



2026-27

Business Plan

Our Mission

Securing the financial future and sustaining the trust of California’s educators.

Our Vision

Your reward—a secure retirement

Our reward—getting you there

Our Core Values

The CalSTRS Core Values are a set of attitudes, beliefs and behaviors that define CalSTRS and its employees.

CUSTOMER SERVICE

We never compromise on quality as we strive to meet or exceed the expectations of our customers.

ACCOUNTABILITY

We operate with transparency and accept responsibility for our actions.

LEADERSHIP

We model best practices in our industry and innovate to achieve higher standards.

STRENGTH

We ensure the strength of our system by embracing a diversity of ideas and people.

TRUST

We conduct ourselves with integrity, acting ethically in every endeavor.

RESPECT

We respect the needs of our members, co-workers and others, treating everyone with fairness, honesty and courtesy.

STEWARDSHIP

We recognize our fiduciary responsibility as the foundation for all decision-making.

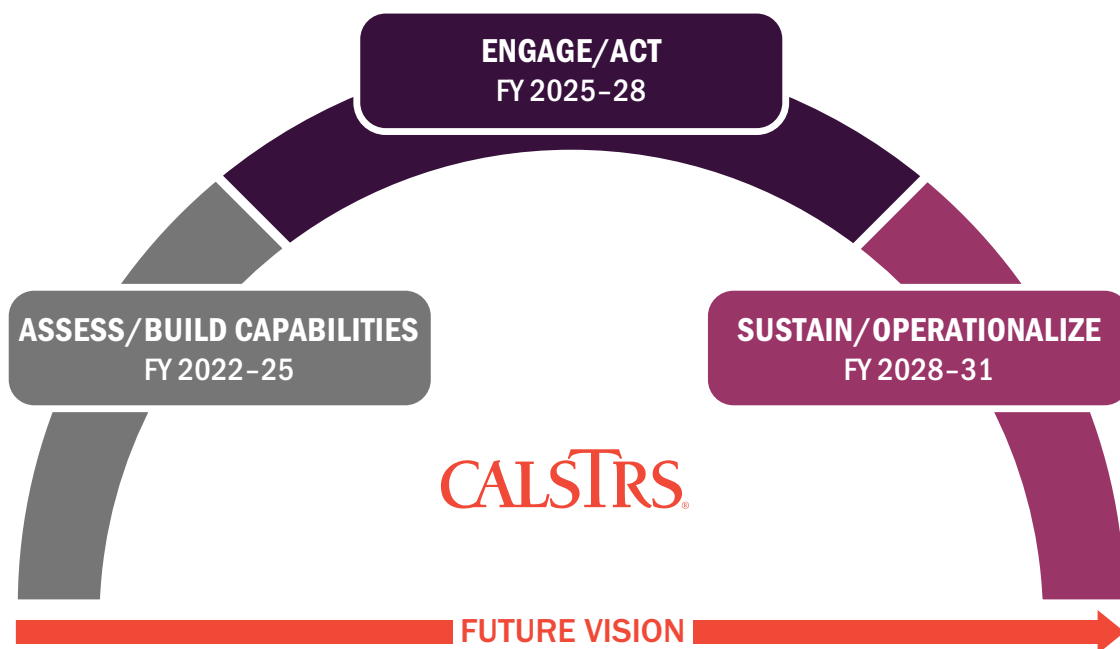
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About the Business Plan

