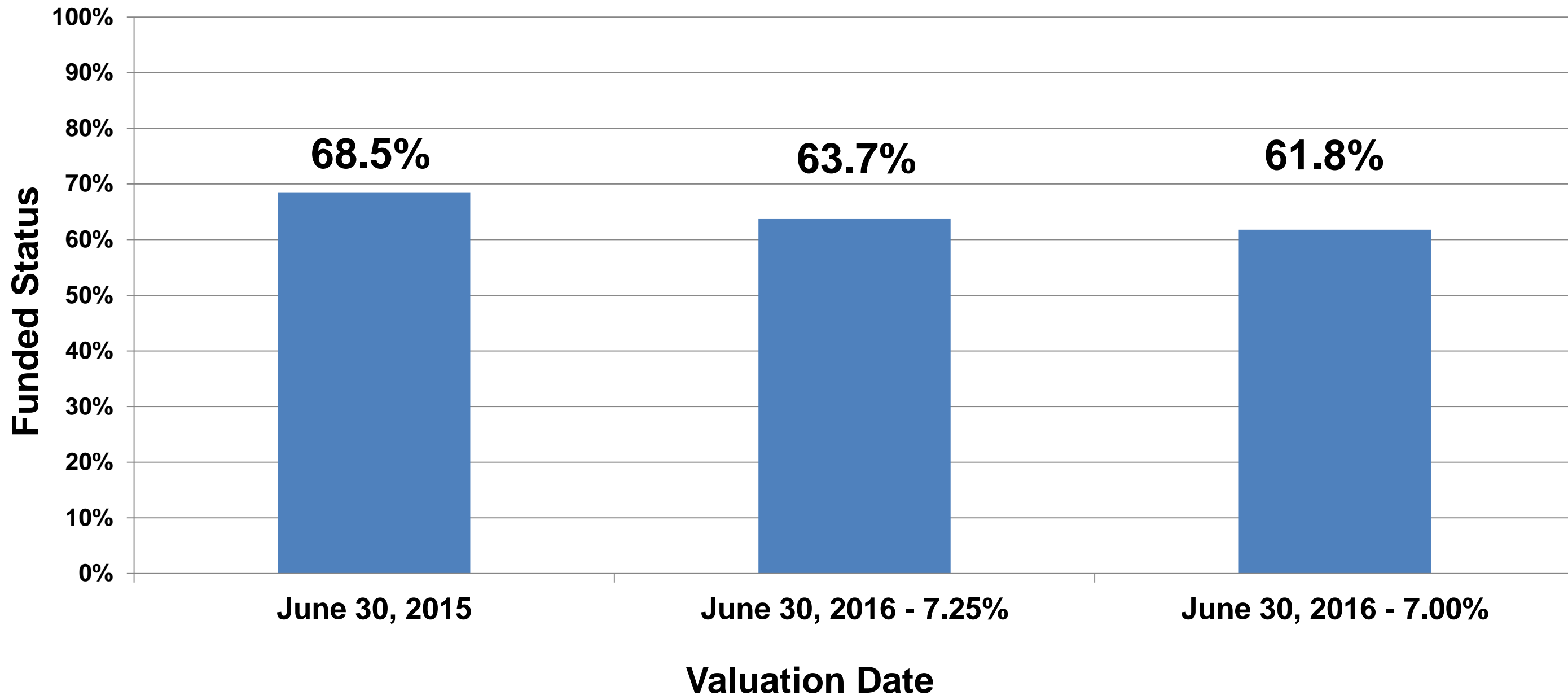
Observed and Projected Life Expectancy For Age 62 Retired Members



