

# CALSTRS

**CalSTRS Funding:  
Important Changes and  
Considerations for School  
Districts**

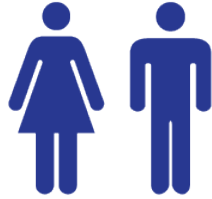




# CalSTRS Member Snapshot

# CalSTRS Members by the Numbers

As of June 30, 2016



**914,454**  
members and  
beneficiaries



**1,700+**  
K-12 and community  
college employers



**72%**  
female active  
members



**\$1.1 billion**  
per month in  
benefit payments

# CalSTRS Members by the Numbers

As of June 30, 2016



**62.8**

median age  
at retirement



**\$3,884**

average monthly benefit  
(288,195 recipients)



**55.8%**

median income  
replacement ratio



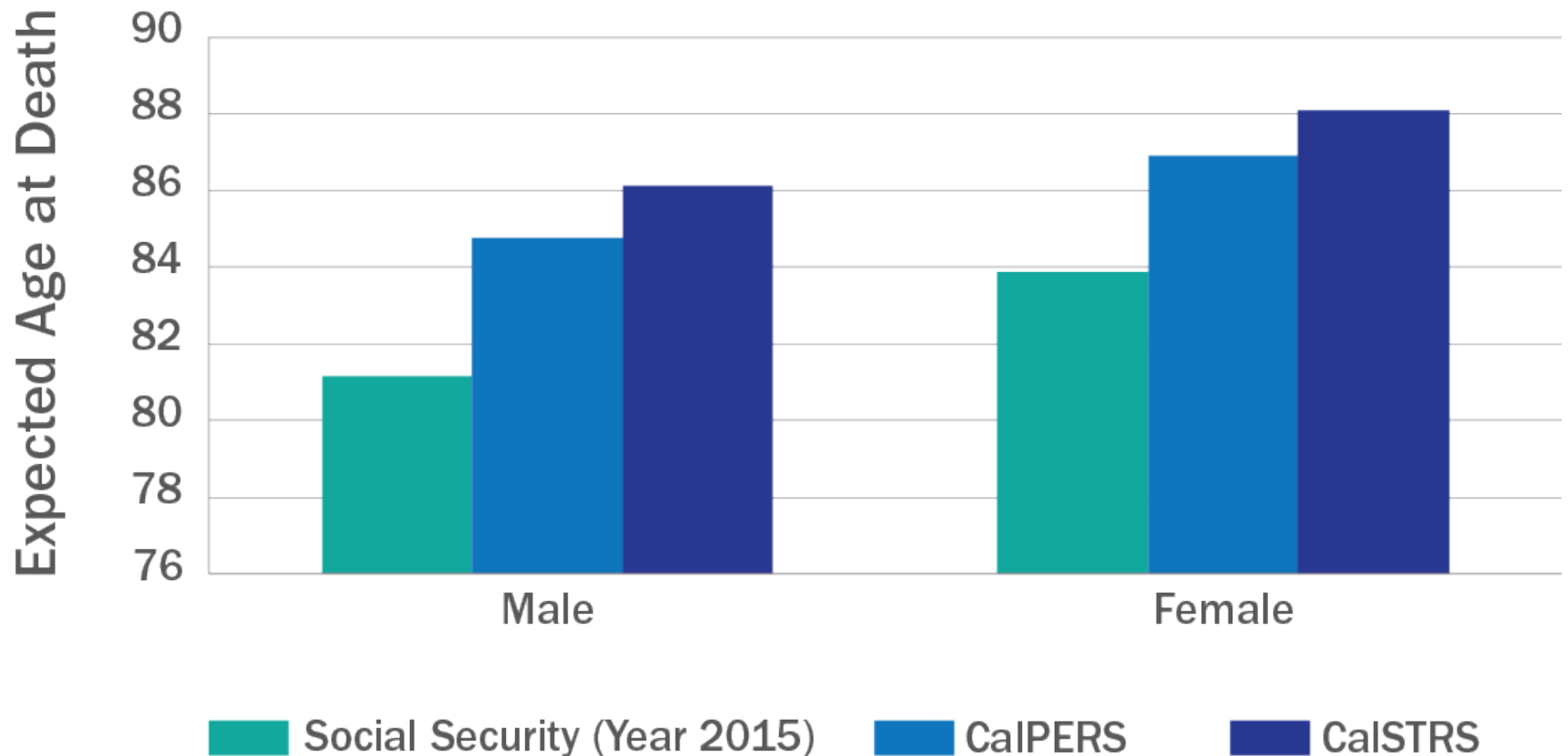
**25.6**


median years  
of service



