

Annual Comprehensive Financial Report

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

A component unit of the State of California

For the fiscal year ended June 30, 2025



CALSTRS[®]
HOW WILL YOU SPEND YOUR FUTURE?



CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

A component unit of the State of California

Annual Comprehensive Financial Report

for the fiscal year ended June 30, 2025

Prepared through the collaborative efforts of CalSTRS team members

CalSTRS Annual Comprehensive Financial Report

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Introductory Section

MISSION

Securing the financial future and sustaining the trust of California's educators.

VISION

Your reward—a secure retirement.
Our reward—getting you there.

STRATEGIC GOALS

- 1 Trusted stewards**
Ensure a well-governed, financially sound trust fund.
- 2 Leading innovation and managing change**
Innovate to grow resiliency and efficiency in service of our members.
- 3 Sustainable organization**
Fully integrate sustainability in all we do.



California State Teachers'
Retirement System
100 Waterfront Place
West Sacramento, CA 95605



December 1, 2025

To our members, the Teachers' Retirement Board and other interested parties:

The *2025 Annual Comprehensive Financial Report* details the California State Teachers' Retirement System's performance for the fiscal year July 1, 2024, through June 30, 2025.

CalSTRS was established in 1913 as the pension plan for California's educators. We began by serving 120 retired members and 15,000 active members. Over a century later, we serve more than 1 million members and their beneficiaries. CalSTRS members include prekindergarten through community college public school educators employed by approximately 1,800 school districts, community college districts, county offices of education and other public education employers. Our mission is to secure the financial future and sustain the trust of these educators.

With a net position of \$373.2 billion as of June 30, 2025, we're the largest educator-only pension fund in the world. We administer a hybrid retirement system that consists of traditional defined benefit, cash balance and voluntary defined contribution plans. We also provide disability and survivor benefits and administer a postemployment health benefit program. As fiduciaries, we continue to make informed decisions to ensure we're here for our members long after they've retired from their careers in education.

Helping members reach a secure retirement

Our relationship with our members begins when they first enter the education profession and extends through their retirement years. Several factors make their financial planning considerations unique. Our members:

- Are predominantly female—over 70%.
- Dedicate more than 25 years to education and retire at age 61 on average.
- Live longer than the general United States population—477 of our members are more than 100 years old.
- Do not receive Social Security benefits for their service in education.
- May not have employer-funded health insurance after age 65.

CalSTRS members who retired in fiscal year 2024-25 received, on average, 59% of their highest salary. This, taken together with the factors above, means supplemental savings are essential. Through publications, webinars, in-person workshops, videos, newsletters and calculators, we help our members understand the importance of saving early and provide retirement planning tools throughout their careers.

To help ensure members have access to high-quality supplemental savings plans, we offer the CalSTRS Pension2® low-cost 403(b), Roth 403(b), 457(b) and Roth 457(b) voluntary plans. We also administer the [403bCompare.com](https://www.403bcompare.com) website, a comprehensive resource that provides fee comparisons for 403(b) supplemental savings plans at no cost to members.

Major initiatives

Guided by our vision of success, we implemented key initiatives to manage long-term risks, enhance our financial stability and operational efficiency, capture investment opportunities, and boost innovation. A summary of our major initiatives follows.

Organizational sustainability

Organizational sustainability reflects the decisions we make to ensure the financial security of our members and the viability of our organization. For our retirement system to be sustainable over the long-term, the system must be well-governed and adhere to responsible funding and investment strategies.

The health of the Teachers' Retirement Fund is essential to our mission. We remain focused on achieving full funding of the CalSTRS Defined Benefit Program, according to the CalSTRS Funding Plan established in June 2014.

California Assembly Bill 1469 (Bonta) established a schedule of contribution rate increases shared between members, employers and the State of California to bring us to full funding by 2046. This plan is a model of shared responsibility and works with investment portfolio performance to advance us along the path of long-term sustainability.

In addition to the funding plan, we've adopted strategic and business plans, investment beliefs, stewardship priorities and corporate governance principles. As part of our overall investment strategy, the Teachers' Retirement Board pledged to achieve net zero greenhouse gas emissions across our investment portfolio by 2050 or sooner. This pledge acknowledges the importance of climate challenges impacting the world and helps ensure our portfolio remains strong and resilient for the retirement security of our members.

The stewardship of natural resources is also part of our operational sustainability. Our headquarters campus is LEED-certified, which is a globally recognized green building rating system developed by the U.S. Green Building Council. Our campus supports sustainable building practices by generating renewable energy on-site, landscaping with native and non-native plants that thrive in the local climate and soil, using chemical-free construction and cleaning products, operating an extensive recycling system and more. We also reduce and report our greenhouse gas emissions and prefer purchasing environmentally friendly goods and services.

As of June 30, 2025, we employed more than 1,450 staff throughout California. Since our employees are the source of our success, we're proud to be a premier employer that attracts top talent from around the world. We recognize the positive impact of committed employees operating in an engaging culture. We prioritize their well-being and offer them development opportunities. We also identify strategies for leadership competency, retention, recruitment and succession planning.

Protecting the privacy and security of data and information is important for our organizational sustainability because cybersecurity enhances business resiliency. We secure the confidentiality and integrity of data and member information through technological solutions and operational business processes.

Pension Solution

Pension Solution is a multiyear modernization project that replaced our legacy pension administration system and auxiliary systems. The new pension system is modern and flexible and improves services to members, beneficiaries, employers and staff. We launched the improved platform in September 2025.

Innovation

We created the CalSTRS Innovation Program because we're committed to leading innovation and managing change. This program helps us develop creative solutions to challenges that will help us meet our members' high expectations of our services. Our goal is to foster an environment that centers innovation as a source of new efficiencies.

Artificial intelligence

We seek a prudent approach to the use of generative artificial intelligence applications to support our mission and operations. We developed a policy that established guidelines and restrictions on the ethical and responsible use of these applications, including protecting the privacy of data and information, maintaining transparent documentation, implementing security measures, and adhering to legal and regulatory requirements.

Letter of transmittal

Enterprise risk management

We completed our 18-month Enterprise Risk Management and Enterprise Compliance Services program maturity plan in June 2025. We purchased enterprise risk software, updated our risk framework, trained staff on risk management, implemented key risk indicators, and worked with a third party to support our risk management program.

We continue to review organization risks while considering internal and external factors that could be catalysts for emerging risks. We'll also continue to focus on technological enhancements to support business continuity and disaster recovery.

Management responsibility

We prepared the basic financial statements in accordance with the U.S. Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board. CalSTRS management is responsible for the contents of this report and the integrity and fairness of the information presented in the basic financial statements, including data that, out of necessity, is based on estimates and judgments.

Management is also responsible for establishing and maintaining an effective internal control structure. A system of internal controls provides reasonable, but not absolute, assurance that assets are properly safeguarded and that financial statements are reliable. The concept of reasonable assurance recognizes that first, the cost of control should not exceed the benefits likely to be derived; and second, the valuation of the cost and benefits requires estimates and judgments by management. We believe the internal controls currently in place support this purpose, and the basic financial statements, accompanying schedules and statistical tables are fairly presented in all material respects.

Financial section

The Financial section includes management's discussion and analysis of our financial performance, basic financial statements and accompanying notes for the fiscal year that ended on June 30, 2025.

Our independent financial statement auditor, Crowe LLP, audited the financial statements in line with generally accepted U.S. auditing standards and the *Government Auditing Standards* issued by the U.S. Comptroller General. Crowe LLP's unmodified opinion on the basic financial statements is included in the independent auditor's report.

Investment section

The Investment section includes our investment objectives, fiscal year results and returns by asset class/strategy. Over the 2024-25 fiscal year, the portfolio generated an 8.5% net return, calculated on a time-weighted performance basis, surpassing our actuarial assumption of 7.0% despite inflation, rising interest rates and geopolitical uncertainty.

The CalSTRS Investment Portfolio is broadly diversified, including investments ranging from publicly traded short-term bonds to privately held partnerships, which makes the management and oversight of these assets highly complex. Our long-term asset allocation strategy balances risks and returns, funding levels and contribution rates, and a wide range of possible global economic scenarios.

Actuarial section

The Actuarial section includes demographic and economic assumptions adopted from experience studies we generally conduct every four years. We apply these assumptions to our annual actuarial valuations, which provides a picture of the overall funding health of our programs.

Statistical section

The Statistical section includes basic financial trends of the system and demographic characteristics of the Defined Benefit, Defined Benefit Supplement, Cash Balance Benefit, Pension2, Medicare Premium Payment programs and Teachers' Deferred Compensation Fund, including 10-year comparisons when applicable. This historical view reveals trends that help us forecast our future ability to meet our members' retirement needs.

Letter of transmittal

Awards and recognition

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to us for our *Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2024. This was the 30th consecutive year we've received this prestigious award. To be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current *Annual Comprehensive Financial Report* continues to meet the Certificate of Achievement program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Public Pension Standards Award for Funding and Administration

The Public Pension Coordinating Council (PPCC) presented us with its Public Pension Standards Award for Funding and Administration for the fiscal year ended June 30, 2025, for meeting professional standards for plan funding and administration as stated in the Public Pension Standards. The PPCC is a coalition of three national associations that represent public retirement systems and administrators: the National Association of State Retirement Administrators, the National Council on Teacher Retirement and the National Conference on Public Employee Retirement Systems. This award is valid for one year.

Acknowledgments

This 2025 *Annual Comprehensive Financial Report* demonstrates our commitment to the financial security of California's public school educators. Thank you to the staff, advisors and stakeholder organizations dedicated to securing the financial future of our members.

Respectfully submitted,



Cassandra Lichnock
Chief Executive Officer
CalSTRS



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

California State Teachers' Retirement System

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2025***

Presented to

California State Teachers' Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Robert A. Wylie'.

Robert A. Wylie
Program Administrator

Teachers' Retirement Board



DENISE BRADFORD
Board Chair
K-12 Classroom Teacher
Term: January 1, 2024 –
December 31, 2027



KAREN YAMAMOTO
Board Vice Chair
Retiree Representative
Term: February 16, 2024 –
December 31, 2027



MALIA M. COHEN
State Controller
Ex Officio Member



MICHAEL GUNNING
Public Representative
Term: April 26, 2022 –
December 31, 2025



SHARON HENDRICKS
Community College Instructor
Term: January 1, 2024 –
December 31, 2027



STEVE JUAREZ
Public Representative
Term: September 24, 2024 –
December 31, 2027



HARRY M. KEILEY
K-12 Classroom Teacher
Term: January 1, 2024 –
December 31, 2027



FIONA MA
State Treasurer
Ex Officio Member



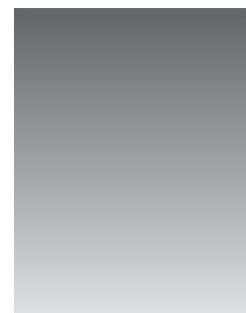
JOE STEPHENSHAW
Director of Finance
Ex Officio Member



KEN TANG
School Board Representative
Term: February 16, 2024 –
December 31, 2027



TONY THURMOND
State Superintendent of Public
Instruction
Ex Officio Member



VACANT
Public Representative

Note: Board members are listed as of the date this report is issued.

Executive staff

Executive



CASSANDRA LICHNOCK
Chief Executive Officer

Investments



SCOTT CHAN
Chief Investment Officer



LISA BLATNIK
Chief Operating Officer

Financial Services



JULIE UNDERWOOD
Chief Financial Officer

General Counsel



BRIAN J. BARTOW
General Counsel

Administrative Services



MELISSA NORCIA
Chief Administrative Officer

Benefits and Services



JEFF ZIMMER
Chief Benefits Officer

Public Affairs



TERESA SCHILLING
Chief Public Affairs Officer

Technology Services



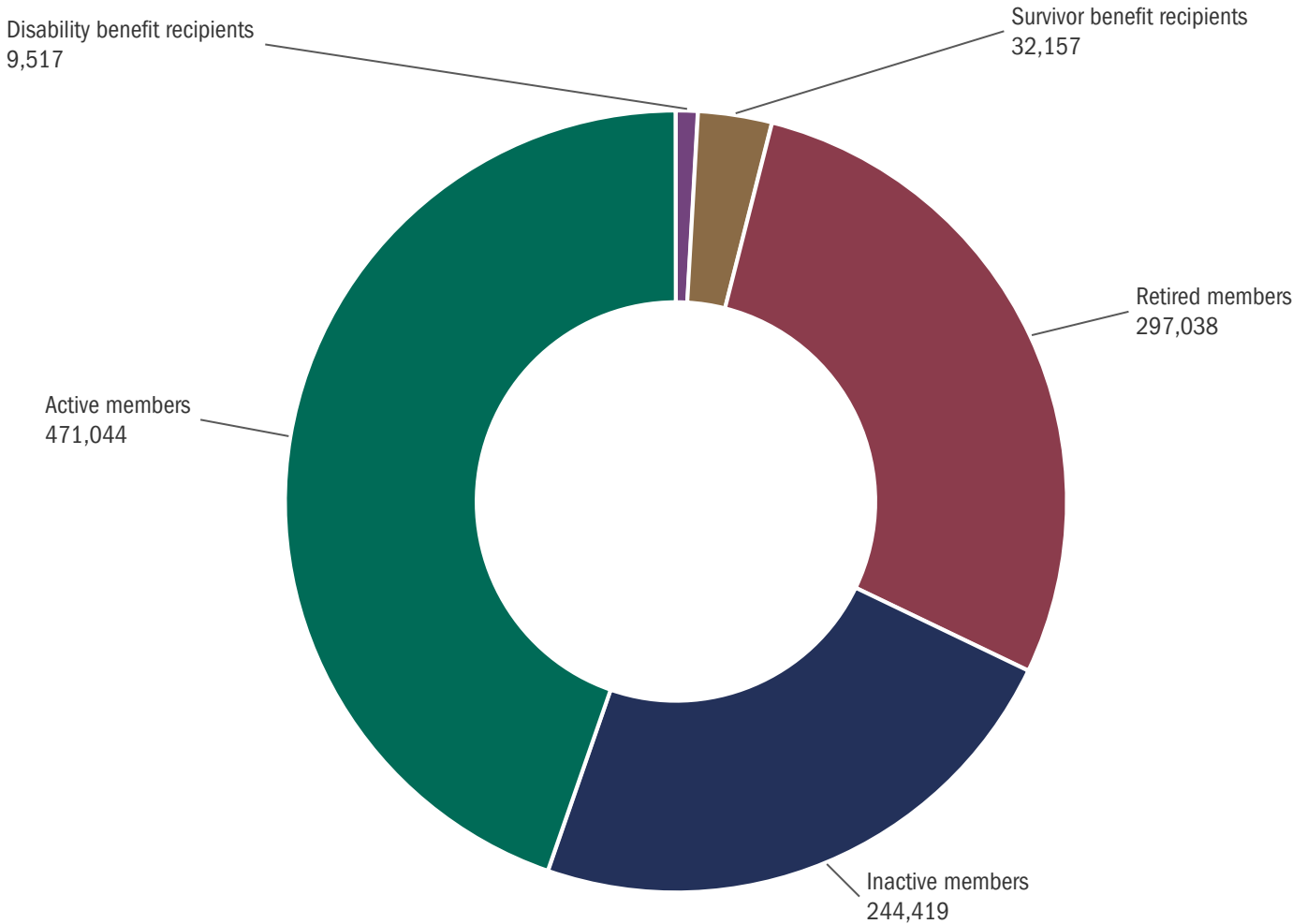
ASHISH JAIN
Chief Technology Officer

Note: Executive staff are listed as of the date this report is issued.

Members by the numbers

(as of June 30, 2025)

Total membership: 1,054,175



Membership

Membership in the CalSTRS Defined Benefit Program includes California public school employees, prekindergarten through community college, who are involved in activities that support public education, including teaching, mentoring, selecting and preparing instructional materials, and providing vocational or guidance counseling or supervising people engaged in those activities. Membership is in effect as long as contributions remain on deposit with CalSTRS.

Members are employed in approximately 1,800 public school districts, community college districts, county offices of education, charter schools, state agencies and regional occupational programs. The CalSTRS Defined Benefit Program includes retirement, disability and survivor benefits. Members can elect an option to provide a monthly lifetime income for their beneficiaries upon the member's death.

Year in review

Benefits to members and their beneficiaries

Service retirement

CalSTRS is committed to providing exceptional service to its retired members. Our staff establishes and maintains timely and accurate benefits.

12,346	Members who retired in fiscal year 2024–25
8.3%	Increase from fiscal year 2023–24
477	Retired members over the age of 100 years as of June 30, 2025

Disability benefits

96%	Applications processed within 150 days
650	Applications received in 2024–25
314	Applications approved in 2024–25
16.7%	Increase in number of disability applications received from fiscal year 2023–24

Survivor benefits

93%	Payments processed within 30 days of receiving all necessary information
11,974	Notifications of death received in 2024–25
6.9%	Increase in number of notifications from fiscal year 2023–24

Communicating with our members and their beneficiaries

Customer service

Members may reach a CalSTRS Contact Center agent by phone, secure online message or written correspondence.

325,789	Member inquiries answered
87%	Member calls answered within 30 seconds
29 seconds	Average wait time to talk with a Contact Center agent
Less than 1	Average number of business days to respond to online messages

CalSTRS places great emphasis on customer satisfaction and regularly surveys members to ensure they receive accurate, timely and thorough answers to their questions. Last year, approximately 98% of members were “highly satisfied” with their Contact Center experience.

Member communications

CalSTRS communicates with our active and retired members through a variety of channels.

Newsletters

One way CalSTRS communicates with our members and their beneficiaries is through the *CalSTRS Connections* and *Retired Educator* newsletters.

CalSTRS Connections is published for our active and inactive members. The newsletter provides information about retirement planning and decisions, webinars and benefits planning, legislative news and supplemental savings options.

Retired Educator is published for retired members and their beneficiaries. The newsletter provides information on benefits and services, benefit payments, postretirement earnings limits, legislation and Teachers' Retirement Board news.

Retirement Progress Report

Every year Defined Benefit Program members and Cash Balance Benefit Program participants who are not yet receiving a benefit receive a personalized *Retirement Progress Report* that contains retirement planning information and detailed account information as of June 30 for the prior fiscal year. For Defined Benefit Program members age 45 and older with at least five years of service credit, the report includes retirement benefit estimates. The reports are available online each fall in the member's myCalSTRS account and are mailed if requested.

Year in review

Member publications

CalSTRS offers a number of informational publications to members at various stages in their careers.

The CalSTRS *Member Handbook* is a comprehensive resource on CalSTRS programs and benefits, including eligibility requirements and worksheets. The handbook is updated annually.

Your Retirement Guide provides information members need to plan, research and make retirement decisions regarding their Defined Benefit pension and Defined Benefit Supplement funds. It includes step-by-step instructions for applying for service retirement and what to expect after submitting the retirement application. This guide is also updated annually.

Our *Learn and Discover* publications contain targeted retirement information and are sent to four groups of CalSTRS members when they reach a career milestone. The first three career milestones—early career, midcareer and near retirement—are based on the member’s age and years of service credit. The last publication in the series is sent when the member reaches the fourth milestone—retirement.

In addition, we produce publications that cover specific topics, including, but not limited to:

- *Cash Balance Benefit Program*
- *Community Property Guide*
- *Concurrent Retirement*
- *Join CalSTRS? Join CalPERS?*
- *Purchase Service Credit Now*
- *Refund: Consider the Consequences*
- *Tax Considerations for Rollovers*
- *Understanding the Formula*
- *Uniformed Services Employment and Reemployment Rights Act*
- *Your Disability Benefits Guide*
- *Welcome to CalSTRS*
- *Working After Retirement*

CalSTRS online

CalSTRS has four websites for members: [CalSTRS.com](https://www.calstrs.com), [my.CalSTRS.com](https://my.calstrs.com), [Pension2.com](https://pension2.com) and [403bCompare.com](https://403bcompare.com).

CalSTRS.com is the main site for information about membership and benefits, investments, board meetings, our newsroom and business partner opportunities, and also includes links to information for employers, including the Secure Employer Website. Features include online calculators to estimate retirement benefits and the cost to purchase service credit or redeposit funds; CalSTRS publications and forms; investment portfolio information; and self-scheduling for webinars, workshops and benefits planning sessions.

The Pension Sense blog at [CalSTRS.com/pension-sense](https://www.calstrs.com/pension-sense) offers [CalSTRS.com](https://www.calstrs.com) visitors and email subscribers the latest information on member benefits, our investment portfolio, corporate engagement activities and more.

myCalSTRS, our secure self-service site, provides members convenient access to their account. After registering for **myCalSTRS**, members can view their account balances, complete and submit forms online, keep their contact information current, view their *Retirement Progress Reports*, manage their beneficiary selections, and exchange secure messages with CalSTRS representatives.

Pension2.com is the website for Pension2, the CalSTRS voluntary defined contribution plan that offers 403(b), Roth 403(b), 457(b) and Roth 457(b) plans. It features online enrollment, financial planning tools and webinars.

At **403bCompare.com**, members can easily compare investment fees, performance and services of their employer’s 403(b) plans to find the best plan for their savings goals. Members can learn about the advantages of a 403(b) account, find their employer’s list of approved vendors, compare up to three plans side by side, and get information on how to enroll and start contributions. CalSTRS created 403bCompare.com pursuant to state statute.

Members can also stay connected to CalSTRS through social media on Facebook, Instagram, LinkedIn, YouTube and X.

Year in review

Benefits planning services

CalSTRS has seven member service centers: West Sacramento (headquarters), Glendale, Santa Clara, Irvine, Riverside, San Diego and Fresno.

Member service centers offer educational and benefits planning services, including individual and group benefits planning sessions, financial savings workshops and education around CalSTRS' voluntary defined contribution plan, Pension2. These member service centers serve California's educators statewide.

At each member service center, members have the opportunity to meet with CalSTRS benefits specialists by appointment or seek assistance with general information questions on a walk-in basis. Member service center staff also review and receive forms, transmit them to headquarters for processing, and provide CalSTRS forms and publications.

This year, 14,839 members attended individual or group benefits planning sessions or workshops in-person at a member service center or at a satellite location. 37,369 members attended benefits planning sessions or webinars in a virtual setting. An additional 7,557 members received services at outreach events and job fairs. A total of 12,356 members took advantage of the opportunity to walk in and receive immediate assistance.

Another convenient service for members is the estimate-only service, which provided 2,675 members with updated retirement benefit estimates in fiscal year 2024-25. We continue to focus on providing services that increase accessibility for members, reflect individual member needs and increase member self-education.

Services to employers, member and client organizations

CalSTRS Employer Services builds and maintains partnerships with 93 employer report sources and additional reporting partners by providing service and education that lead to accurate contribution reporting and member benefits. Contribution reporting education is provided electronically and on demand for the employer and is supplemented with in-person training and timely responses to inquiries, supported by a quality and risk management program to monitor and measure responses against standards and mitigate risk through quality assurance. Employer reporting partners' satisfaction is regularly evaluated through point-of-service surveys, ensuring ability to act timely on feedback to enhance processes and service delivery with a cumulative satisfaction score of 92% across channels. We focus on data quality for active members, ensuring retired member benefits comply with creditable compensation and service laws.

The Secure Employer Website, a secure channel for employers to submit their monthly reporting data, includes rules and immediate feedback about employer-submitted reporting to ensure contribution data is timely and accurate.

Professional services

CalSTRS contracts for the services of various independent consultants essential to the effective and professional operation of the system. Milliman, Inc., provides actuarial services; Crowe LLP is the independent financial statement auditor; and Meketa Investment Group provides investment consulting services. Lists of investment professionals for investment services and other consultants are provided on Schedules VIII and IX, respectively, in the Financial section of this report. Table 9 in the Investment section also lists entities to whom CalSTRS paid broker commissions during the fiscal year.



Financial Section

CalSTRS is the largest educator-only pension fund in the world, with \$373.2 billion in total net position as of June 30, 2025.

INDEPENDENT AUDITOR'S REPORT

Teachers' Retirement Board of the California
State Teachers' Retirement System
West Sacramento, California

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the California State Teachers' Retirement System ("System" or "CalSTRS"), a component unit of the State of California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the California State Teachers' Retirement System, as of June 30, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters***Net Pension Liability of Employers and Nonemployer Contributing Entity***

As discussed in Note 3, based on the most recent actuarial valuation as of June 30, 2024, the System's independent actuaries determined that, at June 30, 2025, the value of the State Teachers' Retirement Plan (STRP) total pension liability exceeded the STRP fiduciary net position by \$63.7 billion. The actuarial valuation is sensitive to the underlying actuarial assumptions, including investment rate of return of 7.10%, consumer price inflation of 2.75%, wage growth of 3.5% and custom mortality tables based on CalSTRS most recent Experience Analysis. Our opinion is not modified with respect to this matter.

Fair Value of Investments

As discussed in Note 5 and 6, the financial statements include investments valued at approximately \$152.3 billion as of June 30, 2025, for which fair value has been estimated by general partners and investment advisors, and reviewed and approved by the System's management, in the absence of readily ascertainable market values. Because of the inherent uncertainty of valuation, the estimated values may differ from the values that would have been used had a ready market existed for the investment securities, and the differences could be material. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's discussion and analysis on pages 23-39 and the Schedule of changes in net pension liability of employers and nonemployer contributing entity, Schedule of net pension liability of employers and nonemployer contribution entity, Schedule of pension contributions from employers and nonemployer contributing entity, Schedule of money-weighted rate of return for the State Teachers' Retirement Plan and Medicare Premium Payment Program, Schedule of changes in net OPEB liability of employers and Schedule of net OPEB liability of employers on pages 78-85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The Schedule of administrative expenses, Schedule of investment expenses and Schedule of consultant and professional services expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of administrative expenses, Schedule of investment expenses and Schedule of consultant and professional services expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

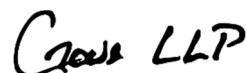
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory section, Investment section, Actuarial section and Statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2025 on our consideration of the California State Teachers' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State Teachers' Retirement System's internal control over financial reporting and compliance.



Crowe LLP

Sacramento, California

October 3, 2025, except for the Other Information, as to which the date is December 17, 2025

Management's discussion and analysis (unaudited)

Introduction

Management's discussion and analysis of the California State Teachers' Retirement System's (CalSTRS, the system, we, our) financial performance is intended to fairly and transparently provide an overview of activities for the fiscal year ended June 30, 2025. The discussion and analysis focuses on business events and resulting changes for the fiscal year. This discussion is more meaningful when read in conjunction with CalSTRS' basic financial statements and accompanying notes.

CalSTRS' actual results, performance and achievements expressed or implied in these statements may differ from expectations and are subject to changes in interest rates, securities markets, general economic conditions, legislation, regulations and other factors.

Mission

Founded in 1913, CalSTRS was made up of approximately 15,000 members, held no assets and paid an average annual benefit of \$500. As of June 30, 2025, we have grown to serving approximately 1,054,000 members and their beneficiaries, holding approximately \$373.2 billion in total net position and paying an average annual Member-Only Benefit of approximately \$56,873.

Today, we are the largest educator-only pension fund in the world and continue to deliver on our mission—*securing the financial future and sustaining the trust of California's educators.*

Year in review

This section provides discussion on significant events and changes impacting CalSTRS for the fiscal year ended June 30, 2025.

Teachers' Retirement Board updates

In September 2024, Governor Newsom appointed Steve Juarez to serve as the public representative on the Teachers' Retirement Board. Juarez's term runs through December 31, 2027. Juarez's appointment was confirmed by the California Senate in May 2025.

The board nominates and elects its chair and vice chair annually to provide board leadership, direction and policy development for the organization. In May 2025, Denise Bradford and Karen Yamamoto were reelected board chair and vice chair, respectively.

There remains a vacancy on the board for a public representative seat. This vacancy will be filled through the appointment of a new public representative by the Governor.

Headquarters Expansion Project

In November 2018, the board approved the expansion of CalSTRS' West Sacramento headquarters to meet long-term space needs of the organization resulting from the increase in size and complexity of the system. To finance the construction of this expansion, CalSTRS issued tax-exempt lease revenue green bonds (Series 2019 Bonds and Series 2022 Bonds) in December 2019 and December 2022, respectively. Additional detail and discussion of Series 2019 Bonds and Series 2022 Bonds can be found in Note 7 of the basic financial statements.

On July 1, 2024, the Office of the State Fire Marshal issued a certificate of occupancy for CalSTRS' headquarters expansion at 200 Waterfront Place. CalSTRS staff occupied the building in August 2024.

Pension Solution Project

The Pension Solution Project is an ongoing effort by CalSTRS to modernize the legacy pension administration system. The project is the largest technology effort in CalSTRS' history and encompasses the implementation of a new benefits administration system to support program and policy changes, incorporates automated internal controls and improves processing times. It will interface with multiple systems, including our financial and electronic content management systems, and will provide upgraded secure portals for members and employers.

During the fiscal year, CalSTRS completed system integration testing and user acceptance testing to verify the system's ability to meet business needs and its readiness for deployment. Other project activities to prepare the organization for implementation such as data conversion, employer readiness and transformation readiness continued to progress on track toward a scheduled implementation date in the fall of 2025.

Shared Vision Project

In November 2024, CalSTRS Chief Investment Officer Scott Chan announced the launch of a new strategic initiative: the Shared Vision Project, aimed at strengthening CalSTRS' position as a top global allocator. In today's highly competitive landscape— alongside global pension funds, endowments, foundations and sovereign wealth funds— the ability to adapt and innovate is critical to maintaining a leadership position. Identifying new and improved ways to achieve CalSTRS' goals will require a clear, thoughtful and strategic approach. The Shared Vision Project is integrated into CalSTRS' strategic plans and, at the heart of this effort, is CalSTRS' mission: Securing the financial future and sustaining the trust of California's educators.

The initial phase involves a comprehensive evaluation of the Investments Branch's current operational infrastructure, asset class structure and total fund management structure to identify key risks and opportunities related to CalSTRS' ability to sustain and evolve its leadership in long-term investment management. This phase is expected to conclude in the spring of 2026 with the final Shared Vision presented to the board for approval in May 2026.

Management's discussion and analysis (unaudited)

Financial highlights

This section discusses major changes in account balances for the State Teachers' Retirement Plan (STRP), CalSTRS Pension2® Personal Wealth Plan (Pension2), the Medicare Premium Payment (MPP) Program and the Teachers' Deferred Compensation Fund (TDCF). Comparative financial statement information is presented for the STRP through condensed versions of the statement of fiduciary net position and statement of changes in fiduciary net position as of and for the fiscal years ended June 30, 2025, and June 30, 2024.

State Teachers' Retirement Plan

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: the Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries.

Fiduciary net position – STRP

(dollars in thousands)

Assets and deferred outflows of resources	2025	2024	% change
Investment assets ¹	\$415,154,348	\$378,439,722	9.7%
Cash	271,915	280,459	(3.0%)
Investment receivables	5,043,916	4,860,994	3.8%
Member, employer, state and other receivables	7,919,684	7,746,523	2.2%
Capital and other assets	889,221	814,350	9.2%
Total assets	429,279,084	392,142,048	9.5%
Deferred outflows of resources	139,537	165,165	(15.5%)
Total assets and deferred outflows of resources	429,418,621	392,307,213	9.5%
Liabilities and deferred inflows of resources			
Derivative instruments	585,907	348,051	68.3%
Investments purchased payable	6,286,959	6,234,050	0.8%
Obligation under reverse repurchase agreements	2,577,627	1,727,135	49.2%
Loans and bonds payable	6,584,199	6,125,797	7.5%
Benefits in process of payment	2,174,267	2,099,378	3.6%
Net pension and OPEB liabilities	648,705	641,528	1.1%
Securities lending obligation	38,734,051	32,573,328	18.9%
Securities sold short	552,199	487,271	13.3%
Other	865,170	729,171	18.7%
Total liabilities	59,009,084	50,965,709	15.8%
Deferred inflows of resources	229,348	323,828	(29.2%)
Total liabilities and deferred inflows of resources	59,238,432	51,289,537	15.5%
NET POSITION RESTRICTED FOR PENSIONS	\$370,180,189	\$341,017,676	8.6%

¹ Includes securities lending collateral of \$38.7 billion and \$32.6 billion as of June 30, 2025, and June 30, 2024, respectively.

Management's discussion and analysis (unaudited)

Changes in fiduciary net position – STRP

(dollars in thousands)

Additions	2025	2024	% change
Member contributions	\$4,847,178	\$4,734,724	2.4%
Employer contributions	8,759,346	8,585,432	2.0%
State of California contributions	4,263,762	3,945,974	8.1%
Net investment income	31,552,785	26,173,060	20.6%
Other income	376,490	391,348	(3.8%)
Total additions	49,799,561	43,830,538	13.6%
Deductions			
Benefit payments	19,912,610	19,046,225	4.5%
Refunds of member contributions	147,829	141,857	4.2%
Administrative expenses	251,676	203,040	24.0%
Borrowing costs	317,068	332,896	(4.8%)
Other expenses	7,865	7,354	6.9%
Total deductions	20,637,048	19,731,372	4.6%
Increase in net position	29,162,513	24,099,166	21.0%
Net position restricted for pensions			
Beginning of the year	341,017,676	316,918,510	7.6%
END OF THE YEAR	\$370,180,189	\$341,017,676	8.6%

Net position for the STRP increased approximately \$29.2 billion, or 8.6%, from \$341.0 billion as of June 30, 2024, to \$370.2 billion as of June 30, 2025, primarily due to positive investment returns.

The STRP's money-weighted investment return for fiscal year 2024–25 was 9.3%, which resulted in a net investment income of \$31.6 billion for the same period. Positive returns in fiscal year 2024–25 were primarily driven by gains in the Public Equity and Private Equity portfolios, which had returns of 16.3% and 9.7%, respectively, in fiscal year 2024–25. Net investment income increased \$5.4 billion compared to the prior fiscal year, which had a money-weighted investment return of 8.3% and net investment income of \$26.2 billion. Investment assets increased approximately \$36.8 billion, or 9.7%, from \$378.4 billion as of June 30, 2024, to \$415.2 billion as of June 30, 2025, primarily due to the positive returns.

Total member, employer and State of California contributions increased \$0.6 billion, or 3.5%, primarily due to an increase in the number of active members and amount of creditable compensation as contribution rates for members, employers and the state remained unchanged from the prior fiscal year.

Capital and other assets increased \$74.9 million, or 9.2%, primarily due to capitalized costs for the Pension Solution Project. Additional information on capital assets is in Note 2 of the notes to the basic financial statements.

Benefit payments increased \$0.9 billion, or 4.5%, due to an increase in the number of STRP's retirees and their beneficiaries and amount of the annual benefit adjustment added to benefit allowances. Correspondingly, benefits in process of payment increased \$74.9 million, or 3.6%.

Administrative expenses increased \$48.6 million, or 24.0% primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which required us to recognize expense of approximately \$11.0 million of accrued sick leave for CalSTRS' employees. Prior to implementation of this guidance, sick leave expense was recognized as incurred. The remaining increase was primarily due to general salary increases, information technology costs and operating costs for CalSTRS' headquarters expansion which CalSTRS staff occupied at the start of the fiscal year.

Investment receivables increased \$0.2 billion, and investments purchased payable increased \$52.9 million due to the timing of settlement of investment purchases and sales. Borrowing costs decreased \$15.8 million while the

Management's discussion and analysis (unaudited)

balance in loan and bonds payable increased by \$0.5 billion. The decrease in borrowing costs was due to lower interest on certain Master Credit Facility Portfolio (MCFP) loans that were refinanced with lenders with lower interest rates. The increase in the loan balance was due to new draws on the lines toward the end of the fiscal year, and as such, the associated borrowing costs were only incurred for a limited period. CalSTRS' MCFP consists of unsecured revolving lines of credit and unsecured term loans that source funds for managing capital flows of certain investment strategies. Additional information on the MCFP is in Note 7 of the notes to the basic financial statements.

Other liabilities increased \$0.1 billion primarily due to an increase in amounts owed to counterparties related to fluctuations in performance of derivative instrument contracts as of June 30, 2025.

Securities lending obligation increased 18.9%, or \$6.2 billion, due to an increase in demand by borrowers of securities in fiscal year 2024–25. This increase is in line with the increase in securities lending collateral, which increased by \$6.1 billion from \$32.6 billion as of June 30, 2024, to \$38.7 billion as of June 30, 2025.

Other programs and funds

In addition to the STRP, CalSTRS administers two defined contribution plans within the Pension2 Program, a postemployment benefit plan known as the MPP Program, and the TDCF that accounts for ancillary activities associated with deferred compensation plans and programs. The following discussion provides noteworthy changes for each of these programs and funds.

Pension2 403(b) Plan

CalSTRS Pension2 403(b) Plan is a voluntary defined contribution program that offers low-cost and tax-deferred 403(b) and Roth 403(b) plans for additional retirement savings.

Net position for the Pension2 403(b) Plan increased \$0.4 billion, or 18.4%, to approximately \$2.8 billion as of June 30, 2025, primarily due to an increase in member contributions and positive investment returns on program participants' investment assets. Member contributions for the 403(b) plan were \$346.9 million for the fiscal year ended June 30, 2025, compared to member contributions of \$286.0 million for the fiscal year ended June 30, 2024. Net investment income for the 403(b) Plan was \$263.2 million for the fiscal year ended June 30, 2025, compared to net investment income of \$247.3 million for the fiscal year ended June 30, 2024.

Pension2 457(b) Plan

CalSTRS Pension2 457(b) Plan is a voluntary defined contribution program that offers low-cost and tax-deferred 457(b) and Roth 457(b) plans for additional retirement savings.

Net position for the Pension2 457(b) Plan increased \$42.3 million, or 24.3%, to approximately \$216.0 million as of June 30, 2025, primarily due to an increase in member contributions and positive investment returns on program participants' investment assets. Member contributions for the 457(b) plan were \$31.8 million for the fiscal year ended June 30, 2025, compared to member contributions of \$28.7 million for the fiscal year ended June 30, 2024. Net investment income for the 457(b) Plan was \$22.4 million for the fiscal year ended June 30, 2025, compared to net investment income of \$19.6 million for the fiscal year ended June 30, 2024.

Medicare Premium Payment Program

CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for retired members of the DB Program who meet certain eligibility criteria. Members who retire on or after July 1, 2012, are not currently eligible for coverage under the MPP Program.

The MPP Program has reflected a net deficit for the past eight years resulting from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, in fiscal year 2014–15 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2017–18. The implementation of these standards resulted in the program incurring increased administrative expenses from the recognition of its share of the state's net pension liability (NPL) and net other post-employment benefit (OPEB) liability. The amounts recognized represent long-term liabilities reported on an accrual basis and do not adversely impact the viability of the fund or its ability to meet current obligations.

Operationally, the MPP Program is funded on a pay-as-you-go basis, with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. The net deficit decreased by \$0.2 million to approximately \$2.5 million as of June 30, 2025, with no significant change in activity compared to fiscal year 2023–24.

Management's discussion and analysis (unaudited)

Teachers' Deferred Compensation Fund

The TDCF is a trust fund established to account for ancillary activities associated with deferred compensation plans and programs offered by CalSTRS, such as the Pension2 403(b) and 457(b) plans.

Net position for the TDCF increased by \$2.4 million from a net deficit of \$1.0 million as of June 30, 2024 to net assets of \$1.4 million as of June 30, 2025, primarily due to an increase in administrative fees earned by the TDCF.

Management's discussion and analysis (unaudited)

Overview of financial statements

Management's discussion and analysis is also an introduction to CalSTRS' basic financial statements. CalSTRS' financial statements include the following components:

- Basic financial statements:
 - Statement of fiduciary net position
 - Statement of changes in fiduciary net position
 - Notes to the basic financial statements
- Required supplementary information (unaudited)
- Other supplementary information

Statement of fiduciary net position

The statement of fiduciary net position presents information on all of CalSTRS' assets and liabilities, with the difference between the two reported as net position. Over time, the increase or decrease in net position serves as an indicator of CalSTRS' financial condition and our ability to fund future benefit payments.

Statement of changes in fiduciary net position

The statement of changes in fiduciary net position reflects how CalSTRS' net position changed during the fiscal year and presents contributions, investment returns, benefit payments and the costs of plan administration.

Notes to the basic financial statements

The notes to the basic financial statements provide information essential to a full understanding of the basic financial statements. The type of information provided in each note is as follows:

- Note 1 provides a summary of information on the significant provisions of CalSTRS' plans and programs.
- Note 2 provides a summary of significant accounting policies, including the basis of accounting for CalSTRS, management's use of estimates, and cash and investment accounting policies.
- Note 3 provides information regarding the NPL of employers and nonemployer contributing entity for the STRP, including the actuarial assumptions and methods used to determine the total pension liability.
- Note 4 provides information regarding the net OPEB liability of employers for the MPP Program, including the

actuarial assumptions and methods used to determine the total OPEB liability.

- Note 5 provides information related to deposits, investments and risks (credit, interest rate and foreign currency) in addition to a schedule of investments that discloses the types of investments within each broad investment category.
- Note 6 provides information related to the fair value measurement of investments.
- Note 7 provides information on the various outstanding debt obligations for CalSTRS.
- Note 8 provides information on the potential contingencies of CalSTRS.
- Note 9 provides a summary of CalSTRS' significant commitments.

Required supplementary information

The required supplementary information section consists of six unaudited schedules intended to assist readers in understanding the NPL of the STRP and the net OPEB liability of the MPP Program. The information available in this section includes:

- Schedule I – Schedule of changes in net pension liability of employers and nonemployer contributing entity
- Schedule II – Schedule of net pension liability of employers and nonemployer contributing entity
- Schedule III – Schedule of pension contributions from employers and nonemployer contributing entity
- Schedule IV – Schedule of money-weighted rate of return for the State Teachers' Retirement Plan and Medicare Premium Payment Program
- Schedule V – Schedule of changes in net OPEB liability of employers
- Schedule VI – Schedule of net OPEB liability of employers

Other supplementary information

Other supplementary information includes details on administrative expenses, investment expenses, and consultant and professional services expenses. The schedules available in this section include:

- Schedule VII – Schedule of administrative expenses
- Schedule VIII – Schedule of investment expenses
- Schedule IX – Schedule of consultant and professional services expenses

Management's discussion and analysis (unaudited)

Major business components

The sections that follow describe the activities and results of CalSTRS' major business components (investment management and pension administration) for the fiscal year ended June 30, 2025.

Investment management

CalSTRS' primary goal is to maintain a financially sound retirement system. Our investment philosophy is "long-term patient capital"—investing for long-term net cash flows and capital gain potential at a reasonable price. The chief investment officer has authority to oversee and manage the investments and assets of the system in compliance with policy guidelines adopted by the board or its Investment Committee.

Investment beliefs

CalSTRS' investment beliefs provide a foundational framework for all of CalSTRS' investment decision-makers to invest in a manner that reflects CalSTRS' unique view of the global investment markets and its vision for participating in these markets to accomplish its fiduciary goal. In this respect, these investment beliefs should help guide CalSTRS' policy leaders and other decision-makers to develop appropriate policies, procedures and investment plans for CalSTRS' assets. The nine investment beliefs are:

1. Diversification strengthens the fund.
2. The global public investment markets are largely, but not completely, efficient.
3. Managing investment costs yields long-term benefits.
4. Internal management is a critical capability.
5. CalSTRS can potentially capture an illiquidity risk premium.
6. Managing short-term drawdown risk can positively impact CalSTRS' ability to meet its long-term financial obligations.
7. Responsible corporate governance, including the management of environmental, social and governance factors, can benefit long-term investors like CalSTRS.
8. Alignment of financial interests between CalSTRS and its advisors is critical.
9. Investment risks associated with climate change and the related economic transition—physical, policy and technology driven—materially impact the value of CalSTRS' investment portfolio.

Sustainability

CalSTRS recognizes the importance of sustainability and that its related risks affect the performance of the investment portfolio to varying degrees across companies, sectors, regions and asset classes. We continuously look to improve sustainability disclosures and integration that support long-term value creation and provide leadership in the global marketplace as long-term investors.

We publish several reports and provide relevant updates to convey our progress: *Sustainability Report*, *Diversity in the Management of Investments Report*, and the triennial *Addressing Climate-Related Financial Risk Report*, all of which are available at CalSTRS.com.

Time-weighted returns

CalSTRS uses a time-weighted return to evaluate returns for portfolio performance purposes. CalSTRS also prepares and discloses a money-weighted return for financial reporting purposes in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The money-weighted rate of return for the STRP was 9.3% for the fiscal year ended June 30, 2025. Additional detail and discussion of money-weighted returns is included in Note 5 of the notes to the basic financial statements.

For the fiscal year ended June 30, 2025, our time-weighted return calculated on a net-of-fees basis was 8.5%. CalSTRS is a long-term investor with a goal of achieving an average return of 7.0% over a multiyear horizon to meet pension obligations. Our returns (net of fees) reflect the following long-term performance:

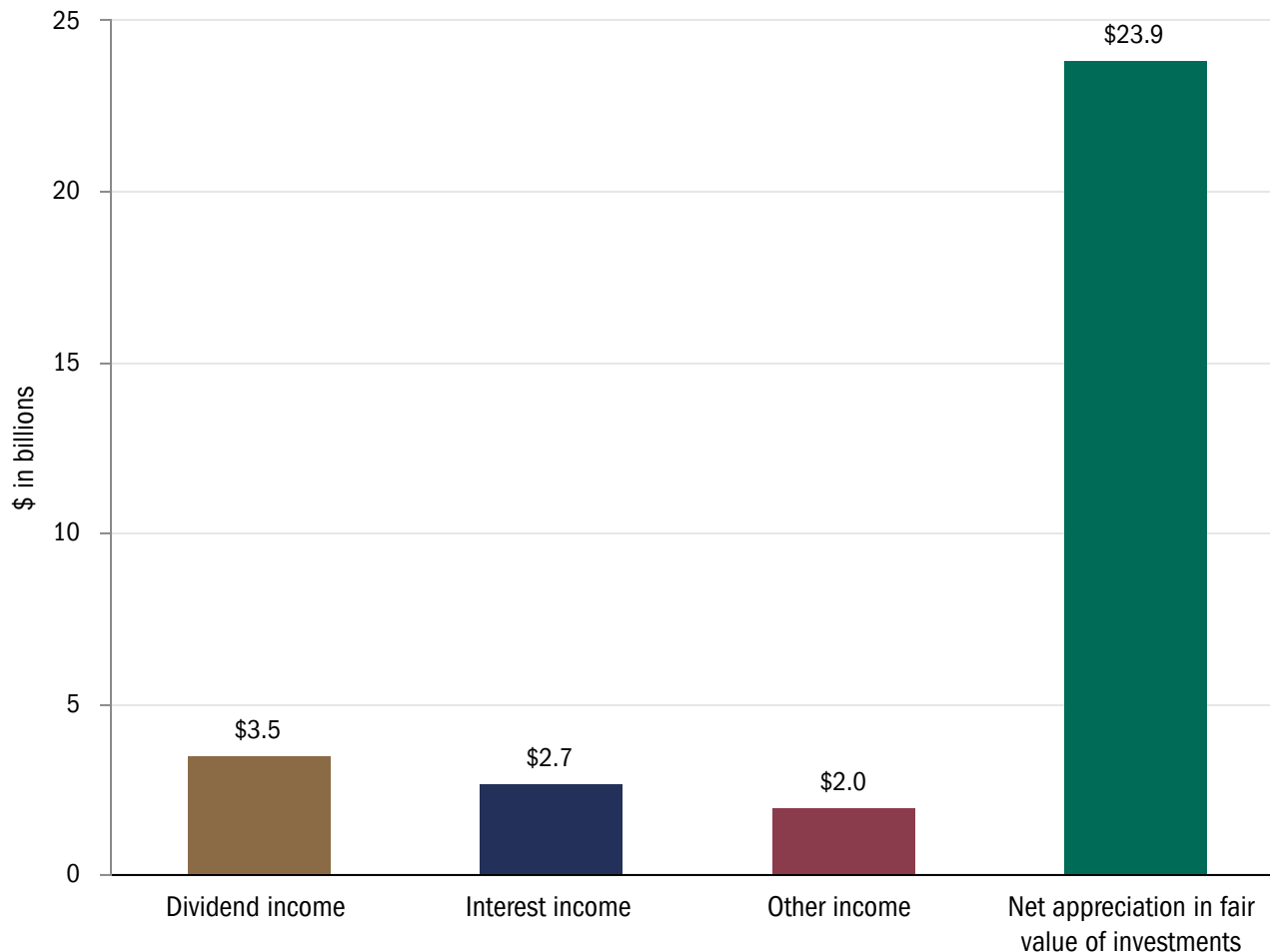
- 7.7% over 3 years
- 9.4% over 5 years
- 8.1% over 10 years
- 7.4% over 20 years
- 7.8% over 30 years

Management's discussion and analysis (unaudited)

Sources of investment income

The graph below displays a detailed view of the sources of investment income for the STRP (excluding securities lending income), based on the statement of changes in fiduciary net position as of June 30, 2025.