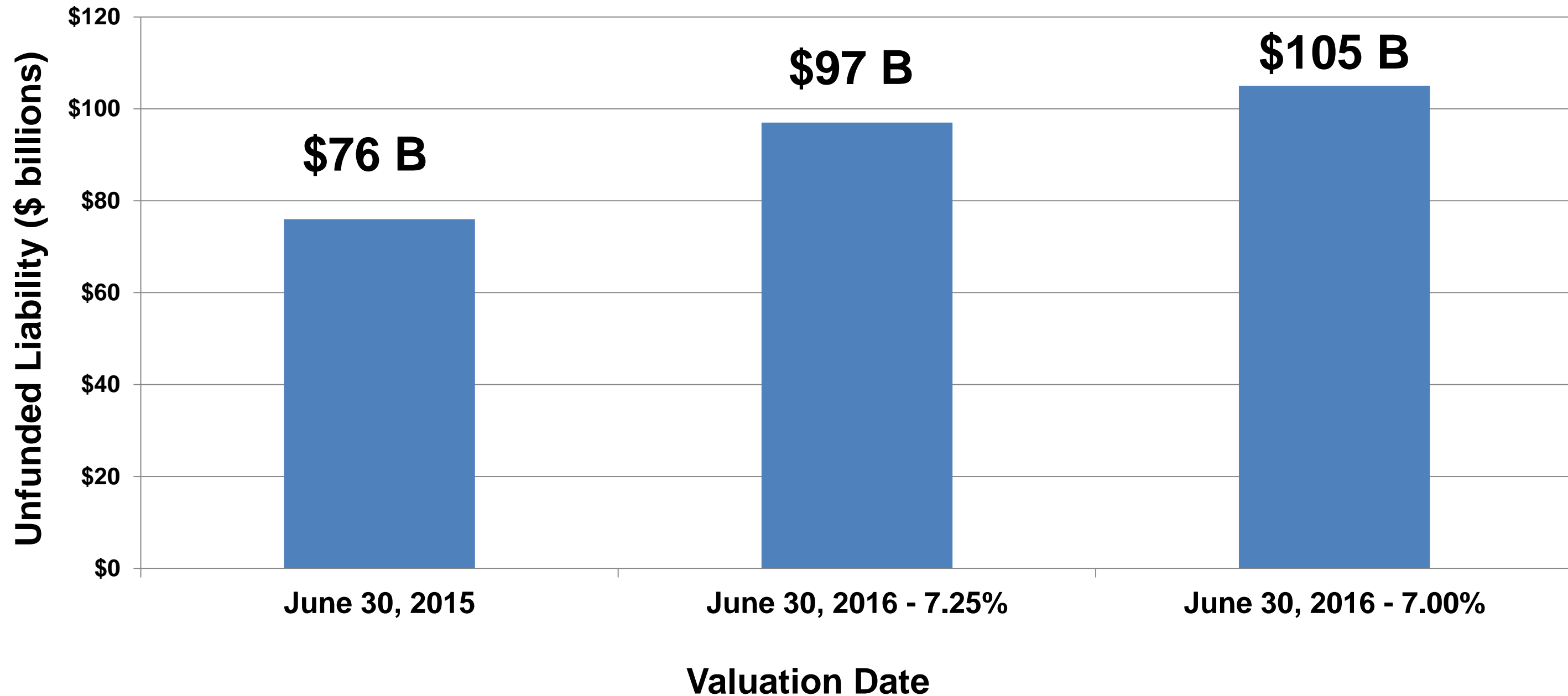
Actuarial Valuation

- Presented to board at April 6, 2017 meeting.
- Results as of June 30, 2016.
- Reflected new actuarial assumptions.