# Life Expectancy Rates: CalSTRS, CalPERS and Social Security

For a member retiring at age 62

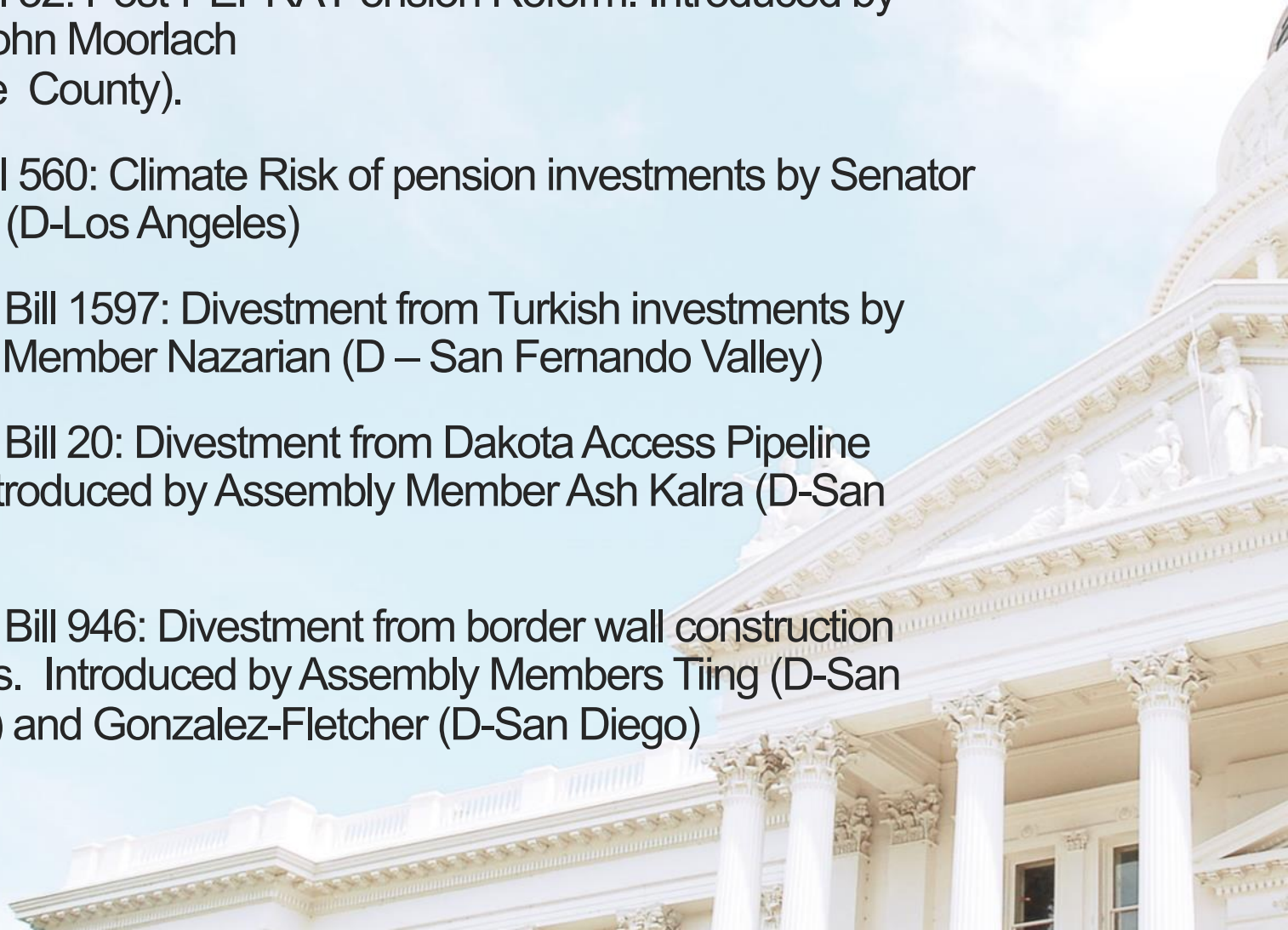





Legislation

# State Legislative Outlook

- Senate Bill 32: Post-PEPRA Pension Reform. Introduced by Senator John Moorlach (R-Orange County).
- Senate Bill 560: Climate Risk of pension investments by Senator Ben Allen (D-Los Angeles)
- Assembly Bill 1597: Divestment from Turkish investments by Assembly Member Nazarian (D – San Fernando Valley)
- Assembly Bill 20: Divestment from Dakota Access Pipeline Project. Introduced by Assembly Member Ash Kalra (D-San Jose).
- Assembly Bill 946: Divestment from border wall construction companies. Introduced by Assembly Members Tiing (D-San Francisco) and Gonzalez-Fletcher (D-San Diego)







