Review of funding levels and risks report

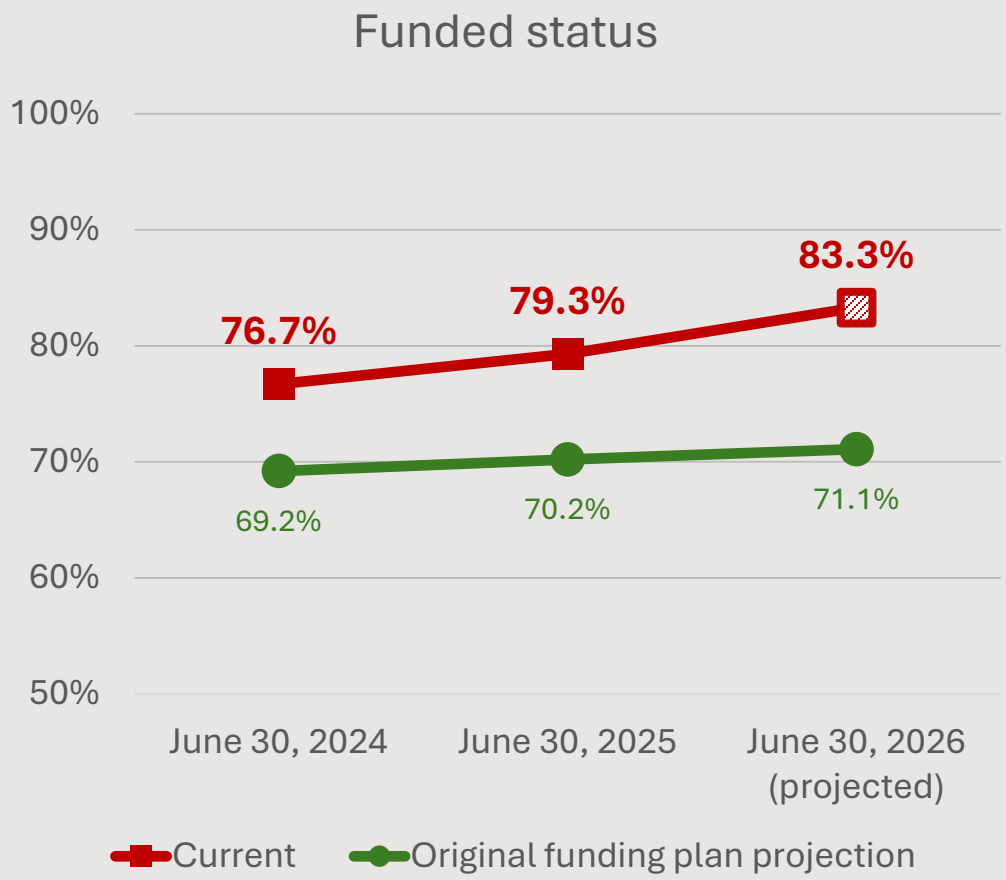
November 2026

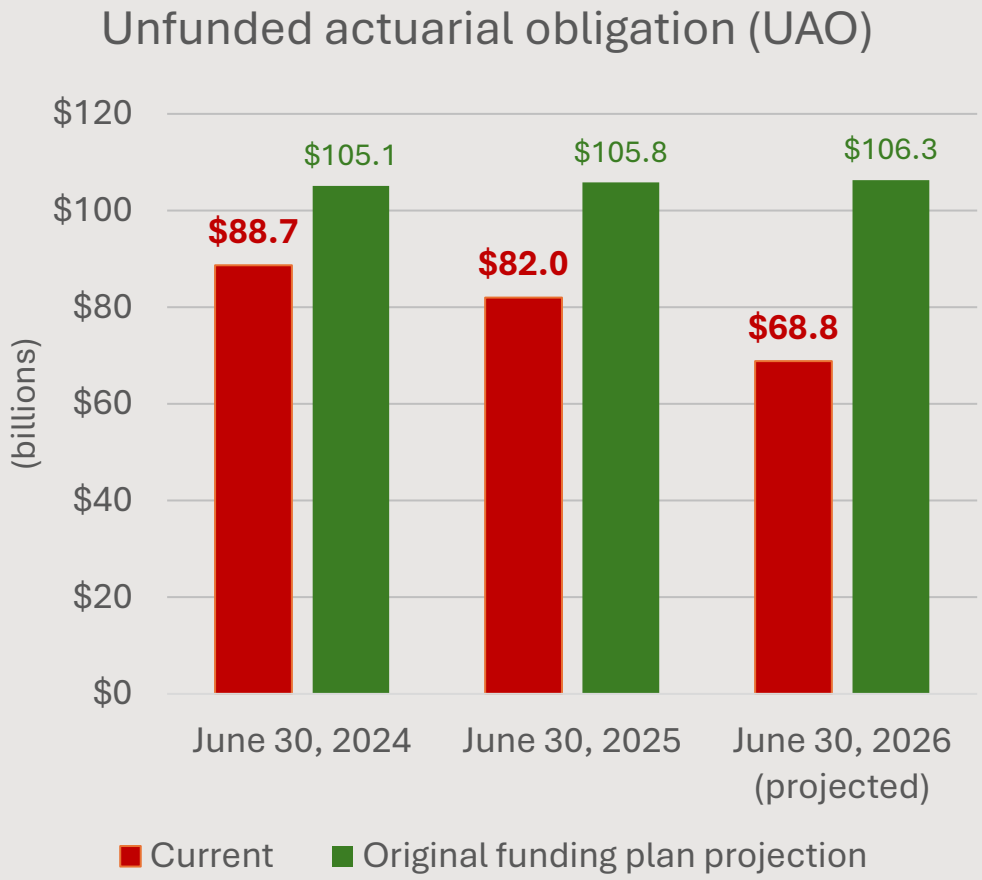
CALSTRS





Highlights – ahead of schedule





Projected year of full funding

Original funding plan: **2046**

