

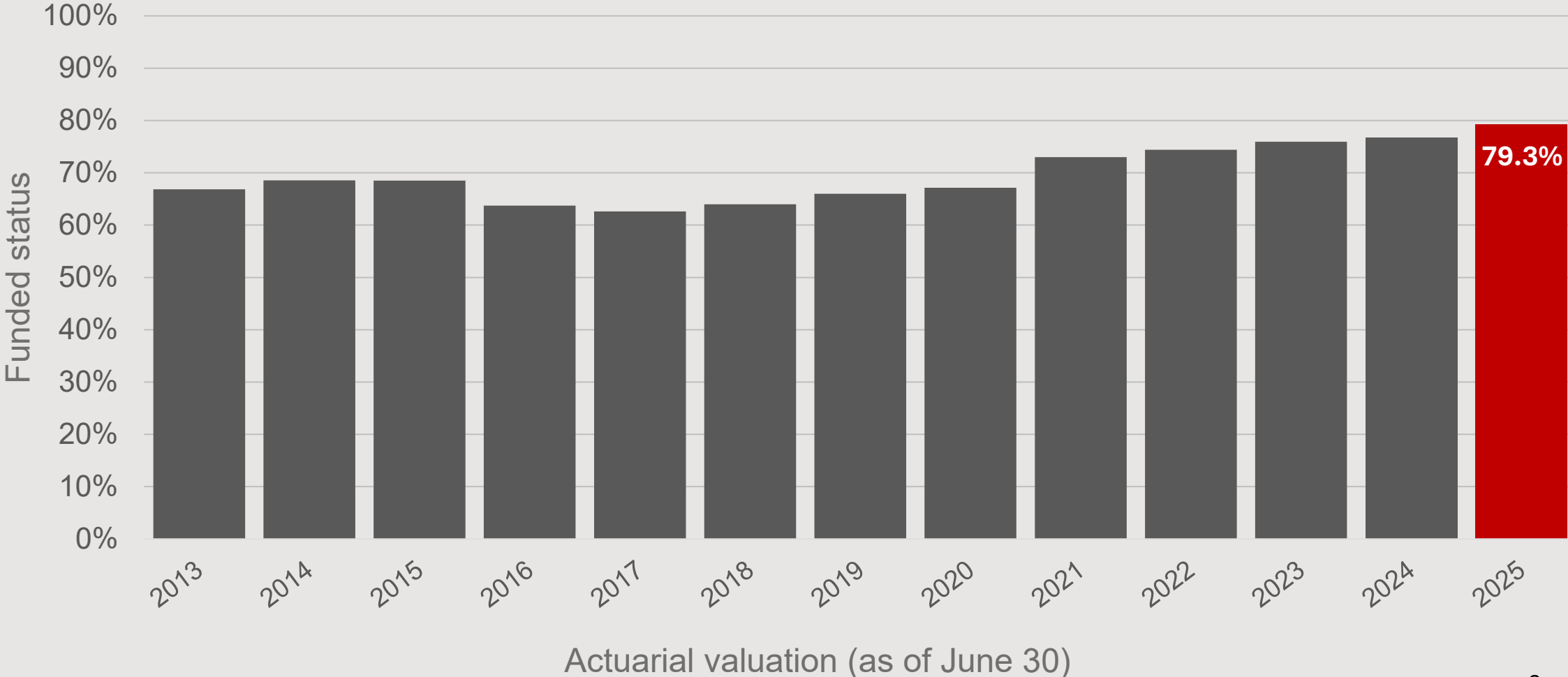
# Actuarial Valuations, Lump Sum Death Benefit and SBMA