**Public pensions in the courtroom –  
“California Rule” Marin case appealed  
to the California Supreme Court.**

# Delivering on Our Promise

---

STABLE BENEFIT  
RELEVANT COMMUNICATION  
DELIVER  
**CalSTRS**  
TRUST  
INNOVATIVE  
FEEL GOOD  
CARES  
RETIREMENT IS SECURE  
FUTURE FINANCIAL SECURITY  
SOLID FINANCIAL INSTITUTION  
PROMISE  
MY BEST INTEREST  
ETHICALLY  
TRANSPARENCY  
RESPECT  
LISTENS  
RELEVANT TOPICS  
EDUCATE MEMBERS

# 72% of Our Members Trust CalSTRS



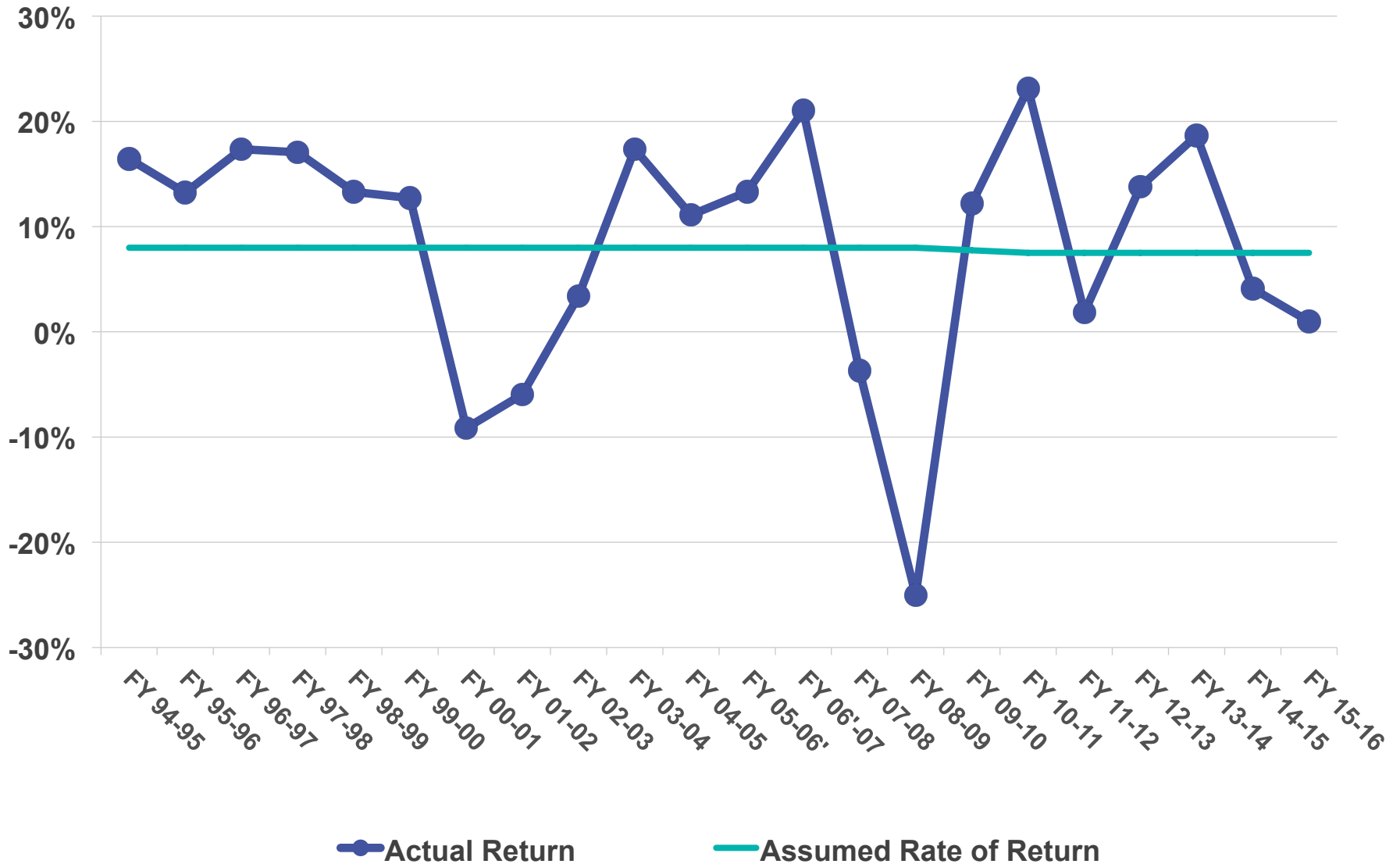
*Source: 2015 Annual Member Satisfaction Survey*



