

Review of funding levels and risks report

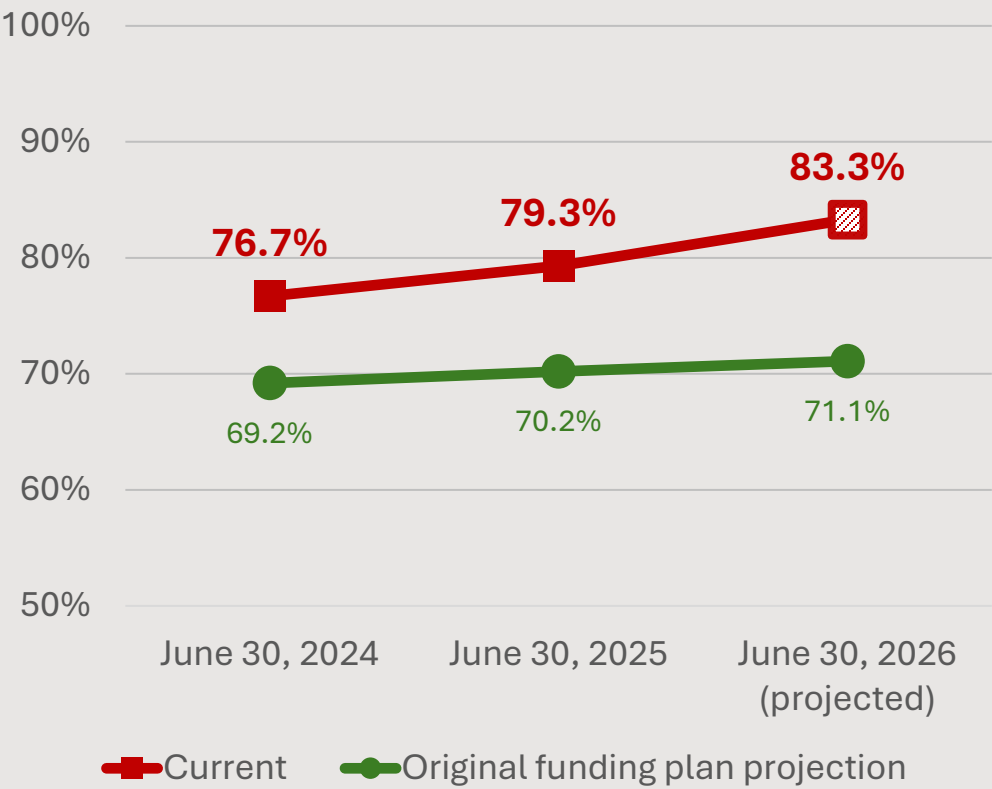
November 2026

CALSTRS

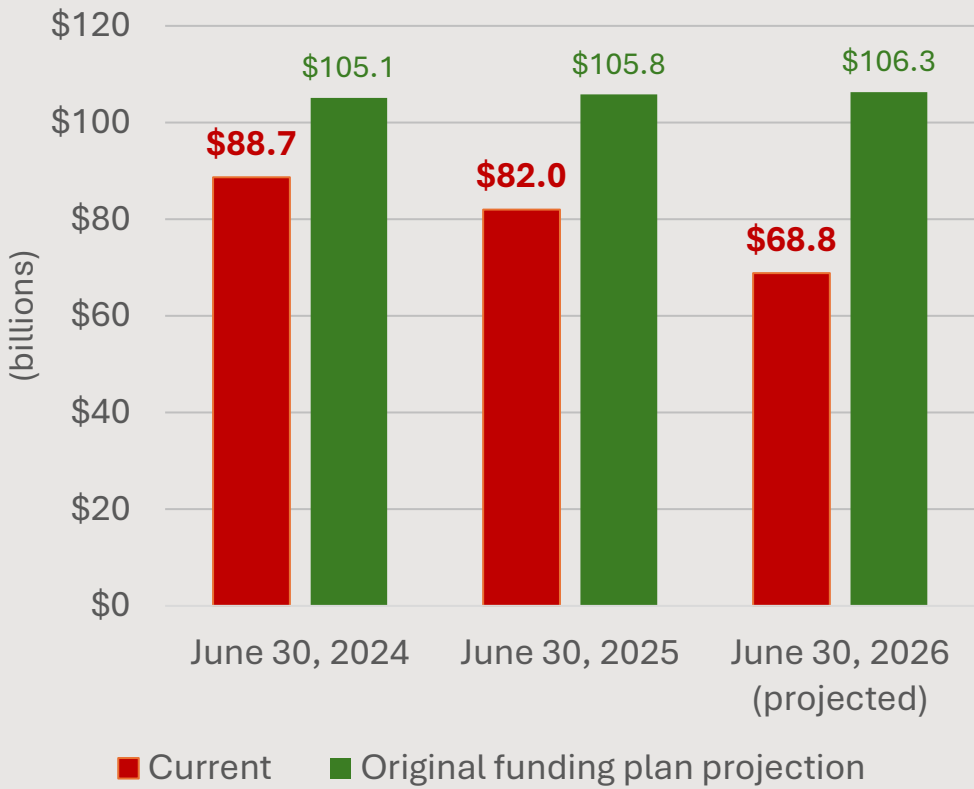


Highlights – ahead of schedule

Funded status



Unfunded actuarial obligation (UAO)