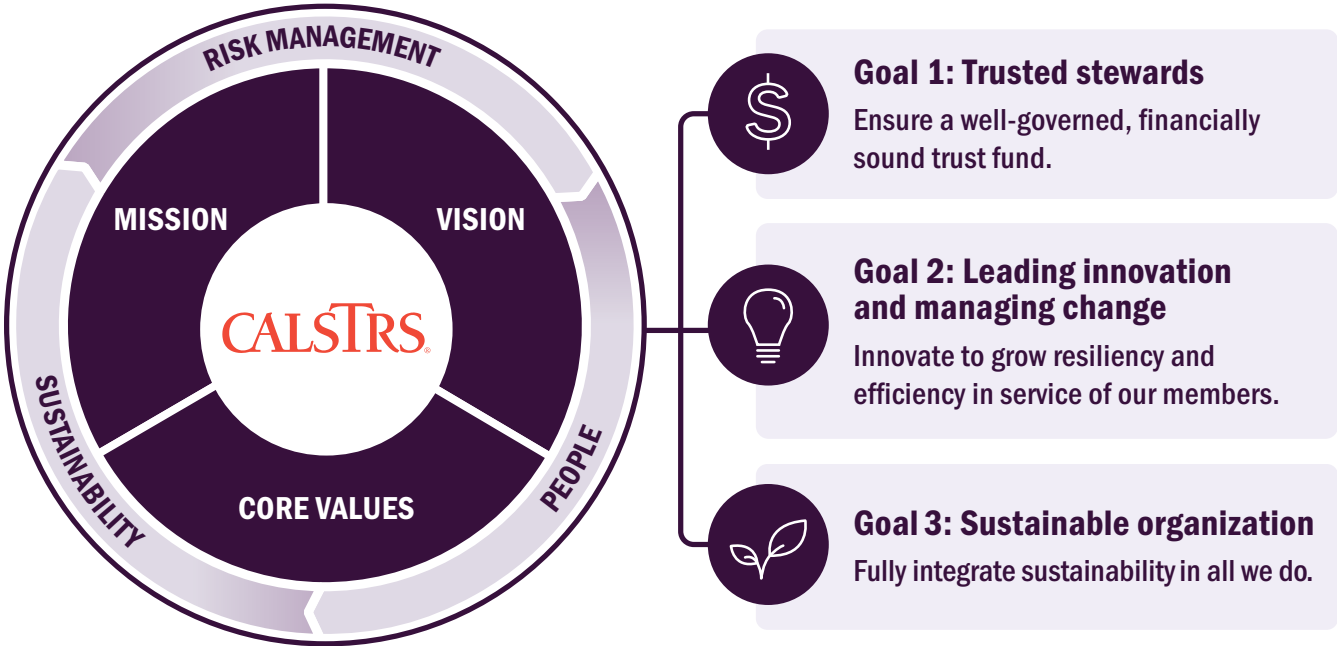
OUR FUTURE VISION

The *2026–27 Business Plan* describes the specific actions we’ll take over the next year toward our future vision of success, adopted by the Teachers’ Retirement Board in 2022 and last updated through the *2025–28 Strategic Plan*. Our current focus is on engaging and acting, following the focus of the first three years on assessing our readiness and building organizational capabilities.



STRATEGY MAP

Our mission, vision and core values are the foundation of our annual business plan. Each of the three goals within the plan reflect our attention to sustainability, risk management and people in everything we do.



Goal 1: Trusted stewards

Ensure a well-governed, financially sound trust fund.

The health of the Teachers' Retirement Fund is essential to our mission.

In fiscal year 2026–27, we're continuing to develop a shared vision for investments that will strengthen our standing as a top global allocator, along with other key initiatives supporting our ability to achieve full funding.

GOAL 1: OBJECTIVE A

Achieve full funding of the Defined Benefit Program by June 30, 2046.

INITIATIVE 1

Monitor and share our funding progress through regular studies and reports.

Expected outcome

- On schedule to achieve full funding on or before June 30, 2046.

Key activities in 2026–27

- Implement the steps toward the long-term asset allocation adopted by the Investment Committee.
- Conduct a new asset liability management study.
- Present the *Funding Levels and Risks Report* to the Teachers' Retirement Board.

GOAL 1: OBJECTIVE B

Develop and launch implementation of the Investments Branch's shared vision.

INITIATIVE 1

Review and assess total fund risks and opportunities to inform the shared vision.

Expected outcome

- Divisions will complete internal divisional reviews to assess total fund opportunities and support ongoing progress toward our vision.

Key activity in 2026–27

- Present and finalize vision and strategy for the Investments Branch.

INITIATIVE 2

Conduct outreach to key stakeholders to inform the shared vision.

Completed in 2025–26

INITIATIVE 3

Secure final approval of the Investments Branch's shared vision and identify additional implementation workstreams.

Note: This initiative and key activities were revised in 2026–27 to reflect the current phased approach of the Shared Vision Project. The changes shift planned activities this year to focus on approval of the vision and refinement of implementation workstreams.

Expected outcome

- A clear long-term direction for the Investments Branch, including priority areas we will commit to in order to realize the vision.

Key activities in 2026–27

- Review and assess research insights and key performance indicators to formulate the shared vision.
- Identify and refine the strategic priorities needed to realize our long-term vision.
- Address resources needed to execute key initiatives.

INITIATIVE 4

Initiate implementation of the One Fund Approach.

Expected outcome

- The One Fund Approach strengthens total fund alignment and efficiency by managing allocation and risk holistically across the portfolio and using CalSTRS' scale to improve implementation and outcomes.

Key activities in 2026–27

- Conduct a structured review of allocation and risk frameworks to support a One Fund Approach.
- Leverage our scale to support a One Fund Approach.
- Enhance board education to support a unified total fund framework.