May 2026 Board Meeting

CALSTRS<sup>®</sup>

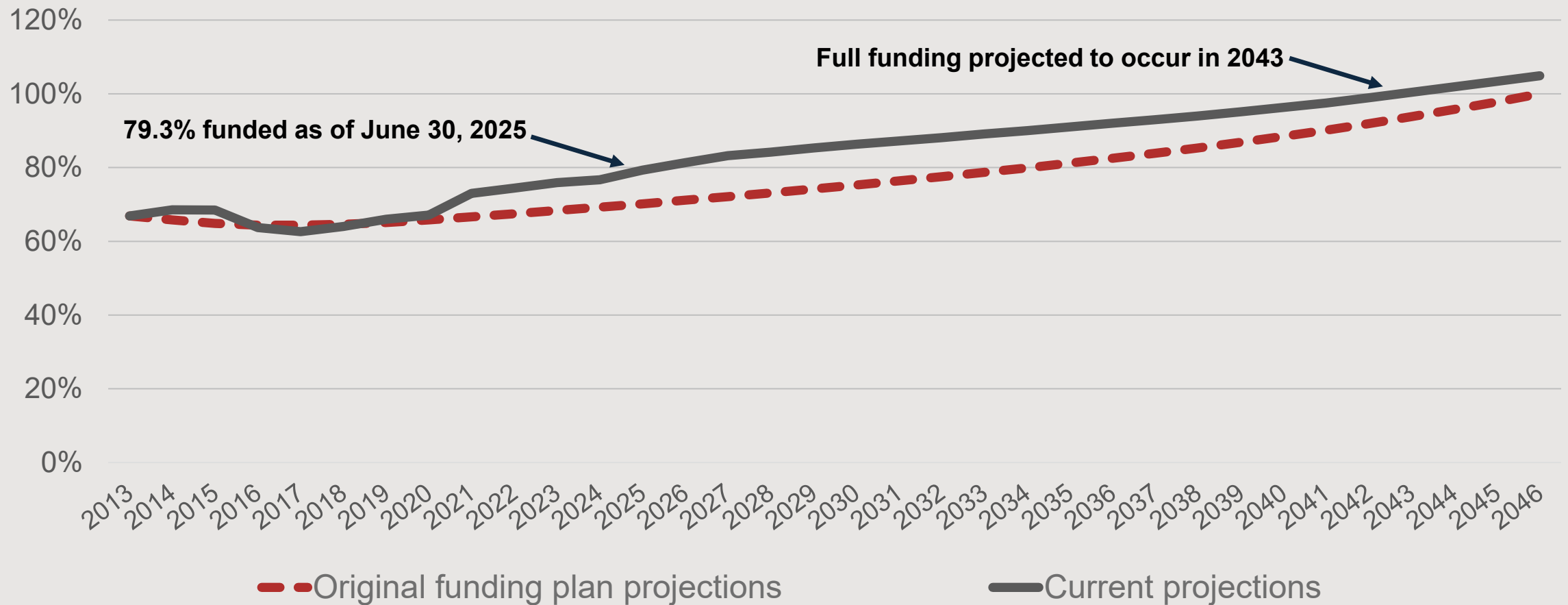


# Improving funded levels



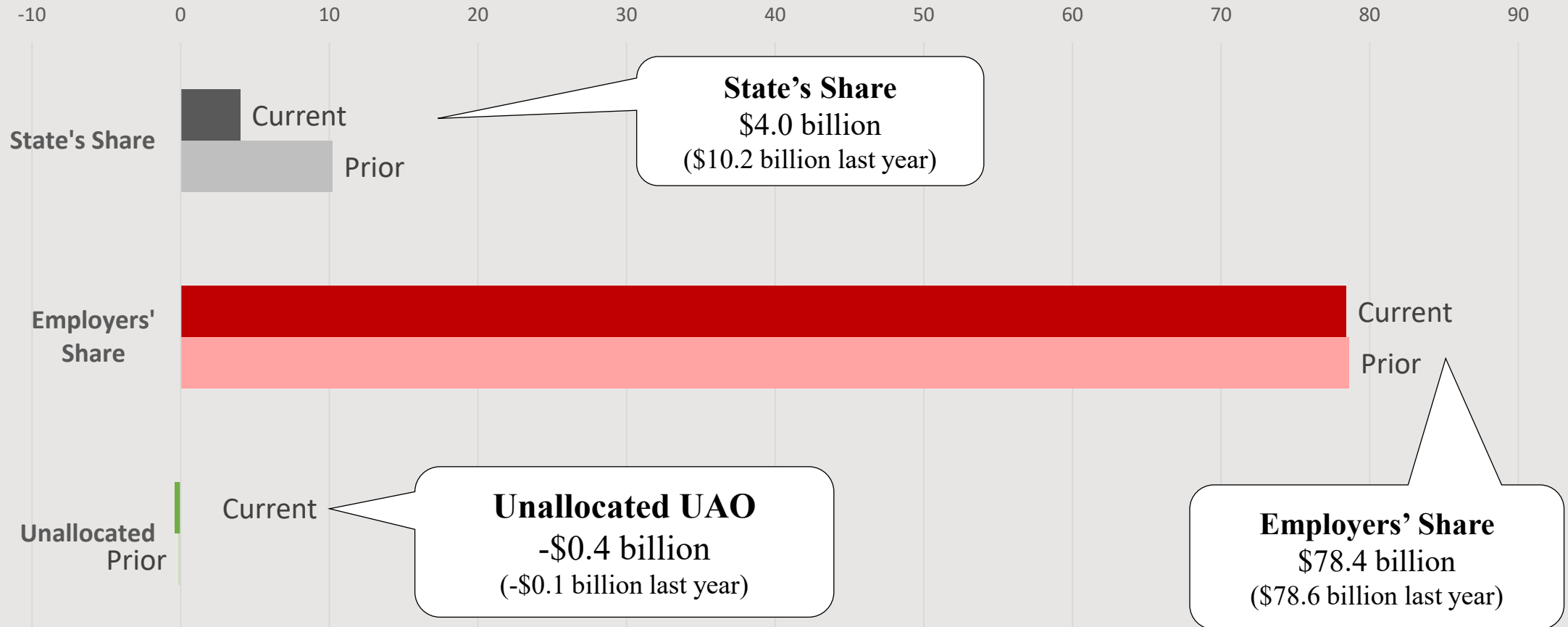
# Projected funded status

(Assumes 7% investment return each year into the future and 3.25% payroll growth)



# Breakdown of the Unfunded Actuarial Obligation

## Unfunded Actuarial Obligation (\$82.0 billion)



# Are contribution rate increases needed?

	Current contribution rate	Rate increase needed for FY 2026-27?	Year share is projected to be eliminated if rate remains unchanged <sup>2</sup>
State <sup>1</sup>	10.828%	No	2026
Employers	19.10%	No	2043

**Notes:**

1- The state contribution rate includes the 2.5% of payroll the state contributes to SBMA, CalSTRS inflation protection program.

2- Assumes 7% investment return each year into the future and 3.25% payroll growth.

