

Board takes steps to protect teachers' retirements and commit to additional net zero actions

On August 31, 2022, the Teachers' Retirement Board authorized a package of investment actions that will continue to support the retirement security of California's public school teachers while enhancing efforts to achieve a net zero investment portfolio.

 [Click to view video](#)



Learn about CalSTRS' path to a net zero emissions portfolio, and why that matters to California's public school teachers.

These investment actions advance the board's [pledge](#) from last summer to achieve a net zero emissions portfolio by 2050 or sooner. Net zero means the amount of greenhouse gases emitted by humans is offset by the amount taken away, either by natural means, such as forests, or by technology, such as carbon capture and storage.

In recognition that climate change poses a serious risk to the whole CalSTRS Investment Portfolio,

(continued on page 3)

Member satisfaction with CalSTRS remains high

Every year, CalSTRS conducts a survey of its active and retired members to assess how satisfied and engaged they are with their retirement system.

The news was good once again this year.

Consistent with 2021, 69% of respondents reported being "satisfied" or "completely satisfied" with CalSTRS. This level of satisfaction is also statistically consistent with the 67% in 2020 but represents an increase over the 65% measured in 2019.

Additionally, 85% of respondents said CalSTRS representatives were knowledgeable regarding their questions and concerns.

Ninety-one percent of retired respondents said they're either "satisfied" or "completely satisfied" with their retirement overall.

A few metrics were added in 2022, including measuring how easy it is to navigate the service retirement process. Seventy-one percent of retired respondents said the process was either "very easy" or "easy," and no respondents said their path was "very difficult."

Overall, older respondents reported higher levels of satisfaction and engagement than younger respondents, which is a trend observed since the survey launched in 2004. And respondents who interacted with CalSTRS staff reported higher levels of satisfaction with CalSTRS than those who did not interact.

The survey was emailed to a random sample of 111,278 active and retired members on February 1, 2022, and closed on March 8, 2022. There were 3,229 respondents, representing 2,184 active and 1,045 retired members.

The oldest respondent was 98 years old, the youngest was 22, and the average age was 56.

This survey demonstrates CalSTRS' ongoing commitment to improvement and self-evaluation based on feedback from California's public school teachers.

August/September TRB meeting online



See the September board meeting and an archive of previous meetings on [CalSTRS.com](https://www.calstrs.com).

Board members

Harry M. Keiley
Chair, K-12 Classroom Teacher

Sharon Hendricks
Vice Chair, Community College Instructor

Denise Bradford
K-12 Classroom Teacher

Michael Gunning
Public Representative

Fiona Ma
Ex Officio Member, State Treasurer

William Prezant
Public Representative

Joe Stephenshaw
Ex Officio Member, Director of Finance

Ken Tang
School Board Representative

Tony Thurmond
Ex Officio Member, State Superintendent of Public Instruction

Jennifer Urdan
Public Representative

Karen Yamamoto
Retiree Representative

Betty Yee
Ex Officio Member, State Controller

CEO report: COVID-19 pandemic response earns award

Chief Executive Officer Cassandra Lichnock reported that CalSTRS received a 2022 Leadership Recognition Award from the National Association of Government Defined Contribution Administrators, Inc. (NAGDCA) for its Pension2® National Retirement Security Month Campaign.

NAGDCA's Leadership Award recognizes public sector defined contribution plans for outstanding achievements in their COVID-19 pandemic response.

When the COVID-19 virus forced the closure of the seven CalSTRS member service centers in 2020, CalSTRS began offering more retirement planning information and educational sessions in a virtual environment.



CalSTRS created a comprehensive webinar series during National Retirement Security Month in 2021 to further showcase how [Pension2®](#), CalSTRS' voluntary defined contribution plan, can help supplement members' retirement income. The [webinars](#) were developed around life stages: new educator, early career, midcareer and nearing retirement. CalSTRS offered a different webinar series each week to target as many members as possible.