# CalSTRS Investments Overview



# 20-Year Performance of CalSTRS Investment Returns



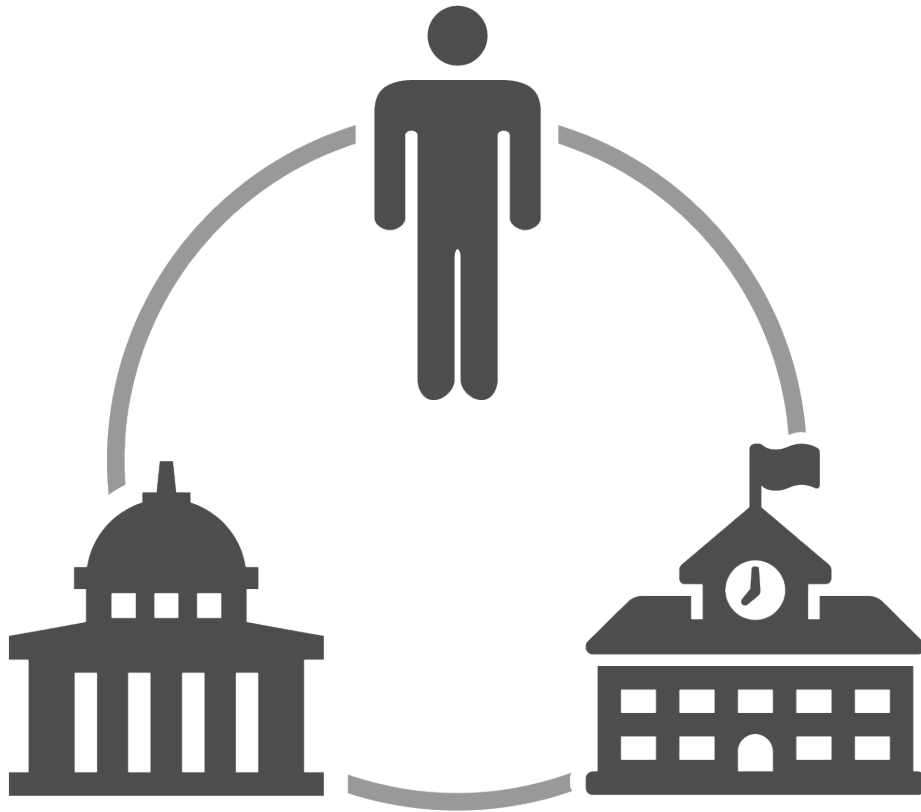




**An Investments  
Leader: CalSTRS  
Closely Monitors  
Asset Class Fees  
in Cost Disclosure**



# CalSTRS Funding Plan Implementation

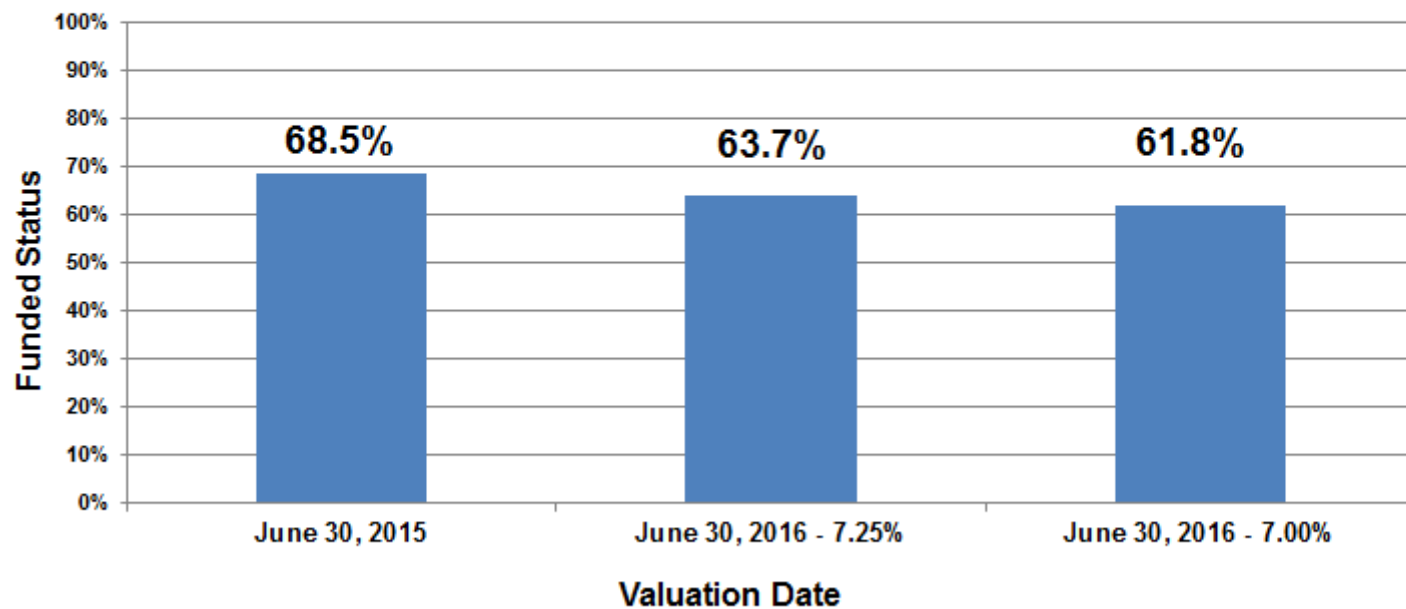


## Long-term, shared responsibility:

- CalSTRS members;
- Employers; and
- The State of California.