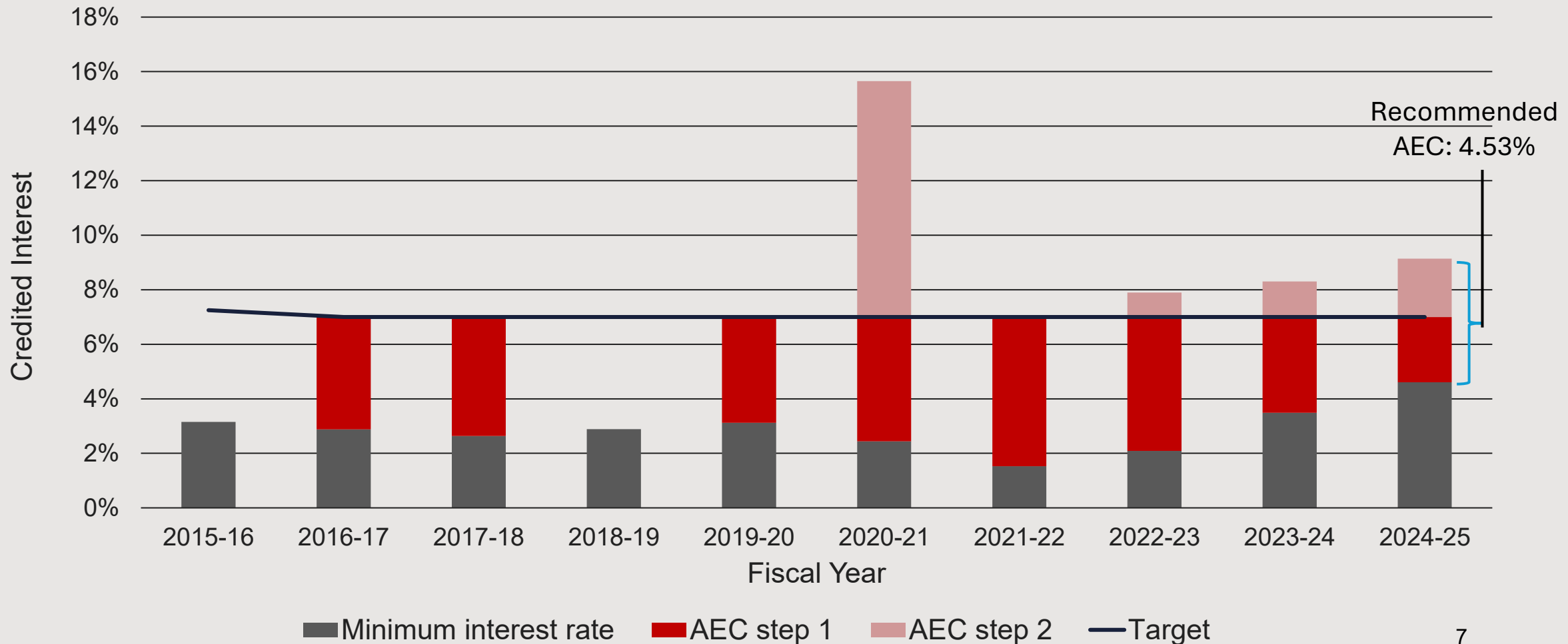
# Recommendation for board adoption

	Effective July 1, 2026
State Supplemental Contribution Rate	6.311%
Employer Supplemental Contribution Rate	10.850%
Normal Cost for 2% at 62 Members	18.393%

Total contribution rate will remain at 10.828% for the state and 19.1% for the employers.