Last year's report: **2043**

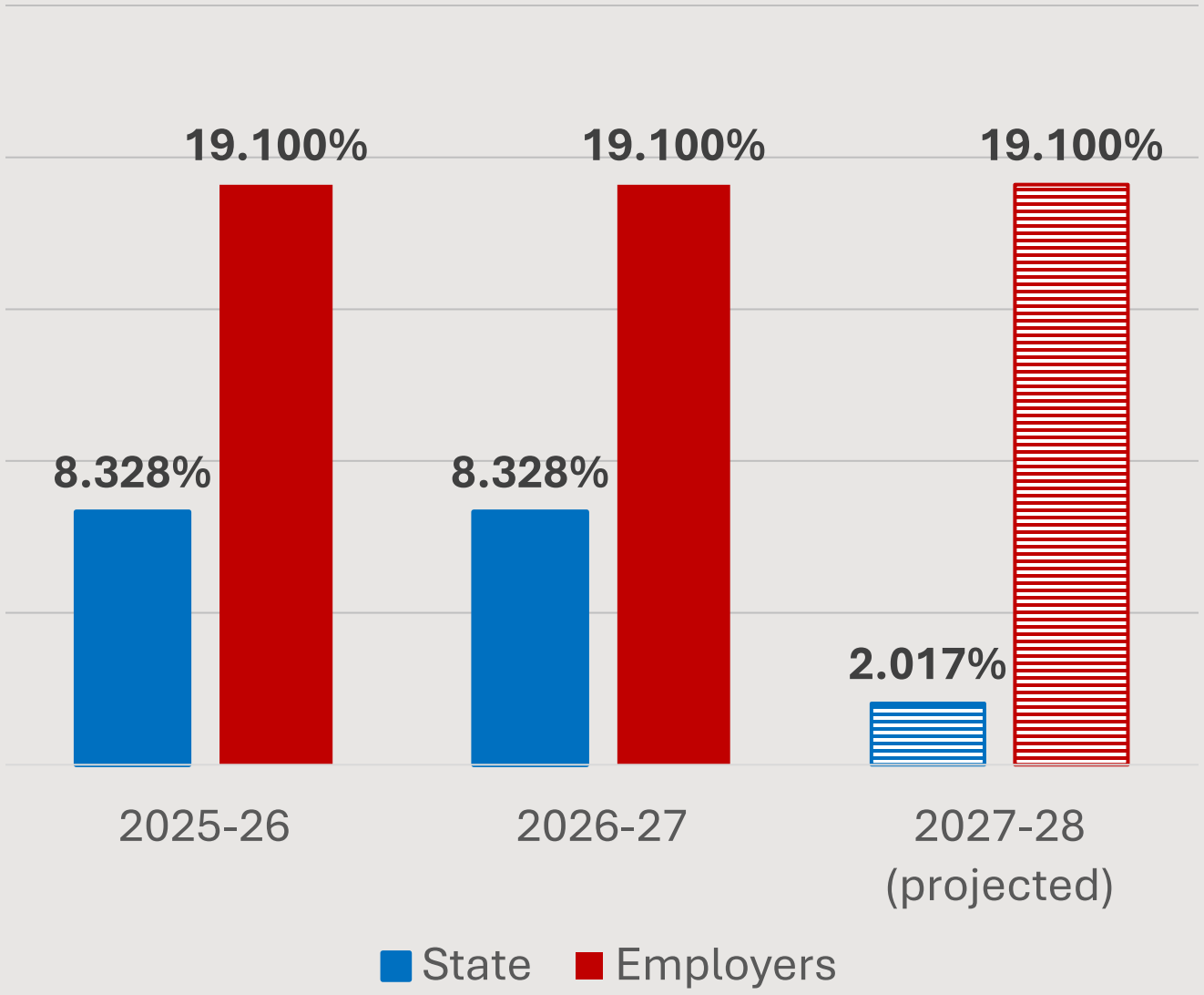
This report: **2036**



Contribution rates

Year when share of unfunded actuarial obligation is eliminated:

- State: 2026
- Employers: 2041 (projected)