*(32-Year Funding Plan,  
Assembly Bill 1469,  
Enacted July 2014)*

## Funding Levels

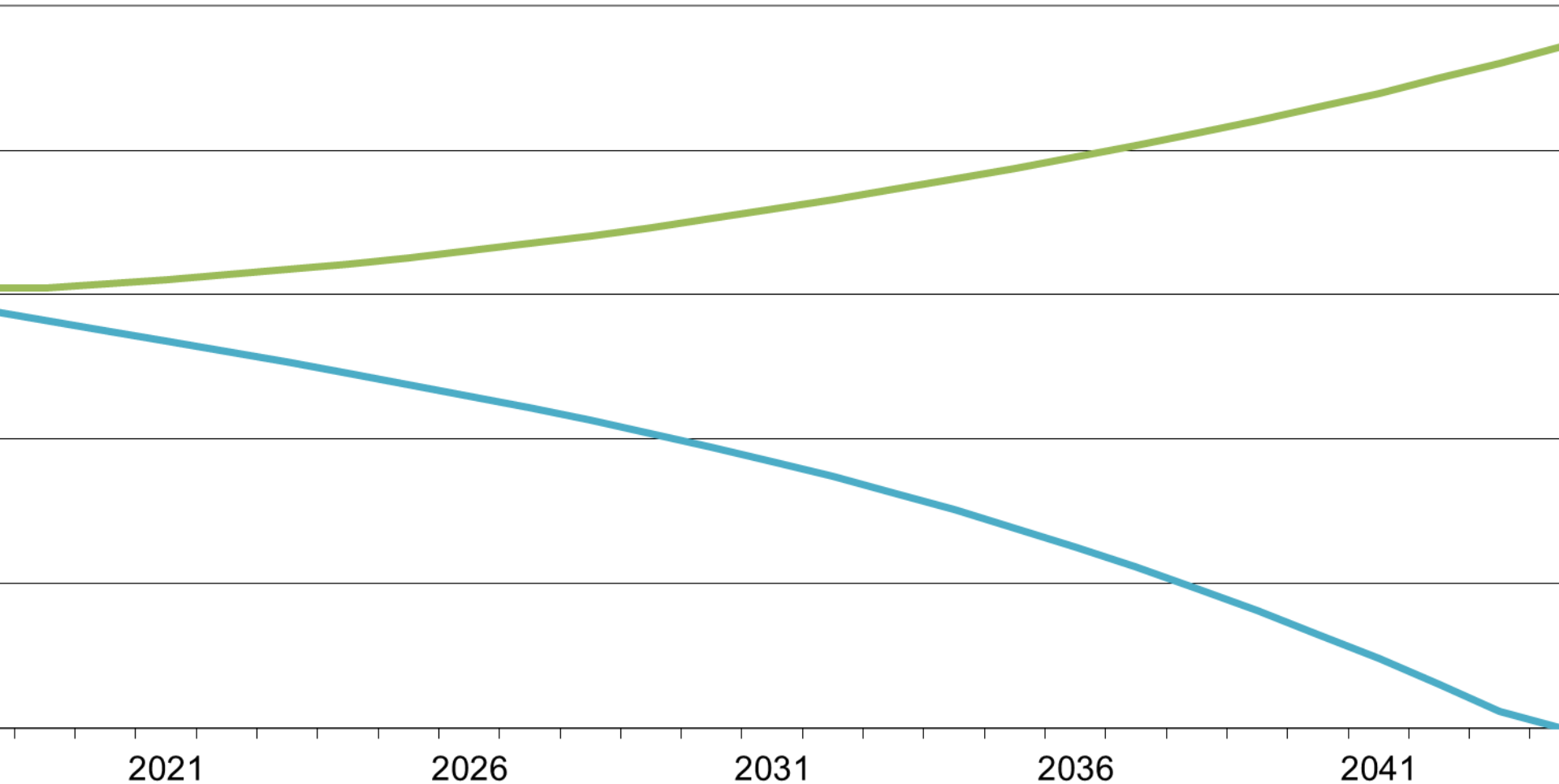




# CalSTRS Projected Funded Status

(Based on June 30, 2016 Valuation)

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



Funding Plan

