



CALSTRS

## Defined Contribution programs

Pension2 supplemental savings program

[403bCompare.com](https://www.403bcompare.com)

# AGENDA

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Impact of CA's 403b marketplace on our educators

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Program overview – mission and objectives

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Sustainability & evolution

# Impact of CA's 403(b) marketplace on our educators

- California educators contend with an array of high-fee annuity products in the 403(b) marketplace
  - California's Insurance Code 770.3: “any willing vendor”
  - Influence of third-party administrators (TPAs) incentivized to promote high-cost options

# Impact of CA's 403(b) marketplace on our educators

- Currently 51 approved vendors offer products to educators in CA
  - Avg. fees range from 0.54% to 5.25%
  - About half of the products sold have surrender charges, which penalize educators who transfer their account to another qualified plan
    - Avg. surrender charge is 7.5% over 8.5 years
- This market complexity often undermines educators' ability to invest in affordable, flexible products
- Pension2's transparent, low-cost offerings and free services help educators navigate these challenges



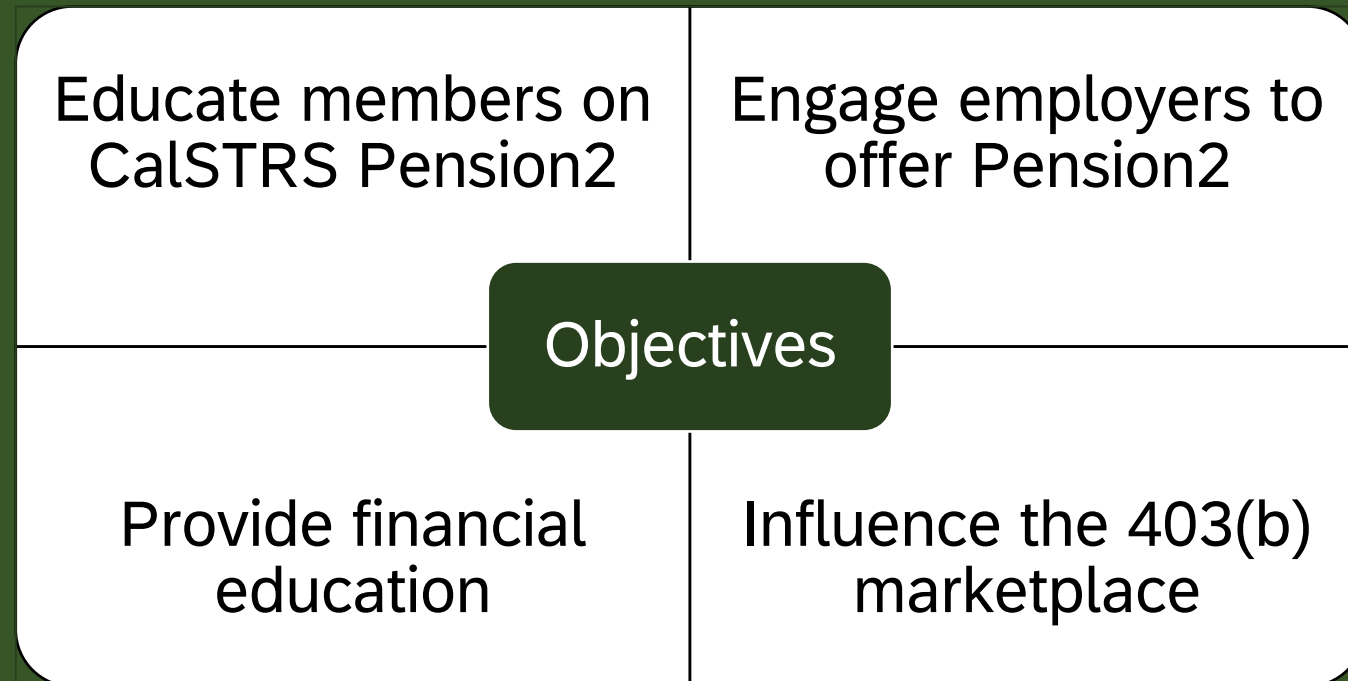
CALSTRS<sup>®</sup>

Pension2 program

Mission & objectives

# Mission statement & objectives

Providing educators a low-cost, high-quality supplemental saving plan that can help bridge their financial gap.