Funding plan risks

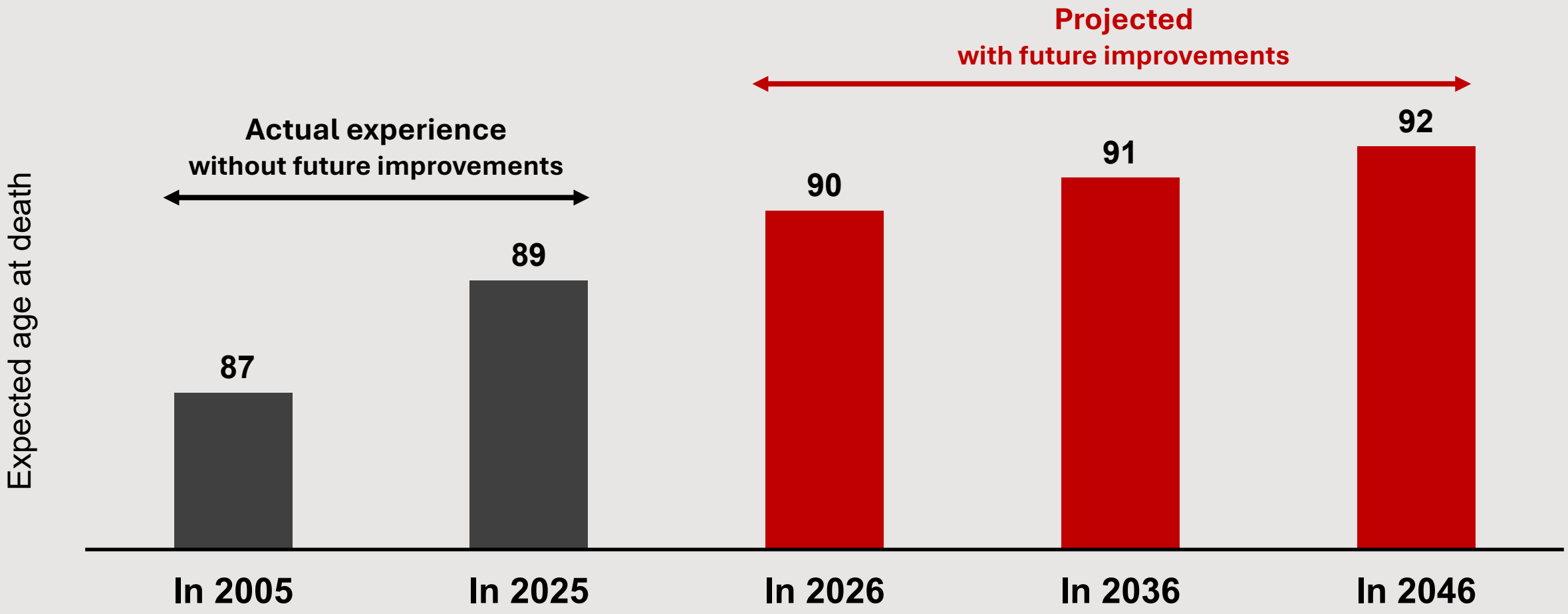
Longevity risk

Membership and payroll growth risk

Investment risk