Current Projection (Reflecting Rate Setting Authority Provided)

## Projected Member Contribution Rate

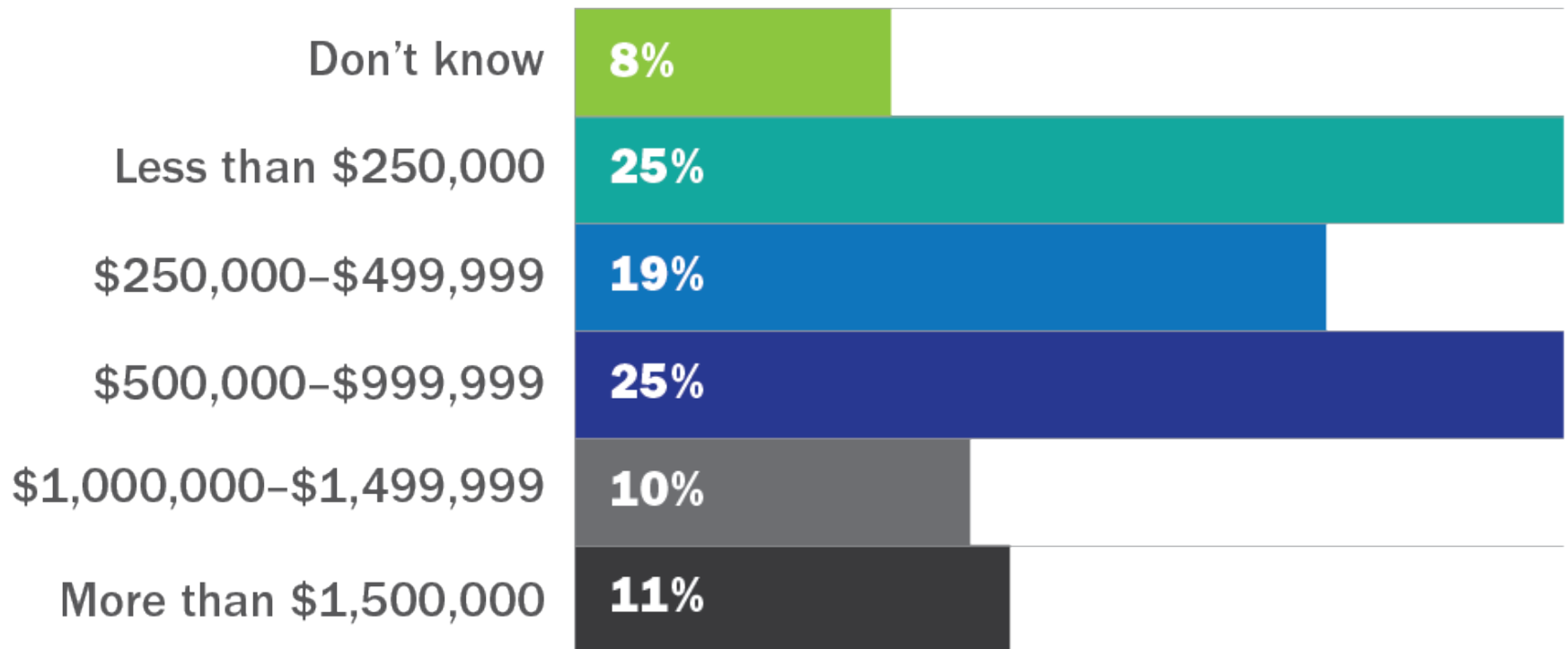
Fiscal Year	2% at 60 Member Contribution Rate	2% at 62 Member Contribution Rate
2016-17	10.25%	9.205%
2017-18	10.25%	9.205%
2018-19	10.25%	10.205% (Projected to Increase by 1%)



