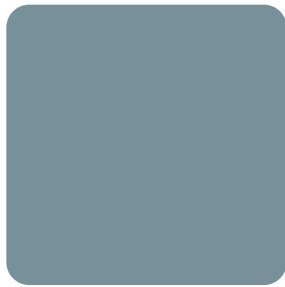
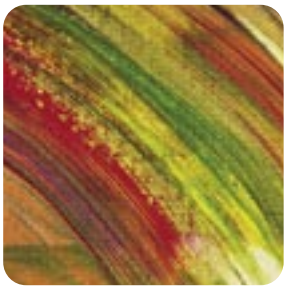


*I'm
concerned
about...*

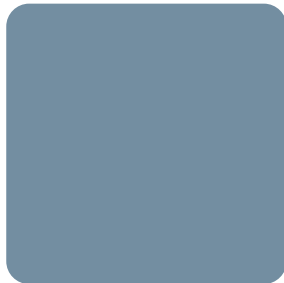


*I'd like
to see...*



2004
your voice; **our commitment**

*Can you
help?*



*I have
another
idea...*





your voice; **our commitment**

CalSTRS is listening to our members' opinions and ideas through focus groups, questionnaires, surveys, e-mails and phone calls. Comments, suggestions and complaints are forwarded to the appropriate staff to review for improvements to our processes, policies and behavior.

As part of CalSTRS commitment to its members, we have selected four organizational outcomes to help guide our decisions. They are now part of CalSTRS culture. Each new project must show it supports one or more outcome before it is approved.

The four outcomes are:

Rock Solid: *A financially sound, respected investment portfolio*

Trusted Guide: *Members well prepared for a secure and rewarding future*

No Surprises: *Timely, accurate and understandable payments the first time, every time*

One and Done: *Correct, consistent, complete and compassionate responses to every inquiry*



CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

California State Teachers' Retirement System

Comprehensive Annual Financial Report

For fiscal year ended June 30, 2004

A Component Unit of the State of California

Prepared by the staff of the
California State Teachers' Retirement System
7667 Folsom Boulevard
Sacramento, CA 95826
800.228.5453
www.calstrs.com

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Award: GFOA Certificate

Certificate of Achievement for Excellence in Financial Reporting

Presented to

California State Teachers' Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelle

President

Jeffrey R. Enos

Executive Director

CALSTRS

HOW WILL YOU SPEND YOUR FUTURE?

December 20, 2004

California State Teachers' Retirement System
Post Office Box 15275
Sacramento, CA 95851-0275



I am pleased to present the Comprehensive Annual Financial Report of the California State Teachers' Retirement System for the fiscal year ended June 30, 2004.

CalSTRS is one of the nation's oldest teacher pension systems, beginning in the earliest days of employers' concern for the welfare of the employees and their retirement. Over the years, great advances have been made in improved benefits and services to our members. Those advances continue as we actively seek our members' opinions on how we can serve them better. Our

commitment to fulfilling our mission, "securing the financial future and sustaining the trust of California's educators," depends on listening to our members. Therefore, we have established the Voice of the Customer Program. This initiative ensures we hear from our members through focus groups and surveys so we can meet their financial retirement needs. Throughout this report are examples of the feedback we have received and our commitment to our customers.

The 2004 CAFR contains the following sections:

The **introductory section** includes this letter of transmittal, administrative organization details and a review of CalSTRS activities.

The **financial section** includes the report of the independent auditor, the Management's Discussion and Analysis, the system's financial statements and supplemental information for the State Teachers' Retirement Plan and CalSTRS Voluntary Investment Program.

The **investment section** contains a consultant's report summarizing investment activity. It also contains an explanation of investment policy, portfolio performance information and various investment schedules for the State Teachers' Retirement Plan, including investment of the Defined Benefit Supplement and Cash Balance Benefit programs contributions. Investment information is not included for the CalSTRS Voluntary Investment Program since all investments are member-directed into mutual funds.

The **actuarial section** includes the actuary's certification letters and summaries for the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs, in addition to the results of the latest actuarial valuations.

The **statistical section** includes information on the CalSTRS Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and CalSTRS Voluntary Investment Program.

Responsibility for both the accuracy and completeness of the financial data and the fairness of the presentation rests with me and the management of CalSTRS.

CalSTRS members, as of June 30, 2004, included employees of approximately 1,200 school districts, community college districts, county offices of education and regional occupational programs (listed starting on page 92).

Financial

The basic financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis as promulgated by the Governmental Accounting Standards Board and its predecessor, the National Council on Governmental Accounting. The Management's Discussion and Analysis provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Investments

The CalSTRS investment portfolio has fully recovered from the 2000-02 bear market and Internet/high tech bubble. In fiscal year 2003-04 the investment portfolio generated a spectacular 17.4 percent investment return and hit an all-time high of \$116 billion, exceeding the previous high set in mid-2000. Diversification and strategic rebalancing of the portfolio helped CalSTRS recover faster than most state pension plans and institutional investors.

Fiscal year 2003-04 saw an investment market divided into two distinct periods. The first half of the year, July to December 2003, the U.S. and Non-U.S. equity market climbed in value. However, during the second half of the year, the market traded sideways as uncertainty built. CalSTRS' diversification across industry sectors and different types of investments produced a lower risk and higher return portfolio.



I hope...

your voice;

"I hope this survey indicates a renewed commitment to customer service."

our commitment

CalSTRS is dedicated to delivering great customer service; not just doing things right, but doing the right things. Our annual survey identifies weak areas. Corrections are made before the next survey so we can measure our continued improvements.

Funding

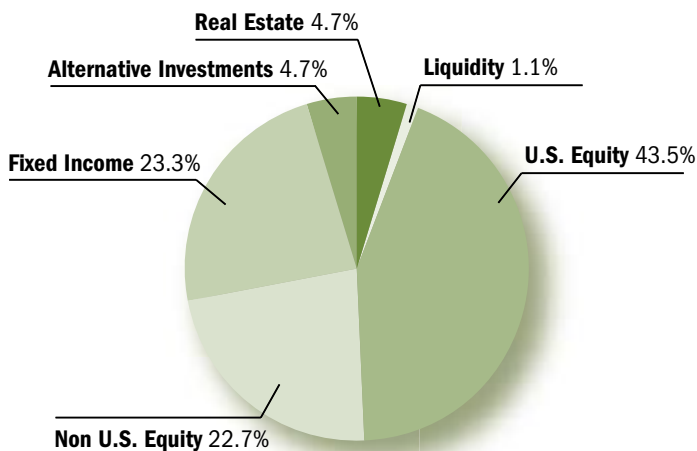
The most recent actuarial valuation, as of June 30, 2003, shows that the Defined Benefit Program has an unfunded actuarial obligation of \$23.1 billion, having 82 percent of the funds needed to pay the cost of the benefit plan in effect on June 30, 2003. Under California state law, the Defined Benefit Program receives contributions from members and employers set at a percentage of the member's earnings plus state General Fund contributions from the fiscal year ending in the prior calendar year (see page 20). The cost of administering the State Teachers' Retirement Plan is financed through the investment earnings of the plan.

Award

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the California State Teachers' Retirement System for its comprehensive annual financial report for the year ended June 30, 2003. This was the ninth consecutive year that CalSTRS has achieved this prestigious award.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual 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 our current report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

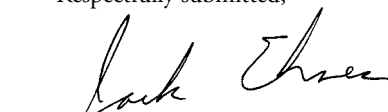
Asset Allocation as of June 30, 2004
Total investment portfolio of \$116.2 billion



Acknowledgments

The compilation of this comprehensive annual financial report reflects the combined effort of CalSTRS staff under the leadership of the Teachers' Retirement Board. I commend their efforts on creating another outstanding report. In addition, I take this opportunity to express my gratitude to the staff, advisors and the many other people and organizations who have worked so diligently to assure the successful operation of the California State Teachers' Retirement System.

Respectfully submitted,


Jack Ehnes
Chief Executive Officer

Teachers' Retirement Board as of June 30, 2004



Gary Lynes
Chairperson
K-12 Classroom Teacher
Term: 1/1/04 – 12/31/07



Carolyn A. Widener
Vice Chairperson
Community College Instructor
Term: 1/1/04 – 12/31/07



Phil Angelides
State Treasurer
Ex-Officio Member



Donna Arduin
Director of Finance
Ex-Officio Member



Mark Battey
Public Representative
Term: 3/1/04 – 12/31/07



Dana Dillon
K-12 Classroom Teacher
Term: 1/1/04 – 12/31/07



Jim Gray
Governing Board Representative
Desert Community College
Board of Trustees
Term: 3/1/04 – 12/31/07



Gloria Hom
Retiree Representative
Term: 3/1/04 – 12/31/07



Jack O'Connell
Superintendent of Public Instruction
Ex-Officio Member



Miguel Pulido
Public Representative
Term: 3/1/04 – 12/31/05



Kathleen Smalley
Public Representative
Term: 3/1/04 – 12/31/06



Steve Westly
State Controller
Ex-Officio Member

Current Executive Staff



Christopher Waddell
General Counsel

Christopher J. Ailman
Chief Investment Officer

Jack Ehnes
Chief Executive Officer

Ed Derman
Deputy Chief Executive Officer
Plan Design and Communication

Christine Ford
Deputy Chief Executive Officer
Administration

Peggy Plett
Deputy Chief Executive Officer
Benefits and Services

Janice Hanson
Acting Deputy Chief Executive Officer
Enterprise Initiatives and Technology

Professional Services

CalSTRS contracts for the services of various independent consultants essential to the effective and professional operation of the system. Milliman provides actuarial services and the independent auditor is Macias Gini & Company LLP. Lists of investment professionals for investment services and other consultants are provided on Schedules IV and V in the financial section of the report. A partial list of independent consultants is shown.

- Cambridge Associates LLC
- Hogan and Hartson
- Liebman & Associates
- Milliman
- Thomas/Ferrous



I had questions...

Year in Review

Membership

Membership in the CalSTRS Defined Benefit Program includes California public school employees, kindergarten through community college, who teach, are involved in the selection and preparation of instructional materials, or are supervising persons engaged in those activities.

Membership is in effect as long as the contributions remain on deposit with the program.

Members are employed in approximately 1,200 public school districts, community college districts, county offices of education and state reporting entities in California. The CalSTRS Defined Benefit Program includes service retirement, benefits for survivors and disability benefits.

A beneficiary of a retired member who has elected a joint and survivor option receives a continuing lifetime allowance upon the retired member's death.

As of June 30, 2004, there were a total of 444,680 active, 116,128 inactive members and 193,245 retired members, disability and survivor benefit recipients. The combined total of members and benefit recipients equals 754,053, an increase of 19,090 from the previous fiscal year.

(The financial statements, presented in the financial section, contain Defined Benefit Program membership data as of June 30, 2003, due to the timing of the independent auditor's report.)

Benefits to Members and Benefit Recipients

Service Retirement

CalSTRS is committed to providing exceptional service to its retiring members in keeping with the System's values. The staff provides timely and accurate payments and information about application and benefit payment processes.

In 2003–04 we saw a 9 percent increase in the number of applications submitted over the previous year. Of the 12,301 members who retired, 99 percent received their first month's payment within 30 days following the effective date of their retirement.

Survivor Benefits

CalSTRS received 6,131 survivor benefits applications, which is an increase of 4 percent over last year. Of the applications received, 100 percent were processed within the 45-day legislative standard and 95 percent were processed within 30 days from the receipt of the last required documentation.

Disability

CalSTRS received 839 disability applications during the 2003-04 fiscal year.

With a strong commitment to member service, the Initial Review Team processed 97.2 percent of all applications within six months from the date of receipt.

The work of the Continuing Qualifications and Vocational Rehabilitation programs resulted in an annual savings of nearly \$1.5 million to CalSTRS.



your voice;

"I had multiple questions and my e-mail inquiry was answered through a telephone call to my home. It was the only way to answer all my questions. Thank you."

our commitment

CalSTRS uses multiple touch points to reach members to inform, educate and answer questions about their retirement, disability and survivor benefits: biannual newsletter, Member Handbook, financial education workshops, benefit counselors, Web site, e-mail and by telephone.

Services to Members and Beneficiaries

Customer Service

Call Center staff answered 254,390 calls and the CalSTRS automated attendant telephone system received 29,477 inquiries. The automated interactive telephone system, allowing members to hear account-specific information, received 49,962 calls. CalSTRS is proud of the fact that 98 percent of the incoming telephone calls were answered in the initial call, thus avoiding the need to call the member back. Eighty-six percent of all calls were answered within three minutes or less and 70 percent were answered within one minute or less.

The Correspondence Center received 2,120 pieces of mailed correspondence and 25,927 e-mails from members and other interested parties. Average response rates were 52 percent of correspondence completed within three business days and 80 percent of e-mails answered within one business day.

Member Communication

CalSTRS communicates twice a year with members and beneficiaries through the *CalSTRS Connections* and the *Retired Educator* newsletters.

CalSTRS Connections is mailed in spring and fall to active and inactive members. Issues contain helpful information on financial education, retirement planning, legislative summaries and articles concerning educators.

The *Retired Educator* is mailed in summer and winter to inform retired members and benefit recipients of matters of special interest to them.

The *Member Handbook* explains all CalSTRS programs. The handbook and single-topic brochures are mailed upon request, given to members during personal interviews, viewed or ordered from our Web site and made available to employers. CalSTRS also mails the *Welcome to CalSTRS* brochure to newly hired educators.

Web Site

The CalSTRS Web site, www.calstrs.com, provides information for members, employers and CalSTRS business partners. Our Web site includes many useful features such as online calculators, which allow members to estimate their retirement benefit and calculate the cost to purchase service credit and to redeposit funds; financial education and workshop information; and a secure site for employers to provide county and school district personnel with pertinent information.

When visiting the CalSTRS Web site, CalSTRS members can register for a secure, online service called *myCalSTRS*. This tool gives members access to personal account information.

Active Members



Inactive Members



Benefit Recipients



Total Members and Benefit Recipients



Benefits Counseling

Personal retirement counseling was provided to 37,021 members at over 30 locations throughout California. In addition, 1,916 members chose an alternative to a face-to-face appointment with a benefits counselor and received retirement counseling through a telephone appointment. Counseling gives members the opportunity to work toward completing their retirement planning.

Workshops

CalSTRS presented 546 workshops to 16,789 members. Twenty-seven workshops included customized content designed specifically for members in the beginning or middle of their careers covering basic benefit information, advantages of early retirement planning and managing one’s finances. The remaining workshops included content designed for members nearing retirement, covering detailed benefit information, working after retirement and the retirement process. Workshops allow members to have direct contact with staff who answer their questions.

Optional Member Programs

Cash Balance Benefit Program

The Cash Balance Benefit Program is a defined benefit plan that is optional to school districts, community college districts and county offices of education. Employees are eligible to participate when their employer offers the Cash Balance Benefit Program if they are hired to perform creditable service for less than 50 percent of the full-time equivalent for the position unless the employee also performs creditable service full-time in another position.

Voluntary Investment Program

The VIP is CalSTRS’ 403(b) program and is available to certificated or classified employees of any California school district, office of education or community college district. The VIP is a 403(b)(7) plan, which allows employees to invest pre-tax earnings in mutual funds as optional retirement savings.

Services to Employers, Member and Client Organizations

Two committees meet regularly to provide a forum for active participation in the formation of CalSTRS policies and procedures in areas of information dissemination, benefit plan administration, and service to members and beneficiaries. The Employer Advisory Committee is composed of county and district employer representatives and CalSTRS staff. The Client Advisory Committee includes CalSTRS staff and members of various organizations representing CalSTRS members and benefit recipients. Since reaching consensus with the two committees on legislative proposals and policy issues is important to the Teachers’ Retirement Board, CalSTRS employees schedule special meetings with both committees to work closely on plan design and other crucial member and employer issues.

Annually, CalSTRS staff hosts an Employer Symposium, giving county and district representatives an opportunity to hear from program specialists, exchange information, ask questions, and to discuss CalSTRS processes, laws and policies.

CalSTRS staff also conducts field visits to individual counties and school districts. These visits provide specific information to the employer regarding CalSTRS’ data reporting process and staff discusses the use of the Remote Employer Access Program. This program allows the employer direct access to the CalSTRS database for verification and review of the member’s service and contribution records, thereby improving the accuracy and timeliness of the reporting process.

Rock Solid: A financially sound, respected investment portfolio

your voice;

“CalSTRS needs to have the investment portfolio online. I don’t want to invest in cigarette companies and other corporations that violate what schools teach against.”

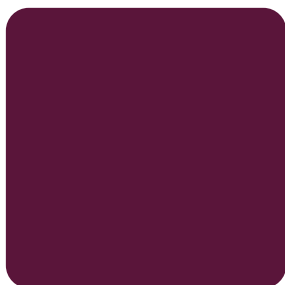
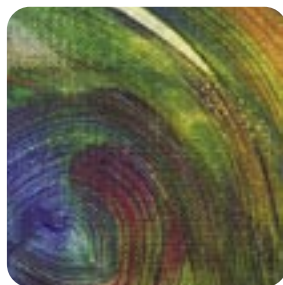
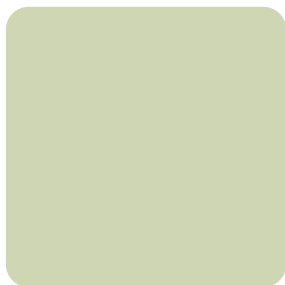
our commitment

The index portfolio is benchmarked to the Russell 1000 ex-Tobacco Index. CalSTRS’ online investment portfolio lists all holdings by asset category.

As of June 30, 2004, the investment portfolio generated a spectacular 17.4 percent investment return and hit an all-time high of \$116 billion. Diversification and strategic rebalancing of the portfolio helped CalSTRS recover faster than most state pension plans and institutional investors.



Financial



Financial

California State Teachers' Retirement System

(A component unit of the State of California)

**Independent Auditor's Report,
Financial Statements, Required Supplementary
Information, and Supplemental Information**

For the year ended June 30, 2004



MACIAS GINI & COMPANY^{LLP}

3000 S Street, Ste. 300
Sacramento, California 95816

916.928.4600 PHONE
916.928.2755 FAX

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of fiduciary net assets of the California State Teachers' Retirement System (the System), a component unit of the State of California, as of June 30, 2004, and the related statement of changes in fiduciary net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the System's Voluntary Investment Program, which statements reflect total net assets and total additions to net assets of less than one percent of the related combined totals as of June 30, 2004, and for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Voluntary Investment Program, is based solely on the report of the other auditors. The prior year summarized comparative information has been derived from the System's 2003 financial statements which were audited by other auditors whose report dated December 9, 2003, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the California State Teachers' Retirement System as of June 30, 2004, and the changes in fiduciary net assets for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

As discussed in Note 1, based on the most recent actuarial valuation as of June 30, 2003, the System's independent actuaries determined that, at June 30, 2003, the value of the Defined Benefit Program's actuarial accrued obligation exceeded the actuarial value of its assets by \$23.1 billion.

In accordance with *Government Auditing Standards*, we have issued our report dated September 24, 2004, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 12 through 15, the Schedule of Funding Progress on page 30 and the Schedule of Employer Contributions and Other Contributing Entities on pages 31 through 32 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The introductory section, other supplemental information in the financial section and the investments, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information in the financial section has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory, investments, actuarial and statistical sections have not been subjected to auditing procedures applied in the audit of the basic financials statements and, accordingly, we express no opinion on them.


Certified Public Accountants

Sacramento, California
September 24, 2004

California State Teachers' Retirement System Management's Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) of the California State Teachers' Retirement System's (System) financial performance provides an overview of the System's financial activities for the fiscal year ended June 30, 2004. The MD&A is designed to focus on the current year's activities, resulting changes and currently known facts. We encourage you to read it in conjunction with the System's financial statements and notes to the financial statements.

The System is primarily responsible for administering retirement, disability, survivor and health benefits, as well as administering a supplemental retirement savings plan for California public school teachers and certain other employees of the state's public school system. The System is comprised of a total of four fiduciary funds:

1. Teachers' Retirement Fund (TRF)
2. Voluntary Investment Program (VIP)
3. Teachers' Health Benefits Fund (THBF)
4. Teachers' Replacement Benefits Program Fund (TRBPF)

FINANCIAL HIGHLIGHTS

- Net assets increased by \$15.7 billion or 16% to \$116 billion.
- Net investment income totaled \$16.6 billion, an increase of \$12.9 billion over last year.
- As of June 30, 2003, the most recent actuarial valuation, the System's Defined Benefit Program was funded at 82%, compared to a funding level of 98% as of June 30, 2001.
- Total contributions decreased by \$264.2 million or 5%.
- The State's statutory General Fund contribution to the Supplemental Benefit Maintenance Account payment was reduced by \$500 million for the 2003-2004 year.
- Benefit payments increased by \$598.8 million or 12% to \$5.6 billion.
- Refund of contributions increased by \$5.9 million or 7% to \$88.9 million.
- The Medicare Premium Payment Program premiums paid for members were \$25.6 million.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the System's financial statements. The System's financial statements are comprised of the following components: (1) fund financial statements (2) notes to the financial statements (3) required supplementary information and (4) other supplemental information.

Fund financial statements. The statement of fiduciary net assets presents information on all of the System's assets and liabilities, with the difference between the two reported as net assets. Over time, the increase or decrease in net assets serves as a useful indicator of the health of the System's financial position. The statement of changes in fiduciary net assets shows how the System's net assets changed during the fiscal year.

Notes to the financial statements. The financial statement notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. Information available in the notes to the financial statements is described below.

California State Teachers' Retirement System Management's Discussion and Analysis

- Note 1 provides a general description of the System, as well as a concise description of each of the funds administered by the System.
- Note 2 provides a summary of significant accounting policies, including the basis of accounting for the System, management's use of estimates, cash and investment accounting policies and other significant accounting policies.
- Note 3 describes investments, including custodial credit risk categorizations, investing authority and other significant investment information.
- Note 4 generally describes potential contingencies of the System.
- Note 5 provides a summary of significant commitments incurred by the System.
- Note 6 provides a summary of new accounting pronouncements.

Required supplementary information. The required supplementary information consists of two schedules and related notes on the defined benefit pension plans' funding progress and history of contributions from employers and other contributing entities. These schedules provide historical information that assists in understanding the funded status of the System over time.

Other supplemental information. Included in the other supplemental information is detailed information on administrative expenses, investment expenses and consultant and professional services expenses.

FINANCIAL ANALYSIS

Teachers' Retirement Fund (TRF). The Teachers' Retirement Fund is an employee benefit trust fund created to administer the State Teachers' Retirement Plan (STRP). The STRP is a defined benefit pension plan which provides for retirement, disability and survivor benefits. The STRP is comprised of three programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program and the Cash Balance (CB) Benefit Program.

The STRP net assets increased 16% during the fiscal year, from \$100.4 billion in 2003 to \$116.1 billion as of June 30, 2004. Investments, excluding securities lending collateral, increased by \$16.1 billion or 16% to \$117.4 billion at June 30, 2004. At June 30, 2004, STRP held \$75.6 billion in U.S. and international equity securities, an increase of \$15.9 billion or 27% from fiscal 2003. At June 30, 2004, STRP also held \$28.4 billion in U.S. and International debt securities, an increase of \$0.3 billion or 1% from fiscal 2003. Remaining holdings in alternative investments, real estate and short-term investments were \$13.3 billion at June 30, 2004, an increase of \$26 million from fiscal 2003. Net appreciation on investments totaled \$13.8 billion compared to \$0.7 billion in fiscal 2003 an increase of \$13.1 billion.