Projected year of full funding

Original funding plan: **2046**

Last year's report: **2043**

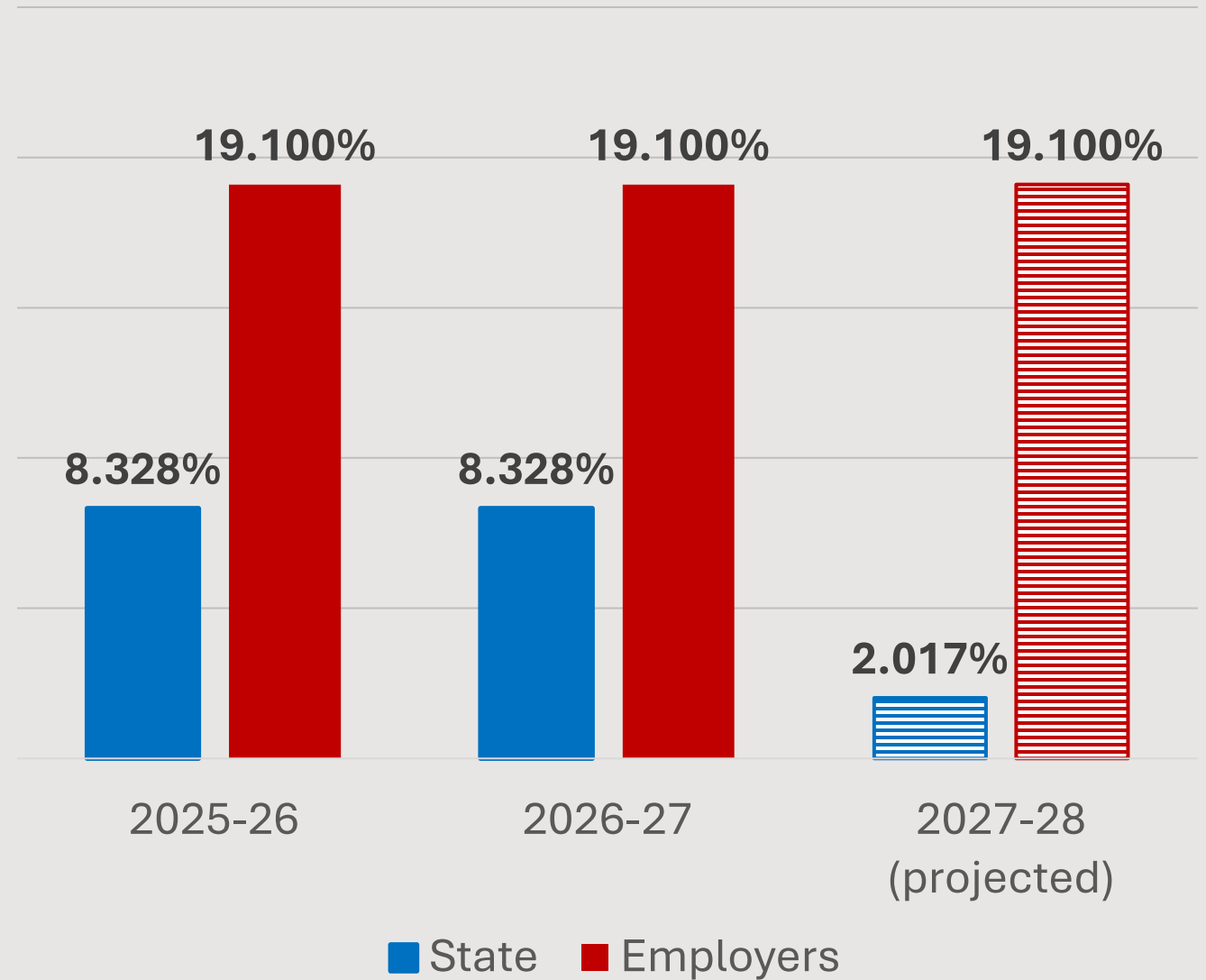
This report: **2036**



Contribution rates

Year when share of unfunded actuarial obligation is eliminated:

- State: 2026
- Employers: 2041 (projected)