**How Much Money  
Do You Think You  
Will Need for  
Retirement?**



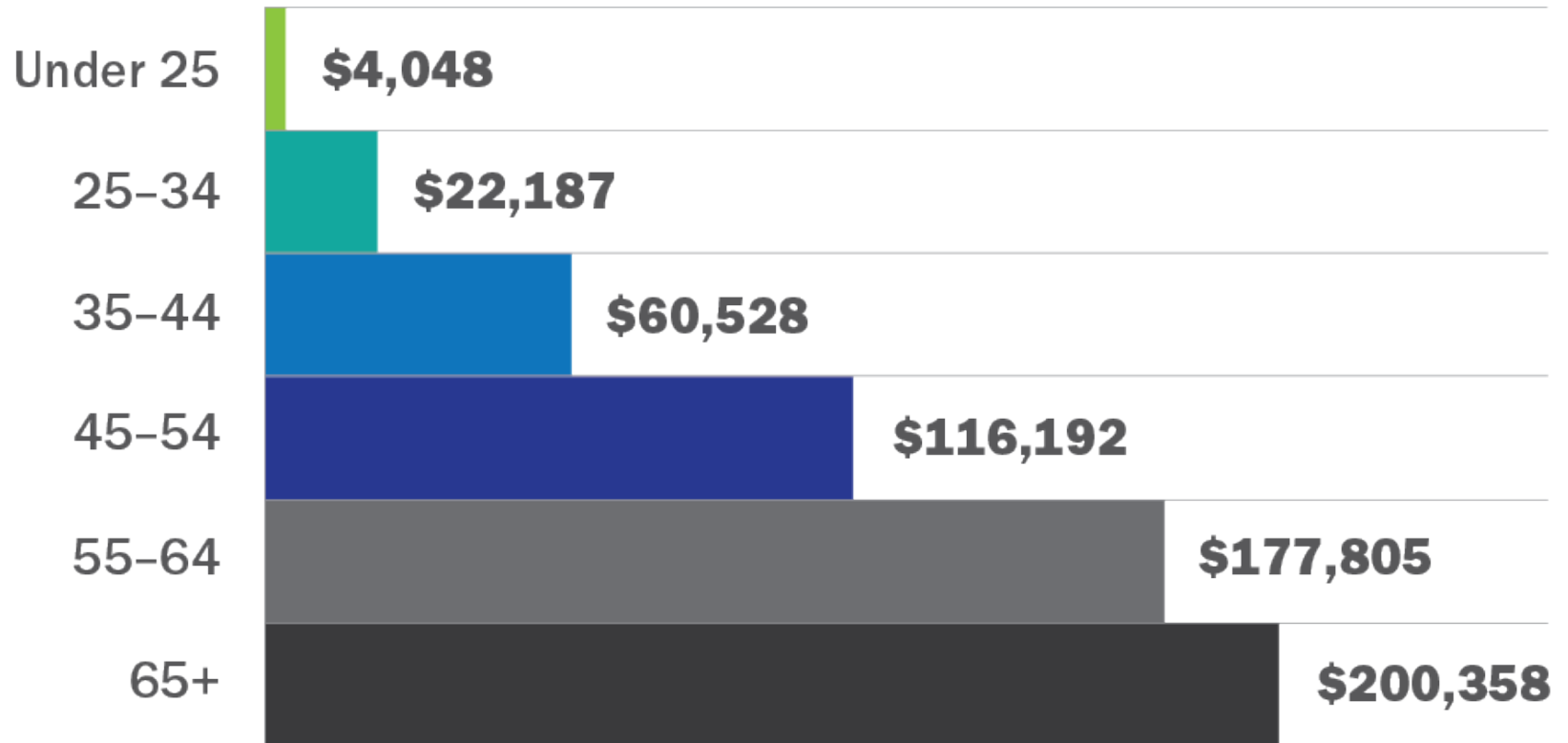
# Amount of Retirement Savings Americans Think They Need



Source: EBRI, 2015 Retirement Confidence Survey

# And Reality Hits ... Average 401(k) Balances

Age of  
Participants





# Women in Retirement

- Women aged 75–79 are three times as likely to live in poverty, compared to men.
- Women 80% more likely to face financial hardship in retirement.
- Women in education, health care and public service have higher incomes and lower rates of poverty, due to DB pensions.





## *Think Your Retirement Plan Is Bad? Talk to a Teacher*

Schoolteachers and others who pursue careers of service in exchange for modest paychecks get lightly regulated retirement plans that often charge excessive fees.

By TARA SIEGEL BERNARD OCT. 21, 2016



# Be Aware of Investment Fees:

## The \$10,000 Difference from Paying 1% Less

Paying 1% less  
in fees could mean  
\$10,000 more in  
your account  
in 30 years.