California State Teachers' Retirement System Management's Discussion and Analysis

NET ASSETS

(Dollars in Thousands)

ASSETS	2004	2003	Percent Change
Investments ¹	\$134,373,050	\$115,555,214	16%
Cash and Cash Equivalents	186,878	160,677	16%
Receivables	1,837,139	2,289,723	(20)%
Other	1,716	1,357	26%
TOTAL ASSETS	\$136,398,783	\$118,006,971	15%
LIABILITIES			
Benefits in Process of Payment	\$ 511,375	\$ 464,868	10%
Investment Settlement	1,399,443	1,308,387	6%
Real Estate Leverage Program Obligation	921,889	1,018,953	(9)%
Other Liabilities	493,481	475,582	3%
Securities Lending Obligation	17,011,306	14,366,853	18%
TOTAL LIABILITIES	\$ 20,337,494	\$ 17,634,643	15%
TOTAL NET ASSETS	\$116,061,289	\$100,372,328	15%

¹ Includes securities lending collateral.

STRP benefits are funded by employer, member and State contributions, and by investment earnings. Member contributions increased by \$116 million or 5% while employer contributions increased by \$79 million or 4%. State contributions decreased by \$466 million or 46% to \$549 million. The decrease in State contributions resulted from the State reduction of the Supplemental Benefit Maintenance Account contribution pursuant to Chapter 6, First Extraordinary Session Statutes of 2003. The STRP experienced a net investment gain of \$16.6 billion in fiscal 2004 compared with \$3.7 billion in fiscal 2003.

CHANGES IN NET ASSETS

(Dollars in Thousands)

ADDITIONS	2004	2003	Percent Change
Member / Participant	\$2,210,310	\$2,094,096	5%
Employer	2,047,448	1,967,974	4%
State	548,686	1,014,992	(45)%
Investment / Other	16,605,271	3,688,183	350%
TOTAL ADDITIONS	21,411,715	8,765,245	144%
DEDUCTIONS			
Benefit Payments	5,545,531	4,950,115	12%
Refund of Contributions	82,456	79,513	3%
Administrative Expenses	94,767	72,749	30%
TOTAL DEDUCTIONS	5,722,754	5,102,377	12%
TOTAL CHANGES IN NET ASSETS	\$15,688,961	\$3,662,868	328%

California State Teachers' Retirement System Management's Discussion and Analysis

Deductions for the year totaled \$5.7 billion. Growth in the number of new retirees increased benefit payments to \$5.5 billion, an increase of \$595 million or 12% over the prior year. Refund of contributions in fiscal 2004 increased \$2.9 million or 3% to \$82.4 million. Administrative expenses in fiscal 2004 increased \$22.0 million or 30% to \$94.8 million.

The most recent actuarial valuation for the fiscal year ended June 30, 2003, indicates that the DB Program is underfunded, with 82% of the funds needed to pay the actuarial obligation of the benefits accrued as of June 30, 2003. This is a decrease of 16% from the 98% funded status estimated in the June 30, 2001 actuarial valuation. The amount by which the DB Program actuarial obligation exceeded actuarial assets was \$23.1 billion at June 30, 2003. The decrease in funding status in fiscal 2003 is mainly attributable to the investment return being less than the assumed return of 8.0%, changes in actuarial assumptions, and total teacher payroll increases that were in excess of the assumed rate of 4.25%. The findings of the most recent actuarial valuation indicates that expected future revenue for the DB Program is expected to be insufficient to finance its obligations including amortization of the unfunded status over the next 30 years.

Voluntary Investment Program (VIP). The VIP is a tax-deferred defined contribution plan and meets the requirements of the Internal Revenue Code, Section 403(b). Administrative services are provided by CitiStreet, L.L.C. The VIP benefits are the sum of the contributions and investment earnings credited to the member's account at the time of retirement, disability or termination of employment. The VIP is designed to offer members an opportunity to supplement their pension benefits. The VIP's June 30, 2004 investments increased by \$20.9 million or 28% and net assets increased by \$20.4 million or 27%. Contributions by members in fiscal 2004 increased by \$2 million or 12% while investment gains in fiscal 2004 totaled \$9.8 million compared \$1.1 million in 2004, an increase of 825%. Deductions from the VIP increased by \$2.9 million or 49% to \$8.9 million primarily due to higher member withdraws.

Teachers' Health Benefits Fund (THBF). The THBF is an employee benefit trust fund created to administer health benefit programs for members of the California State Teachers' Retirement System. The Medicare Premium Payment Program is the only program within the fund. This program is designed to pay Medicare Part A premiums and surcharges and Part B surcharges for DB Program members meeting certain eligibility criteria. This program is funded on an as needed basis from current employer contributions, which increased by \$4.3 million or 19% to \$26.5 million during fiscal year 2004. Benefits of \$25.6 million were paid in fiscal year 2004. There were \$22.0 million in benefits paid in the prior year. The assets of the THBF are invested in the State of California's Surplus Money Investment Fund and earned \$41 thousand in interest income as of June 30, 2004.

Teachers' Replacement Benefit Program Fund (TRBPF). The TRBPF is a replacement pension benefit plan established to pay the portion of annual benefits that exceed the annual limitations under Section 415 of the Internal Revenue Code of 1986 (26 U.S.C. Section 415). This benefit program is funded from current employer contributions on an as needed basis. Contributions of approximately \$126 thousand were received and paid as benefits as of June 30, 2004.

REQUESTS FOR INFORMATION

This Financial Report is designed to provide a general overview of the System's finances. For questions concerning any information in this report or for additional information contact the California State Teachers' Retirement System, P.O. Box 15275, Sacramento, CA 95851-0275.

California State Teachers' Retirement System
Statement of Fiduciary Net Assets
As of June 30, 2004 (with Comparative Totals as of June 30, 2003)
(Dollars in Thousands)

	Teachers' Retirement Fund	Voluntary Investment Program	Teachers' Health Benefits Fund	Teachers' Replacement Benefit Program Fund	Comparative Totals	
					2004	2003
Assets						
Investments, at fair value:						
Short term	\$ 1,293,824	\$ 24,425	\$ 1,227	\$ -	\$ 1,319,476	\$ 2,501,507
Debt securities:						
Domestic	27,249,472	6,105	-	-	27,255,577	28,121,759
International	1,145,426	119	-	-	1,145,545	4,432
Equities:						
Domestic	49,618,988	58,870	-	-	49,677,858	40,150,724
International	26,006,277	5,581	-	-	26,011,858	19,643,454
Alternative	5,405,862	-	-	-	5,405,862	5,062,283
Real estate	6,641,895	-	-	-	6,641,895	5,779,431
Securities lending collateral	17,011,306	-	-	-	17,011,306	14,366,853
Total investments	134,373,050	95,100	1,227	-	134,469,377	115,630,443
Cash and cash equivalents	186,878	-	-	10	186,888	160,685
Receivables:						
Investments sold	369,721	-	-	-	369,721	942,089
Foreign currency contracts	550,861	-	-	-	550,861	380,596
Interest and dividends	384,020	18	13	-	384,051	375,751
Member, employer and other	532,537	523	972	-	534,032	592,449
Total receivables	1,837,139	541	985	-	1,838,665	2,290,885
Other assets	1,716	-	-	-	1,716	1,357
Total assets	136,398,783	95,641	2,212	10	136,496,646	118,083,370
Liabilities						
Payable for investments purchased	842,445	-	-	-	842,445	931,081
Payable for foreign currency contracts	556,998	-	-	-	556,998	377,306
Benefits in process of payment	511,375	-	3	10	511,388	464,970
Real estate leverage program obligation	921,889	-	-	-	921,889	1,018,953
Other liabilities	493,481	562	123	-	494,166	475,663
Securities lending obligation	17,011,306	-	-	-	17,011,306	14,366,853
Total liabilities	20,337,494	562	126	10	20,338,192	17,634,826
Net assets held in trust for pension benefits (a schedule of funding progress is presented in Schedule I)	\$ 116,061,289	\$ 95,079	\$ 2,086	\$ -	\$ 116,158,454	\$ 100,448,544

The accompanying notes are an integral part of these financial statements.

California State Teachers' Retirement System
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2004 (with Comparative Totals as of June 30, 2003)
(Dollars in Thousands)

	Teachers' Retirement Fund	Voluntary Investment Program	Teachers' Health Benefits Fund	Teachers' Replacement Benefit Program Fund	Comparative Totals	
					2004	2003
Additions						
Contributions:						
Member	\$ 2,210,310	\$ 19,535	\$ -	\$ -	\$ 2,229,845	\$ 2,111,576
Employer	2,047,448	-	26,496	126	2,074,070	1,990,263
State of California	548,686	-	-	-	548,686	1,014,992
Total contributions	4,806,444	19,535	26,496	126	4,852,601	5,116,831
Investment income:						
Net appreciation in fair value of investments	13,790,935	8,627	-	-	13,799,562	655,987
Interest, dividends and other	2,830,297	1,127	41	-	2,831,465	3,049,444
Securities lending income	225,252	-	-	-	225,252	260,814
Less investment expenses:						
Cost of lending securities	(156,443)	-	-	-	(156,443)	(196,188)
Other	(82,761)	-	-	-	(82,761)	(80,696)
Net investment income	16,607,280	9,754	41	-	16,617,075	3,689,361
Other (expense) income	(2,009)	-	8	-	(2,001)	(71)
Total additions	21,411,715	29,289	26,545	126	21,467,675	8,806,121
Deductions						
Retirement, disability, death and survivor benefits	5,322,030	1,617	25,648	126	5,349,421	4,740,359
Purchasing power benefits	223,501	-	-	-	223,501	233,815
Refunds of member contributions	82,456	6,440	-	-	88,896	82,991
Administrative expenses	94,767	807	373	-	95,947	73,608
Total deductions	5,722,754	8,864	26,021	126	5,757,765	5,130,773
Net increase	15,688,961	20,425	524	-	15,709,910	3,675,348
Net assets held in trust for pension benefits						
Beginning of the year	100,372,328	74,654	1,562	-	100,448,544	96,773,196
End of the year	\$116,061,289	\$ 95,079	\$ 2,086	\$ -	\$116,158,454	\$100,448,544

The accompanying notes are an integral part of these financial statements.

California State Teachers' Retirement System

Notes to the Basic Financial Statements

1. Description of the System and Contribution Information

The California State Teachers' Retirement System (System) is the administrator of a cost-sharing multiple-employer pension plan, a tax-deferred defined contribution plan, the Medicare Premium Payment Program and the Replacement Benefits Program as described below. These plans and programs were established and administered by those sections of the State Education Code known as the Teachers' Retirement Law (Section 22000 et. seq.), as amended and enacted by the State of California (State) Legislature. The System is a component unit of the State due to its financial and operational relationship with the State. These financial statements include only the accounts of the System. The System's basic financial statements are included as a fiduciary fund in the financial statements of the State. The System provides pension benefits to California full-time and part-time public school teachers from preschool through grade fourteen and certain other employees of the public school system.

State Teachers' Retirement Plan (STRP)

The State Teachers' Retirement Plan (STRP) is comprised of three programs: the Defined Benefit Program (DB Program), the Defined Benefit Supplement Program (DBS Program) and the Cash Balance Benefit Program (CB Benefit Program). The assets of the STRP are held for the exclusive purpose of providing benefits to members and beneficiaries of the DB Program, the DBS Program and the CB Benefit Program and defraying reasonable expenses of administering the STRP and the System.

STRP Defined Benefit Program (DB Program)

The DB Program is a defined benefit pension program. At June 30, 2004, there were approximately 1200 contributing employers (school districts, community college districts, county offices of education and regional occupational programs). The State is a non-employer contributor to the STRP. Membership is mandatory for all employees meeting certain statutory requirements, and optional for all other employees performing creditable service. At June 30, 2003, membership consisted of:

Active Members	
Vested	266,972
Nonvested	181,506
Inactive members	104,617
Retirees and benefit recipients	181,868
Total members, retirees and beneficiaries	734,963

Information as of June 30, 2004 will not be available prior to December 2004.

California State Teachers' Retirement System

Notes to the Basic Financial Statements

The DB Program provides defined retirement benefits based on members' final compensation, age, and years of credited service. In addition, the retirement program provides benefits to members upon disability, and to survivors / beneficiaries upon the death of eligible members. Benefit provisions include:

- After five years of credited service, members become 100% vested in retirement benefits earned to date. Members are eligible for normal retirement at age 60. The normal retirement benefit is equal to 2% of final compensation for each year of credited service. Early retirement options are available at age 55 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 2.4% at age 63 or older. Members who have 30 years or more of credited service shall receive an additional 0.2% of final compensation. In no event shall the total benefit factor exceed 2.4%.
- The System calculates retirement benefits based on a one-year final compensation for members who retire on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elects to pay the additional benefit cost. One-year final compensation means a member's highest average annual compensation earnable calculated by taking the creditable compensation that a member could earn in a school year while employed, if he or she were employed on a full-time basis, and if that person worked full time in that position during any period of 12 consecutive months. For all other members, final compensation is defined as the highest average annual compensation earned during any three consecutive years of credited service.
- Members who retire on or after January 1, 2001, and accumulate at least 30 years of credited service by January 1, 2011, will receive a longevity bonus.
- After five years of credited service, a member (prior to age 60 if under Coverage A, no age limit if under Coverage B, as defined in Education Code Sections 24001 and 24101, respectively) is eligible for disability benefits of up to 50% of final compensation plus 10% of final compensation for each eligible child, up to a maximum addition of 40%. The member must have a disability that will exceed a period of twelve or more months to qualify for a benefit.
- A family benefit is available if an active member died and had at least one year of credited service.
- Members' accumulated contributions are refundable with interest upon separation from the System. For the year ended June 30, 2004, the rate of interest credited to members' accounts is 2.5%.

California State Teachers' Retirement System

Notes to the Basic Financial Statements

Purchasing power protection is provided to those benefit recipients whose purchasing power has been reduced below certain levels. The purchasing power protection is funded by a combination of School Lands Revenue and State General Fund (General Fund) contributions to the Supplemental Benefit Maintenance Account (SBMA). School Lands Revenue is appropriated pursuant to Public Resources Code Section 6217.5 from the use of school lands. The SBMA provides annual distributions (in quarterly payments) to retired and disabled members, and beneficiaries in order to restore purchasing power to a minimum of 80% of the initial monthly allowance. The annual contribution needed to meet the obligations of the purchasing power protection program on an actuarial basis has not been determined. The State is currently required to contribute 2.5 percent of prior fiscal year teacher payroll to fund the purchasing power protection program. However, for the fiscal year ended June 30, 2004, the State's contribution was reduced to \$58.9 million by special legislation. CalSTRS has taken legal action to compel the State to contribute the remaining amount (\$500 million) to CalSTRS for the purchasing power protection program for the fiscal year ended June 30, 2004.

Required Contributions

Required member and employer contribution rates are set by the Teachers' Retirement Law. Required contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method. The System also uses the level percentage of payroll method to calculate the amortization of any unfunded liability.

A summary of statutory contribution rates and other sources of contributions to the DB Program is as follows:

- Members - 6% of applicable member earnings through December 31, 2010, increasing to 8% thereafter.
- Employers - 8.25% of applicable member earnings.
- State of California - Beginning July 1, 1999, under Education Code Section 22955, the General Fund transferred annually to the DB Program an amount equal to 3.102% of total creditable earnings of the immediately preceding calendar year to fund certain benefit enhancements effective January 1, 1999. The enactment of Chapter 1021, Statutes of 2000 (AB 2700) provided for a reduction in such funding from the General Fund to a factor of 2.5385% beginning July 1, 2000. The funding was further reduced to 1.9750% beginning July 1, 2001, and effective through June 30, 2003. Beginning July 1, 2003, the rate increased to 2.017% of the member's creditable earnings from the fiscal year ending in the prior calendar year.

California State Teachers' Retirement System

Notes to the Basic Financial Statements

Beginning October 1, 1998, a statutory contribution rate of 0.524%, adjustable annually in 0.25% increments up to a maximum of 1.505%, of the creditable earnings of the immediately preceding calendar year was established under Education Code Section 22955. This contribution is reduced to zero if there is no unfunded actuarial obligation and no normal cost deficit for benefit plans in place as of July 1, 1990. Although there was an unfunded obligation of \$23.1 billion as of the June 30, 2003 actuarial valuation, there was no normal cost deficit but there was an unfunded obligation for benefits in place as of July 1, 1990. Therefore the General Fund is required to contribute quarterly payments starting on October 1, 2004 at a contribution rate of 0.524%.

In their most recent actuarial valuation as of June 30, 2003, the System's independent actuaries determined that, at June 30, 2003, the value of the DB Program's actuarial accrued obligation exceeded the program's actuarial value of assets by \$23.1 billion. Based on this valuation, the current statutory contributions are equivalent to 17.384% of covered payroll and are sufficient to fund normal cost (16.838% of covered payroll) but not expected to be sufficient to amortize the unfunded actuarial obligation. While certain risks related to the global financial markets may affect the fair value of the System's investment portfolio, the System's management is continually evaluating the impact of market fluctuations on the assets of the DB Program. However, future estimates of the actuarial unfunded obligation may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions.

STRP Defined Benefit Supplement Program (DBS Program)

The DBS Program, established pursuant to Chapter 74, Statutes of 2000 (AB 1509), is a defined benefit pension plan that operates within the STRP. All persons who were active members of the DB Program on or after January 1, 2001, are also members of the DBS Program.

Beginning January 1, 2001, for service in excess of one year of service credit within one fiscal year, the member contributions of 8% and employer contributions of 8% are credited to the members' nominal DBS Program accounts. Also, contributions for the compensation as a result of retirement incentives or limited term enhancements are credited to the members account. In addition, beginning January 1, 2001 and continuing through December 31, 2010, 2% of applicable member earnings for service less than or equal to one year of creditable service per fiscal year are credited to the members' nominal DBS Program accounts. Interest is credited to the nominal DBS Program accounts at the minimum guaranteed annual rate established by the Teacher's Retirement Board (Board) prior to each plan year, which was 5.25% for the year ended June 30, 2004. The Board may credit additional earnings to members' nominal accounts if actual investment earnings exceed the expected rate of return.

In the actuarial valuation of the DBS Program's assets and liabilities as of June 30, 2003, the System's independent actuaries determined that the actuarial obligation of the new DBS Program exceeded the actuarial value of assets by \$47.4 million. While certain risks related to the global financial markets may affect the fair value of the System's investment portfolio, the System's management is continually evaluating the impact of market fluctuations on the assets of the DBS Program. However, future estimates of the actuarial unfunded obligation may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions.

California State Teachers' Retirement System

Notes to the Basic Financial Statements

STRP Cash Balance Benefit Program (CB Benefit Program)

The CB Benefit Program, established under Chapter 592, Statutes of 1995 and subsequently merged into the STRP by Chapter 1048, Statutes of 1998 (SB 2085), is a defined benefit pension plan. The CB Benefit 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 the position. Interest is credited to the nominal CB Benefit Program accounts at the minimum guaranteed annual rate established by the Board prior to each plan year, which was 5.25% for the year ended June 30, 2004. The Board may credit additional earnings to members' nominal accounts if actual investment earnings exceed the expected rate of return.

Participation in the CB Benefit Program is optional to school districts, community college districts, county offices of education, and regional occupational programs. A school district, community college district, county office of education, or regional occupational program may elect to offer the CB Benefit 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.

A summary of statutory contribution rates for the CB Benefit Program is as follows:

Participants	-	4% of applicable participant earnings
Employers	-	4% of applicable participant earnings

Employers may enter into a collective bargaining agreement to pay different rates if certain minimum conditions are met. At June 30, 2004, there were 28 contributing school districts and 18,181 contributing participants.

In their most recent actuarial valuation as of June 30, 2003, the System's independent actuaries determined that the actuarial obligation of the CB Benefit Program exceeded the actuarial value of assets by \$3.9 million. While certain risks related to the global financial markets may affect the fair value of the System's investment portfolio, the System's management is continually evaluating the impact of market fluctuations on the assets of the CB Benefit Program. However, future estimates of the actuarial unfunded obligation may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions.

Voluntary Investment Program (VIP)

The VIP (formerly STRS 403(b) Program) was established pursuant to Chapter 291, Statutes of 1994. Under the requirements of Internal Revenue Code (IRC) Section 403(b), the VIP is a tax-deferred defined contribution plan and is open to any employee from the state's school districts, community college districts, county offices of education and regional occupational programs. Contributions to the program are voluntary and are not subject to a minimum limitation; however, the IRC establishes a maximum amount that can be contributed annually. At June 30, 2004, there were 3,388 plan participants and 448 participating employers (school districts).

California State Teachers' Retirement System

Notes to the Basic Financial Statements

CitiStreet, L.L.C. provides administrative services to the VIP, including custody and record keeping services. The VIP's investments are comprised of the Share Account Manager, Mutual Fund Window account and Temp Cash Fund. The Share Account Manager invests in various mutual funds, including bond and stock funds. The Mutual Fund Window account allows plan participants to select and invest in certain domestic and international mutual funds. The Temp Cash Fund invests in various money market instruments.

Teachers' Health Benefits Fund (THBF)

The THBF was established pursuant to Chapter 1032, Statutes of 2000 (SB 1435) to provide the Medicare Premium Payment Program to retired members of the DB Program. Funds from the THBF are used to pay Medicare Part A premiums for DB Program members who are retired or will retire prior to January 1, 2006, and who meet certain other eligibility criteria.

The THBF is funded as needed, from that portion of the monthly DB Program statutory employer contribution that exceeds the DB Program annual required contribution. Management believes the current source of THBF funding will be adequate to provide for the statutory THBF benefits. At June 30, 2004, there were 5,884 retirees participating in the THBF Medicare Premium Payment Program.

Teachers' Replacement Benefits Program Fund (TRBPF)

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 TRBPF was established pursuant to Chapter 465, Statutes of 1999 (AB 819) and initially funded during the year ended June 30, 2001, to provide benefits to the members of the System whose defined benefit retirement benefit exceeds IRC limits.

The TRBPF is funded as needed. Monthly employer contributions are received by the TRBPF 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. At June 30, 2004, there were six retirees participating in the TRBPF.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accounting records of the System are maintained on the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer and State contributions are recognized when due and the employer or State has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the System's retirement and benefits programs.

Use of Estimates in the Preparation of Financial Statements

The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain financial statement amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit and highly liquid financial instruments with original maturities of 90 days or less. Significant cash equivalents held by the System include repurchase agreements and foreign currency.

California State Teachers' Retirement System

Notes to the Basic Financial Statements

Investments

The majority of the securities held in the investment portfolio at June 30, 2004, are in the custody of or controlled by State Street Bank, the System's master custodian. State statutes and Board policies allow investments consisting of government, corporate and international bonds, domestic and international equities, mutual funds, limited partnership holdings, real estate, mortgages, and other investments.

Investments are reported at fair value. The fair values of investments are generally based on published market prices and quotations from major investment firms. In the case of debt securities acquired through private placements, management, based on market yields, computes fair value and average maturity dates of comparable quoted securities. Mortgages are valued based on future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Real estate equity investment fair values are based on either recent estimates provided by the System's contract real estate advisors or independent appraisers. Short-term investments are reported at cost or amortized cost, which approximates fair value. Alternative investments represent interests in private equity partnerships in which the System enters under a limited partnership agreement. For alternative investments and other investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments.

The System presents, in the statement of changes in fiduciary net assets, the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains and losses and the unrealized appreciation and depreciation on those investments. Purchases and sales are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

There are certain market risks, credit risks, foreign currency exchange risks, and event risks which may subject the System to economic changes occurring in certain industries, sectors, or geographies.

Investment Risk Management

The STRP enters into forward foreign currency exchange contracts for hedging purposes to minimize the short-term impact of foreign currency fluctuations on the asset positions of its foreign investments. The STRP also enters into futures contracts to minimize exposure to unfavorable fluctuations in the domestic equity markets. The futures contracts are financial instruments that derive their value from underlying indices. These hedging contracts are reported at fair value based on published market prices and quotations from major investment firms. The STRP could be exposed to risk if the counter-parties to the contracts are unable to meet the terms of their contracts. The STRP seeks to minimize risk from counter-parties by establishing minimum credit quality standards and maximum credit limits.

Administrative Expenses

The cost of administering the STRP is financed through the contributions and investment earnings that it receives. The VIP and the THBF reimburse the STRP for administrative services provided on their behalf.