# Pension2 growth

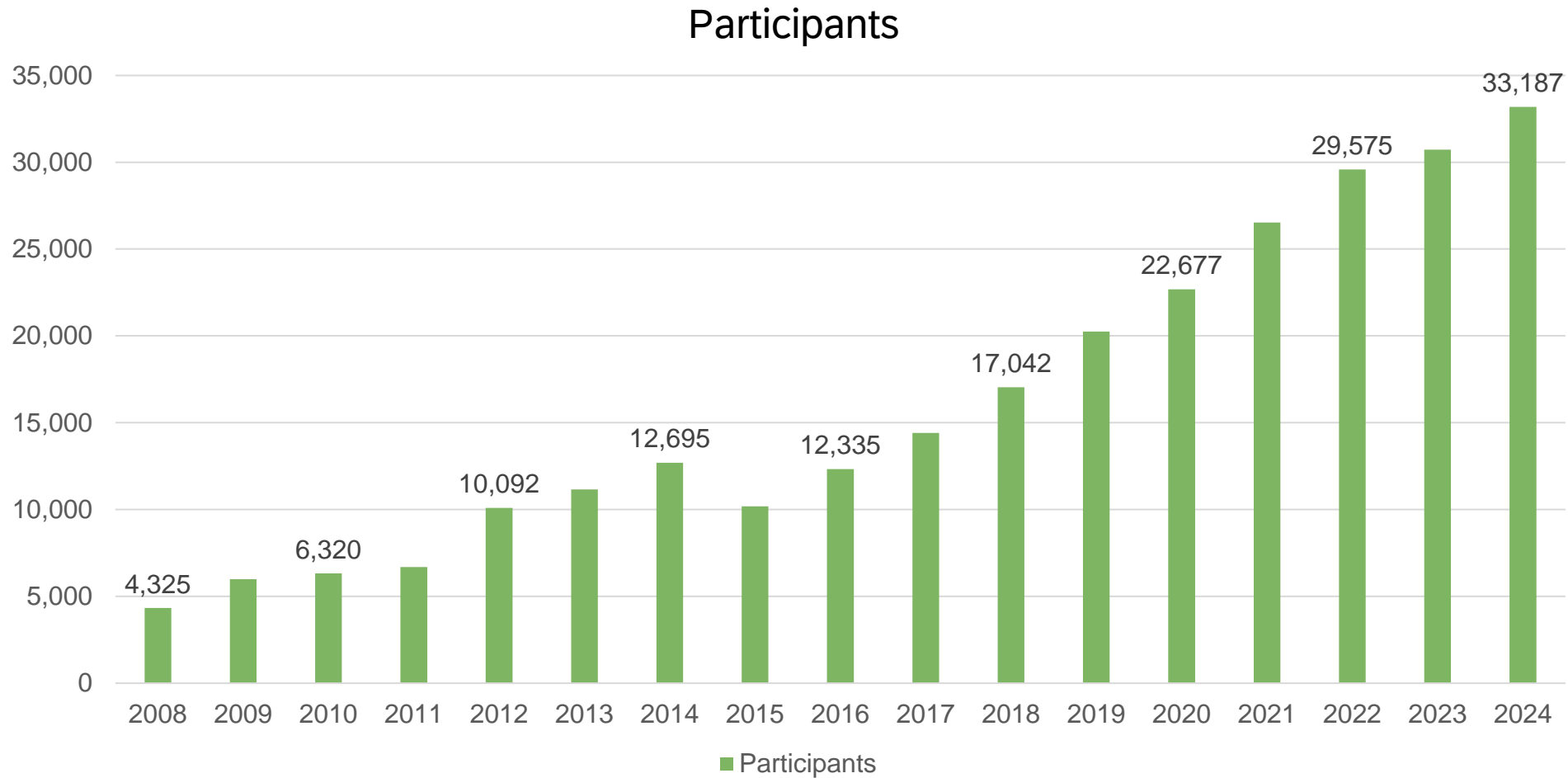
The increased awareness and growth of Pension2 is a result of the passionate and dedicated staff that serve our members and our partners.