Funding plan risks

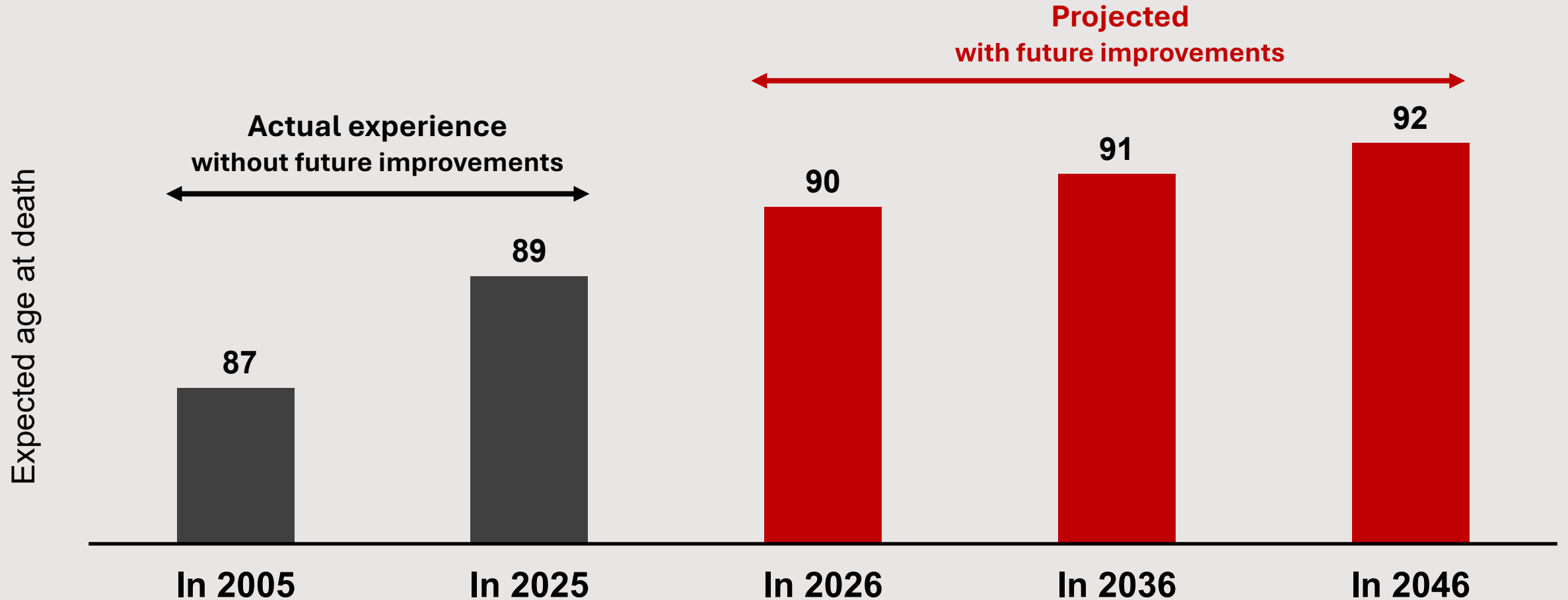
Longevity risk

Membership and payroll growth risk

Investment risk

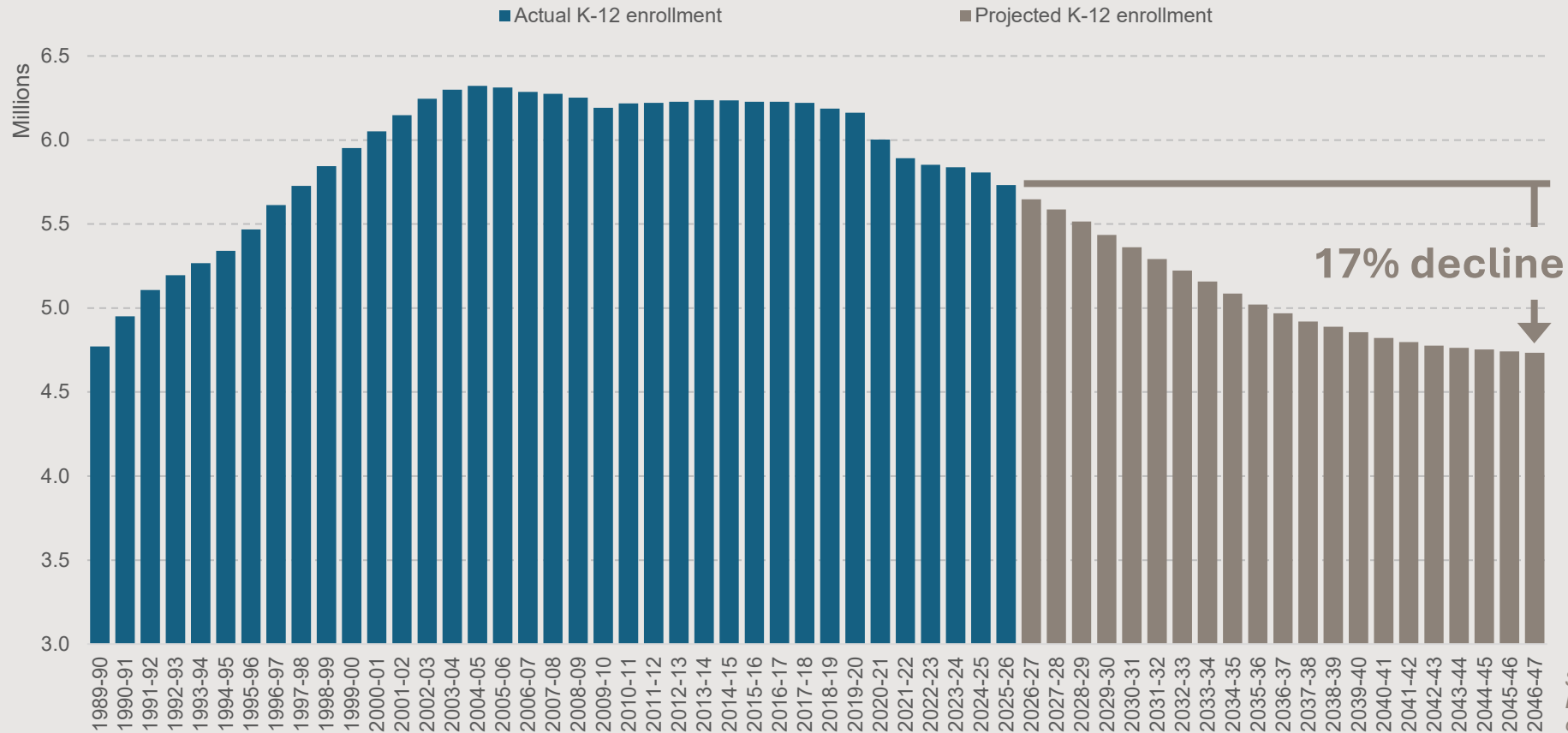
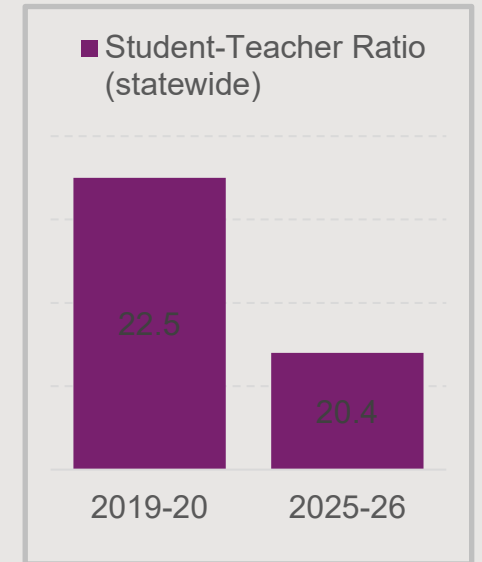
Longevity risk