Investment income (gross of expenses)



CalSTRS' investments earn income in the form of interest and dividends from holding fixed income securities and various types of equity interests in public companies and limited partnerships.

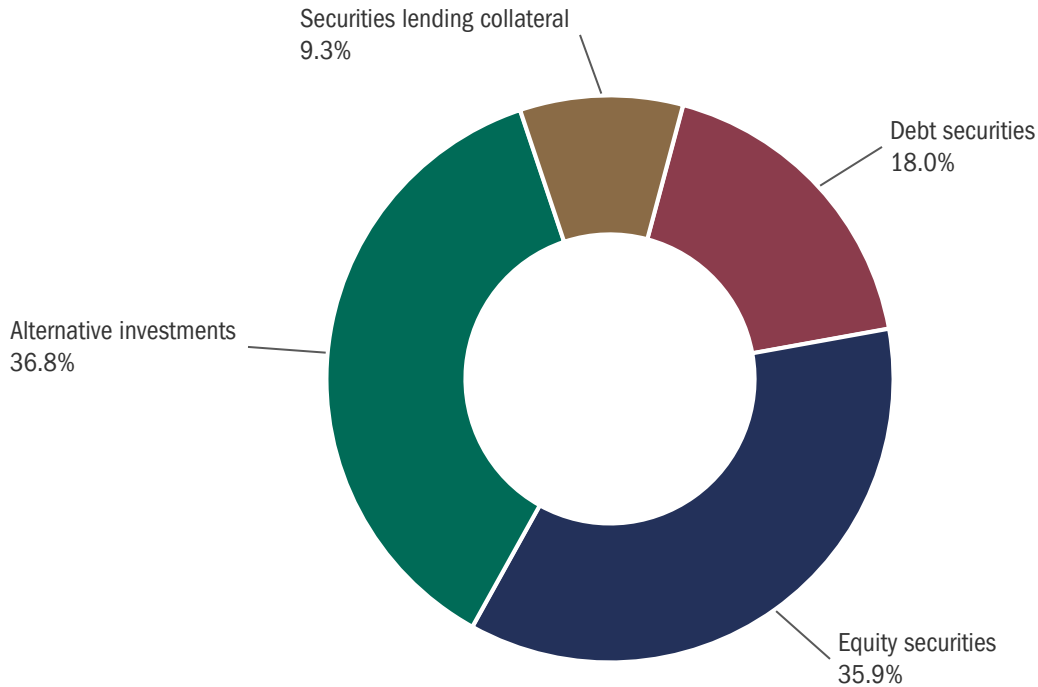
Other income consists primarily of distributed income from alternative investments (such as rent), term loans and securities litigation. Net appreciation consists of realized gains (losses) and unrealized appreciation (depreciation). Realized gains and losses are generally a result of investment sales, write-offs and reorganizations. Unrealized appreciation and depreciation are generated by period-over-period valuation fluctuations in all types of investments.

Management's discussion and analysis (unaudited)

Asset allocation and performance

The chart below presents net STRP investments based on their classification on the statement of fiduciary net position as of June 30, 2025.

Allocation of investments based on the statement of fiduciary net position^{1,2,3}



- ¹ This chart only represents net investment assets of the STRP as these assets are managed by CalSTRS. While CalSTRS offers investment strategies for the Pension2 Program, investment assets of the 403(b) and 457(b) plans are not actively managed by CalSTRS. Additionally, investment assets in the MPP Program and the TDCF are invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the California State Treasurer.
- ² Net derivative instruments and bond proceeds investment each represent 0.01% or less of total net investments for the STRP and are not presented in the above chart.
- ³ Recalculation of investments based on figures presented within the statement of fiduciary net position may differ due to rounding.

Management's discussion and analysis (unaudited)

The following table displays the distribution of investments in the STRP (excluding bond proceeds investment and securities lending collateral and obligations) based on the portfolio allocation compared to the classification within the statement of fiduciary net position as of June 30, 2025.

Portfolio allocation versus financial statement classification

Portfolio allocation		Financial statement classification	
Asset class/Strategy	Asset allocation	Investments	% of asset class
Public Equity ¹	41.2%	Equity securities	97.4%
		Debt securities	1.8%
		Alternative investments	0.4%
		Other ²	0.4%
Private Equity ¹	15.1%	Alternative investments	100.6%
		Equity securities	0.1%
		Other ²	(0.7%)
Real Estate ¹	12.8%	Alternative investments	99.5%
		Equity securities	0.5%
		Debt securities	(1.0%)
		Other ²	1.0%
Fixed Income	12.0%	Debt securities	98.5%
		Alternative investments	2.9%
		Other ²	(1.4%)
Risk Mitigating Strategies	7.3%	Alternative investments	69.9%
		Debt securities	29.8%
		Other ²	0.3%
Inflation Sensitive	6.9%	Alternative investments	71.5%
		Debt securities	27.7%
		Derivative instruments	(0.5%)
		Other ²	1.3%
Cash/Liquidity	2.8%	Debt securities	124.6%
		Other ²	(24.6%)
Collaborative Strategies ¹	1.8%	Alternative investments	95.8%
		Equity securities	3.8%
		Debt securities	0.3%
		Other ²	0.1%
Strategic Overlay	0.1%	Debt securities	576.6%
		Derivative instruments	25.4%
		Other ²	(502.0%)
TOTAL FUND	100.0%		

¹ Includes Sustainable Investments and Stewardship Strategies public and private investments totaling \$3.5 billion.

² Consists of cash, payables, receivables and obligations under reverse repurchase agreements that are reflected as such on the statement of fiduciary net position.

Equity securities

As of June 30, 2025, the STRP held \$148.8 billion in equity securities across all portfolios. Equity securities are primarily composed of publicly traded domestic and international securities within the Public Equity Portfolio. The Public Equity Portfolio consists of two main strategies, Global Equity and the Sustainable Investment and Stewardship Strategies (SISS) Public Portfolio.

Debt securities

As of June 30, 2025, the STRP held \$74.8 billion in debt securities across all portfolios. Debt securities are mainly composed of investments in the Fixed Income Portfolio which holds primarily debt securities comprised of U.S. and non-U.S. dollar-based investment grade and non-investment grade securities. The Real Estate, Risk Mitigating Strategies (RMS), Inflation Sensitive, and Collaborative Strategies portfolios also include investments in debt securities.

Management's discussion and analysis (unaudited)

Alternative investments

Alternative investments include investments in Private Equity, Fixed Income, Real Estate, Inflation Sensitive, SISS Private Portfolio, Collaborative Strategies and RMS. As of June 30, 2025, the STRP held \$152.3 billion in alternative investments.

The Private Equity asset class is comprised primarily of limited partnership and co-investment structures invested in equity-based and debt-based opportunities. Types of investment strategies include leveraged buyouts, venture capital, expansion capital, distressed debt and mezzanine investments.

The Real Estate asset class is comprised of equity and debt-based investments in directly held real estate, such as wholly owned properties, joint venture investments and non-directly held real estate, which consist primarily of commingled funds and co-investments. The Real Estate asset class is focused on investing in direct, discretionary investments to provide CalSTRS with control and better alignment of interests with partners.

The Inflation Sensitive Portfolio invests in strategies that include infrastructure, commodities, U.S. Treasury inflation protected securities, timberland and agriculture. Alternative investments in this asset class primarily consist of limited partnership structures invested in equity-based and debt-based opportunities.

The SISS Private Portfolio invests in climate solutions opportunities across the risk-return spectrum from opportunistic infrastructure to venture capital. These investments are typically structured as limited partnerships invested in equity-based opportunities.

The Collaborative Strategies portfolio serves as an incubator for new investment ideas to improve diversification of the total fund. The objective of the portfolio is to add flexibility for the investment team to pursue new and/or compelling strategies and investments that may be beyond the specific frameworks or expertise of existing asset classes. Investments in this asset class primarily consist of limited partnership structures invested in equity-based and debt-based opportunities.

The RMS Portfolio invests in strategies that further diversify CalSTRS' overall investment portfolio, primarily our significant equity exposure. These strategies include diversifiers and defenders. The strategies within the RMS Portfolio are expected to have low correlations to equity markets and generate positive returns at different times during the business cycle.

Annual Cost and Collaborative Model Savings Report

The 2023 calendar year *Annual Cost and Collaborative Model Savings Report* was presented to the board in November 2024. This report provides a breakdown of the costs associated with managing the STRP Investment Portfolio for the calendar year 2023. It includes cost trend data over a nine-year period for each asset class and investment strategy, a peer comparison of investment cost data, and a capture ratio analysis to show cost effectiveness of the total fund, asset classes and strategies over time.

For the 2023 calendar year, overall costs (including carried interest) decreased by 12%, and the Collaborative Model saved the plan \$363 million. Total costs declined overall as less carried interest was paid out—a combination of managers not taking profits after a flat 2022 and increased internal private management over the years.

Total Portfolio Costs, which consist of management fees, internal operating expenses and partnership costs (other expenses) and exclude carried interest, increased 2% from the prior year. These costs are impacted the most by changes in the portfolio's net asset value, the allocation to private assets, and the split between internal and external management.

Total Portfolio Costs increased in line with an increase in the net asset value of the portfolio by 2% from 2022, as well as a 1% increase in the allocation to private assets in 2023 and their associated costs. Private assets require specialized knowledge to manage higher risk and return investment profiles balanced by diversified aspects. These increases were partially offset by an increase in internally managed investments.

Management's discussion and analysis (unaudited)

Asset allocation targets

CalSTRS conducts an Asset Liability Management (ALM) study every four years to direct how the Investments staff allocates assets among different opportunities. This study weighs the system's pension liabilities versus assets needed to fund these pensions over the long term and is a critical process that drives the performance of the investment portfolio. The ALM study and the review of the fund's actuarial experience study and valuations are aligned, which helps ensure the ALM is using the latest financial and demographic assumptions and applying those to both our assets and liabilities.

The most recent ALM study was conducted in 2023 and approved by the board's Investment Committee in May 2023. CalSTRS staff will make gradual shifts in allocations through a series of steps to move toward these long-term targets. The transition between each step is dependent upon market opportunities and will require approval by the Investment Committee.

The long-term allocation targets in place as of June 30, 2025, were based on step 2 of the target implementation plan. In May 2025, the board approved the progression to step 3 of the target implementation plan effective as of July 1, 2025. The table below shows the planned allocation steps on the way to reaching our long-term targets:

Asset class/ Strategy	Effective date				Long-term target
	7/1/23 Step 1	7/1/24 Step 2	7/1/25 Step 3	TBD Step 4	
Public Equity	41.0%	40.0%	39.0%	38.0%	38.0%
Real Estate	15.0%	15.0%	15.0%	15.0%	15.0%
Private Equity	14.0%	14.0%	14.0%	14.0%	14.0%
Fixed Income	12.0%	13.0%	13.0%	14.0%	14.0%
Risk Mitigating Strategies	10.0%	10.0%	10.0%	10.0%	10.0%
Inflation Sensitive	6.0%	6.0%	7.0%	7.0%	7.0%
Cash/Liquidity	2.0%	2.0%	2.0%	2.0%	2.0%
Collaborative Strategies	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL ASSET ALLOCATION	100.0%	100.0%	100.0%	100.0%	100.0%

Management's discussion and analysis (unaudited)

Pension administration

As a provider of pension and other postemployment benefits, CalSTRS must ensure that the contributions we receive and investment income we earn will fund current and future benefits owed to our members and their beneficiaries. Actuarial valuation reports are prepared on an annual basis to help assess the funded status of our programs and are integral to our administration of benefits. As a result of requirements set forth by GASB standards, CalSTRS engages with our consulting actuary (Milliman) to produce two types of actuarial valuation reports for both the STRP and MPP Program: one for financial reporting purposes and one for funding purposes.

Pension system actuarial valuation reports

The financial reporting actuarial valuation is performed to determine the NPL and other required financial disclosures in accordance with GASB standards. The NPL is calculated for the STRP as a whole and reflects benefits earned by plan members as of a certain date net of pension plan assets. The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2024, and rolling forward the total pension liability to June 30, 2025. CalSTRS does not project a depletion of assets with the provision of additional member, employer and state contributions resulting from the enactment of the CalSTRS Funding Plan. CalSTRS discounted all future obligations for the STRP using the long-term assumed rate of return on plan assets gross of administrative costs (currently 7.10%). Based on that assumption, the STRP had an NPL of \$63.7 billion as of June 30, 2025.

The funding actuarial valuation assesses the sufficiency of existing assets and future contributions to fund promised benefits and guides decisions regarding the long-term viability of the programs. Separate funding actuarial valuations are performed for the DB Program, DBS Program and CBB Program.

An actuarial projection is also performed for the Supplemental Benefit Maintenance Account (SBMA), which is a special account in the STRP that provides inflation protection (after revenue received from the School Land Bank Fund administered by the State Lands Commission is exhausted) to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The June 30, 2023, projection of SBMA funding sufficiency report completed every two years showed that current SBMA assets plus expected future contributions are projected to be sufficient to pay all expected purchasing power benefits through June 30, 2089.

Assumptions used in the financial reporting actuarial valuation report and the funding actuarial valuation reports are the same except for the long-term rate of return, which is gross of administrative costs (7.10%) for financial reporting purposes and net of administrative costs (7.00%) for funding purposes. Investment return assumptions are developed by CalSTRS' investment and actuarial consultants and are adopted by the board.

The most recent funding actuarial valuation indicates that the DB Program had 76.7% of the funds needed to pay the actuarial cost of the benefits accrued as of June 30, 2024, which increased by 0.8% from the June 30, 2023, valuation. This increase is primarily attributable to the required contributions made by employers and the state in fiscal year 2023–24 to eliminate the existing funding shortfall by June 30, 2046.

Additionally, the funding actuarial valuation for the DBS Program indicates that as of June 30, 2024, the DBS Program had a funded ratio of 129.0% compared to the June 30, 2023, funded ratio of 129.6% before consideration of additional earnings credits (AECs). The funded ratio per the funding actuarial valuation for the CBB Program was 118.2% as of June 30, 2024, and June 30, 2023, before the consideration of AECs.

In May 2025, the board granted AECs for the DBS and CBB programs totaling \$611.0 million and \$15.7 million, respectively. Awarding AECs reduced the funded ratios cited above to 123.9% and 114.2% for the DBS and CBB programs, respectively. Refer to Note 1 of the notes to the basic financial statements for additional information.

Management's discussion and analysis (unaudited)

Other postemployment benefits actuarial valuation reports

The financial reporting actuarial valuation is performed to determine the net OPEB liability (NOL) of the MPP Program and other required financial disclosures in accordance with GASB standards. The NOL reflects the present value of projected benefits to program participants as of a certain date, net of plan assets. The total OPEB liability for the MPP Program was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2024, and rolling forward the total OPEB liability to June 30, 2025. As of June 30, 2025, the NOL for the MPP Program was \$216.8 million.

For financial reporting purposes, the plan is essentially unfunded as the fiduciary net position of the plan will not be sufficient to make the projected future benefit payments. Therefore, in accordance with GASB Statement No. 74, in instances such as this, the rate used to discount the total OPEB liability represents the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an

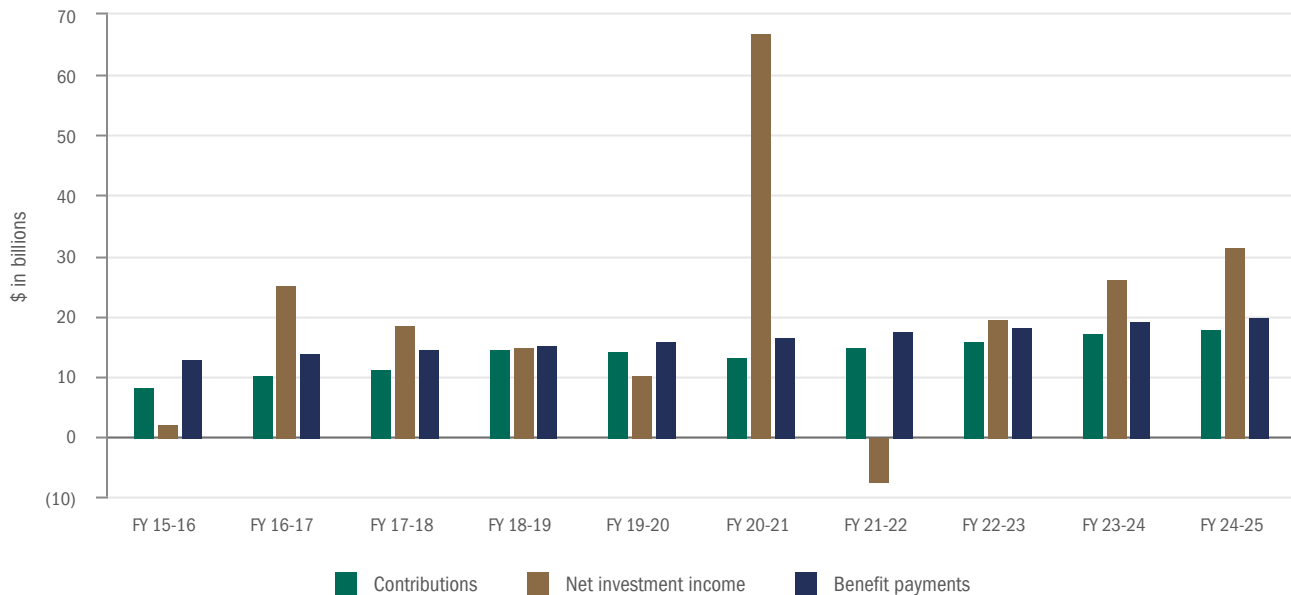
average rating of AA/Aa or higher. The discount rate as of June 30, 2025, for the MPP Program OPEB liability was 5.20% as measured by the Bond Buyer's 20-Bond GO Index as of June 30, 2025.

The MPP Program is funded on a pay-as-you-go basis by contributions that are redirected from the DB Program. As such, the funding actuarial valuation measures the sufficiency of DB Program employer contributions that will be available to fund the MPP Program benefits in future periods. This differs from the financial reporting actuarial valuation, which focuses on the obligation an employer incurs on behalf of employees through the employment-exchange process.

The MPP Program funding actuarial valuation as of June 30, 2024, found that the MPP Program assets, along with MPP Program allocated funding from future DB Program employer contributions, are sufficient to finance the future MPP Program obligations of \$199.2 million for both Part A premiums and Part A and Part B surcharges.

STRP investment income, benefit payments and contributions

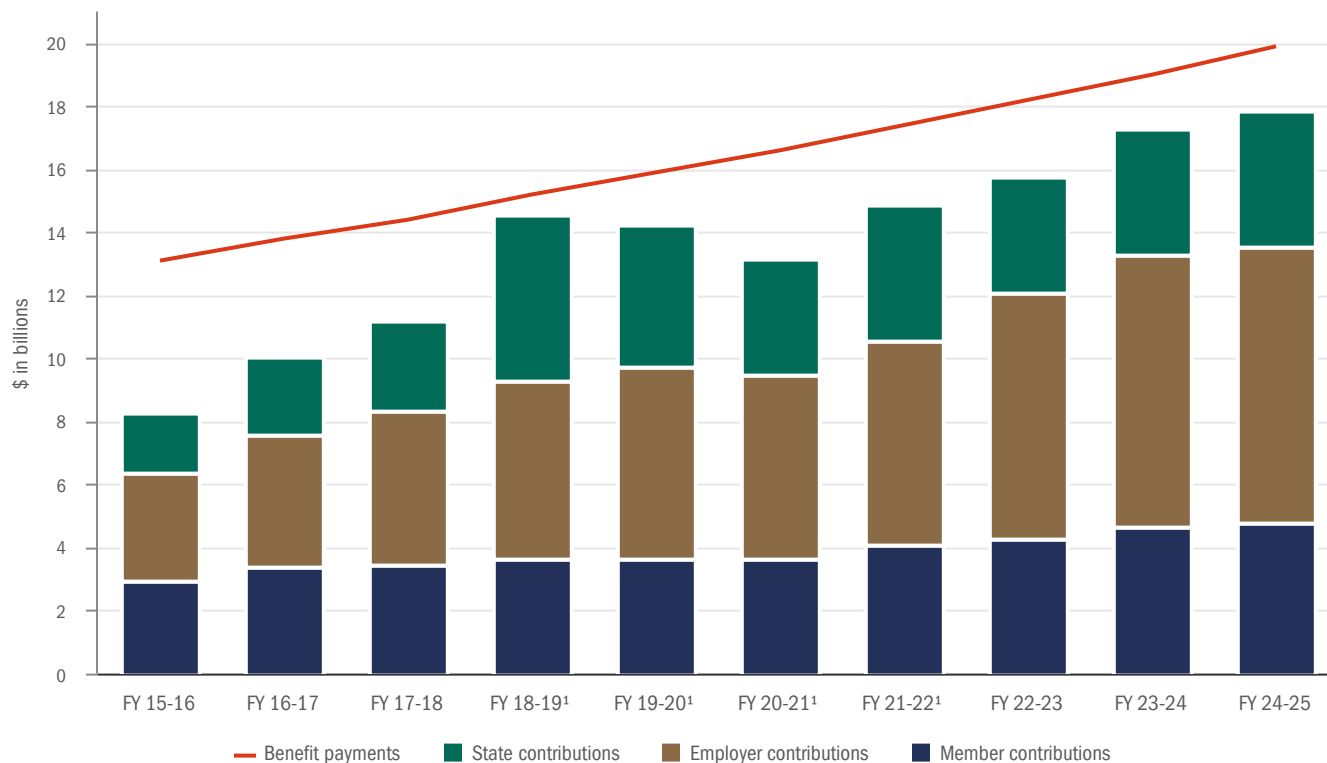
The following chart is a 10-year comparison of contributions, net investment income and benefit payments.



Note: Each data set shown by fiscal year in the chart above is presented in the order of contributions on the left, net investment income in the middle and benefit payments on the right.

Management's discussion and analysis (unaudited)

The following chart compares STRP contributions to benefit payments for the last decade.



Note: Each data set shown by fiscal year in the chart above is presented in the order of state contributions on top, employer contributions in the middle and member contributions on the bottom.

¹ CalSTRS recognized one-time, supplemental contribution payments from the state of approximately \$583.7 million, \$297.0 million, \$1.1 billion and \$2.2 billion in fiscal years 2021-22, 2020-21, 2019-20 and 2018-19, respectively.

As seen in the chart above, annual contributions generally fall short of annual benefit payments; however, it is normal for a mature pension plan to have benefit payments exceed contributions coming into the system. Additionally, investment income and the associated cash generated on our investments have historically been sufficient to cover the gap between contributions and benefit payments. Over the last 30 years, investment returns have funded approximately 61.7% of retirement benefits with the remainder coming from a combination of member, employer and state contributions.

The gap between contributions and benefit payments began to decrease as a result of increased employer and state contribution rates pursuant to the CalSTRS Funding Plan beginning in fiscal year 2014-15. The gap was significantly reduced when the state made supplemental contribution payments of approximately \$2.2 billion and \$1.1 billion in fiscal years 2018-19 and 2019-20, respectively. However, those supplemental payments were one-time, nonrecurring contributions. Going forward, the gap between contributions and benefit payments is expected to increase in perpetuity in line with a maturing pension plan.

As a pension plan matures, having negative cash flows is expected and does not necessarily imply the system will have to sell assets to make benefit payments. Through the end of the CalSTRS Funding Plan, cash generated from investment income (such as dividends, coupons on bonds and rental income on real estate holdings) would need to be at least 2.5% of total assets to avoid having to sell assets to pay benefits. According to CalSTRS' 2024 *Review of Funding Levels and Risks Report* available at [CalSTRS.com](https://www.calstrs.com), enough cash is currently generated from investment income to cover this gap and has averaged 2.6% over the last 27 years.

Management's discussion and analysis (unaudited)

Closing remarks

Net position for all CalSTRS administered funds as of June 30, 2025, was \$373.2 billion, which is an increase of approximately \$29.7 billion, or 8.6%, from the previous fiscal year. This increase was primarily driven by positive investment returns and keeps CalSTRS on track to achieve full funding. The funded status of our DB Program continues to increase and was 76.7% as of the most recent funding actuarial valuation report. CalSTRS remains acting as a broadly diversified, long-term investor, which helps manage periods of market volatility and uncertainty. Our overall diversification minimizes the risk of loss and maximizes the rate of return.

Our investment and enterprise risk management programs and strategic and funding plans all position CalSTRS to remain in a sound financial position to meet our obligations to our members and their beneficiaries. We remain committed to securing the financial future and sustaining the trust of California's educators.

Requests for information

This financial report is designed to provide a general overview of CalSTRS' finances. For questions concerning the information in this report or for additional information, contact:

CalSTRS
P.O. Box 15275
Sacramento, CA 95851-0275

Respectfully submitted,



Julie Underwood
Chief Financial Officer

Basic financial statements

Statement of fiduciary net position

As of June 30, 2025

(dollars in thousands)

	State Teachers' Retirement Plan	Pension2 403(b) Plan	Pension2 457(b) Plan	Medicare Premium Payment Program	Teachers' Deferred Compensation Fund	Total
Assets and deferred outflows of resources						
Investments						
Debt securities	\$74,760,718	\$1,079,294	\$58,362	\$332	\$6,453	\$75,905,159
Equity securities	148,774,287	1,657,936	155,363	—	—	150,587,586
Alternative investments	152,295,557	—	—	—	—	152,295,557
Derivative instruments	607,450	—	—	—	—	607,450
Securities lending collateral	38,703,628	—	—	—	—	38,703,628
Bond proceeds investment	12,708	—	—	—	—	12,708
Total investment assets	415,154,348	2,737,230	213,725	332	6,453	418,112,088
Cash	271,915	—	—	1	1	271,917
Receivables						
Investments sold	3,877,319	—	—	—	—	3,877,319
Interest and dividends	1,166,597	—	—	17	69	1,166,683
Member, employer and state	1,103,081	26,559	2,213	—	—	1,131,853
Loans receivable	6,293,936	8,793	633	—	—	6,303,362
Other	522,667	—	—	1	—	522,668
Total receivables	12,963,600	35,352	2,846	18	69	13,001,885
Other assets						
Capital assets, net of accumulated depreciation	888,950	—	—	—	—	888,950
Other	271	—	—	—	3	274
Total other assets	889,221	—	—	—	3	889,224
Total assets	429,279,084	2,772,582	216,571	351	6,526	432,275,114
Deferred outflows of resources	139,537	—	—	324	760	140,621
Total assets and deferred outflows of resources	429,418,621	2,772,582	216,571	675	7,286	432,415,735
Liabilities and deferred inflows of resources						
Derivative instruments	585,907	—	—	—	—	585,907
Investments purchased payable	6,286,959	—	—	—	—	6,286,959
Obligation under reverse repurchase agreement	2,577,627	—	—	—	—	2,577,627
Loans and bonds payable	6,584,199	—	—	—	—	6,584,199
Benefits in process of payment	2,174,267	—	—	—	—	2,174,267
Net pension and OPEB liabilities	648,705	—	—	2,313	3,753	654,771
Securities lending obligation	38,734,051	—	—	—	—	38,734,051
Securities sold short	552,199	—	—	—	—	552,199
Other	865,170	4,757	550	85	778	871,340
Total liabilities	59,009,084	4,757	550	2,398	4,531	59,021,320
Deferred inflows of resources	229,348	—	—	785	1,391	231,524
Total liabilities and deferred inflows of resources	59,238,432	4,757	550	3,183	5,922	59,252,844
NET POSITION RESTRICTED FOR PENSIONS/OPEB	\$370,180,189	\$2,767,825	\$216,021	(\$2,508)	\$1,364	\$373,162,891

The accompanying notes are an integral part of these statements.

Basic financial statements

Statement of changes in fiduciary net position

For the fiscal year ended June 30, 2025

(dollars in thousands)

	State Teachers' Retirement Plan	Pension2 403(b) Plan	Pension2 457(b) Plan	Medicare Premium Payment Program	Teachers' Deferred Compensation Fund	Total
Additions						
Contributions						
Member	\$4,847,178	\$346,869	\$31,751	\$—	\$—	\$5,225,798
Employer	8,759,346	3,859	408	22,023	—	8,785,636
State of California	4,263,762	—	—	—	—	4,263,762
Total contributions	17,870,286	350,728	32,159	22,023	—	18,275,196
Investment income						
Net appreciation in fair value of investments	23,925,016	207,331	17,682	2	24	24,150,055
Interest, dividends and other	8,230,035	55,847	4,730	65	241	8,290,918
Securities lending income	1,638,875	—	—	—	—	1,638,875
Investment expenses						
Cost of lending securities	(1,685,260)	—	—	—	—	(1,685,260)
Reverse repurchase agreement	(121,566)	—	—	—	—	(121,566)
Other investment expenses	(434,315)	—	—	—	—	(434,315)
Net investment income	31,552,785	263,178	22,412	67	265	31,838,707
Other income	376,490	723	39	—	3,433	380,685
Total additions	49,799,561	614,629	54,610	22,090	3,698	50,494,588
Deductions						
Retirement, disability, death and survivor benefits	19,217,009	—	—	—	—	19,217,009
Premiums paid	—	—	—	21,550	—	21,550
Distributions and withdrawals	—	175,179	11,808	—	—	186,987
Purchasing power benefits	695,601	—	—	—	—	695,601
Refunds of member contributions	147,829	2,396	—	—	—	150,225
Administrative expenses	251,676	7,098	529	359	1,337	260,999
Borrowing costs	317,068	—	—	—	—	317,068
Other expenses	7,865	—	—	1	2	7,868
Total deductions	20,637,048	184,673	12,337	21,910	1,339	20,857,307
Increase in net position	29,162,513	429,956	42,273	180	2,359	29,637,281
Net position restricted for pensions/OPEB						
Beginning of the year	341,017,676	2,337,869	173,748	(2,688)	(995)	343,525,610
END OF THE YEAR	\$370,180,189	\$2,767,825	\$216,021	(\$2,508)	\$1,364	\$373,162,891

The accompanying notes are an integral part of these statements.

Notes to the basic financial statements

1. Significant provisions of CalSTRS plans and programs

The California State Teachers' Retirement System (CalSTRS, the system, we, our) administers a hybrid retirement system consisting of a defined benefit plan, two defined contribution plans, a postemployment benefit plan and a fund used to account for ancillary activities associated with the deferred compensation plans and programs:

- State Teachers' Retirement Plan (STRP)
- CalSTRS Pension2 403(b) Plan
- CalSTRS Pension2 457(b) Plan
- Medicare Premium Payment (MPP) Program
- Teachers' Deferred Compensation Fund (TDCF)

CalSTRS provides pension benefits, including disability and survivor benefits, to full-time and part-time California public school teachers from pre-kindergarten through community college and certain other employees of the public school system and other state agencies. The Teachers' Retirement Law (Education Code section 22000 et seq.), as enacted and amended by the California Legislature and the Governor, established these plans and CalSTRS as the administrator. The terms of the plans may be amended through legislation.

CalSTRS is a component unit of the State of California (the state). These financial statements include only the accounts of CalSTRS. The state includes CalSTRS' various plans and programs as fiduciary funds in its financial statements.

Under California Constitution, Article 16, Section 17, the Teachers' Retirement Board (the board) has plenary authority and fiduciary responsibility for investment of moneys and administration of the system. The board is composed of 12 members:

- Five members appointed by the Governor and confirmed by the Senate for a term of four years: one school board representative, one retired CalSTRS member and three public representatives.
- Four ex officio members who serve for the duration of their term in office: the California Director of Finance (who is appointed by the Governor and confirmed by the Senate), the California State Controller, the California State Treasurer and the State Superintendent of Public Instruction.
- Three member-elected positions representing current educators who serve for a term of four years.

Section 22209 of the Education Code gives the board authority to appoint a chief executive officer (CEO), while Section 20520 of the California Code of Regulations gives the board authority to delegate any acts within its power to the CEO. Pursuant to Section 22301 of the Education Code, the CEO may delegate any act or duty to subordinates unless required by the board to act personally.

State Teachers' Retirement Plan

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

STRP Defined Benefit Program

As of June 30, 2025, there were approximately 1,800 employers (school districts, community college districts, county offices of education, charter schools, state agencies and regional occupational programs) reporting payroll data through 73 reporting entities to the DB Program.

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable service activities. The DB Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members.

The following table presents rounded membership numbers for the DB Program as of June 30, 2025:

Active members	
Vested	328,000
Nonvested	143,000
Total active members	471,000
Inactive members	
Vested	52,000
Nonvested	192,000
Total inactive members	244,000
Retirees and beneficiaries	339,000
TOTAL MEMBERS, RETIREES AND BENEFICIARIES	1,054,000

Notes to the basic financial statements

The DB Program has two benefit structures:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

There are several differences between the two benefit structures, which are noted below.

CalSTRS 2% at 60

- CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.
- CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.
- For fiscal year 2024–25, the limit on compensation that can be counted toward a member's benefit is \$345,000, if hired on or after July 1, 1996, pursuant to Internal Revenue Code (IRC) section 401(a)(17). No contributions are paid by the member, employer or the state on compensation in excess of the limit, and any compensation beyond the limit is excluded from determining final compensation.

- Final compensation is based on salary and certain other types of remuneration. Other types of compensation, such as allowances, cash in lieu of fringe benefits and compensation for unused accumulated leave are not creditable compensation and do not count toward any CalSTRS benefit program. Contributions on compensation paid a limited number of times and compensation determined to have been paid to enhance a benefit are creditable to the DBS Program.
- Members who accumulated at least 30 years of credited service by December 31, 2010, receive a longevity bonus of \$200, \$300 or \$400 per month for 30, 31 or 32 or more years of credited service, respectively.
- Specified members retired under the DB Program, their option beneficiaries and surviving spouses receiving a benefit as of January 1, 2000, are guaranteed a minimum benefit based on the member's years of service credit. The total annual amount payable to the member with 20 years of service credit generally will not be less than \$15,000, increasing incrementally to \$20,000 with 30 or more years of service credit.

CalSTRS 2% at 62

- CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.
- All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.
- The limit on compensation that can be counted toward a member's benefit is adjusted each fiscal year based on changes in the Consumer Price Index for All Urban Consumers: U.S. City Average. In fiscal year 2024–25, the limit was \$182,266.
- Compensation paid in cash by an employer, pursuant to a publicly available written contractual agreement, for each pay period in which creditable service is performed is creditable to CalSTRS benefit programs for CalSTRS 2% at 62 members. Other compensation, such as allowances, cash in lieu of fringe benefits, compensation paid a limited number of times and compensation determined to have been paid to enhance a benefit, is not creditable to any CalSTRS benefit program.

Notes to the basic financial statements

The following provisions apply to both CalSTRS 2% at 60 and CalSTRS 2% at 62 members:

- After earning five years of credited service, members become vested to receive service retirement benefits.
- After five years of credited service, a member (younger than age 60 if under disability Coverage A or no age limit if under disability Coverage B) is eligible for disability benefits of 50% of final compensation plus 10% of final compensation for each eligible child, up to a maximum addition of 40%. Final compensation for these disability benefits is based on the creditable compensation that the member actually earned. The member must have a disability that can be expected to last continuously for at least 12 months to qualify for a benefit.
- Contributions on compensation for service in excess of one year due to overtime or working additional assignments are credited to the DBS Program.
- A family benefit is available if an active member dies and has at least one year of credited service.
- Members' accumulated contributions are refundable with interest upon separation from CalSTRS. The board determines the credited interest rate for each fiscal year. For the fiscal year ended June 30, 2025, the rate of interest credited to members' accounts was 4.61%.
- There is a postretirement annual benefit increase of 2% of the initial monthly benefit on a simple (rather than compound) basis. This benefit is vested for members who retired in 2014 or pay the higher contribution rates resulting from the CalSTRS Funding Plan, which was enacted in June 2014 with the passage of California Assembly Bill 1469.
- The member's benefit is reduced dollar for dollar, regardless of age, for the first 180 calendar days after retirement if the member performs activities in the public schools that could be creditable to CalSTRS, unless the governing body of the school district takes certain actions specified in Education Code section 24214.5 with respect to a member who is above normal retirement age.
- There is an annual limitation on earnings from activities that could be creditable to CalSTRS for retired members. The member's benefit is reduced dollar for dollar by the amount of any earnings in excess of \$74,733 in fiscal year 2024-25.
- Any benefit enhancements to the DB Program made on or after January 1, 2013, apply only to service performed on or after the effective date of the enhancement.

- A CalSTRS member who is convicted of committing a felony in the course of their official duties, including specifically, a felony involving a child with whom the member had contact as part of the member's official duties, forfeits their right to any benefits accrued commencing with the commission of the felony.

Purchasing power protection

Purchasing power protection payments are provided to retired and disabled members of the DB Program and their beneficiaries through annual distributions (in quarterly payments) to restore purchasing power up to 85% of the initial monthly benefit. These payments are funded by revenue generated from school lands with the remaining balance covered by the SBMA.

School lands revenue is generated from land granted to California by the federal government to support schools and lieu lands, which are properties purchased with the proceeds from the sale of school lands. California Public Resources Code section 6217.5 allocates school lands revenue to the system for purchasing power protection. The SBMA is funded through a continuous appropriation from the state's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by \$72.0 million, pursuant to Education Code section 22954.

Purchasing power protection payments are established as vested benefits to the extent that funds are available pursuant to a contractually enforceable promise of the state to make the contributions from the General Fund at the current levels.

For the fiscal year ended June 30, 2025, the amount of school lands revenues credited toward purchasing power protection was \$6.4 million, while the amount contributed to the SBMA from the General Fund was \$927.6 million. In the fiscal year ended June 30, 2025, 142,589 members received supplemental benefit payments.

Benefit enhancements

A school employer may provide, at the employer's cost, an additional two years of service credit to increase the amount of the member's monthly retirement benefit. This may be paid for by the employer in installments not to exceed eight years. If the employer chooses to pay in installments, the employer is charged interest on the unpaid balance at the actuarially assumed rate of return on investments for the DB Program (currently 7.00%). As of June 30, 2025, the outstanding balance of receivables for benefit enhancements was \$7.6 million.

Notes to the basic financial statements

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046.

Members

The member contribution rate for CalSTRS 2% at 60 members is set in statute at 10.25% (8% base rate plus 2.25% supplemental rate due to the CalSTRS Funding Plan), while CalSTRS 2% at 62 members are required to pay at least one-half of the normal cost of their DB Program benefit (rounded to the nearest quarter of 1%) as their base rate and an additional supplemental rate due to the CalSTRS Funding Plan.

For fiscal year 2024–25, CalSTRS 2% at 62 members paid 9% toward the normal cost and the additional 1.205% as per the CalSTRS Funding Plan for a total member contribution rate of 10.205%. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% since the last time the member contribution rate was set. Based on the June 30, 2024, funding actuarial valuation adopted by the board in May 2025, the increase in normal cost was less than 1%. Therefore, the contribution rate for CalSTRS 2% at 62 members will not change effective July 1, 2025.

Member contribution rates as described above and effective for fiscal years 2024–25 and 2025–26 are summarized below:

Effective date	CalSTRS 2% at 60 members	CalSTRS 2% at 62 members
July 1, 2024	10.250%	10.205%
July 1, 2025	10.250%	10.205%

Employers

Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also contribute an additional amount on all compensation that is creditable to the DB Program to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the board to adjust this amount, also known as the employer supplemental contribution rate, up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2025, the board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2025–26 for a total employer contribution rate of 19.10%.

Employer contribution rates as described above and effective for fiscal year 2024–25 and beyond are summarized below:

Effective date	Base rate	Supplemental rate per CalSTRS Funding Plan	Total rate
July 1, 2024	8.250%	10.850%	19.100%
July 1, 2025	8.250%	10.850%	19.100%
July 1, 2026–June 30, 2046	8.250%	1	1
July 1, 2046	8.250%	Increase from AB 1469 not applicable in 2046–47 and beyond	

¹ The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.25% and no lower than 8.25%.

Notes to the basic financial statements

State

The state is required to contribute a base contribution rate set in statute at 2.017% of the total compensation that is credited to the DB Program. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by no more than 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2025, the board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2025–26.

The total state contribution rate also includes a portion to fund the SBMA, which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the state's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by \$72.0 million, pursuant to Education Code section 22954. The total state contribution rate is 10.828% effective July 1, 2025.

State contribution rates as described above and effective for fiscal year 2024–25 and beyond are summarized below:

Effective date	Base rate	Supplemental rate per CalSTRS Funding Plan	SBMA funding	Total
July 1, 2024	2.017%	6.311%	2.500%	10.828%
July 1, 2025	2.017%	6.311%	2.500%	10.828%
July 1, 2026 – June 30, 2046	2.017%	1	2.500%	1
July 1, 2046	2.017%	2	2.500%	2

¹ The board has limited authority to adjust the state contribution rate annually through June 2046 to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate would be reduced to 0%.

² From July 1, 2046, and thereafter, the board has limited authority to adjust the state contribution rate to fund the normal cost deficit or the unfunded obligation. The board cannot adjust the supplemental rate by more than 0.25% per year, and the supplemental rate may not exceed 1.505% in total. If there is neither an unfunded obligation nor a normal cost deficit, the supplemental contribution rate would be reduced to 0%.

STRP Defined Benefit Supplement Program

The DBS Program, established pursuant to Education Code section 25000, is a cash balance defined benefit pension program that operates within the STRP. All members of the DB Program have an account under the DBS Program and are eligible to receive a DBS benefit based on the amount of funds contributed, interest credited and additional earnings credits awarded to their DBS account.

Interest is credited to the nominal DBS Program accounts at the minimum guaranteed annual rate established by the board prior to each plan year, which was 4.61% for the fiscal year ended June 30, 2025. The board may credit additional earnings to members' nominal accounts if actual investment earnings exceed the minimum guaranteed annual rate and meet criteria set out in the board policy.

In May 2025, the board elected to award an additional earnings credit (AEC) of 4.81% of DBS members' June 30, 2024, nominal account balances. The total value of the AEC awarded was approximately \$611.0 million.

Contributions

For creditable service performed by DB Program members in excess of one year of service credit within one fiscal year, member contributions of either 8% (CalSTRS 2% at 60 members) or 9% (CalSTRS 2% at 62 members) and employer contributions of 8% are credited to the members' nominal DBS Program accounts (up to any applicable compensation cap). For CalSTRS 2% at 60 members only, member contributions of 8% and employer contributions of 8% for compensation as a result of limited-term payments or compensation determined to have been paid to enhance their DB Program benefits are also credited to DBS Program accounts.

Notes to the basic financial statements

STRP Cash Balance Benefit Program

The CBB Program, established and subsequently merged into the STRP pursuant to Education Code section 26000, is a cash balance defined benefit pension program. The CBB Program is designed for employees of California's public schools who are hired to perform creditable service for less than 50% of the full-time equivalent for a position in a school district or county office of education or on a part-time or temporary basis in a community college district.

Participation in the CBB Program is optional; a school district, community college district, county office of education, charter school or regional occupational program may elect to offer the CBB Program. Under such election, the program will automatically cover each eligible employee, unless the employee elects to participate in the DB Program or an alternative plan provided by the employer within 60 days of hire or the election period determined by the employer. As of June 30, 2025, there were 29 employers reporting payroll data through 28 reporting entities for 43,421 contributing participants.

Interest is credited to nominal CBB Program accounts at the minimum guaranteed annual rate established by the board prior to each plan year, which was 4.19% for the fiscal year ended June 30, 2025. The board may credit additional earnings to members' nominal accounts if actual investment earnings exceed the minimum guaranteed annual rate and meet criteria pursuant to the board policy. In May 2025, the board elected to award an AEC of 3.65% of CBB members' June 30, 2024, nominal account balances. The total value of the AEC awarded was approximately \$15.7 million.

Contributions

A summary of statutory minimum contribution rates for the CBB Program is as follows:

Participants – 4.0% of applicable participant salaries

Employers – 4.0% of applicable participant salaries

Employers may enter into a collective bargaining agreement to pay different rates if certain minimum conditions are met.

STRP Replacement Benefits Program

The RB Program is an excess benefits arrangement for DB Program members that is administered as a qualified excess benefit arrangement through a separate pension program apart from the other three STRP programs. It was created pursuant to Education Code section 24260 and is established in accordance with IRC section 415(m). IRC section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan. The limit for individual CalSTRS 2% at 60 members varies based on the

age at which they retire. For calendar year 2025, the federal dollar limit applicable to a CalSTRS member retiring at exactly age 65 and receiving only a single-life benefit from the DB Program is \$238,397. The federal dollar limit for other ages at retirement and other benefit types will differ.

Employer contributions that would otherwise be credited to the DB Program each month are instead credited to the RB Program to fund monthly program costs. Monthly employer contributions are received and paid to members in amounts equivalent to the benefits not paid as a result of IRC section 415(b), subject to withholding for any applicable income or employment taxes. As of June 30, 2025, there were 182 retirees, beneficiaries and nonmember spouses receiving benefits from the RB Program.

CalSTRS Pension2 Personal Wealth Plan

The CalSTRS Pension2 Personal Wealth Plan (Pension2) includes two tax-deferred defined contribution plans pursuant to IRC sections 403(b) and 457(b), which were established by Education Code sections 24950 and 24975, respectively. Voya Institutional Plan Services (Voya) is responsible for administrative services, including custody and record-keeping, while CalSTRS determines the investment options that are offered to plan participants.

The 403(b) plan and the 457(b) plan had 33,599 and 2,879 plan participants and 1,145 and 218 participating employers, respectively, with account balances as of June 30, 2025. Pension2 is only available to all full-time California prekindergarten through community college district and county office of education employees. Part-time employees' eligibility is determined by their employers. Enrollment in the 457(b) plan is by employer adoption only.

Employee contributions to the plans are voluntary and require no minimum limitations; however, the IRC imposes an annual maximum amount that can be contributed to the plans. Pension2 is not directly affected by the California Public Employees' Pension Reform Act of 2013 (PEPRA). However, according to PEPRA, employers may provide a contribution to a defined contribution plan, such as Pension2, for CalSTRS 2% at 62 member compensation in excess of the compensation limit.