17% year over year growth in  
assets under management

16.5% year over year growth in  
participation

# Program growth

Pension2 has been experiencing tremendous growth over the past decade.

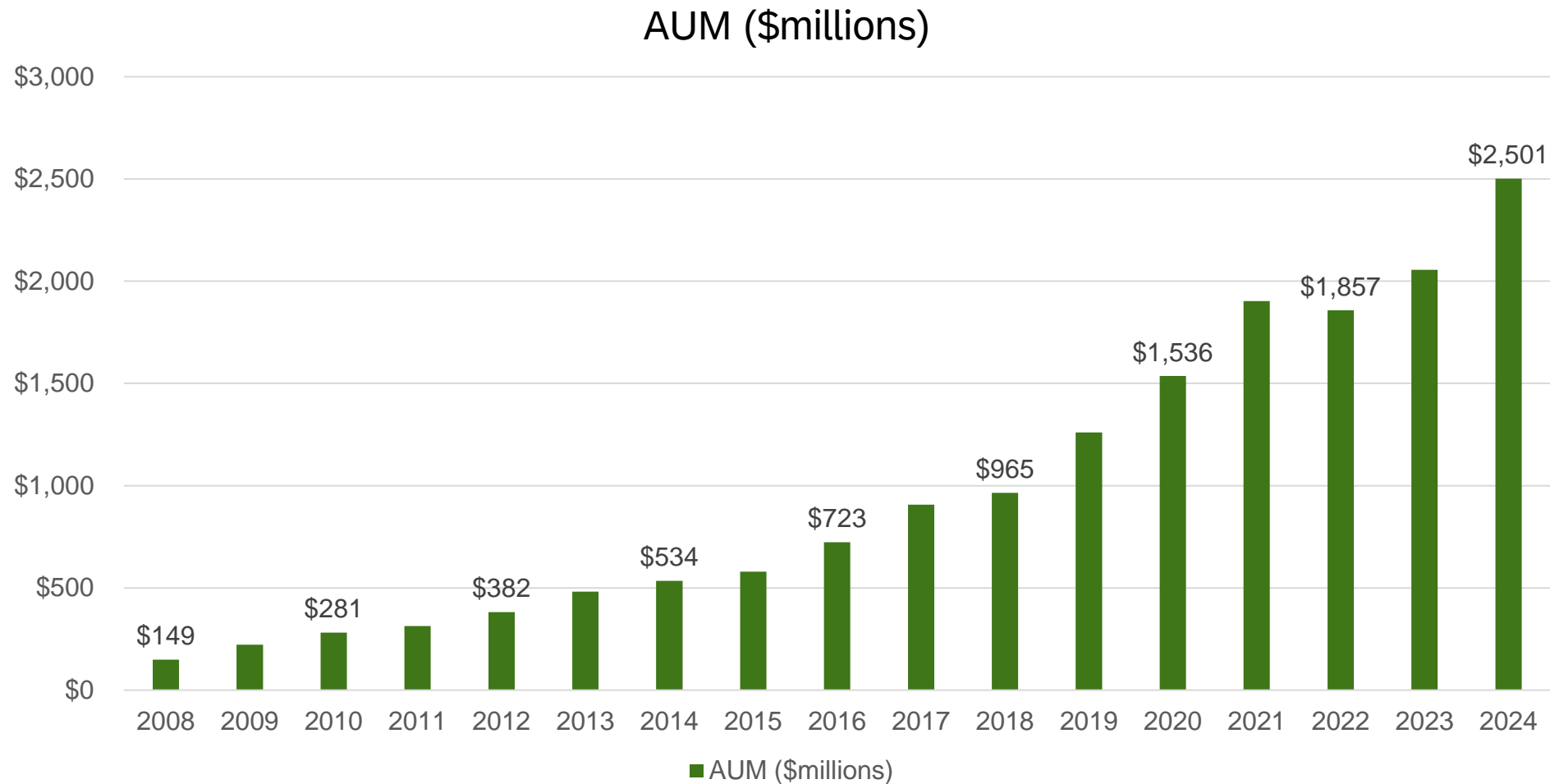


**16.5% YoY  
Growth  
Rate  
Since 2008**



# Program growth

Pension2 has been experiencing tremendous growth over the past decade.