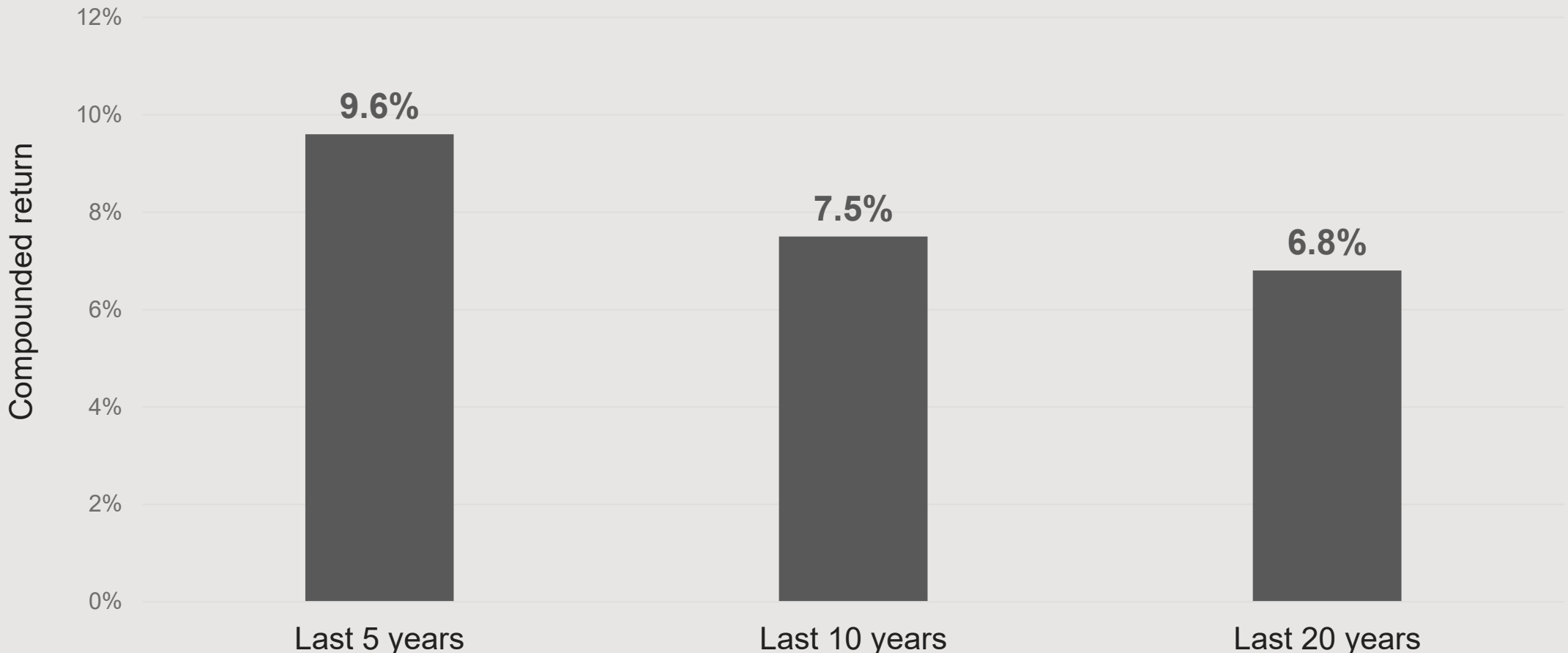
# Defined Benefit Supplement Program

Total interest credited to members' accounts over the past ten years



# Defined Benefit Supplement Program

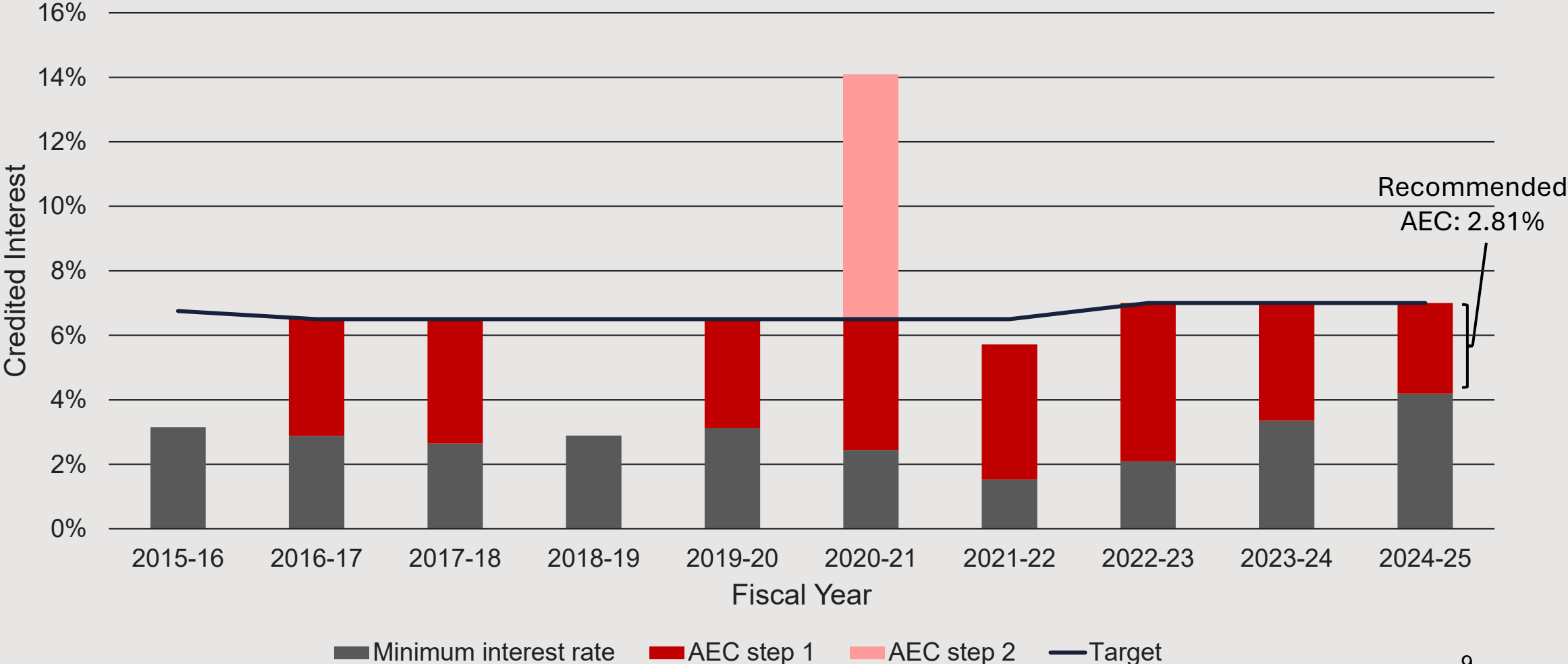
Average compounded return credited to members' accounts  
(through June 30, 2025)



*These numbers assume the board grants the recommended 4.53% AEC for fiscal year 2024-25.*