Pension2 investments are composed of a selection of mutual funds with underlying investments that include stocks, bonds, real estate investments and guaranteed annuity contracts, which are participant directed. The Pension2 benefits are the accumulation of contributions and investment earnings credited to the members' accounts.

Notes to the basic financial statements

Medicare Premium Payment Program

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan administered by CalSTRS through the Teachers' Health Benefits Fund, which was established pursuant to Education Code section 25930. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who enrolled in Medicare after July 1, 2012, are not eligible for CalSTRS' payment of late enrollment surcharges. Also, members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2025, 3,781 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Teachers' Deferred Compensation Fund

The TDCF was established pursuant to Education Code section 24976 and is used to account for ancillary activities associated with deferred compensation plans and programs offered by CalSTRS to enhance the tax-deferred financial options for the members and their beneficiaries.

The TDCF is funded by the fee revenues received by CalSTRS from deferred compensation plans and a vendor registration program.

2. Summary of significant accounting policies

Basis of accounting

CalSTRS maintains accounting records using the accrual basis of accounting. We recognize member, employer and state contributions in the period in which the contributions are due pursuant to legal requirements. Also, CalSTRS recognizes benefits when due and payable in accordance with our retirement and benefits plans and programs.

Purchases and sales of investments are recorded on the trade date. Interest income is recorded when earned. Dividends are recorded on the ex-dividend date.

Use of estimates in the preparation of financial statements

CalSTRS' financial statements are prepared in conformity with accounting principles generally accepted in the U.S. as promulgated by the Governmental Accounting Standards Board (GASB). Management makes estimates and assumptions that affect certain amounts and disclosures in the accompanying financial statements, the most significant of which include estimates related to contribution revenues, total pension liability, total OPEB liability and the fair value of certain alternative investments.

New accounting standards

CalSTRS reviews the requirements of all new GASB pronouncements and their impact on our financial statements. For the fiscal year ended June 30, 2025, there was no material impact to CalSTRS' financial statements resulting from the implementation of GASB standards.

Cash

Cash held by CalSTRS includes foreign currency, deposits with the California State Treasurer's Office (STO) and global custodian (State Street Bank), and cash held at commercial banks for operational purposes. CalSTRS maintains a targeted balance within the Pooled Money Investment Account (PMIA) held with the STO to meet daily obligations. Cash balances in excess of needs are swept nightly into PMIA and invested in short-term assets by the STO. In addition to the PMIA account, CalSTRS also operates checking accounts and zero balance accounts with various banking institutions authorized to provide services to state agencies. While zero balance accounts do not require collateralization, other non-zero balance accounts have a collateralization requirement set forth by the California Government Code section 16521 and are monitored by the STO.

Investments

Under the California Constitution, the board has the sole and exclusive fiduciary responsibility over the assets of the system. The constitution also requires the diversification of investments to minimize the risk of loss and maximize the rate of return, unless, under the circumstances, it is clearly not prudent to do so.

Notes to the basic financial statements

As an administrator of public pension funds, CalSTRS is not subject to the Employee Retirement Income Security Act (ERISA), which governs corporate pension plans. However, our investment decision-making criteria are based on the “prudent investor” standard, for which the ERISA standards serve as a basis.

To manage growth of assets in a prudent manner, the CalSTRS Investment Policy Statement (IPS) provides a framework for the operation of the investment portfolio and may be amended by a majority vote of the board. It allows for investments consisting of debt and equity securities, alternative investments and derivative instruments. See Note 5 for disclosures on deposits and investments.

In the statement of changes in fiduciary net position, we present the net appreciation (depreciation) in the fair value of our investments, which consists of the realized gains and losses on securities sold and the unrealized appreciation (depreciation) on those investments still held in the portfolio.

The value and performance of CalSTRS’ investments are subject to various risks, including credit risk, interest rate risk, concentration of credit risk, custodial credit risk and foreign currency risk, which are in turn affected by economic and market factors affecting certain industries, sectors or geographies. See Note 5 for disclosures related to these risks.

Most investments are reported at fair value. The diversity of the investment types held by CalSTRS requires a wide range of valuation techniques to determine fair value. See Note 6 for disclosures related to fair value.

Expenses directly associated with investment management, operations and servicing, as well as foreign taxes, have been included as other investment expenses in the statement of changes in fiduciary net position. The schedule of investment expenses in the other supplementary information section of this report provides a listing of investment expenses by type. Certain costs such as carried interest, private asset manager fees and broker commissions for securities trades are included in the cost basis of the investment, with the exception of broker commissions for certain equity securities and derivative instruments for which they are expensed.

Investment risk management

To protect the value of non-U.S. investments against foreign currency fluctuation, CalSTRS enters into currency forwards and option contracts. CalSTRS could be exposed to risk if the counterparties to the forward and option contracts are unable to meet the terms of their contracts. CalSTRS also enters into futures contracts, swaps and options to reduce portfolio risks and volatility. CalSTRS seeks to minimize risk from counterparties by establishing minimum credit quality standards and through the use of master trading agreements, which require a daily exchange of collateral that is marked to market as required to help offset counterparty risk. See Note 5 for disclosures related to these risks.

Capital assets

Capital assets held by CalSTRS (which consist of land, building, equipment and intangible assets) are recorded at cost and reflected on the statement of fiduciary net position, net of accumulated depreciation/amortization. The capitalization threshold is \$1.0 million. Depreciation/amortization is charged to operations using the straight-line method on the estimated useful life of the related asset and is included in administrative expenses on the statement of changes in fiduciary net position. Generally, estimated useful lives range from a minimum of more than one year to 40 years. As of June 30, 2025, accumulated depreciation/amortization was \$134.3 million, and depreciation/amortization expense was \$11.2 million for the fiscal year ended June 30, 2025.

CalSTRS reviews our capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. As of June 30, 2025, there has been no impairment of capital assets.

Interest cost incurred before the end of the construction period of an asset is recognized as an expense in the period in which the cost is incurred.

Bonds payable

Bonds payable are carried at their outstanding principal balances plus unamortized bond premiums. The bond premium received in the issuance of the bonds is amortized as a reduction to interest expense over the term of the bonds using the straight-line method.

Notes to the basic financial statements

Administrative expenses

The cost of administering CalSTRS is financed through contributions and investment earnings. The schedule of administrative expenses in the other supplementary information section of this report provides a listing of administrative expenses by type.

Income taxes

The STRP and MPP Program are organized as tax-exempt retirement plans under the IRC. Pension2, which includes IRC 403(b) and 457(b) plans, and the TDCF are organized as tax-deferred supplemental programs under the IRC. CalSTRS management believes that it has operated these funds and programs within the constraints imposed by federal tax law.

Securities sold short

Securities sold short represent obligations to deliver borrowed securities to the lenders of equity securities. These obligations are valued at the last quoted price or official closing prices taken from the primary markets and exchanges in which each security trades. The gains and losses from the changes in fair valuation are reported within net appreciation (depreciation) on the statement of changes in fiduciary net position.

Securities lending transactions

CalSTRS reports securities lent, reinvested cash collateral and the related liabilities resulting from securities lending transactions on the statement of fiduciary net position. CalSTRS also reports the income earned and costs of lending securities as investment income and expenses on the statement of changes in fiduciary net position.

Reverse repurchase agreement transactions

CalSTRS reports the liabilities resulting from the reverse repurchase agreements as obligations under reverse repurchase agreements, and the underlying securities used as collateral are reported as investments on the statement of fiduciary net position. Any interest cost associated with the reverse repurchase agreements is reported as investment expenses on the statement of changes in fiduciary net position.

Reserves

CalSTRS maintains reserve accounts for various operating purposes within net position restricted for pensions/OPEB. These include four reserve accounts for the DBS Program, four reserve accounts for the CBB Program, one reserve account for the SBMA and a combination of other reserve accounts not legally required for disclosure.

Defined Benefit Supplement Contribution, Accumulated Interest and Annuitant reserves

Section 25002 of the Education Code formed the DBS Annuitant Reserve to establish and maintain a segregated account for expenditures on annuities payable under the DBS Program. The DBS Program is a cash balance defined benefit pension program that provides a supplemental benefit in addition to the regular DB Program benefit. During a member's career, credits and interest accumulate in the DBS Program's Contribution and Accumulated Interest reserves, respectively. When a member retires, the reserve funds are either paid out as a lump sum or transferred to the DBS Annuitant Reserve if the participant elects to receive their benefit as an annuity.

Defined Benefit Supplement Gain and Loss Reserve

Section 25001 of the Education Code establishes the DBS Gain and Loss Reserve, which represents a segregated account that may be used to: 1) credit interest to member DBS accounts at the minimum interest rate for plan years in which the obligation cannot be met from the plan's investment earnings, 2) make additional earnings credits to DBS accounts upon a decision by the board to allocate excess investment earnings, or 3) provide additions to the DBS Annuitant Reserve for annuities payable under the DBS Program.

Notes to the basic financial statements

Cash Balance Benefit Active Contribution, Accumulated Interest and Annuitant reserves

Section 26204 of the Education Code establishes the CBB Annuitant Reserve for the payment of monthly annuities with respect to the CBB Program. The CBB Program is an optional cash balance defined benefit pension plan for part-time certificated educators available to CalSTRS employers as an alternative to the DB Program, Social Security and other retirement plans. During a participant's career, credits and interest accumulate in the Cash Balance Benefit Active Contribution and Accumulated Interest reserves. When a participant retires, the reserve funds are either paid out as a lump sum or transferred to the Cash Balance Benefit Annuitant Reserve if the participant elects to receive their benefit as an annuity.

Cash Balance Benefit Gain and Loss Reserve

Section 26202 of the Education Code establishes the CBB Gain and Loss Reserve, which may be used to: 1) credit interest to participants' accounts at the minimum interest rate during years in which CalSTRS' investment earnings with respect to the CBB Program are not sufficient for that purpose, 2) make additional earnings credits to participants' accounts upon a decision by the board to allocate excess investment earnings, or 3) provide additions to the CBB Annuitant Reserve for monthly annuity payments.

The reserve balances as of June 30, 2025, are summarized in the table below:

Reserve type	Reserve balance (dollars in thousands)
Defined Benefit Supplement Contribution Reserve	\$10,177,252
Defined Benefit Supplement Accumulated Interest Reserve	3,458,446
Defined Benefit Supplement Annuitant Reserve	644,934
Defined Benefit Supplement Gain and (Loss) Reserve	6,484,626
Cash Balance Benefit Active Contribution Reserve	362,616
Cash Balance Benefit Accumulated Interest Reserve	109,836
Cash Balance Benefit Annuitant Reserve	8,633
Cash Balance Benefit Gain and (Loss) Reserve	94,009
Supplemental Benefit Maintenance Account Reserve	29,037,938
Other reserves not legally required for disclosure	322,784,601
TOTAL	\$373,162,891

Supplemental Benefit Maintenance Account Reserve

Section 22400 of the Education Code establishes the SBMA to separately maintain and manage annual supplemental payments disbursed in quarterly installments to all benefit recipients whose purchasing power has fallen below 85% of the purchasing power of the initial benefit, as long as funds are available. The SBMA is primarily funded by contributions from the state and the interest earned on the SBMA reserve balance credited at the actuarially assumed interest rate.

Other reserves not legally required for disclosure

These represent accumulated changes in operations reflecting contributions earned, benefit payments made, investment returns and the costs of plan administration for the DB Program (excluding SBMA), Pension2, MPP Program and TDCF.

Notes to the basic financial statements

3. Net pension liability of employers and nonemployer contributing entity

The components of the net pension liability (NPL) of the STRP for participating employers and the state (nonemployer contributing entity) as of June 30, 2025, are as follows:

Components of the NPL – STRP

	(dollars in millions)
Total pension liability	\$433,914
Less: STRP fiduciary net position	370,180
NPL of employers and the State of California	\$63,734
STRP fiduciary net position as a % of the total pension liability	85.3%

Actuarial methods and assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2024, and rolling forward the total pension liability to June 30, 2025. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2025, include:

Valuation date	June 30, 2024
Experience study ¹	July 1, 2007–June 30, 2022
Actuarial cost method	Entry age actuarial cost method
Investment rate of return ²	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Postretirement benefit increases	2% simple for DB (annually) Maintain 85% purchasing power level for DB, not applicable for DBS/CBB

¹ Both a five-year period (July 1, 2017–June 30, 2022) and 15-year period were considered in the 2024 experience study; however, assumptions were primarily based on the results of the 15-year study. Additional information is available in the 2024 experience analysis report available at CalSTRS.com.

² Net of investment expenses but gross of administrative expenses.

The sections that follow provide additional discussion on key assumptions and methods for the valuation of the STRP.

Discount rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases as disclosed in Note 1. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear.

Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2025, are summarized in the following table:

Asset class/ Strategy	Assumed asset allocation	Long-term expected rate of return ¹	Long-term expected real rate of return ^{1,2}
Public Equity	38.0%	8.00%	5.25%
Real Estate	15.0%	6.80%	4.05%
Private Equity	14.0%	9.50%	6.75%
Fixed Income	14.0%	5.20%	2.45%
Risk Mitigating Strategies	10.0%	5.00%	2.25%
Inflation Sensitive	7.0%	6.40%	3.65%
Cash/Liquidity	2.0%	2.80%	0.05%

¹ 20- to 30-year geometric average.

² Real rates of return are net of assumed 2.75% inflation.

Notes to the basic financial statements

Sensitivity of NPL to changes in the discount rate

Presented below is the NPL of employers and the state using the current discount rate as well as what the NPL would be if it were calculated using a discount rate that is 1% to 3% lower or 1% to 3% higher than the current rate:

Discount rate	NPL of employers and nonemployer contributing entity (dollars in millions)
3% decrease (4.10%)	\$268,457
2% decrease (5.10%)	186,755
1% decrease (6.10%)	119,451
Current rate (7.10%)	63,734
1% increase (8.10%)	17,217
2% increase (9.10%)	(21,927)
3% increase (10.10%)	(54,996)

Mortality

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality amongst our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale.

4. Net other postemployment benefit (OPEB) liability of employers

The components of the net OPEB liability of the MPP Program for participating employers as of June 30, 2025, are as follows:

Components of the net OPEB liability – MPP Program (dollars in thousands)	
Total OPEB liability	\$214,272
Less: MPP Program fiduciary net position	(2,508)
Net OPEB liability of employers	\$216,780
MPP Program fiduciary net position as a % of the total OPEB liability	(1.17%)

Actuarial methods and assumptions

The total OPEB liability for the MPP Program as of June 30, 2025, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2024, and rolling forward the total OPEB liability to June 30, 2025. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total OPEB liability as of June 30, 2025, include:

Valuation date	June 30, 2024
Experience study ¹	July 1, 2007– June 30, 2022
Actuarial cost method	Entry age actuarial cost method
Investment rate of return	5.20%
Medicare Part A premium costs trend rate ²	5.0%
Medicare Part B premium costs trend rate ²	6.5%

¹ The MPP Program uses some of the same assumptions as used for the STRP and includes some additional assumptions that are specific to the MPP Program. As such, the experience study dates reflect the range used in Note 3 for the STRP; however, experience from June 30, 2014, through June 30, 2022, was also evaluated for assumptions specific to the MPP Program.

² The assumed increases in the Medicare Part A and Part B cost trend rates vary by year; however, the increases are approximately equivalent to a 5.0% and 6.5% increase each year for Medicare Part A and Part B premiums, respectively.

The sections that follow provide additional discussion on specific assumptions and methods for the valuation of the MPP Program.

Discount rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2025, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2025, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2025, was 5.20%, which is an increase of 1.27% from 3.93% as of June 30, 2024.

Notes to the basic financial statements

Sensitivity of the net OPEB liability to changes in the discount rate

Presented below is the net OPEB liability of employers using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Discount rate	Net OPEB liability of employers
	(dollars in thousands)
1% decrease (4.20%)	\$232,127
Current discount rate (5.20%)	216,780
1% increase (6.20%)	203,152

Future enrollment

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 133 or an average of 0.11% of the potentially eligible population of 126,430.

Mortality

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale.

Medicare costs trend rate

The June 30, 2024, financial reporting actuarial valuation uses the 2025 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year, as shown in the following table:

Trend assumption	Assumed annual increase		
	Years ¹	Part A	Part B
	2023-2032	5.4%	6.6%
	2033-2042	4.9%	5.6%
	2043-2052	4.3%	4.5%
	2053 and later	4.1%	4.3%

¹ Trend rates indicate medical inflation in the specific year and, therefore, affect the premiums for the following years. For example, the projected 2025-26 premium is the 2024-25 premium increased by the assumed 2024-25 trend rate.

The Part A trend is approximately equivalent to assuming a fixed 5.0% increase each year. The Part B trend is approximately equivalent to assuming a fixed 6.5% increase each year.

Presented below is the net OPEB liability of employers using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are 1% lower and 1% higher than the current rate:

Medicare costs trend rate	Net OPEB liability of employers
	(dollars in thousands)
1% decrease (4.0% Part A and 5.5% Part B)	\$202,084
Current rates (5.0% Part A and 6.5% Part B)	216,780
1% increase (6.0% Part A and 7.5% Part B)	233,052

Notes to the basic financial statements

Use of assumptions and methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (such as Medicare premiums) and assumptions about the probability of the occurrence of events far into the future (such as mortality, disabilities and retirees eligible for the program). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective and take into account the premiums and surcharges paid after termination of employment until the death of the employee. In many cases, actuarial calculations reflect several decades of payments after termination of employment.

5. Deposits and investments

Money-weighted rate of return

For the fiscal year ended June 30, 2025, the money-weighted rate of return on STRP investments, net of pension plan investment expenses, was 9.3%. Although the MPP Program is funded on a pay-as-you-go basis, funds held within the program are used to manage differences between estimated and actual amounts and were invested in the SMIF. The money-weighted rate of return on MPP Program investments, net of OPEB plan investment expenses, was 4.6%. The money-weighted rate of return expresses investment performance, taking into account the impact of cash infusion into and disbursements from the pension or OPEB plan.

Schedule of investments

CalSTRS is authorized to invest and reinvest the monies of the system to meet the objectives of the IPS as established by the board.

The table on the following page represents the investments by type as presented in the statement of fiduciary net position, including detailed investments within debt securities, equity securities, alternative investments and derivative instruments.

Notes to the basic financial statements

Schedule of investments

As of June 30, 2025

(dollars in thousands)

	State Teachers' Retirement Plan	Pension2 403(b) Plan	Pension2 457(b) Plan	Medicare Premium Payment Program	Teachers' Deferred Compensation	Total
Assets						
Debt securities						
Asset-backed securities	\$878,650	\$—	\$—	\$—	\$—	\$878,650
Corporate bonds	13,720,329	—	—	—	—	13,720,329
Foreign government issues	642,397	—	—	—	—	642,397
Mortgage-backed securities	12,759,978	—	—	—	—	12,759,978
Municipal securities	87,368	—	—	—	—	87,368
U.S. government and agency obligations	29,630,352	—	—	—	—	29,630,352
Short-term securities	17,041,644	30,704	3,146	332	6,453	17,082,279
Mutual funds-bond funds	—	189,775	16,985	—	—	206,760
Guaranteed annuity contracts	—	858,815	38,231	—	—	897,046
Total debt securities	74,760,718	1,079,294	58,362	332	6,453	75,905,159
Equity securities						
Common stocks	144,208,397	—	—	—	—	144,208,397
Depository receipts	1,413,087	—	—	—	—	1,413,087
Mutual funds-stock funds	118	1,657,936	155,363	—	—	1,813,417
Preferred stocks	345,546	—	—	—	—	345,546
Real estate investment trusts	2,807,139	—	—	—	—	2,807,139
Total equity securities	148,774,287	1,657,936	155,363	—	—	150,587,586
Alternative investments						
Debt-privately held	13,923,983	—	—	—	—	13,923,983
Equity-privately held	94,932,731	—	—	—	—	94,932,731
Real estate-directly held	28,244,992	—	—	—	—	28,244,992
Real estate-non-directly held	15,193,851	—	—	—	—	15,193,851
Total alternative investments	152,295,557	—	—	—	—	152,295,557
Derivative instruments						
Forwards	318,726	—	—	—	—	318,726
Futures	242,527	—	—	—	—	242,527
Options	18	—	—	—	—	18
Rights and warrants	1,007	—	—	—	—	1,007
Swaps	45,172	—	—	—	—	45,172
Total derivative instruments	607,450	—	—	—	—	607,450
Securities lending collateral	38,703,628	—	—	—	—	38,703,628
Bond proceeds investment	12,708	—	—	—	—	12,708
Total investment assets	415,154,348	2,737,230	213,725	332	6,453	418,112,088
Liabilities						
Derivative instruments						
Forwards	421,711	—	—	—	—	421,711
Futures	98,154	—	—	—	—	98,154
Options	980	—	—	—	—	980
Swaps	65,062	—	—	—	—	65,062
Total derivative instruments	585,907	—	—	—	—	585,907
TOTAL NET INVESTMENTS	\$414,568,441	\$2,737,230	\$213,725	\$332	\$6,453	\$417,526,181

Notes to the basic financial statements

Debt securities

Debt securities consist primarily of long-term investments issued by the U.S. government and U.S. government-sponsored agencies, municipal securities, foreign governments, corporations, securitized offerings backed by residential and commercial mortgages and consumer and commercial loans and receivables and inflation-indexed bonds (also known as inflation-linked bonds). Debt securities also consist of short-term securities that by definition typically have maturities of less than one year. Debt securities in Pension2 include securities such as bond mutual funds and guaranteed annuity contracts. The annuity contracts offer a guaranteed minimum interest rate for the life of the contract.

Short-term investments consist of money market funds, certificates of deposits and similar instruments with maturities and/or holding periods generally of less than one year. Deposits in the PMIA (classified under short-term securities), administered by the STO, represent various investments with approximately 248 average days to maturity. The STO pools these monies with those of other state agencies for investing in short-term securities. The monies are available for withdrawal at any time. Deposits in the Short-Term Investment Fund, administered by State Street Bank and Trust Company, represent various investments with approximately 36 average days to maturity.

Equity securities

Equity securities consist primarily of domestic and international common stocks, preferred stocks, depository receipts, real estate investment trusts (REITs), exchange-traded funds (ETFs) and stock mutual funds.

Alternative investments

Alternative investments consist primarily of limited partnership structures invested in privately held debt or privately held equity, including venture capital, leveraged buyouts and co-investments, as well as investments in real estate, infrastructure, agriculture and timberland. They include investments held within the Private Equity, Real Estate, Fixed Income, Public Equity, Risk Mitigating Strategies, Inflation Sensitive and Collaborative Strategies asset classes. Alternative investments also include investments from the Sustainable Investment and Stewardship Strategies (SISS).

Alternative investments are generally long-term and illiquid in nature. As a result, investors are subject to redemption restrictions, which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to its dissolution.

Investments in real estate directly held assets are in separate accounts and joint ventures, which are primarily composed of retail, office, industrial and multifamily properties. Certain real estate investments are leveraged through partnerships using a combination of equity contributions from CalSTRS and other investors and through the use of debt. CalSTRS engages real estate advisors and operating partners who are responsible for managing a portfolio's day-to-day activities, performance and reporting. Real estate non-directly held investments primarily include commingled limited partnership investments in which CalSTRS does not have a controlling interest.

Derivative instruments

CalSTRS holds investments in derivative instruments, such as futures, foreign currencies forward contracts, options, swaps, rights and warrants.

A futures contract is an exchange-traded contract whereby the purchaser agrees to buy an asset at a stated price on a specific future date. A foreign currency forward contract is a customized, bilateral agreement to exchange a specified currency at a specified future settlement date at a forward price agreed to on the trade date.

CalSTRS invests in exchange-traded options and over-the-counter options. An option is a contract that entitles the holder to purchase or sell a specific amount of contracts or notional amount at a specified price (strike price). The underlying asset, quantity of the underlying or notional amount, expiration date and strike price are standardized for exchange-traded options and are customized for over-the-counter options.

Swaps are derivative instruments in which two parties agree to exchange one stream of cash flows against another stream or a guarantee. These streams are called the legs of the swap, and usually at least one leg has a rate that is variable. The variable leg can depend on a reference rate, the total return of an asset or an economic statistic. Cash flows are calculated based on a notional amount, which are usually not exchanged between counterparties.

Rights and warrants held by CalSTRS are typically acquired through corporate actions. A right is a privilege granted to shareholders of a corporation to subscribe to shares of a new issue of common stock before it is offered to the public. A warrant gives the holder the right, but not the obligation, to buy an underlying equity security at a given price and quantity during a specified period.

Notes to the basic financial statements

Securities lending

California statutes and board policies permit CalSTRS to make short-term, collateralized loans of its securities to broker-dealers and other entities to earn incremental income. CalSTRS has contracted with our global custodian, third-party securities lending agents and their respective custodians to lend equity and debt securities. The majority of the security loans can be terminated on demand by either CalSTRS or the borrower. The underlying securities on loan are reported as assets on the statement of fiduciary net position.

Collateral in the form of cash or other securities is required for 102% and 105% of the fair value of domestic and international securities loaned, respectively. For non-U.S. debt securities loaned, CalSTRS follows market practice, which requires collateral of 102% of the fair value of the loaned securities. Since the majority of loans are terminable at will, their duration does not generally match the duration of the investments made with the cash collateral. As of June 30, 2025, the weighted duration difference between the investments and these loans was approximately 12 days.

As of June 30, 2025, the fair value of the securities on loan was \$43.5 billion. The securities lending obligations were \$38.7 billion. The fair value of the reinvested cash collateral was \$38.7 billion; the non-cash collateral was \$5.9 billion; and the calculated mark (collateral adjustment requested for the next business day) was \$28.3 million. The invested collateral and corresponding obligation are reflected in the statement of fiduciary net position as assets and liabilities, respectively. The reinvested cash collateral securities in this program are typically held to maturity and are expected to mature at par.

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the non-cash collateral of \$5.9 billion is not reported in the statement of fiduciary net position as CalSTRS is not permitted to pledge or sell these collateral securities received unless the borrower defaults. The contracts with the securities lending agents require them to indemnify CalSTRS if the borrowers fail to return the securities (or if the collateral is not sufficient to replace the securities lent) or if the borrowers fail to pay CalSTRS for income distributions by the securities' issuers while the securities are on loan.

Bond proceeds investment

Bond proceeds investment represents the investment of the proceeds of the CalSTRS Series 2019 Bonds and CalSTRS Series 2022 Bonds, which were issued in December 2019 and December 2022, respectively. Both were issued through

the California Infrastructure and Economic Development Bank for the construction of CalSTRS' headquarters expansion, issuance costs and payment of interest during the construction period. Until the bond proceeds are needed, they are invested at the direction of CalSTRS. The investment of the proceeds is restricted to certain types of investment securities by the terms of the governing bond trust agreement.

The primary objectives of bond proceeds investment are the preservation of capital, liquidity and return on investment. Investment decisions are undertaken in a manner to preserve capital by mitigating credit and interest rate risk. Additionally, the bond proceeds investment portfolio is structured to have security maturities align with scheduled construction and interest payments.

Reverse repurchase agreements

State statutes and board policy permit the system to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase the same securities in the future at the same price plus a contract rate of interest. The system had \$2.5 billion in reverse repurchase agreements outstanding (excluding accrued interest) as of June 30, 2025. The credit exposure related to these agreements was \$2.3 million. Since the proceeds from reverse repurchase agreements are used for liquidity management and not for reinvestment purposes, the maturities of the purchases made with the proceeds of reverse repurchase agreements are not matched to the maturities of the agreements.

Investment risk schedules

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*, the following investment risk schedules disclose CalSTRS' investments that are subject to certain types of risks, including credit risk, interest rate risk, concentration of credit risk, custodial credit risk and foreign currency risk. The policies addressing each risk are discussed in more detail in the pages that follow. These policies are contained within the IPS and are reviewed and approved annually by the board.

Notes to the basic financial statements

Credit risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized statistical rating organizations.

CalSTRS Investment Guidelines require that, at the time of purchase, at least 95% of the fair value of the corporate securities comprising the credit portion of the core Fixed Income Portfolio be rated investment grade.

The ratings used to determine the quality of the individual securities in the table below are the ratings provided by Standard & Poor's (S&P) Global Inc. Obligations issued or guaranteed by the U.S. government or government-sponsored agencies are eligible without limit. Furthermore, the total position of the outstanding debt of any non-agency mortgage-backed, asset-backed and commercial mortgage-backed securities issuer shall be limited to 10% of the fair

value of the portfolio, on the basis of each separate trust (pool of assets), at the time of purchase. Obligations of other issuers are not to exceed 5% per issuer, at the time of purchase, of the fair value of any individual portfolio.

CalSTRS' investment policies and guidelines also include an allocation for opportunistic strategies, which allows for the purchase of bonds rated below investment grade. The amount of these investments that each investment manager may hold is negotiated on a manager-by-manager basis.

CalSTRS may invest in an unrated security if the security is comparable in quality to other rated securities that are eligible for purchase. The notation N/R represents those securities that are not rated, and N/A represents those securities for which the rating disclosure requirements are not applicable, such as obligations of the U.S. government and obligations explicitly guaranteed by the U.S. government.

As of June 30, 2025, the credit ratings of all debt securities are as follows:

Debt securities

(dollars in thousands)

Ratings	Asset-backed securities	Corporate bonds	Foreign government issues	Mortgage-backed securities	Municipal securities	U.S. government and agency obligations	Short-term securities	Mutual funds - bond funds	Guaranteed annuity contracts	Total
Long-term ratings										
AAA	\$382,433	\$409,205	\$9,980	\$113,797	\$13,373	\$-	\$-	\$-	\$-	\$928,788
AA	-	597,160	102,880	54,250	57,862	621,672	-	101,132	-	1,534,956
A	-	3,993,888	172,359	28,515	5,900	-	-	-	-	4,200,662
BBB	9,033	5,274,410	272,123	3,263	-	-	-	-	-	5,558,829
BB	4,197	1,168,637	22,749	-	-	-	-	-	-	1,195,583
B	1,293	1,634,894	12,998	-	-	-	-	-	-	1,649,185
CCC	608	259,793	6,752	-	-	-	-	-	-	267,153
CC	-	3,192	-	-	-	-	-	-	-	3,192
C	-	655	-	-	-	-	-	-	-	655
D	-	12,571	-	-	-	-	-	-	-	12,571
N/R	481,086	365,924	42,556	10,409,534	10,233	34,208	-	-	-	11,343,541
N/A	-	-	-	2,150,619	-	28,974,472	-	-	897,046	32,022,137
Short-term ratings										
A-1	-	-	-	-	-	-	1,138,020	105,628	-	1,243,648
A-2	-	-	-	-	-	-	9,731	-	-	9,731
B	-	-	-	-	-	-	60,038	-	-	60,038
N/R	-	-	-	-	-	-	12,063,652	-	-	12,063,652
N/A	-	-	-	-	-	-	3,810,838	-	-	3,810,838
TOTAL	\$878,650	\$13,720,329	\$642,397	\$12,759,978	\$87,368	\$29,630,352	\$17,082,279	\$206,760	\$897,046	\$75,905,159

Notes to the basic financial statements

As of June 30, 2025, the credit ratings of all securities lending collateral are as follows:

Securities lending collateral

(dollars in thousands)

Ratings	Asset-backed securities	Corporate bonds	U.S. government and agency obligations	Short-term securities	Total
Long-term ratings					
AAA	\$1,512,370	\$—	\$—	\$—	\$1,512,370
AA	—	1,002,597	229,971	—	1,232,568
A	—	2,676,621	—	—	2,676,621
BBB	—	84,699	—	—	84,699
N/R	1,132,905	250,162	—	—	1,383,067
Short-term ratings					
A-1	—	—	—	8,426,596	8,426,596
A-2	—	—	—	206,773	206,773
B	—	—	—	99,025	99,025
N/R	—	—	—	23,081,909	23,081,909
TOTAL	\$2,645,275	\$4,014,079	\$229,971	\$31,814,303	\$38,703,628

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Investments may contain terms that increase the sensitivity of their fair values to increasing and decreasing interest rates. Although CalSTRS has investments that have an inherent prepayment risk as well as caps, floors and step-up features, these are mitigated through the diversification of asset classes, security selection, maturity and credit quality.

CalSTRS' investment policies and guidelines allow the core long-term investment grade portfolios the discretion to

deviate the average duration of the portfolio within a range of +/- 20% (80% to 120%) of the weighted average effective duration of the performance benchmark.

As of June 30, 2025, the overall weighted effective duration and benchmark of the long-term Fixed Income portfolios were 5.57 years and 5.74 years, respectively. The following table presents the net asset values, durations and associated benchmarks by investment type held in the long-term Fixed Income portfolios.

Long-term fixed income duration

(dollars in thousands and duration in years)

Investment type (by portfolio)	Portfolio net asset value	Effective duration	Benchmark duration	Difference
Core portfolio				
Commercial mortgage-backed securities	\$562,566	3.94	3.94	—
Credit obligations	9,845,965	6.49	6.52	(0.03)
Mortgage-backed securities	9,330,997	5.70	5.70	—
U.S. government and agency obligations	16,336,773	5.72	5.71	0.01
Debt opportunistic				
Corporate high yield	1,872,489	2.97	2.90	0.07
Debt core plus	3,312,004	5.66	5.68	(0.02)
Leveraged loans	1,334,151	0.35	0.25	0.10
Special situations	14,130	0.59	5.74	(5.15)
TOTAL	\$42,609,075			

Notes to the basic financial statements

The U.S. Treasury Inflation Protected Securities (TIPS), CalSTRS Home Loan Program, long-duration U.S. Treasury securities and other debt securities in non-Fixed Income portfolios are not included in the previous table. The duration or weighted average maturity for these investments are as follows:

- The U.S. TIPS had a net asset value of \$4.6 billion with an effective duration of 6.39 years compared to the benchmark duration of 6.37 years.
- The CalSTRS Home Loan Program had a net asset value of \$15.0 million with a weighted average maturity of 14.34 years.
- The long-duration U.S. Treasury securities had a net asset value of \$8.0 billion with an effective and benchmark duration of 15.74 years.
- Other debt securities in non-Fixed Income portfolios had a fair value of \$763.8 million with a weighted average maturity of 9.82 years.
- Cash and accruals totaling (\$644.8) million and swaps and other collateral totaling \$9.5 million are included in the net asset value within the Fixed Income portfolios but are not included in debt securities on the statement of fiduciary net position.

As of June 30, 2025, the segmented time distribution for the short-term securities based upon the expected maturity or first reset dates is as follows:

Short-term fixed income segmented time distribution

(dollars in thousands)

Investment type	0-30 days	31-90 days	91-120 days	121-180 days	181-365 days	366+ days	Total
Asset-backed securities	\$39,526	\$137,062	\$54,692	\$18,501	\$—	\$—	\$249,781
Corporate bonds	129,984	48,043	—	50,004	49,989	—	278,020
Money-market securities	5,292,546	2,037,465	853,428	1,134,462	296,693	—	9,614,594
Pooled money investment account	50,445	—	—	—	—	—	50,445
Short-term investment fund	1,545,619	—	—	—	—	—	1,545,619
U.S. government and agency obligations	1,322,184	2,229,441	963,145	1,284,547	97,852	349,927	6,247,096
TOTAL	\$8,380,304	\$4,452,011	\$1,871,265	\$2,487,514	\$444,534	\$349,927	\$17,985,555
WEIGHTINGS	46.6%	24.8%	10.4%	13.8%	2.5%	1.9%	100.0%

The primary investment objective for short-term investments is to seek the preservation of capital and liquidity and to generate the highest possible current income consistent with a prudent level of risk. The investment guidelines of the short-term portfolio state that the average maturity of the investments shall be managed so that it will not exceed 180 days.

As of June 30, 2025, the segmented time distribution based upon the expected maturity or first reset date for the invested securities lending collateral is as follows:

Securities lending collateral segmented time distribution

(dollars in thousands)

Investment type	0-1 day	2-6 days	7-29 days	30-59 days	60-89 days	90+ days	Total
Asset-backed securities	\$702,417	\$—	\$1,249,493	\$143,044	\$238,266	\$312,055	\$2,645,275
Corporate bonds	3,233,339	—	75,097	90,417	151,985	463,241	4,014,079
U.S. government and agency obligations	—	55,049	—	—	—	174,922	229,971
Short-term securities	25,493,533	149,976	860,287	1,379,771	840,006	3,090,730	31,814,303
TOTAL	\$29,429,289	\$205,025	\$2,184,877	\$1,613,232	\$1,230,257	\$4,040,948	\$38,703,628
WEIGHTINGS	76.0%	0.5%	5.7%	4.2%	3.2%	10.4%	100.0%

The invested securities lending cash collateral is diversified among different investment types with the maximum remaining effective maturity of any instrument being three years at the time of purchase. The fund must remain liquid to meet collateral returns.

Notes to the basic financial statements

Pension2

Pension2 403(b) and 457(b) plans invest in Voya Fixed Plus III Traditional Annuities. The primary objectives of these investments are the guarantee of principal and a guaranteed minimum interest rate of 1.0% for the life of the contract. The interest rate guarantees under the contracts are subject to the claim-paying abilities of Voya Retirement Insurance and Annuity Company.

As of June 30, 2025, the weighted average maturity of investments with underlying debt holdings for the Pension2 403(b) and 457(b) plans on the statement of fiduciary net position are as follows:

Pension2 weighted average maturity

(dollars in thousands)

Investment type	Maturity	Fair value
CREF money market account	48 days	\$1
Federated U.S. treasury cash reserves	40 days	33,849
Vanguard inflation-protected securities fund	7.2 years	105,628
Vanguard short-term bond index fund	2.8 years	22,014
Vanguard total bond market index fund	8.2 years	79,118
TOTAL		\$240,610

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of CalSTRS' investment in a single issuer. The CalSTRS IPS states that no more than 3% of the total fund shall be invested in or exposed to any one security or corporation, with the exception of U.S. treasury or agency obligations. As of June 30, 2025, this condition from the IPS was met. As such, no single issuer, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments, exceeded 5% of total investments.

Custodial credit risk

Custodial credit risk is the risk that if a depository institution or counterparty fails, CalSTRS would not be able to recover the value of our deposits, investments or collateral securities. As of June 30, 2025, all of CalSTRS non-cash investments are not exposed to custodial credit risk because they are held in CalSTRS' name. Demand and time deposits held by the various financial institutions and the state banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation or by collateral held by the STO or an agency of that office in the state's name. CalSTRS does not have a general policy relating to custodial credit risk.

Notes to the basic financial statements

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2025, CalSTRS' investment exposure in foreign currency risk is as follows:

Foreign currency risk

(dollars in thousands; in U.S. dollar equivalents)

Currency name	Debt securities	Alternative investments	Equity securities	Derivative instruments	Cash ¹	Total exposure
Australian dollar	\$6,088	\$—	\$2,124,672	(\$1,483)	\$5,185	\$2,134,462
Brazilian real	32,454	—	630,243	40,830	2,686	706,213
Canadian dollar	307,927	418,491	4,107,137	(6,180)	8,963	4,836,338
Chilean peso	—	—	64,172	797	3,307	68,276
Colombian peso	—	—	18,848	(1,981)	396	17,263
Czech koruna	—	—	7,869	(3,145)	581	5,305
Danish krone	—	—	765,154	(12,129)	1,218	754,243
Egyptian pound	—	—	11,983	(2,033)	301	10,251
Euro	80,513	8,905,187	11,981,580	(59,506)	71,449	20,979,223
Hong Kong dollar	—	—	4,068,457	(906)	13,771	4,081,322
Hungarian forint	—	—	71,648	4,412	863	76,923
Indian rupee	—	—	2,431,558	(1,855)	1,687	2,431,390
Indonesian rupiah	—	—	301,938	291	691	302,920
Israeli new shekel	30	—	301,942	(901)	1,734	302,805
Japanese yen	—	—	7,990,902	1,175	56,630	8,048,707
Kazakhstani tenge	—	—	—	(52)	—	(52)
Kuwaiti dinar	—	—	66,090	(132)	81	66,039
Malaysian ringgit	—	—	139,936	341	1,396	141,673
Mexican peso	—	—	323,816	(6,837)	1,062	318,041
Moroccan dirham	—	—	2,269	2,017	—	4,286
New Taiwan dollar	—	—	2,794,006	(997)	1,654	2,794,663
New Zealand dollar	—	—	66,511	50	737	67,298
Norwegian krone	—	—	350,276	1,616	2,012	353,904
Omani rial	—	—	—	(10)	—	(10)
Peruvian sol	—	—	—	2,189	119	2,308
Philippine peso	—	—	70,114	399	1,553	72,066
Polish zloty	—	—	209,202	(4,254)	846	205,794
Pound sterling	15,237	2,436,700	4,554,855	(33,012)	26,926	7,000,706
Qatari riyal	—	—	45,244	(6)	1,252	46,490
Russian ruble	—	—	—	—	536	536
Saudi riyal	—	—	97,555	(170)	4	97,389
Singapore dollar	—	—	560,757	(2,983)	2,013	559,787
South African rand	—	—	420,938	2,099	765	423,802
South Korean won	—	—	1,653,520	(2,090)	3,036	1,654,466
Swedish krona	—	—	990,208	(181)	4,630	994,657
Swiss franc	—	—	2,716,658	5,808	2,211	2,724,677
Thai baht	—	—	117,260	(97)	2,055	119,218
Tunisian dinar	—	—	—	(1)	—	(1)
Turkish lira	—	—	74,103	(884)	(173)	73,046
UAE dirham	—	—	212,794	(3)	433	213,224
Vietnamese dong	—	—	23,225	—	49	23,274
Yuan renminbi	—	—	787,797	(10,231)	5,433	782,999
TOTAL	\$442,249	\$11,760,378	\$51,155,237	(\$90,035)	\$228,092	\$63,495,921

¹ Negative amounts due to timing differences of cash settlements.

Notes to the basic financial statements

CalSTRS' investments denominated in foreign currencies are reported within assets and liabilities on the statement of fiduciary net position.

Foreign currency is composed of international investment proceeds and income to be repatriated into U.S. dollars and funds available to purchase international securities. Foreign currency is held temporarily in foreign accounts until it is able to be repatriated or expended.

In accordance with the IPS, CalSTRS has established a strategic allocation to non-U.S. dollar public and private equity assets such as private equity investments and real estate. Considering this commitment to non-U.S. dollar assets and the impact currency fluctuations can have on the total return of dollar-based investors, CalSTRS has recognized the need to implement strategies designed to address the management of currency risk.

CalSTRS believes that our Currency Management Program should emphasize the protection of the value of its non-U.S. dollar public and private equity assets against a strengthening U.S. dollar first, yet recognizes that opportunities also exist for alpha generation (the ability to derive a return in excess of a market return) within the currency markets.

CalSTRS Fixed Income staff has management and oversight responsibilities for the Currency Management Program. The position range has been designed to allow for some degree of symmetry around the underlying exposure to the foreign-denominated assets within CalSTRS to both protect the translation value of the assets against a strengthening U.S. dollar and to enhance returns in a declining U.S. dollar environment.

As of June 30, 2025, the Pension2 403(b) and 457(b) plans do not expose CalSTRS to foreign currency risk.

Bond proceeds investment risk schedules

Bond proceeds were invested primarily in U.S. government and agency obligations. As of June 30, 2025, the bond proceeds investment does not expose CalSTRS to foreign currency and concentration of credit risk. Additionally, as of June 30, 2025, all of CalSTRS' non-cash bond proceeds investment is not exposed to custodial risk as they are held in CalSTRS' name.

As of June 30, 2025, the segmented time distribution for the bond proceeds investment based upon the expected maturity or first reset dates is as follows:

Bond proceeds investment segmented time distribution

(dollars in thousands)

Investment type	0-30 days	31-90 days	91-120 days	121-180 days	181-365 days	366+ days	Total
U.S. government and agency obligations	\$12,708	\$—	\$—	\$—	\$—	\$—	\$12,708
TOTAL	\$12,708	\$—	\$—	\$—	\$—	\$—	\$12,708
WEIGHTINGS	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

As of June 30, 2025, the credit ratings of all bond proceeds investment are as follows:

Bond proceeds investment credit risk

(dollars in thousands)

Ratings	U.S. government and agency obligations	Total
Short-term ratings		
N/A	\$12,708	\$12,708
TOTAL	\$12,708	\$12,708

Notes to the basic financial statements

Derivative instruments

As of June 30, 2025, the derivative instruments held by CalSTRS are considered investments and not hedges for accounting purposes. The term hedging, as it is used elsewhere in the notes to these financial statements, denotes an economic activity and not an accounting method. The gains and losses arising from this activity are recognized as incurred in the statement of changes in fiduciary net position.

All investment derivative instruments discussed below are included within the investment risk schedules. Investments in derivative instruments are disclosed separately to provide a comprehensive view of this activity and its impact on the overall investment portfolio.

Derivative instrument fair values are reported as investments in the statement of fiduciary net position with changes in fair values reported as investment income (loss) in the statement of changes in fiduciary net position.

Notes to the basic financial statements

The table below presents the related net change in fair value, fair value and notional amount of derivative instruments outstanding as of June 30, 2025.

Derivative instruments disclosure

(dollars in thousands)

Derivative instruments	Net change in fair value for the fiscal year ended June 30, 2025	Fair value	Notional amount ¹
Forwards			
Foreign currency forward contracts	(\$268,967)	(\$102,985)	26,454,955
Total forwards	(268,967)	(102,985)	
Futures			
Commodity futures long	(68,858)	(6,078)	46,034
Commodity futures short	(14,938)	16,678	55,465
Fixed income futures long	(66,901)	138,638	5,207,800
Fixed income futures short	(16,916)	(1,835)	241,500
Foreign currency futures long	7	6	451
Index futures long	453,694	72,399	214,352
Index futures short	203,063	(75,435)	2,002
Total futures	489,151	144,373	
Options			
Commodity futures options bought	516	18	261
Commodity futures options written	3,633	(980)	1,982
Fixed income futures options bought	(811)	—	—
Fixed income futures options written	47	—	—
Total options	3,385	(962)	
Rights and warrants			
Rights	1,827	493	254 units
Warrants	849	514	2,189 units
Total rights and warrants	2,676	1,007	
Swaps			
Commodity forward swaps long	80,319	(51,678)	2,629,169
Commodity forward swaps short	353	(30)	31,013
Credit default swaps bought	428	(2,075)	93,877
Credit default swaps written	673	25,606	1,141,112
Pay-fixed interest rate swaps	(4,477)	—	—
Receive-fixed interest rate swaps	519	—	—
Total return swaps long	13,679	5,718	342,508
Total return swaps short	(22,114)	(339)	115,421
Variance swaps long	(18)	—	—
Variance swaps short	(154)	2,908	106,228
Total swaps	69,208	(19,890)	
TOTAL DERIVATIVE INSTRUMENTS	\$295,453	\$21,543	

¹ In U.S. dollars unless otherwise indicated.

Notes to the basic financial statements

Counterparty credit risk

The table below depicts the counterparty credit ratings of CalSTRS non-exchange traded investment derivative instruments outstanding and subject to loss as of June 30, 2025.

Counterparty credit rating

(dollars in thousands)

S&P rating	Commodity forward swaps long	Commodity forward swaps short	Credit default swaps written	Foreign currency forwards	Total return swaps long	Total return swaps short	Variance swaps short	Total
AA	\$—	\$139	\$—	\$73,036	\$—	\$—	\$2,908	\$76,083
A	336	167	11	245,690	555	1,356	—	248,115
BBB	—	—	—	—	7,307	—	—	7,307
TOTAL	\$336	\$306	\$11	\$318,726	\$7,862	\$1,356	\$2,908	\$331,505

The ratings used to determine the quality of the individual counterparty are S&P ratings. The aggregate fair value of investment derivative instruments in an asset position subject to counterparty credit risk as of June 30, 2025, was \$331.5 million. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. However, master agreements exist that call for daily exchange of collateral for the mark-to-market to minimize this risk.