INITIATIVE 5

Build a modern, resilient investment technology and data ecosystem through our Investment Technology Transformation initiative.

Expected outcomes

- Modern, integrated data and technology capabilities that improve decision-making, strengthen risk management, and increase efficiency and scalability across investment processes.
- These capabilities enable and accelerate the success of the Shared Vision Project and other strategic initiatives by providing the foundational infrastructure required for coordinated execution and cross-initiative alignment.

Key activities in 2026–27

- Strengthen investment technology governance and decision rights.
- Build an investment data warehouse.
- Refine portfolio management using artificial intelligence tools.
- Establish a strategic investment technology advisor for long-term support.

GOAL 1: OBJECTIVE C

Deliver on the Investments Branch's long-term fund sustainability efforts.

INITIATIVE 1

Implement the Portfolio Resiliency board work plan.

Expected outcome

- The portfolio remains well-positioned to deliver sustainable, risk-adjusted returns.

Key activities in 2026–27

- Research and develop Portfolio Resiliency board work plan.
- Implement the Portfolio Resiliency board work plan.

INITIATIVE 2

Execute the Diversity in the Management of Investments work plan.

Completed in 2025–26

INITIATIVE 3

Implement activities to support CalSTRS' net zero pledge.

Expected outcome

- On track to achieve net zero greenhouse gas emissions across the CalSTRS Investment Portfolio by 2050, or sooner.

Key activities in 2026–27

- Enhance the Investments Branch's net zero data collection and measurement through technology to further improve strategy development and decision-making.
- Develop definitions for low-carbon and transitioning investments to better identify risks and opportunities.
- Include net zero alignment assessment as part of external manager/partner due diligence.
- Establish net zero expectations and engagement framework for external manager/partners.
- Enhance and expand emissions measurement to inform net zero reporting.

GOAL 1: OBJECTIVE D

Strategically evolve relationships with members, employers, policymakers and partner organizations.

INITIATIVE 1

Continue ensuring the long-term sustainability of the fund on behalf of California’s public educators.

Expected outcomes

- Ongoing, proactive dialogue with member and employer groups, elected officials and decisionmakers.
- Identify emerging developments at the state and federal level that could affect defined benefit programs and develop defense strategies.

Key activity in 2026–27

- Strategize about maintaining sustainability of the fund.

INITIATIVE 2

Research the effects of the Defined Benefit Program on the education workforce.

Note: This initiative was previously housed under Goal 1, Objective A and was moved under Objective D in 2026–27.

Expected outcome

- Ability to reference and share up-to-date research to improve public awareness concerning California educators and their benefits.

Key activity in 2026–27

- Secure the services of an independent researcher to conduct the study.

GOAL 1: OBJECTIVE E

Enhance board practices to evolve excellence in governance.

INITIATIVE 1

Implement best practices in board oversight of technology and innovation.

Expected outcomes

- Enhanced board fluency in technology governance.
- Defined board oversight responsibilities.
- Strengthened board oversight practices.

Key activities in 2026–27

- Initiate integration of artificial intelligence responsibilities in accordance with workgroup recommendations.
- Develop governance-level artificial intelligence principles.

INITIATIVE 2

Enhance communication of risks between committees and the full board.

Expected outcome

- Information provided to the board enhances risk-based organizational decision-making.

Key activity in 2026–27

- Identify mechanisms and reporting schedule for board committees to report risk information to the full board.

INITIATIVE 3

Reformat the Teachers’ Retirement Board’s *Board Governance Manual*.

Expected outcomes

- Improved efficiency when updating the manual.
- Improved navigation and useability of the manual.

Key activity in 2026–27

- Research user preferences and best practices toward improving usability of the *Board Governance Manual*.

Goal 2: Leading innovation and managing change

Innovate to grow resiliency and efficiency in service of our members.

In fiscal year 2026–27, we remain focused on innovation, customer experience and operational excellence. We're also developing our expertise to leverage opportunities in disruptive technologies.

GOAL 2: OBJECTIVE A

Transition services and operations to the new pension administration system platform.

INITIATIVE 1

Execute business realignment plan.

Expected outcome

- Affected business area resources are well-informed and prepared for future team structure.

Key activities in 2026–27

- Execute resource transition activities for future BenefitConnect team structure.
- Assess affected business area resources and needs and develop business area resource strategy.
- Execute activities of business area resource strategy.

INITIATIVE 2

Execute training and change management plans.