California State Teachers' Retirement System

Notes to the Basic Financial Statements

Income Taxes

The STRP, THBF, and TRBPF are organized as tax-exempt retirement or benefit plans under the IRC. The VIP is organized as a tax-deferred supplemental program under the IRC. The System's management believes that it has operated these funds and programs within the constraints imposed by federal tax law.

Investment Expenses

Expenses directly associated with investment management have been included as other investment expenses. Indirect expenses have not been allocated.

Securities Lending Transactions

The System reports securities lent, the cash collateral held as assets, and the related liabilities resulting from securities lending transactions on the statement of fiduciary net assets. The System also reports the income and costs of lending securities as a component of investment income on the statement of changes in fiduciary net assets.

3. Cash, Cash Equivalents, and Investments

Cash held in the System's general operating accounts with the State Treasury was approximately \$255.2 million at June 30, 2004. These monies are pooled with the monies of other State agencies and invested by the State Treasurer's Office.

The System's investments are categorized below to give an indication of the category risk level assumed by the System at June 30, 2004, as defined by GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. Category 1, the lowest risk, includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter-party's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party or by its trust department or agent but not in the System's name. Investment pools managed by other governments, mutual funds, investments held by broker-dealers under securities loans, alternative investments and real estate equity investments are not categorized.

California State Teachers' Retirement System

Notes to the Basic Financial Statements

Investment Type	Category I	Category Rating Not Required	Fair Value
Investments			
Short-term investments			
Surplus Money Investment Fund	\$ -	\$ 256,442	\$ 256,442
Short Term Investment Fund	-	875	875
Certificates of deposit	99,000	-	99,000
Commercial paper	348,000	-	348,000
Treasury Bills	51,895	-	51,895
Short-term agencies	538,839	-	538,839
Debt securities			
Corporate obligations	8,144,818	-	8,144,818
US Government and agency obligations	768,789	-	768,789
International government and agency obligations	547,391	-	547,391
Securitized obligations	-	-	-
Mortgage backed securities	9,230,924	-	9,230,924
Collateralized mortgage backed securities	160,707	-	160,707
Asset backed securities	693,794	-	693,794
Commercial mortgage backed securities	574,871	-	574,871
Equity securities	66,588,352	-	66,588,352
Mutual funds			
Temp cash funds	-	22,050	22,050
Fixed income funds	-	12,330	12,330
Equity funds	-	60,720	60,720
Alternative investments			
Direct alternative investments	242,094	-	242,094
Limited partnerships	-	5,163,768	5,163,768
Real estate	-	6,641,895	6,641,895
Whole & commercial loans	-	293,527	293,527
Investments held by broker-dealers under securities loans:			
Debt securities			
Corporate obligations	-	895,651	895,651
US Government obligations	-	6,764,741	6,764,741
Securitized obligations	-	-	-
Mortgage backed securities	-	314,084	314,084
Asset backed securities	-	5,601	5,601
Equity securities	-	9,036,913	9,036,913
Sub-total investments	87,989,474	29,468,597	117,458,071
Securities lending collateral			
Short-term investments			
Short Term Investment Fund	-	114,938	114,938
Certificates of deposit	2,075,534	-	2,075,534
Commercial paper	587,655	-	587,655
Time deposits	994,575	-	994,575
Promissory note	120,770	-	120,770
Master note	71,041	-	71,041
Bank note	49,729	-	49,729
Debt securities			
Corporate obligations	5,258,753	-	5,258,753
US Government obligations	1,105,864	-	1,105,864
Securitized obligations	-	-	-
Asset backed securities	6,093,441	-	6,093,441
Cash equivalents:			
Cash and cash equivalent	4,767	-	4,767
Repurchase agreements	534,239	-	534,239
Sub-total securities lending collateral	16,896,368	114,938	17,011,306
Total investments	\$ 104,885,842	\$ 29,583,535	\$ 134,469,377
Cash and cash equivalents:			
Repurchase agreements	\$ 114,386	\$ -	\$ 114,386
Foreign currency	65,392	-	65,392
Other cash	-	7,110	7,110
Total cash and cash equivalents	\$ 179,778	\$ 7,110	\$ 186,888

California State Teachers' Retirement System

Notes to the Basic Financial Statements

The investment in the Surplus Money Investment Fund (SMIF), administered by the State, represents various investments with average days to maturity of approximately 196 days, and is reported at amortized cost which approximates fair value.

The investment in the Short-term Investment Fund, administered by State Street Bank, represents various investments with average days to maturity of approximately 44 days, and is reported at amortized cost which approximates fair value.

The repurchase agreement transactions as of June 30, 2004, have underlying collateral with fair values of approximately 102% of the cost of the repurchase agreement. The agreed-upon yields are 0.5% and 0.75% with maturity dates through July 1, 2004.

Foreign currency is comprised of international investment proceeds and income to be repatriated into U.S. dollars and funds available to purchase international securities. Foreign currency is not held as a form of investment. Foreign currency is held temporarily in foreign interest-bearing accounts until it is able to be repatriated or expended.

In fiscal year 2002-03, the System initiated an investment program to leverage its real estate investments by borrowing against select real estate holdings (Leverage Program). Under the Leverage Program, two debt strategies were executed: a commercial mortgage-backed security (CMBS) for \$750 million and a revolving line of credit for \$275 million, net (collectively, the Leverage Program Obligation). The System used the proceeds from the Leverage Program Obligation to purchase various investments. At June 30, 2004, the ratio of the Leverage Program Obligation to the fair value of the underlying collateral of real estate properties was 32.1%. At June 30, 2004, the outstanding amount on the revolving line of credit was \$275.0 million, which matures in January 2006. Approximately \$406.6 million and \$240.3 million of the CMBS are due November 2007 and November 2009, respectively. Interest on the Leverage Program Obligation is based on various factors and is payable monthly. As of June 30, 2004, the annual interest rates ranged from 1.4% to 4.7%.

State statutes and board policies permit the System to make short-term, collateralized loans of its securities to broker-dealers and other entities in order to earn incremental income. STRP has contracted with third party securities lending agents and its custodian to lend domestic and international equity and debt securities. The majority of security loans can be terminated on demand by either STRP or the borrower. 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. Since the majority of these loans are terminable at will, their duration does not generally match the duration of the investments made with the cash collateral. At June 30, 2004, the weighted duration difference between the investments and these loans was 29 days. As of June 30, 2004, the System has no credit risk exposure to borrowers because the amounts the STRP owes the borrowers exceed the amounts the borrowers owe the STRP. STRP is not permitted to pledge or sell collateral securities received unless the borrower defaults. The contracts with the security lending agents require them to indemnify STRP if the borrowers fail to return the securities (or if the collateral is not sufficient to replace the securities lent) or if the borrower fails to pay STRP for income distributions by the securities' issuers while the securities are on loan.

California State Teachers' Retirement System

Notes to the Basic Financial Statements

4. Contingencies

The System is involved in litigation relating to various matters. In the opinion of management, after consultation with legal counsel, the outcome of this litigation is not expected to have a material adverse effect on the System's financial position.

5. Commitments

In connection with the purchase of various partnership interests under its alternative investment portfolio and the real estate portfolio, the STRP has remaining funding commitments of approximately \$4.4 billion and \$2.0 billion, respectively, at June 30, 2004.

The STRP has entered into agreements through its Credit Enhancement Program to guarantee payment of principal and interest on certain debt securities in the event of default. At June 30, 2004, the STRP had commitments of approximately \$1.6 billion expiring through March 2009. The STRP is paid a fee over the term of such agreements and earned approximately \$6.4 million for the year ended June 30, 2004.

6. New Accounting Pronouncements

No new accounting pronouncements were implemented in the fiscal year ended June 30, 2004. The Governmental Accounting Standards Board (GASB) recently released GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3* and GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

GASB Statement No. 40 modifies previous custodial credit risk disclosure requirements and establishes more comprehensive disclosure requirements relating to other common risks of investments such as credit risk, concentration of credit risk, interest rate risk and foreign currency risk currently found in footnote 3. GASB No. 40 will be implemented in the financial statements for the year ending June 30, 2005.

GASB Statement No. 43 provides uniform financial reporting standards for plans that provide postemployment benefits such as healthcare benefits. This statement, if applicable, may require the System to obtain actuarial valuations, and report in its financial statements, the funded status and funding progress of the Teachers' Health Benefits Fund. Management is currently evaluating GASB No. 43 and if applicable, it will be implemented in the financial statements for the year ending June 30, 2007.

Required Supplementary Information

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Funding Progress
(Dollars in Millions)

Schedule I

The information presented in Supplementary Schedules I and II was determined as part of the actuarial valuations at June 30, 2003, except where noted. For the year ended June 30, 2002, the DBS Program was funded by member contributions only.

Actuarial Valuation Date as of June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Defined Benefit Program ⁽¹⁾						
2004	(2)	(2)	(2)	(2)	(2)	(2)
2003	\$ 108,667	\$ 131,777	\$ 23,110	82 %	\$ 23,862	97 %
2002	(3)	(3)	(3)	(3)	(3)	(3)
2001	107,654	109,881	2,227	98 %	20,585	11 %
2000	102,225	93,124	(9,101)	110 %	18,224	(50)%
1999	90,001	86,349	(3,652)	104 %	17,185	(21)%
Cash Balance Benefit Program ⁽¹⁾						
2004	(2)	(2)	(2)	(2)	(2)	(2)
2003	\$ 30	\$ 34	\$ 4	89 %	\$ 81	5 %
2002	22	25	3	87 %	90	4 %
2001	16	17	1	93 %	98	1 %
2000	11	10	(1)	105 %	71	(1)%
1999	5	5	(1)	104 %	50	0 %
Defined Benefit Supplement Program ⁽⁴⁾						
2004	(2)	(2)	(2)	(2)	(2)	(2)
2003	\$ 1,311	\$ 1,358	\$ 47	97 %	\$ 23,865	0.20 %
2002	660	711	51	93 %	21,732	0.20 %
2001	207	213	6	97 %	20,585	0.03 %

(1) Effective January 1, 1999, the Defined Benefit Plan (DB Plan) and the Cash Balance Plan (CB Plan) merged to establish the State Teacher's Retirement Plan (STRP) which includes the Defined Benefit Program (DB Program) the Cash Balance Benefit Program (CB Benefit Program) and the Supplemental Benefit Maintenance Account (SBMA). All actuarial data prior to year ended June 30, 1999, relates to the DB Plan and the CB Plan.

(2) Actuarial valuations as of June 30, 2004, are expected to be available by summer of 2005.

(3) Except for 1998 and 2000, actuarial valuations were not prepared in even numbered years. No estimation using actuarial methodology is made in years between valuations.

(4) Effective January 1, 2001, the Defined Benefit Supplement Program (DBS Program) was established as part of the STRP. The 2001 information presented for the DBS Program was subject to an actuarial study only, which is less in scope than a full actuarial valuation.

(5) The benefits under the purchasing power program are not guaranteed by law; only the contributions for this are guaranteed. An actuarial valuation has not been completed for the purchasing power program. Contribution and funding under this program are not made on an actuarial basis and items required under this schedule have not been determined. Therefore, a schedule of funding progress for the purchasing power protection program is not presented.

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Contributions from Employers
And Other Contributing Entities
(Dollars in Millions)

Schedule II

Year Ended June 30	Annual Required Contributions (a)	Contributed By Employers ⁽¹⁾ (b)	Contributed By the State ⁽²⁾ (c)	Total Contributed (b) + (c)	Percentage Contributed (b + c)/a
Defined Benefit Program ⁽³⁾⁽⁴⁾					
2004	\$3,539	\$1,916	\$451	\$2,367	67%
2003	2,545	1,890	431	2,321	91%
2002	2,498	1,851	385	2,236	90%
2001	1,794	1,749	455	2,204	123%
2000	1,150	1,584	519	2,103	183%
1999	1,473	1,492	209	1,701	115%
Cash Balance Benefit Program ⁽³⁾⁽⁴⁾					
2004	\$4	\$4	0	\$4	100%
2003	4	4	0	4	100%
2002	4	4	0	4	100%
2001	3	3	0	3	100%
2000	2	2	0	2	100%
1999	1	1	0	1	100%
Defined Benefit Supplement Program ⁽⁴⁾					
2004	\$128	\$125	0	\$125	98%
2003	72	72	0	72	100%
Purchasing Power Protection Program					
2004	\$595	0	\$95	\$95	16%

⁽¹⁾ For DB Program years ended June 30, 1998 and earlier, amounts include employer contributions under Education Code Sections 22950 and 22953. For the years ended June 30, 1999 and thereafter, amounts include employer contributions under Education Code Sections 22950 and 22951. For the years ended June 30, 2000 and thereafter, amounts include employer contributions under Education Code Sections 22135, 22714 (less amounts deposited in the SBMA) and 22718.

⁽²⁾ For DB Program, includes state contributions under Education Code Section 22955.

⁽³⁾ Effective January 1, 1999, the DB Plan and the CB Plan merged to establish the State Teachers' Retirement Plan which includes the DB Program and the CB Benefit Program. All actuarial data prior to year ended June 30, 1999 relates to the DB Plan and CB Plan.

⁽⁴⁾ For the determination of the Annual Required Contribution, an amortization period of 30 years is used for the Unfunded Actuarial Liability.

**California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Contributions from Employers
And Other Contributing Entities
(Dollars in Millions)**

Schedule II (Continued)

Additional information as of the June 30, 2003 actuarial valuations are as follows:

DB Program

Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Amortization Period	Open
Remaining Amortization Period	Not amortizable
Asset Valuation Method	Expected value with 33% adjustment to market value

Actuarial Assumptions:

Investment rate of return	8.00%
Interest on accounts	6.00%
Projected salary increases	4.25%
Consumer price inflation	3.25%
Post-retirement benefit increases	2.00% simple

CB Benefit Program

DBS Program

Actuarial Cost Method	Traditional unit credit	Traditional unit credit
Amortization Method	Not applicable	Not applicable
Amortization Period	Not applicable	Not applicable
Remaining Amortization Period	Not applicable	Not applicable
Asset Valuation Method	Fair market value of net assets	Fair market value of net assets

Actuarial Assumptions:

Investment rate of return	8.00%	8.00%
Interest on accounts	8.00%	8.00%
Projected salary increases	4.25%	4.25%
Consumer price inflation	3.25%	3.25%
Post-retirement benefit increases	Not applicable	Not applicable

Other Supplemental Information

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Administrative Expenses
(Dollars in Thousands)

Schedule III

Personnel services:	
Salaries and wages	\$ 29,818
Staff benefits	9,953
Accrued vacations	463
Accrued personal leave	980
Total personnel services	<u>41,214</u>
Operating expenses and equipment:	
General expense	4,489
Depreciation expense	355
Printing	1,242
Communications	809
Postage	1,090
Insurance	65
Travel	312
Training	262
Facilities operations	8,429
Consultants and professional services	8,374
Consolidated data center:	
Consultants and professional services	7,874
Data processing:	
Consultant and professional services	19,756
Software and other	1,349
Equipment	6
Other	2
Taxes and Assessments	7
Total operating expenses and equipment	<u>54,421</u>
Total current year expenses	<u>95,635</u>
Prior year expenses, net	(868)
Total	<u>\$ 94,767</u>
Fund sources:	
Budget Act, Chapter 157, Statutes 2003	\$ 94,670
Legislation, Chapter 968/98 SEC 22226 EDU	4
Reappropriation CH.157/03	922
Legislation, Chapter 1021, Statutes 2001	192
SBMA/administration expense	(82)
Reimbursements	(111)
Prior-Budget Act,	(868)
Education Code 22330	40
Total fund sources	<u>\$ 94,767</u>

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Investment Expenses from Continuous Appropriation
(Dollars in Thousands)

Schedule IV

External Equity Managers:

Domestic:

Ariel Capital Management	\$ 2,177
Barclays Global Investors	2,106
Brown Capital Management Inc.	701
Chicago Equity Partners	569
Delaware Investment Advisors	705
Delphi Management Inc	1,307
Denver Investment Advisor Inc.	2,008
DSI International Management Inc.	266
First Quadrant	1,458
Mellon Capital Management	496
NCM Capital Management Group Inc.	375
Putnam Investments	195
Sasco Capital, Inc	4,402
Sterling Capital Management LLC	1
State Street Global Advisors	1,321
TCW Asset Management	478
UBS Global Asset Management	2,318

Total Domestic	20,883
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International:

Bank of Ireland	2,071
Barclays Global Investors	944
BatteryMarch	1,089
Blackrock International Ltd.	1,073
Capital Guardian Trust	4,037
Columbia Management Advisors	768
Delaware International Trust	1,645
Fidelity Management Trust Co.	1,510
Fiduciary Trust International	1,493
Goldman Sachs	1,329
Lazard Freres Asset Management	2,493
Marvin & Palmer Associates Inc.	1,776
Morgan Stanley	1,630
Nicholas Applegate	1,698
Oechsle International Advisors	3,254
Schroder Capital Management Investment, Ltd.	1,513
State Street Global Advisors	1,956
UBS Global Asset Management	2,070

Total International	32,349
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Total External Equity Managers	53,232
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California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Investment Expenses from Continuous Appropriation
(Dollars in Thousands)

Schedule IV

External Fixed Income Managers

Capital Guardian Trust Company	313
Hartford Investment Management Company	1,010
MW Post Advisory Group, LLC	913
Seix Investment Advisors	1,124
Shenkman Capital Management	1,233
Total Fixed Income Managers	<u>4,593</u>

Real Estate Managers/Advisors:

CB Richard Ellis	5,078
Clarion Partners	883
Heitman Capital MGMT LLC	2,011
Lend Lease Real Estate Inv	864
Lowe Enterprises	1,092
Principal Global Investors	2,098
Sentinel Realty Advisors	140
SSR Realty Advisors	2,155
Thomas Properties	1,180
Total Real Estate Managers/Advisors	<u>15,501</u>

Advisors and Consultants:

Altius Associates	420
Bard Consulting	85
Boeck and Associates	33
Bonuccelli & Associates, Inc	14
Cambridge Associates LLC	1,862
Courtland Partners, LTD	431
KPMG LLP	140
McKinsey & Company, Inc. Uni	733
Pension Consulting Alliance	642
Westwood Consulting Group	117
Total Advisors and Consultants	<u>4,477</u>

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Investment Expenses from Continuous Appropriation
(Dollars in Thousands)

Schedule IV

Attorneys, Master Custodian and Insurers:	
Cox, Castle & Nicholson	318
Grant & Eisenhofer, P.A.	5
Groom Law Group	102
Marsh Risk & Insurance Service	75
Robert Driver Ins Brokerage	698
State Street Bank & Trust Co	3,892
Testa, Hurwitz & Thibeault, LLP	56
Tuchow Associates	17
Subtotal Attorneys, Master Custodian and Insurers:	5,163
Prior Period Expense Adjustment for Cox, Castle, & Nicholson	(893)
Total Attorneys, Master Custodian and Insurers	4,270
Other Expenses:	
CSUS Foundation	120
Miscellaneous	105
State Controller's Office	13
State Personnel Board	1
Stephen Teale Data Center	13
Travel	436
Total Other Expenses	688
Total Continuous Appropriations	\$ 82,761

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Consultant and Professional Services Expenses
(Dollars in Thousands)

Schedule V

Individual or Firm	Commission/ Fee	Nature of Service
Consulting and professional services:		
Alameda County Office of Education	\$ 104	Regional Counseling Services
California State University Foundation	1,254	Consulting Services
Citistreet Advisors, LLC	72	Consulting Services
Contra Costa County Office of Education	94	Regional Counseling Services
Department of General Services	28	Consulting Services
Department of Justice	36	Legal Services
Department of Personnel Administration	163	Consulting Services
Employment Development Department	103	Consulting Services
Fresno County Office of Education	88	Regional Counseling Services
Graphic-Focus	27	Consulting Services
Hogan & Hartson	263	Advocate and Legal Representation
Kern County Superintendent of Schools	194	Regional Counseling Services
Liebman & Associates	32	Vocational Assessments and Reports
Livingston and Matt	22	Consulting Services
Los Angeles County Office of Education	298	Regional Counseling Services
Los Angeles County Supt. Of Schools	426	Regional Counseling Services
Macias Gini and Company	15	Consulting Services
Manpower	48	Consulting Services
Merced County Office of Education	36	Regional Counseling Services
Milliman USA	349	Actuarial Services
Monterey County Office of Education	49	Regional Counseling Services
Olsen, Hagel & Fishburn, LLP	274	Consulting Services
Orange County Department of Education	287	Regional Counseling Services
Pleasanton Unified School District	103	Regional Counseling Services
PricewaterhouseCoopers LLP	172	Audit and Consulting Services
San Bernardino County Office of	273	Regional Counseling Services
San Diego County Office of Education	254	Regional Counseling Services
San Francisco County Office of Education	46	Regional Counseling Services
San Joaquin County Office of Education	102	Regional Counseling Services
San Jose County Office of Education	187	Regional Counseling Services
San Juan Unified School District	233	Regional Counseling Services
San Mateo-Foster School District	90	Regional Counseling Services
Santa Barbara County Office of Education	88	Regional Counseling Services
Santa Cruz County Office of Education	92	Regional Counseling Services
Shasta County Office of Education	116	Regional Counseling Services
Solano County Office of Education	53	Regional Counseling Services
Sonoma County Office of Education	115	Regional Counseling Services
Stanislaus County Office of Education	55	Regional Counseling Services
State Controller's Office	1,105	Various Financial Services
State Personnel Board	55	Consulting Services
Superior Rehabilitation Services	15	Vocational Assessments and Reports
TLM Communications	80	Consulting Services
Thomas/Ferrous	248	Consulting Services
Tulare County Superintendent of Schools	52	Regional Counseling Services
Ventura County Superintendent of Schools	158	Regional Counseling Services
Visual Communications	35	Consulting Services
Voice Retrieval and Information Services	132	Consulting Services
W.O.B. Management	21	Vocational Assessments and Reports
Yuba County Office of Education	48	Regional Counseling Services
Other	184	Various Services under \$10
	<u>\$ 8,374</u>	

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Consultant and Professional Services Expenses
(Dollars in Thousands)

Schedule V (Continued)

Individual or Firm	Commission/ Fee	Nature of Service
Data Processing:		
Adtech	\$ 17	Data processing
Advanced Total	275	Data processing
Allied Network Solutions	14	Data processing
Aspen computer Solutions	229	Data processing
The Ballard Group	1,208	Data processing
Business Advantage Consulting Inc.	139	Data processing
Cable and Wireless	28	Data processing
Coastline Technology	623	Data processing
Convergent Computing	273	Data processing
Direct Applications, Inc.	39	Data processing
Eclipse Solutions	225	Data processing
Filenet Corporation	373	Data processing
Forward Solutions	100	Data processing
Graphic Focus	54	Data processing
H. L. Yoh, company, LLC	440	Data processing
The Highland Consulting	51	Data Processing
IBM Corporation – F05	59	Data processing
Inforce, Inc.	859	Data processing
Information Bank	81	Data processing
Information Technology	607	Data processing
International Network, LLC	65	Data processing
International Network	495	Data processing
Jaykumar Maistry	656	Data Processing
KPMG, LLP	111	Data Processing
Linda Rogers and Associations	166	Data Processing
Madsen Rayner	6	Data Processing
Mara Consulting	461	Data Processing
Mercer Human Resources Consulting	180	Data Processing
Meta Group	34	Data Processing
Microsoft	21	Data Processing
Montridge Consulting	132	Data Processing
MSX International	162	Data Processing
Nanran	1,052	Data Processing
Net Incomm Incorporated	346	Data Processing
Network Design Associates	65	Data Processing
NFP Accounting	41	Data Processing
Norrisoft	76	Data Processing
Personal Enterprises	309	Data Processing
Princeton Solutions Group	844	Data Processing
A Data Consulting	180	Data Processing
Quest Media & Supplies	350	Data Processing
Rapidigm	186	Data Processing
RS Computer Associates, LLC	207	Data Processing
Russbo, Incorporated	156	Data Processing
Sapphire Technologies	48	Data Processing
Setka IT Services	53	Data Processing
Shiva System	10	Data Processing
Sierra Metrics, Inc	982	Data Processing
Software AG, Inc.	892	Data Processing
Soft Net Solution	56	Data Processing
Steelpoint Technologies	30	Data Processing
Synergex	321	Data Processing
Synergy Consulting, Inc.	1,805	Data Processing
Systems West Computer	126	Data Processing
Tetra Corporation Services	13	Data Processing
Thomas V. Ennis Consulting	79	Data Processing