**17% YoY  
Growth  
Rate  
Since 2008**

# Funding structure

- Pension2 is a revenue neutral program
- Revenue from program administration fees is routed to the Teachers' Defined Contribution Fund (TDCF)
- TDCF funds cannot be comingled with Teachers' Retirement Fund (TRF) monies, and vice versa

# Funding structure

**How does Pension2 generate its own revenue?**

We charge basis points (bps) on Assets Under Management (AUM).

Participants are charged an annual administrative fee of 25bps which is assessed quarterly at 0.0625%:

# Funding structure

## How does Pension2 generate its own revenue?

We charge basis points (bps) on Assets Under Management (AUM).

Example: Pension2 participant has \$10,000 in their account. We would charge them \$25 per year to manage their account or \$6.25 each quarter.

This revenue is then split between CalSTRS Pension2 and its recordkeeper.

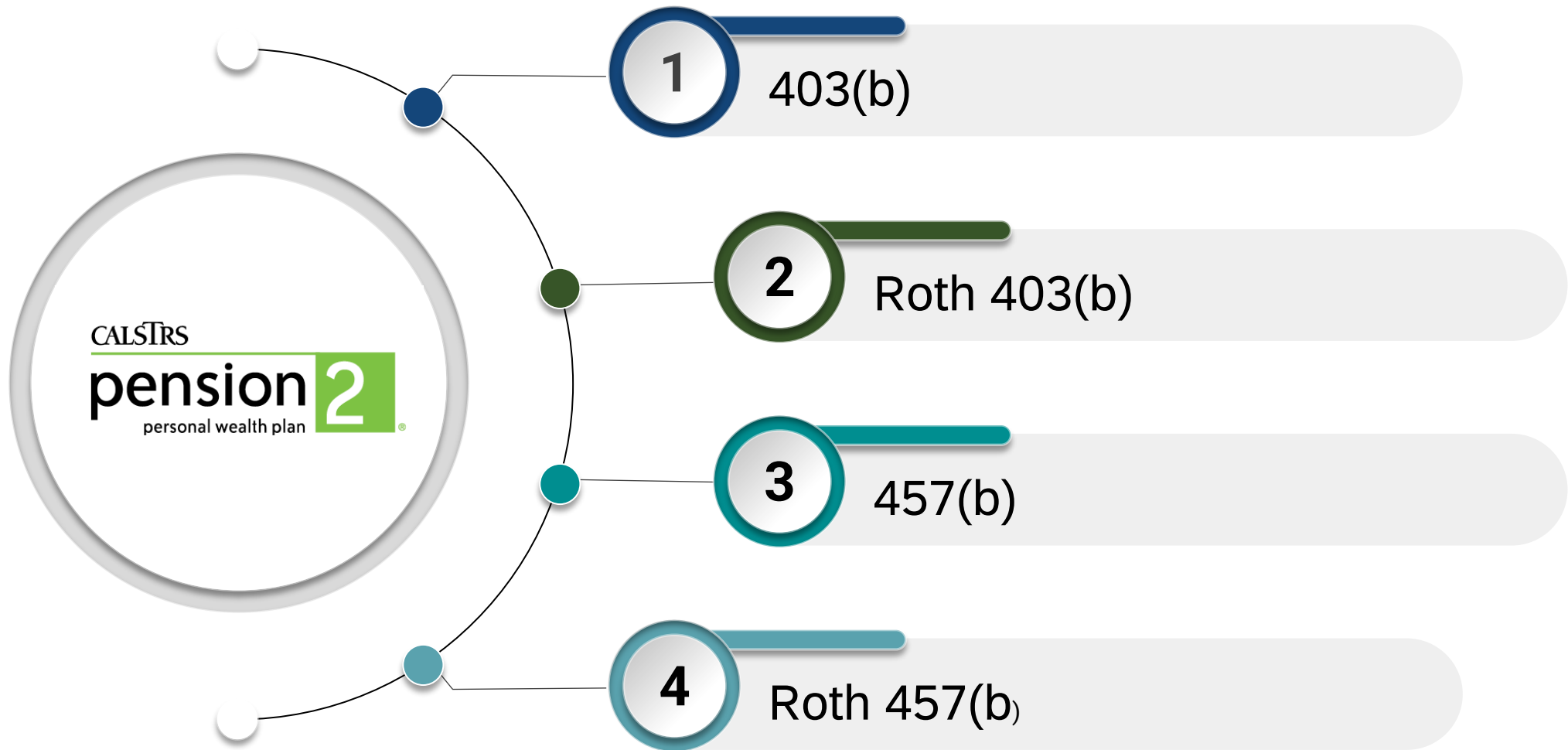
# Program sustainability

## How does Pension2 generate its own revenue?

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# Pension2 investment options

## Want to create your own investment portfolio?

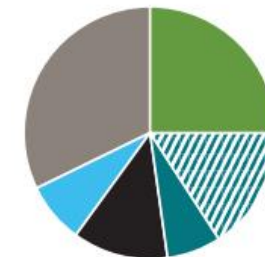
Choose from 20+ professionally selected core investment options.



## Prefer the hands-off approach?

Choose from 15 easy choice portfolios based on your risk tolerance and expected retirement date.

### Moderate 2040 Portfolio



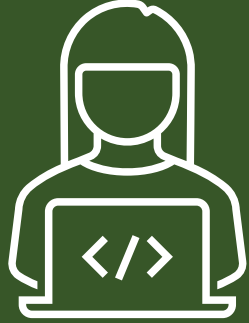
#### Equities = 60%

- 25% Vanguard Total Stock Market Index
- 16% Vanguard Developed Index
- 7% Vanguard Emerging Markets
- 12% PIMCO All Asset

#### Fixed Income = 40%

- 8% Vanguard Inflation-Protected
- 32% Voya Fixed Plus III

# Participant services



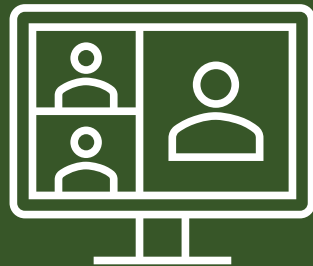
**Individual sessions**



**Statement comparisons**



**DC support line  
8:00am – 5:00pm**