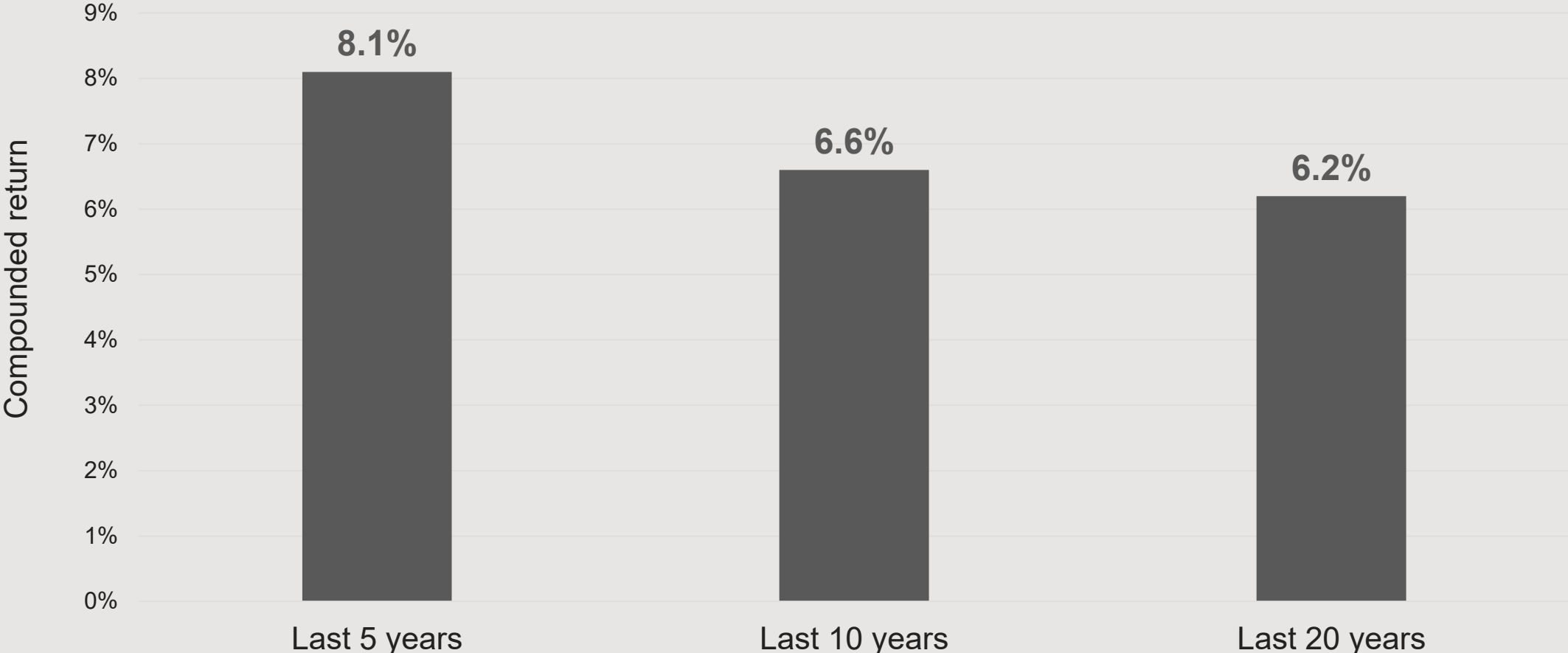
# Cash Balance Benefit Program

Total interest credited to members' accounts over the past ten years



# Cash Balance Benefit Program

Average compounded return credited to members' accounts  
(through June 30, 2025)



*These numbers assume the board grants the recommended 2.81% AEC for fiscal year 2024-25.*

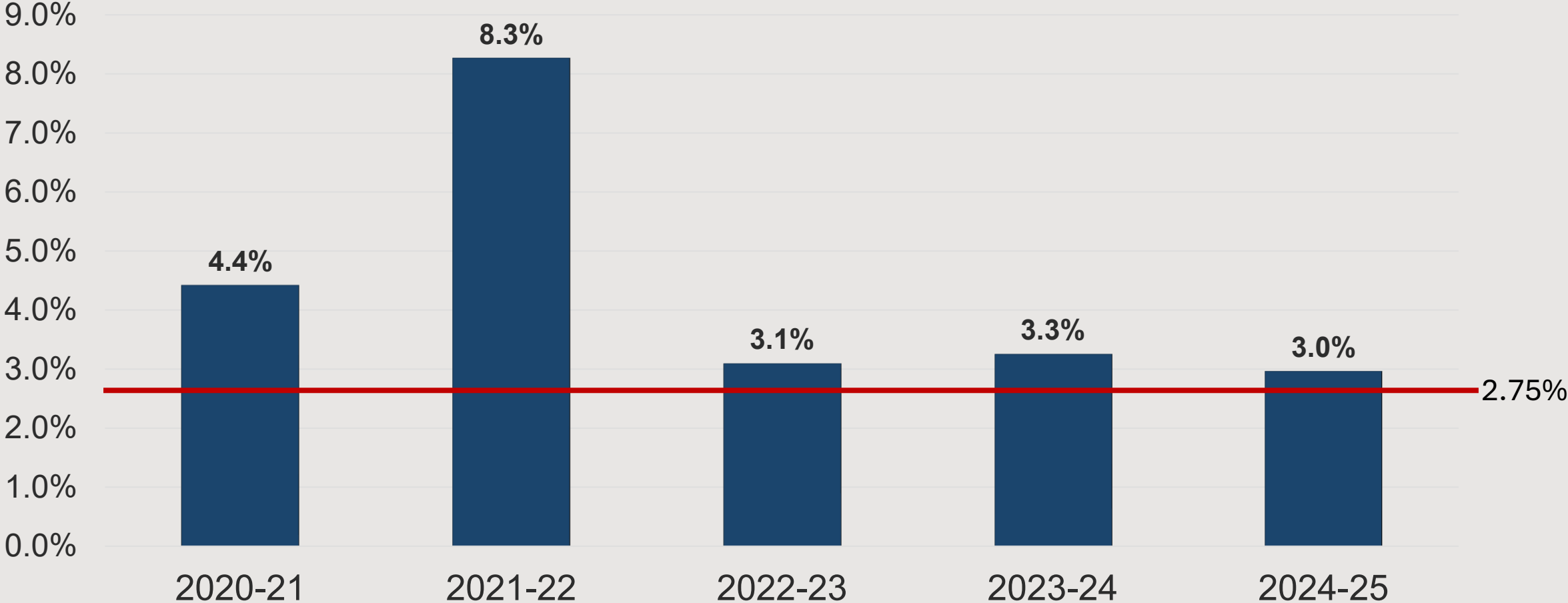
# Lump sum death benefit recommended increase