Expected age at death for a female member retiring at age 62



Membership and payroll growth risk

K-12 enrollment and student-teacher ratio

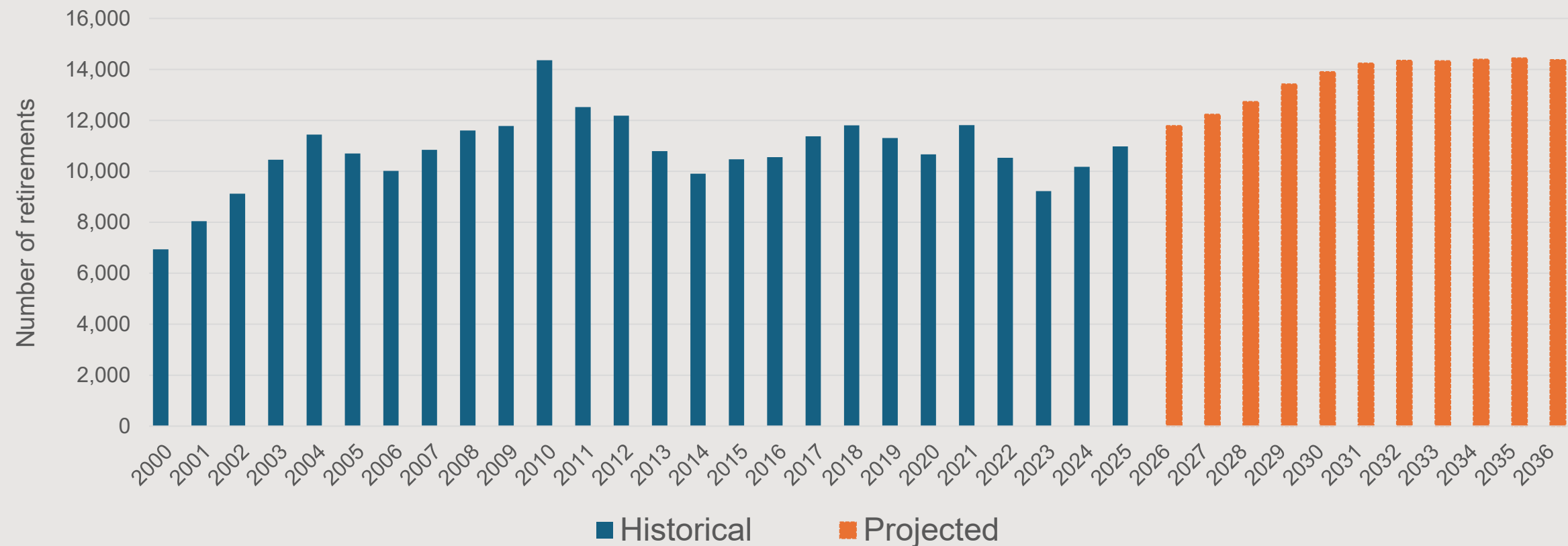


Source: California Department of Education

Source: California Department of Finance