CalSTRS may enter into a master netting arrangement with a counterparty. In the event of default or early termination, the master agreement permits the non-defaulting party the right to close out all transactions in a single net settlement to one

net amount payable by one counterparty to the other. As of June 30, 2025, there were assets of \$214.9 million, including collateral pledged by CalSTRS and liabilities of \$477.9 million from non-exchange traded derivative instruments subject to master netting agreements. As of June 30, 2025, CalSTRS did not have any significant exposure to counterparty credit risk with any single party.

Custodial credit risk

As of June 30, 2025, all of CalSTRS' investments in derivative instruments are held in CalSTRS' name or CalSTRS' nominee's name and are not exposed to custodial credit risk.

Interest rate risk

As of June 30, 2025, CalSTRS is exposed to interest rate risk on its derivative instruments described below by maturity period.

Investment maturities

(dollars in thousands)

Investment type	Fair value	Investment maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Commodity forward swaps long	(\$51,678)	(\$31,230)	(\$2,846)	(\$17,602)	\$—
Commodity forward swaps short	(10)	(10)	—	—	—
Fixed income futures long	138,638	138,638	—	—	—
Fixed income futures short	(1,835)	(1,835)	—	—	—
Foreign currency futures long	6	6	—	—	—
Total return swaps long	5,718	(762)	—	—	6,480
Total return swaps short	(339)	(339)	—	—	—
TOTAL	\$90,500	\$104,468	(\$2,846)	(\$17,602)	\$6,480

Notes to the basic financial statements

The table below shows swaps that are highly sensitive to changes in interest rates. The table below details the reference rate, fair value and notional amount of these derivative instruments as of June 30, 2025.

Derivative instruments highly sensitive to interest rate changes

(dollars in thousands)

Investment type	Reference rate/Asset	Fair value	Notional amount
Commodity forward swap	Receive 3-month U.S. Treasury Bill, Pay BCOMTR Index	\$91	\$2,746
Commodity forward swap	Receive BCOMF1NTC Index, Pay 3-month U.S. Treasury Bill plus 0.20%	12	7,953
Commodity forward swap	Receive BCOMF1TC Index, Pay 3-month U.S. Treasury Bill plus 0.14%	(7,110)	214,863
Commodity forward swap	Receive BCOMTR Index, Pay 3-month U.S. Treasury Bill plus 0.10%	(1,613)	48,609
Commodity forward swap	Receive BCOMTR Index, Pay 3-month U.S. Treasury Bill plus 0.11%	(1,232)	37,136
Commodity forward swap	Receive BCOMTR Index, Pay 3-month U.S. Treasury Bill plus 0.12%	(6,003)	180,893
Commodity forward swap	Receive BCOMTR Index, Pay 3-month U.S. Treasury Bill plus 0.13%	(11,789)	355,212
Commodity forward swap	Receive BCOMTR1 Index, Pay 3-month U.S. Treasury Bill plus 0.14%	(7,037)	212,027
Commodity forward swap	Receive BCOMTR2 Index, Pay 3-month U.S. Treasury Bill plus 0.14%	(8,061)	241,045
Commodity forward swap	Receive RBCAECTO Index, Pay 3-month U.S. Treasury Bill plus 0.10%	(4,712)	143,339
Commodity forward swaps total		(\$47,454)	\$1,443,823
Total return swap	Receive 1-month Singapore Interbank Offered Rate plus 0.25%, Pay MSCI Singapore Net Return Index	(\$260)	\$19,522
Total return swap	Receive 1-month U.S. Overnight Bank Rate minus 0.50%, Pay MSCI Thailand Net Index	1,331	36,371
Total return swap	Receive 1-month Warsaw Interbank Offered Rate minus 1.15%, Pay MSCI International Poland Net Index	(240)	9,288
Total return swap	Receive 1-month Johannesburg Interbank Agreed Rate minus 1.16%, Pay MSCI International South Africa Net Index	8	17,134
Total return swap	Receive 1-month Mexico Interbank Equilibrium Interest Rate minus 0.30%, Pay MSCI International Mexico Net Return Index	18	11,570
Total return swap	Receive Tel Aviv 35 Index, Pay 1-month Tel Aviv Interbank Rate minus 0.92%	(859)	10,595
Total return swap	Receive Equity, Pay Secured Overnight Financing Rate plus 0.40%	6,480	138,476
Total return swap	Receive MSCI Brazil Net Return Index, Pay 1-month Brazil CETIP IB Deposit Rate minus 0.60%	431	20,976
Total return swaps total		\$6,909	\$263,932

Notes to the basic financial statements

Investment allocation policy

In accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, CalSTRS discloses investment policies pertaining to asset allocation and changes to any significant investment policies. The board approves the allocation of investment assets as described in the board governance manual. The key goal of the asset allocation process is to develop an asset allocation policy that maximizes the likelihood that the investment portfolio's assets will, over the planning horizon, fund plan benefits. CalSTRS conducts an asset allocation study every four years, or more frequently if there is a significant change in the liabilities or assets.

The asset allocation study involves a comprehensive review of the financial condition of the plan, including the actuarial requirements of the plan, such as future benefit payments and expected cash flow of contributions. The board adopted the current long-term asset allocation targets in May 2023. The long-term allocation plan is implemented in stages and includes a current target allocation for each asset class with ranges to keep the actual allocation close to the target while minimizing the transaction costs that result from rebalancing.

The following table displays the previous and current board-approved target allocation, the policy range and the actual allocation for the STRP per the portfolio allocation and management structure as of June 30, 2025.

Asset class/Strategy	Previous target allocation as of June 30, 2024	Current target allocation as of June 30, 2025	Policy range	Actual allocation as of June 30, 2025
Public Equity ¹	41.0%	40.0%	+/- 8.0%	41.2%
Real Estate ¹	15.0%	15.0%	+/- 5.0%	12.8%
Private Equity ¹	14.0%	14.0%	+/- 5.0%	15.1%
Fixed Income	12.0%	13.0%	+/- 5.0%	12.0%
Risk Mitigating Strategies	10.0%	10.0%	+/- 5.0%	7.3%
Inflation Sensitive	6.0%	6.0%	+/- 5.0%	6.9%
Cash/Liquidity	2.0%	2.0%	0 - 5.0%	2.8%
Collaborative Strategies ¹	0.0%	0.0%	0 - 5.0%	1.8%
Strategic Overlay	0.0%	0.0%		0.1%
TOTAL ASSET ALLOCATION	100.0%	100.0%		100.0%

¹ Includes Sustainable Investment and Stewardship Strategies public and private investments total of \$3.5 billion.

Bond proceeds investment is excluded from the asset allocation table and asset allocation process that is approved by the board. All excess monies from the MPP Program and TDCF are invested into the SMIF, which is a pooled investment program administered by the California State Treasurer.

Notes to the basic financial statements

6. Fair value measurements

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). Fair value is a market-based measurement, not a CalSTRS-specific measurement; hence, valuation assumptions reflect those that market participants would use to price assets and liabilities at the measurement date.

U.S. Generally Accepted Accounting Principles (GAAP) as promulgated by GASB establish a hierarchy that prioritizes and ranks the inputs to valuation techniques used to measure fair value based on observability. Market price observability may be affected by a number of factors, including the investment type, investment-specific characteristics, state of the marketplace, and existence and transparency of transactions between market participants.

CalSTRS follows the fair value measurement and disclosure guidance under U.S. GAAP, which establishes a hierarchical disclosure framework. This framework prioritizes and ranks the level of market price observability used in measuring investments at fair value. U.S. GAAP also allows investments to be valued at cost or net asset value (NAV). The Fair Value Leveling Hierarchy table on the following page presents CalSTRS' investments at their fair value level but also includes certain investments at cost or NAV to reconcile total investments to the schedule of investments in Note 5.

Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices in an orderly market generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. In all cases, an instrument's level within the hierarchy is based upon the market pricing transparency of the instrument and does not necessarily correspond to CalSTRS' perceived risk or the liquidity of the instrument.

Assets and liabilities measured at fair value are classified into one of the following categories:

Level 1 – Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities accessible on the measurement date.

Level 2 – Fair value is determined using quoted prices in inactive markets or significant observable inputs (including, but not limited to, quoted prices for similar investments, interest rates, foreign exchange rates, volatility and credit spreads), either directly or indirectly. These inputs may be derived principally from, or corroborated by, observable market data through correlation or by other means.

Level 3 – Fair value is determined using unobservable inputs, including situations where there is little market activity, if any, for the asset or liability.

The fair value hierarchy level within which a fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The availability of valuation techniques and observable inputs may vary and is affected by factors such as the type of security, whether the security is established in the marketplace and market liquidity. Inputs used to measure fair value may require significant judgment or estimation, and CalSTRS may use models or other valuation methodologies to estimate fair value. Accordingly, the degree of judgment exercised by CalSTRS in estimating fair value is greatest for assets and liabilities categorized in Level 3.

Notes to the basic financial statements

Fair value leveling hierarchy

(dollars in thousands)

	Fair value measurements using			
	June 30, 2025	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Investments by fair value level				
Debt securities				
Asset-backed securities	\$878,650	\$—	\$877,949	\$701
Corporate bonds	13,720,329	—	13,712,737	7,592
Foreign government issues	642,397	—	642,397	—
Mortgage-backed securities	12,759,978	—	12,747,309	12,669
Municipal securities	87,368	—	87,368	—
U.S. government and agency obligations	29,630,352	—	29,630,352	—
Short-term securities	14,862,389	1,566,567	12,988,017	307,805
Mutual funds-bond funds	206,760	206,760	—	—
Guaranteed annuity contracts	897,046	—	—	897,046
Total debt securities	73,685,269	1,773,327	70,686,129	1,225,813
Equity securities				
Common stocks	144,208,397	144,161,173	29,994	17,230
Depository receipts	1,413,087	1,413,022	—	65
Mutual funds-stock funds	1,813,417	1,813,417	—	—
Preferred stocks	345,546	345,546	—	—
Real estate investment trusts	2,807,139	2,806,167	431	541
Total equity securities	150,587,586	150,539,325	30,425	17,836
Alternative investments				
Debt-privately held	2,996,595	—	—	2,996,595
Equity-privately held	1,181,302	—	—	1,181,302
Real estate-directly held	28,225,517	—	—	28,225,517
Total alternative investments	32,403,414	—	—	32,403,414
Derivative instruments				
Forwards	318,726	—	318,726	—
Futures	242,527	242,527	—	—
Options	18	—	18	—
Rights and warrants	1,007	538	469	—
Swaps	45,172	—	45,172	—
Total derivative instruments	607,450	243,065	364,385	—
Securities lending collateral	28,582,366	2,136,650	26,445,716	—
Bond proceeds investment	12,708	—	12,708	—
Total investment assets recorded at fair value	\$285,878,793	\$154,692,367	\$97,539,363	\$33,647,063
Investments measured at cost				
Short-term securities	2,219,890	—	—	—
Securities lending collateral	10,121,262	—	—	—
Total investments measured at cost	12,341,152	—	—	—
Investments measured at NAV				
Debt-privately held	10,927,388	—	—	—
Equity-privately held	93,751,429	—	—	—
Real estate-directly held	19,475	—	—	—
Real estate-non-directly held	15,193,851	—	—	—
Total investments measured at NAV	119,892,143	—	—	—
Total investment assets	\$418,112,088	—	—	—
Liabilities				
Investments by fair value level				
Derivative instruments				
Forwards	\$421,711	\$—	\$421,711	\$—
Futures	98,154	98,154	—	—
Options	980	—	980	—
Swaps	65,062	—	65,062	—
Total derivative instruments	\$585,907	\$98,154	\$487,753	\$—
TOTAL NET INVESTMENTS	\$417,526,181	—	—	—

Notes to the basic financial statements

The \$552.2 million in securities sold short are not represented in the fair value leveling hierarchy table because they represent obligations to deliver borrowed securities to a lender. The obligations were valued using Level 1 measurements in the fair value hierarchy as of June 30, 2025.

Level 1 measurements are generally valued at the official closing price (usually the last trade price) or the last bid price on the security's primary exchange. Such investments generally include common stocks, REITs, depository receipts and mutual funds.

Level 2 measurements are generally valued using indicative prices from vendors, brokers or ask prices. These indicative measurements often use matrix pricing, the Black-Scholes-Merton model or a lattice model and incorporate observable inputs such as yield, prepayment speeds, credit spreads, volatility curves or currency curves. Such investments generally include debt securities, bonds and over-the-counter derivative instruments. Other factors such as infrequent trading, inactive market or adjusted quoted prices may also result in Level 2 measurements.

Level 3 measurements are generally valued using significant inputs that are unobservable to the marketplace. This may occur if an investment is illiquid or is internally estimated. For CalSTRS, such investments primarily include directly held real estate. Properties are appraised using discounted cash flows, income capitalization, adjusted comparable sales and replacement cost (if recent) methods. The method chosen is the one most relevant to how an investor would assess a property as a potential buyer. Additionally, debt associated with real estate properties is valued using income approach methods such as cash equivalency (gross method) or leveraged equity (net method).

CalSTRS measures certain investments that do not have a readily determinable fair value using NAV as a practical expedient. These investments are generally structured as limited partnerships with an investment manager and are created by raising pools of capital from investors that will be invested according to one or more specific investment strategies. Investors commit capital to the fund, and as the investment manager identifies investment opportunities, the committed capital is called to purchase the investments.

NAV is calculated using measurement principles similar to investment companies. CalSTRS updates the NAV for cash contributions, cash distributions and changes in the fair value of the underlying investments using capital account statements and estimates if the NAV is not updated as of the reporting date. CalSTRS does not currently have plans to sell any of these investments before their stated term.

Notes to the basic financial statements

The following table displays information regarding investments that use NAV per share (or equivalent) as their fair value measurement:

NAV practical expedient

(dollars in thousands)

	Fair value June 30, 2025	Total unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Debt–privately held				
Debt-privately held ¹	\$9,598,353	\$4,910,398	N/A	N/A
Real Estate funds ²	253,459	272,113	N/A	N/A
Sustainable Investment and Stewardship Strategies funds ³	34,129	–	N/A	N/A
Other ⁴	1,041,447	292,838	Quarterly, Annually	45-180 days
Equity–privately held				
Private Equity funds ⁵	70,983,633	15,604,384	N/A	N/A
Risk Mitigating Strategies funds ⁶	18,693,024	–	Monthly, Quarterly	2-60 days
Sustainable Investment and Stewardship Strategies funds ⁷	1,404,784	527,547	Daily, Monthly, Annually, N/A	45-120 days
Other ⁸	2,669,988	32,500	Daily, Quarterly	3-90 days
Real Estate–directly held	19,475	–	N/A	N/A
Real Estate–non-directly held				
Real Estate funds ²	11,832,747	5,082,035	N/A	N/A
Sustainable Investment and Stewardship Strategies funds ⁹	13,731	10,324	N/A	N/A
Other ¹⁰	3,347,373	45,746	Quarterly	30-90 days
TOTAL INVESTMENTS MEASURED AT NAV	\$119,892,143	\$26,777,885		

- ¹ This category includes private equity and debt funds that invest in privately held debt. CalSTRS investment in each fund is generally not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets over a weighted-average period of approximately 10 years as of June 30, 2025.
- ² This category includes funds that invest directly in real estate and real estate-related assets, including retail, industrial, office, residential and hotels. Generally, CalSTRS investment in each fund in this category may not be subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets over a weighted-average period of approximately five years as of June 30, 2025.
- ³ This category includes co-investment vehicles that invest in privately held debt. CalSTRS investment is generally not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets over a weighted-average period of approximately nine years as of June 30, 2025.
- ⁴ This category includes funds that invest in direct lending, open-ended funds that invest directly in real estate loans, and funds that focus on lending to and investing in U.S. technology-related companies, particularly software. Investments representing 93.2% in this category can be redeemed quarterly upon written notice. The remaining 6.8% of the value of the investment in this category can be redeemed at the end of a three-year or rolling three-year period and are normally returned through distributions as a result of the liquidation of the underlying assets.
- ⁵ This category includes private equity funds that invest in nonmarketable securities of private companies, which ultimately may become public in the future and whose strategies include leveraged buyouts and venture capital. Generally, CalSTRS investment in each fund in this category may not be subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets over a weighted-average period of approximately nine years as of June 30, 2025.
- ⁶ This category includes funds that include investment strategies with structural aspects that provide improved diversification and potential protection in negative equity markets. Investments representing 82.6% and 10.1% in this category can be redeemed monthly and quarterly, respectively, upon written notice. The remaining 7.3% of the value of the investments in this category is subject to a lockup period before a one-time full redemption is permissible.
- ⁷ This category includes private assets funds and funds that invest strategically in publicly traded equities of companies on U.S. and non-U.S. exchanges to achieve capital appreciation and income. The funds in this category are generally subject to a lockup period before redemption is permissible. Investments representing 12.0%, 10.2% and 25.1% of the value of investments in this category can be redeemed daily, monthly and at the end of a three-year or rolling three-year period, respectively. The remaining 52.7% of the value of the investments in this category is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets.
- ⁸ This category includes funds that invest primarily in equities, fixed income securities, opportunistic and other funds. Investments representing 46.1% and 53.9% in this category can be redeemed daily and quarterly, respectively, upon written notice.
- ⁹ This category includes funds that invest indirectly in real estate and real estate-related assets, including retail, industrial, office, residential and hotels. Generally, CalSTRS investment in each fund in this category may not be subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets over a weighted-average period of approximately seven years as of June 30, 2025.
- ¹⁰ This category includes open-ended funds that invest directly in real estate and real estate-related assets, including retail, industrial, office, residential and hotels. Investments in this category can be redeemed quarterly upon written notice.

Notes to the basic financial statements

Debt securities

Certain debt securities have an active market for identical securities and are valued using the close or last-traded price on a specific date. Debt securities that are not as actively traded are valued by pricing vendors using modeling techniques that include market observable inputs as well as unobservable inputs required to develop a fair value. Typical inputs include recent trades, yields, price quotes, cash flows, maturity, credit ratings and other assumptions based upon the specifics of the investment type.

Short-term investments are reported at fair value or at cost or amortized cost. For those investments that are reported at fair value, the investments are valued using similar methodologies as debt securities traded in active markets.

Bond mutual funds offered by Voya are open-ended funds that are priced daily at NAV based generally upon the exchange-traded official closing price of the securities held by the funds. CalSTRS' allocation in the Voya annuity contracts is carried at contract value, which approximates fair value.

Equity securities

The majority of equity securities held by CalSTRS are actively traded on major stock exchanges. These exchanges make information on trades of securities available daily on a last trade or official close basis. If such information is not available, other preestablished means are used to determine a price. Short sales of common stocks are valued at the last quoted sales price or exchange-traded official closing price. Stock mutual funds, held in the STRP and Pension2, are open-ended funds that are priced daily at NAV by the fund sponsor based generally upon the exchange-traded official closing price of the securities held by the fund.

Alternative investments

Partnership interests are valued using their respective NAV calculated in accordance with the general partner's valuation policy as of the measurement date and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings, which is typically valued on a quarterly or semiannual basis by the general partners. The valuation assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary by investment type and involve a certain degree of expert judgment.

Certain SISS funds structured as limited partnerships have been valued using the NAV of the entity, with the most significant input into the NAV being the value of its investment holdings. The general partners obtain prices for their holdings in a manner similar to that described above for equity securities.

Investments in directly held real estate assets are subject to independent third-party appraisals performed annually in accordance with the Uniform Standards of Professional Appraisal Practice. On a quarterly basis, fair values are estimated by the third-party advisor or operating partner using general market and property-specific assumptions, which are reviewed by CalSTRS' valuation consultant. Leverage may be used to enhance investment returns as set forth in the CalSTRS Real Estate Investment Policy.

Real estate investments in non-directly held limited partnership interests in commingled funds are valued by CalSTRS using the NAV of the partnership provided by the general partner. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued using the general partners' valuation policy on a continuous basis, audited annually and periodically appraised by an independent third party as directed by the governing document for each commingled fund investment. The valuation assumptions use both market and property-specific inputs.

Derivative instruments

The fair value of exchange-traded derivative instruments, such as futures, options, rights and warrants, are determined based on the quoted market prices or mean prices. The fair value of derivative instruments that are not exchange traded, such as swaps, is determined by external pricing services.

Futures contracts are exchange-traded financial instruments that derive their value from underlying securities, indices or reference rates and are marked-to-market at the end of each day. The fair value of futures is accounted for as unrealized appreciation or depreciation until the contract is closed.

The fair value of the foreign currency forward contracts is the unrealized gain or loss calculated based on the difference between the specified exchange rate and the closing forward rate as of the reporting period.

Notes to the basic financial statements

7. Loans and bonds payable

As of June 30, 2025, CalSTRS' outstanding debt obligations consist of amounts under the Master Credit Facility Portfolio, the Series 2019 Bonds and the Series 2022 Bonds.

Master Credit Facility Portfolio

CalSTRS' Master Credit Facility Portfolio consists of unsecured revolving lines of credit and unsecured term loans. The proceeds from the Master Credit Facility Portfolio provide the source of funds for managing capital flows of investment strategies.

As of June 30, 2025, the total lender commitments available under the credit facilities was \$9.6 billion. The principal amount of draws and repayments for the fiscal year ended June 30, 2025, were \$3.3 billion and \$2.9 billion, respectively. As of June 30, 2025, there was approximately \$6.2 billion of principal outstanding under the credit facilities, while approximately \$3.4 billion remained available. These credit facilities will mature between September 2025 and June 2028, although certain instruments may have the option to extend.

Pursuant to the terms and conditions of the loan agreements, upon an event of default, all outstanding amounts shall become due immediately, and any commitments of the lenders to fund additional borrowings shall automatically terminate if CalSTRS is unable to make the required payments. The loan agreements may also contain a subjective acceleration clause that allows the lender to accelerate payment of the principal amount to become immediately due if the lender determines, with reasonable judgment, that a material, adverse change occurs.

Bonds payable

In December 2019, CalSTRS issued \$340.6 million (\$272.6 million par and \$68.0 million original issue premium) in tax-exempt lease-revenue green bonds (Series 2019 Bonds). The Series 2019 Bonds, officially titled "California Infrastructure and Economic Development Bank Lease Revenue Bonds (California State Teachers' Retirement System Headquarters Expansion), Series 2019 (Green Bonds - Climate Bond Certified)," were issued through a conduit issuer, the California Infrastructure and Economic Development Bank (IBank), a public instrumentality of the State of California, that provides financing for business development and public improvements.

In December 2022, CalSTRS issued \$16.2 million (\$15.6 million par and \$0.6 million original issue premium) in tax-exempt lease-revenue green bonds (Series 2022 Bonds). The Series 2022 Bonds, officially titled "California Infrastructure and Economic Development Bank Lease Revenue Bonds (California State Teachers' Retirement System Headquarters Expansion), Series 2022 (Green Bonds - Climate Bond Certified)," were also issued through the IBank. The proceeds from the Series 2019 and Series 2022 Bonds are being used to construct, furnish and equip the expansion to CalSTRS' existing headquarters and pay costs of issuance.

The financing transaction is structured as a lease-leaseback transaction, whereby CalSTRS leased the project site to the IBank pursuant to a site lease, dated as of December 1, 2019, and then contemporaneously leased back the project site and the newly constructed building from the IBank pursuant to a facility lease dated December 1, 2019 (amended on December 1, 2022, to facilitate the issuance of the Series 2022 Bonds), in exchange for annual base rental payments.

The annual base rental payments are in an amount sufficient to pay, when due, the annual principal and interest payments (debt service) of the Series 2019 and Series 2022 Bonds.

For the fiscal year ended June 30, 2025, CalSTRS made total debt service payments of \$18.5 million (consisting of approximately \$5.3 million principal payments and \$13.2 million interest payments) toward the Series 2019 Bonds. For the Series 2022 Bonds, CalSTRS made total debt service payments of \$0.9 million (consisting of approximately \$0.3 million principal payments and \$0.6 million interest payments) during the fiscal year ended June 30, 2025.

As of June 30, 2025, the Series 2019 Bonds consisted of \$118.6 million in serial bonds with interest rates ranging from 4.00% to 5.00% and various maturity dates through 2039, and two term bonds in the amounts of \$63.1 million and \$80.5 million with interest rates at 5.00% and maturing in 2044 and 2049, respectively. The effective interest rates of the outstanding bonds range from 1.17% to 2.21%.

As of June 30, 2025, the Series 2022 Bonds consisted of \$8.3 million in serial bonds with interest rates ranging from 4.00% to 5.00% and various maturity dates through 2041, and three term bonds in the amounts of \$2.2 million, \$1.6 million and \$2.7 million with interest rates at 4.00% and maturing in 2044, 2046 and 2049, respectively. The effective interest rates of the outstanding bonds range from 2.33% to 4.11%.

Notes to the basic financial statements

Generally, CalSTRS is considered to be in default if it fails to pay the principal of and interest on the outstanding bonds when due and payable. If an event of default has occurred and is continuing, the principal of the Series 2019 and Series 2022 Bonds, together with the accrued interest, may be declared due and payable immediately.

Bond activity for the Series 2019 and Series 2022 Bonds for the fiscal year ended June 30, 2025, is summarized as follows (dollars in thousands):

	Balance as of June 30, 2024	Increases	Decreases	Balance as of June 30, 2025	Due within one year
Series 2019 Bonds - principal	\$267,480	\$—	(\$5,330)	\$262,150	\$5,545
Series 2019 Bonds - original issue premium	57,573	—	(2,295)	55,278	2,295
Series 2022 Bonds - principal	15,090	—	(310)	14,780	325
Series 2022 Bonds - original issue premium	563	—	(22)	541	22
Bonds payable, net	\$340,706	\$—	(\$7,957)	\$332,749	\$8,187

Future debt service payments for the combined Series 2019 and Series 2022 bonds for each of the five fiscal years subsequent to June 30, 2025, and thereafter are presented below (dollars in thousands):

Fiscal year ending June 30	Principal	Interest	Total debt service
2026	\$5,870	\$13,565	\$19,435
2027	6,110	13,293	19,403
2028	6,415	12,981	19,396
2029	6,735	12,651	19,386
2030	7,070	12,307	19,377
2031-2035	41,035	55,719	96,754
2036-2040	52,315	44,174	96,489
2041-2045	66,595	29,538	96,133
2046-2050	84,785	10,897	95,682
TOTAL	\$276,930	\$205,125	\$482,055

Notes to the basic financial statements

8. Contingencies

CalSTRS is involved in litigation relating to various matters. In the opinion of management, after consultation with legal counsel, the outcome of these matters is not expected to have a material adverse effect on CalSTRS' basic financial statements.

9. Commitments

In connection with the purchase of partnership interests under various investment portfolios, CalSTRS has remaining unfunded commitments of approximately \$33.2 billion as of June 30, 2025.

The following table depicts the unfunded commitments by asset strategy:

Asset class/Strategy	Unfunded commitments (dollars in thousands)
Collaborative Strategies	\$3,102,574
Fixed Income	899,107
Inflation Sensitive	2,356,749
Private Equity	19,567,603
Real Estate	6,151,609
Sustainable Investment and Stewardship Strategies	1,087,871
TOTAL	\$33,165,513

These unfunded commitments include agreements for acquisitions not yet initiated, which are not included in the NAV practical expedient table in Note 6.

Medicare Premium Payment Program

Under current board policy, assets are set aside from the future employer contributions to the DB Program to fund the MPP Program. Based on the funding actuarial valuation for the DB Program, as of June 30, 2024, the assets set aside are equal to the actuarial obligation of the MPP Program, less the value of any assets already in the program, and future employer contributions committed to funding the MPP Program totaled \$198.9 million. This, along with existing assets of the MPP Program, equals the projected cost of the program.

This amount is a funding measure that assumes the value of these contributions will be available to fund the MPP Program benefits in future periods, as the assets currently in the program are not sufficient to fund the projected future benefits. This differs from the net OPEB liability as of June 30, 2025, of \$216.8 million, which was measured in accordance with GASB Statement No. 74 and represents the actuarial present value of projected benefit payments that is attributable to the MPP Program participants.

Required supplementary information (unaudited)

Schedule of changes in net pension liability of employers and nonemployer contributing entity

Schedule I¹

(dollars in millions)

State Teachers' Retirement Plan

Year ended June 30	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$9,453	\$8,706	\$8,175	\$7,675	\$7,612
Interest	28,952	27,856	26,177	25,196	24,373
Changes in benefit terms	746	33	587	70	–
Differences between expected and actual experience	6,642	3,045	6,983	(1,673)	(3,369)
Changes of assumptions ²	–	(5,351)	–	–	–
Benefit payments, including refunds of member contributions	(20,060)	(19,188)	(18,384)	(17,527)	(16,708)
Net change in total pension liability	25,733	15,101	23,538	13,741	11,908
Beginning total pension liability	408,181	393,080	369,542	355,801	343,893
Ending total pension liability (a)	433,914	408,181	393,080	369,542	355,801
Plan fiduciary net position					
Member contributions	4,847	4,735	4,305	4,068	3,743
Employer contributions	8,759	8,585	7,746	6,521	5,758
State of California contributions	4,264	3,946	3,720	4,280	3,731
Net investment income (loss)	31,553	26,173	19,675	(7,390)	67,039
Other income	376	391	304	130	90
Benefit payments, including refunds of member contributions	(20,060)	(19,188)	(18,384)	(17,527)	(16,708)
Administrative expenses	(252)	(203)	(222)	(191)	(252)
Borrowing costs	(317)	(333)	(272)	(123)	(90)
Other expenses	(8)	(7)	(9)	(5)	(2)
Net change in plan fiduciary net position	29,162	24,099	16,863	(10,237)	63,309
Beginning plan fiduciary net position-as previously reported	341,018	316,919	300,056	310,293	246,984
Adjustment for application of new GASB statements	–	–	–	–	–
Beginning plan fiduciary net position-as adjusted	341,018	316,919	300,056	310,293	246,984
Ending plan fiduciary net position (b)	370,180	341,018	316,919	300,056	310,293
ENDING NET PENSION LIABILITY OF EMPLOYERS AND THE STATE (a) – (b)	\$63,734	\$67,163	\$76,161	\$69,486	\$45,508

¹ Some numbers in this schedule are rounded for presentation purposes and may differ slightly from those presented in the statement of changes in fiduciary net position.

² Assumptions used in determining the total pension liability (TPL) of the State Teachers' Retirement Plan (STRP) changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2023–24 were to expected mortality improvement based on the 2024 experience analysis report.

Required supplementary information (unaudited)

Schedule of changes in net pension liability of employers and nonemployer contributing entity (continued)

Schedule I¹

(dollars in millions)

State Teachers' Retirement Plan

Year ended June 30	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$7,340	\$7,055	\$7,142	\$6,064	\$5,874
Interest	23,334	22,458	21,496	20,227	19,332
Changes in benefit terms	–	32	–	–	–
Differences between expected and actual experience	(963)	(1,847)	(94)	399	(1,209)
Changes of assumptions ²	1,029	–	–	19,988	–
Benefit payments, including refunds of member contributions	(16,025)	(15,296)	(14,537)	(13,903)	(13,149)
Net change in total pension liability	14,715	12,402	14,007	32,775	10,848
Beginning total pension liability	329,178	316,776	302,769	269,994	259,146
Ending total pension liability (a)	343,893	329,178	316,776	302,769	269,994
Plan fiduciary net position					
Member contributions	3,735	3,648	3,496	3,441	2,957
Employer contributions	6,080	5,644	4,867	4,173	3,391
State of California contributions	4,447	5,335	2,797	2,478	1,940
Net investment income	10,103	14,898	18,674	25,165	2,305
Other income	101	127	106	72	42
Benefit payments, including refunds of member contributions	(16,025)	(15,296)	(14,537)	(13,903)	(13,149)
Administrative expenses	(219)	(254)	(216)	(182)	(180)
Borrowing costs ³	(95)	(105)	(94)	(58)	–
Other expenses	(5)	(4)	(2)	(10)	(15)
Net change in plan fiduciary net position	8,122	13,993	15,091	21,176	(2,709)
Beginning plan fiduciary net position-as previously reported	238,862	224,869	210,289	189,113	191,822
Adjustment for application of new GASB statements ⁴	–	–	(511)	–	–
Beginning plan fiduciary net position-as adjusted	238,862	224,869	209,778	189,113	191,822
Ending plan fiduciary net position (b)	246,984	238,862	224,869	210,289	189,113
ENDING NET PENSION LIABILITY OF EMPLOYERS AND THE STATE⁵ (a) - (b)	\$96,909	\$90,316	\$91,907	\$92,480	\$80,881

¹ Some numbers in this schedule are rounded for presentation purposes and may differ slightly from those presented in the statement of changes in fiduciary net position.

² Assumptions used in determining the TPL of the STRP changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2019–20 were to termination rates and service retirement rates based on the 2020 experience analysis report. While changes in assumptions effective in fiscal year 2016–17 were to price inflation, wage growth, discount rate and mortality tables based on the 2017 experience analysis report.

³ Borrowing costs of \$32.4 million associated with the Master Credit Facility Portfolio were included within the net investment income for the fiscal year ended June 30, 2016.

⁴ Adjustments were made to the STRP's beginning net position in fiscal year 2017–18 due to the implementation of requirements from GASB Statement No. 75.

⁵ The net pension liability (NPL) for fiscal year 2016–17 excludes the \$511 million reduction to net position as a result of CalSTRS' implementation of GASB Statement No. 75.

Required supplementary information (unaudited)

Schedule of net pension liability of employers and nonemployer contributing entity

Schedule II¹

(dollars in millions)

State Teachers' Retirement Plan

Year ended June 30	(a) Total pension liability	(b) Plan fiduciary net position	(a - b) NPL of employers and the state	(b / a) Plan fiduciary net position as a % of total pension liability	(c) Covered payroll	(a - b) / c NPL of employers and the state as a % of covered payroll
2025	\$433,914	\$370,180	\$63,734	85.3%	\$47,850	133.2%
2024	408,181	341,018	67,163	83.5%	46,652	144.0%
2023	393,080	316,919	76,161	80.6%	42,552	179.0%
2022	369,542	300,056	69,486	81.2%	40,103	173.3%
2021	355,801	310,293	45,508	87.2%	36,737	123.9%
2020	343,893	246,984	96,909	71.8%	36,668	264.3%
2019	329,178	238,862	90,316	72.6%	35,805	252.2%
2018	316,776	224,869	91,907	71.0%	34,753	264.5%
2017	302,769	210,289	92,480 ²	69.5%	34,126	271.0%
2016	269,994	189,113	80,881	70.0%	31,910	253.5%

¹ Some numbers in this schedule are rounded for presentation purposes and may differ slightly from those presented in the statement of fiduciary net position.

² The NPL for fiscal year 2016-17 excludes the \$511 million reduction to net position as a result of CalSTRS' implementation of GASB Statement No. 75.

Required supplementary information (unaudited)

Schedule of pension contributions from employers and nonemployer contributing entity

Schedule III

(dollars in millions)

State Teachers' Retirement Plan

Year ended June 30	(a) Actuarially determined contributions	Legally required contributions for employers and the state	(b) Employer contributions ^{1,2}	(c) State contributions ³	(b + c) Total contributions	a - (b + c) Contribution deficiency (excess)	(d) Covered payroll	(b + c) / d Contributions as a % of covered payroll
2025	\$11,396	\$13,015	\$8,751	\$4,264	\$13,015	(\$1,619)	\$47,850	27.2%
2024	11,399	12,523	8,577	3,946	12,523	(1,124)	46,652	26.8%
2023	10,634	11,458	7,738	3,720	11,458	(824)	42,552	26.9%
2022	11,059	10,793	6,513	4,280	10,793	266	40,103	26.9%
2021	10,245	9,475	5,744	3,731	9,475	770	36,737	25.8%
2020	10,849	10,512	6,065	4,447	10,512	337	36,668	28.7%
2019	10,790	10,968	5,633	5,335	10,968	(178)	35,805	30.6%
2018	9,577	7,654	4,857	2,797	7,654	1,923	34,753	22.0%
2017	7,959	6,638	4,160	2,478	6,638	1,321	34,126	19.5%
2016	7,748	5,318	3,378	1,940	5,318	2,430	31,910	16.7%

¹ Excludes \$8.2 million, \$8.4 million, \$8.2 million, \$8.1 million, \$13.7 million, \$14.7 million, \$10.7 million, \$10.3 million, \$13.3 million and \$13.5 million for fiscal years 2024-25, 2023-24, 2022-23, 2021-22, 2020-21, 2019-20, 2018-19, 2017-18, 2016-17 and 2015-16, respectively, in contributions to separately finance specific liabilities, such as benefit enhancements, of an individual employer.

² Includes employer contributions under Education Code sections 22711, 22713, 22905, 22950, 22950.5, 22951, 24260, 26503 and 26504.

³ Includes state contributions under Education Code sections 22954, 22955 and 22955.1 as well as Public Resources Code section 6217. State contributions for fiscal years 2021-22, 2020-21, 2019-20 and 2018-19 include supplemental contribution payments from the state of \$583.7 million, \$297.0 million, \$1.1 billion and \$2.2 billion, respectively.

Methods and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution (ADC) for the STRP for 2025 presented in this schedule of pension contributions from employers and nonemployer contributing entity was determined based on the assumptions used in the June 30, 2023, funding actuarial valuation. The following actuarial methods and assumptions were used to determine the ADC:

Actuarial methods for the STRP

Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percentage of payroll, closed
Amortization period	Ending June 30, 2046
Asset valuation method	Adjustment to fair value

Actuarial assumptions for the STRP¹

Investment rate of return	7.00% ²
Interest on accounts	3.00%
Wage growth	3.50%
Payroll growth	3.25%
Consumer price inflation	2.75%
Postretirement benefit increases	2.00% simple

¹ The assumptions shown are for the ADC of the Defined Benefit (DB) Program. The ADC for the year ended June 30, 2025, is the statutory contribution rate as of the June 30, 2023, funding actuarial valuation applied to actual DB Program payroll for the fiscal year ended June 30, 2025. For the Defined Benefit Supplement Program, Cash Balance Benefit Program and Supplemental Benefit Maintenance Account, the ADC reflects the contributions recognized on an accrual basis for the fiscal year ended June 30, 2025.

² The ADC for the fiscal year ended June 30, 2025, was calculated based on the economic and demographic assumptions in place for the funding actuarial valuation as of June 30, 2023. This valuation was performed using a 7.00% assumed investment rate of return, net of investment and administrative expenses. For financial reporting purposes, the NPL (shown in Note 3 of the basic financial statements) was calculated using actuarial assumptions adopted in 2025, which included an assumed rate of return of 7.10%, net of investment expenses but gross of administrative expenses.

Required supplementary information (unaudited)

Schedule of money-weighted rate of return for the State Teachers' Retirement Plan and Medicare Premium Payment Program

Schedule IV

State Teachers' Retirement Plan

Fiscal year ended June 30	Money-weighted rate of return, net of investment expenses
2025	9.3%
2024	8.3%
2023	6.6%
2022	(2.4%)
2021	27.2%
2020	4.2%
2019	6.6%
2018	8.9%
2017	13.4%
2016	1.2%

Medicare Premium Payment Program¹

Fiscal year ended June 30 ²	Money-weighted rate of return, net of investment expenses
2025	4.6%
2024	4.3%
2023	2.1%
2022	0.1%
2021	0.4%
2020	1.9%
2019	2.3%
2018	1.3%
2017	0.9%

¹ Any funds within the Medicare Premium Payment (MPP) Program as of June 30, 2025, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the California State Treasurer.

² This is a 10-year schedule. However, the information in this schedule is not available for periods prior to fiscal year 2016-17. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Required supplementary information (unaudited)

Schedule of changes in net OPEB liability of employers

Schedule V

(dollars in thousands)

Medicare Premium Payment Program

Year ended June 30 ¹	2025	2024	2023	2022
Total OPEB liability				
Interest	\$9,951	\$10,553	\$11,111	\$8,270
Differences between expected and actual experience	(18,165)	(16,899)	(9,070)	(9,627)
Changes of assumptions ²	(19,824)	(7,266)	(2,717)	(42,212)
Premiums paid	(21,550)	(23,094)	(25,103)	(25,776)
Net change in total OPEB liability	(49,588)	(36,706)	(25,779)	(69,345)
Beginning total OPEB liability	263,860	300,566	326,345	395,690
Ending total OPEB liability (a)	214,272	263,860	300,566	326,345
Program fiduciary net position				
Employer contributions	22,023	23,590	25,812	26,352
Net investment income	67	56	31	1
Premiums paid	(21,550)	(23,094)	(25,103)	(25,776)
Administrative expenses	(359)	(368)	(544)	(468)
Other expenses	(1)	(1)	(1)	(1)
Net change in program fiduciary net position	180	183	195	108
Beginning program fiduciary net position-as previously reported	(2,688)	(2,871)	(3,066)	(3,174)
Adjustment for application of new GASB statements	–	–	–	–
Beginning program fiduciary net position-as adjusted	(2,688)	(2,871)	(3,066)	(3,174)
Ending program fiduciary net position (b)	(2,508)	(2,688)	(2,871)	(3,066)
ENDING NET OPEB LIABILITY OF EMPLOYERS (a) – (b)	\$216,780	\$266,548	\$303,437	\$329,411

¹ This is a 10-year schedule. However, the information in this schedule is not available for periods prior to fiscal year 2016–17. Years will be added to this schedule in future fiscal years until 10 years of information is available.

² Changes of assumptions include changes to the discount rate, Medicare costs trend rate, mortality and future enrollment in the MPP Program.

Required supplementary information (unaudited)

Schedule of changes in net OPEB liability of employers (continued)

Schedule V

(dollars in thousands)

Medicare Premium Payment Program

Year ended June 30 ¹	2021	2020	2019	2018	2017
Total OPEB liability					
Interest	\$9,009	\$12,457	\$14,225	\$14,567	\$12,928
Differences between expected and actual experience	(9,598)	(4,288)	(10,605)	(15,759)	(41)
Changes of assumptions ²	1,874	70,417	12,111	(10,293)	(31,240)
Premiums paid	(26,377)	(27,217)	(27,546)	(28,036)	(28,929)
Net change in total OPEB liability	(25,092)	51,369	(11,815)	(39,521)	(47,282)
Beginning total OPEB liability					
	420,782	369,413	381,228	420,749	468,031
Ending total OPEB liability (a)	395,690	420,782	369,413	381,228	420,749
Program fiduciary net position					
Employer contributions	26,988	27,685	27,977	28,218	29,117
Net investment income	6	25	29	18	11
Premiums paid	(26,377)	(27,217)	(27,546)	(28,036)	(28,929)
Administrative expenses	(788)	(510)	(1,901)	(578)	(168)
Other expenses	—	(2)	(1)	—	—
Net change in program fiduciary net position	(171)	(19)	(1,442)	(378)	31
Beginning program fiduciary net position-as previously reported					
	(3,003)	(2,984)	(1,542)	41	10
Adjustment for application of new GASB statements ³	—	—	—	(1,205)	—
Beginning program fiduciary net position-as adjusted	(3,003)	(2,984)	(1,542)	(1,164)	10
Ending program fiduciary net position (b)	(3,174)	(3,003)	(2,984)	(1,542)	41
ENDING NET OPEB LIABILITY OF EMPLOYERS⁴ (a) - (b)	\$398,864	\$423,785	\$372,397	\$382,770	\$420,708

¹ This is a 10-year schedule. However, the information in this schedule is not available for periods prior to fiscal year 2016-17. Years will be added to this schedule in future fiscal years until 10 years of information is available.

² Changes of assumptions include changes to the discount rate, Medicare costs trend rate, mortality and future enrollment in the MPP Program.

³ An adjustment was made to the MPP Program's beginning net position in fiscal year 2017-18 due to the implementation of requirements from GASB Statement No. 75.

⁴ The net OPEB liability for fiscal year 2016-17 excludes the \$1.2 million reduction to the net position as a result of CalSTRS' implementation of GASB Statement No. 75.

Required supplementary information (unaudited)

Schedule of net OPEB liability of employers

Schedule VI¹

(dollars in thousands)

Medicare Premium Payment Program

Year ended June 30 ²	(a) Total OPEB liability	(b) Program fiduciary net position	(a - b) Net OPEB liability of employers	(b / a) Program fiduciary net position as a % of total OPEB liability
2025	\$214,272	(\$2,508)	\$216,780	(1.17%)
2024	263,860	(2,688)	266,548	(1.02%)
2023	300,566	(2,871)	303,437	(0.96%)
2022	326,345	(3,066)	329,411	(0.94%)
2021	395,690	(3,174)	398,864	(0.80%)
2020	420,782	(3,003)	423,785	(0.71%)
2019	369,413	(2,984)	372,397	(0.81%)
2018	381,228	(1,542)	382,770	(0.40%)
2017	420,749	41	420,708	0.01%

¹ Contributions to the MPP Program are not based on a measure of pay; as such, covered payroll and net OPEB liability as a percentage of covered payroll are not applicable for this schedule.

² This is a 10-year schedule. However, the information in this schedule is not available for periods prior to fiscal year 2016-17. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Other supplementary information

Schedule of administrative expenses

Schedule VII

(dollars in thousands)

	State Teachers' Retirement Plan	Pension2 403(b) Plan	Pension2 457(b) Plan	Medicare Premium Payment Program	Teachers' Deferred Compensation Fund	Totals
Personnel services						
Salaries and wages	\$105,122	\$—	\$—	\$236	\$847	\$106,205
Staff benefits	31,112	—	—	82	296	31,490
Accrued pension and OPEB expense ¹	(10,764)	—	—	(144)	(218)	(11,126)
Total personnel services	125,470	—	—	174	925	126,569
Operating expenses and equipment						
General	2,238	—	—	142	88	2,468
Depreciation/Amortization	11,206	—	—	—	—	11,206
Printing	403	—	—	—	11	414
Communications	2,156	—	—	—	—	2,156
Postage	1,391	—	—	—	—	1,391
Insurance	1,414	—	—	—	—	1,414
Travel	781	—	—	—	15	796
Training	760	—	—	—	—	760
Facilities operations	17,578	—	—	—	—	17,578
Consultant and professional services	46,668	7,098	529	—	218	54,513
Information technology	21,581	—	—	—	—	21,581
Indirect state central services	13,819	—	—	43	80	13,942
Equipment	6,156	—	—	—	—	6,156
Other	55	—	—	—	—	55
Total operating expenses and equipment	126,206	7,098	529	185	412	134,430
TOTAL ADMINISTRATIVE EXPENSES	\$251,676	\$7,098	\$529	\$359	\$1,337	\$260,999

¹ Negative amount in accrued pension and OPEB expense is due to changes in CalSTRS' proportionate share of the state's net pension liability and net OPEB liability.