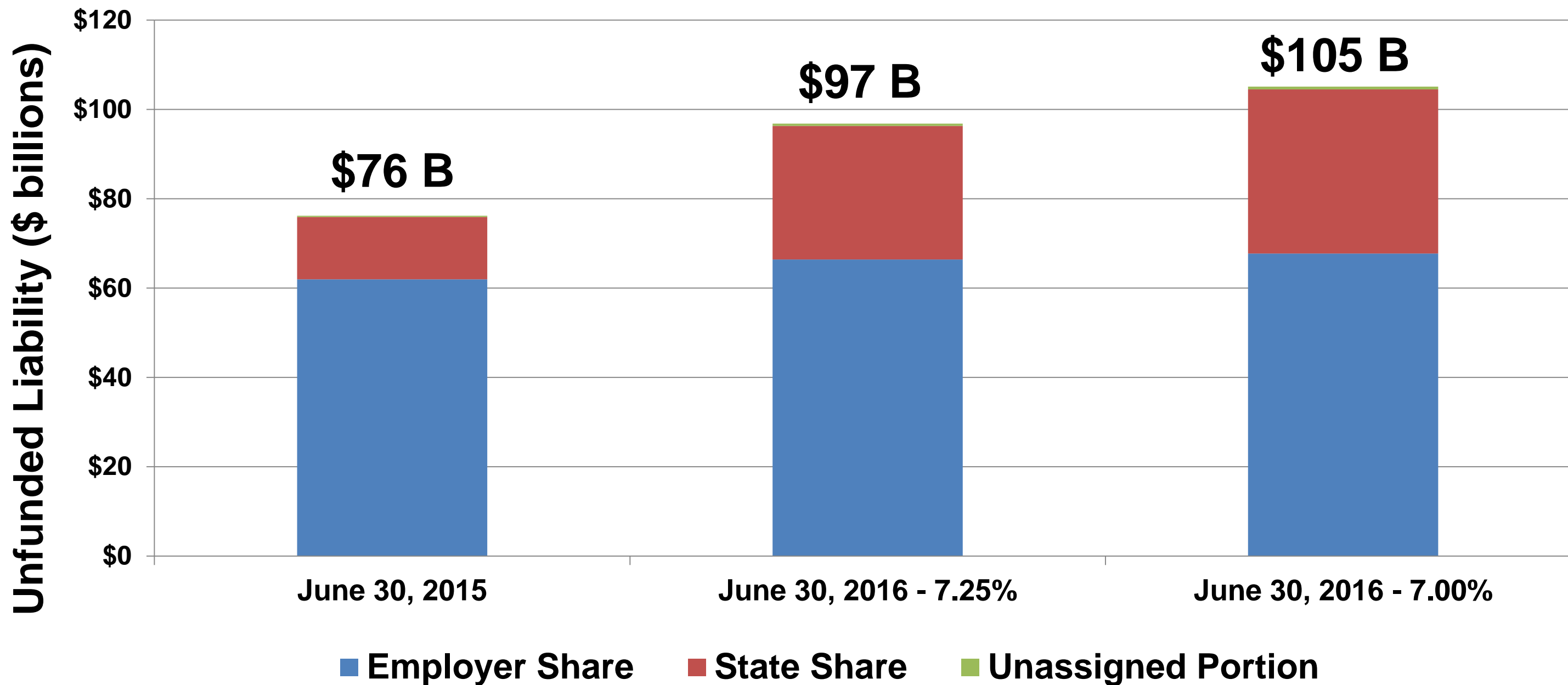
Funding Levels



Unfunded Liability (\$ billions)



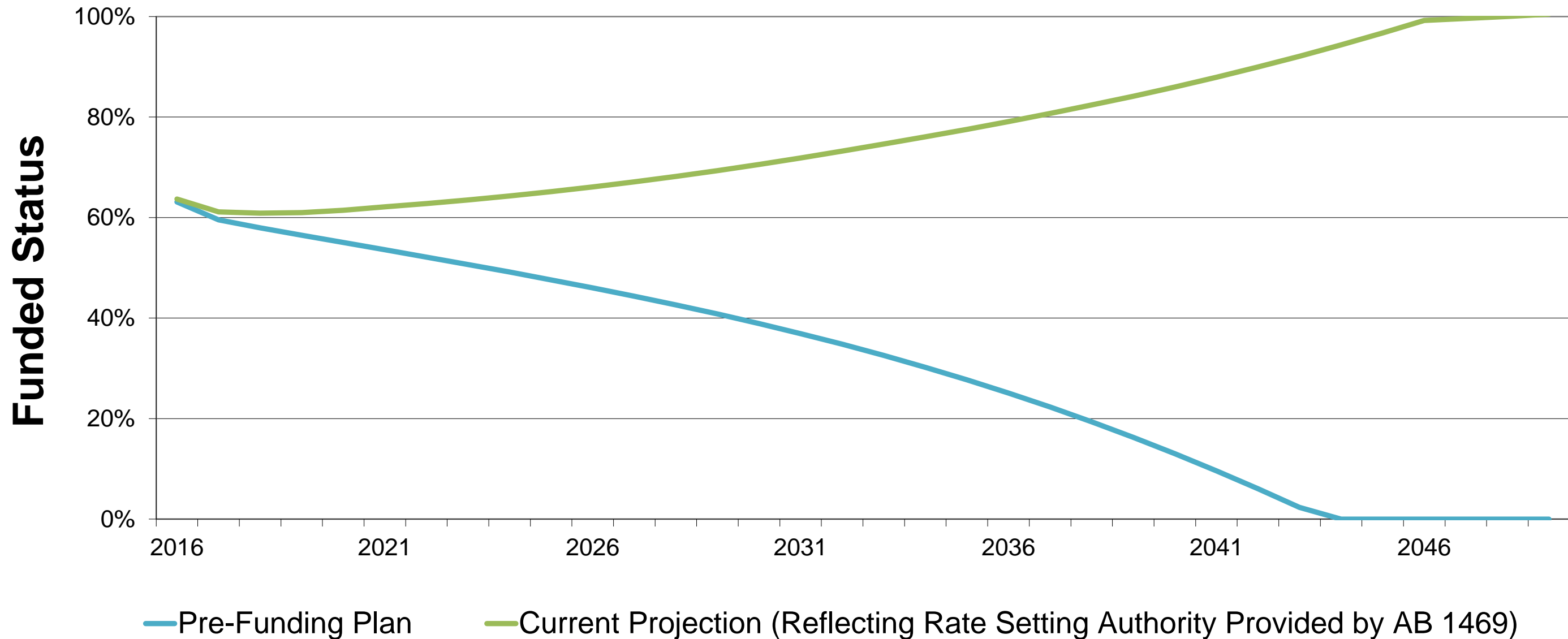
Unfunded Liability (\$ billions)