The [member service centers recently reopened](#) to offer individual in-person appointments (schedule ahead or walk in), group educational seminars and various life stage-specific events, such as retirement. The webinars are still an option for those who do not wish to meet in person.

Investment reports demonstrate fund's long-term success

CalSTRS released its latest semi-annual performance reports to the board's Investment Committee at the August/September 2022 meeting. These reports—[Executive Summary](#) (a summary of each asset class), [Real Estate Strategy](#) and [Private Equity Performance](#)—aid the Investment Committee in overseeing the Teachers' Retirement Fund. The reports reflect the six-month period between October 1, 2021, and March 31, 2022.

Here is one highlight from each report:

Executive Summary

- Despite a difficult fiscal year, CalSTRS beat its total fund benchmark by 0.9%. Benchmarks are set by the board, and asset classes and the total fund are measured against the benchmarks. Comparing performance to respective benchmarks identifies the contribution or loss caused by manager performance and strategic asset allocation decisions. Diversification in the overall CalSTRS Investment Portfolio, especially within the Real Estate, Private Equity, Inflation Sensitive, and Risk Mitigating Strategies asset classes, helped soften public market losses.

Real Estate Strategy

- The Real Estate Portfolio outperformed its target benchmark over the long-term. While inflation has accelerated over the past year, this asset class's returns significantly outpaced inflation across each time period.

Private Equity Performance

- CalSTRS' team has increased its pace of adding co-investments, which now represent about 20% of the Private Equity Portfolio. Co-investments are minority investments in a company or asset made by investors alongside a private investment management firm. These investments are impactful for the Teachers' Retirement Fund since they allow CalSTRS to make investments with little or no management fees or incentive fees (known as carried interest).

New editions of these semi-annual reports will be presented to the board at the March 2023 meeting.

(from page 1)

the board approved four measures for integrating the net zero strategy across the portfolio, with a specific focus on emissions reductions:

- **Interim science-based goal.** Reduce greenhouse gas emissions across the investment portfolio by 50% by 2030, consistent with the latest findings of the United Nations' Intergovernmental Panel on Climate Change.
- **Systematic decision-making process.** Adopt processes to incorporate greenhouse gas emissions into investment decisions as part of traditional risk-and-return analyses and their potential impacts on the CalSTRS Funding Plan.
- **Reduced emissions.** Target a 20% allocation of the Public Equity Portfolio to a low-carbon index to significantly reduce portfolio emissions while managing active risk.
- **Integration of climate scenarios.** Incorporate future climate-related scenarios into CalSTRS' asset-liability modeling framework to help guide investment allocations.

CalSTRS will review these net zero goals and strategy every year to adjust for the latest available data, market fluctuations and scientific advancements.

Such rigorous analysis helps to ensure pensions, as well as the environment, are protected.

Read more about this [historic announcement](#).

CalSTRS' key climate-investment efforts

CalSTRS' climate change-related investment activities have accelerated in the past six years and include many milestones:

2016

- Investing in a [low-carbon public equities index](#) with significantly lower exposure to carbon emissions.

2017

- Implementing [thermal coal exclusions](#) in the CalSTRS Investment Portfolio.

2019

- Adopting the Low-Carbon Transition Work Plan.

2020

- Adopting a [low-carbon investment belief](#).
- Supporting the development of the [California Climate Investment Framework](#) with the California Department of Finance.

2021

- Committing to a [net zero investment portfolio by 2050 or sooner](#).
- Funding two low-carbon transition readiness exchange-traded funds (ETFs).
- Creating a new private asset class portfolio to expand investments in climate solutions.
- Electing [three alternate directors to the ExxonMobil board](#).

2022

- Focusing on measuring emissions and strengthening climate-related disclosures.
- Approving a package of investment measures to reduce emissions.
- Integrating the net zero strategy across the investment portfolio.

Next board meeting dates:

October 5–6, 2022 (Mill Valley)

November 2–3, 2022 (West Sacramento)

For written board meeting items and video archives of past meetings, go to CalSTRS.com/teachers-retirement-board.

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