Board is being asked to adopt a 2.75% increase.

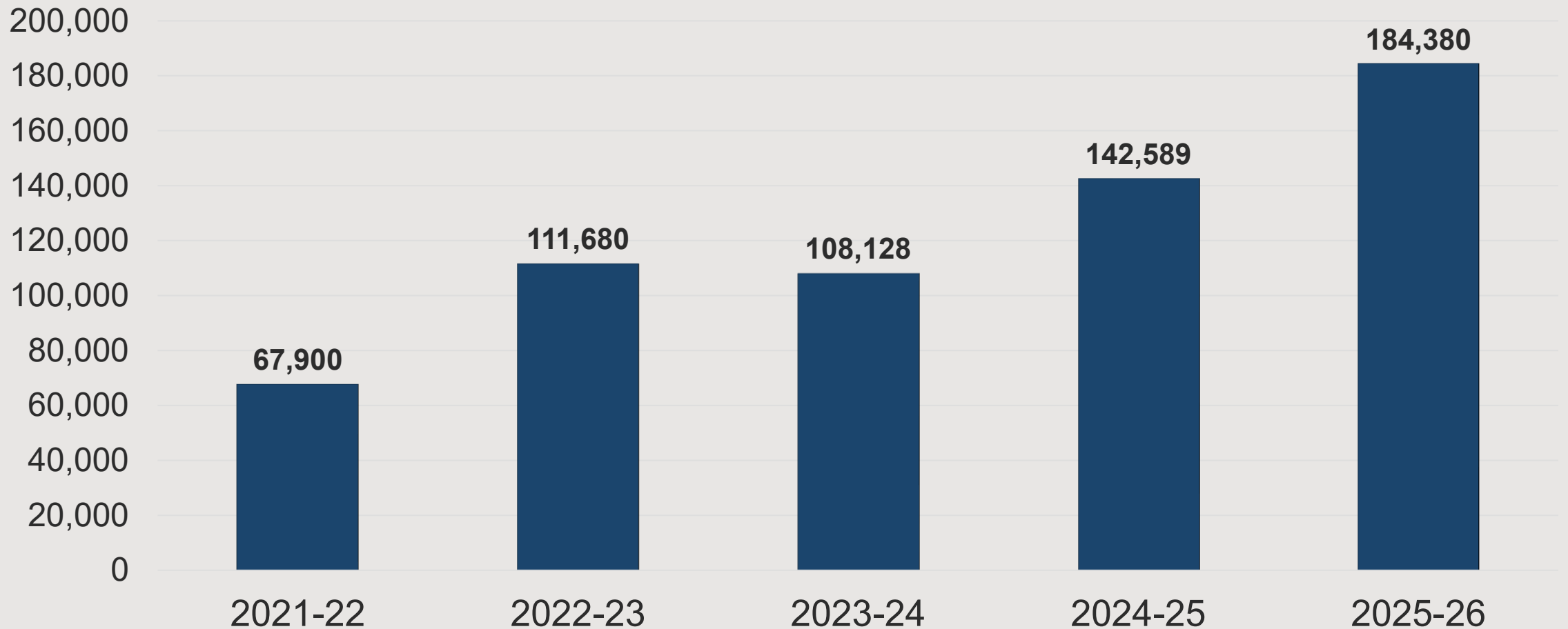
	Current benefit amounts	Recommended lump sum death benefit amounts (effective July 1, 2026)	Increase
<b>Active Coverage A and Retired Member</b>	\$7,288	<b>\$7,488</b>	\$200
<b>Active Coverage B</b>	\$29,152	<b>\$29,952</b>	\$800