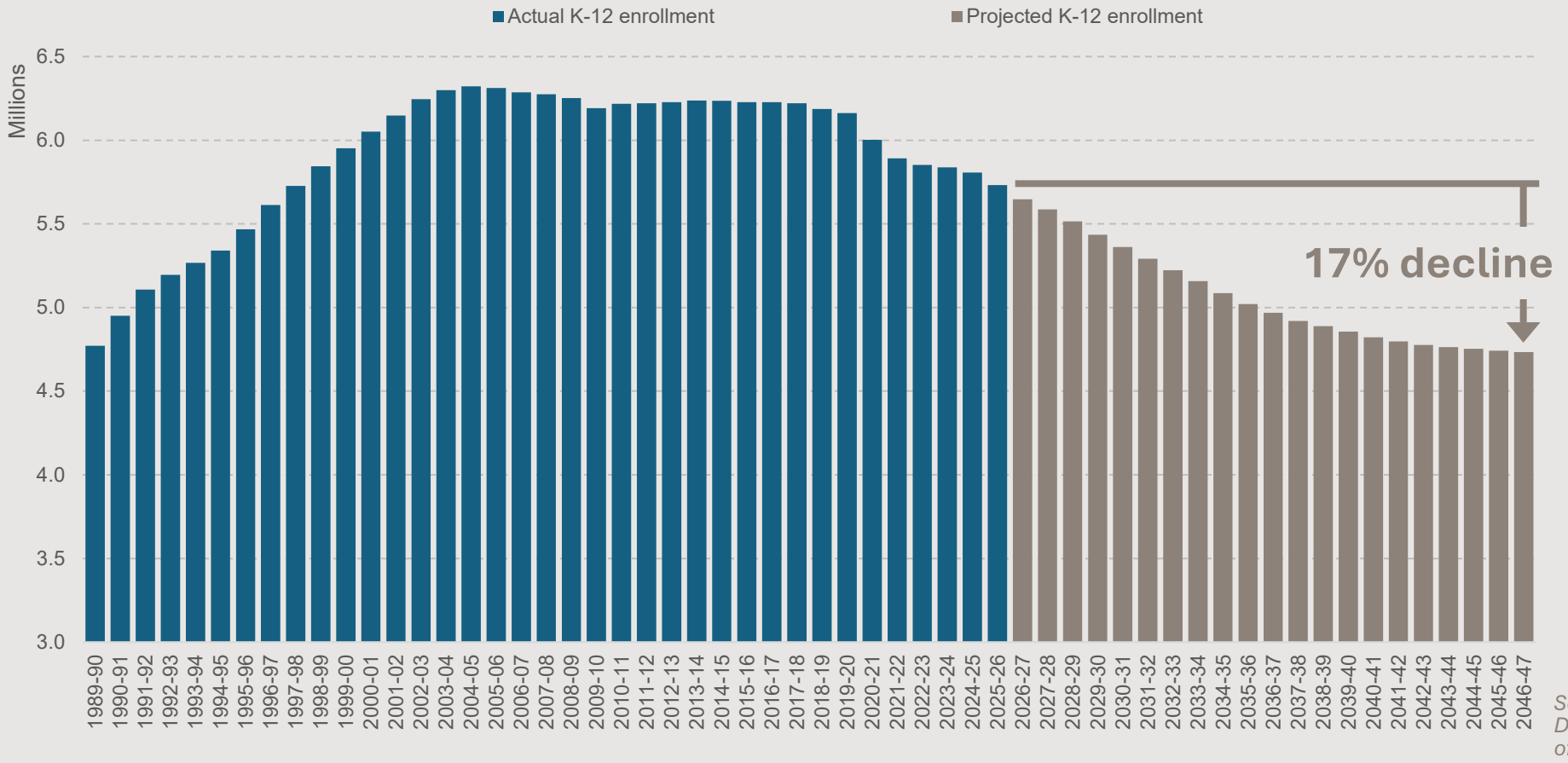
Longevity risk

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

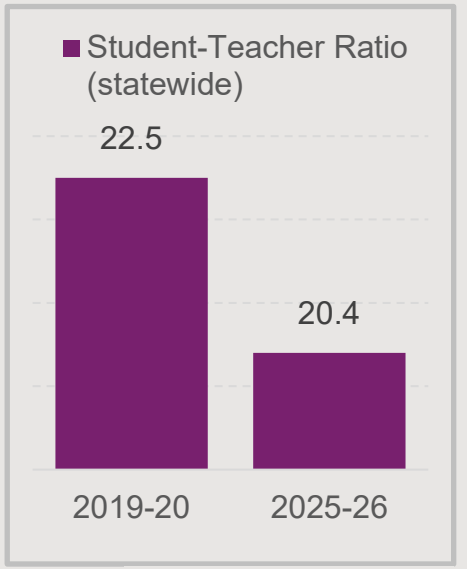