Other supplementary information

Schedule of investment expenses

Schedule VIII

(dollars in thousands)

	Contract start date	Amount
Investment management fees		
ABS EM	2/6/25	\$288
Acadian Asset Management, LLC	2/1/18	1,236
AQR Capital Management Holdings, LLC	12/1/14	13,821
Ares Capital Management III, LLC	5/1/22	1,306
Arrowstreet Capital, Ltd.	8/1/15	13,073
Baillie Gifford Overseas, Ltd.	1/15/06	10,826
Bivium Capital Partners, LLC	2/15/08	2,983
BlackRock Financial Management, Inc.	5/12/99	2,245
CIBC Asset Management, Inc.	11/21/19	2,050
FIS Group, Inc.	2/27/04	4,611
Generation Investment Management	3/19/07	3,653
Impax Asset Management Limited	2/1/19	1,750
Jacobs Levy Equity Management, Inc.	3/1/19	7,275
JP Morgan Investment Management, Inc.	1/1/14	2,825
Lazard Asset Management, LLC	1/15/06	5,516
Leading Edge Investment Advisors, LLC	9/1/16	2,742
Lee Overlay Partners, Ltd.	10/15/09	2,675
LM Capital Group, LLC	10/30/06	836
Mondrian Investment Partners, Ltd.	5/13/99	11,579
Ninety One North America, Inc.	5/15/24	722
Nordea Investment Management	5/15/24	1,536
Northern Trust Global Advisors, Inc.	1/23/04	314
PanAgora Asset Management, Inc.	11/1/18	2,468
PIMCO	2/28/17	5,430
Principal Real Estate Investors, LLC	1/1/14	775
Pyrford International Limited	8/15/18	1,803
Pzena Investment Management, LLC	7/1/15	5,680
RBC Global Asset Management US, Inc.	2/1/22	1,502
Schroder Investment Management	9/1/14	11,482
Templeton Asset Management, Ltd.	5/18/99	1,504
UBS Asset Management, LLC	9/1/11	1,691
Western Asset Management, Co.	10/30/06	266
Westwood EAFE	5/9/25	27
William Blair Investment Management, LLC	11/1/22	4,732
Wilshire Advisors, LLC	8/1/22	11,302
Total investment management fees		142,524

Other supplementary information

Schedule of investment expenses (continued)

Schedule VIII

(dollars in thousands)

	Contract start date	Amount
Advisors and consultants		
Abrdn, Inc.	2/6/23	\$76
Albert Risk Management Consultants	12/1/21	149
Albourne America, LLC	11/1/24	1,260
Bard Consulting, LLC	11/15/22	1,516
C&A Consulting, LLC	8/14/24	1,357
Callan Holdings, Inc.	6/1/19	70
Cambridge Associates, LLC	5/31/24	2,828
Colmore, Inc.	4/1/24	616
Eigen10 Advisors, LLC	10/1/22	50
Ernst & Young U.S. LLP	1/1/21	625
Longevity Partners, Inc.	10/10/22	106
Meketa Investment Group, Inc.	10/1/21	2,788
Mosaic Governance Advisors, LLC	5/1/17	46
R.V. Kuhns & Associates, Inc.	9/1/22	35
RCLCO Fund Advisors, LLC	2/1/23	835
Ryan, LLC	7/1/24	10
SitusAMC	7/1/15	10,310
Valuation Research Corporation	8/1/01	342
Total advisors and consultants		23,019
External services-legal and attorney fees		
BLA Schwartz, PC	11/1/13	557
Cohen Milstein Sellers & Toll, PLLC	7/1/20	44
Cox, Castle & Nicholson, LLP	1/1/24	4,566
DLA Piper, LLP (US)	9/1/22	2,575
Morgan, Lewis & Bockius, LLP	12/9/10	288
Proskauer, LLP	3/9/11	382
Sheppard Mullin Richter & Hampton, LLP	5/20/22	269
Steptoe & Johnson, LLP	3/1/17	17
Williams & Jensen, PLLC	7/1/22	180
Winston & Strawn, LLP	10/1/22	94
Miscellaneous	Various	5
Total external services-legal and attorney fees		8,977
Global custodian		
State Street Bank & Trust, Co.	10/1/21	4,016
Total global custodian		4,016

Other supplementary information

Schedule of investment expenses (continued)

Schedule VIII

(dollars in thousands)

	Contract start date	Amount
Research and rating services		
Abel Noser Holdings, LLC	10/1/24	\$38
AcadiaSoft, Inc.	1/1/25	26
AlternativeSoft AG	10/1/22	87
Boardroom Alpha, Inc.	9/1/24	20
CEM Benchmarking, Inc.	1/1/25	107
CPR & CDR Alpha, LLC	3/1/25	120
eVestment Alliance, LLC	8/1/24	66
FactSet Research System, Inc.	2/15/25	1,076
Fitch Ratings, Inc.	4/1/25	329
Glass Lewis & Co., LLC	6/1/10	603
HFR, Inc.	7/1/24	10
ICE Benchmark Administration	1/1/24	27
Institutional Shareholder Services	1/1/25	66
KDP Investment Advisors, LLC	10/1/24	41
London Stock Exchange PLC	1/1/25	52
Mergermarket Limited US	1/28/25	23
Moody's Investors Service	1/1/25	624
MSCI, Inc.	1/19/25	2,820
Nomura Research Institute	1/1/25	20
PEI Media, Ltd.	12/9/24	225
Piper Sandler & Co.	1/1/24	70
Pitchbook Data, Inc.	1/1/25	226
Preqin Limited	5/31/23	50
Refinitiv US, LLC	1/1/25	84
Russell Investment Group	7/1/24	73
Smartsheet, Inc.	6/8/24	12
Standard & Poor's	1/1/25	636
StarCompliance Operating, LLC	3/28/25	57
State Street Bank & Trust, Co.	10/1/24	1,240
Strategas Securities, LLC	1/1/25	75
Technical Analysis Group, LLC	2/3/25	35
The Spaulding Group	7/1/23	58
TradeWeb, LLC	2/1/25	33
Trahan Macro Research, LLC	12/1/24	40
Trivium TAE, LLC	5/1/25	15
Miscellaneous	Various	20
Total research and rating services		9,104

Other supplementary information

Schedule of investment expenses (continued)

Schedule VIII

(dollars in thousands)

	Contract start date	Amount
Risk management systems		
BlackRock Financial Management, Inc.	1/1/18	\$7,079
MSCI, Inc. d/b/a Barra, LLC	4/1/25	192
Total risk management systems		7,271
Trading systems		
Bloomberg, LP	3/5/25	2,557
Fixed Income Clearing Corp	7/1/24	14
Intex Solutions, Inc.	9/1/24	168
Omgeo, LLC	7/1/23	56
Society for Worldwide Interbank Financial Telecommunication	1/1/25	43
TSX, Inc.	1/1/25	18
Miscellaneous	Various	7
Total trading systems		2,863
Total operating expenses¹		78,153
Subtotal		275,927
Other investment expenses		
Foreign tax withheld		123,618
Real estate		37
Broker commissions		17,284
Securities sold short expense		7,789
Miscellaneous		9,660
Total other investment expenses		158,388
TOTAL INVESTMENT EXPENSES		\$434,315

¹ Represents amounts for investment operations and primarily consists of investments staff salaries and benefits.

Other supplementary information

Schedule of consultant and professional services expenses

Schedule IX

(dollars in thousands)

Individual or firm	Amount
State Teachers' Retirement Plan	
Actuarial services	
Milliman, Inc.	\$207
The Segal Company, Inc.	290
Total actuarial services	497
Auditing services	
Armanino Advisory, LLC	80
Clifton Larson Allen, LLP	189
Crowe LLP	3,049
Sikich, LLC	63
Weaver and Tidwell, LLP	1,050
Total auditing services	4,431
Consultant and other professional services	
A1 Consulting Services, LLC	169
Ablegov, Inc.	150
Accenture, LLP	1,528
Access Ingenuity	94
Accuity, Inc.	121
Acuity Technical Solutions, LLC	475
Agile Global Solutions, Inc.	431
AgreeYa Solutions, Inc.	806
Alight Holding Company, LLC	1,636
Allstar Fire Equipment, Inc.	27
American Unit, Inc.	215
Aon, PLC	89
Aptakrit Technology Solutions, LLC	259
Articulate Global, LLC	64
Astute Solutions, LLC	161
AT&T Corporation	48
Avante Solutions, Inc.	18
AVI-SPL, LLC	99
Billow, LLC	465
BM Associates, Inc.	1,075
Capio Group	274
Carahsoft Technology Corporation	5,068
Celer Systems, Inc.	216
Cooperative Personnel Services	21
Deloitte Consulting, LLP	6,382
Department of Forestry and Fire Protection	43
Department of General Services	358
Department of Human Resources	37
Diligent Corporation	59
DiLytics, Inc.	321
Elegant Enterprise-Wide Solutions, Inc.	259
Entisys Solutions, Inc.	274
Estrada Consulting, Inc.	201

Other supplementary information

Schedule of consultant and professional services expenses (continued)

Schedule IX

(dollars in thousands)

Individual or firm	Amount
ExamWorks, LLC	\$191
Forrester Research, Inc.	135
Fortuna Business Management	129
Francis John Ellis III	151
Gartner, Inc.	570
Global Governance Advisors, LLC	63
GoldLink Pacific, Inc.	1,273
Government Operations Agency	226
Guardian Protection Force, Inc.	336
Guidehouse, Inc.	1,018
Info-Tech Research Group, Inc.	126
Integrated Consulting and Management	174
IntelliSurvey, Inc.	90
International Network Consulting	603
International Projects Consultancy	177
ISOS Group, Inc.	16
IT Foundation Services, LLC	216
Jayson Carpenter Photography	39
JR Hobbs Group	256
Kanini Infotech Consultants	225
Kreait, LLC	27
Launch Consulting, LLC	218
Legato Solutions	212
Linea Solutions, Inc.	5,099
Longevity Holdings, Inc.	83
Longevity Market Assets, LLC	29
Lucas Public Affairs	572
Matthew Bender & Company, Inc.	17
Maximus US Services, Inc.	1,485
Medical Support Los Angeles	14
Mentis Solutions, LLC	381
Metro Mailing Service, Inc.	89
MG Systems and Software, LLC	524
Microsan Consultancy Services, LLC	200
Mosaic Governance Advisors, LLC	305
Msys, Inc.	220
National Association for Public Health	42
NWN Corporation	182
O.C. Tanner Recognition Company	64
OnCore Consulting, LLC	417
onPar Advisors, LLC	189
Ope Technology, LLC	342
Pension Benefit Information, LLC	34
Peraton State & Local, Inc.	1,916
Pinnacle Consulting	309
Planeteria Media, LLC	67

Other supplementary information

Schedule of consultant and professional services expenses (continued)

Schedule IX

(dollars in thousands)

Individual or firm	Amount
Presidio Holdings Inc.	\$690
Providence Technology Group, Inc.	975
QualApps, Inc.	196
Quantum Sage Innovations, Inc.	1,025
Quest Media & Supplies, Inc.	458
R Systems, Inc.	677
RELX, Inc.	33
Resiliensoft	260
Ridge Capital, Inc.	217
RMA Consulting Group, Inc.	225
Robert J. Yetman	111
Sabot Technologies, Inc.	559
Sagitec Solutions, LLC	48,329
Schetter Electric, LLC	17
State Controller's Office	3,432
SupportFocus, Inc.	497
The Centre for Organization	67
Thomas/Ferrous, Inc.	26
University Enterprises, Inc.	1,259
Vector Consulting, Inc.	150
Visionary Integration Professionals	3,367
West Advanced Technologies, Inc.	122
Williams & Jensen, PLLC	182
xFusion Technologies, Inc.	378
Total consultant and other professional services	103,746
Legal services	
California Department of Justice	149
Department of General Services	33
Department of Human Resources	23
Klinedinst, PC	49
Littler Mendelson, PC	36
Morgan, Lewis & Bockius, LLP	16
Pillsbury Winthrop Shaw Pittman, LLP	1,166
Ralls Gruber & Niece, LLP	1,100
Shaw Law Group, PC	80
Sheppard Mullin Richter & Hampton	2,794
State Personnel Board	38
Total legal services	5,484
Various services under \$10K	
Others	13
Total various services under \$10K	13
Gross consultant and professional services	114,171
Less: amounts capitalized ¹	67,503
Total State Teachers' Retirement Plan – consultant and professional services net of amounts capitalized	\$46,668

Other supplementary information

Schedule of consultant and professional services expenses (continued)

Schedule IX

(dollars in thousands)

Individual or firm	Amount
Pension2 – IRC 403(b) Plan	
Administrative services	
Voya Institutional Plan	\$7,098
Total administrative services	7,098
Total Pension2–IRC 403(b) Plan – consultant and professional services	\$7,098
Pension2 – IRC 457(b) Plan	
Administrative services	
Voya Institutional Plan	\$529
Total administrative services	529
Total Pension2–IRC 457(b) Plan – consultant and professional services	\$529
Teachers' Deferred Compensation Fund	
Consultant services	
Morningstar, Inc.	\$165
University Enterprises, Inc.	53
Total consultant services	218
Total Teachers' Deferred Compensation Fund – consultant and professional services	\$218
TOTAL CONSULTANT AND PROFESSIONAL SERVICES	\$54,513

¹ Vendor costs that meet the CalSTRS capitalization criteria are deducted from gross consultant and professional services expenses and reported as capital assets on the statement of fiduciary net position. Refer to Note 2 of the notes to the basic financial statements for discussion of CalSTRS' treatment of capital assets.



Investment Section

The CalSTRS Investment Portfolio generated an 8.5% time-weighted return (net of fees) on its investments for the fiscal year ended June 30, 2025.

Over the past 30 years, the CalSTRS Investment Portfolio had an annualized time-weighted return (net of fees) of 7.8%.



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The CalSTRS Investment Portfolio produced a positive 8.5% net-of-fees return over the latest fiscal year, which outpaced its benchmark return, but lagged the median fund return in the State Street Master Trust Universe. The portfolio increased by \$26.3 billion over the past 12 months, ending with a value of \$367.7 billion on June 30, 2025. As highlighted below, the portfolio continues to be broadly diversified, holding investments ranging from publicly traded short-term bonds to privately held partnerships.

Investment Allocation

The Teachers' Retirement Board adopts long-term strategic allocation targets to be implemented over several years. The fiscal year-end report reflects strategic allocation guidelines for the 2024–25 fiscal year as adopted by the board. As of fiscal year-end, the portfolio's actual allocation was slightly different from policy (see table below). As of June 30, 2025, Public Equity was slightly overweight relative to its 40.0% target, at 41.2% of assets. Fixed Income was underweight relative to its 13.0% target, at 12.0% of assets. Private Equity was overweight, with 15.1% of assets, relative to a target of 14.0%. The Real Estate asset class was underweight relative to its 15.0% target, with 12.8% of assets. Inflation Sensitive was overweight, with 6.9% of assets, relative to a target of 6.0%. Collaborative Strategies was overweight relative to its 0.0% target, at 1.8% of assets. The Risk Mitigating Strategies asset class was underweight relative to its 10.0% target, at 7.3%. Cash was at 2.8% as of June 30, slightly above its 2.0% target. All of these asset classes were, however, within policy ranges.

Asset allocation as of June 30, 2025

	Cash (%)	Public Equity (%)	Private Equity (%)	Real Estate (%)	Fixed Income (%)	Inflation Sensitive (%)	Collaborative Strategies (%)	Risk Mitigating Strategies (%)
CalSTRS policy	2.0	40.0	14.0	15.0	13.0	6.0	0.0	10.0
CalSTRS actual ¹	2.8 ²	41.2	15.1	12.8	12.0	6.9	1.8	7.3

Fiscal year in review

At the beginning of Fiscal Year 2025, the global economy was characterized by stubborn inflation and steady growth. Global growth was projected at 3.2%³ for 2024, and 3.3% in 2025, roughly in line with previous forecasts. Inflation in global services-oriented sectors was elevated and keeping inflation levels above the tolerance levels for many central banks, especially in developed markets, delaying anticipated interest rate cuts.

Quarter ended September 30, 2024

As the first quarter of fiscal 2025 began, markets were guided by the continued themes of inflation trends and economic growth projections across key regions. In the Eurozone, inflation had unexpectedly increased to 2.6% in July, from 2.5%⁴ in June, driven by rising energy costs, while Japan's inflation remained steady at 2.8%, prompting the Bank of Japan to raise the policy rate to

¹ Additional assets are held in the Strategic Overlay/Futures Offset (0.1%) class.

² Percentages will not add up to 100.0% as the Strategic Overlay/Futures Offset includes the remaining 0.1%.

³ Source: International Monetary Fund <https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024#:~:text=Global%20growth%20broadly%20unchanged%20amid,and%203.3%20percent%20in%202025>.

⁴ Source: EuroStat <https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024#:~:text=Global%20growth%20broadly%20unchanged%20amid,and%203.3%20percent%20in%202025>



0.25% after decades of near-zero rates. China's central bank had implemented another round of interest rate cuts, aiming to support the economy amid a modest inflation recovery to 0.5% in July. In the US, inflation continued to decline, with year-over-year headline inflation falling to 2.9% in July, although shelter and services costs remained a significant contributor to monthly price increases.

Global economic growth was projected to remain stable, and most major economies were expected to avoid a recession. However, key economic data in the US had weakened, leading markets to anticipate multiple rate cuts by the Federal Reserve in response to improving inflation data and signs of economic weakness. This divergence in monetary policy among central banks, with some reducing rates and others raising them, was likely to influence capital flows and currency movements in the coming months.

In the first fiscal quarter of 2024, the US equity markets, represented by the Russell 3000 Index, rose by 6.2%. This increase was driven by a broadening rally that included strong performance in value and small cap stocks, reversing the earlier trend of narrow leadership by large cap growth stocks. The technology sector continued to perform well, contributing to the overall gains in the US equity markets.

Non-US developed equity markets, as measured by the MSCI EAFE Index, increased by 7.3% in the first quarter, with Japanese equities hitting multi-decade highs, which significantly contributed to the overall performance. In a reversal of earlier trends, the weakening US dollar in the first fiscal quarter had a beneficial impact on returns for US investors, as the local currency version of the index (MSCI EAFE Local) returned just 0.8%. Emerging markets equities, represented by the MSCI Emerging Markets Index, posted a return of 8.7% in the first fiscal quarter, outperforming developed market stocks. Within emerging markets, China (MSCI China) saw a significant rally of 23.5% for the quarter, driven by a substantial policy stimulus package aimed at supporting equity prices and reducing bank reserve requirements.

The broad US bond market, represented by the Bloomberg Aggregate Index, returned 5.2% in the first quarter, benefiting from expectations of additional policy rate cuts as inflation pressures receded and the economy showed signs of possible slowing. High yield bonds, as measured by the Bloomberg High Yield Index, were up 5.3% due to strong risk appetite and attractive yields.

Quarter ended December 31, 2024

At the start of the second fiscal quarter of 2025, the global economy was characterized by mixed outcomes influenced by various geopolitical and economic factors. The US election played a significant role, with markets reacting to the incoming Trump administration's proposed policies, which included tariffs, tax cuts, and deportations, raising concerns about future inflationary pressures and economic stability. Despite these concerns, US equities experienced a post-election rally driven by optimism over potential policy benefits, such as deregulation.

Even with the market focused on economic impacts from the incoming US administration's policies, the Federal Reserve cut its policy rate by 0.25% in December, but its Summary of Economic Projections and hawkish comments provoked a repricing of future rate cuts and their timing. That said, unemployment remained low and economic growth showed resilience throughout the quarter. Internationally, non-US markets faced challenges, with economic growth slowing in Europe and China, partly due to trade tensions and a strong US dollar. Overall, the quarter highlighted significant divergence between US and international markets, driven by varying economic policies and geopolitical uncertainties.

In the second fiscal quarter, global equity and bond markets exhibited varied performance. US equity markets, represented by the Russell 3000 Index, rose by 2.6%, driven by a post-election rally and strong performance in the technology sector. Non-US developed equity markets, as measured by the MSCI EAFE, declined by 8.1%, impacted by a strong US dollar and concerns over trade wars and slowing growth in Europe. Emerging markets equities, tracked by the MSCI Emerging Markets, fell by 8.0%, with China (MSCI China) declining by 7.7% due to slowing economic growth, property sector issues, and discouragement of US investments.

In the fixed income market, the broad US bond market (Bloomberg Aggregate) returned -3.1% due to higher inflation and rising interest rates. Conversely, High Yield bonds (Bloomberg High Yield) were up 0.2%, reflecting a continued strong risk appetite and attractive yields.



Quarter ended March 31, 2025

At the start of the third fiscal quarter of 2025, the global economy was guided by mixed outcomes across the globe influenced by various geopolitical and economic factors. Uncertainty surrounding US administration tariffs, economic policies, and inflationary pressures shaped market sentiment. In the US, domestic equities sold off during the first quarter, with the Russell 3000 Index declining by 4.7%. Growth stocks underperformed value stocks, while small-cap stocks trailed large-cap stocks. Defensive sectors outperformed, reflecting cautious investor sentiment.

Internationally, non-US developed market stocks, as measured by the MSCI EAFE, rose by 6.9%, bolstered by rate cuts from the European Central Bank, planned increases in EU defense spending, and a weakening US dollar. Emerging market equities, tracked by the MSCI Emerging Markets Index, returned 2.9%, with notable gains in Chinese equities (+15.0%), driven by enthusiasm around DeepSeek AI and stimulus measures introduced by the Chinese government. Divergence in the returns among various asset class displayed the benefits of a diversified portfolio after a long stretch of US Large Cap Equity dominance.

In the fixed income market, most segments posted positive returns. The broad US bond market (Bloomberg Aggregate) gained 2.8%, supported by a declining rate environment. Long-term Treasuries were the best performers, with the Bloomberg Long US Treasury index returning 4.7%, while high yield bonds, as represented by the Bloomberg High Yield index, posted modest gains (+1.0%) due to prevailing economic uncertainties. Bond and equity volatility increased during the quarter amidst policy and trade uncertainties, with the US Volatility Index (VIX) finishing above its long-run average.

Quarter ended June 30, 2025

At the close of the final fiscal quarter of 2025, the global economy exhibited mixed outcomes influenced by trade news, fiscal concerns, inflationary pressures, and improving risk sentiment across asset classes. In early April, President Trump unveiled the Liberation Day tariffs, which sent shock waves throughout global markets, before announcing a 90-day pause a week later.

In the US, equity markets posted strong returns during the quarter, with the Russell 3000 Index gaining 11.0%, driven by stabilizing tariff concerns, robust corporate earnings, and a resilient US economy. Growth stocks significantly outperformed value stocks, particularly in the large-cap segment (Russell 1000 Growth: +17.8% vs. Russell 1000 Value: +3.8%), bolstered by gains in AI-related mega-cap technology companies. Small-cap stocks (Russell 2000) also performed well, rising 8.5%, though they trailed large-cap stocks.

In the fixed income market, most segments posted positive returns, with the Bloomberg Aggregate gaining 1.2%, supported by stable or declining Treasury yields. Longer duration Treasuries underperformed (Bloomberg Long US Government: -1.5%) due to fiscal concerns driving yields higher along the 30-year curve. Inflation-related risks contributed to gains in Treasury Inflation-Protected Securities (TIPS), with the Bloomberg TIPS index gaining 0.5%.

In summary, the quarter underscored the benefits of diversification across asset classes, with varying performance driven by fiscal and inflationary dynamics alongside improving risk sentiment.



Summary

The table below highlights the full fiscal year returns for various benchmarks referenced in this review:

Index	1-Year return as of June 30, 2025 (%)
S&P 500	15.2
Russell 3000	15.3
MSCI EAFE	17.7
MSCI EAFE (Local)	8.0
MSCI EM	15.3
MSCI China	33.8
Bloomberg Aggregate	6.1
Bloomberg TIPS	5.8
Barclays High Yield	10.3
Bloomberg Long US Government	1.6

Overall, in fiscal 2025, global economies experienced varied growth and inflation trends. The US saw an annual GDP growth of 2.0% for the full fiscal year, using the advance estimate of economic growth from the Bureau of Economic Analysis. Inflation in the US moderated to 2.7% by June, and the Fed Funds rate declined from a range of 5.25–5.50% to start the fiscal year down to 4.25–4.50% by year end. Using the preliminary estimate from Eurostat, Eurozone's GDP grew by 1.4%¹ in fiscal 2025, with inflation stabilizing at 2.0% for the year. Japan's economy expanded by 0.8% in fiscal 2025 (preliminary), with an annual inflation rate of 3.3%, and was the only major economy to raise rates during the year. China's official government numbers showed it grew GDP by 5.2%², supported by resilient exports and government stimulus, though inflation remained low at 0.1% for the full fiscal year.

Unemployment rates also varied across these regions. In the US, the unemployment rate was 4.1%³ in June 2025, reflecting a slight decrease from a year ago. The Eurozone's unemployment rate remained relatively stable, ending at 6.3%⁴. Japan's unemployment rate was low, at approximately 2.5%⁵, down from 2.7% at the start of the fiscal year, supported by steady job creation. In China, the unemployment rate hovered around 5.0%⁶, with government policies aimed at maintaining employment stability.

1. Source: Eurostat via Bloomberg.

2. Source: National Bureau of Statistics of China via Bloomberg.

3. Source: FRED and BLS. Data is as of June 30, 2025.

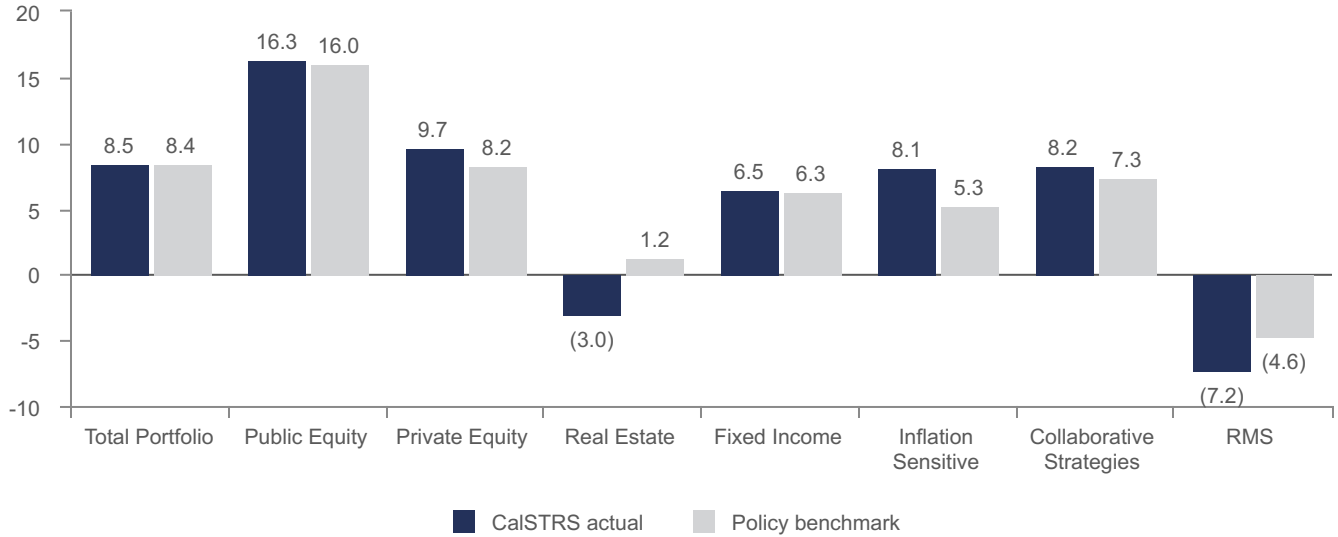
4. Source: Eurostat.

5. Ministry of Internal Affairs and Communications via Bloomberg.

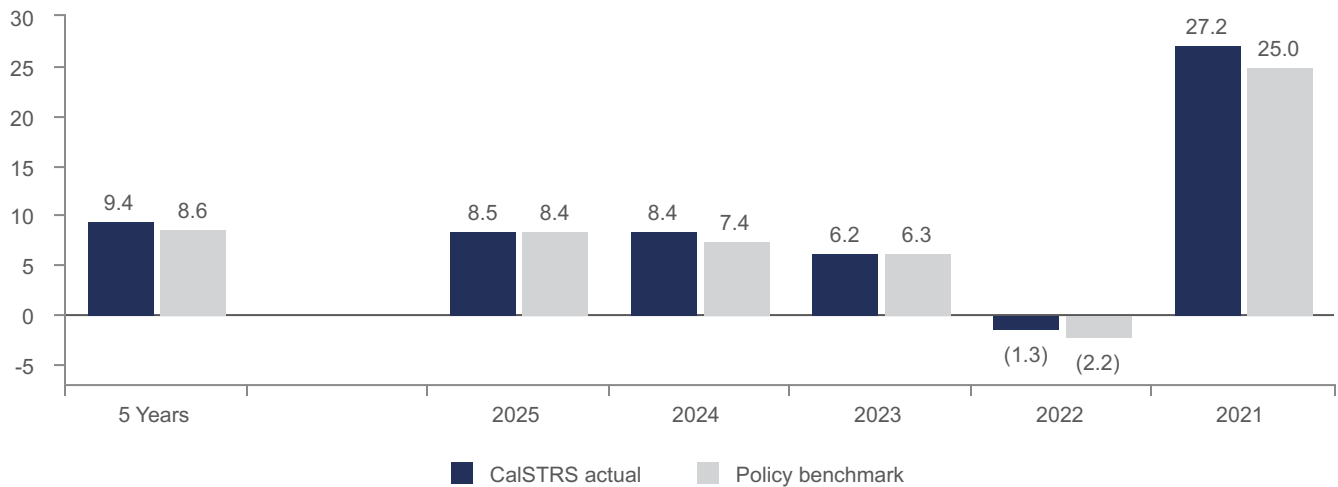
6. National Bureau of Statistics of China via Bloomberg.



Last 12 months ended June 30 (net of manager fees)



Periods ended June 30 (net of manager fees)



The charts above show performance by asset class as well as for the full portfolio, for various time periods¹.

¹ CalSTRS actual investment return for 2023 was revised from 6.3% to 6.2% following a performance-only adjustment to the CalSTRS-Leverage Real Estate fund, implemented by State Street Bank in June 2024.



Investment results (net of manager fees)

Over the last year, the CalSTRS Investment Portfolio produced an absolute return of +8.5% (net of manager fees)—lagging the median return of its large public pension fund peers, which returned +10.3% according to the State Street Master Trust Universe of Funds over \$10 billion. During this period, the portfolio outperformed the policy benchmark¹ return (see the top chart on the previous page). Positive contributors to absolute results consisted of asset classes outperforming their benchmarks in many areas, primarily driven by the Private Equity and Inflation Sensitive asset classes.

During the last three years, CalSTRS generated a +7.7% annualized investment return, net of manager fees, ahead of its benchmark by 32 basis points but lagged the median return of its peer group 220 basis points. Three-year returns were dominated by Public Equity performance (+17.3%), as well as the returns of Collaborative Strategies and Private Equity asset classes as they produced notable returns (+10.6% and +5.7%, respectively). Longer-term performance has also been strong, with CalSTRS posting a +9.4% return over the last five years, and +8.1% over the last ten years. Five-year performance of +9.4% was ahead of the policy benchmark by 0.8% and notably exceeded the long-term actuarial assumption for the portfolio².

Sincerely,

A handwritten signature in blue ink that reads "Stephen P. McCourt".

Stephen P. McCourt
Managing Principal, Co-CEO
Meketa Investment Group

¹ The policy benchmark consists of passively managed strategic class portfolios weighted by CalSTRS policy allocations. The difference between actual results and the benchmark are due to two factors: deviations from policy, and active decisions on the part of CalSTRS and our investment managers.

² CalSTRS investment performance is calculated using a daily time-weighted return geometrically linked to calculate a monthly return. Periods longer than one month are geometrically linked to calculate annualized time-weighted rates of return.

Investment objectives

CalSTRS' main goal is to maintain a financially sound retirement system. The following general investment objectives, adopted as part of the Investment Policy Statement, establish a framework for the operation of the CalSTRS Investment Portfolio.

- 1. Provide for present and future benefit payments**—The CalSTRS Investment Program shall provide liquidity to pay benefits to CalSTRS members and their beneficiaries in the amounts and at the times called for through the investment of contributions and other fund assets, aim to meet the assumptions built into the actuarial model and strive to maintain a fully funded pension system.
- 2. Diversify assets**—Seek to diversify the assets to achieve the desired rate of return at a prudent level of risk. The asset structure must provide for diversification of risk between asset classes to manage the risk/return relationship through strategic asset allocation.
- 3. Reduce funding costs**—Within prudent levels of risk, the reduction of CalSTRS' funding costs shall be a consideration in the organization and structure of the portfolio.
- 4. Maintain the trust of our members and the public**—Manage the investment program in such a manner that will enhance the member and public's confidence in the CalSTRS Investment Program.
- 5. Establish policy and objective review process**—A formal review of the CalSTRS *Investment Policy Statement* will be conducted annually, with an updated financial projection developed every two years.
- 6. Create reasonable pension investments relative to other pension funds**—The selection of investment vehicles and policies will be judged against other private and public pension funds. Investment performance, asset management costs, staffing and overall expenses will be compared to other public and corporate pension plans, with special emphasis on comparisons with other large public funds.
- 7. Minimize costs**—Management fees, trading costs and other expenses will be diligently monitored and controlled.
- 8. Comply with state and federal laws**—The CalSTRS investment program must operate in compliance with all applicable state and federal laws and regulations concerning the investment of pension assets.

Basis of presentation

Investment values and related returns for the CalSTRS Investment Portfolio of the State Teachers' Retirement Plan (STRP or total fund) are presented differently within the Investment and Financial sections of this publication for various reasons. Therefore, it's important to understand the methodology presented in each section. In the Investment section, our news releases and online, investment values and related returns are presented using common investment industry practices that reflect the way we manage our portfolio. This method of presentation provides timely information that is easily compared to benchmarks and peer results.

In the Financial section, the same information is reported in accordance with U.S. Generally Accepted Accounting Principles. The primary difference between the presentations is the categorization of the investments. In this section, amortization from securities lending is included in earned net income. In the Financial section, amortization from securities lending is reported within net appreciation/ (depreciation) in fair value of investments. Additional differences result from the timing of recognition of performance for certain investments in the portfolio. In accordance with investment industry practices, private asset performance is reported with a quarter lag; for financial reporting purposes, adjustments are made to bring results current. Both sets of numbers are relevant but reflect different methodologies and serve different purposes.

Performance information in this section is reported net of fees and is calculated using a time-weighted return methodology. The investment information on the CalSTRS website is consistent with investment industry standards and is comparable to the global financial markets, other pension plans and institutional investors. For more information, visit [CalSTRS.com](https://www.calstrs.com).

Investment overview and results

CalSTRS' portfolio generated a return of 8.5% for the fiscal year, which was above the 7.0% actuarial rate of return for funding purposes and approximately 10 basis points above CalSTRS' policy benchmark. More importantly, as a long-term investor, CalSTRS achieved a 9.4% return with 76 basis points of alpha annually over the past five years. The strong performance was driven by our diversified portfolio approach and favorable market conditions, demonstrating the value of our unique asset allocation and portfolio construction methodology.

The United States (U.S.) equity markets continued their historic rise over the fiscal year, until the markets experienced a correction in the run up to Liberation Day, April 2, when the United States announced sweeping tariffs. After the president indicated agreements with countries around the world were likely, the market rallied and continued its rise despite ultimately higher tariffs. The rally was primarily driven by continued enthusiasm around artificial intelligence (AI), technology stocks and the infrastructure necessary to power AI, which boosted valuations and pulled stock indices higher.

Developed international markets posted positive but more modest returns compared to U.S. equities, with European markets facing headwinds from sluggish economic growth. Chinese equities experienced volatility, but policy support and the real estate market buoyed investor sentiment. Key global drivers included divergent monetary policy paths across central banks, geopolitical tensions affecting energy and trade flows, and varying regional economic growth trajectories.

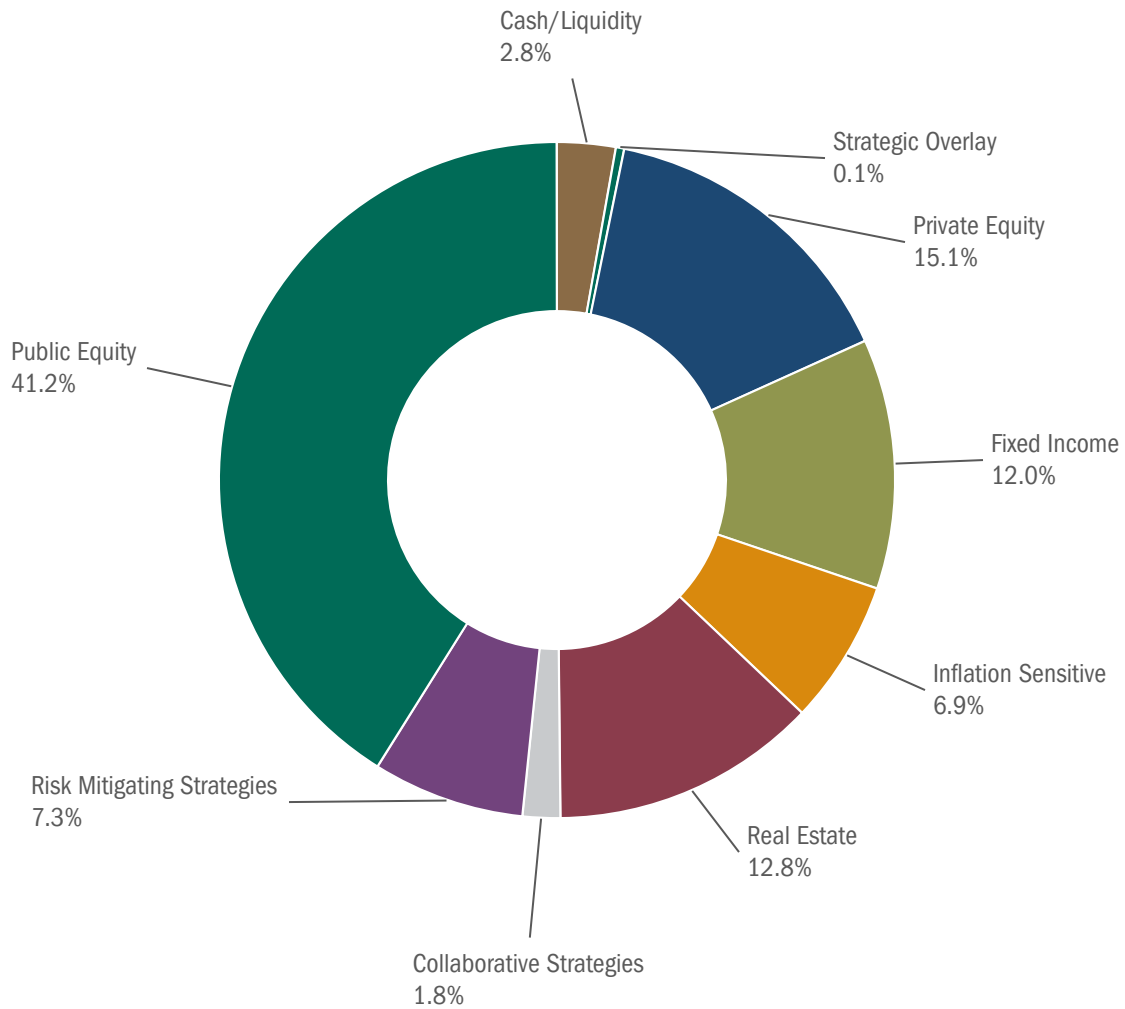
The Federal Reserve maintained its easing cycle with several rate cuts following the initial September 2024 reduction, supporting equity valuations despite concerns about elevated market concentration. Inflation stayed moderate at 3% over the period and continued to trend down. Corporate earnings growth remained solid, particularly on technology and AI-related investments (data centers), while consumer spending proved resilient.

To face the potential opportunities, risks and challenges that lie ahead, the CalSTRS Investment team continues to develop a world class portfolio of assets that are diversified according to the board's approved strategic asset allocation and be prepared to weather a variety of market environments.

While this annual report provides a significant amount of information regarding the CalSTRS Investment Portfolio, only one point in time is represented: June 30, 2025. It is difficult to compare this time measurement to the movement and complexity of the portfolio in this highly dynamic global financial market. For more current investment information, including additional information about specific asset classes and strategies, as well as videos detailing key aspects of the CalSTRS Investment Portfolio, visit CalSTRS.com.

Asset allocation as of June 30, 2025

Total Investment Portfolio of \$367.7 billion^{1, 2}



¹ Public Equity, Private Equity and Collaborative Strategies include Sustainable Investment and Stewardship Strategies public and private investments of \$3.5 billion.

² Strategic Overlay consists of the Currency Management Program and Derivative Overlay.

Investment

Table 1

Net asset value of investments

(fiscal years ended June 30)

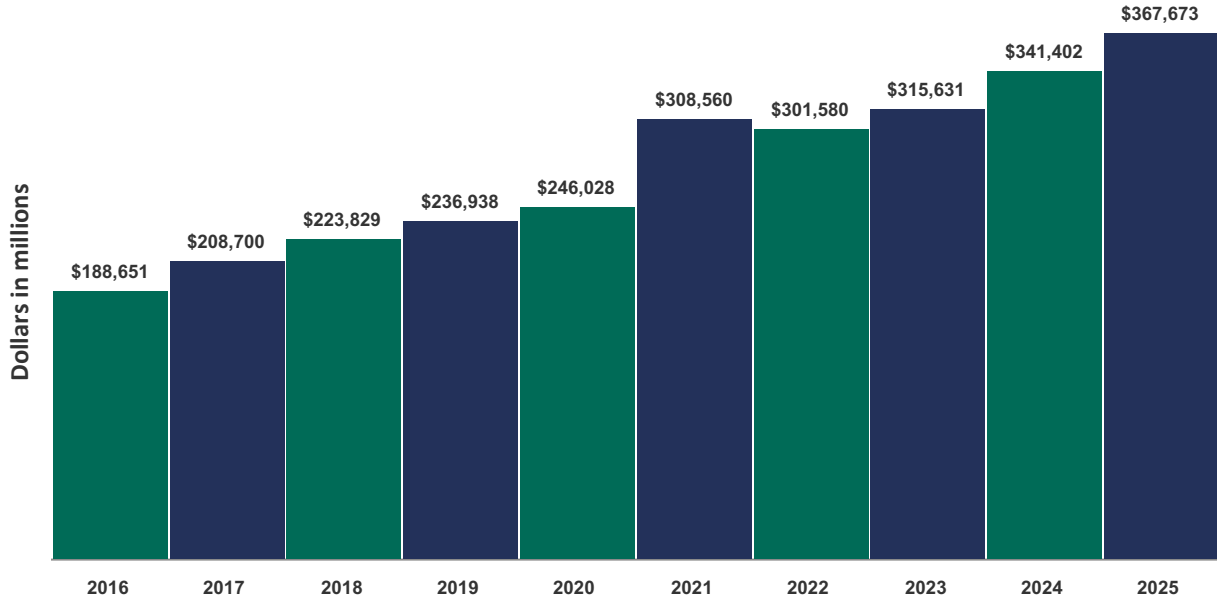
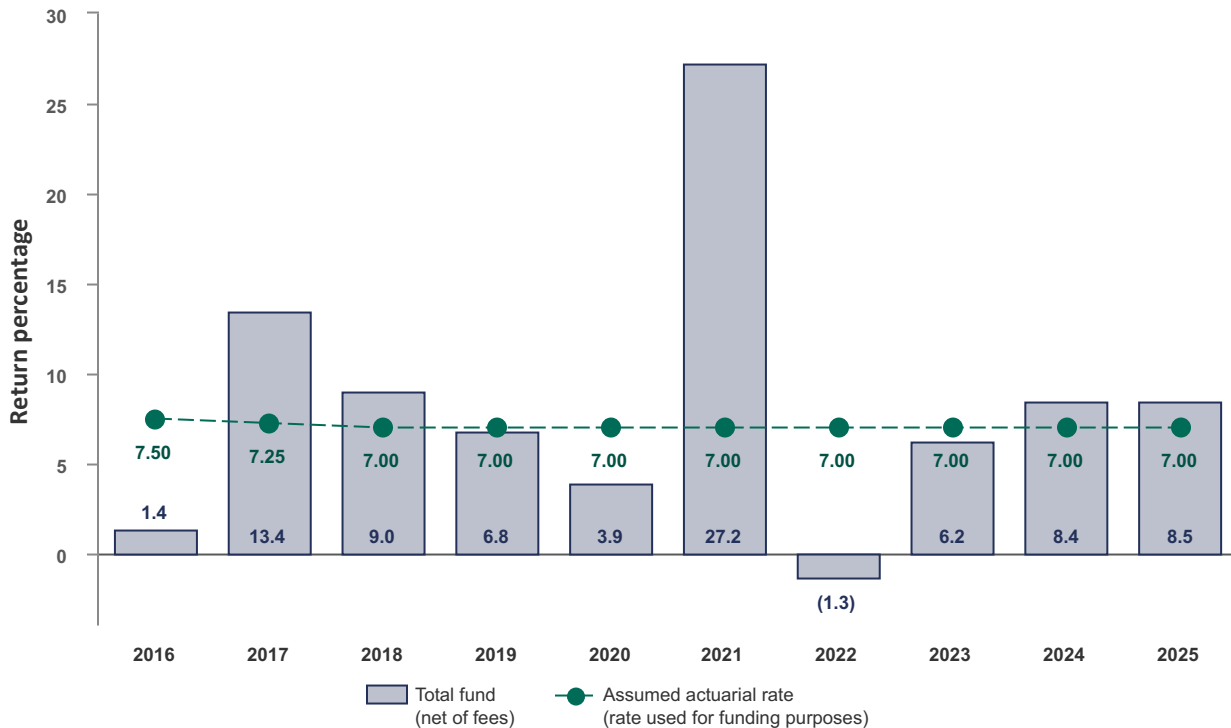


Table 2

10 years of time-weighted annual returns

(fiscal years ended June 30)



Investment

Table 3

Time-weighted returns net of fees

(as of June 30, 2025)

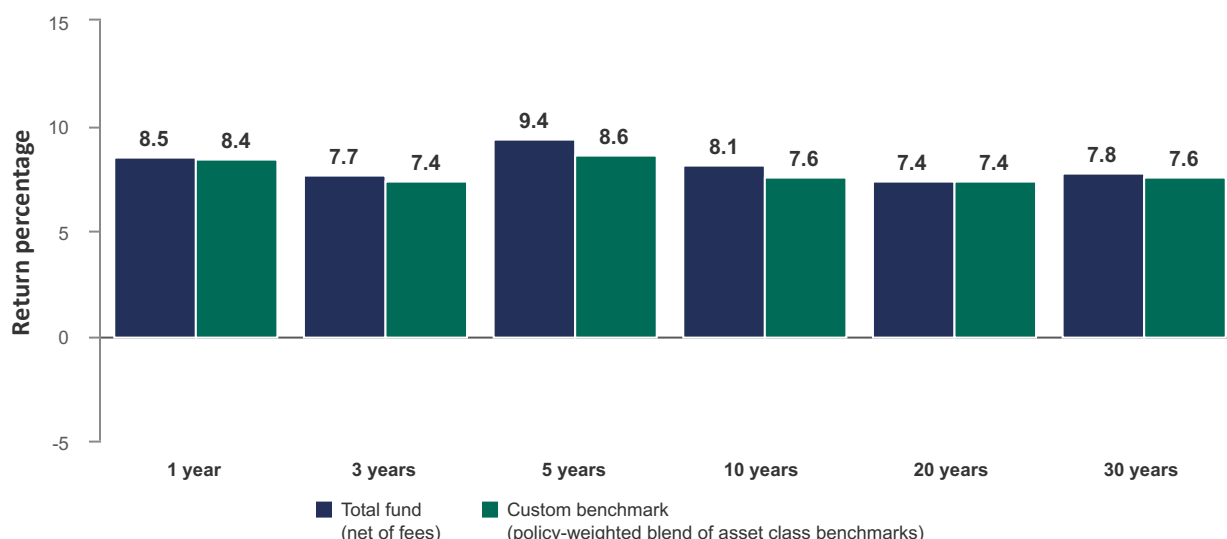


Table 4

Time-weighted returns net of fees by portfolio types

(as of June 30, 2025)

CalSTRS' investment performance is calculated using a daily time-weighted return geometrically linked to calculate a monthly return. Periods longer than one month are geometrically linked to calculate annualized time-weighted rates of return.