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Consultant and Professional Services Expenses
(Dollars in Thousands) **Schedule V (Continued)**

Thomas Ferrous	49	Data Processing
Venturi Technology Partners	165	Data Processing
Verizon Network	90	Data Processing
Visionary Integration	1,174	Data Processing
Western Blue Corporation	30	Data Processing
Witness Systems	20	Data Processing
Worldgroup Consulting	755	Data Processing
Wright On-Line Systems	973	Data Processing
Other	90	Various Services under \$10
	<u>\$ 19,756</u>	
 Consolidated Data Center:		
Health and Welfare Data Center	\$ 20	Data Processing
Stephen P. Teale Data Center	7,854	Data Processing
	<u>\$ 7,874</u>	
 Total consultant and professional services expenses		
	<u>\$ 36,004</u>	

California State Teachers' Retirement System
Voluntary Investment Program
Schedule of Administrative Expenses
(Dollars in Thousands)

Schedule VI

State Street Bank, LLC administrative fees	\$	665
State Teachers' Retirement Plan administrative fee		140
Loan Fees		2
Total	\$	<u>807</u>

California State Teachers' Retirement System
Teachers' Health Benefits Fund
Schedule of Administrative Expenses
(Dollars in Thousands)

Schedule VII

Personnel services:	
Salaries and wages	\$ 190
Staff benefits	70
Accrued vacations	8
Total personnel services	268
Operating expenses and equipment:	
General expense	97
Printing	2
Travel	1
Training	2
Prorata	4
Total operating expenses and equipment	106
Total current year expenses that are budgeted	374
Prior year expenses, net	(1)
Total	373
Fund sources:	
Continuous Appropriation - Chapter 1032 Statutes of 2000	\$ 373

Trusted Guide: **Members well prepared for a secure and rewarding future**

your voice;

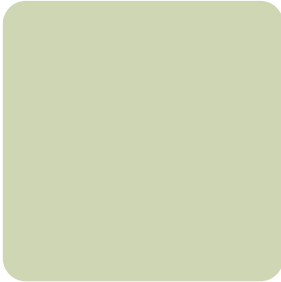
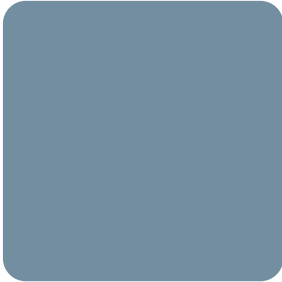
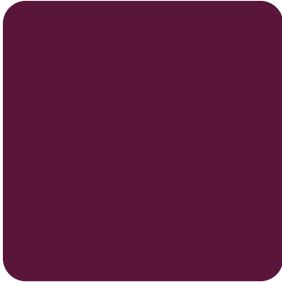
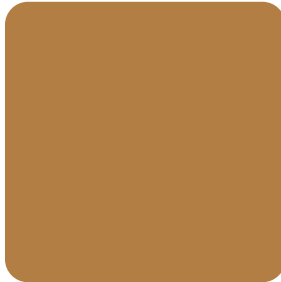
“I didn’t like that I had to use my Social Security number over the Internet to begin the e-mail process. I’m concerned about identity theft.”

our commitment

CalSTRS frequently uses only the last four digits of a member’s Social Security number and has begun using a unique member account number instead, a change that focus group members appreciated.



Investments



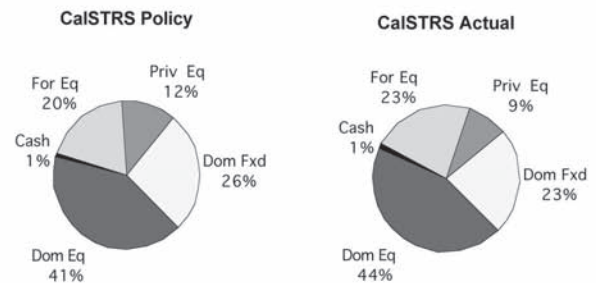
Investment Consultant's Report



The CalSTRS investment portfolio increased by \$15.6 billion over the past twelve months ending with a value of \$116.2 billion on June 30, 2004. As highlighted below, the CalSTRS portfolio is broadly diversified, holding investments ranging from publicly-traded short-term bonds to privately-held partnerships. Clearly, the scale and breadth of investments make the management and oversight of these assets highly complex. In light of these factors, CalSTRS has been effective in using its resources in a cost-efficient manner to ensure that benefits continue to flow to CalSTRS participants.

Investment Allocation

The most critical factor influencing overall investment performance is the allocation of the CalSTRS portfolio across major asset classes. The fiscal year-end report reflects asset allocation guidelines for the 2003-2004 fiscal year as a step towards long-term targets adopted in October of 2001 (see left pie chart). The portfolio's actual allocation is slightly different from policy. Domestic Equity and Foreign Equity are slightly over weighted while Private Equity and Domestic Fixed are underweighted (see right pie chart). Gains in the domestic public equity markets over recent periods contributed to the overweighting of the Domestic Equity asset class. In addition, the major asset classes may be strategically overweight versus their policy target(s) to compensate for the difficulty of rapidly funding the private equity asset class.

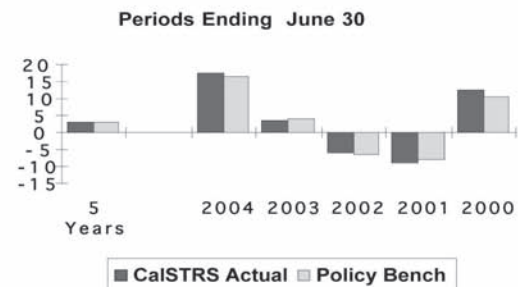


Investment Results

Over the last year, the CalSTRS investment portfolio produced a strong absolute return of 17.4% ranking in the top quartile among its large public pension fund peers¹ (top bar chart). During this period, portfolio results exceeded the policy benchmark return by 1.0%.² Relative outperformance by the Domestic Equity and Private Equity asset classes contributed significantly to this result.



During the last three years, CalSTRS' portfolio generated a 4.5% return outperforming the policy benchmark by 40 basis points and placing above median vs. their peer funds. Over the last five years, the CalSTRS investment portfolio produced an average annual return of 3.2%, exceeding its policy benchmark by 40 basis points per year (bottom chart). However, these results are significantly below CalSTRS' actuarial rate of return. Successive one-year periods are shown as well. CalSTRS' portfolio has outperformed its policy benchmark in three of the last five years for periods ending June 30.³



Pension Consulting Alliance, Inc.

¹ Per TUCS Universe for Public Funds with assets in excess of \$1 billion.

² The policy benchmark consists of passively managed asset class portfolios weighted by CalSTRS' policy allocations. The difference between actual results and the benchmark are due to two factors: i) deviations from policy and ii) active decisions on the part of CalSTRS and its investment managers.

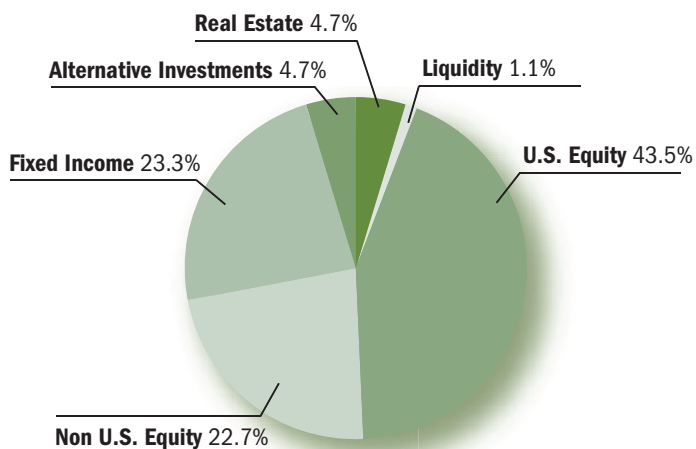
³ CalSTRS' investment performance is calculated using a monthly internal rate of return and day-weighted cash flows. Periods longer than one month are geometrically linked. This method of return calculation complies with AIMR performance presentation standards.

Investments

The CalSTRS investment portfolio has fully recovered from the 2000–02 bear market and internet/high tech bubble. In fiscal year 2003–04 the investment portfolio generated a spectacular 17.4 percent investment return and hit an all-time high of \$116 billion, exceeding the previous high set in mid-2000. Diversification and strategic rebalancing of the portfolio helped CalSTRS recover faster than most state pension plans and institutional investors.

Fiscal year 2003–04 saw an investment market divided into two distinct periods. The first half of the year, July to December 2003, the U.S. and Non-U.S. equity market climbed in value. However, during the second half of the year, the market traded sideways as uncertainty built. CalSTRS’ diversification across industry sectors and different types of investments produced a lower risk and higher return portfolio.

Asset Allocation as of June 30, 2004
Total investment portfolio of \$116.2 billion

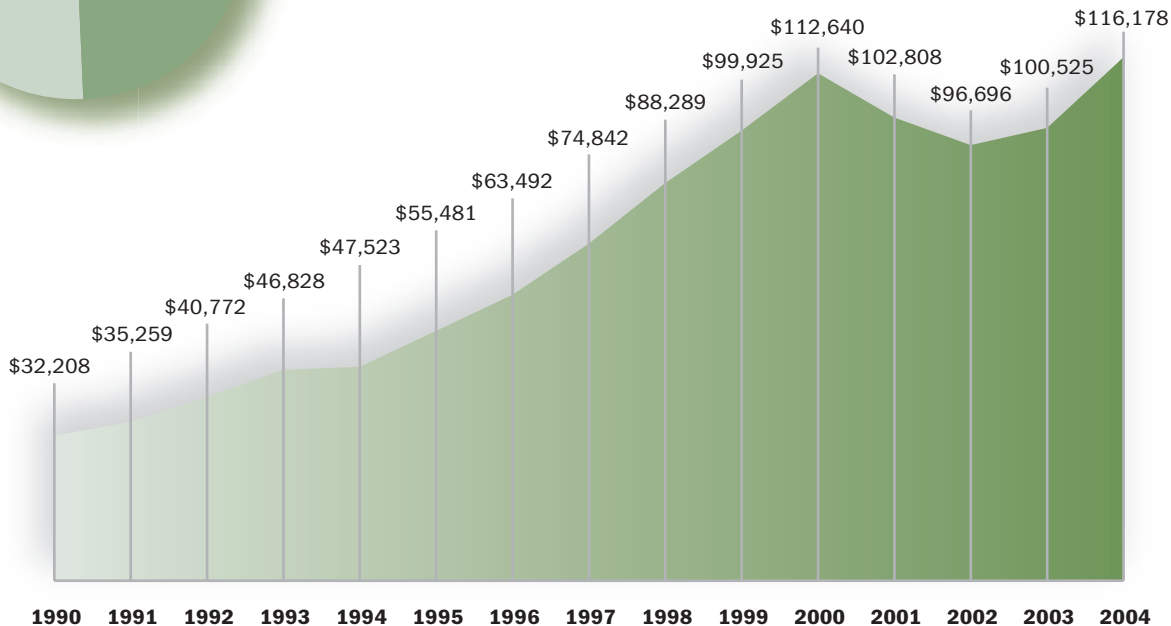


During the past year, the Teachers’ Retirement Board Investment Committee and CalSTRS staff revised several key policies to significantly increase the level of active management within the U.S. equity portfolio. This was accomplished by establishing two important new programs. The first program allocated \$800 million into corporate governance funds, which strive to improve the governance and efficiency of companies. The second program allocated \$600 million to newer, small U.S. equity managers. Three firms were hired to identify highly skilled developing money managers. This group will likely be very diverse and help provide CalSTRS with new money managers for the 21st century.

As the Investment Committee and staff look toward future years, it is highly likely that double-digit investment returns will be more difficult to achieve. Many economists and consultants forecast that the next ten years will exhibit very low single-digit returns. Our key objective is to earn more than an 8 percent return over a 10-year period. In the 1990’s this was very easy to accomplish. If the pundits are correct, this objective will be more difficult. This means CalSTRS members should lower their expectations for excess returns and enhanced benefits.

In the future year, the Investment Committee will be reviewing various portfolio enhancement ideas to add additional return potential without significantly increasing the portfolio’s total risk. With the full complement of Board members, top flight consulting and one of the best investment staffs in the country, the investment portfolio is in good hands.

Chart A Growth in total investments (dollars in millions)



Objectives

The core objectives of the Investment Management Plan remained unchanged. The primary objectives are set forth in the California Constitution and the California Education Code. The foremost objective is to provide for present and future benefit payments,

then to diversify the assets, and finally, to reduce CalSTRS funding costs. Additionally, the Teachers' Retirement Board and staff strive to run the investment program in such a manner so as to maintain the trust of the participants and public.

Chart B Growth in CalSTRS' returns (percent)

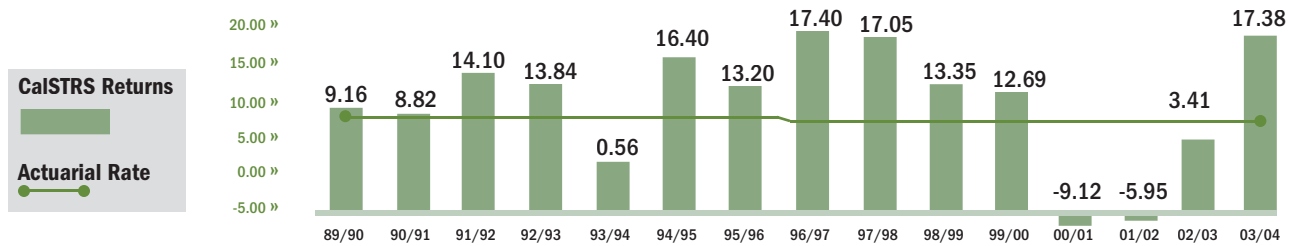


Chart C Time-weighted performance returns for major asset categories

Portfolio Type / Associated Indices	1 Yr	3 Yr	5 Yr	10 Yr
Total Fund	17.38	4.51	3.17	9.15
US Equity	20.96	0.61	-0.80	11.24
Russell 3000 *	20.48	-0.17	-1.38	11.49
Wilshire 5000	21.25	0.79	-1.03	11.54
Non-US Equity	30.68	4.48	0.86	5.11
MSCI All Country Free ex US (G) *	32.42	5.12	0.78	4.31
MSCI Europe, Australia & Far East *	32.31	3.74	-0.02	4.01
MSCI Emerging Market Free *	33.54	13.05	3.14	1.14
Fixed Income	0.67	7.32	7.48	8.36
US Debt Custom ⁽¹⁾	0.88	7.56	7.72	8.26
Salomon LPF	-0.79	7.48	7.67	8.24
Lehman Brothers US Aggregate	0.32	6.36	6.95	7.39
Lehman Brothers High Yield Cash Pay	10.09	9.08	5.28	7.60
Real Estate	13.20	10.18	10.69	12.02
Real Estate Custom ⁽²⁾	9.84	7.74	9.06	9.95
Alternative Investments	29.62	4.73	11.89	19.61
Alternative Investments Custom ⁽³⁾	17.24	6.68	7.41	10.85
Liquidity	19.01	8.42	7.70	6.81
Salomon 3-Month Treasury Bill	0.96	1.61	3.14	4.16

Investment performance is calculated using a time-weighted rate of return based on the market rate of return in accordance with Association for Investment Management and Research (AIMR) Standards

* CalSTRS adopted tobacco free indices beginning 9/1/00

⁽¹⁾ Blend of Salomon LPF, LB US Aggregate and LB High Yield Cash Pay for the year ending 6/30/03 due to benchmark transition

⁽²⁾ NCRIF after 7/1/97 and Institutional Property Consultants prior to 7/1/97; lagged 1 quarter

⁽³⁾ Blend of the [Russell 3000 + 5% + 90 day T-Bill] after 4/1/99 and [CPI + 12%] prior to 4/1/99; lagged 1 quarter

Chart D Largest fixed income holdings as of June 30, 2004 (CalSTRS maintains a complete list of portfolio holdings)

<i>Issue</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par</i>	<i>Market Value</i>	<i>Average Cost</i>	<i>Unrealized Gain/(Loss)</i>
US TREASURY BONDS	15-Nov-16	7.500%	445,000,000	548,547,037	552,914,955	(4,367,918)
US TREASURY BONDS	15-Nov-06	2.625%	550,000,000	546,210,484	553,772,402	(7,561,919)
US TREASURY BONDS	15-Oct-06	6.500%	325,000,000	350,882,964	356,452,137	(5,569,173)
US TREASURY BONDS	15-Jul-06	7.000%	300,000,000	325,032,027	328,393,537	(3,361,510)
US TREASURY BONDS	30-Apr-06	2.250%	325,000,000	322,754,244	323,985,612	(1,231,369)
US TREASURY BONDS	15-May-08	2.625%	290,000,000	280,978,100	281,093,805	(115,705)
FEDERAL NATL MORTGAGE ASSN	15-Jun-10	7.125%	240,000,000	272,572,798	287,140,110	(14,567,313)
US TREASURY BONDS	15-Sep-08	3.125%	260,000,000	255,184,808	259,902,155	(4,717,347)
US TREASURY BONDS	15-Feb-20	8.500%	175,000,000	236,817,009	225,257,643	11,559,366
FREDDIE MAC	15-May-07	2.875%	215,000,000	211,613,756	213,961,356	(2,347,600)

Fixed Income

The fixed income assets within the CalSTRS investment portfolio include \$24.9 billion of internally managed investment grade securities and \$2.2 billion of externally managed high yield securities, which collectively are expected to generate a risk-adjusted return that is representative of the broad market-weighted universe of U.S. bonds. The strategic performance objective for the Teachers' Retirement Fund's fixed income portfolios is to enhance the value of the total investment portfolio by exceeding the total return of the performance benchmark by up to 25 basis points annually over a full market cycle. For the fiscal year ended June 30, 2004, the fixed income portfolios earned 0.67 percent, trailing the performance benchmark by 21 basis points.

Three other programs are managed within the Fixed Income Unit: Currency Hedging, Home Loan and Securities Lending.

Currency Hedging Program

The Currency Hedging Program protects the value of the assets of the passively managed segment of the non-dollar equity portfolio by selling controlled amounts of foreign currency positions in approved currencies (i.e., hedging) when there is the risk that the U.S. dollar may strengthen and removing them when there is widespread U.S. dollar weakness. A strengthening dollar lowers international equity returns. Over the past year, the U.S. dollar has trended lower against its major trading partners. Therefore, in order to receive maximum potential benefit in relation to its unhedged benchmark, all core currency hedges were removed. Through the fiscal year ended June 30, 2004, the Currency Hedging Program has generated nearly \$600 million in additional income, offsetting a corresponding decline in the non-dollar equity portfolio.

Home Loan Program

The CalSTRS Home Loan Program, established by legislation in 1984, provides the opportunity for home ownership to qualified participants while meeting CalSTRS' investment goals by generating a mortgage

asset. The Home Loan Program strives to offer borrowers a variety of mortgage programs that best meet their individual needs, while also providing "best in class" customer service to our borrowers—before, during, and after the mortgage loan process. The assets created by the Home Loan Program are purchased and managed as part of the mortgage allocation within the Fixed Income Portfolio, or sold in the financial markets. As a result, the Home Loan Program is held to the same investment standard and compared to the same performance benchmark as the other mortgage related assets within the Fixed Income Portfolio. This year, CalSTRS added Countrywide Home Loans to its team of strategic partners to bring operational and technological improvements to the Home Loan Program, thereby ultimately enhancing the quality of service to our borrowers.

Securities Lending Program

The Securities Lending Program was designed to enable the Fund to generate incremental income by making collateralized, low-risk, short-term loans, using a portion of the equity and fixed income assets held within the investment portfolio. The performance objective for the program is to earn lending income commensurate with: 1) the market demand for the securities made available for lending and, 2) the return earned on the investment of cash collateral within the guidelines set forth by CalSTRS. For the fiscal year ended June 30, 2004, the Securities Lending Program earned approximately \$69 million in additional income for the Fund.

Internal Equity Management

The Internal Equities group was established to manage a portion of CalSTRS' domestic equity allocation. This is accomplished with two portfolios, a passively managed index fund and a cash equitization program. The index portfolio is benchmarked to the Russell 1000 ex-Tobacco Index and was valued at \$17.4 billion as of June 30, 2004. The portfolio had a return of 19.57 percent during the 2003-04 fiscal

year, which outperformed the benchmark return of 19.49 percent by 0.08 percent. The indexed portfolio's annualized two-year return ending June 30, 2004 was 9.89 percent against the benchmark's return of 9.79 percent, outpacing the benchmark by 0.10 percent.

The cash equitization program pools the excess cash in CalSTRS' actively managed domestic accounts so that these monies can be invested and gain exposure to the equity market. This portfolio is benchmarked to the S&P 500 Index and assures tighter tracking of the overall U.S. equity segment to its benchmark. As of June 30, 2004, the portfolio was valued at \$223.1 million. The one-year return for the portfolio ending June 30, 2004 was 19.48 percent while the benchmark lagged at 19.11 percent, a difference of 0.37 percent. The three-year annualized return was 0.45 percent with the benchmark at -0.69 percent. The cash equitization program outperformed the benchmark by 1.14 percent.

Alternative Investments

The Alternative Investments asset class invests in the private equity universe. These investments involve companies that are not publicly traded and normally require active involvement by the external equity managers hired by CalSTRS. The vast majority of these investments are made through limited partnership portfolios, which consist of pools of investments.

During fiscal year 2003–04, CalSTRS made additional commitments of approximately \$1.7 billion in this segment of the portfolio. Total commitments now amount to approximately \$9.18 billion. There are 135 partnerships and 13 co-investments in the Alternative Investment portfolio. At the end of the fiscal year, the total market value was \$5.4 billion, representing approximately 5.0 percent of the total CalSTRS portfolio. CalSTRS continues to increase its commitments in this area as a result of the allocation review completed in October

2001. The Alternative Investment asset class has achieved annualized returns of 29.6, 4.73 and 11.89 percent, for the 1-, 3-, and 5-year periods respectively, lagged one quarter.

Credit Enhancement

CalSTRS has long-term credit ratings of AA+/AA+/AAA by Standard and Poor's, Moody's Investors Service, and Fitch Inc., respectively. The ratings are utilized by issuers of municipal debt in California to assist in the issuance of variable rate municipal bonds. CalSTRS enters into agreements with a number of issuers of tax-exempt debt to provide the payment of principal and interest in the event of a non-payment and/or market support in the capital markets. In return, CalSTRS earns fee income for these commitments. Most of the transactions are supported by banks or bond insurers for repayment. As of June 30, 2004, the Credit Enhancement Program had commitments of approximately \$1.6 billion and fee income earned during the fiscal year was approximately \$6 million.