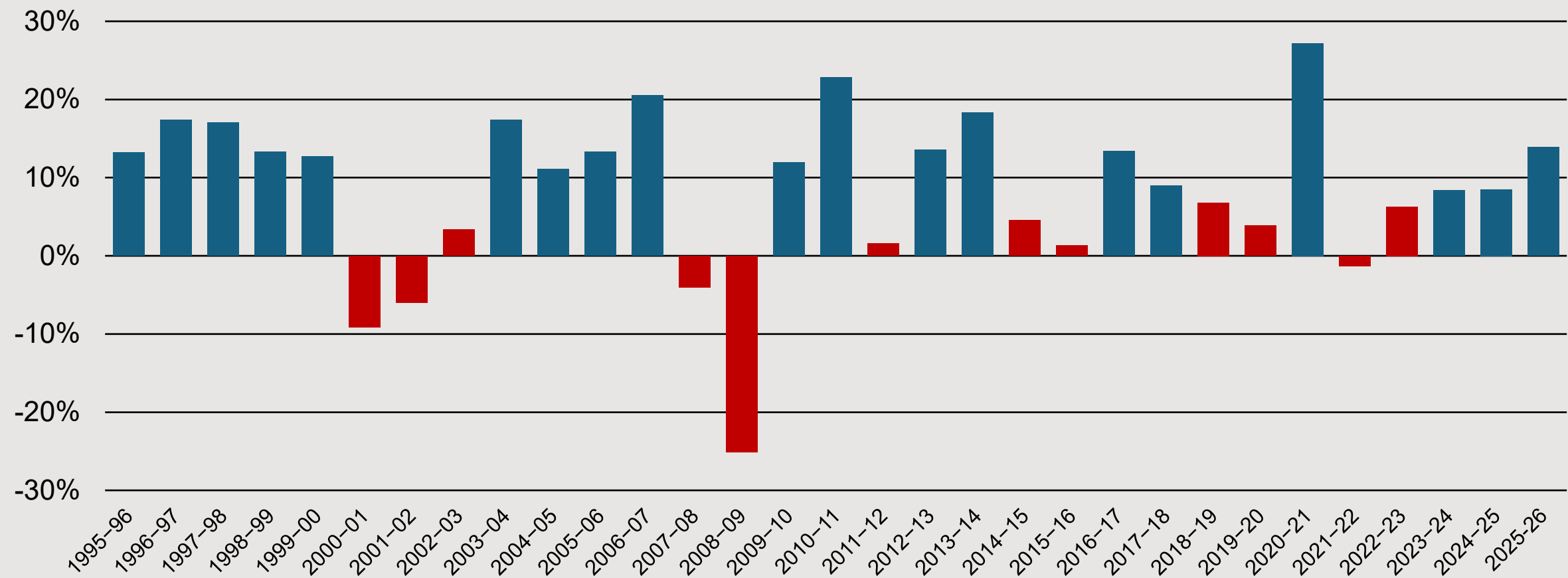
Membership and payroll growth risk

Projected retirements from active membership



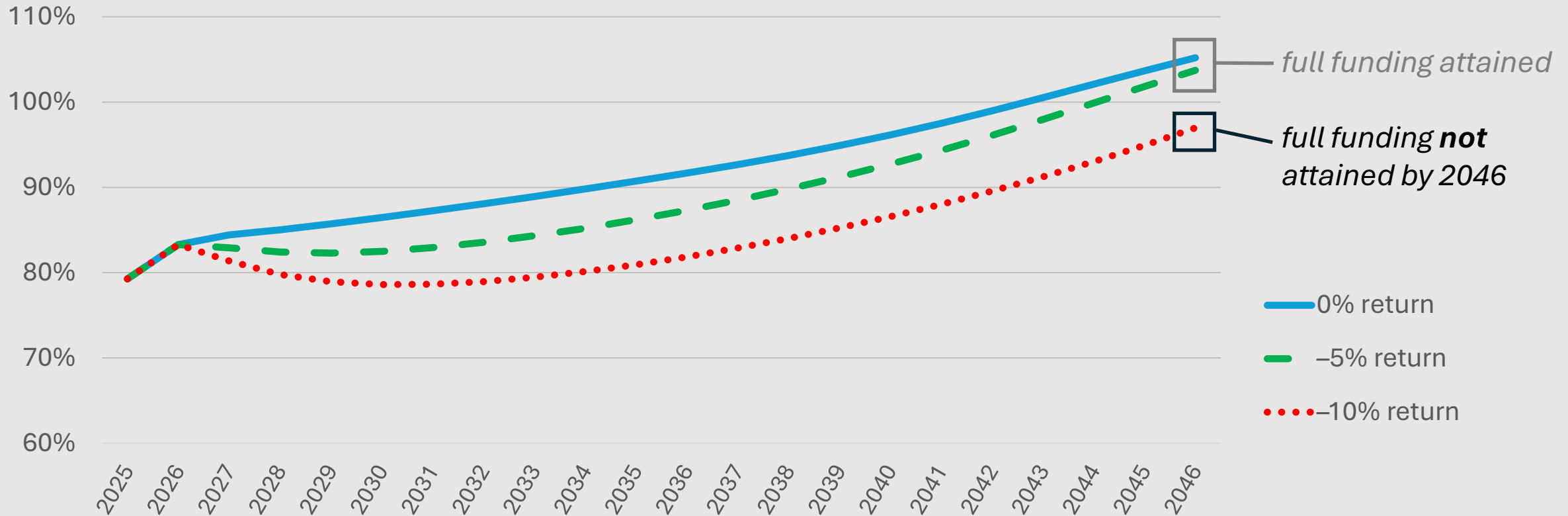
Investment risk

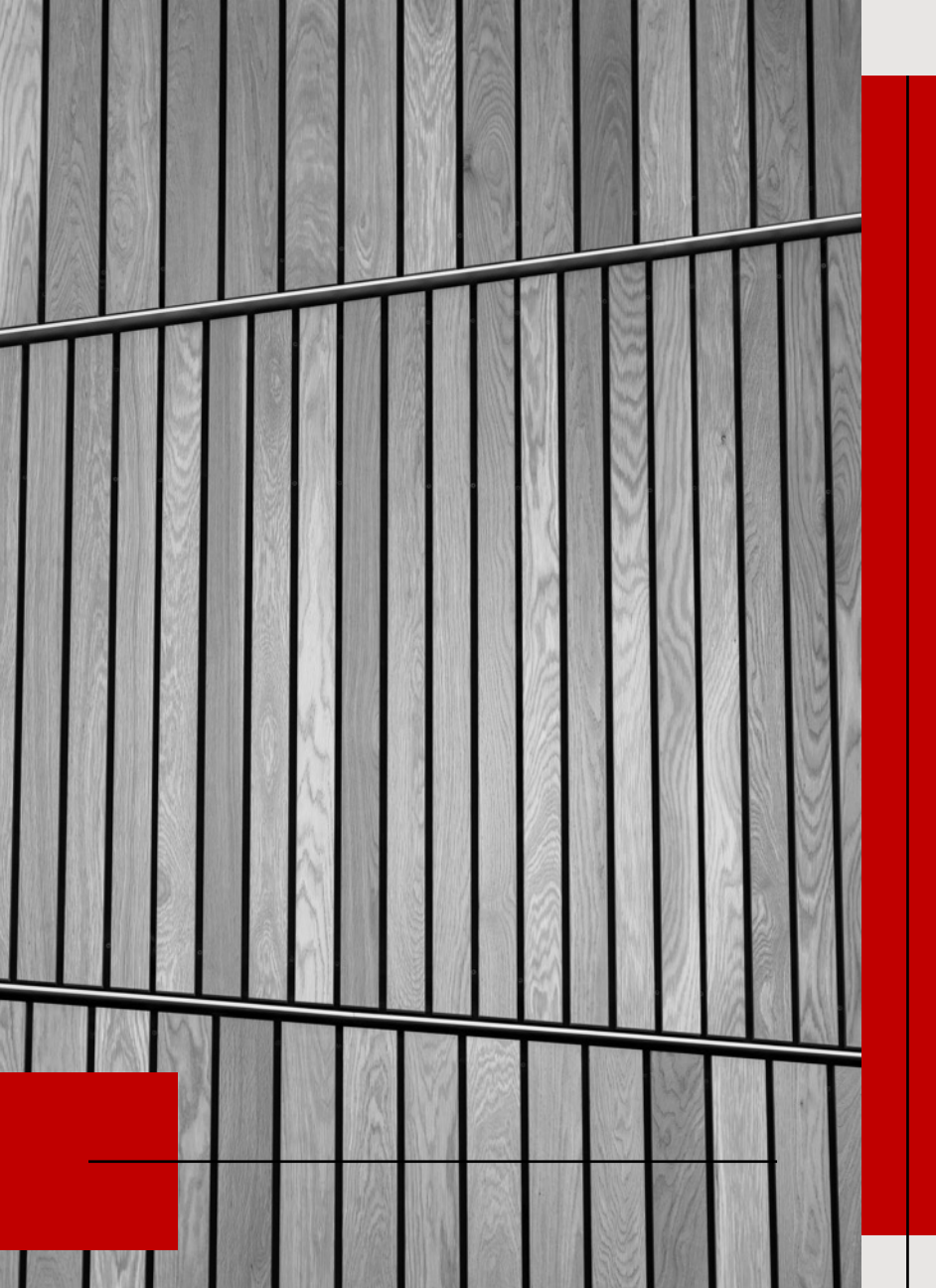
CalSTRS historical investment performance