Portfolio type/Associated index ¹	1 year	3 years	5 years	10 years
Public Equity	16.3%	17.3%	13.8%	10.3%
Public Equity Custom Index	16.0%	16.9%	13.4%	10.1%
Fixed Income	6.5%	3.2%	(0.1%)	2.3%
U.S. Debt Custom Index	6.3%	2.9%	(0.4%)	1.9%
Real Estate²	(3.0%)	(4.7%)	3.2%	6.0%
Real Estate Custom Index	1.2%	(5.1%)	2.0%	4.7%
Private Equity²	9.7%	5.7%	17.3%	12.9%
Private Equity Custom Index	8.2%	4.8%	15.9%	11.5%
Risk Mitigating Strategies³	(7.2%)	(3.0%)	1.1%	1.2%
Risk Mitigating Strategies Custom Index	(4.6%)	(1.6%)	1.5%	1.7%
Inflation Sensitive²	8.1%	5.3%	10.1%	7.9%
Inflation Sensitive Custom Index	5.3%	3.7%	7.5%	5.3%
Collaborative Strategies^{2, 4}	8.2%	10.6%	11.3%	8.1%
Collaborative Strategies Custom Index	7.3%	6.4%	5.0%	4.8%
Cash/Liquidity	3.5%	4.3%	2.7%	2.2%
Bloomberg 3-Month Treasury Bill	4.7%	4.6%	2.8%	2.0%

¹ Benchmark returns are as of June 30, 2025, and contain history based on changes within asset class/strategy policies over the prior 10 years. Custom public indices are updated quarterly in accordance with CalSTRS' restricted securities list, Committee on Responsible Investment mandates and Portfolio Restrictions Policy. For additional information on benchmarks, refer to the respective investment policies on [CalSTRS.com](https://www.calstrs.com).

² Private asset valuations are as of March 31, 2025, and adjusted for cash flows through June 30, 2025.

³ This asset class was approved by the board in November 2015 and established in July 2016. Prior to July 2016, the assets in this program were part of Absolute Return, now known as Collaborative Strategies.

⁴ Returns prior to July 2016 reflect the Absolute Return composite, which included multiple strategies (including Innovation). The composite was restructured and renamed to Innovative Strategies in July 2016, then renamed to Collaborative Strategies in May 2024.

Investment

Public Equity

For the fiscal year ended June 30, 2025, the Public Equity Portfolio had total assets of \$151.6 billion, representing 41.2% of the total fund. As shown in Table 4, the Public Equity Portfolio generated a 16.3% one-year return net of fees. The Public Equity Portfolio consists of two main strategies, Global Equity and the Sustainable Investment and Stewardship Strategies (SISS) Public Portfolio.

Table 5 lists the largest public equity holdings as of June 30, 2025, which represent 21.3% of the Public Equity Portfolio.

Table 5

Largest Public Equity holdings

(as of June 30, 2025)

Security name	Shares	Fair value
NVIDIA Corp.	39,612,179	\$6,258,328,160
Microsoft Corp.	11,470,040	5,705,312,596
Apple, Inc.	24,552,255	5,037,386,158
Amazon.com, Inc.	15,593,148	3,420,980,740
Alphabet, Inc.	17,212,479	3,042,246,013
Meta Platforms, Inc.	3,586,228	2,646,961,236
Broadcom Inc.	7,063,351	1,947,012,703
Taiwan Semiconductor Manufacturing Co Ltd.	39,080,759	1,547,841,528
Tesla Inc.	4,545,455	1,443,909,235
JP Morgan Chase & Co.	4,390,322	1,272,798,251

Note: CalSTRS maintains a complete list of portfolio holdings.

Global Equity

For the fiscal year ended June 30, 2025, the \$149.3 billion Global Equity Portfolio represented 40.6% of the total fund. Approximately 82.5% of the portfolio's assets are internally managed in passively implemented index strategies in the United States, developed and emerging markets. The remaining assets are managed by external investment managers in active strategies. As of June 30, 2025, the portfolio had 62.8% of its assets in U.S. equity and 37.2% in non-U.S. equity.

The Global Equity Portfolio generated a 16.4% one-year return net of fees, outperforming its policy benchmark by 45 basis points. All regions except emerging markets outperformed their benchmark, with the aggregate non-U.S. developed portfolio outperforming its benchmark by 129 basis points. Global Equity also completed the transition of 20% existing core assets into a low-carbon portfolio as directed by the Investment Committee.

Sustainable Investment and Stewardship Strategies

The Sustainable Investment and Stewardship Strategies (SISS) unit leads CalSTRS' activities to transform the financial markets to focus on long-term value creation that fully integrates sustainability considerations. The SISS unit has three core pillars of activity: 1) the SISS Investment Portfolio, which includes the SISS Public Portfolio and the SISS Private Portfolio, 2) stewardship and 3) strategic relations. The unit also leads and coordinates the

implementation of CalSTRS' net zero portfolio emissions pledge to measure and reduce emissions, increase investments in climate solutions and accelerate the global transition to a net zero emissions economy.

In May 2025, the Investment Committee approved the graduation of the SISS Public Portfolio into the CalSTRS Global Equity Portfolio with the following goals: 1) improving returns and our ability to generate alpha now and in the future; 2) mitigating risks; and 3) managing an increasingly complex portfolio effectively and efficiently.

During the fiscal year, the SISS Public Portfolio redeemed over \$2.5 billion in assets and completed the graduation of remaining investments into CalSTRS Global Equity Portfolio as of July 2025. For the fiscal year ended June 30, 2025, the SISS Public Portfolio generated a 12.6% one-year return net of fees underperforming its benchmark by 345 basis points.

The SISS Private Portfolio is an opportunistic and unconstrained allocation designed to source and invest in sustainable investment opportunities and low-carbon solutions across the risk-return spectrum. The portfolio invests in opportunities additive to the total fund and investments that demonstrate positive contributions to a more sustainable global economy. As of June 30, 2025, the SISS Private Portfolio committed more than \$4.5 billion across 36 investments.

Investment

The SISS team also leads CalSTRS' stewardship activities to influence and promote sustainable business practices and public policies with a focus on advancing corporate and market accountability, supporting CalSTRS' pledge to achieve a net zero global economy by 2050 or sooner, and encouraging companies to be good stewards in the communities they operate in. Proxy voting is an important component of CalSTRS' stewardship activities, and each year CalSTRS votes at more than 10,000 global company meetings on more than 100,000 individual ballot items.

The SISS team's strategic relations activities provide expert and consistent messaging and build relationships with stakeholders to preserve CalSTRS' global reputation as a respected leader in the investment management industry.

Fixed Income

For the fiscal year ended June 30, 2025, the Fixed Income Portfolio had total assets of \$44.0 billion, representing 12.0% of the total fund. The Fixed Income unit operates a hybrid model portfolio that takes advantage of the benefits and efficiencies of both internal and external asset management. Internal staff manages 90.7% of the portfolio's assets using enhanced indexing for core and high yield strategies with a moderate level of risk as well as a core plus portfolio with higher active risk and return targets. The remaining 9.3% is managed by external managers using broader opportunistic strategies that assume higher risk levels and, therefore, higher expected returns. Private debt assets, managed primarily through external managers, continue to grow and reached 2.9% of total Fixed Income.

As shown in Table 4, the Fixed Income Portfolio generated a 6.5% one-year return net of fees, outperforming its benchmark by 17 basis points. The primary source of outperformance was an overweight allocation to spread sectors and private debt. During the fiscal year, credit spreads tightened across sectors: investment grade credit spreads by 9 basis points, high yield by 19 basis points, and leveraged loans by 31 basis points. The public debt portfolio returned 6.4% for the fiscal year, exceeding its benchmark by 11 basis points. Despite being in its early stages, the private debt portfolio delivered a strong 10.0% return, outperforming its benchmark by 474 basis points. The three-, five- and 10-year net returns have outperformed the benchmark by 30, 35 and 38 basis points, respectively. The portfolio's overweight allocation to credit sectors, including investment grade and high yield, accounted for much of the longer-term outperformance.

Table 6 lists the largest fixed income holdings as of June 30, 2025, which represent 8.2% of the Fixed Income Portfolio.

Table 6

Largest Fixed Income holdings

(as of June 30, 2025)

Security name	Maturity date	Interest rate	Par value	Fair value
US TREASURY N/B	5/15/2027	4.500%	\$382,300,000	\$387,347,557
US TREASURY N/B	12/31/2028	3.750%	385,000,000	385,360,938
US TREASURY N/B	7/15/2027	4.375%	380,000,000	384,750,000
US TREASURY N/B	3/15/2027	4.250%	370,000,000	372,832,813
US TREASURY N/B	8/15/2027	3.750%	355,000,000	355,166,406
US TREASURY N/B	5/31/2032	4.125%	345,000,000	347,964,844
US TREASURY N/B	4/30/2031	4.625%	335,000,000	347,876,563
US TREASURY N/B	2/15/2035	4.625%	335,000,000	345,730,469
US TREASURY N/B	2/15/2055	4.625%	355,000,000	345,681,250
US TREASURY N/B	5/15/2039	4.250%	355,000,000	345,459,375

Note: CalSTRS maintains a complete list of portfolio holdings.

Investment

The Fixed Income unit manages two additional programs: Securities Lending and Currency Management, discussed in the following sections.

Securities Lending Program

The Securities Lending Program is a low-risk strategy that allows the fund to use its existing asset base and lending expertise to generate additional income.

For the fiscal year ended June 30, 2025, the Securities Lending Program earned approximately \$98.2 million in additional net income for the fund, which was an increase of \$5.7 million compared to the previous year. The increase in earnings was driven by higher overall intrinsic revenue and improved returns on cash collateral investment.

Currency Management Program

The Currency Management Program is designed to address the global nature of all the fund's assets and attempts to add value on a fund-wide basis. The currency markets are some of the most liquid and volatile markets CalSTRS operates within.

For the year ending June 30, 2025, the internally managed core strategy underperformed its benchmark by 1 basis point, with first-half losses offset by second-half gains. The opportunistic external strategy broke even. Overall, the Currency Management Program matched its policy benchmark for the fiscal year 2024-25, showing no net outperformance.

Since inception, the Currency Management Program has outperformed its benchmark by 36 basis points on an annualized basis.

Home Loan Program

The CalSTRS Home Loan Program was established by legislation in 1984 and provided home ownership to qualified participants, which contributed to CalSTRS' investment mortgage asset objectives. New home loan origination activity was suspended by the Teachers' Retirement Board on October 1, 2011. Staff continues to manage the existing assets of \$15.0 million for the fiscal year ended June 30, 2025.

Real Estate

For the fiscal year ended June 30, 2025, the Real Estate Portfolio had total assets of \$47.0 billion, or 12.8% of the total fund. Over the last several years, staff has embraced the Collaborative Model approach with an increase in strategies that provide CalSTRS more discretion with the direction and management of investments. This model allows for an increase in control and provides a better alignment of interests between CalSTRS and our partners. As

of June 30, 2025, the implementation of the CalSTRS Collaborative Model has increased CalSTRS' direct control to approximately 72% of the Real Estate Portfolio.

Real estate is a long-term asset with performance results influenced by various factors. As shown in Table 4, the Real Estate Portfolio had a -3.0% one-year return net of fees, underperforming its policy benchmark by 414 basis points. The 10-year return is outperforming the policy benchmark by 125 basis points as it continues to liquidate pre-crisis, higher risk strategies from the portfolio. For Ex-Legacy investments, Real Estate underperformed the benchmark by 442 basis points for the one-year period, while outperforming the benchmark by 182 basis points for the 10-year period.

In addition to the improved structure and increased alignment through the Collaborative Model, Real Estate continues to evaluate and invest in higher control vehicles with low to moderate leverage and risk.

Private Equity

For the fiscal year ended June 30, 2025, the Private Equity Portfolio had total assets of \$55.7 billion, or 15.1% of the total fund. The portfolio consists primarily of investments in limited partnerships, which account for 76% of the allocation, with the remaining assets consisting of co-investments. Over the last several years, CalSTRS' percentage of overall new commitments going to co-investments is more than 30%.

As shown in Table 4, the Private Equity Portfolio had a one-year net return of 9.7%, outperforming its policy benchmark by 156 basis points. Net returns of 5.7%, 17.3% and 12.9% for the three-year, five-year and 10-year time periods exceeded the policy benchmark by 86, 135 and 141 basis points, respectively. The one-, three-, and five-year benchmark is a peer-based benchmark. The long-term benchmark is a public market index plus a spread.

Risk Mitigating Strategies

For the fiscal year ended June 30, 2025, the Risk Mitigating Strategies (RMS) Portfolio had total assets of \$26.7 billion, representing 7.3% of the total fund.

The RMS Portfolio invests in defender and diversifier strategies that provide diversification during large equity market drawdowns or volatile periods. Defenders are considered the first line of defense, while diversifiers provide protection during periods when defenders are less effective. These strategies include trend following, long-duration U.S. Treasuries, global macro and systematic risk premia. Each of the four strategies within the RMS Portfolio are expected to

Investment

have low correlations to equity markets and generate positive returns at different times during the business cycle.

The RMS Portfolio had a -7.2% one-year return net of fees for the fiscal year ended June 30, 2025, underperforming its policy benchmark by 252 basis points. This negative portfolio return is within expectations given the large equity market return.

The underperformance was driven by negative relative performance in global macro and trend following strategies, which underperformed their benchmarks by 847 basis points and 320 basis points, respectively.

Inflation Sensitive

For the fiscal year ended June 30, 2025, the \$25.4 billion Inflation Sensitive Portfolio represented 6.9% of the total fund. The Inflation Sensitive Portfolio invests in strategies that include infrastructure, commodities, U.S. Treasury inflation protected securities, timberland and agriculture.

For the fiscal year ended June 30, 2025, the Inflation Sensitive Portfolio generated an 8.1% one-year return net of fees, outperforming its policy benchmark by 277 basis points.

The infrastructure strategy returned net 10.7%, outperforming its benchmark by 424 basis points. The commodities strategy had a net return of 4.8%, beating its benchmark by 378 basis points. The U.S. Treasury inflation protected securities strategy had a net return of 6.0%, beating its benchmark by 14 basis points. The timberland strategy returned 9.5%, beating its benchmark by 451 basis points. The agriculture strategy had a net return of -9.1%, lagging its benchmark by 1,453 basis points. Over the previous three years, the Inflation Sensitive Portfolio outperformed its benchmark by 157 basis points.

Collaborative Strategies

For the fiscal year ended June 30, 2025, the \$6.8 billion Collaborative Strategies Portfolio represented 1.8% of the total fund.

Collaborative Strategies was established in May 2024 and formed from the Innovative Strategies and SISS Directed Private Asset (SISS Private Portfolio) portfolios. The Teachers' Retirement Board Investment Committee approved an allocation range of 0% to 5% of the overall CalSTRS portfolio.

The objective of the portfolio is to add flexibility for the investment team to pursue new and/or compelling strategies and investments that may be beyond the specific frameworks or expertise of existing asset classes. The portfolio provides a structure for investing in multi-asset investment strategies, co-investing with other CalSTRS asset classes, and incubating new investment ideas to improve the diversification of the total fund, enhance its risk-adjusted total return, provide new sources of current income, and explore innovative investment structures with better alignment of economic interests.

Over the long term, the portfolio seeks to produce a positive real return greater than the CalSTRS assumed actuarial rate of return, while testing out new investment strategies and groups of assets for potential growth within the total fund.

As shown in Table 4, for the fiscal year ended June 30, 2025, the Collaborative Strategies Portfolio generated a one-year return net of fees of 8.2%, outperforming its policy benchmark by 93 basis points.

Cash/Liquidity

For the fiscal year ended June 30, 2025, the \$10.2 billion Cash/Liquidity Portfolio represented 2.8% of the total fund. The portfolio invests in short-term highly liquid securities used to manage cash available for benefit payments and cash flows for the asset classes. As shown in Table 4, for the fiscal year ended June 30, 2025, the Cash/Liquidity Portfolio generated a 3.5% one-year return net of fees, underperforming its policy benchmark by 126 basis points. Cash underperformed its benchmark primarily due to interest expenses from financing programs, which partially offset strong performance from core cash management activities.

Investment

Other investment tables

The following tables summarize investment activity. Table 7 represents the investment summary by portfolio type compared to the prior fiscal year. Table 8 reflects the investment expenses by portfolio type as of June 30, 2025. Investment expenses reflected in Table 8 generally represent direct costs associated with investing. Certain expenses,

such as carried interest and management fees related to private assets, are not included; however, these expenses may be reflected within the net asset value. The total investment expenses shown also exclude certain items such as foreign tax withheld and broker commissions. Table 9 displays the broker commissions for the fiscal year ended June 30, 2025.

Table 7

Investment summary for the current and previous fiscal year

(dollars in millions)

Portfolio type	June 30, 2024		June 30, 2025		% of net asset value	Net value change
	Book value	Net asset value	Book value	Net asset value		
Public Equity	\$117,798	\$141,223	\$114,749	\$151,649	41.2%	\$10,426
Fixed Income	42,397	38,264	46,250	43,976	12.0%	5,712
Real Estate	46,870	47,404	49,608	46,974	12.8%	(430)
Private Equity	46,907	52,949	48,303	55,659	15.1%	2,710
Risk Mitigating Strategies	23,406	28,769	23,271	26,723	7.3%	(2,046)
Inflation Sensitive	19,416	21,591	21,893	25,448	6.9%	3,857
Collaborative Strategies	4,979	5,535	6,401	6,779	1.8%	1,244
Cash/Liquidity	5,603	5,606	10,239	10,201	2.8%	4,595
Strategic Overlay	546	61	1,532	263	0.1%	202
PORTFOLIO TOTAL	\$307,922	\$341,402	\$322,246	\$367,672	100.0%	\$26,270
Adjustments						
Securities lending collateral		32,564		38,704		
Bond proceeds investment		14		13		
Accruals		2,690		5,955		
Obligation under reverse repurchase agreements		1,702		2,496		
Cash		(280)		(272)		
STRP NET INVESTMENTS		\$378,092		\$414,568		

Investment

Table 8

Investment expenses by portfolio type

July 1, 2024, through June 30, 2025 (dollars in thousands)

Portfolio type	Net asset value	Investment expenses	Basis points
Public Equity	\$151,649,082	\$164,660	10.9
Fixed Income	43,976,168	20,101	4.6
Real Estate	46,974,621	31,661	6.7
Private Equity	55,659,076	19,912	3.6
Risk Mitigating Strategies	26,722,683	19,157	7.2
Inflation Sensitive	25,448,002	12,800	5.0
Collaborative Strategies	6,778,929	1,950	2.9
Cash/Liquidity	10,201,630	2,938	2.9
Strategic Overlay	263,246	2,748	1
TOTAL INVESTMENT ASSETS AND EXPENSES	\$367,673,437	\$275,927	7.5

¹ Strategic Overlay calculates basis points using notional values instead of net asset values.

Table 9

Broker commissions

July 1, 2024, through June 30, 2025

Broker name	Commission ¹	Shares	Average commission per share
Goldman Sachs	\$2,641,280	2,321,030,414	\$0.001
Morgan Stanley	2,020,980	682,395,344	0.003
Merrill Lynch	1,773,124	2,003,571,321	0.001
JP Morgan	1,442,337	942,841,071	0.002
Instinet	1,426,969	1,971,696,881	0.001
UBS	1,252,609	1,275,817,160	0.001
Jefferies Financial Group	1,062,222	443,950,420	0.002
RBC Capital Markets, LLC	958,435	71,140,782	0.013
Macquarie Bank Limited	825,719	1,246,523,173	0.001
Pershing LLC	667,204	89,052,138	0.007
All other brokers	5,504,524	2,074,233,221	0.003
TOTAL COMMISSIONS	\$19,575,403	13,122,251,925	\$0.001

¹ The total broker commissions in this table do not match the Schedule of investment expenses in the Financial section as the total in this table includes broker commissions for open futures and options contracts as of June 30, 2025.



Actuarial Section

The actuarial valuation report for the Defined Benefit Program as of June 30, 2024, reported a funded ratio of 76.7%.

Actuary's certification letter



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October 30, 2025

Teachers' Retirement Board
California State Teachers' Retirement System

Re: Valuation of the DB, DBS, CBB, and MPP Programs

Dear Members of the Board:

Annual valuations are performed for four benefit programs administered by the California State Teachers' Retirement System (CalSTRS).

Defined Benefit Program

The basic financial goal of the CalSTRS Defined Benefit Program is to establish contributions which fully fund the obligations and which, as a percent of payroll, remain level for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

CalSTRS measures its funding status as the Funded Ratio of the actuarial value of assets over the actuarial obligation. The funding status based on the past three actuarial valuations is shown below:

Valuation Date	Funded Ratio
June 30, 2022	74.4%
June 30, 2023	75.9%
June 30, 2024	76.7%

Based on the June 30, 2024 actuarial valuation, the scheduled income from member, employer, and state contributions is projected to finance the DB Program on an actuarially sound basis. The DB Program is projected to reach a 100% Funded Ratio by 2046.

Defined Benefit Supplement and Cash Balance Benefit Programs

The basic financial goal of the Defined Benefit Supplement (DBS) Program and the Cash Balance Benefit (CBB) Program is to maintain sufficient resources to fully fund the obligations. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

CalSTRS measures its funding status as the Funded Ratio of the actuarial value of assets over the actuarial obligation. The funding status based on the past three actuarial valuations is shown below:

Valuation Date	DBS Funded Ratio	CBB Funded Ratio
June 30, 2022	124.1%	111.0%
June 30, 2023	123.5%	112.8%
June 30, 2024	123.9%	114.2%

As of June 30, 2024, the fair value of assets for the DBS and CBB Programs exceeded the respective program's actuarial obligation. Additional interest credits were granted based on the respective programs' funded levels and are reflected in the Funded Ratio shown above. For both programs, the actual return was greater than the assumed return for the fiscal year ended in 2024 which caused an increase in the respective Funded Ratios.



Medicare Premium Payment Program

The basic financial goal of the Medicare Premium Payment (MPP) Program is to maintain sufficient resources to fully fund the obligations. Actuarial valuations are performed every year and measure the progress toward this goal, as well as test the adequacy of the contribution rates. The most recent valuation was as of June 30, 2024.

The MPP Program is essentially funded on a pay-as-you-go basis with a portion of contributions to the DB Program diverted to the Teachers' Health Benefit Fund to make MPP Program payments. As of June 30, 2024, \$199 million of future employer contributions to the DB Program have been allocated to pay the MPP Program benefits; however, this amount is not included as an asset for GASB 74 reporting. This gives the appearance that the MPP Program is significantly underfunded in the GASB 74 results. However, based on the commitment to transfer a portion of future contributions from the DB Program to fund the MPP Program, it is our opinion that the MPP Program continues in sound financial condition as of June 30, 2024.

Data, Assumptions and Methods Applicable to All Programs

The June 30, 2024 valuation results are based on the membership data and the asset information provided by CalSTRS. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes, although we have not audited the data at the source. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is found to be materially inaccurate or incomplete, our calculations will need to be revised. The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

Milliman did not prepare the summaries or schedules shown in the Financial and Actuarial Sections. However, the actuarial information contained in the Financial Section and in this Actuarial Section was derived from our June 30, 2024 actuarial valuation reports for funding and our 2025 GASB 67/68 and GASB 74/75 reports that communicated the actuarial results for financial reporting for June 30, 2025.

The actuarial computations presented in the valuation reports are for purposes of determining the recommended funding amounts for CalSTRS consistent with our understanding of their funding requirements and goals. For the DB and MPP Programs, the Actuarial Obligation is determined by using the entry age actuarial cost method; the traditional unit credit method is used for the DBS and CBB Programs. For the DB Program, the actuarial assets are determined by using a one-third smoothed recognition method of the difference between the actual fair value to the expected actuarial value. For the other programs the fair value was used with no smoothing applied.

The valuations are based on our understanding of the current benefit provisions for the respective programs and the actuarial assumptions adopted by the Board. The assumptions are reviewed annually for reasonableness, with a detailed experience analysis generally being completed every four years as per Board policy. Note that experience studies could be completed off cycle if deemed necessary. The last detailed experience analysis was completed in January of 2024 when the Board adopted the current assumptions. The assumptions are scheduled to be reviewed in detail again for use in the June 30, 2027 funding valuation and the GASB valuations for reporting date June 30, 2028. The assumptions and methods used for financial reporting under GASB 67/68 and GASB 74/75 are the same as the funding valuation assumptions with the following exceptions:

1. The discount rate of 7.10% (gross of administrative expenses) is used for the DB, DBS & CBB Programs;
2. The discount rate of 5.20% is used for the MPP Program based on the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher;
3. The fair value of assets is used for the Fiduciary Net Position (i.e., there is no smoothing of the DB Program assets for GASB 67/68), and;
4. The individual entry age actuarial cost method, as specified by GASB, is used for all programs.

Actuary's certification letter



Teachers' Retirement Board

October 30, 2025

Page 3

For financial reporting purposes, all programs within the State Teachers' Retirement Plan are reported in aggregate. This includes the obligation, and associated assets, for purchasing power benefits financed through the Supplemental Benefit Maintenance Account.

We believe the actuarial assumptions and methods are internally consistent, reasonable and meet the parameters of Governmental Accounting Standards Board Statement Numbers 67, 68, 74, 75 and 82 for fulfilling financial reporting requirements and meet the parameters set forth in the relevant Actuarial Standards of Practice (ASOPs). We believe that the assumptions and methods used for funding purposes meet the parameters set by the ASOPs and that these assumptions offer a reasonable estimate of anticipated CalSTRS experience and are expected to have no significant bias. Nevertheless, the emerging costs will vary from those presented in our report to the extent that actual experience differs from that projected by the actuarial assumptions. Future actuarial measurements may differ significantly from the current measurements as presented in the valuation report due to many factors. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Our valuation report and this letter have been prepared exclusively for CalSTRS for a specific and limited purpose. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. It is a complex, technical analysis that assumes a high level of knowledge concerning CalSTRS operations, and uses CalSTRS data, which Milliman has not audited. No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on these assignments are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

We certify that the June 30, 2024 valuations were performed in accordance with the Actuarial Standards Board (ASB) standards of practice and by qualified actuaries. We are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

Respectfully submitted,

Nick J. Collier, ASA, EA, MAAA
Principal and Consulting Actuary

Scott D. Preppernau, FSA, EA, MAAA
Principal and Consulting Actuary

Julie Smith, FSA, EA, MAAA
Consulting Actuary

Daniel Wade, FSA, EA, MAAA
Principal and Consulting Actuary

Actuarial methods

CalSTRS administers the Defined Benefit (DB), Defined Benefit Supplement (DBS), Cash Balance Benefit (CBB) and Medicare Premium Payment (MPP) programs. The DB Program and the MPP Program are cost-sharing multiple employer programs. The DBS and CBB programs are cash balance plans. CalSTRS has adopted actuarial methods with the objective of funding these programs in a manner that minimizes year-to-year variation in cost while ensuring sufficient assets are accumulated over each member's working career. The following is a summary of the various methods used for each program.

Actuarial cost method

For funding purposes, the entry age actuarial cost method was selected for both the DB and MPP programs since it provides for a cost allocation that remains fairly level over time as a percentage of payroll, which can be beneficial for budget planning purposes. The traditional unit credit actuarial cost method was selected for the DBS and the CBB programs since the projected benefits of each individual member are allocated by a consistent formula to valuation years. As a result, the actuarial obligation is equal to the accumulated account balances, and the normal cost is equal to the total annual contribution. Neither the DBS Program nor the CBB Program provide a cost-of-living adjustment for benefit recipients.

Asset valuation method

The DB Program uses an asset smoothing method, as adopted by the Teachers' Retirement Board, which projects an Expected Actuarial Value of Assets using the assumed rate of investment return, then one-third of the difference between the expected value and the fair value is recognized in the Actuarial Value of Assets. The DBS Program and the CBB Program use the fair value of assets for actuarial valuation purposes, and asset smoothing is not used for these two programs. Because the MPP Program was created using surplus assets of the DB Program, the MPP Program is considered fully funded for funding purposes. Assets are equal to the actuarial obligation of the MPP Program, and asset smoothing is not used for this program.

Funding method

DB Program

The DB Program is funded through contributions from members, employers and the State of California as set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established in 2014 when the California Legislature and the Governor enacted the CalSTRS Funding Plan, a joint

commitment set forth in statute with the goal of achieving full funding of the DB Program by 2046. The funding plan provided additional contributions to amortize actuarial gains and losses and the unfunded actuarial obligation over a closed period ending June 30, 2046.

Member DB contributions: For members covered by the CalSTRS 2% at 60 benefit formula, the contribution rate is set in statute at 10.250% of creditable compensation. For members covered by the CalSTRS 2% at 62 benefit formula, the contribution rate is equal to one-half of the normal cost rate determined in the valuation rounded to the nearest quarter percent, plus a supplemental amount. The contribution rate for CalSTRS 2% at 62 members only changes when the normal cost rate changes by more than 1% of creditable compensation as compared to the normal cost rate at the time of the last adjustment. For the fiscal year ended June 30, 2025, the contribution rate for CalSTRS 2% at 62 members is equal to 10.205% of creditable compensation.

Employer DB contributions: Employers pay a base contribution rate of 8.25% of creditable compensation. Additionally, employers contribute a supplemental contribution rate pursuant to the CalSTRS Funding Plan for the purpose of amortizing the employers' share of the unfunded actuarial obligation by the fixed date of June 30, 2046. In addition, beginning in fiscal year 2021–22, the board has had limited authority to adjust the supplemental contribution rate by no more than 1% a year to a maximum total rate of 20.25% to amortize the remaining unfunded actuarial obligation by the 2046 deadline. For fiscal year 2024–25, the total employer contribution rate was 19.1% of creditable compensation. For fiscal year 2025–26, the board elected to maintain the total employer contribution rate at 19.1% of creditable compensation to maintain stability in the employer contribution rate, improve funding levels more quickly and reduce the likelihood the board may have to raise the employer rate in the future.

State DB contributions: The state's base and supplemental contributions to the DB Program are calculated based on creditable compensation from two fiscal years prior. The state contributes at a base contribution rate of 2.017% of creditable compensation. Additionally, the state contributes a supplemental contribution pursuant to the CalSTRS Funding Plan for the purpose of amortizing the state's share of the unfunded actuarial obligation by the fixed date of June 30, 2046. The board currently has limited authority to adjust the supplemental state contribution rate by no more than 0.5% a year to amortize the unfunded actuarial obligation by the 2046 deadline. For fiscal year 2024–25, the state supplemental contribution rate was 6.311%. The state also contributes an additional 2.5% of members'

creditable compensation, minus \$72 million, to protect retirees' purchasing power. The total state contribution rate to CalSTRS for fiscal year 2024–25 was 10.828%.

For fiscal year 2025–26, the board elected to maintain the state supplemental contribution rate at 6.311%, keeping the total state contribution rate to CalSTRS at 10.828%. This was done to maintain stability in the state contribution rate, improve funding levels more quickly and reduce the likelihood the board may have to raise the state rate in the future.

Other programs

For the DBS Program, member and employer contributions are credited to the member's account for compensation for service credit that exceeds one year during a single school year. For CalSTRS 2% at 60 members, contributions for compensation for limited-term payments and compensation determined to have been paid to enhance their DB Program benefits are also credited to the member's DBS account. CalSTRS 2% at 60 members and employers each contribute 8% for a total of 16% of compensation creditable to DBS. For members under CalSTRS 2% at 62, members contribute 9%, and employers contribute an additional 8% for a total of 17% of compensation creditable to DBS. Generally, for the CBB Program, participants and employers each contribute 4% of salary. Rules for contribution rates may differ for participants covered by a collective bargaining agreement, but the sum of participant and employer contributions must equal or exceed 8% of salary. The employer contribution rate cannot be less than 4% of salary, and the participant rate cannot be less than the employer rate. The Teachers' Retirement Board may adjust employer contributions for a fixed number of years, but the adjustment cannot exceed 0.25% of salaries in any plan year.

For both the DBS and CBB programs, there is currently no provision in the Education Code to increase contributions to make up for any future shortfalls (if they were to occur). However, the assumed return on investments currently exceeds the minimum interest rate. To the extent that the assets earn more than the accounts are credited in the future, this may be sufficient to make up any potential shortfall.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions of the DB Program. In accordance with Education Code section 25930 and board policy, contributions of the DB Program that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. For funding purposes, the MPP Program is assumed to be 100% funded by including the value of future employer contributions that have been

allocated to fully fund the MPP Program obligations. As a result, the funding method does not require an amortization method for any unfunded actuarial obligation or surplus. Actuarial gains and losses are funded as they occur through the pay-as-you-go method described above.

There are no retiree contributions, per capita claims costs or pay increase assumptions.

Financial reporting method

Under Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, financial reporting for the State Teachers' Retirement Plan (STRP) includes the DB (including the Purchasing Power Protection program), DBS, CBB and Replacement Benefits programs. For financial reporting, the aggregate assets of all programs in the STRP on a fair value basis are used in the determination of the net pension liability. GASB Statement No. 67 also specifies that, for financial reporting purposes, the entry age actuarial cost method should be used to calculate total pension liability.

For financial reporting purposes of the MPP Program, the actuarial cost method used is the entry age actuarial cost method as specified by GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The asset valuation method is fair value of assets.

Actuarial assumptions

The actuarial valuations use two types of assumptions: economic and demographic. Economic assumptions are related to the general economy and its impact on CalSTRS. Demographic assumptions predict the future experience of the membership with respect to eligibility and benefits and are directly related to the specific experience of CalSTRS members. As the DB Program and the DBS Program share the same population, it's reasonable to use most of the same assumptions for both programs. The assumptions for the DBS Program and the CBB Program will have minimal impact under the traditional unit credit actuarial cost method or only have significance when participants elect to annuitize the account balance. Under the DBS Program and the CBB Program, a member must have at least \$3,500 in their account to annuitize the account balance.

CalSTRS, through our consulting actuary, generally performs an experience study every four years to determine appropriate demographic and economic assumptions. These assumptions are then applied when the consulting actuary performs actuarial valuations to monitor the funding status of the DB, DBS, CBB and MPP programs.

The most recent experience study was completed and presented to the board in January 2024. The board approved several adjustments to the economic and demographic assumptions. The following is a summary of the different types of assumptions used.

Economic assumptions

The two major economic assumptions for the DB, DBS and CBB programs are investment return and wage growth, and each is affected by the underlying assumed rate of inflation. The assumption for investment return, also known as the discount rate, is 7.00% for the DB, DBS and CBB programs (net of investment and administrative expenses). The assumption for general wage increase is 3.50%, of which 2.75% is due to inflation and 0.75% is due to an expected gain in productivity. The payroll growth assumption is 3.25%, which assumes the active members population will decline by 5% by 2046.

The major economic assumptions used for the MPP Program valuation are the investment return, medical inflation and price inflation. The investment return assumption for the MPP Program is 7.00% (net of investment and administrative expenses). The assumption for premium cost trend rates varies by years; however, the increases are approximately equivalent to a 5.0% and 6.5% increase each year for Medicare Part A and Part B, respectively. The assumption for price inflation is also 2.75%.

As required by GASB Statement No. 67, for financial reporting for the STRP, the discount rate of 7.10% is net of investment expenses but gross of administrative expenses. The MPP Program is funded on a pay-as-you-go basis, and the other postemployment benefit plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. As such, GASB Statement No. 74 requires the MPP Program's discount rate to be based on 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The board has adopted The Bond Buyer 20-Bond GO Index for this purpose. The MPP Program's discount rate as of June 30, 2025, is 5.20%. Table 6 provides a summary of the economic actuarial assumptions for these programs as reflected in the most recent actuarial valuations.

Demographic assumptions

Demographic assumptions are based on the most recent CalSTRS experience study adopted by the board in January 2024 and include assumptions for postretirement mortality; probabilities of retirement, disability or withdrawal from the system; assumptions for pay increases due to promotions; and various other assumptions needed to value the DB, DBS and CBB program benefits. Members whose retirement date is on or after July 1, 2012, are not eligible for coverage under the MPP Program. As such, no active members are eligible for benefits under the MPP Program, and the assumptions related to active members are not applicable to this program. The primary MPP Program demographic assumptions are postretirement mortality rates and program enrollment rates. Tables 1 through 5 and 7 through 9 provide a summary of the demographic assumption information for these programs as reflected in the most recent actuarial valuations.

Changes since prior valuation

Changes in actuarial methods

There were no changes in the actuarial methods for the DB, DBS, CBB and MPP programs.

Changes in actuarial assumptions

There were no changes in the actuarial assumptions for the DB, DBS and CBB programs. The discount rate used for financial reporting for the MPP Program for the fiscal year ended June 30, 2025, was 5.20%, an increase of 1.27% from the prior year.

Changes in plan provisions

There were no changes in plan provisions for the MPP Program that were reflected in the June 30, 2024, actuarial

valuation. Some benefits were increased for the DB, DBS and CBB programs in accordance with the statutory authority given to the board. In May 2024, the board increased the lump-sum death benefits for the DB Program by 2.75% effective July 1, 2024, which was reflected in the June 30, 2024, valuation. In May 2025, the board adopted 4.81% and 3.65% additional earnings credits for the fiscal year ended June 30, 2024, for the DBS Program and the CBB Program, respectively. These additional earnings credits have been reflected in the June 30, 2024, valuations of both the DBS and CBB programs.

Valuation results

The most recent DB, DBS, CBB and MPP program actuarial valuations were completed as of June 30, 2024. All actuarial valuations were presented to the board in May 2025.

The DB Program valuation showed an increase of \$2.1 billion in the unfunded actuarial obligation of the DB Program to a total of \$88.7 billion. The primary cause of the increase was that salary increases were greater than assumed, which resulted in a larger than expected increase in the actuarial obligation. The funded ratio increased from 75.9% to 76.7%. The increase in the funded ratio is primarily due to the contributions received to pay down the unfunded actuarial obligation as well as the actual investment return exceeding the assumed rate of return.

The DB Program is currently ahead of schedule on its path to reach full funding. The DB Program is projected to reach 100% funding in 2043, three years ahead of 2046, the target set by the funding plan. The DB Program actuarial valuation provides the best estimate of the program's long-term financing by using the actuarial methods and assumptions adopted by the board.

Comparing the unfunded actuarial obligation as of two valuation dates does not provide enough information to determine if there were actuarial gains or losses. A better comparison is between the unfunded actuarial obligation on the valuation date and the expected unfunded actuarial obligation projected from the prior valuation date using the actuarial assumptions in effect for the period of comparison.

Actuarial gains reduce the DB Program's unfunded actuarial obligation as of the valuation date, and actuarial losses increase the DB Program's unfunded actuarial obligation.

Most actuarial gains and losses are a result of short-term fluctuations in experience. Because of the long-term nature of actuarial assumptions, future patterns of emerging experience may offset these short-term fluctuations.

The DBS Program valuation determined there was an actuarial surplus of approximately \$4.4 billion before the awarding of any additional earnings credit. After awarding the 4.81% additional earnings credit, the actuarial surplus was reduced to \$3.7 billion.

The CBB Program valuation determined there was an actuarial surplus of approximately \$81.0 million before the awarding of any additional earnings credit. After awarding the 3.65% additional earnings credit, the actuarial surplus was reduced to \$65.3 million.

The MPP Program valuation indicated that the current program assets, along with MPP Program-allocated funding from future employer contributions that would otherwise have been credited to the DB Program, were sufficient to finance the future MPP Program obligations of \$199.2 million for both Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges.

Tables 10 through 14 provide summaries of all the valuation results. The data displayed in Table 10 is as of June 30 of the specified year. Other information, specifically annual payroll amounts, reported in the Financial section of this report will generally not be consistent with this data as the financial data reflects payroll for all individuals who were active during the year, while Table 10 only includes those individuals who are active as of June 30. It does not include those individuals who were active at some point during the year but not as of June 30.

In addition, the amounts provided in Table 11 represent the status of the population as of June 30 of the indicated year.

The data provided for each year in Table 11 is a snapshot of the population taken following year-end closing for the indicated period. It's likely adjustments will be made subsequent to this closing. No attempt is made to update the data in Table 11 for these adjustments.

Independent actuarial review

Actuarial services for CalSTRS are provided by a qualified independent actuarial firm (currently Milliman) with additional review provided by CalSTRS actuarial staff.

In addition to the review performed by CalSTRS actuarial staff, all actuarial services are subject to a periodic independent review. The selection of the firm performing the independent review is done through the competitive bid process. In 2023, CalSTRS selected the actuarial firm Segal to perform the most recent independent review of all actuarial work performed by Milliman.

Actuarial

In the spring of 2024, Segal completed its review of the 2024 actuarial experience study. Segal found the recommendations made by Milliman in the Actuarial Experience Study to be reasonable, and they agreed with the rationales and processes that led to Milliman's recommendations.

In January 2025, Segal completed its independent replication and peer review of the June 30, 2023, actuarial valuations for all programs. Segal was able to closely match the results of all of the actuarial valuations and confirmed that the actuarial calculations are reasonable and were performed in accordance with generally accepted actuarial principles.

Summary of plan provisions—DB Program

The plan provisions of the DB Program are detailed in the Teachers' Retirement Law. The following is a summary of these provisions, which were used in the June 30, 2024, valuation of the DB Program.

Normal retirement

Eligibility requirement—CalSTRS 2% at 60 members: Age 60 with five years of credited service.

CalSTRS 2% at 62 members: Age 62 with five years of credited service.

Benefit—2% of final compensation for each year of credited service.

Benefit factors

Credited service—For each year of membership, credited service is granted based on the ratio of salary earned to the member's annualized pay rate. No more than one full year of service credit is allowed during any school year. The contributions on earnings for service that exceeds one year in a school year are deposited to the member and employer contribution accounts within the DBS Program. Members can earn compensation for more than one year of service in a school year by taking on coaching positions or other extra-duty assignments, teaching summer school, or working in multiple positions or at multiple school sites, districts or community colleges.

Because the contribution rate for the DB Program is higher than the contribution rate for the DBS Program, CalSTRS must return the excess contributions earned for service that exceeds one year in a school year. School district employers return excess member contributions to their employees, and the returned pre-tax contributions will be considered taxable income in the year they are received by the employee.

Final compensation—CalSTRS 2% at 60 members: Highest average annual compensation earnable for 36 consecutive months of credited service. For members with 25 or more years of service, the calculation is based on the highest average annual compensation earnable for 12 consecutive months.

CalSTRS 2% at 62 members: Final compensation is based on the highest average annual compensation earnable for 36 consecutive months of credited service. The annual compensation limit in 2024-25 was \$182,266 and is adjusted annually based on changes to the Consumer Price Index for All Urban Consumers. CalSTRS 2% at 62 members are not eligible for the one-year final compensation benefit enhancement.

Internal Revenue Code (IRC) section 401(a)(17)—Compensation is limited under IRC section 401(a)(17) and assumed to increase at the rate of inflation. The annual compensation limit effective in fiscal year 2024-25 was \$345,000.

Sick leave service credit—Credited service is granted for unused sick leave at the time of retirement. Up to 0.2 years of credited service for sick leave may be used for eligibility for one-year final compensation or to attain the career factor or the longevity bonus for eligible members.

Career factor—If a CalSTRS 2% at 60 member has 30 or more years of credited service, the age factor is increased by 0.2%. However, the age factor, after adding the career factor, cannot exceed 2.4%. The career factor does not apply to CalSTRS 2% at 62 members.

Longevity bonus—If a CalSTRS 2% at 60 member attains 30 years of service before January 1, 2011, a longevity bonus of \$200 per month is added to the Member-Only Benefit. The bonus is increased to \$300 per month with 31 years of service and \$400 per month with 32 or more years of service. The longevity bonus does not apply to CalSTRS 2% at 62 members.

Postretirement benefit adjustment

Annual benefit adjustment—2% simple increase on September 1 following the first anniversary of the effective date of the benefit, applied to all continuing benefits.

IRC section 415(b)—For all CalSTRS members, benefits are subject to federal limits imposed under IRC section 415(b). When performing the actuarial valuation of the DB Program, the 415(b) limits are ignored in order to address the potential pay-as-you-go funding needs of the Teachers' Replacement Benefits Program Fund. Note that CalSTRS 2% at 62 members are not eligible to receive benefits from the Teachers' Replacement Benefits Program Fund and are not expected to ever receive benefits in excess of the federal limit as a result of limits on creditable compensation as per the California Public Employees' Pension Reform Act of 2013.

Early retirement

Eligibility requirement—CalSTRS 2% at 60 members: Age 55 with five years of credited service, or age 50 with 30 years of credited service.

CalSTRS 2% at 62 members: Age 55 with five years of credited service.

Benefit reduction—CalSTRS 2% at 60 members:

A 0.5% reduction in the normal retirement allowance for each full month or partial month the member is younger than age 60, plus a reduction of 0.25% for each full month or partial month the member is younger than age 55.

CalSTRS 2% at 62 members: A 0.5% reduction in the normal retirement allowance for each full month or partial month the member is younger than age 62.

Late retirement

Benefit—CalSTRS 2% at 60 members: For members who continue to earn additional service credit after age 60, the 2% age factor increases by 0.033% for each quarter year of age that the member is over age 60, up to a maximum of 2.4%.

CalSTRS 2% at 62 members: For members who continue to earn additional service credit after age 62, the 2% age factor increases by 0.033% for each quarter year of age that the member is over age 62, up to a maximum of 2.4%.

Deferred retirement

Benefit—Any time after satisfying the minimum service requirement, a member may cease active service, leave the accumulated contributions on deposit and later retire upon attaining the minimum age requirement.

Disability Allowance—Coverage A

Eligibility requirement—Applicable only to members who became a member before October 16, 1992, who did not elect Coverage B. Member has five years of credited California service and has not attained age 60, or a member has earned one year of creditable service and is disabled due to an unlawful act of bodily harm committed by another person while performing creditable service.

Benefit—50% of earned final compensation.

- or -

5% of final compensation for each year of service credit if over age 45 with fewer than 10 years of service credit.

Children's benefit—10% for each eligible dependent child, up to a maximum of 40% of earned final compensation. The increment for each eligible child continues until the child marries or attains age 22.

Offsets—Benefit, including children's increment, is reduced by disability benefits payable under Social Security, workers' compensation and employer-paid income protection plans.

Disability Allowance—Coverage B

Eligibility requirement—Applicable to members who became members on or after October 16, 1992, and to certain other members who elected Coverage B. Member has five years of credited California service, or a member has earned one year of creditable service and is disabled due to an unlawful act of bodily harm committed by another person while performing creditable service.

Benefit—50% of earned final compensation, regardless of age and service credit.

Children's benefit—10% for each eligible child up to four children, for a maximum of 40% of earned final compensation. The increment for each child continues until the child attains age 21, regardless of student, marital or employment status.

Offsets—The member's benefit is reduced by disability benefits payable under workers' compensation.