Real Estate

CalSTRS portfolio of leveraged real estate assets is valued at \$5.4 billion. The real estate portfolio is comprised of 114 directly owned properties, 9 joint venture relationships, and investments in 20 opportunity funds. During the last fiscal year, ten assets were acquired (either fully owned by CalSTRS or with a joint venture partner), and 17 assets were sold. Real estate assets are 4.7 percent of the total fund with a 6.0 percent allocation. The direct property portfolio is diversified as to property type and geographic location. The largest component of the direct property sector is office buildings, with the largest weighting in the western region of the United States. During fiscal year 2002-03 a Leverage Program was implemented. Two debt strategies were executed: a \$750 million Commercial Mortgage Backed Security (CMBS) transaction and a \$275

Chart E Largest equity holdings as of June 30, 2004 (CalSTRS maintains a complete list of portfolio holdings)

<i>Issue</i>	<i>Shares</i>	<i>Market Value</i>	<i>Average Cost</i>	<i>Unrealized Gain/(Loss)</i>
General Electric Co	37,736,468	\$1,222,661,563	663,610,455	\$559,051,108
Exxon Mobil Corp	24,935,294	1,107,376,407	597,055,643	510,320,763
Microsoft Corp	36,253,209	1,035,391,649	596,363,590	439,028,059
Pfizer Inc	29,357,909	1,006,389,121	597,438,915	408,950,205
Citigroup Inc	20,846,699	969,371,504	483,760,098	485,611,405
Intel Corp	25,529,117	704,603,629	335,282,370	369,321,259
Bank of America Corp	8,075,364	683,337,302	343,794,668	339,542,633
Johnson & Johnson	11,925,538	664,252,467	390,892,123	273,360,344
American International Group Inc	9,204,405	656,089,988	313,676,649	342,413,340
Cisco Systems Inc	27,368,032	648,622,358	384,428,869	264,193,490

million net revolving line of credit. The CalSTRS' real estate portfolio has achieved gross annualized returns of 13.2, 10.1 and 10.7 percent for the 1-, 3- and 5-year periods, respectively. CalSTRS' return exceeded the NCREIF benchmark by 3.5, 2.4 and 1.4 percent for each of the 1-, 3- and 5-year periods.

External Equity Management

The Public Equity portfolio, comprised of both internally and externally managed portfolios, continued to be an important investment vehicle to the fund. In fiscal year 2003-04, this segment of the portfolio accounted for about 66.2 percent (or \$76.9 billion) of the total fund. Domestic Equity accounted for 43.5 percent of the total equity allocation, while International Equity accounted for the remaining 22.7 percent.

The External Equity portfolio is managed by 17 external domestic managers and 17 external international managers. The equity markets stabilized in fiscal year 2003-04 compared to 2002-03. CalSTRS domestic active managers outperformed their benchmark (Russell 3000 x Tobacco Index) by 206 basis points (22.54 percent vs. 20.48 percent); however, the international active managers underperformed their benchmark (MSCI EAFE x Tobacco Index) by 335 basis points (28.76 percent vs. 32.31 percent).

External Domestic Equity Programs

During the 2003-04 fiscal year, CalSTRS established two domestic equity programs. Both of these programs are in the very early stages of implementation. The total target allocation is \$1.4 billion.

- The first program targets developing managers with less than \$2 billion under management. CalSTRS retained three firms under a manager of manager structure. These firms are charged with hiring investment managers with different styles and capitalization with the overall benchmark being the Russell 3000.
- The second program takes into account relational investments. Two firms were retained to manage portfolios with corporate governance as its main theme.

Corporate Governance

During the 2003-04 fiscal year, CalSTRS voted on a variety of proxy issues including financial, corporate governance and social issues. More than 7,900 votes were cast on proxy issues of corporations whose shares were owned in the investment portfolio. These proxy issues were presented on approximately 2,973 companies. The overall number of proxy issues increased from 6,909 last year.

The major issues voted are summarized below:

1. Election of Directors: CalSTRS generally votes in favor of directors unless the proxy statement shows circumstances contrary to policy. Examples of such circumstances are: greater than 50 percent board representation by company executives, potential conflict of interest due to other directorships or employment, and classification of the company directors.

Number Voted: 2,785

For: 2,333

Against: 452

2. Selection of Auditors/Accountants: CalSTRS reviews votes for the independent auditors and accountants on a case-by-case basis.

Number Voted: 1,859

For: 663

Against: 1,196

3. Compensation Plans: (Stock Options, Incentive Stock Options, Employee Stock Purchase Plans, etc.) Corporations provide a variety of compensation plans to keep executives, employees and non-employee directors. A number of these plans provide for the issuance of long-term incentives to attract, reward and retain key employees. Compensation plans are evaluated based on CalSTRS Financial Responsibility Criteria.

Number Voted: 893

For: 299

Against: 594

4. Approve Merger/Acquisition-Management: CalSTRS generally votes in favor of the acquisition or merger of one company into another.

Number Voted: 188

For: 180

Against: 8

5. Corporate Actions/Corporate Governance Issues: These are issues related to spin-offs, stock splits and incorporation. CalSTRS votes these proposals on a case-by-case basis.

Number Voted: 36

For: 28

Against: 8

6. Other-Miscellaneous-Management: Miscellaneous business recommended by management is decided on a case-by-case basis.

Number Voted: 496

For: 223

Against: 273

Cash Balance Benefit Program

The Cash Balance Benefit Program contributions were invested into pooled funds from inception (February 1, 1997) through June 30, 2001. Sixty percent of the contributions were allocated to the S&P 500 portfolio and 40 percent to the Government Index portfolio. Beginning July 1, 2002, Cash Balance Benefit Program contributions are invested in the Teachers' Retirement Fund Excluding Private Equity (Alternative and Real Estate investments). For the fiscal year ending June 30, 2004, the investment value of contributions, was \$42.0 million and the rate of return was 17.0 percent.

Defined Benefit Supplement Program

The Defined Benefit Supplement Program contributions are invested in the Teachers' Retirement Fund Excluding Private Equity (Alternative and Real Estate investments). Contributions were first received in the Defined Benefit Supplement Program in January 2001. The investment value of those contributions, as of June 30, 2004, is \$2.0 billion. Since the inception of the Defined Benefit Supplement Program, the annualized rate of return is 2.0 percent. The rate of return for the Defined Benefit Supplement Program for the fiscal year is 17.0 percent.

Chart F Investment summary for the current and previous fiscal year (dollars in millions)

Portfolio Type	30-Jun-03		30-Jun-04			
	Book Value	Market Value	Book Value	Market Value	% of Market Value	Net Market Change
US Equity	\$31,106	\$41,140	\$33,780	\$50,523	43.49%	\$9,383
Non-US Equity	21,354	20,171	22,697	26,427	22.74	6,256
Fixed Income	25,528	26,939	27,020	27,113	23.34	174
Alternative Investments	5,034	5,072	5,057	5,437	4.68	365
Real Estate	4,779	4,579	5,338	5,436	4.68	759
Liquidity	2,624	2,624	1,242	1,242	1.07	-1,382
Total Portfolio	\$90,426	\$100,525	\$95,133	\$116,178	100.00%	\$15,555
Plus: Securities Lending Collateral		14,367		17,011		
Less: Accruals		-819		-1,365		
Less: Cash & Cash Equivalent		156		181		
Plan Net Assets-Investments		\$115,555		\$134,373		

Chart G Schedule of investment expenses from continuous appropriation from July 1, 2003, through June 30, 2004 (dollars in thousands)

	Assets Under Management	Fees	Basis Points
Investment Managers' Fees:			
US Equity	\$32,490,693	\$20,884	6.4
Non-US Equity	26,426,697	32,349	12.2
Fixed Income	2,168,591	4,593	21.2
Alternative Investments	5,437,445	2,282	4.2
Real Estate	5,435,805	15,501	28.5
Total Investment Managers' Fees	\$71,959,230	\$75,608	10.5



This is personal...

your voice;

“This is an extremely personal subject, and you want the ones you are dealing with (CalSTRS) to feel the same way.”

our commitment

When a death occurs, one caseworker is assigned to each family until all benefits are paid. There is no application needed since the caseworker does an initial interview via telephone to explain the process and gather the necessary information.

Chart H Broker commissions July 1, 2003, through June 30, 2004

Broker Name	Commission	Shares	Commission per Share
US Equity Transactions			
BNY Brokerage Inc	\$760,693	19,585,650	\$0.039
CitigroupGlobal Markets Inc	676,445	22,770,875	0.030
Merrill Lynch Pierce Fenner & Smith Inc	669,532	21,833,026	0.031
Instinet	573,947	24,779,347	0.023
Morgan Stanley & Co Inc	502,609	21,487,632	0.023
Investment Technology Group Inc	498,622	22,367,849	0.022
Jefferies & Co	480,844	16,010,604	0.030
Lehman Bros Inc	468,778	14,659,101	0.032
Lynch Jones & Ryan	442,740	8,910,407	0.050
CS First Boston Corp	431,511	14,511,794	0.030
Other US Brokers	9,088,509	247,034,066	0.037
Total Commissions on US Equity Transactions	\$14,594,230	433,950,351	\$0.034
Non-US Equity Transactions			
Merrill Lynch	\$2,933,762	1,124,762,253	\$0.003
Credit Suisse Bank	1,513,333	159,459,578	0.009
Goldman Sachs	1,267,441	166,242,398	0.008
Citicorp Securities Markets Inc	1,186,868	174,171,419	0.007
Morgan Stanley & Co	1,169,695	81,088,811	0.014
J.P. Morgan Securities LTD	1,108,099	223,730,525	0.005
Deutsche Bank Securities Corp	1,061,123	1,257,829,816	0.001
UBS Ag	1,032,782	296,157,134	0.003
Lehman Brothers Securities	1,003,479	89,924,635	0.011
Warburg Securities	824,513	128,224,648	0.006
Other Non-US Brokers	6,801,825	11,257,210,074	0.001
Total Commissions on Non-US Equity Transactions	\$19,902,920	14,958,801,291	\$0.001

No Surprises: **Timely, accurate and understandable payments the first time, every time**

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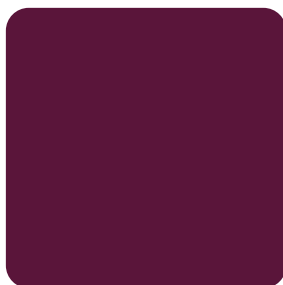
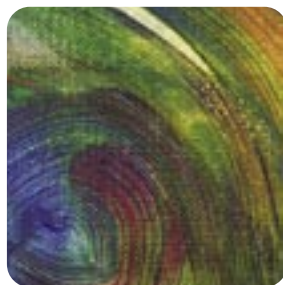
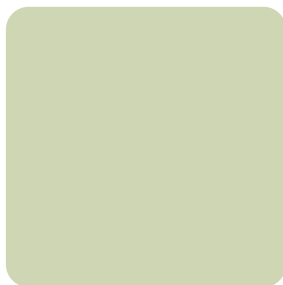
“I had a good experience with the online question procedure. The person who responded by telephone was in the expected time frame, knowledgeable, courteous, and informative.”

our commitment

Customer Service added a Correspondence Center of trained, professional employees for those members who prefer e-mail to phone calls. An April 2004 survey shows that 81-89 percent of members were satisfied in the amount of time it took CalSTRS to respond and found messages easy to understand.



Actuarial



Defined Benefit Program

Actuary's Certification Letter

A MILLIMAN GLOBAL FIRM



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111 SW Fifth Avenue, Suite 3700
Portland, OR 97204-3690
Tel +1 503 227.0634
Fax +1 503 227.7956
www.milliman.com

November 18, 2004

Teachers' Retirement Board
California State Teachers' Retirement System

Re: Valuation of the Defined Benefit Program

Dear Members of the Board:

We have performed an actuarial valuation of the Defined Benefit Program of the California State Teachers' Retirement System as of June 30, 2003. Our findings indicate the projected income stream from contributions mandated by the Education Code will not be sufficient to pay the Normal Costs and to amortize the Unfunded Actuarial Obligation. The DB Program was funded on a sound actuarial basis in the previous actuarial valuation. The decline in the funded status is due primarily to recent investment returns less than the long-term actuarial assumption of 8% per year.

Actuarial valuations are normally performed every two years, as of June 30 of each odd-numbered year. The previous valuation was performed as of June 30, 2001.

In preparing the 2003 valuation, we relied upon the financial information and membership data furnished by the System, and the Report of Independent Accountants prepared by PriceWaterhouseCoopers. Although we did not audit this data, we compared the data for this and the prior valuation and tested for reasonableness. Based on these tests, we believe the data to be sufficiently accurate for the purposes of our calculations. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

Milliman did not prepare Schedules I and II, nor the summary of actuarial methods and assumptions in Schedule II of the Financial Section, nor the information included in this Actuarial Section of the 2004 Comprehensive Annual Financial Report. However, the actuarial information contained in Schedule I of the Financial Section and in this Actuarial Section was derived from our June 30, 2003 actuarial valuation report.

The Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the DB Program. The Board adopted all of the actuarial methods and assumptions used in the 2003 valuation.

The findings have been determined according to actuarial assumptions and methods that were chosen on the basis of recent experience of the DB Program and of current expectations concerning future economic conditions. In our opinion, the assumptions used in the actuarial valuation are appropriate for purposes of the valuation, are internally consistent, and reflect reasonable expectations. The assumptions represent our best estimate of future conditions affecting the DB Program. Nevertheless, the



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emerging costs of the DB Program will vary from those presented in this report to the extent that actual experience differs from that projected by the assumptions.

I certify that the information included in this report is complete and accurate to the best of my knowledge and belief. The actuarial valuation was prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries. In addition, the assumptions and methods used meet the parameters set for disclosures by Statement No. 25 of the Governmental Accounting Standards Board.

Milliman has been engaged by CalSTRS as an independent actuary. The undersigned is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, an Enrolled Actuary, and experienced in performing valuations for large public employee retirement systems.

In conclusion, based on the current actuarial assumptions, the current projected income from member, employer, and State contributions will not finance the DB Program of the California State Teachers' Retirement System on an actuarially sound basis. That is, the expected contributions are not sufficient to fund the annual cost of the program and amortize the Unfunded Actuarial Obligation over a period of 30 years or less.

Respectfully submitted,

Mark C. Johnson, F.S.A., M.A.A.A., E.A.
Principal and Consulting Actuary

Defined Benefit Program

Summary of Actuarial Assumptions and Methods

CalSTRS, through its consulting actuary, performs an experience study every four years to determine appropriate demographic and economic assumptions. These assumptions are then applied when the consulting actuary performs an actuarial valuation to monitor the funding status of the Defined Benefit Program. The most recent experience study for the period 1999 through 2003 was completed as of June 30, 2003. The study was adopted by the Teachers' Retirement Board on March 4, 2004. The most recent actuarial valuation was completed as of June 30, 2003, and adopted by the Teachers' Retirement Board on July 8, 2004. The following summary and tables (pages 58–63) were prepared by the CalSTRS staff. All of the assumptions used in the actuarial valuation were adopted by the Teachers Retirement Board when the experience study was adopted on March 4, 2004. Where an assumption was revised with this experience study, the assumption used with the past actuarial valuation is also displayed in the tables. All information is considered in the June 30, 2003, actuarial valuation.

Following are the assumptions adopted by the Teachers' Retirement Board for this program.

- Investment return rate is 8.00 percent.
- Method used to value program assets for actuarial valuation purposes: Expected actuarial value adjusted for one-third of the difference between actual market value and expected actuarial value.
- Assumption for general wage increase is 4.25 percent of which 3.25 percent is due to inflation and 1.00 percent is due to expected gains in productivity.
- The actuarial cost method used by the program is the entry age normal actuarial cost method.
- The extent to which benefits are expected to increase as a result of cost-of-living type adjustments is an annual 2 percent increase to the initial allowance beginning on September 1 following the first anniversary of the effective date of the allowance. Since 1972, this increase is applied to all eligible continuing allowances.

Discussion of recent changes in:

The nature of the program—Since the last experience study as of June 30, 1999, program amendments have been made that have affected both the June 30, 2003 experience study and the June 30, 2003 actuarial valuation.

These program amendments include:

Effective January 1, 2000

- Minimum Guarantee payable to certain benefit recipients with at least 20 years of creditable service, equal to \$15,000, increasing in \$500 increments for each additional year of service to \$20,000 at 30 or more years of credited service.

Effective January 1, 2001

- Final Compensation based upon the highest average consecutive 12-month period with 25 years of credited service.
- 25 percent of the 8 percent member contributions allocated to the Defined Benefit Supplement Program.
- Longevity Bonus of an additional \$200, \$300, or \$400 per month in Defined Benefit Program benefits with 30, 31 or 32 or more years of credited service.
- An ad hoc minimum guarantee of up to 6 percent, based on the initial allowance plus the simple 2 percent benefit improvement, depending upon the year in which the benefit began. This ad hoc was not initially payable until July 1, 2001.

Effective January 1, 2002

- Education requirements for dependent children receiving a disability or family allowance under Coverage A were eliminated.
- Defined Benefit Program members who were formerly Cash Balance Benefit Program participants are allowed to purchase their prior Cash Balance Benefit Program service credit.

Effective January 1, 2003

- A temporary reduction in the member contribution rates of specified state members of the Defined Benefit Program.
- A change to the basis for calculation of the post-retirement earnings limitation from the increase in the All Urban California Consumer Price Index to the increase in the average earnable salary of active members of the Defined Benefit Program.

Actuarial assumptions—The actuarial valuation utilizes various methods and two different types of assumptions: economic and demographic. Economic assumptions are related to the general economy and its impact on CalSTRS or to the operation of the membership. 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.

Economic assumptions: The two major economic assumptions are investment return and wage growth and each is affected by the underlying assumed rate of inflation. Table 5 (page 59) provides the economic actuarial assumptions for this program as reflected in the most recent actuarial valuation for the program (as of June 30, 2003).

The assumption for consumer price inflation was revised from 3.50 percent to 3.25 percent for this actuarial valuation.

Demographic assumptions: Tables 1–4 and 6–11 (pages 58–62) provide demographic assumption information for this program as reflected in the most recent actuarial valuation for the program (as of June 30, 2003). The assumption for the probability of retirement and the probability of withdrawal from active service were both revised for this actuarial valuation, as were the assumptions for mortality among the members with pre-1972 disabilities. Also revised were the assumptions for the rates at which members will retire, become disabled under Coverage B, withdraw from active service and refund from active service.

Actuarial Methods

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Expected Value with one-third adjustment to Market Value (3-Year Asset Smoothing)

The asset smoothing method projects an Expected Value of Assets using the assumed rate of investment return, then one-third of the difference between the Expected Value and the Market Value is recognized in the Actuarial Value of Assets. There were no revisions to either the Actuarial Cost Method or the Asset Valuation Method for this actuarial valuation.

Valuation Results

CalSTRS contracts for many actuarial services. The current contractor, Milliman, has been the program's actuary since January 15, 2000.

Tables 12–15 (pages 62–63) provide summaries of the valuation results. The data displayed in Table 12 (page 62) 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. The reason for this is that the financial data reflects payroll for all individuals who were active during the year, while Table 12 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.

Amounts provided in Table 13 (page 62) represent the status of the population as of June 30 of the indicated year. The information provided in the Removed From Rolls and Rolls End of Year columns include the application of the annual post-retirement 2 percent not-compounded cost-of-living adjustment.

The data provided for each year end in Table 13 is a snapshot of the population taken following year-end closing for the indicated period. It is likely adjustments will be made subsequent to this closing. No attempt is made to update the data in Table 13 for these adjustments.

Because of the potential for post-closing adjustments that are not updated in Table 13, and for post-retirement adjustments that are

included in the individual accounts rather than separately maintained, any update of a prior end-of-year total using additions and deletions from the next year most likely will not equal the total provided for the next year.

In addition to those recent changes in plan provisions described above, the following significant plan changes have also taken place during the time depicted in Table 14 (page 63). These program amendments include:

Effective January 1, 1999

- Increased age factor for members who retire after age 60
- Career factor for members who retire with more than 30 years of service
- Service Credit for unused sick leave

The most recent actuarial valuation of the system (as of June 30, 2003) determined there is an unfunded actuarial obligation for this program. The prior actuarial valuation (as of June 30, 2001) also indicated there was an unfunded actuarial obligation.

With the exception of the actuarial valuations performed as of June 30, 1998, and June 30, 2000, actuarial valuations are performed every two years in odd-numbered years to analyze the sufficiency of the statutory contributions to meet the current and future obligations of the program. By using the actuarial methods and assumptions adopted by the Teachers' Retirement Board, the actuarial valuation provides the best estimate of the program's long-term financing.

Comparing the unfunded actuarial obligation as of two valuation dates does not provide enough information to determine if there were actuarial gains or losses. The correct 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.

Table 15 (page 63) shows the actuarial obligation and the elements to project that figure forward: the normal cost less benefit payments, plus a charge for interest at the assumed rate. In addition, the table shows actuarial gains, in parentheses, and losses by individual component.

Actuarial gains reduce the unfunded actuarial obligation as of the valuation date, and actuarial losses increase the unfunded actuarial obligation. Most actuarial gains and losses are a result of short-term fluctuations in experience or changes in actuarial assumptions. Because of the long-term nature of actuarial assumptions, future patterns of emerging experience may offset these short-term fluctuations.

Independent Actuarial Review

Actuarial services for the California State Teachers' Retirement System are provided under contract by a qualified independent actuarial firm, with additional review provided by the staff actuary.

Defined Benefit Program

The work performed for CalSTRS by the independent actuarial firm may be reviewed by the Bureau of State Audits, at the discretion of the Teachers' Retirement Board. Also, through the competitive bid process, the work of a prior actuary will be verified in a subsequent actuarial valuation performed by a new contract actuary. Should the same actuarial firm continue for a period of 10 years, provision is made for an independent review of that firm's work through an actuarial audit completed by another firm. These audit services are acquired using the competitive bid process.

The current actuarial consultant was retained on January 15, 2000, as a result of the competitive bid process.

Summary of Defined Benefit Program Provisions

(The following summary and tables were prepared by the CalSTRS staff. All information is considered in the June 30, 2003, actuarial valuation.)

Normal Retirement

Eligibility Requirement

Age 60 with five years of credited service.

Allowance

2 percent of final compensation for each year of credited service.

Early Retirement

Eligibility Requirement

Age 55 with five years of credited service, or age 50 with 30 years of credited service.

Benefit Reduction

A $\frac{1}{2}$ percent reduction in the normal retirement allowance for each full month or partial month the member is younger than age 60, plus a reduction of $\frac{1}{4}$ percent for each full month or partial month the member is younger than age 55.

Late Retirement

Allowance

Members continue to earn additional service credit after age 60. The 2 percent age factor increases by 0.033 percent for each quarter year of age that the member is over age 60, up to a maximum of 2.4 percent.

Deferred Retirement

Allowance

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.

Allowance Factors

Credited Service

For each year of membership, credited service is granted based on the ratio of salary earned to full-time salary earnable for one position.

The definition of creditable service has expanded to include activities that were previously considered non-creditable. No more than one full year of service credit is allowed during any school year; however, the contributions for any service in excess of one year are deposited to the member and employer contribution accounts within the Defined Benefit Supplement Program.

Final Compensation

Average salary earnable for the highest three consecutive years of credited service for one position. For members with 25 years of service, the calculation is based on the highest average annual compensation earnable in a consecutive 12-month period.

Sick Leave Service Credit

Credited service is granted for unused sick leave at the time of retirement. Sick Leave Service Credit cannot be used for eligibility for One-Year Final Compensation, the Career Bonus nor the Longevity Bonus.

Career Factor

If a member has thirty years of credited service, the age factor is increased by 0.2 percent. However, the maximum age factor is 2.4 percent.

Longevity Bonus

For members attaining 30 years of service by January 1, 2011, a longevity bonus of \$200 per month is added to the unmodified allowance. The bonus is increased to \$300 per month with 31 years of service, and \$400 per month with 32 or more years of service.

Post-Retirement Benefit Adjustment

Benefit Improvement Factor

2 percent simple increase on September 1 following the first anniversary of the effective date of the allowance, applied to all continuing allowances.

IRC Section 401(a)(17)

Compensation is limited under Internal Revenue Code Section 401(a)(17) and assumed to increase at the rate of inflation.

IRC Section 415

Benefits are subject to limits imposed under Internal Revenue Code Section 415. However, no limits are imposed in the valuation of the Defined Benefit Program in order to address the potential pay-as-you-go funding needs of the Teachers' Replacement Benefits Program Fund.

Disability Allowance – Coverage A**Eligibility Requirement**

Member has five years of credited California service and has not attained age 60.