**Workshops & webinars**



**Conferences & benefit fairs**

# Pension2 awareness and outreach

Pension2 outreach material available <http://p2updates.com>

- New member flyer
- Statement comparison flyer
- Program highlights
- Pension2 quarterly newsletter



# Pension2 awareness and outreach

## Pension2 outreach services available

- In-person/virtual webinars and workshops
- Informational tables
- Conference attendance
- On-site visits



# Pension2 awareness and outreach

## Pension2 online appointment scheduling

- Meet one-on-one with CalSTRS Pension2 staff
- 30-minute sessions
- Phone, online or in-person sessions

**Request your plan comparison appointment**

See how your 403(b), 457(b) and IRA accounts compare with the lower cost CalSTRS Pension2 investment options.

The Pension2 team can help you compare your other accounts with CalSTRS Pension2 to see if you can save money. Statement comparisons are free and conducted by Voya Financial representatives working exclusively with CalSTRS Pension2.

Information from registered CalSTRS Pension2 representatives is for educational purposes only and is not legal, tax or investment advice. Local Plan Services Representatives are registered representatives of Voya Financial Advisors, Inc. (member SIPC). Plan administrative services are provided by Voya Institutional Plan Services, LLC (MPS). VIPS is a member of the Voya\* family of companies. The CalSTRS Pension2 Plan is a separate entity and not a corporate affiliate of Voya Financial\*.

**Schedule a plan comparison appointment:**

- CALL 888-394-2060, option 2
- EMAIL Pension2@CalSTRS.com
- BOOK ONLINE

See other side

**We're here to help**

Schedule a one-on-one appointment with a CalSTRS Pension2® representative where you can:

- Enroll in Pension2.
- Get answers to your questions.
- Learn how Pension2 complements your CalSTRS defined benefit pension.
- Set up or change your contributions.
- Roll over other retirement assets into Pension2.