Membership and payroll growth risk

K-12 enrollment and student-teacher ratio



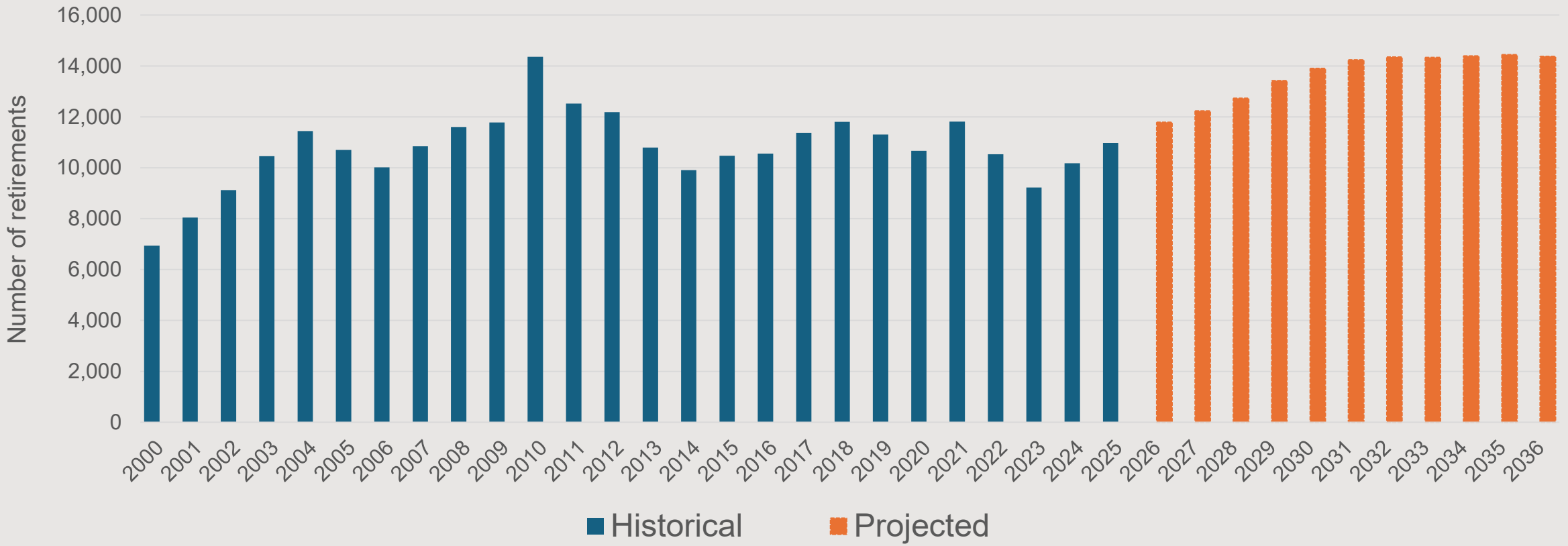
Source: California Department of Finance