Allowance

50 percent of final compensation

or

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

Children's Benefit

10 percent for each eligible dependent child, up to a maximum of 40 percent of final compensation. The increment for each eligible child continues until the child marries or attains age 22.

Offsets

Allowance, including children's increment, is reduced by disability benefits payable under Social Security, Workers' Compensation and employer-paid income protection plan.

Disability Allowance – Coverage B**Eligibility Requirement**

Member has five years of credited California service.

Allowance

50 percent of final compensation, regardless of age and service credit.

Children's Benefit

10 percent for each eligible child up to four children, for a maximum of 40 percent of 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 allowance is reduced by disability benefits payable under Workers' Compensation.

Death Before Retirement – Coverage A**Eligibility Requirement**

One or more years of service credit for active members or members receiving a disability allowance.

Lump-Sum Payment

The one-time death benefit recipient receives a \$6,163 lump-sum payment. If there is no surviving spouse or eligible children, the contributions and interest are paid to the designated beneficiary.

Allowance

The surviving spouse with eligible children will receive a family benefit of 40 percent of final compensation for as long as there is at least one eligible child. An additional 10 percent of final compensation is payable for each eligible child up to a maximum benefit of 90 percent.

If there is no surviving spouse, an allowance of 10 percent of final compensation is payable to eligible children up to a maximum benefit of 50 percent.

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

Death Before Retirement – Coverage B**Eligibility**

One or more years of service credit for active members.

Lump-Sum Payment

The one-time death benefit recipient receives a \$24,652 lump-sum payment. If there is no surviving spouse, the contributions and interest are paid to the designated beneficiary.

Allowance

A lump-sum payment of the contributions and interest.

or

One half of a 50 percent joint and survivor allowance, beginning on the member's 60th birthday or immediately with a reduction based on the member and spouse's age at the time the benefit begins.

If the surviving spouse elects a monthly allowance, each eligible child would receive 10 percent of the member's final compensation, with a maximum benefit of 50 percent.

Death After Retirement**Lump-Sum Payment**

The one-time death benefit recipient receives a \$6,163 lump-sum payment.

Annuity Form

If the retired member had elected one of the joint and survivor options, the retirement allowance would be modified in accordance with the option selected.

If no option had been elected, payment of the unpaid contributions and interest, if any, remaining in the member's account will be made 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 system.

Re-entry After Refund

Former members who re-enter the system 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 system benefits.

Defined Benefit Program

Funding

Member Contribution

Eight percent of creditable compensation. Two percent of creditable compensation is directed to the Defined Benefit Supplement Program through December 31, 2010, while six percent of creditable compensation remains with the Defined Benefit Program.

Employers Contribution

Eight percent of the total creditable compensation on which member contributions are based. In addition, funding for the Teachers' Health Benefits Fund and Teachers' Replacement Benefit Fund is directed as needed from the employer contributions on a pay-as-you-go basis.

plus

0.25 percent of the total creditable compensation on which members' contributions are based to pay costs for unused sick leave service credit.

State Contribution

The state pays 2.017 percent of the total creditable compensation of the fiscal year ending in the immediately preceding calendar year upon which members' contributions are based, calculated annually on October 1 and paid in four equal quarterly payments.

plus

Up to 1.505 percent of the total creditable compensation of the fiscal year ending in the immediately preceding calendar year upon which members' contributions are based, calculated annually on October 1 and paid in four equal quarterly payments. This contribution is made if there is an unfunded obligation or normal cost deficit for benefits in effect on July 1, 1990.

Changes in Defined Benefit Program Provisions

Since the last actuarial valuation, program amendments have been made that would affect the next actuarial valuation. The amendments described below were not considered for the June 30, 2003 actuarial valuation as they were effective after that date.

Effective January 1, 2004

Death Before Retirement – Coverage B

The definition of spouse for purposes of receiving a survivor benefit includes a person married to the member for less than 12 months prior to the accidental death of the member or for the period beginning prior to the occurrence of the injury or diagnosis of an illness that resulted in the member's death.

Funding

Reduces the General Fund contribution to the Supplemental Benefit Maintenance Account by \$500 million effective for the 2003/04 fiscal year.



*Source of
information*

your voice;

“CalSTRS becomes an increasingly important source of information, because they are the only one who can answer your questions about how the plan works—like how your part-time teaching fits in.”

our commitment

We recognize that retirement information can be complex. Our commitment is to provide the information necessary for members to make informed decisions that impact their future. To do this we have stepped up our staff training, are constantly improving the business tools staff used to assist members, and provide personalized information through Member Services, more than 80 benefits counselors and online at *myCalSTRS*.

All of the assumptions used in the actuarial valuation were adopted by the Teachers' Retirement Board when the experience study was adopted on March 4, 2004. Where an assumption was revised with this experience study, the assumption used with the past actuarial valuation is also displayed in the tables. Following are the assumptions adopted by the Teachers' Retirement Board for this program.

Table 1 Post-retirement mortality table for sample ages

Age	Male	Female
	1999 CalSTRS Retired-M	1999 CalSTRS Retired-F
50	0.19%	0.12%
55	0.32	0.19
60	0.56	0.34
65	1.02	0.67
70	1.80	1.18
75	2.85	1.83
80	5.02	3.78
85	9.42	6.50
90	14.75	11.63
95	23.36	18.62

Table 2 Probabilities of retirement for sample ages

Age	Past		Revised			
	Male	Female	Under 30 Years		30 or More Years	
			Male	Female	Male	Female
55	5.0%	6.0%	3.0%	5.0%	6.0%	8.0%
60	20.0	12.0	7.0	10.0	25.0	30.0
65	20.0	19.0	14.0	16.0	27.0	27.0
70	100.0	100.0	100.0	100.0	100.0	100.0

Table 3 Probabilities of withdrawal from active service before age and service retirement for sample ages

Duration	Past				Revised					
	Entry Ages				Entry Ages					
	25-29	30-34	35-39	40+	Under 25	25-29	30-34	35-39	40-44	45+
MALE										
1	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
2	9.5	9.2	9.2	9.5	7.7	7.7	7.7	7.7	7.7	8.6
3	6.8	6.8	6.8	7.2	6.3	5.4	5.4	5.4	5.4	6.3
4	5.8	5.8	5.8	6.2	4.4	4.4	4.4	4.4	4.4	4.4
5	4.2	4.2	4.2	4.2	3.9	3.0	3.0	3.0	3.0	3.6
10	2.0	2.0	2.0	2.4	2.0	2.0	2.0	2.0	2.4	
15	1.1	1.1	1.2		1.1	1.1	1.1	1.2		
20	0.6	0.6			0.6	0.6	0.6			
25	0.5				0.5	0.5				
FEMALE										
1	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2	8.3	8.3	7.5	6.8	8.3	7.2	7.2	7.2	7.2	7.2
3	7.3	6.5	5.5	5.3	7.7	6.3	5.8	5.3	4.9	4.9
4	7.1	5.6	4.5	4.0	7.1	5.8	5.4	4.9	3.9	3.9
5	5.8	4.2	3.5	3.0	5.5	5.8	4.2	2.9	2.5	2.5
10	2.0	1.7	1.4	1.6	2.3	2.0	1.7	1.4	1.6	
15	0.9	1.0	0.9		1.1	0.9	1.0	0.9		
20	0.7	0.9			0.6	0.7	0.9			
25	0.6				0.6	0.6				

Defined Benefit Program

Table 4 Assumption for pay increases due to promotions and longevity for sample ages (exclusive of the assumed general wage increase, which includes inflation)

Duration	Entry Ages					
	Under 25	25-29	30-34	35-39	40-44	45 +
1	5.7%	5.3%	5.1%	4.9%	4.9%	3.5%
5	5.5	4.8	4.5	3.8	3.8	2.6
10	3.2	3.0	2.7	2.3	2.2	1.6
20	1.3	1.2	1.1	0.8	0.8	0.6
30	0.9	0.7	0.6	0.5		
40	0.8	0.7				

Table 5 Economic assumptions

	Past	Revised
Consumer Price Inflation	3.50%	3.25%
Investment Yield	8.00	8.00
Wage Inflation	4.25	4.25
Interest on Member Accounts	6.00	6.00
Growth in Active Membership	0.00	0.00
Administrative Expenses	0.00*	0.00*

* Provided by gross investment return

Table 6 Mortality assumptions

	Past	Revised
Retired Members		
MALE	1999 CalSTRS Retired-M	1999 CalSTRS Retired-M
FEMALE	1999 CalSTRS Retired-F	1999 CalSTRS Retired-F
Active Members		
MALE	1999 CalSTRS Retired-M (-2)	1999 CalSTRS Retired-M (-2)
FEMALE	1999 CalSTRS Retired-F (-2)	1999 CalSTRS Retired-F (-2)
Beneficiaries		
MALE	1999 CalSTRS Beneficiary-M	1999 CalSTRS Beneficiary-M
FEMALE	1999 CalSTRS Beneficiary-F	1999 CalSTRS Beneficiary-F
Pre-1972 Disabilities		
MALE	1951 GAM-M (-1)	1994 GAM-M (Min. 2.5% with select rates in first 3 years)
FEMALE	1951 GAM-M (-7)	1994 GAM-F (Min. 2.2% with select rates in first 3 years)

Table 7 Termination from disability due to death

MALE	1994 GAM-M (Min. 2.5% with select rates in first 3 years)
FEMALE	1994 GAM-F (Min. 2.2% with select rates in first 3 years)

Defined Benefit Program

Table 10 Withdrawal rates (rates of termination by sample durations of membership and sample entry ages)

Duration	<i>Past</i>				<i>Revised</i>					
	Sample Entry Ages				Sample Entry Ages					
	25-29	30-34	35-39	40+	Under 25	25-29	30-34	35-39	40-44	45+
MALE										
1	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
2	9.5	9.2	9.2	9.5	7.7	7.7	7.7	7.7	7.7	8.6
3	6.8	6.8	6.8	7.2	6.3	5.4	5.4	5.4	5.4	6.3
4	5.8	5.8	5.8	6.2	4.4	4.4	4.4	4.4	4.4	4.4
5	4.2	4.2	4.2	4.2	3.9	3.0	3.0	3.0	3.0	3.6
10	2.0	2.0	2.0	2.4	2.0	2.0	2.0	2.0	2.4	
15	1.1	1.1	1.2		1.1	1.1	1.1	1.2		
20	0.6	0.6			0.6	0.6	0.6			
25	0.5				0.5	0.5				
FEMALE										
1	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2	8.3	8.3	7.5	6.8	8.3	7.2	7.2	7.2	7.2	7.2
3	7.3	6.5	5.5	5.3	7.7	6.3	5.8	5.3	4.9	4.9
4	7.1	5.6	4.5	4.0	7.1	5.8	5.4	4.9	3.9	3.9
5	5.8	4.2	3.5	3.0	5.5	5.8	4.2	2.9	2.5	2.5
10	2.0	1.7	1.4	1.6	2.3	2.0	1.7	1.4	1.6	
15	0.9	1.0	0.9		1.1	0.9	1.0	0.9		
20	0.7	0.9			0.6	0.7	0.9			
25	0.6				0.6	0.6				

Probability of refund by sample durations of membership and sample entry ages

Duration	<i>Past</i>				<i>Revised</i>				
	Sample Entry Ages				Sample Entry Ages				
	25-29	30-34	35-39	40+	Under 25	25-29	30-34	35-39	40+
MALE									
Under 5	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
10	40.0	40.0	45.0	40.0	50.0	50.0	42.0	45.0	45.0
15	40.0	35.0	35.0		42.0	42.0	36.0	30.0	
20	35.0	30.0			34.0	36.0	27.0		
25	20.0				24.0	27.0			
FEMALE									
Under 5	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
10	25.0	30.0	30.0	25.0	40.0	35.0	36.0	36.0	35.0
15	20.0	30.0	20.0		30.0	30.0	30.0	30.0	
20	20.0	20.0			25.0	20.0	20.0		
25	20.0				15.0	10.0			

Table 11 Promotional salary increases (assumption for salaries due to promotions and longevity, exclusive of the assumed general wage increase)

Duration	Sample Entry Ages (Unisex)					
	Under 25	25-29	30-34	35-39	40-44	45+
1	5.7%	5.3%	5.1%	4.9%	4.9%	3.5%
10	3.2	3.0	2.7	2.3	2.2	1.6
20	1.3	1.2	1.1	0.8	0.8	0.6
30	0.9	0.7	0.6	0.5		

Table 12 Schedule of active member valuation data

Date (as of June 30) ⁽¹⁾	Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
1997	364,000	\$14,371,068,403	\$39,481	2.3%
1998	385,530	15,725,658,541	40,790	3.3
1999	402,220	17,007,886,951	42,285	3.7
2000	420,530	18,224,271,726	43,336	2.5
2001	428,741	20,494,151,991	47,801	10.3
2003	448,478	23,867,427,680	53,219	11.3

⁽¹⁾ No actuarial report is prepared in even numbered years, except for June 30, 1998 and June 30, 2000 reports.

Table 13 Schedule of retired members and beneficiaries added to and removed from rolls

Date (as of June 30)	Added to Rolls		Removed from Rolls		Rolls-End of Year			
	Number	Annual Allowances ⁽¹⁾	Number	Annual Allowances ⁽¹⁾	Number	Annual Allowances ⁽¹⁾	% Increase in Annual Allowances	Average Annual Allowances
1999	7,874	\$236,923	5,105	\$69,463	161,457	\$3,220,227	7.9%	\$19,945
2000	8,184	261,607	5,550	78,483	165,282	3,473,208	7.9	21,014
2001	9,513	369,689	5,694	92,039	170,972	4,006,345	15.3	23,433
2002 ⁽²⁾	10,516	448,243	5,629	97,482	177,072	4,438,853	10.8	25,068
2003	12,024	514,545	5,713	106,693	181,868	4,876,488	9.9	26,813
2004	13,167	558,292	5,944	113,075	193,245	5,497,706	12.7	28,449

⁽¹⁾ Dollars in thousands.

⁽²⁾ Figures revised in 2003.

Defined Benefit Program

Table 14 Solvency test

*Valuation Date (as of June 30)	Aggregate Accrued Liabilities For			Actuarial Value of Assets	Funding of Liabilities		
	(1) Active Member Contributions on Deposit	(2) Future Benefits to Benefit Recipients	(3) Service Already Rendered by Active Members		(1)	(2)	(3)
1997	\$17,041	\$29,127	\$23,684	\$67,980	100.0%	100.0%	92.1%
1998	18,451	31,158	24,625	77,290	100.0	100.0	112.4
1999 ^(a)	19,940	33,019	33,390	90,001	100.0	100.0	110.9
2000	21,337	36,238	35,549	102,225	100.0	100.0	125.6
2001 ^(b)	22,661	41,513	45,707	107,654	100.0	100.0	95.1
2003 ^(c)	24,313	52,128	55,336	108,667	100.0	100.0	58.2

*No actuarial report is prepared in even-numbered years, except for the June 30, 1998 and June 30, 2000 reports. No estimation using actuarial methodology is made in years between valuations.

^(a) Effective January 1, 1999, program changed to increase retirement multiplier and add career factor and service credit for unused sick leave.

^(b) Effective January 1, 2001, program changed to provide one-year final compensation with 25 years of service, Longevity Bonus with 30 or more years of service, and an ad hoc improvement of up to 6 percent monthly, depending upon benefit effective date.

^(c) Effective January 1, 2002, program changed to direct 25 percent of the 8 percent member contributions to the Defined Benefit Supplement Program.

Table 15 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	
	2003	2001
Actuarial Obligation at June 30:	⁽²⁰⁰¹⁾ \$109,881	⁽²⁰⁰⁰⁾ \$93,124
2000 Benefits Increase		5,606
Normal Cost	7,082	3,006
Benefit Payments	(9,091)	(3,842)
Expected Interest	18,134	7,985
Expected Actuarial Obligation at June 30:	126,006	105,879
Expected Actuarial Value of Assets at June 30:	123,163	114,075
Expected Unfunded Actuarial Obligation at June 30:	2,843	(8,196)
Actuarial (Gains) & Losses		
Change in Actuarial Assumptions	2,787	
Investment Return Assumption	14,496	6,421
Demographic Assumptions	2,855	3,752
Net Change Other Sources	129	250
Total Actuarial (Gains) & Losses	20,267	10,423
Unfunded Actuarial Obligation at June 30:	\$23,110	\$2,227

Defined Benefit Supplement Program

Actuary's Certification Letter

A MILLIMAN GLOBAL FIRM



Milliman

Consultants and Actuaries

111 SW Fifth Avenue, Suite 3700
Portland, OR 97204-3690
Tel +1 503 227.0634
Fax +1 503 227.7956
www.milliman.com

November 18, 2004

Teachers' Retirement Board
California State Teachers' Retirement System

Re: Valuation of the Defined Benefit Supplement Program

Dear Members of the Board:

We have performed an actuarial valuation of the Defined Benefit Supplement Program of the California State Teachers' Retirement System as of June 30, 2003. Our findings indicate the projected income stream from contributions will be sufficient to pay the Normal Costs. However, the DBS Program had an Unfunded Actuarial Obligation of \$47,366,000 as of June 30, 2003, which will be amortized in the future by earnings in excess of the Minimum Interest Rate or supplemental employer contributions.

Actuarial valuations are performed as of June 30 of each year.

In preparing the 2003 valuation, we relied upon the financial information and membership data furnished by the System. Although we did not audit this data, we compared the data for this and the prior valuation and tested for reasonableness. Based on these tests, we believe the data to be sufficiently accurate for the purposes of our calculations. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

Milliman did not prepare Schedules I and II, nor the summary of actuarial methods and assumptions in Schedule II of the Financial Section, nor the information included in this Actuarial Section of the 2004 Comprehensive Annual Financial Report. However, the actuarial information contained in Schedule I of the Financial Section and in this Actuarial Section was derived from our June 30, 2003 actuarial valuation report.

The Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the DBS Program. The Board adopted all of the actuarial methods and assumptions used in the 2003 valuation.

The findings have been determined according to actuarial assumptions and methods that were chosen on the basis of recent experience of the DBS Program and of current expectations concerning future economic conditions. In our opinion, the assumptions used in the actuarial valuation are appropriate for purposes of the valuation, are internally consistent, and reflect reasonable expectations. The assumptions represent our best estimate of future conditions affecting the DBS Program. Nevertheless, the emerging costs of the DBS Program will vary from those presented in this report to the extent that actual experience differs from that projected by the assumptions.



Teachers' Retirement Board

November 18, 2004

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I certify that the information included in this report is complete and accurate to the best of my knowledge and belief. The actuarial valuation was prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries. In addition, the assumptions and methods used meet the parameters set for disclosures by Statement No. 25 of the Governmental Accounting Standards Board.

Milliman has been engaged by CalSTRS as an independent actuary. The undersigned is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, an Enrolled Actuary, and experienced in performing valuations for large public employee retirement systems.

In conclusion, based on the current actuarial assumptions, the DBS Program of the California State Teachers' Retirement System is an actuarially sound program.

Respectfully submitted,

Mark C. Johnson, F.S.A., M.A.A.A., E.A.
Principal and Consulting Actuary

Defined Benefit Supplement Program

Summary of Actuarial Assumptions and Methods

CalSTRS, through its consulting actuary, will perform an experience study at least every four years to determine appropriate demographic and economic assumptions. These assumptions are then applied every year when the consulting actuary performs an actuarial valuation to monitor the funding status of the Defined Benefit Supplement Program. The most recent actuarial valuation was completed June 30, 2003, and adopted by the Teachers' Retirement Board June 3, 2004. The following summary and tables were prepared by CalSTRS staff. All information is considered in the June 30, 2003, actuarial valuation.

The Defined Benefit Supplement Program was established January 1, 2001 and, therefore, has not yet existed for a sufficient period of time to allow completion of the first experience study. The economic and demographic assumptions were based on those adopted for the Defined Benefit Program by the Board on March 4, 2004, and used to complete the latest actuarial valuation. Both the Defined Benefit Program and Defined Benefit Supplement Program share the same population, so it is reasonable to use most of the same assumptions for both programs. All of the assumptions used in the actuarial valuation were adopted by the Teachers Retirement Board when the experience study was adopted on March 4, 2004. Where an assumption was revised with this experience study, the assumption used with the past actuarial valuation is also displayed in the tables. Following are the assumptions adopted by the Teachers' Retirement Board for this program.

- Investment return rate is 8.00 percent
- Method used to value plan assets for actuarial valuation purposes: Fair market value.
- Assumption for general wage increase is 4.25 percent, of which 3.25 percent is due to inflation and 1.00 percent is due to expected gains in productivity.
- The actuarial cost method used by the program is the traditional unit cost credit method.
- The Defined Benefit Supplement Program does not provide cost-of-living adjustments for benefit recipients.

Discussion of recent changes in:

The nature of the program—The Defined Benefit Supplement Program is a relatively new program, established January 1, 2001. All provisions of the program were considered when completing the most recent actuarial valuation.

Since the actuarial valuation of June 30, 2002, program amendments have been made that have affected both the June 30, 2003 experience study and the June 30, 2003 actuarial valuation. These program amendments include:

Effective July 1, 2002

- The definition of creditable service was expanded to include activities that were previously considered non-creditable.
- Contributions for any service in excess of one year are deposited to the member and employer contribution accounts within the Defined Benefit Supplement Program.

Actuarial Assumptions—The following assumptions were used to complete the valuation for this program.

Neither the economic nor the demographic assumptions for the actuarial valuation as of June 30, 2003, affected the unfunded actuarial obligation. Those assumptions for this program will have minimal impact under the traditional unit credit cost method or only have significance when participants elect to annuitize the account balance. Under the program, a member must have at least \$3,500 in his or her account to elect to annuitize the account balance.

Actuarial Methods

Actuarial Cost Method	Traditional Unit Credit
Asset Valuation Method	Fair Market Value

The actuarial methods used for the program's actuarial valuation as of June 30, 2003, result in an unfunded actuarial obligation of \$47,366,000.

CalSTRS contracts for many actuarial services. The current contractor, Milliman, has been CalSTRS' actuary since January 15, 2000.

There are no other specific assumptions that have a material impact on valuation results for this program.

Independent Actuarial Review

Actuarial services for the California State Teachers' Retirement System are provided under contract by a qualified independent actuarial firm, with additional review provided by the staff actuary.

The work performed for CalSTRS by the independent actuarial firm may be reviewed by the Bureau of State Audits at the discretion of the Teachers' Retirement Board. Also, through the competitive bid process,

the work of a prior actuary will be verified in a subsequent actuarial valuation performed by a new contract actuary. Should the same actuarial firm continue for a period of 10 years, provision is made for an independent review of that firm's work through an actuarial audit completed by another firm. These audit services are acquired using the competitive bid process.

The current actuarial consultant was retained on January 15, 2000, as a result of the competitive bid process.

Summary of Defined Benefit Supplement Program Provisions

(The following tables and summary were prepared by CalSTRS staff. All information is considered in the June 30, 2003, actuarial valuation.)

Membership

Eligibility Requirement

All members of the Defined Benefit Program who perform creditable service and earn creditable compensation after December 31, 2000, have a Defined Benefit Supplement 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

One-quarter of the 8 percent (2 percent) of member contributions on creditable compensation is allocated to the member's DBS account through December 31, 2010.

In addition, member and employer contributions will be credited to the member's DBS account for service greater than one year and compensation for limited term enhancements and retirement incentives.

Minimum Interest Rate

Annual rate determined for the plan year by the Teachers' Retirement 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 twelve months ending in February preceding the beginning of the plan year, rounded to the next highest 0.25 percent. The minimum interest rate is not less than the rate at which interest is credited under the Defined Benefit Program.

Additional Earnings Credit

Annual rate determined for the plan year by the Teachers' Retirement 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.

Additional Annuity Credit

Annual rate determined for the plan year by the Teachers' Retirement 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.

Normal Retirement

Eligibility Requirement

Receipt of a corresponding benefit under the Defined Benefit Program.