**CalSTRS Pension2 representatives can meet with you one-on-one at no charge. Schedule a 30-minute appointment over the phone, online or in-person:**

- CALL 888-394-2060, option 3
- EMAIL Pension2@CalSTRS.com
- BOOK ONLINE

See other side



# Pension2 awareness and outreach

## Pension2 member education

- Pension2 webinars
- Financial Awareness Series
- Fundamentals of 403(b) and 457(b) plans
- Online calculators

### “What if” calculator

Your retirement benefit will replace, on average, 50% to 60% of your current salary. Need more for retirement? You can set aside extra money in Pension2, CALSTRS' voluntary defined contribution plan.

### “Why wait” calculator

CALSTRS Pension2™ 403(b), 457(b), Roth 403(b) and Roth 457(b) plans feature flexible investments and low costs. Pension2 is open to all school employees—both certificated and classified.

**CALSTRS**

## CalSTRS Financial Awareness Three-Part Workshop Series


As your retirement plan, CalSTRS is committed to your secure financial future and helping you get there.

Our three-part financial awareness workshop series takes an in-depth look at financial planning, including saving money leading up to retirement, planning income and expenses in retirement, and protecting the retirement plans you've set in motion.



Save for Your Future	Plan for Your Future	Protect Your Future
Learn household budgeting tips and how to establish short-term and long-term savings goals	It's not too early to start planning for your future	Get help piecing together and protecting your retirement income