Completed in 2025–26

INITIATIVE 3

Complete implementation and stabilization activities.

Expected outcome

- Improvement in member survey results related to affected services and touchpoints.

Key activities in 2026–27

- Secure board and executive endorsement to ensure sustainable funding and strategic support for project initiatives.
- Execute training and change management for major releases during the stabilization period.
- Foster transparent communication with stakeholders and key decision-makers through regular updates.
- Monitor completion of schedule, establish and monitor for planned maintenance releases.

INITIATIVE 4

Execute member and public communication and outreach plan.

Expected outcome

- Open rates and engagement rates for tactical and rapid response communications are equal to or higher than rates for communications delivered for regular operations.

Key activity in 2026–27

- Implement rapid response tactics as needed.

GOAL 2: OBJECTIVE B

Expand and extend capabilities and culture to support a strategic and innovation mindset.

INITIATIVE 1

Establish staffing and structure of the Innovation Program.

Completed in 2025–26

INITIATIVE 2

Develop our culture of innovation at CalSTRS.

Completed in 2025–26

INITIATIVE 3

Operationalize the Innovation Program.

Expected outcomes

- Sprints are completed more quickly—within 24 weeks, on average.
- Sprint capacity is increased over baseline by 2027–28.
- Improved staff knowledge of, and participation in, the Innovation Program.

Key activities in 2026–27

- Conduct two business area roadshows.
- Conduct an ideation workshop with a key business area to collect new ideas for development.

GOAL 2: OBJECTIVE C

Enhance the customer experience.

INITIATIVE 1

Improve service delivery to enhance customer experience.

Expected outcome

- During and after BenefitConnect stabilization, we seek to understand our customers' expectation of a high-satisfaction experience with CalSTRS and find ways to meet this expectation across all areas of the organization that support our customers.

Key activities in 2026–27

- Evaluate benefits planning session delivery model and implement additional options for member sessions.
- Refresh our member education formats.
- Implement refined member outreach strategy and practices across all member service centers.
- Explore feasible concepts from the Customer Experience Playbook and prepare an accomplishments report.

INITIATIVE 2

Enhance the telephony system to improve user experience.

Expected outcome

- Increase in user-rated quality and efficiency of the new knowledge management system over pre-implementation baseline.

Key activities in 2026–27

- Research integrated artificial intelligence solutions to improve telephony system.
- Implement selected integrated artificial intelligence solutions.

GOAL 2: OBJECTIVE D

Enhance operational agility, efficiency and effectiveness.

INITIATIVE 1

Leverage technologies to gain business agility and enhance user experience.

Expected outcome

- Increased employee satisfaction scores with technology systems.

Key activities in 2026–27

- Expand and enhance human capital management system functionality.
- Implement an Information Technology Asset Management solution to manage and track technology resources effectively.
- Deploy an information technology service management system to standardize and manage information technology service operations.
- Explore and implement a modern endpoint management solution to improve user experience and enable agile, secure device management.
- Migrate business files to the cloud to enhance collaboration.

INITIATIVE 2

Implement organizational structure for defined contribution program to support existing operational and participant needs.

Expected outcome

- The Pension2™ program has adequate resources to continue expanding the reach of Pension2 products to all employers, to ensure compliance with program regulations, to effectively administer the program, and to minimize risk of knowledge loss and poor service due to inadequate capacity.

Key activities in 2026–27

- Initiate implementation of staffing model to ensure revenue neutrality, risk mitigation and adequate resource structure for program sustainability.
- Refine cost projection methodology to enhance accuracy of expected balance and expenditures from the Teachers' Defined Contribution Fund.
- Expand organizational structure to ensure adequate staff oversight and appropriate scope of work for each position.

INITIATIVE 3

Strengthen our cost-conscious culture throughout the organization.

Expected outcomes

- Standardizing cost management practices will reinforce financial governance, promote operational consistency and ensure more reliable financial data across the organization.
- Enhanced and standardized communication channels will ensure timely, consistent budget information that strengthens organizational transparency and enables faster, more informed decision-making.

Key activities in 2026–27

- Standardize cost management practices across the organization.
- Enhance communication for budget planning and management.

INITIATIVE 4

Integrate artificial intelligence capabilities into Business Intelligence and Data Warehousing processes.

Expected outcome

- Reduced staff time spent on manual data analysis and reporting tasks.

Key activities in 2026–27

- Achieve advanced data analytics by consolidating enterprise data.
- Develop the Lean artificial intelligence and data governance framework.
- Implement high business value generative business intelligence use cases.

INITIATIVE 5

Implement an integrated data management system.