Benefit

The account balance at the benefit effective date subject to limits imposed under Internal Revenue Code Section 415.

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 earnings may continue to be credited to the account balance.

Deferred Retirement

Benefit

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

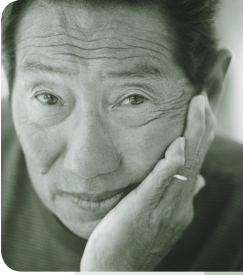
Disability Benefit

Eligibility Requirement

Receipt of a corresponding benefit under the DB Program.

Benefit

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



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were
immediate*

your voice;

“Answers to my e-mails were immediate and very good. The checks come on time and are very reliable, and appreciated.”

our commitment

CalSTRS has a staff devoted to just answering e-mail messages. As for this member’s checks, more than 90 percent of CalSTRS recipients use the convenience and safety of direct deposit payments.

Form of Payment

Same as Normal Retirement. An annuity benefit is discontinued upon termination of the corresponding DB Program benefit.

Death Before Retirement

Eligibility Requirement

Deceased member has an account balance.

Benefit

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

Form of Payment

Similar to Normal Retirement.

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.

Benefit and Form of Payment

Lump-sum distribution of the account balance as of the date of distribution. The benefit is payable one year from the termination of creditable service.

Changes in Defined Benefit Supplement Program Provisions

There have been no program amendments that would affect an actuarial valuation of the Defined Benefit Supplement Program since the last CalSTRS annual financial report was issued. All program provisions were considered in the completion of the June 30, 2003, actuarial valuation.

Defined Benefit Supplement Program

All of the assumptions used in the actuarial valuation were adopted by the Teachers' Retirement Board when the experience study was adopted on March 4, 2004. Where an assumption was revised with this experience study, the assumption used with the past actuarial valuation is also displayed in the tables. Following are the assumptions adopted by the Teachers' Retirement Board for this program.

Table 1 Post-retirement mortality table for sample ages

Age	Male	Female
	1999 CalSTRS Retired-M	1999 CalSTRS Retired-F
50	0.19%	0.12%
55	0.32	0.19
60	0.56	0.34
65	1.02	0.67
70	1.80	1.18
75	2.85	1.83
80	5.02	3.78
85	9.42	6.50
90	14.75	11.63
95	23.36	18.62

Table 2 Probabilities of retirement for sample ages

Age	Past		Revised			
	Male	Female	Under 30 years		30 or more years	
			Male	Female	Male	Female
55	5.0%	6.0%	3.0%	5.0%	6.0%	8.0%
60	20.0	12.0	7.0	10.0	25.0	30.0
65	20.0	19.0	14.0	16.0	27.0	27.0
70	100.0	100.0	100.0	100.0	100.0	100.0

Table 3 Probabilities of withdrawal from active service before age and service retirement for sample ages

Duration	Past					Revised					
	Entry Ages					Entry Ages					
	Under 25	25-29	30-34	35-39	40+	Under 25	25-29	30-34	35-39	40-44	45+
MALE											
1	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
2	9.5	9.5	9.2	9.2	9.5	7.7	7.7	7.7	7.7	7.7	8.6
3	7.7	6.8	6.8	6.8	7.2	6.3	5.4	5.4	5.4	5.4	6.3
4	5.8	5.8	5.8	5.8	6.2	4.4	4.4	4.4	4.4	4.4	4.4
5	5.0	4.2	4.2	4.2	4.2	3.9	3.0	3.0	3.0	3.0	3.6
10	2.0	2.0	2.0	2.0	2.4	2.0	2.0	2.0	2.0	2.4	
15	1.1	1.1	1.1	1.2		1.1	1.1	1.1	1.2		
20	0.6	0.6	0.6			0.6	0.6	0.6			
25	0.5	0.5				0.5	0.5				
30	0.3					0.0					
35	0.3										
40	0.3										
FEMALE											
1	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2	8.3	8.3	8.3	7.5	6.8	8.3	7.2	7.2	7.2	7.2	7.2
3	7.7	7.3	6.5	5.5	5.3	7.7	6.3	5.8	5.3	4.9	4.9
4	7.1	7.1	5.6	4.5	4.0	7.1	5.8	5.4	4.9	3.9	3.9
5	5.5	5.8	4.2	3.5	3.0	5.5	5.8	4.2	2.9	2.5	2.5
10	2.3	2.0	1.7	1.4	1.6	2.3	2.0	1.7	1.4	1.6	
15	1.1	0.9	1.0	0.9		1.1	0.9	1.0	0.9		
20	0.6	0.7	0.9			0.6	0.7	0.9			
25	0.6	0.6				0.6	0.6				
30	0.3					0.0					

Table 4 Assumption for pay increases due to promotions and longevity for sample ages (exclusive of the assumed general wage increase, which includes inflation)

Duration	Entry Ages					
	Under 25	25-29	30-34	35-39	40-44	45 +
1	5.7%	5.3%	5.1%	4.9%	4.9%	3.5%
10	3.2	3.0	2.7	2.3	2.2	1.6
20	1.3	1.2	1.1	0.8	0.8	0.6
30	0.9	0.7	0.6	0.5		

Table 5 Economic assumptions

	Past	Revised
Consumer Price Inflation	3.50%	3.25%
Investment Yield	8.00	8.00
Wage Inflation	4.25	4.25
Interest on Member Accounts	8.00	8.00

Table 6 Mortality assumptions

Retired Members*	
MALE	1999 CalSTRS Retired-M
FEMALE	1999 CalSTRS Retired-F
Active Members	
MALE	1999 CalSTRS Retired-M (-2)
FEMALE	1999 CalSTRS Retired-F (-2)
Beneficiaries*	
MALE	1999 CalSTRS Beneficiary-M
FEMALE	1999 CalSTRS Beneficiary-F

*Future retirees and beneficiaries are valued with a 2-year age setback.

Table 7 Termination from disability due to death

MALE	1994 GAM-M (Min. 2.5% with select rates in first 3 years)
FEMALE	1994 GAM-F (Min. 2.2% with select rates in first 3 years)

Table 8 Service Retirement (sample ages)

	Age	Past	Revised	
			Under 30 years	30 or More Years
MALE	55	5.0%	3.0%	6.0%
	60	20.0	7.0	25.0
	65	20.0	14.0	27.0
	70	100.0	100.0	100.0
FEMALE	55	6.0%	5.0%	8.0%
	60	12.0	10.0	30.0
	65	19.0	16.0	27.0
	70	100.0	100.0	100.0

Defined Benefit Supplement Program

Table 9 Disability rates (sample ages)

	<i>Past</i>			<i>Revised</i>		
	Age	Entry Age Under 40	Entry Age 40 and Up	Age	Entry Age Under 40	Entry Age 40 and Up
MALE	25	0.021%		25	0.021%	
	30	0.030		30	0.030	
	35	0.051		35	0.051	
	40	0.120		40	0.120	
	45	0.150	0.196%	45	0.150	0.118%
	50	0.195	0.288	50	0.195	0.202
	55	0.270	0.390	55	0.270	0.312
				60	0.329	0.477
				65	0.370	0.853
FEMALE	25	0.030%		25	0.030%	
	30	0.030		30	0.030	
	35	0.051		35	0.051	
	40	0.090		40	0.090	
	45	0.141	0.231%	45	0.141	0.139%
	50	0.231	0.360	50	0.231	0.252
	55	0.318	0.459	55	0.318	0.367
				60	0.390	0.530
				65	0.458	0.916

Table 10 Withdrawal rates (rates of termination by sample duration of membership and sample entry ages)

Duration	<i>Past</i>					<i>Revised</i>					
	Sample Entry Ages					Sample Entry Ages					
	Under 25	25-29	30-34	35-39	40+	Under 25	25-29	30-34	35-39	40-44	45+
MALE											
1	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
2	9.5	9.5	9.2	9.2	9.5	7.7	7.7	7.7	7.7	7.7	8.6
3	7.7	6.8	6.8	6.8	7.2	6.3	5.4	5.4	5.4	5.4	6.3
4	5.8	5.8	5.8	5.8	6.2	4.4	4.4	4.4	4.4	4.4	4.4
5	5.0	4.2	4.2	4.2	4.2	3.9	3.0	3.0	3.0	3.0	3.6
10	2.0	2.0	2.0	2.0	2.4	2.0	2.0	2.0	2.0	2.4	
15	1.1	1.1	1.1	1.2		1.1	1.1	1.1	1.2		
20	0.6	0.6	0.6			0.6	0.6	0.6			
25	0.5	0.5				0.5	0.5				
FEMALE											
1	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2	8.3	8.3	8.3	7.5	6.8	8.3	7.2	7.2	7.2	7.2	7.2
3	7.7	7.3	6.5	5.5	5.3	7.7	6.3	5.8	5.3	4.9	4.9
4	7.1	7.1	5.6	4.5	4.0	7.1	5.8	5.4	4.9	3.9	3.9
5	5.5	5.8	4.2	3.5	3.0	5.5	5.8	4.2	2.9	2.5	2.5
10	2.3	2.0	1.7	1.4	1.6	2.3	2.0	1.7	1.4	1.6	
15	1.1	0.9	1.0	0.9		1.1	0.9	1.0	0.9		
20	0.6	0.7	0.9			0.6	0.7	0.9			
25	0.6	0.6				0.6	0.6				

Table 11 Promotional salary increases (assumption for salaries due to promotions and longevity, exclusive of the assumed general wage increase)

Duration	Sample Entry Ages (Unisex)					
	Under 25	25-29	30-34	35-39	40-44	45+
1	5.7%	5.3%	5.1%	4.9%	4.9%	3.5%
10	3.2	3.0	2.7	2.3	2.2	1.6
20	1.3	1.2	1.1	0.8	0.8	0.6
30	0.9	0.7	0.6	0.5		

Defined Benefit Supplement Program

Table 12 Schedule of active member valuation data

Date (as of June 30)	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
2001	428,741*	\$20,494,152,000	\$47,801	na
2002	442,208	21,731,775,000	49,144	2.810%
2003	447,620	23,867,428,000	53,316	8.489

* The Defined Benefit Supplement Program was established January 1, 2001. The first actuarial valuation was conducted for the program as of June 30, 2002; however, an actuarial study was performed as of June 30, 2001.

Table 13 Schedule of retired members and beneficiaries added to and removed from rolls

Date (as of June 30)	Added to Rolls*		Removed from Rolls		Rolls--End of Year			
	Number	Annual Allowance	Number	Annual Allowance	Number	Annual Allowance	% Increase in Annual Allowances	Average Annual Allowances
2001	0	\$0	0	\$0	0	\$0	0%	\$0
2002	0	0	0	0	0	0	0	0
2003	0	0	0	0	0	0	0	0
2004	1,929	2,143,745	2	3,450	1,927	2,140,295	100	1,110

* The Defined Benefit Supplement Program was established January 1, 2001. As of June 30, 2003 all members who had retired or become disabled had elected a lump-sum distribution. No annuities had been paid.

Table 14 Solvency Test

Valuation Date (as of June 30)	Aggregate Accrued Liabilities for			Actuarial Value of Assets	Funding of Liabilities		
	(1) Active Member Contributions on Deposit	(2) Future Benefits to Benefit Recipients	(3) Service Already Rendered by Active Members		(1)	(2)	(3)
	2001*	\$213,169,000	\$0		\$0	\$206,916,000	97.0%
2002	711,440,000	0	0	660,148,000	93.0	na	na
2003	1,358,635,000	0	0	1,311,269,000	97.0	na	na

* The Defined Benefit Supplement Program was established January 1, 2001. The first actuarial valuation was conducted for the program as of June 30, 2002; however an actuarial study was performed as of June 30, 2001.

Table 15 Analysis of financial experience

	Actuarial Valuation as of June 30	
	2003	2002
Actuarial Accrued Liability	\$1,358,635,000	\$711,440,000
Actuarial Value of Assets	1,311,269,000	660,148,000
Unfunded Actuarial Accrued Liability (UAAL)	47,366,000	51,292,000
Funded Ratio	97%	93%

Cash Balance Benefit Program

Actuary's Certification Letter



Milliman

Consultants and Actuaries

111 SW Fifth Avenue, Suite 3700
Portland, OR 97204-3690
Tel +1 503 227.0634
Fax +1 503 227.7956
www.milliman.com

November 18, 2004

Teachers' Retirement Board
California State Teachers' Retirement System

Re: Valuation of the Cash Balance Benefit Program

Dear Members of the Board:

We have performed an actuarial valuation of the Cash Balance Benefit Program of the California State Teachers' Retirement System as of June 30, 2003. Our findings indicate the projected income stream from contributions will be sufficient to pay the Normal Costs. However, the CBB Program had an Unfunded Actuarial Obligation of \$3,874,000 as of June 30, 2003, which will be amortized in the future by earnings in excess of the Minimum Interest Rate or supplemental employer contributions.

Actuarial valuations are performed as of June 30 of each year.

In preparing the 2003 valuation, we relied upon the financial information and membership data furnished by the System. Although we did not audit this data, we compared the data for this and the prior valuation and tested for reasonableness. Based on these tests, we believe the data to be sufficiently accurate for the purposes of our calculations. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

Milliman did not prepare Schedules I and II, nor the summary of actuarial methods and assumptions in Schedule II of the Financial Section, nor the information included in this Actuarial Section of the 2004 Comprehensive Annual Financial Report. However, the actuarial information contained in Schedule I of the Financial Section and in this Actuarial Section was derived from our June 30, 2003 actuarial valuation report.

The Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the CBB Program. The Board adopted all of the actuarial methods and assumptions used in the 2003 valuation.

The findings have been determined according to actuarial assumptions and methods that were chosen on the basis of recent experience of the CBB Program and of current expectations concerning future economic conditions. In our opinion, the assumptions used in the actuarial valuation are appropriate for purposes of the valuation, are internally consistent, and reflect reasonable expectations. The assumptions represent our best estimate of future conditions affecting the CBB Program. Nevertheless, the emerging costs of the CBB Program will vary from those presented in this report to the extent that actual experience differs from that projected by the assumptions.



Teachers' Retirement Board
November 18, 2004
Page 2

I certify that the information included in this report is complete and accurate to the best of my knowledge and belief. The actuarial valuation was prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries. In addition, the assumptions and methods used meet the parameters set for disclosures by Statement No. 25 of the Governmental Accounting Standards Board.

Milliman has been engaged by CalSTRS as an independent actuary. The undersigned is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, an Enrolled Actuary, and experienced in performing valuations for large public employee retirement systems.

In conclusion, based on the current actuarial assumptions, the CBB Program of the California State Teachers' Retirement System is an actuarially sound program.

Respectfully submitted,

Mark C. Johnson, F.S.A., M.A.A.A., E.A.
Principal and Consulting Actuary

Cash Balance Benefit Program

Summary of Actuarial Assumptions and Methods

CalSTRS, through its consulting actuary, will perform an experience study at least every four years to determine appropriate demographic and economic assumptions. These assumptions are then applied every year when the consulting actuary performs an actuarial valuation to monitor the funding status of the Cash Balance Benefit Program. The most recent actuarial valuation was completed as of June 30, 2003, and adopted by the Teachers' Retirement Board June 3, 2004. The following summary and tables were prepared by CalSTRS staff. All information is considered in the June 30, 2003, actuarial valuation.

The Cash Balance Benefit Program was established July 1, 1996. The most recent experience study of the program was completed June 30, 2003. The experience study was adopted by the Teachers' Retirement Board on March 4, 2004, and used to complete the latest actuarial valuation. All of the assumptions used in the actuarial valuation were adopted by the Teachers' Retirement Board when the experience study was adopted on March 4, 2004. Where an assumption was revised with this experience study, the assumption used with the past actuarial valuation is also displayed in the tables. Following are the assumptions adopted by the Teachers' Retirement Board for this program.

- Investment return rate is 8.00 percent.
- Method used to value plan assets for actuarial valuation purposes: Fair market value.
- Assumption for general wage increase is 4.25 percent, of which 3.25 percent is due to inflation and 1.00 percent is due to expected gains in productivity.
- The actuarial cost method used by the program is the traditional unit credit cost method.
- The Cash Balance Benefit Program does not provide cost-of-living adjustments for benefit recipients.

Discussion of recent changes in:

The nature of the program—The Cash Balance Benefit Program is a relatively new program, established July 1, 1996. All provisions of the program were considered when completing the most recent actuarial valuation.

Actuarial assumptions—The following assumptions were used to complete the valuation for this program.

Neither the economic nor the demographic assumptions for the actuarial valuation as of June 30, 2003, affected the unfunded actuarial obligation. Those assumptions for this program will have minimal impact under the traditional unit credit cost method or only have significance when participants elect to annuitize the account balance.

Under the program, a participant must have at least \$3,500 in his or her account to elect to annuitize the account balance.

Actuarial Methods

Actuarial Cost Method	Traditional Unit Credit
Asset Valuation Method	Fair Market Value

The actuarial methods used for the program's actuarial valuation as of June 30, 2003, result in an unfunded actuarial obligation of \$3,874,000.

CalSTRS contracts for many actuarial services. The current contractor, Milliman, has been CalSTRS' actuary since January 15, 2000.

There are no other specific assumptions that have a material impact on valuation results for this program.

Independent Actuarial Review

Actuarial services for the California State Teachers' Retirement System are provided under contract by a qualified independent actuarial firm, with additional review provided by the staff actuary.

The work performed for CalSTRS by the independent actuarial firm may be reviewed by the Bureau of State Audits at the discretion of the Teachers' Retirement Board. Also, through the competitive bid process, the work of a prior actuary will be verified in a subsequent actuarial valuation performed by a new contract actuary. Should the same actuarial firm continue for a period of 10 years, provision is made for an independent review of that firm's work through an actuarial audit completed by another firm. These audit services are acquired using the competitive bid process.

The current actuarial consultant was retained on January 15, 2000, as a result of the competitive bid process.

Summary of Cash Balance Benefit Program Provisions

(The following tables and summary were prepared by CalSTRS staff. All information is considered in the June 30, 2003, actuarial valuation.)

Membership

Eligibility Requirement

Membership if employed at less than 50 percent of a full-time position for a California school district, community college district or county office of education that has elected to offer the Cash Balance Benefit Program.

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.

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 additional earnings credits.

Contributions

Generally, participant contributions are 4 percent of salary and employer contributions are 4 percent 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 percent of salary, and in no event can the employer contribution rate be less than 4 percent of salary.

The Teachers' Retirement Board may adjust employer contributions for a fixed number of years, but the adjustment shall not exceed 0.25 percent of salaries in any plan year.

Minimum Interest Rate

Annual rate determined for the plan year by the Teachers' Retirement 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 twelve months ending in February preceding the beginning of the plan year, rounded to the next highest 0.25 percent.

Additional Earnings Credit

Annual rate determined for the plan year by the Teachers' Retirement 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.

Additional Annuity Credit

Annual rate determined for the plan year by the Teachers' Retirement 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.

Normal Retirement

Eligibility Requirement

Age 60.

Benefit

The account balance at the retirement date subject to limits imposed under Internal Revenue Code Section 415.

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 equal or exceed \$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 Teachers' Retirement 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 before age 60 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 either a single life annuity without a cash refund feature or a period-certain annuity if the sum of the balance of credits to the participant's employee and employer accounts equals or exceeds \$3,500.

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 has 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. The benefit is payable one year from the termination of creditable service.

Changes in Cash Balance Benefit Program Provisions

There have been no program amendments that would affect an actuarial valuation of the Cash Balance Benefit Program since the last CalSTRS annual financial report was issued. All program provisions were considered in the completion of the June 30, 2003, actuarial valuation.

your voice;

“Every time anyone talks about retirement, it goes in one ear and out the other. It’s so complicated. So it’s easier for me to just get in the car and go to work, because I like what I do.”

our commitment

CalSTRS continues to develop better financial education tools to explain complex information. We have rewritten a guide for new members and the retirement application package using more color and simpler language. We offer two workshops geared to early and mid-career educators that include the basics of financial planning. Our online calculators help with mathematical computations and we are developing a CD to explain retirement benefits.



It's so complicated

Cash Balance Benefit Program

All of the assumptions used in the actuarial valuation were adopted by the Teachers' Retirement Board when the experience study was adopted on March 4, 2004. Where an assumption was revised with this experience study, the assumption used with the past actuarial valuation is also displayed in the tables. Following are the assumptions adopted by the Teachers' Retirement Board for this program.

Table 1 Post-retirement mortality table for sample ages

Age	Male	Female
	1999 CalSTRS Retired-M	1999 CalSTRS Retired-F
50	0.19%	0.12%
55	0.32	0.19
60	0.56	0.34
65	1.02	0.67
70	1.80	1.18
75	2.85	1.83
80	5.02	3.78
85	9.42	6.50
90	14.75	11.63
95	23.36	18.62

Table 2 Probabilities of retirement for sample ages

Age	Past		Revised			
	Male	Female	Under 30 Years		30 or more Years	
			Male	Female	Male	Female
55	5.0%	6.0%	3.0%	5.0%	6.0%	8.0%
60	20.0	12.0	7.0	10.0	25.0	30.0
65	20.0	19.0	14.0	16.0	27.0	27.0
70	100.0	100.0	100.0	100.0	100.0	100.0

Table 3 Probabilities of withdrawal from active service before age and service retirement for sample ages

Duration	Past					Revised					
	Entry Ages					Entry Ages					
	Under 25	25-29	30-34	35-39	40+	Under 25	25-29	30-34	35-39	40-44	45+
MALE											
1	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
2	9.5	9.5	9.2	9.2	9.5	7.7	7.7	7.7	7.7	7.7	8.6
3	7.7	6.8	6.8	6.8	7.2	6.3	5.4	5.4	5.4	5.4	6.3
4	5.8	5.8	5.8	5.8	6.2	4.4	4.4	4.4	4.4	4.4	4.4
5	5.0	4.2	4.2	4.2	4.2	3.9	3.0	3.0	3.0	3.0	3.6
10	2.0	2.0	2.0	2.0	2.4	2.0	2.0	2.0	2.0	2.4	
15	1.1	1.1	1.1	1.2		1.1	1.1	1.1	1.2		
20	0.6	0.6	0.6			0.6	0.6	0.6			
25	0.5	0.5				0.5	0.5				
30	0.3					0.0					
35	0.3										
40	0.3										
FEMALE											
1	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2	8.3	8.3	8.3	7.5	6.8	8.3	7.2	7.2	7.2	7.2	7.2
3	7.7	7.3	6.5	5.5	5.3	7.7	6.3	5.8	5.3	4.9	4.9
4	7.1	7.1	5.6	4.5	4.0	7.1	5.8	5.4	4.9	3.9	3.9
5	5.5	5.8	4.2	3.5	3.0	5.5	5.8	4.2	2.9	2.5	2.5
10	2.3	2.0	1.7	1.4	1.6	2.3	2.0	1.7	1.4	1.6	
15	1.1	0.9	1.0	0.9		1.1	0.9	1.0	0.9		
20	0.6	0.7	0.9			0.6	0.7	0.9			
25	0.6	0.6				0.6	0.6				
30	0.3					0.0					
35	0.3										
40	0.3										

Table 4 Assumption for pay increases due to promotions and longevity for sample ages (exclusive of the assumed general wage increase, which includes inflation)

Duration	Entry Ages					
	Under 25	25-29	30-34	35-39	40-44	45 +
1	5.7%	5.3%	5.1%	4.9%	4.9%	3.5%
2	5.6	5.2	4.9	4.7	4.7	3.3
3	5.6	5.0	4.8	4.6	4.6	3.0
4	5.5	4.9	4.6	4.4	4.4	2.9
5	5.5	4.8	4.5	3.8	3.8	2.6
10	3.2	3.0	2.7	2.3	2.2	1.6
15	1.5	1.5	1.4	1.1	1.1	0.8
20	1.3	1.2	1.1	0.8	0.8	0.6
25	1.1	1.0	0.9	0.6	0.6	
30	0.9	0.7	0.6	0.5		
35	0.8	0.7	0.6			
40	0.8	0.7				
45	0.8					