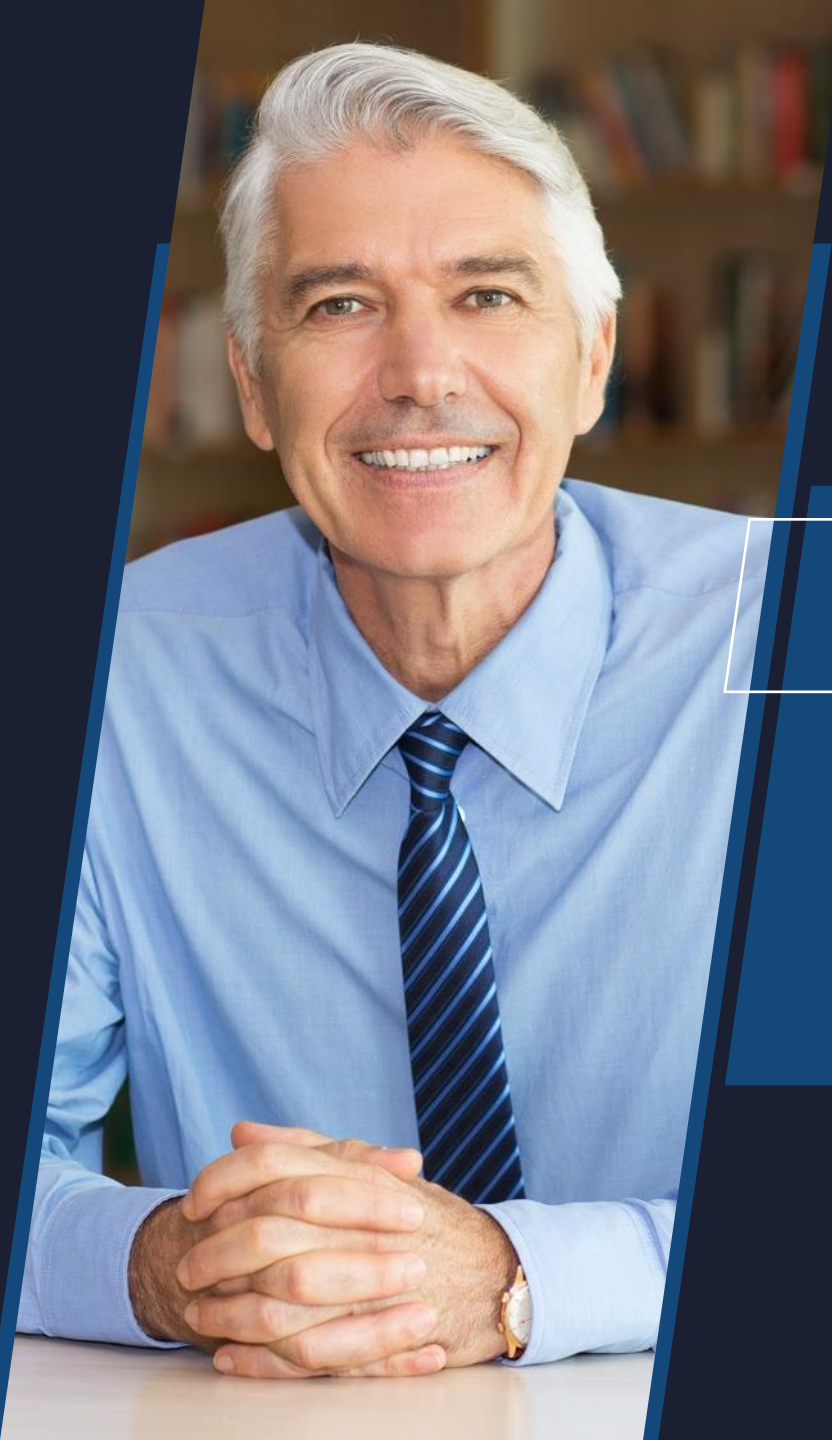
PENSION2 WORKSHOP



## Start Saving Now With Pension2

Saving for retirement may seem far from your mind right now, but supplemental savings are essential to ensuring you have enough money to retire comfortably. Due to compound interest, saving earlier in your career is far more valuable than saving later. CALSTRS Pension2® works in tandem with your Defined Benefit Program and Defined Benefit Supplement accounts. Join this online workshop to see why saving now with Pension2 is important.





CALSTRS®

403bCompare.com

Online resource to compare your 403(b) products

# 403bCompare.com

- 1 Select employer
- 2 Compare products
- 3 Select product & view enrollment information

403bCompare

Provided by CALSTRS

MY NEXT STEPS **3** FIND EMPLOYER COMPARE PRODUCTS BROWSE VENDORS HELP & RESOURCES

REGISTER SIGN IN

### Products

10 items per page 1 - 10 of 111 items

Filter Results [Reset](#)

MY EMPLOYER  
Los Angeles County Office of Education

My Employer

PRODUCT TYPES  
*You must select at least one.*

- Mutual Funds
- Variable Annuities
- Fixed Annuities
- Equity Indexed Annuities

OTHER FILTERS

- Only Roth Eligible
- Exclude Surrender Fees
- Exclude Commissions
- Exclude Discontinued Products

Sort By:  
Average Expense Ratio: Low to High

Search by Product or Vendor

Product: Retirement Advantage - Subset 2 (Passive Line-up)  
Vendor: Horace Mann Investors, Inc.  
Type: Mutual Fund

Annual Costs: **\$158**  
[Cost Details](#)

Average Expense Ratio: 0.08%  
  
[Range Details](#)

Surrender Fees: None

Commissions: Yes

Roth Eligible

[View Product Details](#) [+ Add to Compare](#) [★ Add to Favorites](#)  Set as My Product

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Product: IPX - Access to Vanguard funds  
Vendor: IPX Retirement  
Type: Mutual Fund

Annual Costs: **\$72**  
[Cost Details](#)

Average Expense Ratio: 0.12%  
  
[Range Details](#)

Surrender Fees: None

Commissions: Yes

### + Compare

Compare up to 3 products

Product Name	Type
CalSTRS Pension2 - Personal Wealth Plan (CalSTRS Pension2)	MF ★ X
Fidelity Direct 403(b) (Fidelity Investments)	MF ★ X
USAA Mutual Funds (Victory Capital Management, Inc.)	MF ★ X

[Compare](#)

### ★ Favorites

10 maximum per product type

Product Name	Type
CalSTRS Pension2 - Personal Wealth Plan (CalSTRS Pension2)	MF + X

# Questions?



**Pension2@CalSTRS.com**



**888-394-2060**  
**Monday - Friday**  
**8am - 5pm**