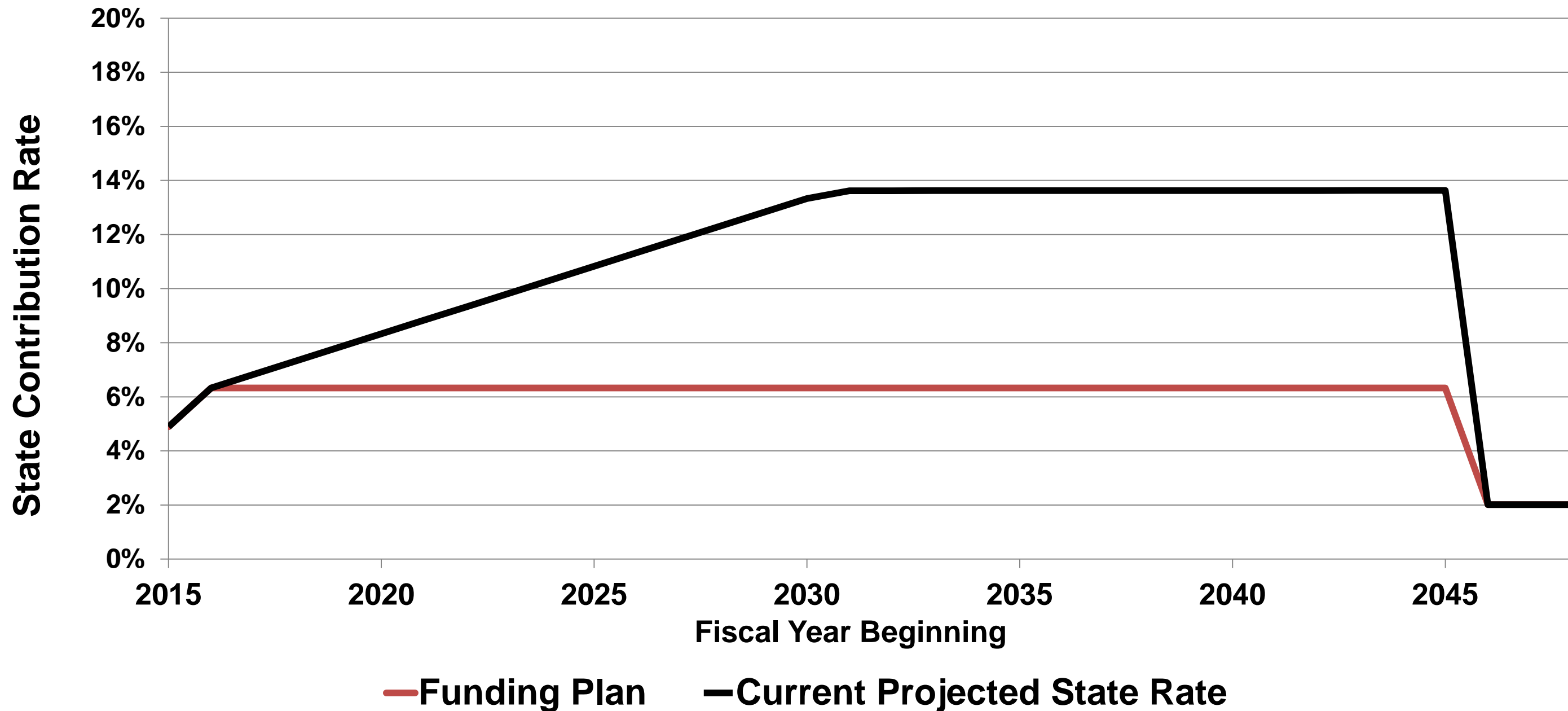
CalSTRS Projected Funded Status

(Based on June 30, 2016 Valuation)