Investment risk

Projected funded status following a loss in fiscal year 2026-27

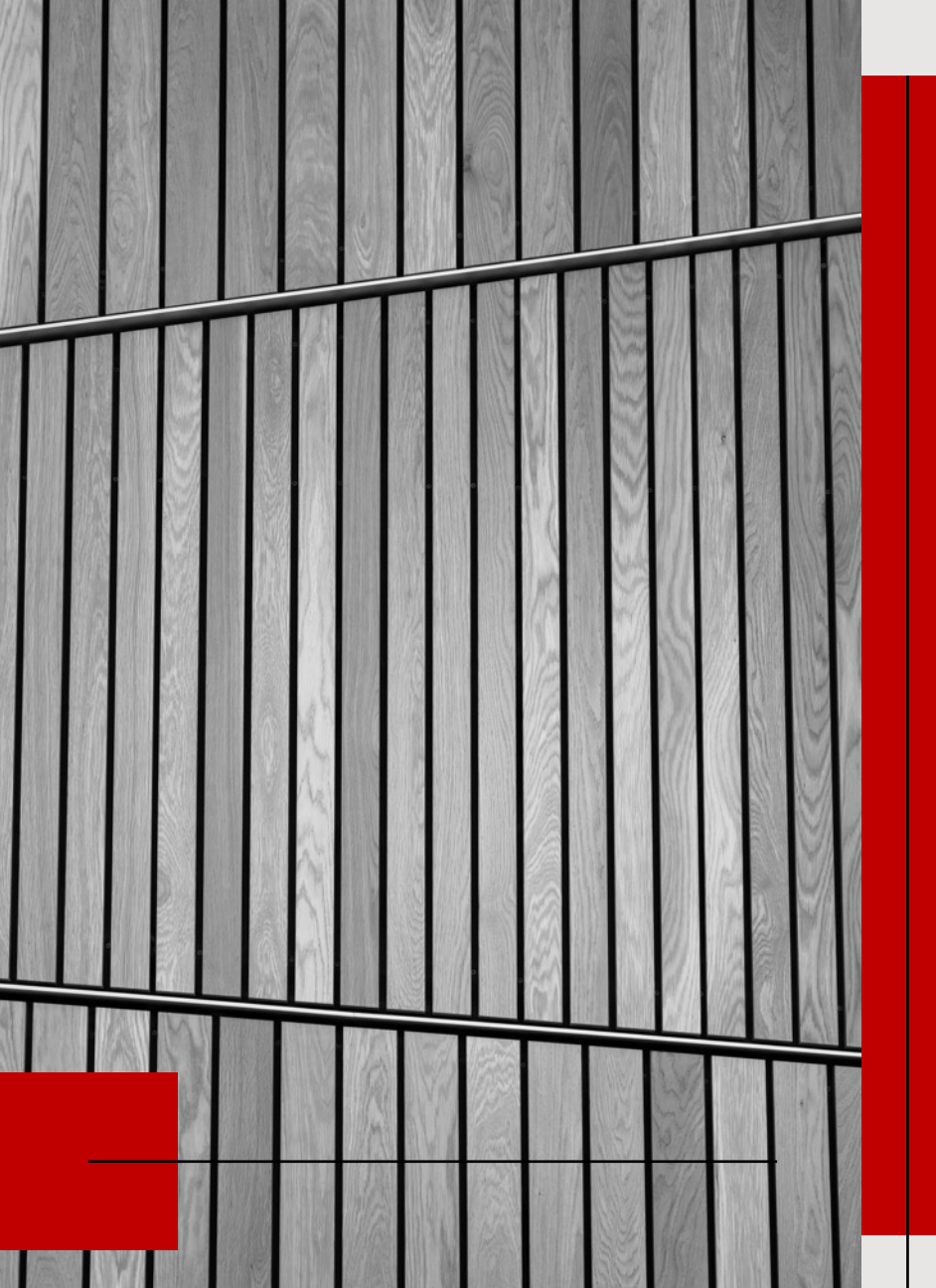




Investment risk

**Lowest investment returns the funding plan can absorb
and still reach full funding by 2046**