Expected outcome

- Improved data accessibility and retrieval times for pension data.

Key activities in 2026–27

- Establish a centralized repository for raw pension data to ensure scalability and accessibility while maintaining data integrity.
- Design structured environments for processing pension data to facilitate efficient querying and reporting.
- Develop specialized data marts tailored for business needs, enhancing targeted insights and decision-making capabilities.
- Ensure seamless integration across interfacing systems to maintain consistency and reduce redundancy in pension data management.
- Implement security measures to protect sensitive information and comply with regulations.

INITIATIVE 6

Implement enterprise resource planning business management software solution.

Expected outcomes

- Reduced manual effort and improved operational efficiency.
- Improved visibility and management of third-party supplier risk.

Key activity in 2026-27

- Implement supplier risk module.

INITIATIVE 7

Modernize enterprise resource planning system and ancillary solutions.

Expected outcomes

- Reduced processing time for procurement and payment transactions.
- Increased percentage of automated financial reporting processes.

Key activities in 2026–27

- Evaluate existing enterprise resource planning system roadmap for current state and identify gaps.
- Explore and implement ancillary applications that enhance the enterprise resource planning architecture.
- Plan the implementation of a next-generation enterprise resource planning solution to upgrade the current solution.
- Migrate the current enterprise resource planning system to supported modern architecture.

INITIATIVE 8

Implement a treasury management system.

Expected outcome

- Use a supported system to more efficiently and effectively determine CalSTRS' cash position and forecast for our administrative bank accounts.

Key activities in 2026–27

- Onboard the new implementation vendor.
- Configure the treasury management system to align with organizational needs.

Note: Key activity was revised in 2026–27, removing “Evaluate solution” from its scope. The evaluation was completed in 2025–26 and resulted in the addition of the first key activity to onboard a new implementation vendor. In addition, a separate key activity to establish connectivity with existing platforms was removed as duplicative with the key activity to configure the system.

- Develop and implement a training and change management strategy.

GOAL 2: OBJECTIVE E

Leverage relevant opportunities in disruptive technologies.

INITIATIVE 1

Explore potential applications of artificial intelligence on our business processes.

Expected outcomes

- Achieve 75% adoption rate of newly implemented artificial intelligence tools by affected users.
- Achieve 70% enrollment of Technology Services staff in Artificial Intelligence Academy trainings.
- Annually deliver at least three approved artificial intelligence use cases from a prioritized list.

Key activities in 2026–27

- Develop implementation roadmap, outlining key milestones and deliverables.
- Develop a Lean artificial intelligence framework incorporating principles to enable agile transformation.
- Establish a governance structure with guidelines to support organizational change management.
- Evaluate readiness for artificial intelligence integration across people, processes and technology.
- Launch an Artificial Intelligence Academy for all staff levels.
- Explore artificial intelligence functionalities to assess potential enhancements to existing technologies.
- Implement selected artificial intelligence capabilities to enhance automation and efficiency of technologies.

INITIATIVE 2

Implement and integrate secure and sustainable artificial intelligence initiatives and provide resources to equip employees to use artificial intelligence effectively.

Expected outcomes

- Reduced time to develop pension administration system training materials and course content.
- Increased employee engagement with pension administration system training, as measured by completion rates.

Key activities in 2026–27

- Implement artificial intelligence-driven data harvesting processes for testing and training needs for pension administration system data.
- Leverage artificial intelligence to create dynamic training materials and course content.

INITIATIVE 3

Enhance financial accounting and reporting processes through automation.

Completed in 2025–26

Goal 3: Sustainable organization

Fully integrate sustainability in all we do.

Consistent with our fiduciary responsibility to our members, our sustainability objectives are designed to create long-term value for the fund.

In fiscal year 2026–27, supporting our strong workplace culture is a key component of our commitment to stewardship and sustainability. We're also focused on maintaining a proactive risk management and security profile to address evolving challenges.

GOAL 3: OBJECTIVE A

Shape a resilient, sustainable workforce.

INITIATIVE 1

Implement policies and practices to support a workplace where differences are welcomed, and each employee has the opportunities and resources to succeed.

Expected outcome

- Increased staff understanding and application of inclusive behaviors and practices.

Key activities in 2026–27

- Incorporate our commitment to a sustainable workforce into our strategic foundation.
- Design a data and evaluation plan and establish metrics to monitor progress.
- Implement a governance structure for ensuring each employee has the opportunities and resources to succeed.
- Refresh staff learning modules, integrating emphasis on our commitment to our workforce culture.
- Develop a process to hold all staff levels accountable for advancing practices supporting an engaged workforce, measurable through behavioral changes, participation and feedback.
- Conduct communications activities to promote our work culture and support our workforce.