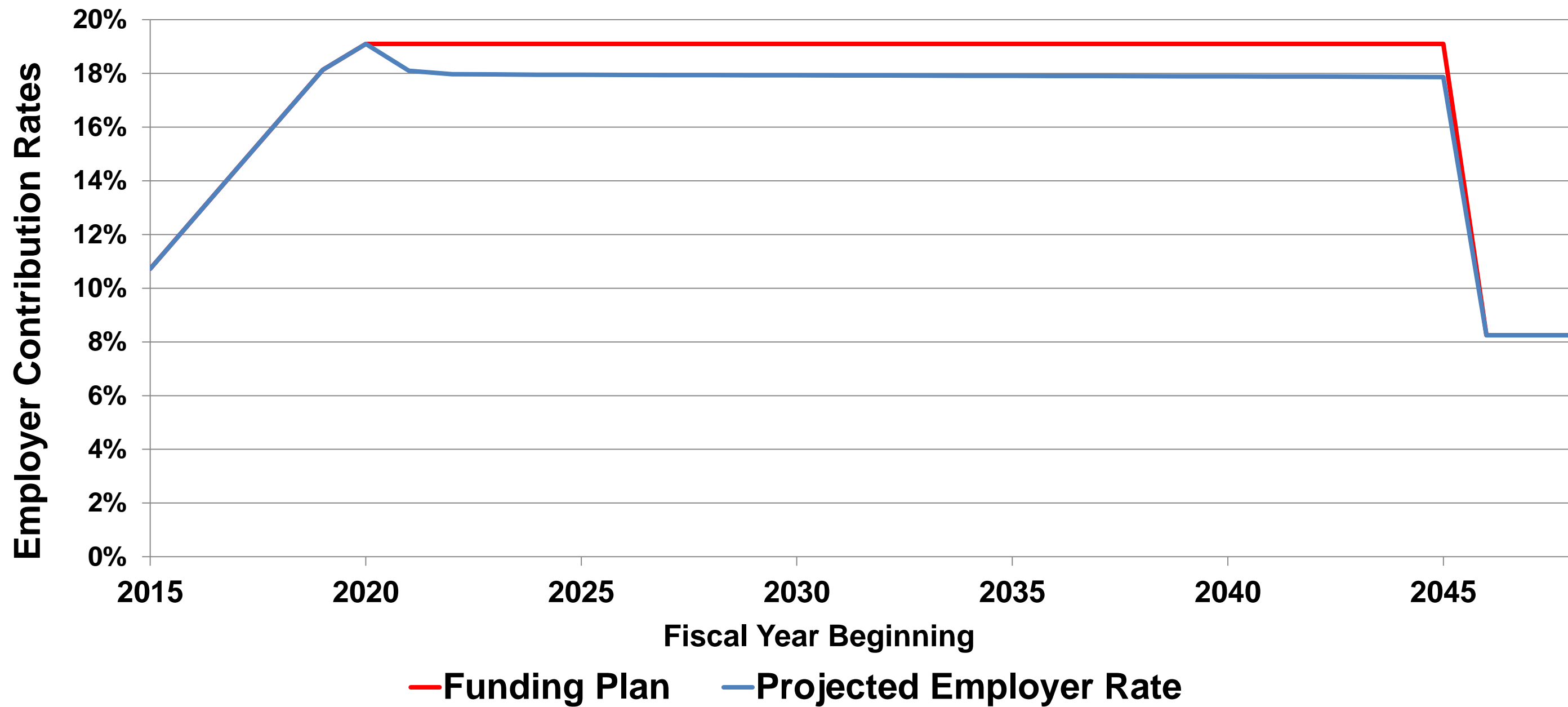
(Reflecting CalSTRS Board Decision to Lower Investment Return to 7%)



