Crowe LLP
Independent Member Crowe Global

The Audits and Risk Management Committee of the
Teachers' Retirement Board of the California
State Teachers' Retirement System
West Sacramento, California

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit of California State Teacher's Retirement System ("CalSTRS" or the "System") that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the System for further information on the responsibilities of management and of Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of the System's compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE SYSTEM

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to the System under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have no relationships with the System that, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you on March 5, 2026.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- The nature and extent of specialized skills or knowledge needed to plan and evaluate the results of the audit, including the use of an auditor's expert.
- Where the System has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
    - The allocation of responsibilities between you and management.
    - The System's objectives and strategies, and the related business risks that may result in material misstatements.
    - Significant communications between the System and regulators.
    - Other matters you believe are relevant to the audit of the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Critical Accounting Policies and Estimates: We are required to discuss with you our judgment about the System's critical accounting policies and estimates. Critical accounting policies and estimates are those that are both most important to the portrayal of the System's financial condition and results of operation and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We consider the following accounting policies and estimates to be critical, as defined above.

- Net Pension Liability of Employers and Nonemployer Contributing Entity - Note 3 to the System's financial statements provides a summary of the components of the net pension liability of the State Teachers' Retirement Plan ("STRP") for participating employers and the State of California (nonemployer contributing entity) in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. This information is heavily reliant upon estimates and actuarial assumptions including the rate of return on investments, consumer price inflation, wage growth, and mortality. These assumptions are used to project the System's future returns and obligations which are then discounted to estimate the total current pension liability of the STRP. The projection of future cash flows assumes that contributions will be made at statutory contribution rates in accordance with Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assumed that contributions, benefits payments and administrative expenses occur mid-year. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability. Should the funding levels per Assembly Bill 1469 not be achieved, projected benefit payments would likely be required to be discounted to their actuarial present value using a single (blended) rate that reflects 1) a long-term expected rate of return on pension plan investments to the extent that the pension plan's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate

(CalSTRS' policy is to use The Bond Buyer's 20-Bond GO Index from Bondbuyer.com). Fluctuations in the investment rate of return could have a significant impact upon the calculation of the net pension liability. As described in Note 3, as of June 30, 2025, the most recent actuarial valuation date, the System's independent actuaries determined that the value of STRP's total pension liability rolled forward to June 30, 2026, exceeded the STRP's fiduciary net position by $ 32.5 billion.

- Fair Value of Investments - Notes 5 and 6 to the System's financial statements describe deposits and investments, including disclosures required by GASB 72, *Fair Value Measurement and Application*. The financial statements include investments valued at approximately $175.7 billion as of June 30, 2026, for which fair value has been estimated by general partners and investment advisors, and reviewed and approved by CalSTRS' management, in the absence of readily ascertainable market values. Because of the inherent uncertainty of valuation, the estimate of values may differ from the values that would have been used had a ready market existed for the investments, and the differences could be material.

Significant Accounting Policies: The Audits and Risk Management Committee (ARM Committee) should be informed of the initial selection of and changes in significant accounting policies or their application. Also, the ARM Committee should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform the ARM Committee about such matters. There were no such accounting changes or significant policies requiring communication.

Accounting Standard	Impact of Adoption
Significant Unusual Transactions.	No such matters noted
Significant Accounting Policies in Controversial or Emerging Areas.	No such matters noted

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the System's year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investments and Derivative Instruments	The recording of investments and derivative instructions at fair value requires management to use certain assumptions and estimates pertaining to the fair values of its investments and derivative instruments.	We evaluated the reasonableness of management's estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Classification of Investment Securities and Derivative Instruments Within the Fair Value Hierarchy	GASB 72, Fair Value Measurement and Application, requires the reporting of investments and derivative instruments by classification level within a fair value hierarchy.	We examined the documentation maintained by management and performed procedures to test the reasonableness of management's judgements and accounting estimates related to the classification levels of investments and derivative instruments within the fair value hierarchy as defined by GASB 72.
Total pension liability for the STRP	The actuarial pension data contained in Note 3 to the System's financial statements and required supplementary information is based on actuarial calculations performed in accordance with the parameters set forth in GASB 67. Amounts reported for total pension liability require management to use estimates that may be subject to significant changes in the near term. These estimates are based on investment rate of return, consumer price inflation, wage growth, post-retirement benefit increases and mortality assumptions.	We evaluated the reasonableness of management's estimates and assumptions.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the System's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the System, considering the need to balance the cost of providing information with the likely benefit to users of the System's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the System's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying the uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if it was concluded that the uncorrected misstatements are immaterial to the financial statements under audit. There were no such misstatements.

OTHER COMMUNICATIONS

Communication Item	Results
Other Information Included in an Annual Report Information may be prepared by management that accompanies or includes the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that: • Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or • A material misstatement of fact exists, or the other information is otherwise misleading. If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.	We read the other information and noted no material inconsistencies or misstatement of facts based on our reading thereof. • Management's discussion and analysis (MD&A) • Schedule of changes in net pension liability of employers and nonemployer contributing entity • Schedule of net pension liability of employers and nonemployer contributing entity • Schedule of pension contributions from employers and nonemployer contributing entity • Schedule of money-weighted rate of return for State Teacher's Retirement Plan and Medicare Premium Payment Program • Schedule of changes in net OPEB liability of employers • Schedule of net OPEB liability of employers Additionally, we will read those elements of the CalSTRS' Annual Comprehensive Financial Report when prepared by management. If inconsistencies are noted, we would inform the ARM Committee.
Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.	There were no significant difficulties encountered in dealing with management related to the performance of the audit.
Disagreements with Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the System's financial statements or the auditor's report.	During our audit, there were no such disagreements with management.

Communication Item	Results
Difficulties or Contentious Matters We are required to discuss with the Those Charged with Governance any difficulties or contentious matters for which we consulted outside of the engagement team that we consider both significant and relevant to Those Charged with Governance regarding their responsibility to oversee the financial reporting process.	During the audit, there were no such issues for which we consulted outside the engagement team.
Circumstances that Affect the Form and Content of the Auditor's Report We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.	The following circumstances affect the form and content of the auditor's report: • We consider it necessary to include an emphasis-of-matter paragraph or other-matter paragraph in accordance with section 706, Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report, of SAS 134 or are required to do so by other AU-C sections. The Emphasis of Matters paragraph relates to the *Net Pension Liability of Employers and Nonemployer Contributing Entity* and the *Fair Value of Investments* estimates described in the "Critical Accounting Policies and Estimates" section of this letter starting on page 2.
Consultations with Other Accountants If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.	We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.
Representations the Auditor Is Requesting from Management We are to provide you with a copy of management's requested written representations to us.	We direct your attention to a copy of the letter of management's representation to us provided separately.
Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.	• Our engagement letter (previously discussed with and approved by you); • Our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*
Significant Related Party Findings or Issues We are to communicate to you significant findings or issues arising during the audit in connection with the System's related parties.	There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.
Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.	There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.

We are pleased to serve your System as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the ARM Committee and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

Sacramento, California
October 7, 2026