INITIATIVE 2

Implement forward-thinking practices to recruit and develop staff.

Expected outcomes

- At least 2% of leaders are certified as career coaches.
- Increased retention, reduced time-to-fill and vacancies, and decreased reposting of recruitments.
- Maintain our target turnover rate.
- Increased staff engagement scores on the all-employee survey.

Key activities in 2026–27

- Implement Human Resources talent and retention plans.
- Strengthen Human Resources and business area partnerships to support collaborative strategies within the business to recruit and develop staff.

INITIATIVE 3

Develop and transition talent to evolving workforce needs.

Expected outcome

- Ten percent of staff are trained in change and transition practices, methodologies and tools.
- Increase in change adoption.
- Reduction in change resistance.

Key activities in 2026–27

- Implement activities of workforce and succession plans.
- Execute and assess mission critical position profiles.
- Execute change management and transition plans.

GOAL 3: OBJECTIVE B

Advance sustainability efforts across the organization.

INITIATIVE 1

Grow and develop flexible facilities plans through sustainable facilities management practices.

Expected outcome

- All facilities planning incorporates parity in employee experience and long-term sustainability.

Key activities in 2026–27

- Establish a balanced scorecard for building certification requirements.
- Assess and develop enterprise greenhouse gas emissions strategy.
- Monitor staff growth rates and prioritize space needs and budget requirements.
- Refresh and establish policies and business processes to support facilities plans.
- Implement technology infrastructure to support headquarters restack activities.

INITIATIVE 2

Expand staff and board education about our sustainability principles.

Expected outcome

- Increase in staff's self-rated understanding of sustainability priorities on the all-employee survey.

Key activity in 2026–27

- Develop and deliver in-person sustainability education and online modules for staff and the board.

GOAL 3: OBJECTIVE C

Mature how risks are identified, defined, viewed and managed.

INITIATIVE 1

Operationalize and integrate Enterprise Risk Management and Enterprise Compliance Services maturity plan objectives.

Expected outcomes

- Increased number of risks identified and actively managed, tracked through risk register completeness and board reporting frequency.
- Reduced policy review cycle time following risk and compliance software implementation.

Key activities in 2026–27

- Enhance depth of board and management risk discussions.
- Implement risk and compliance software to streamline processes, centralize information, improve reporting and increase efficiency.
- Implement risk-based policy review cycle to increase efficiency and improve resource allocation.

GOAL 3: OBJECTIVE D

Strengthen preparedness capabilities.

INITIATIVE 1

Evolve our business continuity planning and resilience.

Expected outcomes

- Increased business continuity plan coverage across departments.
- Reduced recovery time during disruptions.

Key activities in 2026–27

- Enhance off-site business resumption center to address work that cannot be done remotely.
- Refine the recovery staff section of the business continuity plan template.
- Integrate business process mapping to map business functions, processes and required resources using industry best practices.
- Align the business continuity program with Enterprise Risk Management and Compliance Framework.
- Integrate crisis management software with emergency operations center management strategies.
- Align all areas within the Operational Resilience Group.
- Improve communication through enhanced use of the emergency call tree.

INITIATIVE 2

Migrate business applications to cloud-hosted data center solution.

Completed in 2025–26

GOAL 3: OBJECTIVE E

Mature cybersecurity program to further anticipate risks.

INITIATIVE 1

Implement and automate a unified cloud security posture management solution.

Completed in 2025–26

INITIATIVE 2

Expand the implementation of zero-trust architecture.

Expected outcomes

- Reduced number of unmanaged privileged domain accounts.
- Reduced risk of unauthorized access to our information systems.

Key activities in 2026–27

- Expand and mature privileged access management solution to address cybersecurity audit findings and obtain cyber insurance.
- Implement continuous monitoring of enterprise systems.
- Inventory all physical and virtual assets via automated process.
- Implement multi-factor authentication coverage on all capable systems.

Note: A key activity, “Implement zero-trust architecture,” was removed in 2026-27 as imprecise and duplicative with the initiative.

INITIATIVE 3

Implement solutions to secure artificial intelligence from cybersecurity risks and data loss.

Note: This initiative was modified in 2026–27, expanding its scope from exploring solutions to implementing solutions.

Expected outcome

- Artificial intelligence agents are secured against evolving threats.