Projected State Contribution Rate



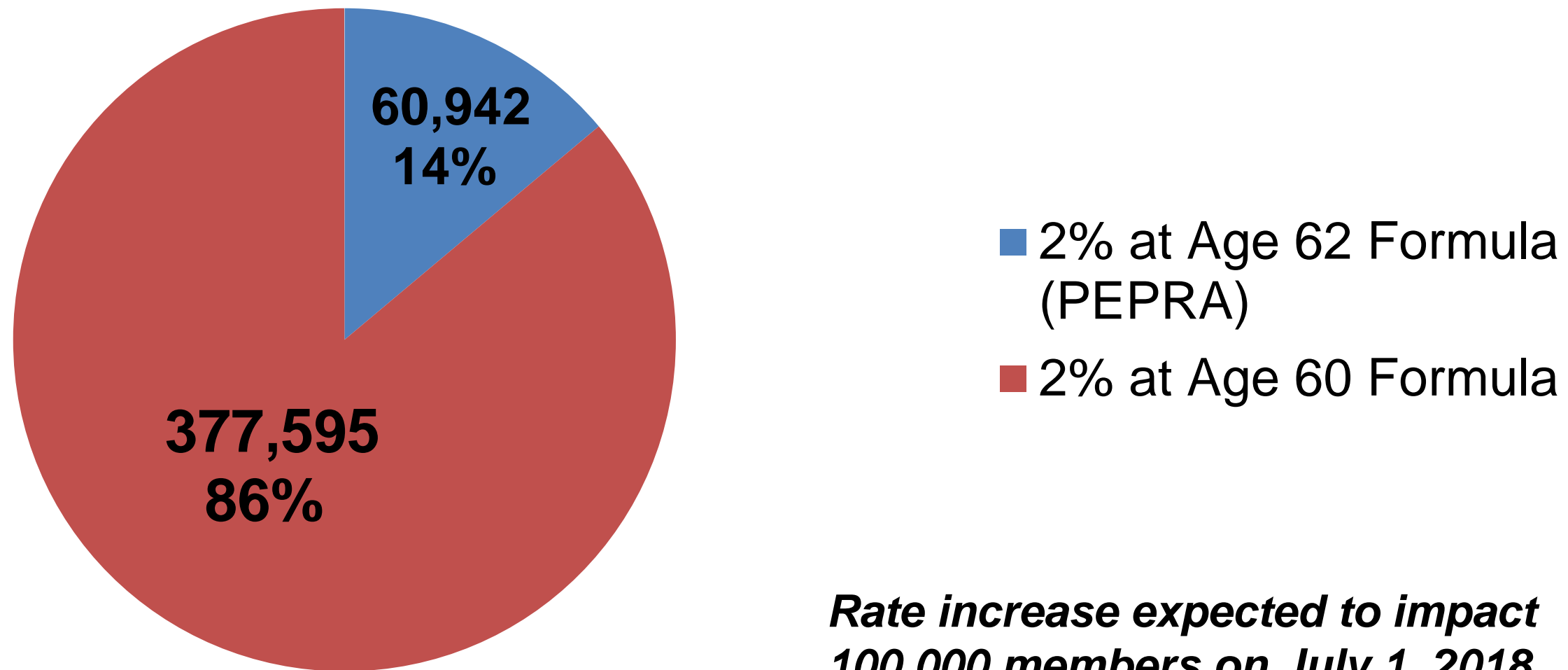
Projected Employer Contribution Rate



Projected Member Contribution Rate

Fiscal Year	2% at 60 Member Contribution Rate	2% at 62 Member Contribution Rate
2016-17	10.25%	9.205%
2017-18	10.25%	9.205%
2018-19	10.25%	10.205% (Projected to Increase by 1%)

Count of CalSTRS Active Members (As of June 30, 2016)



*Rate increase expected to impact
100,000 members on July 1, 2018*

April 2017 Board Actions:

- Board adopted increase of 0.5% of payroll in the State rate.
- Board adopted normal cost for 2% at 62 (PEPRA) members.
 - No changes in member rate at this time.

Future Board Actions...

- **Spring 2018:**
 - Board expected to adopted another increase of 0.5% in the State rate.
 - Board expected to adopt a 2% at 62 (PEPRA) normal cost that will trigger an increase in member rate.
- **Spring 2021:**
 - Board will set employer rate for the first time effective with FY 2021-22.
 - Current projections show a reduction in the employer rate in 21-22.