Source: California Department of Education

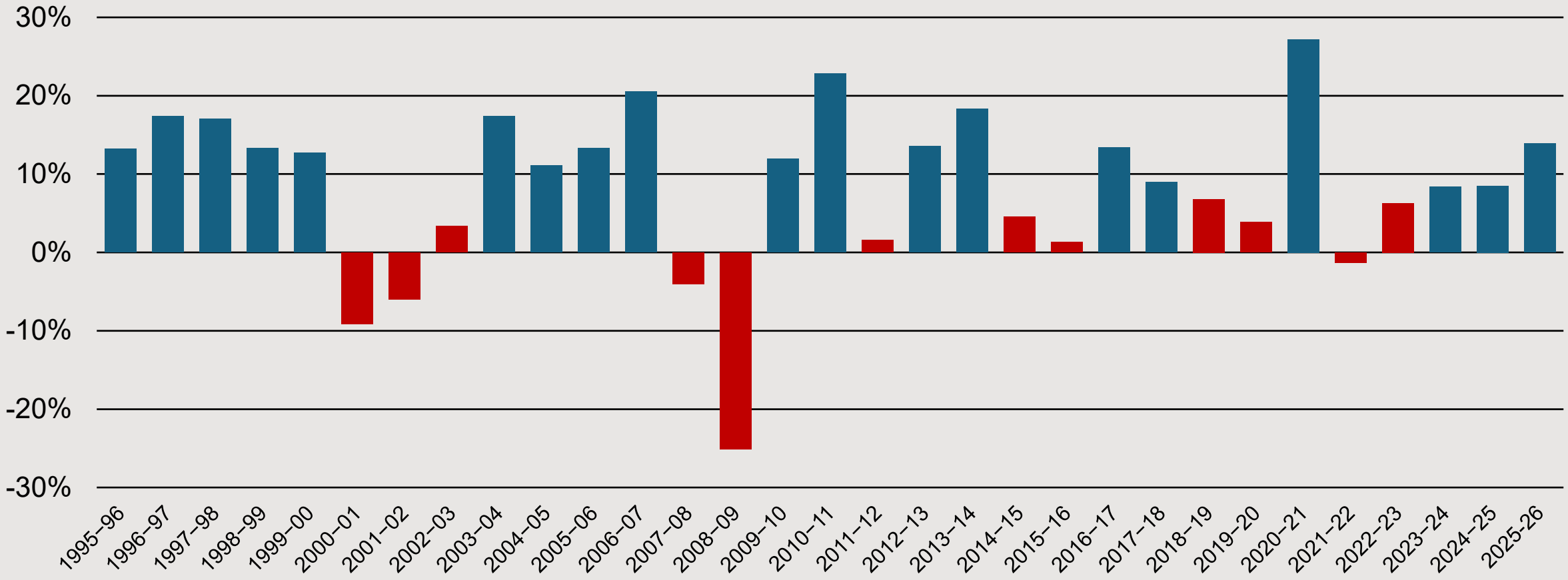
Membership and payroll growth risk

Projected retirements from active membership