Key activities in 2026–27

- Implement process to scan potential models prior to evaluation and deployment.
- Implement artificial intelligence system detection and vulnerability assessment.
- Implement continuous monitoring of configurations, including permissions and sensitive data exposure.
- Secure artificial intelligence against real-time threats, misuse, toxic content, hallucinations and data leaks.
- Automate penetration testing against artificial intelligence models to detect weaknesses.

INITIATIVE 4

Explore potential applications of artificial intelligence to enhance cybersecurity defenses.

Completed in 2025–26

GOAL 3: OBJECTIVE F

Establish and scale centralized approach to resource allocation and reallocation.

INITIATIVE 1

Review resource management governance and processes to find opportunities to streamline.

Expected outcome

- Seventy-five percent of enterprise technology projects are assigned and allocated resources.

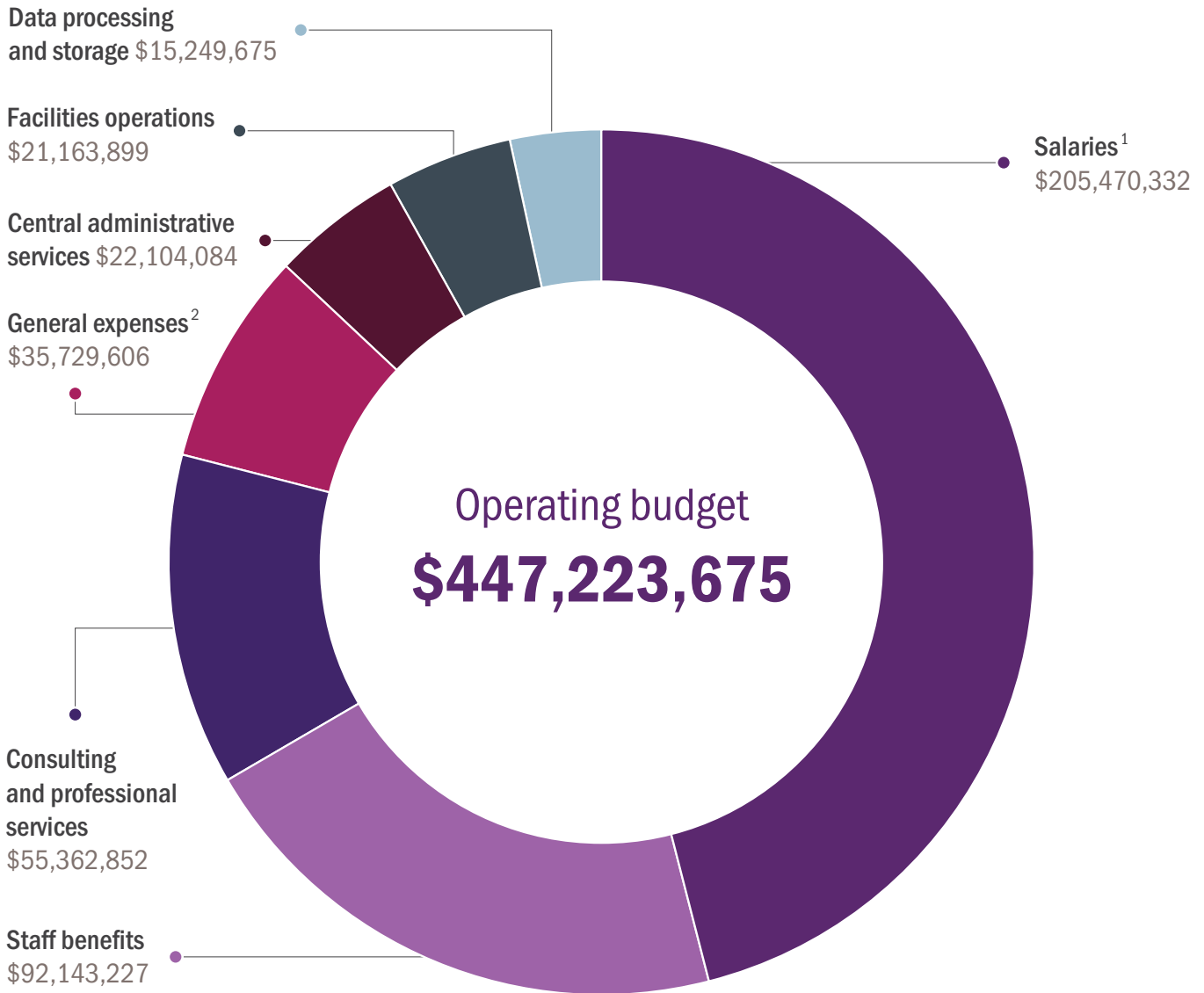
Key activities in 2026–27

- Set a resource management course of action for enterprise technology projects.
- Estimate and validate supply and demand assumptions.
- Design a sustainable resource management process.