Death before retirement—Coverage A

Eligibility requirement—Applicable only to members who became a member before October 16, 1992, who did not elect Coverage B. One or more years of service credit for active members or members receiving a disability benefit.

Lump-sum payment—\$7,093 lump sum to the designated beneficiary. If there is no surviving spouse, domestic partner or eligible children, the contributions and interest are paid to the designated beneficiary.

Actuarial

Benefit—The surviving spouse or registered domestic partner with eligible children will receive a family benefit of 40% of earned final compensation for as long as there is at least one eligible child. An additional 10% of earned final compensation is payable for each eligible child up to a maximum benefit of 90%.

If there is no surviving spouse or registered domestic partner, a benefit of 10% of earned final compensation is payable to eligible children up to a maximum benefit of 50%.

When there are no eligible children, the spouse or registered domestic partner may elect to receive one-half of a 50% joint and survivor benefit projected to age 60 or take a lump-sum payment of the remaining contributions and interest.

Death before retirement—Coverage B

Eligibility—Applicable to members who became members on or after October 16, 1992, and to certain other members who elected Coverage B. One or more years of service credit for active members.

Lump-sum payment—\$28,372 lump sum to the designated beneficiary. If there is no surviving spouse or domestic partner, the contributions and interest are paid to the designated beneficiary.

Benefit—A lump-sum payment of the contributions and interest.

- or -

One-half of a 50% joint and survivor benefit, beginning on the deceased member's 60th birthday or immediately with a reduction based on the member's age and that of the spouse or registered domestic partner at the time the benefit begins.

If the surviving spouse or registered domestic partner elects a monthly benefit, or there is no surviving spouse, each eligible child would receive 10% of the member's earned final compensation, with a maximum benefit of 50%.

Death after retirement

Lump-sum payment—\$7,093 lump sum to the designated beneficiary.

Benefit—Members of retirement age may make a preretirement election of an option to designate a beneficiary.

Annuity form—If the retired member had elected one of the joint and survivor options, the option beneficiary's benefit would be reduced in accordance with the option elected.

If no option was elected, payment of the unpaid contributions and interest, remaining in the member's account, if any, will be made to the beneficiary, if one is named, or to the deceased member's estate.

Termination from CalSTRS

Refund—Refund of the member's contributions with interest as credited to the member's account to date of withdrawal. A refund terminates membership and all rights to future benefits from the program.

Re-entry after refund—Former members who re-enter the program may redeposit all amounts previously refunded plus regular interest. The member must earn one year of credited service after re-entry before becoming eligible for program benefits.

Summary of plan provisions—DBS Program

The plan provisions of the DBS Program are detailed in the Teachers' Retirement Law. The following is a summary of these provisions, which were used in the June 30, 2024, valuation of the DBS Program.

Membership

Eligibility requirement—All members of the DB Program have an account under the DBS Program and are eligible to receive a DBS benefit based on the amount of funds contributed to their DBS account.

Member—An eligible employee with creditable service subject to coverage who has contributions credited in the program or is receiving an annuity from the program.

Account balance

Account balance—Nominal accounts are established for the purpose of determining DBS benefits payable to the member. Accounts are credited with contributions, interest at the minimum interest rate and, if applicable, additional earnings credits.

Contributions—Member and employer contributions are credited to the member's DBS account on earnings for service credit in excess of one year during a single school year, and for CalSTRS 2% at 60 members, contributions for compensation for limited-term payments and compensation determined to have been paid to enhance their DB Program benefits are credited.

Minimum interest rate—Annual rate determined for the plan year by the board in accordance with federal laws and regulations. The minimum interest rate is equal to the average of the yields on 30-year Treasury Notes for the 12

Actuarial

months ending in February preceding the beginning of the plan year, rounded to the next highest 0.01%. The minimum interest rate is not less than the rate at which interest is credited under the DB Program.

Additional earnings credit—Annual rate determined for the plan year by the board based on the actual earnings during the plan year but only to the extent the earnings are sufficient to credit the minimum interest rate and provide any additions to the gain and loss reserve deemed warranted by the board.

The board adopted an additional earnings credit of 4.81% for the fiscal year ended June 30, 2024. The credit is applied to the June 30, 2024, account balance for members who have not yet retired as of June 30, 2024.

Normal retirement

Eligibility requirement—Receipt of a corresponding benefit under the DB Program.

Benefit—The account balance at the benefit effective date subject to limits imposed under IRC section 415(b).

Form of payment—The normal form of payment is a lump-sum distribution. Annuity options are available if the account balance is at least \$3,500.

Early retirement

Eligibility requirement—Same as normal retirement.

Benefit and form of payment—Same as normal retirement.

Late retirement

Benefit and form of payment—Same as normal retirement.

Contributions and interest continue to be credited to the account balance.

Deferred retirement

Benefit—A member must receive a DBS Program benefit when the corresponding benefit is received under the DB Program.

Disability benefit

Eligibility requirement—Receipt of a corresponding benefit under the DB Program.

Benefit—The account balance at the date the disability benefit becomes payable.

Form of payment—Same as normal retirement.

Death before retirement

Eligibility requirement—Deceased member has an account balance.

Benefit—The account balance at the date of death is payable to the designated beneficiary.

Form of payment—Same as normal retirement, except annuity options are limited to a period certain annuity.

Death after retirement

Eligibility requirement—The deceased member was receiving an annuity.

Benefit—According to the terms of the annuity elected by the member.

Termination from the program

Eligibility requirement—Termination of all CalSTRS-covered employment.

More than five years have elapsed since the most recent termination benefit, if any, has been paid.

Benefit and form of payment—Lump-sum distribution of the account balance as of the date of distribution.

Summary of plan provisions—CBB Program

The plan provisions of the CBB Program are detailed in the Teachers' Retirement Law. The following is a summary of these provisions, which were used in the June 30, 2024, valuation of the CBB Program.

Membership

Eligibility requirement—Membership if employed at less than 50% of a full-time position, or on a substitute, part-time hourly or part-time daily basis, for a California school district or county office of education that has elected to offer the CBB Program.

Extended eligibility to employees hired by a community college district to perform creditable service on a part-time or temporary basis or for not more than 67% of the hours per week considered a regular full-time assignment.

Actuarial

Participant—An eligible employee with creditable service subject to coverage who has contributions credited in the program or is receiving an annuity from the program or has not yet received their lump-sum benefit.

Account balance

Account balance—Nominal accounts established for the purpose of determining benefits payable to the participant. Accounts are credited with contributions, minimum interest rate and, if applicable, additional earnings credits.

Contributions—Generally, for the CBB Program, participants and employers each contribute 4% of salary.

Rules for contribution rates may differ for participants covered by a collective bargaining agreement, but the sum of the participant and employer contributions must equal or exceed 8% of salary. The employer contribution rate cannot be less than 4% of salary, and the participant rate cannot be less than the employer rate.

The board may adjust the employer contributions for a fixed number of years, but the adjustment shall not exceed 0.25% of salaries in any plan year, up to a maximum mandatory employer contribution of 4.25%.

Minimum interest rate—Annual rate determined for the plan year by the board in accordance with federal laws and regulations. The minimum interest rate is equal to the average of the yields on 30-year Treasury Notes for the 12 months ending in February preceding the beginning of the plan year, rounded to the next highest 0.01%.

Additional earnings credit—Annual rate determined for the plan year by the board based on the actual earnings during the plan year but only to the extent the earnings are sufficient to credit the minimum interest rate and provide any additions to the gain and loss reserve deemed warranted by the board.

The board adopted an additional earnings credit of 3.65% for the fiscal year ended June 30, 2024. The credit is applied to the June 30, 2024, account balance for participants who have not yet retired as of June 30, 2024.

Normal retirement

Eligibility requirement—Age 60, or age 62 for participants hired on or after January 1, 2013.

Benefit—The account balance at the retirement date subject to limits imposed under IRC section 415(b).

Form of payment—The normal form of payment is a lump-sum distribution. Annuity options are available if the sum of the employer and employee accounts equals or exceeds \$3,500.

Early retirement

Eligibility requirement—Age 55.

Benefit and form of payment—Same as normal retirement.

Late retirement

Benefit and form of payment—Same as normal retirement. Contributions and interest continue to be credited to the account balances until distributed.

Deferred retirement

Benefit—A participant may cease active service, leave the accumulated account balance on deposit and later retire upon attaining the minimum age requirement.

Disability benefit

Eligibility requirement—Determination by the board that the participant has a total and permanent disability.

Benefit—The account balance at the date of disability. An annuity benefit is discontinued if the participant is re-employed and performs service creditable under the program.

Form of payment—Same as normal retirement.

Death before retirement

Eligibility requirement—Deceased participant has an account balance.

Benefit—The account balance at the date of death payable to the designated beneficiary.

Form of payment—Normal distribution is a lump-sum benefit. A participant's beneficiary may elect to receive the benefit in the form of a period-certain annuity if the sum of the balance of credits to the participant's employee and employer accounts is \$3,500 or more.

Death after retirement

Eligibility requirement—The deceased participant was receiving an annuity.

Benefit—According to the terms of the annuity elected by the participant.

Termination from the program

Eligibility requirement—More than five years have elapsed since the most recent termination benefit, if any, has been paid.

Actuarial

Benefit and form of payment—Lump-sum distribution of the account balance as of the date of distribution. The benefit is payable six months from the termination of creditable service.

Summary of plan provisions—MPP Program

The plan provisions of the MPP Program are detailed in the Teachers' Retirement Law. The following is a summary of these provisions, which were used in the June 30, 2024, valuation of the MPP Program.

Membership

Eligibility requirement – Part A

DB member—satisfies either:

1. Retired or disabled prior to January 1, 2001; hired prior to April 1, 1986; age 65 or above; enrolled in Medicare Part A and Part B; and not eligible for Part A without premium payment.
– or –
2. Meet all above requirements, except retired or disabled before July 1, 2012; district completed a Medicare Division election prior to retirement; and active member voted yes if they were less than 58 years of age at the time of the election.

Spouse eligibility—Spouses of members are not eligible to participate in the program.

Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

Eligibility requirement – Part A and B late enrollment surcharges

Only those currently enrolled are eligible.

Benefits paid

Premium payments are made directly to the Centers for Medicare and Medicaid Services on a monthly basis. Medicare Part A premium rates for fiscal year 2024–25 are as follows:

Medicare Part A premium rate

July 1, 2024, to December 31, 2024	\$505
January 1, 2025, to June 30, 2025	\$518

Individuals with 30 to 39 quarters of Medicare-covered employment pay a reduced monthly premium rate, which was \$278 for July 1, 2024 to December 31, 2024, and \$285 for January 1, 2025 to June 30, 2025.

Part A late enrollment surcharge is generally 10% of the respective monthly premium rates, and Part B late enrollment surcharge is usually 10% of the respective monthly premium rates for each full 12-month period the person is late enrolling; however, the fees charged to individual participants may be higher based on certain income thresholds.

Based on the published premium rates during fiscal year 2024–25, Part A late enrollment surcharges were \$50.50 and \$51.80 for the period of July 1, 2024, to December 31, 2024, and January 1, 2025, to June 30, 2025, respectively. Each 10% of Part B late enrollment surcharges were \$17.47 and \$18.50 for the period of July 1, 2024, to December 31, 2024, and January 1, 2025, to June 30, 2025, respectively.

Actuarial

All demographic assumptions used in the actuarial valuations were adopted by the board when the experience study was adopted in January 2024. The following are the assumptions adopted by the board for the DB, DBS, CBB and MPP programs unless stated otherwise. Where indicated, duration is based on elapsed service since membership date.

Table 1A

Preretirement mortality for sample ages—DB Program only

Age	Active members and participants ¹	
	Male	Female
25	0.014%	0.008%
30	0.023%	0.014%
35	0.033%	0.022%
40	0.044%	0.031%
45	0.063%	0.042%
50	0.106%	0.065%
55	0.184%	0.099%
60	0.279%	0.146%
65	0.400%	0.211%

Table 1B

Postretirement mortality for sample ages

Age	Retired members, participants and beneficiaries ¹		Disabled members and participants (after third year) ¹	
	Male	Female	Male	Female
50	0.195%	0.141%	1.446%	0.929%
55	0.312%	0.226%	1.971%	1.187%
60	0.445%	0.289%	2.447%	1.397%
65	0.575%	0.369%	2.720%	1.577%
70	0.903%	0.602%	3.573%	2.016%
75	1.754%	1.195%	4.981%	3.206%
80	3.482%	2.416%	7.139%	5.421%
85	6.893%	5.007%	10.794%	9.021%
90	12.924%	9.999%	16.596%	14.059%
95	22.529%	17.907%	24.286%	20.081%

Select minimum rates for disability

	Male	Female
First year of disability	4.0%	4.0%
Second year of disability	3.5%	3.0%
Third year of disability	3.0%	2.0%

¹ The mortality assumption uses a generational mortality approach with a base year of 2023 for the mortality rates. Projected improvement is based on the MP-2021 Ultimate Projection Scale. The rates shown reflect mortality improvement through June 30, 2023. The projection scale does not apply to the select minimum rates.

Actuarial

Table 2

Probabilities of service retirement for sample ages and years of service¹—DB Program only

Male	Age	CalSTRS 2% at 60				CalSTRS 2% at 62		
		20-24 years	25 years	26-29 years	30 or more years	20-24 years	25-29 years	30 or more years
	55	3.0%	3.5%	3.0%	5.0%	2.5%	2.5%	3.0%
	60	8.0%	13.0%	11.0%	25.0%	6.0%	8.5%	10.0%
	65	24.0%	25.0%	25.0%	32.5%	24.0%	25.0%	25.0%
	70	21.5%	25.0%	25.0%	25.0%	21.5%	25.0%	25.0%
	75+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Female	Age	20-24 years	25 years	26-29 years	30 or more years	20-24 years	25-29 years	30 or more years
		55	4.5%	4.5%	4.0%	6.5%	3.5%	3.0%
60	10.0%	16.0%	14.0%	26.0%	7.5%	11.0%	13.0%	
65	26.5%	33.5%	32.0%	35.0%	26.5%	32.5%	32.5%	
70	25.0%	29.5%	28.0%	30.0%	25.0%	28.5%	28.5%	
75+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

¹ The assumptions shown above are for retirement from active status. It is assumed that all vested terminated CalSTRS 2% at 60 members retire at age 60 and CalSTRS 2% at 62 members retire at age 62.

Table 3

Probabilities of withdrawal from active service for sample years of service—DB Program only

Year ¹	Male	Female
0	10.00%	9.00%
1	8.25%	7.00%
2	6.25%	5.50%
3	4.50%	4.25%
4	4.00%	3.60%
5	3.10%	3.00%
10	1.60%	1.35%
15	1.00%	0.90%
20	0.75%	0.75%
25	0.60%	0.60%
30+	0.50%	0.50%

¹ Based on elapsed service since membership date.

Actuarial

Table 4

Probabilities of refund by sample entry ages and years of service—DB Program only

Year ¹	Entry age					
	Under 25	25-29	30-34	35-39	40-44	45 and up
Under 5	100%	100%	100%	100%	100%	100%
5	44%	42%	39%	36%	30%	29%
10	32%	29%	26%	23%	13%	12%
15	21%	18%	16%	13%	3%	2%
20	13%	10%	8%	5%	—%	—%
25	6%	4%	2%	—%	—%	—%
30	1%	—%	—%	—%	—%	—%

¹ Assumption applied at the time of assumed termination based on credited service. Members who terminate with less than five years of credited service are assumed to have 100% probability of refund.

Table 5

Assumption for pay increase due to promotions and longevity for sample ages in years¹—DB Program only

Year ²	Entry age					
	Under 25	25-29	30-34	35-39	40-44	45 and up
0	8.0%	7.5%	7.0%	6.5%	6.0%	5.5%
1	7.0%	6.5%	6.0%	5.5%	5.0%	4.5%
2	6.3%	5.8%	5.3%	5.0%	4.5%	3.8%
3	5.8%	5.3%	4.8%	4.5%	4.0%	3.0%
4	5.3%	4.8%	4.4%	4.1%	3.8%	2.8%
5	4.8%	4.5%	4.1%	3.8%	3.5%	2.6%
10	3.2%	3.0%	2.6%	2.3%	2.1%	1.6%
15	1.9%	1.8%	1.6%	1.4%	1.3%	1.1%
20	1.6%	1.4%	1.1%	1.0%	0.9%	0.9%
25	1.3%	1.1%	0.9%	0.8%	0.8%	0.8%
30	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%
35+	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%

¹ The total expected increase in salary includes both merit (shown above) and the general wage increase assumption of 3.50% per annum. The total result is compounded rather than additive. For example, the total assumed increase for service less than one year (Year 0 above) is 11.178% (1.080 x 1.035) for members in the entry age under 25 group.

² Based on elapsed service since membership date.

Actuarial

Table 6

Economic assumptions

	DB Program	DBS Program	CBB Program	MPP Program
Investment yield (net of expenses) ¹	7.00%	7.00%	7.00%	7.00%
Consumer price inflation	2.75%	2.75%	2.75%	2.75%
Wage inflation	3.50%	3.50%	3.50%	N/A
Payroll growth	3.25%	N/A	N/A	N/A
Interest on member accounts	3.00%	7.00%	7.00%	N/A
Standard deviation of portfolio	N/A	11.30%	11.30%	N/A
Medical inflation (varies by year—average percentage below)				
Part A premiums	N/A	N/A	N/A	5.00%
Part B premiums	N/A	N/A	N/A	6.50%

¹ For financial reporting purposes, the investment rate of return for the STRP (which includes the DB, DBS and CBB programs) is 7.10% (net of investment expenses but gross of administrative expenses) in accordance with GASB Statement No. 67. The MPP Program uses an investment rate of return of 5.20% as of June 30, 2025, which represents the yield or index rate for the 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher in accordance with GASB Statement No. 74.

Table 7

Probabilities of disability retirement for sample ages—DB Program only

Coverage A				Coverage B			
Male		Female		Male		Female	
Age	Rate	Age	Rate	Age	Rate	Age	Rate
25	0.015%	25	0.015%	25	0.010%	25	0.015%
30	0.025%	30	0.025%	30	0.010%	30	0.015%
35	0.040%	35	0.050%	35	0.020%	35	0.030%
40	0.065%	40	0.075%	40	0.040%	40	0.055%
45	0.090%	45	0.090%	45	0.070%	45	0.095%
50	0.130%	50	0.180%	50	0.105%	50	0.165%
55	0.170%	55	0.225%	55	0.200%	55	0.270%
				60	0.275%	60	0.305%
				65	0.305%	65	0.325%
				70	0.305%	70	0.325%

Actuarial

Table 8

Supplemental assumptions—DB Program only

PEPRA coverage	All members hired on or after the valuation date are assumed to be subject to the provisions of PEPRA.	
Unused sick leave	Credited service is increased by 1.6%.	
Optional forms	Active and inactive: Based on single-life annuity assumed. Retirees and beneficiaries: Based on optional form in data.	
Probability of marriage	Male: 85%	
	Female: 65%	
	Male spouses are assumed to be three years older than female spouses.	
Number of children	Married members under age 60 are assumed to have the number of children shown in the following table. Children are assumed to receive benefits until the member would have turned age 60.	
	Member's gender	Assumed number of children
	Male	0.70
	Female	0.50
Assumed offsets	No offsets to disability and survivor benefits are assumed.	
Valuation of inactive members	Salary and benefit information is not available on the valuation data provided for inactive members. Therefore, we estimate the projected retirement benefits for inactive members as follows:	
	<ol style="list-style-type: none"> 1. The inactive member's annualized pay rate information is retrieved from when they were active by matching with a database of active valuation data back to 2001 and taking the highest annualized pay rate for the member during the period. 2. For those members who cannot be located on the active database (because they terminated prior to 2001 or another reason), their annualized pay rate is estimated based on 120% of the average annualized pay rate for all active members in the year the member terminated. 3. The annualized pay rate amount from the prior steps is treated as the member's final compensation with two additional adjustments. <ol style="list-style-type: none"> a. An additional load of 5% for all inactive members is applied to their salary amount to account for potential post-termination increases in salary due to factors such as reciprocity. b. Final compensation is increased by an additional 4.1% if the member has 25 or more years of credited service. 4. Based on the salary data described above and the birth date and credited service from the current year's valuation data, the projected benefit amount is calculated and valued as a deferred service retirement. 5. Non-vested members who have been inactive for less than two years are assumed to take an immediate refund of their member contributions. 	

Table 9

Schedule of Medicare Part A enrollment rates¹—MPP Program only

Assumption		Rate
Percentage of under age 65 retirees enrolling (all years) ²		2.00%
Percentage of over age 65 retirees enrolling (for those not currently enrolled) at age ³ :	65	0.20%
	66	0.02%
	67	0.02%
	68	0.02%
	69	0.02%
	70-84	0.02%
	85 & above	0.00%
Percentage of over age 65 retirees enrolling (for those already enrolled)		100.00%

¹ Only current enrollees are assumed to receive Part B payments.

² For under age 65 retirees, the enrollment percent applies upon reaching age 65. No enrollment is assumed after age 65 for retirees currently under age 65.

³ For over age 65 retirees, the enrollment percent applies in each future year.

Actuarial

Table 10

Schedule of active member valuation data

Valuation date (as of June 30) ¹	Number of participating employers ²	Active number	Annual payroll	Annual average pay	Percent increase in average pay
DB Program					
2024	1,795	467,449	\$42,233,707,195	\$90,349	6.5%
2023	1,791	458,645	38,916,248,180	84,850	5.9%
2022	1,791	449,418	36,017,483,385	80,143	1.5%
2021	1,795	429,681	33,914,004,303	78,928	4.7%
2020	1,782	448,419	33,811,320,984	75,401	3.5%
2019	1,776	451,429	32,896,686,907	72,872	2.8%
2018	1,752	449,595	31,884,303,004	70,918	1.6%
2017	1,746	445,935	31,136,104,704	69,822	2.7%
2016	1,739	438,537	29,826,149,337	68,013	4.3%
2015	1,724	429,460	28,013,191,853	65,229	3.7%
DBS Program					
2024	1,795	467,449	\$42,233,707,195	\$90,349	6.5%
2023	1,791	458,645	38,916,248,180	84,850	5.9%
2022	1,791	449,418	36,017,483,385	80,143	1.5%
2021	1,795	429,681	33,914,004,303	78,928	4.7%
2020	1,782	448,419	33,811,320,984	75,401	3.5%
2019	1,776	451,429	32,896,686,907	72,872	2.8%
2018	1,752	449,595	31,884,303,004	70,918	1.6%
2017	1,746	445,935	31,136,104,704	69,822	2.7%
2016	1,739	438,537	29,826,149,337	68,013	4.3%
2015	1,724	429,460	28,013,191,853	65,229	3.7%
CBB Program					
2024	29	8,321	\$255,968,417	\$30,762	8.6%
2023	29	8,175	231,461,029	28,313	5.1%
2022	29	8,229	221,581,284	26,927	2.7%
2021	29	7,940	208,273,967	26,231	10.4%
2020	29	9,471	225,022,559	23,759	4.2%
2019	29	10,029	228,618,038	22,796	3.0%
2018	29	10,469	231,621,196	22,124	5.0%
2017	30	10,480	220,767,125	21,066	6.5%
2016	30	10,676	211,259,529	19,788	6.8%
2015	33	10,416	193,075,185	18,536	5.4%
MPP Program³					
N/A	N/A	N/A	N/A	N/A	N/A

¹ The data provided in this table is as of the most recent actuarial valuation (June 30, 2024) for each respective program. Actuarial valuation results as of June 30, 2025, are expected to be available by May 2026.

² Number of employers is based on employers who submit the last contribution line for the active member in each respective fiscal year; however, the number of the employers in the Financial section is based on contributing employers as of the end of the respective fiscal year.

³ The MPP Program is a closed program for members whose retirement date is on or after July 1, 2012, and active members are not currently eligible for coverage.

Actuarial

Table 11

Schedule of retired members, participants and beneficiaries added to and removed from rolls¹

Valuation date (as of June 30) ²	Added to rolls		Removed from rolls		Rolls – end of year		Percent change in annual allowances	Average annual allowances
	Number	Annual allowances	Number	Annual allowances	Number	Annual allowances		
DB Program								
2024	11,760	\$757,812,000	9,996	\$449,298,000	333,410	\$17,968,612,000	4.0%	\$53,893
2023	10,772	630,062,000	10,204	441,478,000	328,932	17,273,129,000	3.4%	52,513
2022	12,194	666,935,000	9,979	422,850,000	325,468	16,699,806,000	3.8%	51,310
2021	13,217	724,410,000	9,981	406,459,000	320,413	16,086,094,000	4.3%	50,204
2020	12,139	637,229,000	8,843	342,648,000	314,518	15,420,155,000	4.3%	49,028
2019	12,867	633,138,000	8,656	319,809,000	308,639	14,788,565,000	4.8%	47,915
2018	13,340	682,533,000	8,606	300,558,000	301,859	14,114,787,000	5.0%	46,760
2017	12,823	649,503,000	8,381	289,955,000	294,874	13,439,239,000	5.1%	45,576
2016	12,014	591,902,000	7,871	262,170,000	288,195	12,792,104,000	4.9%	44,387
2015	11,952	558,655,000	7,759	247,766,000	282,100	12,197,828,000	4.9%	43,239
DBS Program								
2024	6,139	\$49,141,973	4,475	\$29,233,505	82,831	\$343,341,060	6.4%	\$4,145
2023	6,046	43,161,027	4,728	28,687,144	80,975	322,552,346	5.0%	3,983
2022	6,633	44,951,182	4,764	28,017,067	79,468	307,180,840	6.2%	3,865
2021	7,142	44,696,206	4,284	25,415,637	77,369	289,240,352	7.4%	3,738
2020	6,988	40,002,030	4,307	23,823,406	74,312	269,201,680	6.7%	3,623
2019	7,275	40,953,264	4,019	21,433,419	71,408	252,321,939	8.8%	3,534
2018	7,873	40,794,850	3,535	19,256,485	68,194	231,963,834	10.6%	3,402
2017	7,813	39,827,784	3,444	18,242,423	63,653	209,657,263	11.9%	3,294
2016	7,324	35,828,397	3,335	17,497,131	59,075	187,434,597	11.6%	3,173
2015	7,097	31,304,181	3,423	18,040,255	54,901	167,972,370	9.5%	3,060
CBB Program								
2024	65	\$539,912	30	\$186,982	589	\$2,701,510	15.0%	\$4,587
2023	71	423,239	38	303,877	550	2,349,564	5.1%	4,272
2022	63	368,147	26	127,937	519	2,235,666	11.6%	4,308
2021	65	421,084	44	316,800	482	2,004,082	6.8%	4,158
2020	72	401,075	23	146,754	458	1,875,819	14.8%	4,096
2019	69	272,865	30	198,936	410	1,633,925	6.1%	3,985
2018 ³	85	475,148	25	159,001	370	1,539,585	25.8%	4,161
2017	80	430,331	22	87,768	310	1,223,947	45.5%	3,948
2016	62	261,067	10	43,035	252	841,230	27.7%	3,338
2015	52	164,451	11	74,583	200	658,550	15.8%	3,293
MPP Program⁴								
2024	6	\$35,000	332	\$1,867,000	4,073	\$22,139,000	(7.3%)	\$5,436
2023	5	25,000	325	1,732,000	4,400	23,884,000	(3.4%)	5,428
2022	11	51,000	321	1,674,000	4,726	24,737,000	(2.5%)	5,234
2021	10	36,000	346	1,720,000	5,042	25,374,000	(3.0%)	5,032
2020	23	91,000	317	1,535,000	5,383	26,148,000	(1.8%)	4,858
2019	43	153,000	268	1,243,000	5,686	26,626,000	(1.2%)	4,683
2018	118	446,000	321	1,502,000	5,917	26,947,000	(2.5%)	4,554
2017	89	253,000	306	1,387,000	6,124	27,632,000	(2.5%)	4,512
2016	158	503,000	320	1,463,000	6,324	28,345,000	(4.7%)	4,482
2015	171	553,000	303	1,483,000	6,474	29,729,000	(7.2%)	4,592

¹ Each year's data population is a snapshot taken following year-end closings; subsequent adjustments made to snapshots of data prior to the current period are not reflected in the table.

² The data provided in this table is as of the most recent actuarial valuation (June 30, 2024) for each respective program. Actuarial valuation results as of June 30, 2025, are expected to be available by May 2026.

³ Numbers revised in 2019.

⁴ Numbers revised in 2025.

Actuarial

Table 12

Solvency test

Valuation date (as of June 30) ¹	Aggregate accrued liabilities for				Funding of liabilities		
	(1)	(2)	(3)	Actuarial value of assets	(1)	(2)	(3)
	Active member contributions on deposit	Future benefits to benefit recipients	Service already rendered by active members (financed by employer)				
DB Program (dollars in millions)							
2024	\$46,796	\$192,064	\$141,647	\$291,838	100.0%	100.0%	37.4%
2023	43,156	186,055	130,530	273,155	100.0%	100.0%	33.7%
2022	40,913	185,051	120,125	257,537	100.0%	100.0%	26.3%
2021	39,262	179,598	113,222	242,363	100.0%	100.0%	20.8%
2020	37,345	173,268	111,514	216,252	100.0%	100.0%	5.1%
2019	34,903	167,716	108,100	205,016	100.0%	100.0%	2.2%
2018	33,012	161,219	103,372	190,451	100.0%	97.7%	0.0%
2017	31,523	154,618	100,809	179,689	100.0%	95.8%	0.0%
2016	30,046	145,108	91,550	169,976	100.0%	96.4%	0.0%
2015	28,935	131,451	81,367	165,553	100.0%	100.0%	6.4%
DBS Program (dollars in thousands)							
2024	\$13,314,591	\$2,324,999	\$—	\$19,381,513	100.0%	100.0%	0.0%
2023	12,530,925	2,175,831	—	18,162,899	100.0%	100.0%	0.0%
2022	11,751,868	2,081,045	—	17,171,981	100.0%	100.0%	0.0%
2021	11,164,339	1,950,617	—	17,789,853	100.0%	100.0%	0.0%
2020	9,866,874	1,824,609	—	14,243,827	100.0%	100.0%	0.0%
2019	9,433,196	1,692,848	—	13,904,497	100.0%	100.0%	0.0%
2018	9,426,949	1,541,170	—	13,173,522	100.0%	100.0%	0.0%
2017	9,020,170	1,381,932	—	12,269,382	100.0%	100.0%	0.0%
2016	8,604,042	1,200,485	—	10,943,296	100.0%	100.0%	0.0%
2015	8,532,216	1,021,092	—	10,940,917	100.0%	100.0%	0.0%
CBB Program (dollars in thousands)							
2024	\$444,674	\$16,030	\$—	\$526,044	100.0%	100.0%	0.0%
2023	408,821	14,803	—	477,960	100.0%	100.0%	0.0%
2022	380,770	13,936	—	438,121	100.0%	100.0%	0.0%
2021	355,596	12,435	—	482,983	100.0%	100.0%	0.0%
2020	306,987	11,448	—	375,450	100.0%	100.0%	0.0%
2019	283,382	10,449	—	357,273	100.0%	100.0%	0.0%
2018	270,269	9,433	—	328,022	100.0%	100.0%	0.0%
2017	253,572	7,411	—	302,448	100.0%	100.0%	0.0%
2016	230,864	4,974	—	256,675	100.0%	100.0%	0.0%
2015	215,851	3,843	—	248,699	100.0%	100.0%	0.0%
MPP Program² (dollars in millions)							
2024	\$—	\$199	\$—	\$199	0.0%	100.0%	0.0%
2023	—	222	—	222	0.0%	100.0%	0.0%
2022	—	243	—	243	0.0%	100.0%	0.0%
2021	—	259	—	259	0.0%	100.0%	0.0%
2020	—	274	—	274	0.0%	100.0%	0.0%
2019	—	288	—	288	0.0%	100.0%	0.0%
2018	—	286	—	286	0.0%	100.0%	0.0%
2017	—	302	—	302	0.0%	100.0%	0.0%
2016	—	315	—	315	0.0%	100.0%	0.0%
2014	—	342	—	342	0.0%	100.0%	0.0%

1 The data provided in this table is as of the most recent actuarial valuation (June 30, 2024) for each respective program. Actuarial valuation results as of June 30, 2025, are expected to be available by May 2026.

2 For funding purposes, the assets are valued as the allocated value of DB Program assets. This figure is equal to the actuarial obligation of the MPP Program benefits.

Actuarial

Table 13

Analysis of financial experience

(Gains and losses in unfunded actuarial obligation resulting from differences between assumed and actual experience. Dollars in millions.)

	Actuarial valuation as of June 30 ^{1,2}	
	DB Program	
	2024	2023
Actuarial obligation as of June 30	\$359,741	\$346,089
Normal cost	8,246	7,612
Benefit payments	(17,865)	(17,247)
Expected interest	24,851	23,895
Expected actuarial obligation as of June 30	374,973	360,349
Less: expected actuarial value of assets as of June 30	289,393	272,241
Expected UAO as of June 30	85,580	88,108
Actuarial (gains) or losses		
Change in assumptions	–	(5,160)
Investment return assumptions	(1,529)	(516)
Demographic assumptions	5,534	4,552
Net change other sources	(916)	(398)
Change in actuarial asset method	–	–
Total actuarial (gains) or losses	3,089	(1,522)
Unfunded actuarial obligation as of June 30	\$88,669	\$86,586
Funded ratio	76.7%	75.9%

	Actuarial valuation as of June 30 ^{1,2}	
	DBS Program	
	2024	2023
Actuarial obligation as of June 30	\$14,707	\$13,833
Expected changes		
Contributions	411	514
Benefits paid	(667)	(627)
Expected earnings/credits	1,020	964
Expected actuarial obligation as of June 30	15,471	14,684
Less: expected actuarial value of assets as of June 30	19,169	18,257
Expected UAO as of June 30	(3,698)	(3,573)
Actuarial (gains) or losses		
(Gain) on actuarial obligation	(442)	(665)
(Gain) or loss on assets	(213)	94
Assumption change (treatment of GASB expenses)	–	–
Total actuarial (gains) or losses	(655)	(571)
Additional earnings credits	611	688
Unfunded actuarial obligation as of June 30	(\$3,742)	(\$3,456)
Funded ratio	123.9%	123.5%

¹ The data provided in this table is as of the most recent actuarial valuation (June 30, 2024) for each respective program. Actuarial valuation results as of June 30, 2025, are expected to be available by May 2026.

² Numbers may not align with actuarial valuation report due to rounding.

Actuarial

Table 13

Analysis of financial experience (continued)

(Gains and losses in unfunded actuarial obligation resulting from differences between assumed and actual experience. Dollars in millions.)

	Actuarial valuation as of June 30 ^{1,2}	
	CBB Program	
	2024	2023
Actuarial obligation as of June 30	\$424	\$395
Expected changes		
Contributions	21	18
Benefits paid	(13)	(21)
Expected earnings/credits	30	26
Expected actuarial obligation as of June 30	462	418
Less: expected actuarial value of assets as of June 30	520	464
Expected UA0 as of June 30	(58)	(46)
Actuarial (gains) or losses		
(Gain) on actuarial obligation	(17)	(13)
(Gain) or loss on assets	(6)	(14)
Assumption change (treatment of GASB expenses)	—	—
Total actuarial (gains) or losses	(23)	(27)
Additional earnings credits	16	19
Unfunded actuarial obligation as of June 30	(\$65)	(\$54)
Funded ratio	114.2%	112.8%

	Actuarial valuation as of June 30 ¹	
	MPP Program	
	2024	2023
Actuarial obligation as of June 30	not calculated	not calculated
Expected changes		
Eligibility extended	not calculated	not calculated
Benefits paid	(\$23)	(\$25)
Interest	not calculated	not calculated
Expected actuarial obligation as of June 30	not calculated	not calculated
Less: expected actuarial value of assets as of June 30	not calculated	not calculated
Expected UA0 as of June 30	not calculated	not calculated
Actuarial (gains) or losses		
(Gain) on medical trend assumption	not calculated	not calculated
(Gain) on premium/penalty	not calculated	not calculated
(Gain) on Part B Premium for higher earners	not calculated	not calculated
(Gain) other sources	not calculated	not calculated
Total actuarial gains or losses	not calculated	not calculated
Unfunded actuarial obligation as of June 30³	\$—	\$—
Funded ratio	100.0%	100.0%

¹ The data provided in this table is as of the most recent actuarial valuation (June 30, 2024) for each respective program. Actuarial valuation results as of June 30, 2025, are expected to be available by May 2026.

² Numbers may not align with actuarial valuation report due to rounding.

³ Based on the actuarial value of assets. For funding purposes, the MPP Program assets are valued as the allocated value of DB Program assets, which are equal to the actuarial obligation of the MPP Program benefits.

Actuarial

Table 14

Schedule of funding progress¹

(dollars in millions)

Valuation date as of June 30 ²	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (funding excess) (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a % of covered payroll ((b-a)/c)
DB Program						
2024	\$291,838	\$380,507	\$88,669	76.7%	\$43,793	202.5%
2023	273,155	359,741	86,586	75.9%	39,139	221.2%
2022	257,537	346,089	88,552	74.4%	37,260	237.7%
2021	242,363	332,082	89,719	73.0%	34,668	258.8%
2020	216,252	322,127	105,875	67.1%	34,617	305.8%
2019	205,016	310,719	105,703	66.0%	33,679	313.9%
2018	190,451	297,603	107,152	64.0%	32,613	328.6%
2017	179,689	286,950	107,261	62.6%	31,961	335.6%
2016	169,976	266,704	96,728	63.7%	30,324	319.0%
2015	165,553	241,753	76,200	68.5%	28,640	266.1%
DBS Program						
2024	\$19,382	\$15,640	(\$3,742)	123.9%	\$40,267	(9.3%)
2023	18,163	14,707	(3,456)	123.5%	37,173	(9.3%)
2022	17,172	13,833	(3,339)	124.1%	34,496	(9.7%)
2021	17,790	13,115	(4,675)	135.6%	32,740	(14.3%)
2020	14,244	11,692	(2,552)	121.8%	32,450	(7.9%)
2019	13,904	11,126	(2,778)	125.0%	31,501	(8.8%)
2018	13,173	10,968	(2,205)	120.1%	30,650	(7.2%)
2017	12,269	10,402	(1,867)	117.9%	29,971	(6.2%)
2016	10,943	9,805	(1,138)	111.6%	28,788	(4.0%)
2015	10,941	9,553	(1,388)	114.5%	27,143	(5.1%)
CBB Program						
2024	\$526	\$461	(\$65)	114.2%	\$256	(25.4%)
2023	478	424	(54)	112.8%	231	(23.4%)
2022	438	395	(43)	111.0%	222	(19.4%)
2021	483	368	(115)	131.3%	208	(55.3%)
2020	375	318	(57)	117.9%	225	(25.3%)
2019	357	294	(63)	121.4%	229	(27.5%)
2018	328	280	(48)	117.1%	232	(20.7%)
2017	302	261	(41)	115.7%	218	(18.8%)
2016	257	236	(21)	108.9%	209	(10.0%)
2015	249	220	(29)	113.2%	192	(15.1%)
MPP Program³						
2024	\$199	\$199	\$—	100.0%	N/A	N/A
2023	222	222	—	100.0%	N/A	N/A
2022	243	243	—	100.0%	N/A	N/A
2021	259	259	—	100.0%	N/A	N/A
2020	274	274	—	100.0%	N/A	N/A
2019	288	288	—	100.0%	N/A	N/A
2018	286	286	—	100.0%	N/A	N/A
2017	302	302	—	100.0%	N/A	N/A
2016	315	315	—	100.0%	N/A	N/A
2014	342	342	—	100.0%	N/A	N/A

Note: Information regarding actuarially determined and actual contributions for the State Teachers' Retirement Plan is provided in the Financial section, Schedule III, "Contributions of employer and nonemployer contributing entity" table.

¹ Recalculation of numbers may not align with actuarial valuation report due to rounding.

² The data provided in this table is as of the most recent actuarial valuation (June 30, 2024) for each respective program. Actuarial valuation results as of June 30, 2025, are expected to be available by May 2026.

³ For funding purposes, the assets are valued as the allocated value of DB Program assets. This figure is equal to the actuarial obligation of the MPP Program benefits.



Statistical Section

For fiscal year 2024–25, CalSTRS members, on average, retired at age 63 after about 25 years of service with a pension replacing approximately 59% of their final average compensation.

Statistical overview

The Statistical section presents additional detailed information to assist users of the basic financial statements, notes to the basic financial statements and required supplementary information in assessing the economic condition of CalSTRS. The section provides financial trend information for the State Teachers' Retirement Plan (STRP), which includes Defined Benefit (DB), Defined Benefit Supplement (DBS), Cash Balance Benefit (CBB) and Replacement Benefits (RB) programs, as well as operating information for Pension2, the Medicare Premium Payment (MPP) Program and the Teachers' Deferred Compensation Fund. Financial trend information for the DB, DBS, CBB and RB programs has been consolidated and presented as the STRP to be consistent with the basic financial statements. Operating information for STRP programs continues to be presented separately because consolidation would not provide meaningful information due to the unique characteristics of those programs.

The financial trend schedules assist users in understanding and assessing how the system's financial position has changed over time and include:

- Changes in fiduciary net position.
- Benefit and refund deductions from net position by type.

The operating information schedules provide data about the system's operations and resources to assist users in understanding CalSTRS benefits and services and include:

- Member and benefit recipient statistics.
- Participating employer statistics.

The information in this section was derived from the Financial section and the CalSTRS pension administration system, START, except where noted. Due to the timing of when membership numbers were pulled, there will be a difference between the membership numbers reported in this section and the Financial section of this report.

Supplemental statistical tables are available on request.

State Teachers' Retirement Plan schedules

Table 1

Changes in fiduciary net position for the State Teachers' Retirement Plan

(dollars in millions)

	Fiscal year ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Additions										
Member contributions	\$4,847	\$4,735	\$4,305	\$4,068	\$3,743	\$3,735	\$3,648	\$3,496	\$3,441	\$2,958
Employer contributions	8,759	8,585	7,746	6,521	5,758	6,080	5,644	4,867	4,173	3,391
State of California contributions	4,264	3,946	3,720	4,280	3,731	4,447	5,335	2,797	2,478	1,940
Net investment income (loss)	31,553	26,173	19,675	(7,390)	67,039	10,103	14,898	18,674	25,165	2,305
Other income	377	391	303	130	90	101	128	105	72	42
Total additions	\$49,800	\$43,830	\$35,749	\$7,609	\$80,361	\$24,466	\$29,653	\$29,939	\$35,329	\$10,636
Deductions										
Benefit payments ¹	\$19,217	\$18,410	\$17,764	\$17,173	\$16,415	\$15,707	\$15,002	\$14,271	\$13,626	\$12,892
Purchasing power benefits	695	636	481	242	191	215	194	162	161	172
Refunds of member contributions	148	142	139	112	102	103	100	104	116	84
Administrative expenses	252	203	222	191	252	219	254	216	182	180
Borrowing costs ²	317	333	272	123	90	95	105	94	58	–
Other expenses	8	7	9	5	1	6	4	2	10	15
Total deductions	\$20,637	\$19,731	\$18,887	\$17,846	\$17,051	\$16,345	\$15,659	\$14,849	\$14,153	\$13,343
Changes in fiduciary net position	\$29,163	\$24,099	\$16,862	(\$10,237)	\$63,310	\$8,121	\$13,994	\$15,090	\$21,176	(\$2,707)

Note: There may be immaterial rounding differences between the figures presented in this table and in the statement of changes in fiduciary net position presented in the Financial section.

¹ Includes member-elected administrative transfers to purchase service credit in the DB Program.

² Beginning in fiscal year 2016-17, borrowing costs associated with the master facility credit portfolio, which were previously reported in "net investment income," were reclassified to "deductions" for financial reporting purposes.

State Teachers' Retirement Plan schedules

Table 2

Benefit and refund deductions from changes in fiduciary net position by type

(dollars in millions)

Type of benefit	Fiscal year ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Age and service benefits										
Retired members ¹	\$17,583	\$16,882	\$16,272	\$15,725	\$15,067	\$14,430	\$13,797	\$13,121	\$12,538	\$11,869
Survivors	1,122	1,055	996	943	876	820	768	732	686	634
Death	125	91	115	129	101	93	80	72	66	63
Purchasing power benefits	695	636	481	242	191	215	194	162	161	172
Disability benefits										
Disability	387	382	381	376	371	364	357	346	336	326
Total benefits	\$19,912	\$19,046	\$18,245	\$17,415	\$16,606	\$15,922	\$15,196	\$14,433	\$13,787	\$13,064
Type of refund										
Separation	\$148	\$142	\$139	\$112	\$102	\$103	\$100	\$104	\$116	\$84
Total refunds	\$148	\$142	\$139	\$112	\$102	\$103	\$100	\$104	\$116	\$84

Note: There may be immaterial rounding differences between the figures presented in this table and in the statement of changes in fiduciary net position presented within the Financial section.

¹ Includes member-elected administrative transfers to purchase service credit in the DB Program.

Defined Benefit Program schedules

Table 1

Active member characteristics

Fiscal year ended June 30	Count	Average annualized pay rate ¹	Average age	Average years of service credit	Average service projected to age 60
2025	471,044	\$98,745	45.2	12.5	27.3
2024	467,449	96,260	45.1	12.4	27.3
2023	458,645	90,481	45.1	12.5	27.3
2022	449,418	85,302	45.1	12.5	27.4
2021	429,681	83,289	45.4	12.9	27.5
2020	448,419	80,182	45.3	12.4	27.1
2019	451,429	77,736	45.2	12.2	27.0
2018	449,595	75,604	45.2	12.1	26.9
2017	445,935	74,346	45.3	12.1	26.8
2016	438,537	72,550	45.4	12.1	26.7

¹ Salary or wages that would be paid if members worked on a full-time basis.

Table 2

Members retired for service during fiscal year 2024–25, classified by Member-Only Benefit^{1,2}

Monthly Member-Only Benefit	Count	Average age at retirement	Average years of service credit	Average final compensation ³	Average allowance payable ⁴
Less than \$500	334	63.3	4.6	\$4,674	\$329
500–1,000	601	63.7	7.8	4,994	740
1,000–1,500	566	63.4	10.6	6,170	1,233
1,500–2,000	450	63.2	13.5	6,733	1,759
2,000–2,500	400	62.5	15.8	7,488	2,244
2,500–3,000	427	62.3	17.5	8,176	2,757
3,000–3,500	485	61.6	19.8	8,538	3,255
3,500–4,000	532	62.0	21.1	9,046	3,747
4,000–4,500	593	62.4	22.6	9,303	4,264
4,500–5,000	662	62.8	23.8	9,612	4,759
5,000–5,500	726	62.7	25.2	9,931	5,256
5,500–6,000	682	62.9	26.7	10,050	5,746
6,000 and greater	5,888	63.2	32.0	11,461	8,451
Total	12,346	63.0	24.9	\$9,716	\$5,740

¹ Does not include formerly disabled members.

² Member-Only Benefit includes longevity bonus.

³ Excludes new retirees with no final compensation data.

⁴ Includes cumulative application of annual 2% benefit improvement factor.