Time period	Years	Average annual return
1 year	2026-27	-8%
3 years	2026-29	3%
5 years	2026-31	5%



Investment risk

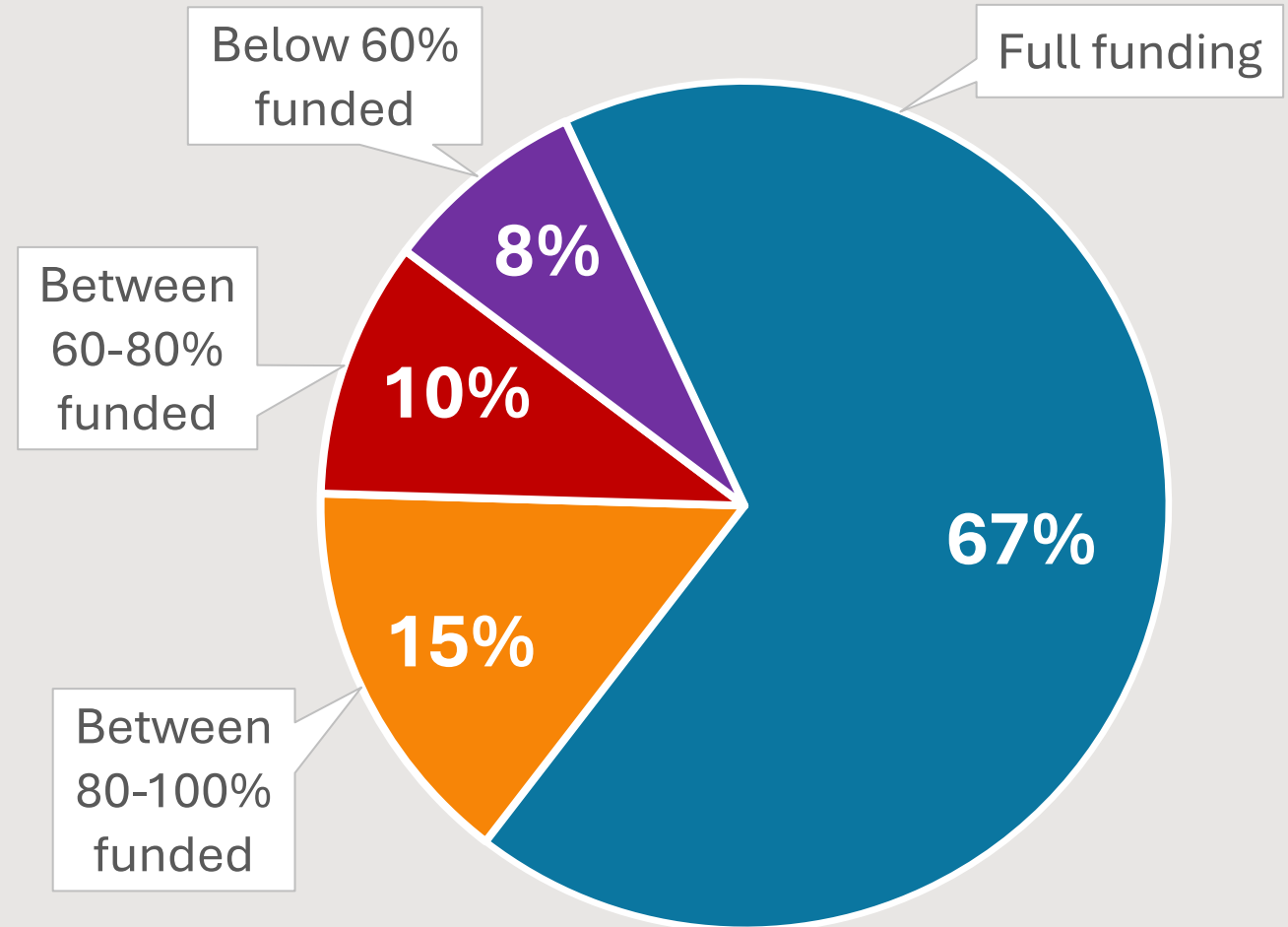
**Lowest investment returns the funding plan can absorb
and still reach full funding by 2046**