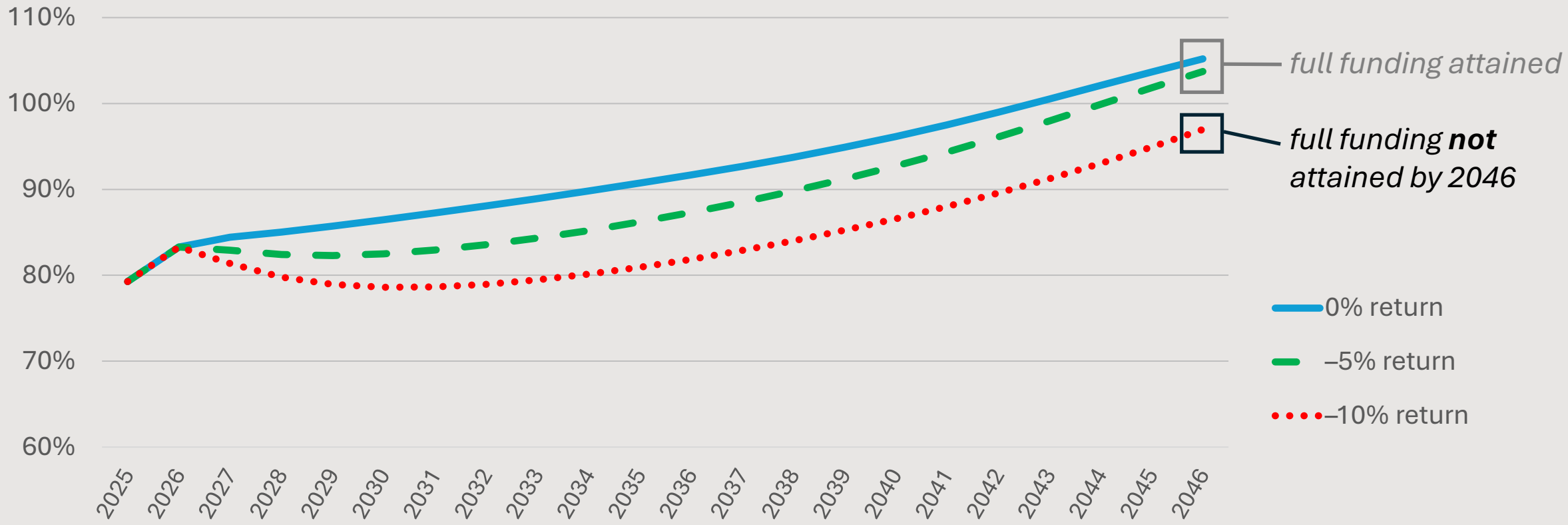
Investment risk

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%**