Defined Benefit Program schedules

Table 3

Members retired for service during fiscal year 2024–25, classified by age and joint and survivor option elected^{1,2}

Age	Total	Member-Only	Option types								
			2	3	4	5	6	7	8	9	
Under 55	29	17	–	–	–	–	7	4	–	1	
55	627	444	–	–	–	–	114	39	7	23	
56	381	248	–	–	–	–	55	47	6	25	
57	415	260	–	–	–	–	74	49	7	25	
58	505	308	–	–	–	–	76	71	8	42	
59	557	328	–	–	–	–	95	70	20	44	
60	1,058	610	–	–	–	–	185	144	22	97	
61	1,349	739	–	–	–	–	229	198	33	150	
62	1,599	902	–	–	–	–	280	227	35	155	
63	1,461	882	–	–	–	–	259	160	37	123	
64	836	493	–	–	–	–	149	102	24	68	
65	782	479	–	–	–	–	132	86	17	68	
66	548	335	–	–	–	–	98	59	13	43	
67	463	299	–	–	–	–	83	51	4	26	
68	383	242	–	–	–	–	63	32	13	33	
69	295	190	–	–	–	–	46	31	7	21	
70	256	169	–	–	–	–	39	23	6	19	
71	187	126	–	–	–	–	33	16	1	11	
72	149	96	–	–	–	–	27	13	2	11	
73	115	82	–	–	–	–	16	6	3	8	
74	68	50	–	–	–	–	7	5	1	5	
75 and over	283	207	1	–	–	–	35	18	12	10	
Total	12,346	7,506	1	–	–	–	2,102	1,451	278	1,008	
% of total	100.0%	60.8%	0.0%	0.0%	0.0%	0.0%	17.0%	11.8%	2.2%	8.2%	

¹ Does not include formerly disabled members.

² Option elected:

Option 2 - Beneficiary receives 100% of member's modified allowance.

Option 3 - Beneficiary receives 50% of member's modified allowance.

Option 4 - Beneficiary receives two-thirds of member's modified allowance.

Option 5 - Survivor receives 50% of member's modified allowance upon death of either member or beneficiary.

Option 6 - Beneficiary receives 100% of member's modified allowance. If beneficiary predeceases the member, the allowance increases to the Member-Only Benefit.

Option 7 - Beneficiary receives 50% of member's modified allowance. If beneficiary predeceases the member, the allowance increases to the Member-Only Benefit.

Option 8 - Compound Option that allows the member to provide for more than one beneficiary.

Option 9 - Beneficiary receives 75% of member's modified allowance. If beneficiary predeceases the member, the allowance increases to the Member-Only Benefit.

Defined Benefit Program schedules

Table 4

Characteristics of members going on disability during target fiscal year

Fiscal year ended June 30	Count	Average disability allowance payable	Average years of service credit	Average final compensation	Average age at disability
2025	252	\$3,917	16.4	\$8,162	53.1
2024	215	3,574	16.6	7,595	54.0
2023	262	3,508	16.8	7,355	53.3
2022	267	3,461	17.1	7,284	53.8
2021	252	3,382	16.9	7,051	54.1
2020	282	3,292	16.7	7,001	53.5
2019	373	3,150	16.4	6,631	54.5
2018	381	3,144	16.4	6,512	54.9
2017	394	3,056	16.0	6,365	54.4
2016	455	2,936	14.9	6,081	54.1

Table 5

Total number of benefit recipients by type of benefit

Fiscal year ended June 30	Service retirement	Disability benefits	Benefits for survivors	Total benefit recipients ¹
2025	297,038	9,517	32,157	338,712
2024	292,386	9,671	31,353	333,410
2023	288,494	9,809	30,629	328,932
2022	285,704	9,885	29,879	325,468
2021	281,302	9,973	29,138	320,413
2020	276,070	10,095	28,353	314,518
2019	270,835	10,152	27,652	308,639
2018	264,780	10,089	26,990	301,859
2017	258,550	10,023	26,301	294,874
2016	252,672	9,940	25,583	288,195

¹ Benefit recipients reported in this section will differ from those reported in the Financial section due to timing of when membership numbers were pulled.

Defined Benefit Program schedules

Table 6

Members retired for service characteristics by year of retirement¹

Effective date of retirement by service credit	Number of retirements	Average years of service credit	Average Member-Only Benefit	Average final compensation	Average age at retirement
7/1/2024 thru 6/30/2025^{2,3}					
0-5	187	2.5	\$419	\$8,298	62.9
5-10	1,024	7.3	927	5,765	64.1
10-15	947	12.5	1,918	7,064	63.7
15-20	1,196	17.7	3,275	8,391	63.7
20-25	1,859	22.4	4,576	9,359	63.4
25-30	2,829	27.3	6,331	10,628	63.0
30-35	2,725	32.3	7,996	11,092	61.6
35-40	1,412	37.0	9,856	11,456	62.5
40 and over	167	42.9	11,870	11,406	68.1
Total	12,346	24.9	\$5,740	\$9,716	63.0
7/1/2023 thru 6/30/2024^{2,3}					
0-5	180	2.4	\$410	\$7,923	63.8
5-10	905	7.4	899	5,528	63.9
10-15	793	12.5	1,802	6,579	63.7
15-20	1,166	17.8	3,184	8,092	63.7
20-25	1,691	22.5	4,464	9,007	63.5
25-30	2,446	27.2	6,082	10,236	63.0
30-35	2,645	32.3	7,760	10,756	61.5
35-40	1,375	36.9	9,586	11,145	62.4
40 and over	203	43.5	11,722	11,307	68.5
Total	11,404	25.2	\$5,659	\$9,419	63.0
7/1/2022 thru 6/30/2023^{2,3}					
0-5	161	2.2	\$330	\$7,154	63.5
5-10	872	7.4	905	5,561	63.9
10-15	761	12.5	1,757	6,476	63.4
15-20	1,189	17.6	2,966	7,739	63.2
20-25	1,750	22.5	4,217	8,543	63.4
25-30	2,080	27.1	5,660	9,560	62.9
30-35	2,227	32.3	7,308	10,102	61.5
35-40	1,185	37.0	8,908	10,342	62.4
40 and over	144	43.5	11,273	11,065	68.1
Total	10,369	24.6	\$5,141	\$8,806	62.9

¹ Does not include formerly disabled members.

² Average Member-Only Benefit for this fiscal year includes the longevity bonus.

³ Excludes retirees with no final compensation data.

Defined Benefit Program schedules

Table 6

Members retired for service characteristics by year of retirement (continued)¹

Effective date of retirement by service credit	Number of retirements	Average years of service credit	Average Member-Only Benefit	Average final compensation	Average age at retirement
7/1/2021 thru 6/30/2022^{2,3}					
0-5	199	2.5	\$372	\$6,878	63.9
5-10	975	7.4	867	5,328	64.0
10-15	928	12.6	1,748	6,311	63.6
15-20	1,445	17.6	2,926	7,544	63.7
20-25	2,158	22.5	4,115	8,356	63.3
25-30	2,243	27.1	5,399	9,106	63.0
30-35	2,470	32.3	6,878	9,566	61.4
35-40	1,162	36.9	8,470	9,883	62.5
40 and over	174	42.8	11,088	10,786	68.1
Total	11,754	24.2	\$4,809	\$8,403	63.0
7/1/2020 thru 6/30/2021^{2,3}					
0-5	166	2.3	\$363	\$7,633	63.2
5-10	855	7.3	826	5,097	64.0
10-15	953	12.7	1,711	6,143	63.6
15-20	1,640	17.7	2,913	7,418	63.8
20-25	2,453	22.5	4,065	8,145	63.8
25-30	2,379	27.2	5,290	8,763	63.3
30-35	2,848	32.2	6,639	9,226	61.8
35-40	1,262	36.9	8,394	9,836	62.4
40 and over	229	42.9	10,065	9,567	68.1
Total	12,785	24.7	\$4,813	\$8,240	63.2
7/1/2019 thru 6/30/2020^{2,3}					
0-5	209	2.4	\$335	\$6,817	63.4
5-10	922	7.4	817	5,027	63.9
10-15	939	12.6	1,689	6,048	63.8
15-20	1,562	17.6	2,801	7,195	63.8
20-25	2,157	22.4	3,953	7,938	63.7
25-30	1,919	27.2	5,248	8,692	63.4
30-35	2,536	32.2	6,525	8,980	62.1
35-40	1,223	36.9	7,894	9,152	62.5
40 and over	239	42.9	10,143	9,606	67.7
Total	11,706	24.3	\$4,614	\$7,948	63.3

¹ Does not include formerly disabled members.

² Average Member-Only Benefit for this fiscal year includes the longevity bonus.

³ Excludes retirees with no final compensation data.

Defined Benefit Program schedules

Table 6

Members retired for service characteristics by year of retirement (continued)¹

Effective date of retirement by service credit	Number of retirements	Average years of service credit	Average Member-Only Benefit	Average final compensation	Average age at retirement
7/1/2018 thru 6/30/2019^{2,3}					
0-5	216	2.3	\$320	\$6,713	62.9
5-10	878	7.3	762	4,658	64.0
10-15	1,072	12.7	1,725	6,141	63.7
15-20	1,772	17.7	2,847	7,252	63.7
20-25	2,309	22.4	3,883	7,824	63.5
25-30	2,174	27.4	5,255	8,578	63.6
30-35	2,543	32.2	6,457	8,925	61.9
35-40	1,137	37.1	8,108	9,225	62.7
40 and over	230	42.8	10,496	9,978	67.8
Total	12,331	24.1	\$4,547	\$7,880	63.3
7/1/2017 thru 6/30/2018^{2,3}					
0-5	190	2.5	\$335	\$6,521	63.2
5-10	877	7.3	787	4,830	63.8
10-15	1,091	12.6	1,676	5,955	63.7
15-20	1,855	17.7	2,817	7,110	63.8
20-25	2,362	22.3	3,832	7,645	63.9
25-30	2,368	27.5	5,123	8,379	63.4
30-35	2,530	32.2	6,308	8,642	62.0
35-40	1,262	37.1	8,049	9,057	62.7
40 and over	243	43.2	10,476	9,956	68.1
Total	12,778	24.3	\$4,512	\$7,729	63.3
7/1/2016 thru 6/30/2017^{2,3}					
0-5	155	2.2	\$306	\$6,402	63.6
5-10	837	7.4	773	4,709	63.9
10-15	1,075	12.6	1,628	5,861	63.5
15-20	1,836	17.7	2,701	6,857	63.7
20-25	1,932	22.2	3,628	7,326	63.6
25-30	2,246	27.3	4,955	8,082	63.5
30-35	2,423	32.2	6,126	8,438	62.1
35-40	1,414	37.3	7,807	8,711	62.4
40 and over	329	42.6	10,267	9,986	66.4
Total	12,247	24.6	\$4,475	\$7,527	63.3

¹ Does not include formerly disabled members.

² Average Member-Only Benefit for this fiscal year includes the longevity bonus.

³ Excludes retirees with no final compensation data.

Defined Benefit Program schedules

Table 6

Members retired for service characteristics by year of retirement (continued)¹

Effective date of retirement by service credit	Number of retirements	Average years of service credit	Average Member-Only Benefit	Average final compensation	Average age at retirement
7/1/2015 thru 6/30/2016^{2,3}					
0-5	170	2.4	\$314	\$6,438	62.7
5-10	793	7.4	754	4,637	63.9
10-15	1,046	12.6	1,608	5,792	63.5
15-20	1,751	17.6	2,612	6,664	63.6
20-25	1,652	22.2	3,534	7,149	63.4
25-30	2,152	27.3	4,861	7,928	63.4
30-35	2,034	32.1	5,899	8,108	62.0
35-40	1,467	37.2	7,836	8,624	62.4
40 and over	309	42.5	9,666	9,215	66.4
Total	11,374	24.5	\$4,369	\$7,329	63.2

¹ Does not include formerly disabled members.

² Average Member-Only Benefit for this fiscal year includes the longevity bonus.

³ Excludes retirees with no final compensation data.

Table 7

Members retired for service characteristics¹

Fiscal year ended June 30	Average age at retirement	Average years of service credit	Average final compensation	Average monthly benefit ²
2025	61.9	25.1	\$6,930	\$4,950
2024	61.8	25.2	6,766	4,822
2023	61.8	25.2	6,615	4,674
2022	61.8	25.3	6,490	4,517
2021	61.7	25.4	6,365	4,413
2020	61.7	25.5	6,229	4,321
2019	61.6	25.6	6,110	4,184
2018	61.5	25.6	5,981	4,086
2017	61.4	25.7	5,846	3,985
2016	61.3	25.8	5,716	3,884

¹ Does not include formerly disabled members.

² Prior to 2020, the average monthly benefit does not include supplemental benefits from the SBMA.

Defined Benefit Program schedules

Table 8

Benefit recipients by type of benefit and option elected

Monthly Member-Only Benefit ³	Total	Type of benefit ¹			Option elected ²								
		1 ⁴	2	3	Member-Only	2	3	4	5	6	7	8	9
Less than \$500	15,939	13,983	30	1,926	11,621	655	190	32	46	2,204	659	246	286
500-1,000	23,455	21,037	249	2,169	16,169	794	341	54	61	3,677	1,490	207	662
1,000-1,500	22,069	18,897	557	2,615	13,421	1,066	488	78	84	3,858	2,039	208	827
1,500-2,000	23,676	19,402	1,165	3,109	13,421	1,148	462	227	99	3,999	2,940	248	1,132
2,000-2,500	25,909	20,476	1,762	3,671	13,787	1,228	483	201	127	4,698	3,768	308	1,309
2,500-3,000	25,626	20,259	1,904	3,463	13,380	1,070	372	162	86	4,874	3,931	320	1,431
3,000-3,500	24,952	20,208	1,857	2,887	13,038	881	254	159	47	4,724	3,832	388	1,629
3,500-4,000	22,372	19,046	1,079	2,247	11,523	664	221	105	41	4,290	3,589	369	1,570
4,000-4,500	21,378	19,004	509	1,865	10,729	627	194	70	31	4,068	3,702	402	1,555
4,500-5,000	20,944	18,996	229	1,719	10,035	622	182	55	24	4,317	3,656	429	1,624
5,000-5,500	20,665	19,055	93	1,517	9,721	614	156	59	18	4,332	3,661	395	1,709
5,500-6,000	18,970	17,692	36	1,242	8,680	526	135	53	13	4,088	3,332	406	1,737
6,000 and greater	72,757	68,983	47	3,727	30,428	1,995	316	136	38	17,049	12,193	2,406	8,196
Total	338,712	297,038	9,517	32,157	175,953	11,890	3,794	1,391	715	66,178	48,792	6,332	23,667

¹ Type of benefit: 1) Service retirement 2) Disability benefits 3) Survivor benefits.

² Option elected:

Option 2 - Beneficiary receives 100% of member's modified allowance.

Option 3 - Beneficiary receives 50% of member's modified allowance.

Option 4 - Beneficiary receives two-thirds of member's modified allowance.

Option 5 - Survivor receives 50% of member's modified allowance upon death of either member or beneficiary.

Option 6 - Beneficiary receives 100% of member's modified allowance. If beneficiary predeceases the member, the allowance increases to the Member-Only Benefit.

Option 7 - Beneficiary receives 50% of member's modified allowance. If beneficiary predeceases the member, the allowance increases to the Member-Only Benefit.

Option 8 - Compound Option that allows the member to provide for more than one beneficiary.

Option 9 - Beneficiary receives 75% of member's modified allowance. If beneficiary predeceases the member, the allowance increases to the Member-Only Benefit.

³ Member-Only Benefit includes longevity bonus.

⁴ Does not include formerly disabled members.

⁵ Benefit recipients reported in this section will differ from those reported in the Financial section due to the timing of when membership numbers were pulled.

Defined Benefit Program schedules

Table 9

Largest participating Defined Benefit and Defined Benefit Supplement employers for current year and nine years ago

Fiscal year 2024–25

Participating employers	Covered employees ¹	Percentage of total system
Los Angeles Unified School District	39,887	7.4%
San Diego Unified School District	7,960	1.5%
Fresno Unified School District	6,483	1.2%
Long Beach Unified School District	5,530	1.0%
San Francisco Unified School District	4,874	0.9%
San Bernardino City Unified School District	4,776	0.9%
Elk Grove Unified School District	4,702	0.9%
Oakland Unified School District	3,882	0.7%
Corona-Norco Unified School District	3,528	0.7%
Clovis Unified School District	3,448	0.6%
Top 10 total	85,070	15.8%
All other	452,693	84.2%
Total covered employees	537,763	100.0%

Fiscal year 2015–16

Participating employers	Covered employees ¹	Percentage of total system
Los Angeles Unified School District	37,808	7.5%
San Diego Unified School District	8,624	1.7%
Long Beach Unified School District	5,732	1.2%
San Francisco Unified School District	5,536	1.1%
Fresno Unified School District	5,213	1.0%
Elk Grove Unified School District	4,161	0.8%
San Bernardino City Unified School District	3,647	0.7%
Corona-Norco Unified School District	3,446	0.7%
Oakland Unified School District	3,237	0.7%
Los Angeles Community College District	3,228	0.6%
Top 10 total	80,632	16.0%
All other	421,917	84.0%
Total covered employees	502,549	100.0%

¹ Covered employees are calculated as all employees for whom an employer reports service credit during the fiscal year. Covered employees in this table are counted more than once if they are reported by multiple employers. They are also counted if their employer reports service credit for a retired employee from prior fiscal years. Therefore, the total number of covered employees in this table is higher than the number of active members shown in Table 11 of the Actuarial section.

Defined Benefit Program schedules

Table 10

Restoration of purchasing power by year of retirement, fiscal year 2024–25¹

Calendar year of benefit effective date	CCPI increases since benefit effective date	Member retired before September 1			Member retired on or after September 1 ²		
		Benefit increases since benefit effective date	Purchasing power percentage (prior to SBMA)	Purchasing power restored by SBMA	Benefit increases since benefit effective date	Purchasing power percentage (prior to SBMA)	Purchasing power restored by SBMA
2024	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%
2023	3.3%	2.0%	98.8%	0.0%	0.0%	96.8%	0.0%
2022	6.5%	4.0%	97.7%	0.0%	2.0%	95.8%	0.0%
2021	15.3%	6.0%	92.0%	0.0%	4.0%	90.2%	0.0%
2020	20.4%	8.0%	89.7%	0.0%	6.0%	88.1%	0.0%
2019	22.0%	10.0%	90.1%	0.0%	8.0%	88.5%	0.0%
2018	25.8%	12.0%	89.0%	0.0%	10.0%	87.4%	0.0%
2017	30.7%	14.0%	87.2%	0.0%	12.0%	85.7%	0.0%
2016	34.2%	16.0%	86.5%	0.0%	14.0%	85.0%	0.0%
2015	36.9%	18.0%	86.2%	0.0%	16.0%	84.7%	0.3%
2014	38.7%	20.0%	86.5%	0.0%	18.0%	85.1%	0.0%
2013	41.7%	22.0%	86.1%	0.0%	20.0%	84.7%	0.3%
2012	44.2%	24.0%	86.0%	0.0%	22.0%	84.6%	0.4%
2011	47.0%	26.0%	85.7%	0.0%	24.0%	84.4%	0.6%
2010	51.0%	28.0%	84.8%	0.2%	26.0%	83.5%	1.5%
2009	52.4%	30.0%	85.3%	0.0%	28.0%	84.0%	1.0%
2008	50.2%	32.0%	87.9%	0.0%	30.0%	86.6%	0.0%
2007	57.7%	34.0%	85.0%	0.0%	32.0%	83.7%	1.3%
2006	62.6%	36.0%	83.7%	1.3%	34.0%	82.4%	2.6%
2005	70.3%	38.0%	81.0%	4.0%	36.0%	79.8%	5.2%
2004	75.1%	40.0%	80.0%	5.0%	38.0%	78.8%	6.2%
2003	80.5%	42.0%	78.7%	6.3%	40.0%	77.5%	7.5%
2002	84.4%	44.0%	78.1%	6.9%	42.0%	77.0%	8.0%
2001	87.1%	46.0%	78.0%	7.0%	44.0%	76.9%	8.1%
2000	97.0%	48.0%	75.1%	9.9%	46.0%	74.1%	10.9%
1999	104.3%	50.0%	73.4%	11.6%	48.0%	72.4%	12.6%
1998	109.6%	52.0%	72.5%	12.5%	50.0%	71.6%	13.4%
1997	114.3%	54.0%	71.9%	13.1%	52.0%	70.9%	14.1%
1996	118.9%	56.0%	71.3%	13.7%	54.0%	70.3%	14.7%
1995	122.3%	58.0%	71.1%	13.9%	56.0%	70.2%	14.8%
1994	127.5%	60.0%	70.3%	14.7%	58.0%	69.4%	15.6%
1993	130.3%	62.0%	70.4%	14.6%	60.0%	69.5%	15.5%

¹ The SBMA for fiscal year 2024–25 is based on June 2024 California Consumer Price Index (CCPI).

² Members who retired on or after September 1 have to wait an extra year to be eligible for the annual 2% benefit improvement factor.

Defined Benefit Program schedules

Table 10

Restoration of purchasing power by year of retirement, fiscal year 2024–25 (continued)

Calendar year of benefit effective date	CCPI increases since benefit effective date	Member retired before September 1			Member retired on or after September 1 ¹		
		Benefit increases since benefit effective date	Purchasing power percentage (prior to SBMA)	Purchasing power restored by SBMA	Benefit increases since benefit effective date	Purchasing power percentage (prior to SBMA)	Purchasing power restored by SBMA
1992	136.1%	64.0%	69.5%	15.5%	62.0%	68.6%	16.4%
1991	144.7%	66.0%	67.8%	17.2%	64.0%	67.0%	18.0%
1990	155.3%	68.0%	65.8%	19.2%	66.0%	65.0%	20.0%
1989	167.4%	70.0%	63.6%	21.4%	68.0%	62.8%	22.2%
1988	181.7%	72.0%	61.1%	23.9%	70.0%	60.3%	24.7%
1987	194.8%	74.0%	59.0%	26.0%	72.0%	58.3%	26.7%
1986	205.6%	76.0%	57.6%	27.4%	74.0%	56.9%	28.1%
1985	216.3%	78.0%	56.3%	28.7%	76.0%	55.6%	29.4%
1984	230.9%	80.0%	54.4%	30.6%	78.0%	53.8%	31.2%
1983	246.0%	82.0%	52.6%	32.4%	80.0%	52.0%	33.0%
1982	248.1%	84.0%	52.9%	32.1%	82.0%	52.3%	32.7%
1981	280.5%	86.0%	48.9%	36.1%	84.0%	48.4%	36.6%
1980	311.6%	88.0%	45.7%	39.3%	86.0%	45.2%	39.8%
1979	382.9%	90.0%	39.3%	45.7%	88.0%	38.9%	46.1%
1978	430.7%	92.0%	36.2%	48.8%	90.0%	35.8%	49.2%
1977	476.2%	94.0%	33.7%	51.3%	92.0%	33.3%	51.7%
1976	521.1%	96.0%	31.6%	53.4%	94.0%	31.2%	53.8%
1975	559.3%	98.0%	30.0%	55.0%	96.0%	29.7%	55.3%
1974	627.9%	100.0%	27.5%	57.5%	98.0%	27.2%	57.8%
1973	702.9%	102.0%	25.2%	59.8%	100.0%	24.9%	60.1%
1972	746.6%	104.0%	24.1%	60.9%	102.0%	23.9%	61.1%
1971	770.2%	106.0%	23.7%	61.3%	104.0%	23.4%	61.6%
1970	804.6%	108.0%	23.0%	62.0%	106.0%	22.8%	62.2%
1969	852.4%	110.0%	22.1%	62.9%	108.0%	21.8%	63.2%
1968	899.6%	112.0%	21.2%	63.8%	110.0%	21.0%	64.0%
1967	942.1%	114.0%	20.5%	64.5%	112.0%	20.3%	64.7%
1966	968.1%	116.0%	20.2%	64.8%	114.0%	20.0%	65.0%
1965	985.0%	118.0%	20.1%	64.9%	116.0%	19.9%	65.1%
1964	1013.2%	120.0%	19.8%	65.2%	118.0%	19.6%	65.4%
1963	1035.3%	122.0%	19.6%	65.4%	120.0%	19.4%	65.6%
1962	1042.9%	124.0%	19.6%	65.4%	122.0%	19.4%	65.6%
1961	1062.2%	126.0%	19.4%	65.6%	124.0%	19.3%	65.7%
1960	1078.2%	128.0%	19.4%	65.6%	126.0%	19.2%	65.8%
1959	1103.0%	130.0%	19.1%	65.9%	128.0%	19.0%	66.0%
1958	1120.1%	132.0%	19.0%	66.0%	130.0%	18.9%	66.1%
1957	1165.2%	134.0%	18.5%	66.5%	132.0%	18.3%	66.7%
1956	1208.6%	136.0%	18.0%	67.0%	134.0%	17.9%	67.1%
1955	1234.1%	138.0%	17.8%	67.2%	136.0%	17.7%	67.3%

¹ Members who retired on or after September 1 have to wait an extra year to be eligible for the annual 2% benefit improvement factor.

Defined Benefit Program schedules

Table 11

Restoration of allowance purchasing power through supplemental benefit payments

Supplemental benefit payments

Year	Purchasing power	Count	Total \$ paid	School lands	Income source	
					Teachers' Retirement Fund	SBMA
24-25	85.0%	142,589	\$695,600,511	\$7,367,336	\$—	\$688,233,175
23-24	85.0%	108,128	636,398,506	6,640,706	—	629,757,800
22-23	85.0%	111,680	481,022,910	6,803,272	—	474,219,638
21-22	85.0%	67,900	241,702,281	5,377,819	—	236,324,462
20-21	85.0%	65,704	191,089,318	5,640,203	—	185,449,115
19-20	85.0%	70,862	215,025,823	6,169,540	—	208,856,283
18-19	85.0%	72,216	194,467,089	5,454,757	—	189,012,332
17-18	85.0%	61,476	161,932,385	4,409,980	—	157,522,405
16-17	85.0%	49,519	160,729,280	4,675,196	—	156,054,084
15-16	85.0%	47,764	172,292,148	5,256,886	—	167,035,262
14-15	85.0%	52,474	192,831,167	4,386,099	—	188,445,068
13-14	85.0%	50,331	202,231,778	10,297,864	—	191,933,914
12-13	85.0%	54,847	221,451,056	10,277,064	—	211,173,992
11-12	85.0%	57,337	234,612,294	5,227,046	—	229,385,248
10-11	85.0%	53,870	237,572,962	1,929,606	—	235,643,356
09-10	85.0%	63,949	272,579,522	6,334,670	—	266,244,852
08-09	85.0% ¹	89,142	348,105,380	7,036,201	—	341,069,179
07-08	80.0%	53,122	229,860,349	6,522,856	—	223,337,493
06-07	80.0%	56,002	230,336,754	6,205,860	—	224,130,894
05-06	80.0%	54,360	215,257,813	4,301,959	—	210,955,854
04-05	80.0%	57,079	221,271,470	3,318,095	—	217,953,375
03-04	80.0%	55,779	223,501,415	2,922,844	—	220,578,571
02-03	80.0%	58,591	233,814,578	3,543,362	—	230,271,216
01-02	80.0% ²	60,428	256,976,204	7,967,992	—	249,008,212
00-01	75.0%	44,699	189,388,495	4,023,007	—	185,365,488
99-00	75.0%	41,048	190,478,334	2,704,171	—	187,774,163
98-99	75.0%	42,624	197,860,324	4,168,363	—	193,691,961
97-98	68.2% ³ /75.0%	44,887	179,308,000	2,586,920	—	176,721,080
96-97	68.2%	38,939	159,786,521	1,870,825	—	157,915,696
95-96	68.2%	41,703	168,517,183	1,171,779	—	167,345,404
94-95	68.2%	46,459	168,359,918	4,973,687	—	163,386,231
93-94	68.2%	49,113	178,886,980	4,225,808	—	174,661,172
92-93	68.2%	54,029	184,551,442	6,658,800	—	177,892,642
91-92	68.2%	48,650	178,057,887	2,913,338	56,985,521	118,159,028
90-91	68.2%	52,199	168,922,827	2,964,211	111,103,596	54,855,020

Retirees' purchasing power protection account payments

Year	Purchasing power	Count	Total \$ paid	Income source		
				School lands	Investment earnings	General Fund
89-90	68.2%	55,971	\$158,274,048	\$2,751,075	N/A	\$155,522,973 ⁴
88-89	68.2%	58,037	143,061,285	4,479,266	\$5,956,019	132,626,000
87-88	68.2%	59,092	128,231,357	6,083,374	5,317,456	116,830,527
86-87	68.2%	57,343	122,275,289	4,167,970	5,511,448	112,595,871
85-86	65.5%	56,811	85,675,243	7,770,757	3,994,458	73,910,028
84-85	62.4%	57,189	54,306,976	10,119,124	2,426,456	41,761,396
83-84	58.4%	35,654	21,394,183	N/A	894,183	20,500,000

¹ Percentage changed to 85% effective September 30, 2008, and payable October 1, 2008 (Chapter 751, Statutes of 2008).

² Percentage changed to 80% effective January 1, 2002, and payable October 1, 2002 (Chapter 840, Statutes of 2001).

³ Percentage changed to 75% effective January 1, 1998, and payable April 1, 1998 (Chapter 939, Statutes of 1997).

⁴ The appropriation for fiscal year 1989-90 was from the Teachers' Retirement Fund. This amount plus regular interest was repaid from General Fund contributions to the SBMA.

Defined Benefit Supplement Program schedules

Table 1

Members retired for service during fiscal year 2024–25,
classified by age and option elected¹

Age	Total	Regular annuity				Period-certain annuity							
		Single life with cash	100% joint and survivor	75% joint and survivor	50% joint and survivor	10 years	9 years	8 years	7 years	6 years	5 years	4 years	3 years
Under 55	19	3	3	–	1	8	–	–	1	1	1	–	1
55	390	112	35	9	13	106	2	1	10	5	36	13	48
56	198	39	15	5	13	53	12	1	4	8	20	3	25
57	245	65	20	1	12	67	3	7	7	6	25	1	31
58	289	64	27	4	10	82	11	5	15	6	31	5	29
59	338	80	27	8	14	105	6	5	14	7	34	12	26
60	562	108	55	11	30	166	12	8	11	17	78	17	49
61	797	183	82	20	52	240	19	13	19	22	75	18	54
62	691	197	73	15	33	169	15	11	13	24	62	10	69
63	566	154	47	12	46	131	5	6	16	14	60	17	58
64	349	94	41	8	16	95	5	7	6	10	29	5	33
65	366	108	38	12	24	83	6	6	10	8	30	7	34
66	226	76	25	6	15	40	4	2	5	5	24	5	19
67	199	57	30	7	3	47	4	1	5	5	17	1	22
68	178	64	12	3	14	42	1	1	1	3	15	5	17
69	111	32	14	2	4	28	–	2	3	6	7	2	11
70	97	35	9	1	5	30	–	–	2	1	8	3	3
71	83	31	7	2	–	26	–	1	1	–	7	2	6
72	69	24	4	3	3	14	2	1	1	4	7	2	4
73	50	18	4	2	3	7	–	–	5	1	6	1	3
74	27	6	1	–	2	12	–	–	1	–	3	–	2
75 and over	104	38	6	1	5	9	1	1	2	–	13	7	21
Total	5,954	1,588	575	132	318	1,560	108	79	152	153	588	136	565

¹ Does not include formerly disabled members.

Defined Benefit Supplement Program schedules

Table 2

Characteristics of all members retired for service and receiving an annuity

Fiscal year ended June 30	Count	Average monthly retirement annuity	Average accumulated credits ¹	Average age at retirement
2025	80,615	\$368	\$30,062	62.6
2024	78,687	349	29,249	62.7
2023	76,957	340	28,538	62.7
2022	75,644	330	27,956	62.7
2021	73,689	319	27,280	62.7
2020	70,780	309	26,555	62.7
2019	68,091	301	25,750	62.7
2018	64,796	289	24,883	62.6
2017	60,505	280	23,873	62.5
2016	56,238	269	16,590	62.4

¹ Neither service credit nor final compensation are factors in determining a benefit from the DBS Program and, therefore, are not included in this table.

Table 3

Characteristics of all members retired for disability and receiving an annuity

Fiscal year ended June 30	Count	Average monthly retirement annuity	Average accumulated credits ¹	Average age at retirement
2025	1,382	\$247	\$21,651	54.4
2024	1,412	243	21,344	54.5
2023	1,447	239	21,447	54.5
2022	1,457	233	21,079	54.7
2021	1,497	239	20,873	54.9
2020	1,501	245	20,776	55.0
2019	1,495	243	20,441	55.2
2018	1,464	244	20,232	55.2
2017	1,428	246	19,793	55.3
2016	1,340	239	13,953	55.5

¹ Neither service credit nor final compensation are factors in determining a benefit from the DBS Program and, therefore, are not included in this table.

Defined Benefit Supplement Program schedules

Table 4

Benefit recipients by type of benefit and option elected

(as of June 30, 2025)

Type of benefit	Monthly annuity amount					Total
	Less than \$250	\$250-500	\$500-750	\$750-1,000	\$1,000 and greater	
Retirement	41,834	21,215	8,835	3,837	4,894	80,615
Disability	994	258	67	25	38	1,382
Survivors	2,040	503	191	96	153	2,983
Total	44,868	21,976	9,093	3,958	5,085	84,980

Type of payment

Regular annuity						
Single life with cash	23,962	8,020	1,465	459	328	34,234
Single life without cash	906	1	—	—	—	907
100% joint and survivor	11,659	3,275	645	214	179	15,972
75% joint and survivor	1,872	720	158	46	37	2,833
50% joint and survivor	3,993	1,829	360	114	101	6,397
Period-certain annuity						
10 year	1,879	6,390	4,140	1,478	1,471	15,358
9 year	87	401	308	139	130	1,065
8 year	44	197	238	114	101	694
7 year	63	259	404	216	209	1,151
6 year	55	138	307	226	261	987
5 year	203	472	790	696	1,084	3,245
4 year	35	66	90	88	294	573
3 year	110	208	188	168	890	1,564
Total	44,868	21,976	9,093	3,958	5,085	84,980

Cash Balance Benefit Program schedules

Table 1

Participants retired for service during fiscal year 2024-25,
classified by age and type of annuity elected

Age	Total	Regular annuity				Period-certain annuity							
		Participant- Only ¹	100% Beneficiary ²	75% Beneficiary ³	50% Beneficiary ⁴	10 years	9 years	8 years	7 years	6 years	5 years	4 years	3 years
Under 55	–	–	–	–	–	–	–	–	–	–	–	–	–
55	1	1	–	–	–	–	–	–	–	–	–	–	–
56	–	–	–	–	–	–	–	–	–	–	–	–	–
57	–	–	–	–	–	–	–	–	–	–	–	–	–
58	–	–	–	–	–	–	–	–	–	–	–	–	–
59	–	–	–	–	–	–	–	–	–	–	–	–	–
60	3	1	–	–	–	–	1	–	–	–	–	–	1
61	–	–	–	–	–	–	–	–	–	–	–	–	–
62	3	2	–	–	–	–	–	–	–	–	–	–	1
63	1	–	–	–	–	–	–	–	–	–	1	–	–
64	2	–	1	–	–	–	–	–	–	–	1	–	–
65	4	2	–	–	–	–	–	–	–	–	–	1	1
66	7	2	2	1	–	–	–	–	1	–	–	–	1
67	1	–	1	–	–	–	–	–	–	–	–	–	–
68	–	–	–	–	–	–	–	–	–	–	–	–	–
69	3	1	1	–	–	–	–	–	–	–	–	–	1
70	4	1	–	–	–	–	–	–	–	–	2	–	1
71	–	–	–	–	–	–	–	–	–	–	–	–	–
72	6	3	1	–	–	–	1	–	–	–	–	–	1
73	10	2	1	1	–	3	1	–	–	–	1	–	1
74	1	–	–	–	–	–	–	–	–	–	1	–	–
75 and over	19	6	3	–	–	1	–	–	–	–	6	1	2
Total	65	21	10	2	–	4	3	–	1	–	12	2	10

¹ Formerly known as the single life annuity with cash refund.

² Formerly known as the 100% joint and survivor annuity.

³ New option available for selection effective January 1, 2007.

⁴ Formerly known as the 50% joint and survivor annuity.

Cash Balance Benefit Program schedules

Table 2

Characteristics of all participants retired for service and receiving an annuity

Fiscal year ended June 30	Average age at retirement	Average annuitant reserve	Average monthly annuity
2025	69.2	\$37,317	\$392
2024	68.9	35,041	378
2023	68.9	33,857	352
2022	68.9	32,363	354
2021	68.7	31,205	340
2020	68.7	29,791	338
2019	68.5	28,665	322
2018 ¹	68.3	27,869	335
2017	68.0	26,501	308
2016	67.9	21,700	270

¹ Revised in 2019.

Table 3

All participants receiving an annuity by type of benefit and type of annuity elected

(as of June 30, 2025)

Type of benefit	Monthly annuity amount					Total
	Less than \$250	\$250-500	\$500-750	\$750-1,000	\$1,000 and greater	
Retirement	290	150	72	29	39	580
Disability	—	2	—	—	2	4
Survivors	16	8	3	1	1	29
Total	306	160	75	30	42	613
Type of payment						
Regular annuity						
Single life with cash	1	—	—	—	—	1
Single life without cash	2	—	—	—	—	2
Participant-Only	163	82	26	5	3	279
100% Beneficiary Annuity	63	20	8	6	2	99
75% Beneficiary Annuity	6	4	3	1	—	14
50% Beneficiary Annuity	18	4	1	—	1	24
Period-certain annuity						
10 year	35	27	18	6	4	90
9 year	4	4	1	1	2	12
8 year	2	1	1	2	—	6
7 year	1	1	3	1	2	8
6 year	1	1	3	—	1	6
5 year	8	7	6	2	11	34
4 year	—	3	2	1	1	7
3 year	2	6	3	5	15	31
Total	306	160	75	30	42	613

Cash Balance Benefit Program schedules

Table 4

Largest participating employers for the Cash Balance Benefit Program, current year and nine years ago

Fiscal year 2024–25

Participating employers	Covered employees ¹	Percentage of total system
Los Angeles Community College District	6,762	15.1%
Contra Costa Community College District	2,823	6.3%
Peralta Community College District	2,704	6.1%
West Contra Costa Unified School District	2,202	4.9%
City College of San Francisco	2,042	4.6%
San Jose/Evergreen Community College District	1,949	4.4%
Foothill De Anza Community College District	1,857	4.2%
Glendale Community College District	1,809	4.1%
Chabot-Las Positas Community College District	1,804	4.0%
Grossmont Union High	1,649	3.7%
Top 10 total	25,601	57.4%
All other	18,992	42.6%
Total covered employees	44,593	100.0%

Fiscal year 2015–16

Participating employers	Covered employees ¹	Percentage of total system
Los Angeles Community College District	5,367	13.8%
Contra Costa Community College District	2,601	6.7%
Peralta Community College District	2,395	6.2%
West Contra Costa Unified School District	2,112	5.4%
City College of San Francisco	1,988	5.1%
San Jose/Evergreen Community College District	1,914	4.9%
Foothill De Anza Community College District	1,752	4.5%
Chabot-Las Positas Community College District	1,736	4.5%
Glendale Community College District	1,577	4.0%
Santa Rosa Junior College	1,547	4.0%
Top 10 total	22,989	59.1%
All other	15,921	40.9%
Total covered employees	38,910	100.0%

¹ Covered employees are calculated as all employees for whom an employer reports service credit during the fiscal year. Covered employees in this table are counted more than once if they are reported by multiple employers. They are also counted if their employer reports service credit for a retired employee from prior fiscal years. Therefore, the total number of covered employees in this table is higher than the number of active members shown in Table 11 of the Actuarial section under the CBB Program.

Programs administered or overseen by the retirement system (Pension2) schedules

Table 1A

Changes in fiduciary net position for the Pension2 IRC 403(b) Plan

(dollars in thousands)

	Fiscal year ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Additions										
Participant contributions	\$346,869	\$285,954	\$229,088	\$226,996	\$217,424	\$198,217	\$174,230	\$122,113	\$121,945	\$96,347
Employer contributions	3,859	3,103	2,615	1,955	1,137	590	982	369	393	377
Net investment income (loss)	263,178	247,306	163,960	(141,643)	291,739	35,903	51,467	65,104	77,730	9,548
Other income	723	540	333	288	397	306	273	309	141	120
Total additions	\$614,629	\$536,903	\$395,996	\$87,596	\$510,697	\$235,016	\$226,952	\$187,895	\$200,209	\$106,392
Deductions										
Distributions and withdrawals	\$175,179	\$127,531	\$111,059	\$82,197	\$79,744	\$63,994	\$67,772	\$48,481	\$36,322	\$32,936
Refunds of participant contributions	2,396	7,329	4,005	4,625	6,524	6,068	5,754	5,614	4,657	4,965
Administrative expenses	7,098	5,972	4,945	4,765	4,065	3,179	2,739	2,406	1,975	1,583
Total deductions	\$184,673	\$140,832	\$120,009	\$91,587	\$90,333	\$73,241	\$76,265	\$56,501	\$42,954	\$39,484
Changes in fiduciary net position	\$429,956	\$396,071	\$275,987	(\$3,991)	\$420,364	\$161,775	\$150,687	\$131,394	\$157,255	\$66,908

Table 1B

Changes in fiduciary net position for the Pension2 IRC 457(b) Plan

(dollars in thousands)

	Fiscal year ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Additions										
Participant contributions	\$31,751	\$28,746	\$21,642	\$21,312	\$17,084	\$13,302	\$9,307	\$7,038	\$6,516	\$4,898
Employer contributions	408	367	274	169	146	126	110	85	44	77
Net investment income (loss)	22,412	19,567	11,787	(11,095)	17,771	1,343	2,432	2,555	3,338	426
Other income	39	23	14	10	11	11	10	11	8	4
Total additions	\$54,610	\$48,703	\$33,717	\$10,396	\$35,012	\$14,782	\$11,859	\$9,689	\$9,906	\$5,405
Deductions										
Distributions and withdrawals	\$11,808	\$5,041	\$4,199	\$2,757	\$3,151	\$2,358	\$1,659	\$1,411	\$769	\$905
Refunds of participant contributions	—	648	121	1,302	89	54	141	88	36	266
Administrative expenses	529	412	309	278	222	152	122	100	79	56
Total deductions	\$12,337	\$6,101	\$4,629	\$4,337	\$3,462	\$2,564	\$1,922	\$1,599	\$884	\$1,227
Changes in fiduciary net position	\$42,273	\$42,602	\$29,088	\$6,059	\$31,550	\$12,218	\$9,937	\$8,090	\$9,022	\$4,178

Programs administered or overseen by the retirement system (Pension2) schedules

Table 2

Largest participating employers for CalSTRS Pension2, current year and nine years ago

Fiscal year 2024–25		
Participating employers	Covered employees ¹	Percentage of total system
Los Angeles Unified School District	4,188	11.2%
Los Angeles Community College District	846	2.3%
San Diego Unified School District	728	1.9%
Elk Grove Unified School District	627	1.7%
San Francisco Unified School District	560	1.5%
Fremont Unified School District	441	1.2%
Los Rios Community College District	416	1.1%
City College of San Francisco	319	0.9%
Oakland Unified School District	318	0.8%
Long Beach Unified School District	316	0.8%
Top 10 total	8,759	23.4%
All other	28,710	76.6%
Total covered employees	37,469	100.0%

Fiscal year 2015–16		
Participating employers	Covered employees ¹	Percentage of total system
Los Angeles Unified School District	2,658	24.2%
San Diego City Unified School District	378	3.4%
Los Angeles Community College District	348	3.2%
San Francisco Unified School District	234	2.1%
Fremont Unified School District	214	1.9%
Elk Grove Unified School District	186	1.7%
City College of San Francisco	185	1.7%
Long Beach Unified School District	179	1.6%
Sacramento City Unified School District	171	1.6%
San Juan Unified School District	146	1.3%
Top 10 total	4,699	42.7%
All other	6,300	57.3%
Total covered employees	10,999	100.0%

¹ If employers offer a 403(b) and 457(b), they are counted twice; totals also include all accounts with or without balances.

Medicare Premium Payment Program schedules

Table 1

Changes in fiduciary net position for the Medicare Premium Payment Program

(dollars in thousands)

	Fiscal year ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Additions										
Employer contributions	\$22,023	\$23,590	\$25,812	\$26,352	\$26,988	\$27,685	\$27,977	\$28,218	\$29,117	\$29,982
Net investment income	67	56	31	1	6	25	29	18	11	9
Total additions	\$22,090	\$23,646	\$25,843	\$26,353	\$26,994	\$27,710	\$28,006	\$28,236	\$29,128	\$29,991
Deductions										
Premiums paid	\$21,550	\$23,094	\$25,103	\$25,776	\$26,377	\$27,217	\$27,546	\$28,036	\$28,929	\$29,661
Administrative expenses	359	368	544	468	788	510	1,901	578	168	380
Other expenses	1	1	1	1	—	2	1	—	—	—
Total deductions	\$21,910	\$23,463	\$25,648	\$26,245	\$27,165	\$27,729	\$29,448	\$28,614	\$29,097	\$30,041
Changes in fiduciary net position	\$180	\$183	\$195	\$108	(\$171)	(\$19)	(\$1,442)	(\$378)	\$31	(\$50)

Table 2

Benefit deductions from changes in fiduciary net position by type

(dollars in thousands)

Type of benefit	Fiscal year ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Age and services benefits										
Retired members	\$21,550	\$23,094	\$25,103	\$25,776	\$26,377	\$27,217	\$27,546	\$28,036	\$28,929	\$29,661
Total benefits	\$21,550	\$23,094	\$25,103	\$25,776	\$26,377	\$27,217	\$27,546	\$28,036	\$28,929	\$29,661

Medicare Premium Payment Program schedules

Table 3

Retired members enrolled in Medicare Premium Payment Program during fiscal year 2024–25, classified by age at retirement

Age	Count
<55	–
55–56	–
56–57	–
57–58	–
58–59	1
59–60	–
60–61	–
61–62	–
62–63	–
63–64	–
64–75	1
75 and over	–
Grand total	2

Table 4

Characteristics of all retired members enrolled in Medicare Premium Payment Program

Fiscal year ended June 30	Average age at retirement	Average monthly Medicare premium
2025	60.0	\$458
2024	60.0	452
2023	60.0	452
2022	60.1	436
2021	60.0	419
2020	60.1	405
2019	60.1	390
2018	60.1	380
2017	60.2	376
2016	60.2	374

Teachers' Deferred Compensation Fund schedule

Table 1

Changes in fiduciary net position for the Teachers' Deferred Compensation Fund

(dollars in thousands)

	Fiscal year ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Additions										
Net investment income (loss)	\$265	\$214	\$66	(\$31)	\$1	\$40	\$39	\$17	\$9	\$6
Other income	3,433	1,977	1,960	1,964	2,089	1,893	1,743	1,607	1,453	1,339
Total additions	\$3,698	\$2,191	\$2,026	\$1,933	\$2,090	\$1,933	\$1,782	\$1,624	\$1,462	\$1,345
Deductions										
Administrative expenses	\$1,337	\$1,013	\$1,118	\$1,001	\$1,844	\$1,502	\$1,622	\$2,198	\$1,542	\$1,433
Other expenses	2	5	4	2	—	4	3	—	22	14
Total deductions	\$1,339	\$1,018	\$1,122	\$1,003	\$1,844	\$1,506	\$1,625	\$2,198	\$1,564	\$1,447
Changes in fiduciary net position	\$2,359	\$1,173	\$904	\$930	\$246	\$427	\$157	(\$574)	(\$102)	(\$102)



CALSTRS®