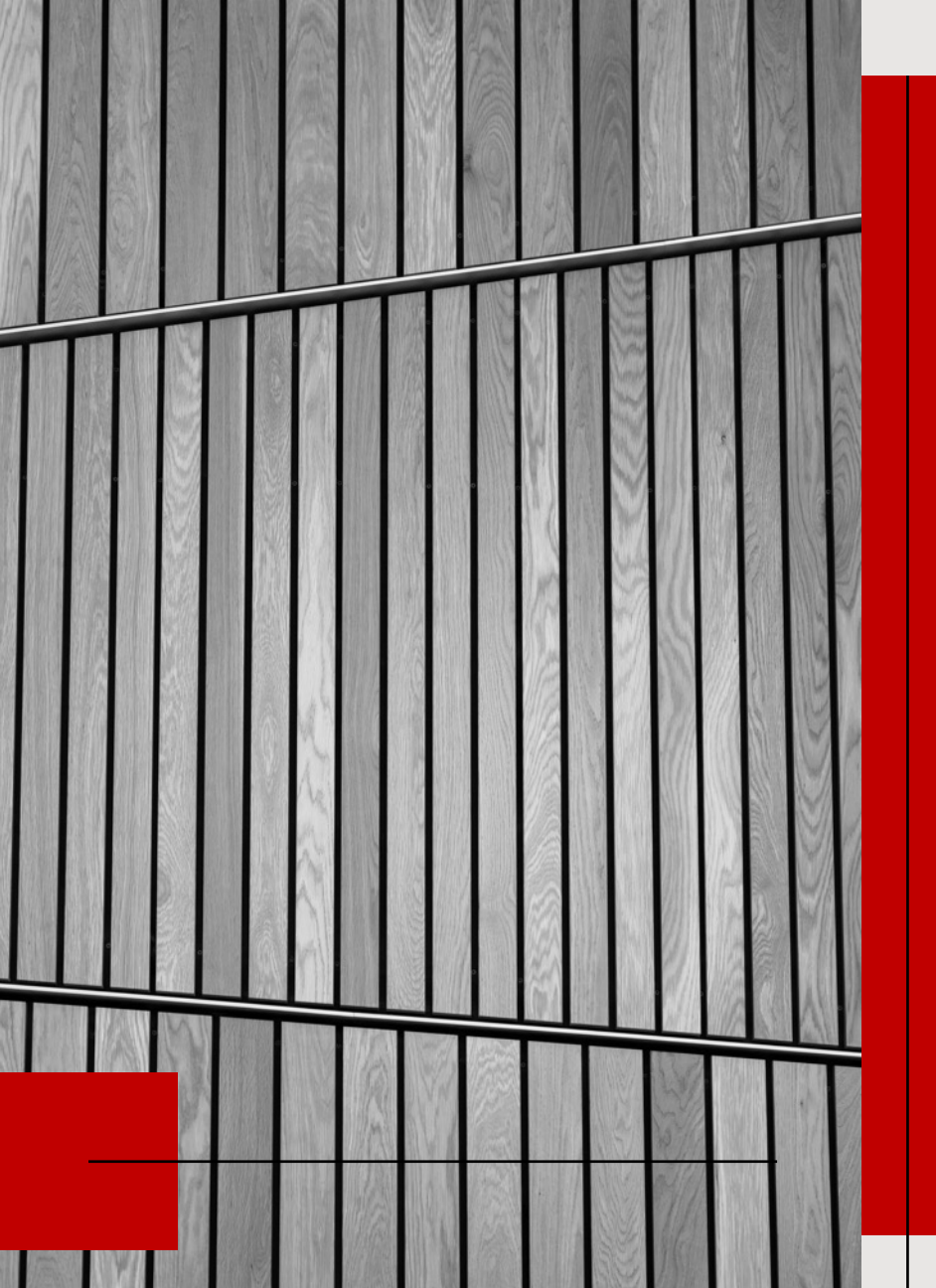
(with 15% immediate active membership decline)

Time period	Years	Average annual return
1 year	2026-27	-3%
3 years	2026-29	5%
5 years	2026-31	6%

2046 funded status probabilities

Based on stochastic analysis of future investment returns





Funding plan – what we are watching

- The 2046 end date
- The 0.5% limit on state contribution rate increase
- The “unallocated” portion

Questions?