Budget and resources

FISCAL YEAR 2026-27 CALSTRS BUDGET

As of May 19, 2026



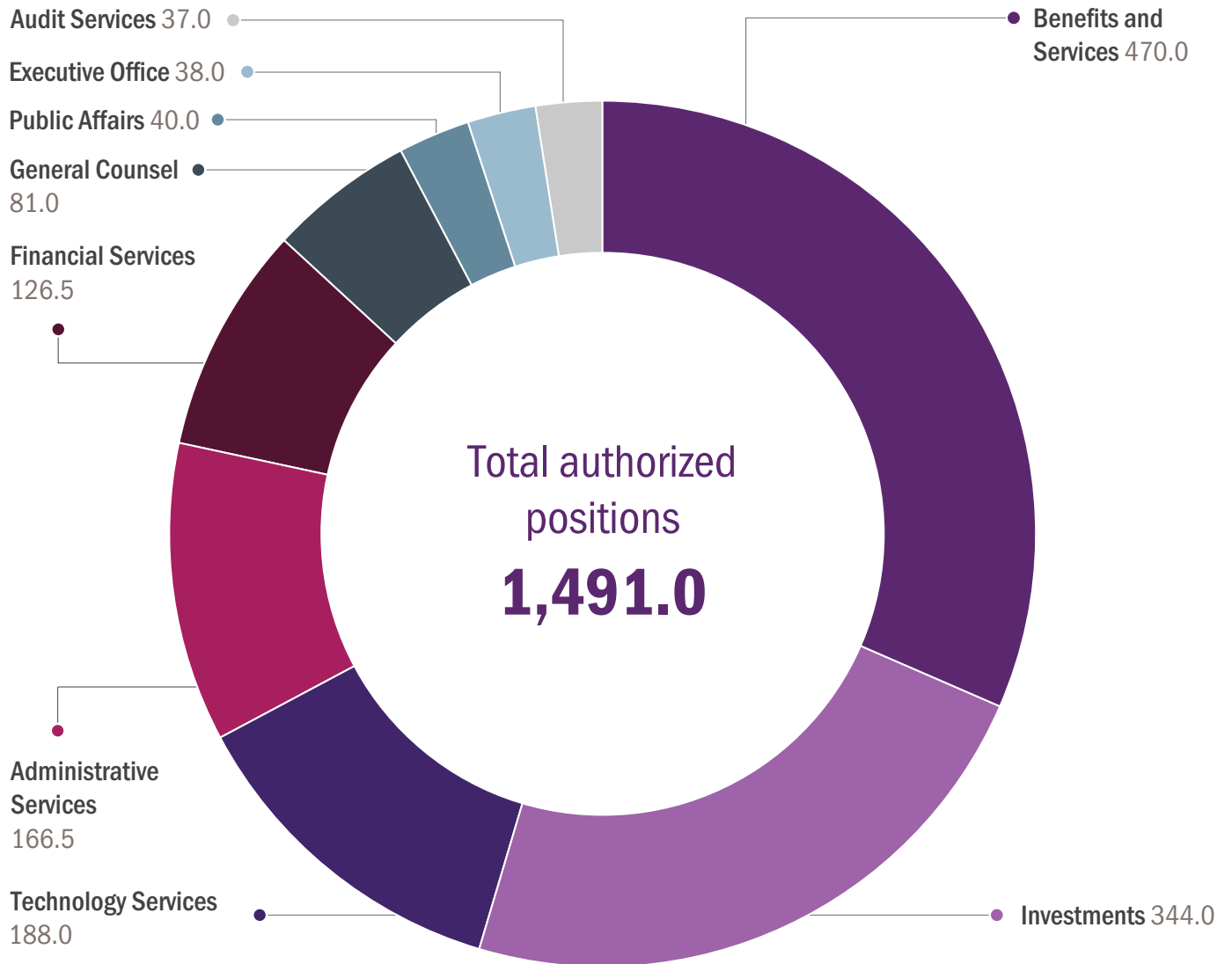
1. Figure includes \$30.4 million for incentives and \$189,185 for overtime.

2. Figure includes printing, communications, postage, insurance, travel in and out of state, training, indirect cost, equipment more than \$5,000, and special items of expense.

Budget and resources

FISCAL YEAR 2026-27 AUTHORIZED POSITIONS BY BRANCH

As of May 19, 2026





CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

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