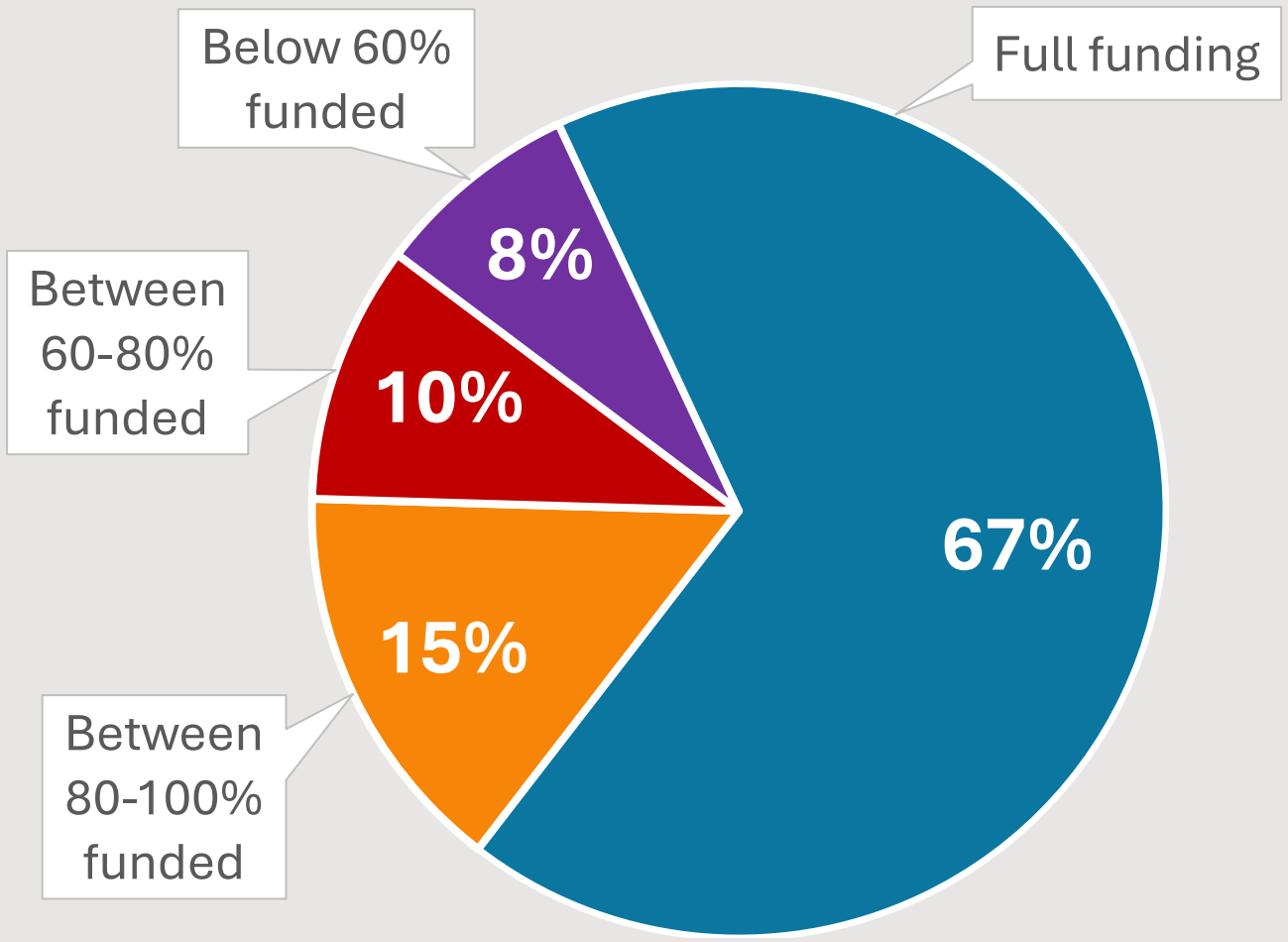


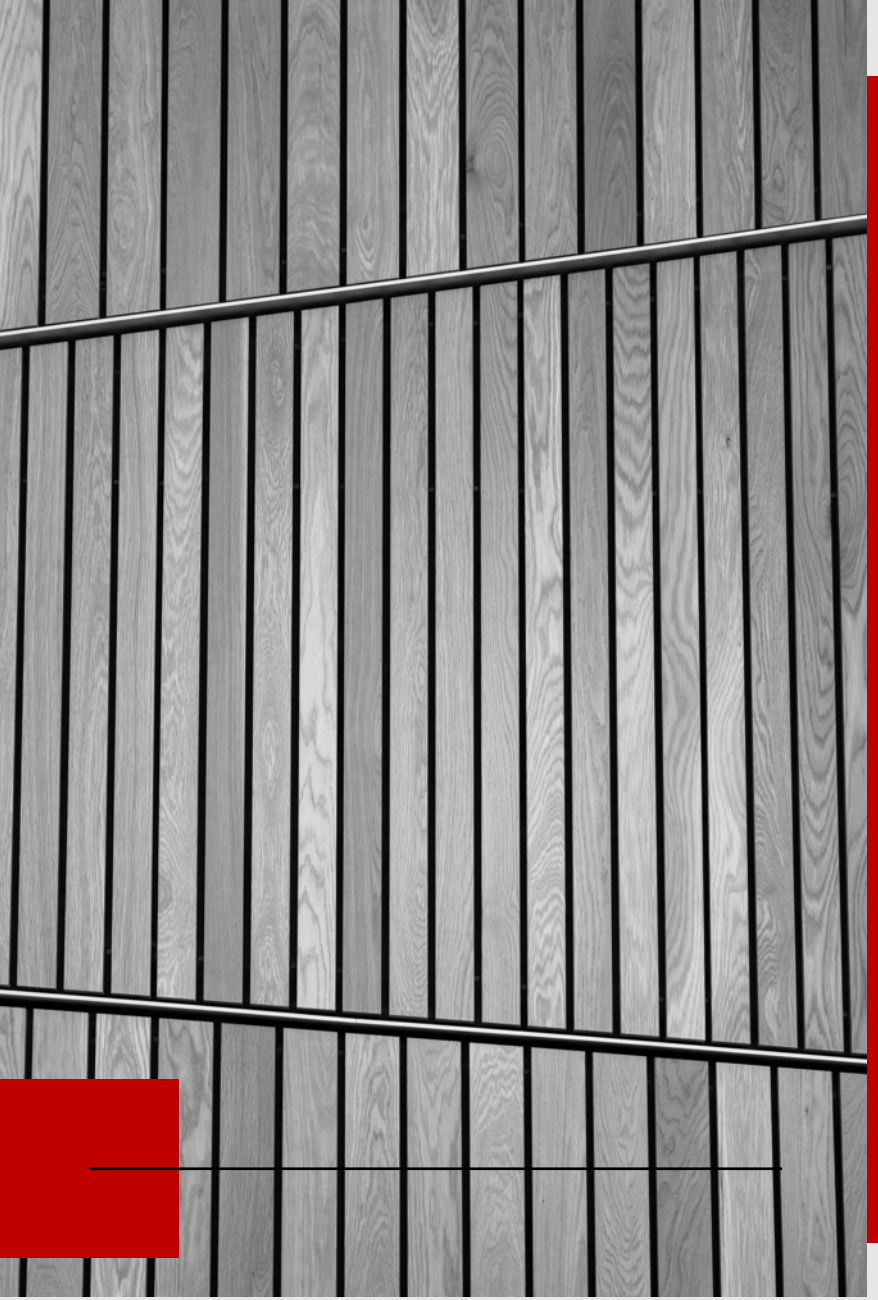
Investment risk

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?