# Inflation in California in the last 5 years

(Long-term inflation assumption is 2.75%)



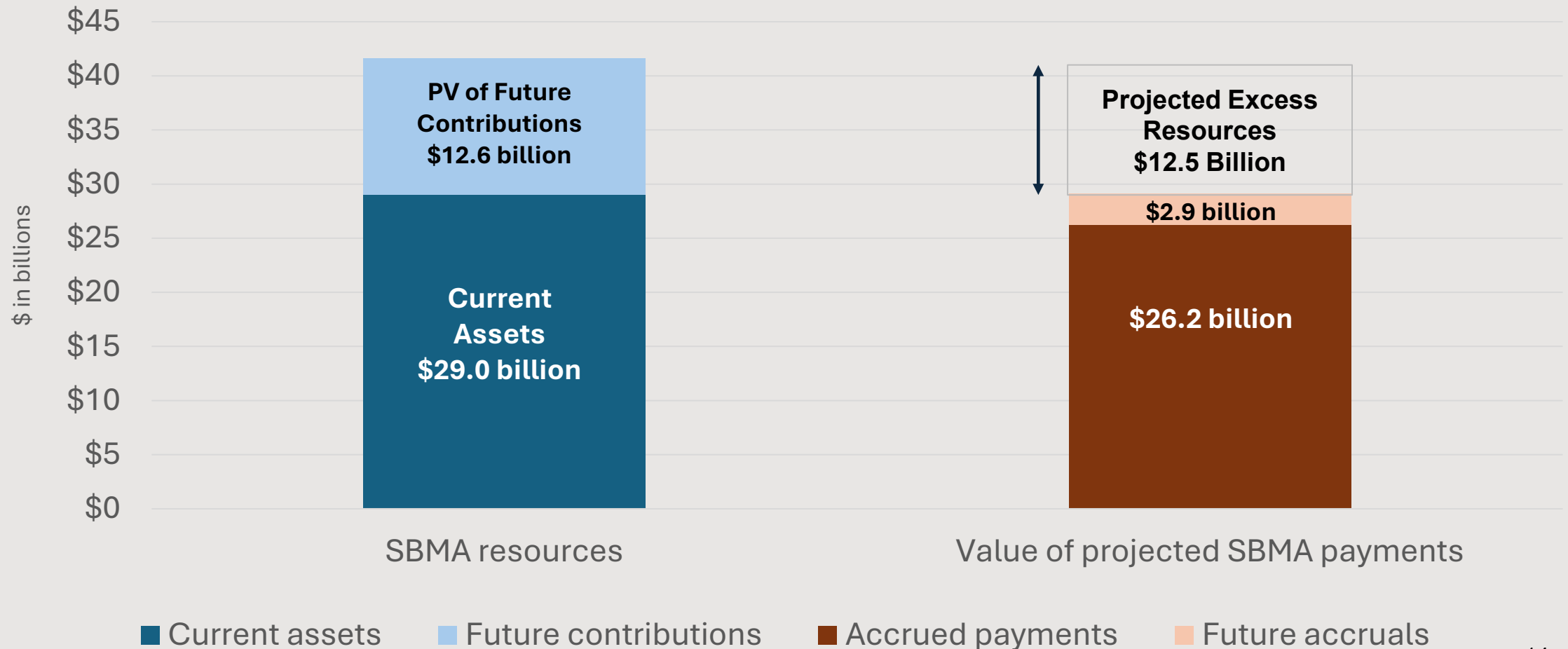
# Increasing number of SBMA recipients



# Comparison of SBMA resources to future payments

## 85% purchasing power and 2.75% inflation

(Current members only)



# Recommendation for board adoption

- Board can set protection level between 80%-85%.
- Recommendation:
  - Maintain the purchasing power protection percentage at 85%
  - 85% since 2008-09

•Questions?