Account balance  
with 0.50% annual fee



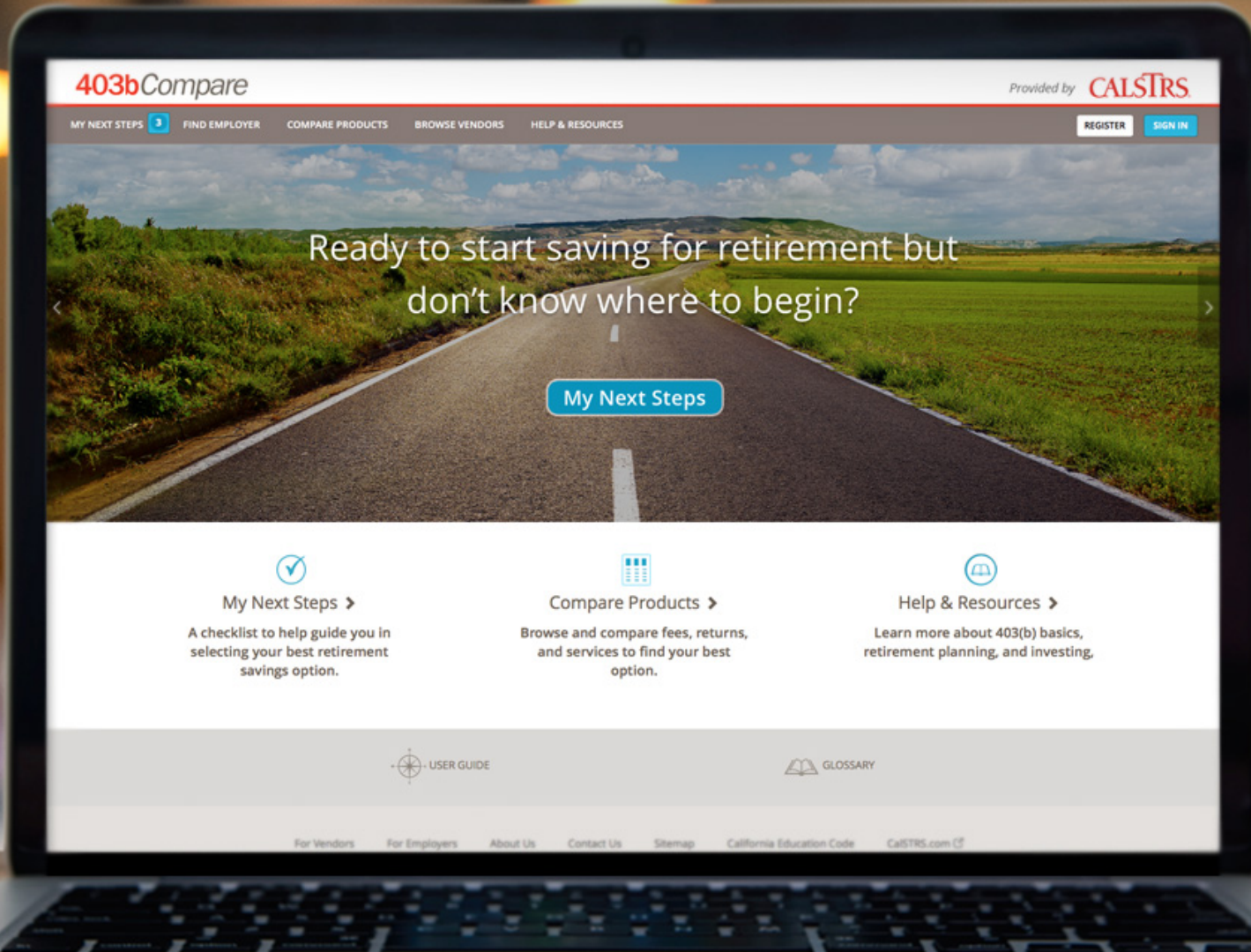
Account balance  
with 1.50% annual fee

For both accounts: You invest \$10,000 for  
30 years, make no contributions and  
earn an average of 5 percent.



# Compare products and fees online

## 403bCompare.com





- Defined Contribution savings plan (Participation is voluntary).
- Low cost and flexible 403(b), Roth 403(b), 457(b) options.
- Tax-deferred now, or tax-free income later...



CALSTRS

pension  
personal wealth plan

2

®

Visit [www.CalSTRS.com/Pension2](http://www.CalSTRS.com/Pension2)



# Stay Connected with CalSTRS





# CalSTRS on Social Media

- Facebook
- Twitter
- Instagram
- Pinterest
- YouTube
- LinkedIn
- Google+





**Thank You!**