Table 5 Economic assumptions

	Past	Revised
Consumer Price Inflation	3.50%	3.25%
Investment Yield	8.00	8.00
Wage Inflation	4.25	4.25
Interest on Member Accounts	8.00	8.00

Table 6 Mortality assumptions

Retired Members	
MALE	1999 CalSTRS Retired-M
FEMALE	1999 CalSTRS Retired-F
Active Members	
MALE	1999 CalSTRS Retired-M (-2)
FEMALE	1999 CalSTRS Retired-F (-2)
Beneficiaries	
MALE	1999 CalSTRS Beneficiary-M
FEMALE	1999 CalSTRS Beneficiary-F

Table 7 Termination from disability due to death

MALE	1994 GAM-M (Min. 2.5% with select rates in first 3 years)
FEMALE	1994 GAM-F (Min. 2.2% with select rates in first 3 years)

Table 8 Service Retirement (sample ages)

	Age	Past	Revised	
			Under 30 years	30 or More Years
MALE	55	5.0%	3.0%	6.0%
	60	20.0	7.0	25.0
	65	20.0	14.0	27.0
	70	100.0	100.0	100.0
FEMALE	55	6.0%	5.0%	8.0%
	60	12.0	10.0	30.0
	65	19.0	16.0	27.0
	70	100.0	100.0	100.0

Cash Balance Benefit Program

Table 9 Disability rates (sample ages)

	Age	<i>Past</i>		<i>Revised</i>	
		Entry Age Under 40	Entry Age 40 and Up	Entry Age Under 40	Entry Age 40 and Up
MALE	25	0.021%		0.021%	
	30	0.030		0.030	
	35	0.051		0.051	
	40	0.120		0.120	
	45	0.150	0.196%	0.150	0.118%
	50	0.195	0.288	0.195	0.202
	55	0.270	0.390	0.270	0.312
FEMALE	25	0.030%		0.030%	
	30	0.030		0.030	
	35	0.051		0.051	
	40	0.090		0.090	
	45	0.141	0.231%	0.141	0.139%
	50	0.231	0.360	0.231	0.252
	55	0.318	0.459	0.318	0.367

Table 10 Withdrawal rates (rates of termination by sample durations of membership and sample entry ages)

Duration	<i>Past</i>					<i>Revised</i>					
	Sample Entry Ages					Sample Entry Ages					
	Under 25	25-29	30-34	35-39	40+	Under 25	25-29	30-34	35-39	40-44	45 & Up
MALE											
1	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
2	9.5	9.5	9.2	9.2	9.5	7.7	7.7	7.7	7.7	7.7	8.6
3	7.7	6.8	6.8	6.8	7.2	6.3	5.4	5.4	5.4	5.4	6.3
4	5.8	5.8	5.8	5.8	6.2	4.4	4.4	4.4	4.4	4.4	4.4
5	5.0	4.2	4.2	4.2	4.2	3.9	3.0	3.0	3.0	3.0	3.6
10	2.0	2.0	2.0	2.0	2.4	2.0	2.0	2.0	2.0	2.4	
15	1.1	1.1	1.1	1.2		1.1	1.1	1.1	1.2		
20	0.6	0.6	0.6			0.6	0.6	0.6			
25	0.5	0.5				0.5	0.5				
FEMALE											
1	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2	8.3	8.3	8.3	7.5	6.8	8.3	7.2	7.2	7.2	7.2	7.2
3	7.7	7.3	6.5	5.5	5.3	7.7	6.3	5.8	5.3	4.9	4.9
4	7.1	7.1	5.6	4.5	4.0	7.1	5.8	5.4	4.9	3.9	3.9
5	5.5	5.8	4.2	3.5	3.0	5.5	5.8	4.2	2.9	2.5	2.5
10	2.3	2.0	1.7	1.4	1.6	2.3	2.0	1.7	1.4	1.6	
15	1.1	0.9	1.0	0.9		1.1	0.9	1.0	0.9		
20	0.6	0.7	0.9			0.6	0.7	0.9			
25	0.6	0.6				0.6	0.6				

Table 11 Promotional salary increases (assumption for salaries due to promotions and longevity, exclusive of the assumed general wage increase)

Duration	Sample Entry Ages (Unisex)					
	Under 25	25-29	30-34	35-39	40-44	45+
1	5.7%	5.3%	5.1%	4.9%	4.9%	3.5%
10	3.2	3.0	2.7	2.3	2.2	1.6
20	1.3	1.2	1.1	0.8	0.8	0.6
30	0.9	0.7	0.6	0.5		

Table 12 Schedule of active participant valuation data

Date (as of June 30)	Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
1998	3,505*	\$18,832,000	\$5,375	26.1%
1999	6,412*	50,426,000	7,864	46.3
2000	7,966	70,605,000	8,863	12.7
2001	11,274	97,921,000	8,686	(2.0)
2002	9,261	89,871,000	9,704	11.7
2003	8,980	81,080,000	9,029	(7.0)

* Active participants with account balances.

Table 13 Schedule of retired participants and beneficiaries added to and removed from rolls

Date (as of June 30)	Added to Rolls*		Removed from Rolls		Rolls-End of Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
1999	0	0	0	0	0	0	na	na
2000	0	0	0	0	0	0	na	na
2001	0	0	0	0	0	0	na	na
2002	0	0	0	0	0	0	na	na
2003	0	0	0	0	0	0	na	na
2004	3	\$4,819	0	0	3	\$4,819	100%	\$1,606

*The Cash Balance Benefit Program was established July 1, 1996. As of June 30, 2003, all participants who had retired or become disabled had elected a lump-sum distribution. No annuities had been paid.

Table 14 Solvency test

Valuation Date (as of June 30)	Aggregate Accrued Liabilities for			Actuarial Value of Assets	Funding of Liabilities		
	(1) Active Member Contributions on Deposit	(2) Future Benefits to Benefit Recipients	(3) Service Already Rendered by Active Members		(1)	(2)	(3)
	1998	\$1,727,705	\$0		\$0	\$2,083,000	120.6%
1999	5,000,613	0	0	5,224,000	104.4	na	na
2000	10,350,720	0	0	10,868,000	104.9	na	na
2001	16,938,474	0	0	15,768,000	93.0	na	na
2002	25,080,056	0	0	21,748,000	87.0	na	na
2003	33,836,853	0	0	29,963,000	89.0	na	na

Cash Balance Benefit Program

Table 15 Analysis of financial experience

	Actuarial Valuation as of June 30	
	2003	2002
Actuarial Accrued Liability	\$33,837,000	\$25,080,000
Actuarial Value of Assets	29,963,000	21,748,000
Unfunded Actuarial Accrued Liability (UAAL)	3,874,000	3,332,000
Funded Ratio	89%	87%

your voice;

“I would like to find easier access to [home] loan information and personal account information.”

our commitment

CalSTRS Web site, www.calstrs.com, provides much information including details on our Home Loan Program. Members can also use our online calculators, register for workshops and view or print publications. CalSTRS offers *myCalSTRS*, a secure, online access to select personal account information where members can also submit a change of address, get a copy of their annual statement or Form 1099-R, as well as securely send and receive questions and answers.



I would like...

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your voice;

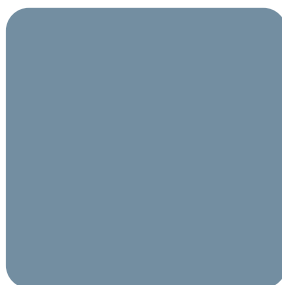
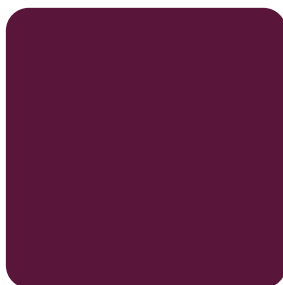
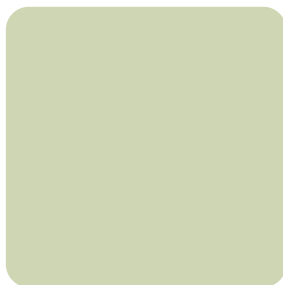
“I’d like to see more warm greetings and comfortable language.”

our commitment

CalSTRS reviewed computer-generated letters, revising tone, organization and clarity. Focus groups offered additional suggestions. An annual review of computer-generated letters will keep us focused on members’ needs and feelings.



Statistical



Defined Benefit Program

Note: Supplemental statistical tables are available upon request to CalSTRS Customer Service at 1-800-228-5453.

Table 1 Schedule of revenues by source (dollars in millions)

Fiscal Year Ending June 30	Member Contributions	Employer Contributions	Percentage of Annual Covered Payroll	Investment Income	State of California ⁽¹⁾	Other Income	Total
2004	\$1,640.7	\$1,918.3	8.25%	\$16,354.3	\$548.7	(\$2.0)	\$20,460.0
2003	1,557.9	1,892.1	8.25	3,622.9	1,015.0	(0.1)	8,087.8
2002	1,381.9	1,721.4	8.25	(6,268.5)	915.8	(1.5)	(2,250.9)
2001	1,630.4	1,880.9	8.25	(10,230.9)	946.2	0.40	(5,773.0)
2000	1,529.8	1,587.7	8.25	12,689.8	939.2	0.20	16,746.7
1999	1,423.1	1,474.6	8.25	11,796.0	350.1	0.12	15,043.9
1998	1,302.8	1,371.4	8.25	12,949.5	1,004.6	0.70	16,629.0
1997	1,195.8	1,250.0	8.25	11,018.8	872.4	0.70	14,337.7
1996	1,089.0	1,140.8	8.25	7,463.7	754.8	0.10	10,448.4
1995	1,027.4	1,070.1	8.25	8,066.9	733.1	1.80	10,899.3

⁽¹⁾ Includes Elder Full Funding, SBMA contributions and school lands revenue.

Table 2 Expenses by type (dollars in millions)

Fiscal Year Ending June 30	Benefit Payments	Administrative Expenses	Refunds	Misc	Total
2004	\$5,503.0	\$93.5	\$79.2	\$0.0	\$5,675.7
2003	4,933.5	72.1	78.7	0.1	5,084.3
2002	4,496.0	63.5	73.9	0.2	4,633.6
2001	3,954.0	54.5	77.5	0.0	4,086.0
2000	3,625.7	50.5	80.0	0.0	3,756.2
1999	3,343.1	44.7	74.6	(1.3) ⁽¹⁾	3,461.1
1998	3,103.2	36.3	69.0	0.0	3,208.5
1997	2,912.3	37.1	65.9	0.0	3,015.3
1996	2,749.7	36.2	69.2	0.0	2,855.1
1995	2,567.7	34.0	66.8	0.0	2,668.5

⁽¹⁾ Interfund interest expense on loan payable to Teachers' Retirement Fund at December 31, 1998, \$41,648. Equity transfer to Teachers' Retirement Fund recorded at fund closure \$1,285,093.

Table 3 Schedule of benefit expenses by type (dollars in millions)

Fiscal Year Ending June 30	Age & Service Benefits			Disability Benefits		Refunds		
	Retired Members	Survivors	Death in Service Benefits	Retired Members	Survivors	Death	Separation	Total
2004	\$5,080.3	\$233.8	\$74.0	\$115.0	\$0.0	\$0.0	\$79.2	\$5,582.2
2003	4,518.5	247.6	78.1	105.4	0.0	0.0	62.5	5,012.1
2002	4,103.2	233.5	69.6	94.7	0.0	0.0	68.9	4,569.9
2001	3,785.8	36.7	21.0	88.4	1.0	21.6	77.0	4,031.5
2000	3,458.7	33.7	26.8	79.0	1.1	26.4	80.0	3,705.7
1999	3,180.5	31.8	32.8	73.2	1.2	23.6	74.6	3,417.7
1998	2,953.7	30.3	29.6	66.5	1.0	22.1	69.0	3,172.2
1997	2,769.7	28.9	32.2	59.4	0.8	21.3	65.9	2,978.2
1996	2,616.4	26.2	31.4	53.0	0.6	22.1	69.2	2,818.9
1995	2,449.6	24.2	27.1	45.9	0.5	20.5	66.7	2,634.5

Table 4 Members retired for service during fiscal year 2003–2004 classified by unmodified benefit ⁽¹⁾

Monthly Unmodified Benefit ⁽²⁾	Count	Average Age at Retirement	Average Service Credit	Average Final Compensation	Average Benefit Payable
Less than \$500	604	61.4	6.511	\$3,001	\$321
500 - 1000	808	61.1	10.508	3,980	719
1000 - 1500	749	59.9	14.989	4,734	1,203
1500 - 2000	795	60.7	18.074	5,162	1,673
2000 - 2500	870	61.2	20.946	5,520	2,151
2500 - 3000	775	61.5	23.884	5,694	2,614
3000 - 3500	831	60.7	26.980	5,897	3,110
3500 - 4000	850	60.3	29.789	5,972	3,561
4000 - 4500	1,042	60.3	31.814	6,088	4,059
4500 - 5000	1,105	60.9	33.313	6,168	4,502
5000 - 6000	2,067	61.7	35.242	6,439	5,144
6000 & Greater	1,805	62.7	37.654	7,824	6,650
Totals	12,301	61.2 ⁽³⁾	27.093 ⁽³⁾	\$5,891 ⁽³⁾	\$3,606 ⁽³⁾

⁽¹⁾ Does not include formerly disabled members

⁽²⁾ As of the June 30, 2004 population report the longevity bonus is included in the unmodified allowance

⁽³⁾ Overall averages

Defined Benefit Program

Table 5 Members retired for service during fiscal year 2003–2004 ⁽¹⁾ classified by age and joint and survivor annuity option elected ⁽²⁾

Age	Total	Unmodified	Options						
			2	3	4	5	6	7	8
Under 55	43	25	4	0	0	0	7	6	1
55	257	143	18	5	0	1	59	30	1
56	784	406	50	18	4	5	179	122	0
57	784	353	58	21	5	1	176	166	4
58	910	400	66	21	6	6	208	198	5
59	969	461	64	26	2	2	212	192	10
60	1,257	578	81	30	7	4	291	254	12
61	1,534	709	98	31	7	6	376	297	10
62	1,696	785	130	34	13	4	393	325	12
63	1,024	486	75	29	5	3	220	194	12
64	755	379	57	9	4	4	175	118	9
65	580	302	34	20	4	2	106	104	8
66	444	245	33	8	3	3	71	76	5
67	297	163	25	5	5	2	49	45	3
68	196	116	5	5	1	1	31	34	3
69	187	109	14	6	1	0	29	25	3
70	145	89	10	6	0	0	19	18	3
71	125	83	8	2	1	0	12	12	7
72	87	54	10	0	1	3	12	6	1
73	65	38	2	4	0	1	11	8	1
74	40	22	6	2	0	0	4	6	0
75	35	25	2	1	0	0	3	3	1
Over 75	87	58	6	4	0	1	9	3	6
Age Unknown	0	0	0	0	0	0	0	0	0
Total	12,301	6,029	856	287	69	49	2,652	2,242	117

⁽¹⁾ Does not include formerly disabled members

⁽²⁾ See Plan Summary for description of Joint and Survivor Options

Table 6 Characteristics of members going on disability

Fiscal Year Ending June 30	Count	Average Disability Allowance Payable	Average Service Credit	Average Final Compensation	Average Age at Disability
1995	469	\$1,851	15.914	\$3,656	51.3
1996	496	1,859	15.952	3,641	51.9
1997	464	1,923	15.660	3,883	52.0
1998	451	1,989	14.446	3,906	52.3
1999	414	2,114	15.630	4,027	52.2
2000	454	2,124	15.224	4,190	52.6
2001	486	2,270	15.802	4,476	53.9
2002	554	2,272	14.840	4,580	53.6
2003	614	2,385	14.894	4,849	53.0
2004	580	2,409	14.453	4,899	53.3

Table 7 Number of benefit recipients by type of benefit

Fiscal Year Ending June 30	Service Retirement	Disability Benefits	Benefits for Survivors	Total Benefit Recipients
1995	130,576	5,331	10,898	146,805
1996	133,764	5,540	11,501	150,805
1997	135,809	5,676	12,154	153,639
1998	139,193	5,758	12,796	157,747
1999	142,309	5,822	13,326	161,457
2000	145,415	5,885	13,982	165,282
2001	149,727	6,477	14,768	170,972
2002	154,884	6,723	15,465	177,072 ⁽¹⁾
2003	159,172	6,949	15,747	181,868
2004	169,022	7,311	16,912	193,245

⁽¹⁾ Disability and survivor counts revised in 2003

Defined Benefit Program

Table 8 Members retired for service characteristics by year of retirement (Does not include formerly disabled members)

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Unmodified Benefit	Average Final Compensation	Age At Retirement
7/1/1994 thru 6/30/1995	7,140	26.5	\$1,984	\$4,030	61.1
7/1/1995 thru 6/30/1996	6,985	26.6	\$2,171	\$4,110	61.3
7/1/1996 thru 6/30/1997	6,011	26.6	\$2,210	\$4,206	60.9
7/1/1997 thru 6/30/1998	7,332	26.8	\$2,310	\$4,345	60.8
7/1/1998 thru 6/30/1999	7,248	27.2	\$2,706	\$4,541	61.2
7/1/1999 thru 6/30/2000					
0 - 5	92	2.2	\$ 279	—	—
5 - 10	519	7.6	504	—	—
10 - 15	658	12.5	994	—	—
15 - 20	694	17.6	1,512	—	—
20 - 25	900	22.5	2,099	—	—
25 - 30	960	27.4	2,733	—	—
30 - 35	1,968	32.5	3,487	—	—
35 - 40	1,382	37.1	4,495	—	—
40 & over	383	42.3	5,532	—	—
Total	7,556	26.8	\$2,872	\$4,688	61.3
7/1/2000 thru 6/30/2001 ⁽¹⁾					
0 - 5	86	2.3	\$ 226	—	—
5 - 10	505	7.3	513	—	—
10 - 15	661	12.6	1,067	—	—
15 - 20	707	17.4	1,594	—	—
20 - 25	821	22.4	2,165	—	—
25 - 30	988	27.3	3,076	—	—
30 - 35	2,446	32.6	4,138	—	—
35 - 40	2,041	37.2	5,267	—	—
40 & over	446	42.1	6,417	—	—
Total	8,701	28.1	\$3,524	\$5,312	61.2
7/1/2001 thru 6/30/2002 ⁽¹⁾					
0 - 5	86	2.4	\$ 228	—	—
5 - 10	499	7.3	512	—	—
10 - 15	679	12.6	1,093	—	—
15 - 20	860	17.4	1,714	—	—
20 - 25	886	22.3	2,387	—	—
25 - 30	1,081	27.1	3,288	—	—
30 - 35	2,912	32.7	4,536	—	—
35 - 40	2,277	37.2	5,738	—	—
40 & over	482	42.1	6,907	—	—
Total	9,762	28.3	\$3,869	\$5,686	61.1

⁽¹⁾ The average unmodified benefit for this fiscal year includes the longevity bonus

Table 8 continued Members retired for service characteristics by year of retirement (Does not include formerly disabled members)

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Unmodified Benefit	Average Final Compensation	Age At Retirement
7/1/2002 thru 6/30/2003 ⁽¹⁾					
0 - 5	103	2.4	\$ 206	—	—
5 - 10	674	7.2	525	—	—
10 - 15	749	12.6	1,149	—	—
15 - 20	1,074	17.5	1,821	—	—
20 - 25	1,063	22.6	2,494	—	—
25 - 30	1,212	27.1	3,372	—	—
30 - 35	3,384	32.7	4,640	—	—
35 - 40	2,444	37.2	5,855	—	—
40 & over	486	42.3	7,114	—	—
Total	11,189	27.9	\$3,879	\$5,807	61.2
7/1/2003 thru 6/30/2004 ⁽¹⁾					
0 - 5	116	2.4	\$ 242	—	—
5 - 10	883	7.2	559	—	—
10 - 15	944	12.6	1,178	—	—
15 - 20	1,277	17.6	1,864	—	—
20 - 25	1,200	22.5	2,614	—	—
25 - 30	1,393	27.1	3,416	—	—
30 - 35	3,495	32.6	4,761	—	—
35 - 40	2,477	37.2	5,919	—	—
40 & over	516	42.1	7,255	—	—
Total	12,301	27.1	\$3,817	\$5,891	61.2

⁽¹⁾ The average unmodified benefit for this fiscal year includes the longevity bonus

Defined Benefit Supplement Program

Table 1 Schedule of revenues by source (dollars in millions)

Fiscal Year Ending June 30	Member Contributions	Employer Contributions	Investment Income	State of California	Other Income	Total
2004	\$565.8	\$125.3	\$247.6	\$0.0	\$0.0	\$938.7
2003	532.6	72.2	63.9	0.0	0.0	668.7
2002	487.2	0.0	(27.7)	0.0	(3.9)	455.6
2001	210.2	0.0	(0.2)	0.0	0.0	210.0

Table 2 Expenses by type (dollars in millions)

Fiscal Year Ending June 30	Benefit Payments	Administrative Expenses	Refunds	Misc	Total
2004	\$42.0	\$1.2	\$3.1	\$0.0	\$46.3
2003	16.4	0.6	0.7	0.0	17.7
2002	5.0	0.3	0.0	0.0	5.3
2001	0.0	0.1	0.0	0.0	0.1

Table 3 Schedule of benefit expenses by type (dollars in millions)

Fiscal Year Ending June 30	Age & Service Benefits			Disability Benefits		Refunds		
	Retired Members	Survivors	Death in Service Benefits	Retired Members	Survivors	Death	Separation	Total
2004	\$39.0	\$0.2	\$0.0	\$1.6	\$0.0	\$1.1	\$3.1	\$45.0
2003	15.8	0.0	0.0	0.5	0.0	0.1	0.7	17.1
2002	4.9	0.0	0.0	0.0	0.0	0.1	0.0	5.0
2001	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Defined Benefit and Defined Benefit Supplement Programs

Participating Employers

Alameda County

K-12
County Superintendent
Alameda City Unified
Albany Unified
Berkeley Unified
Castro Valley Unified
Dublin Unified
Emery Unified
Fremont Unified
Hayward Unified
Livermore Valley Joint Unified
Mountain House Elementary
New Haven Unified
Newark Unified
Oakland Unified
Piedmont City Unified
Pleasanton Unified
San Leandro Unified
San Lorenzo Unified
Sunol Glen Unified

Community Colleges

Chabot Las Positas
Fremont-Newark
Ohlone
Peralta Community

Alpine County

K-12
County Superintendent
Alpine County Unified

Amador County

K-12
County Superintendent
Amador County Unified

Alameda County

K-12
County Superintendent
Alameda City Unified
Albany Unified
Berkeley Unified
Castro Valley Unified
Dublin Unified
Emery Unified
Fremont Unified
Hayward Unified
Livermore Valley Joint Unified
Mountain House Elementary
New Haven Unified
Newark Unified
Oakland Unified
Piedmont City Unified
Pleasanton Unified
San Leandro Unified

San Lorenzo Unified
Sunol Glen Unified

Community Colleges

Chabot Las Positas
Fremont-Newark
Ohlone
Peralta Community

Alpine County

K-12
County Superintendent
Alpine County Unified

Amador County

K-12
County Superintendent
Amador County Unified

Butte County

K-12
County Superintendent
Bangor Union Elementary
Biggs Unified
Chico Unified
Durham Unified
Feather Falls Union Elementary
Golden Feather Union
Gridley Unified
Manzanita Elementary
Oroville City Elementary
Oroville Union High
Palermo Union
Paradise Unified
Pioneer Union Elementary
Thermalito Union

Community Colleges

Butte

Calaveras County

K-12
County Superintendent
Bret Harte Union High
Calaveras Unified
Mark Twain Union Elementary
Vallecito Union Elementary

Colusa County

K-12
County Superintendent
Colusa Unified
Maxwell Unified
Pierce Joint Unified
Williams Unified

Contra Costa County

K-12
County Superintendent
Acalanes Union High
Antioch Unified
Brentwood Union
Byron Union Elementary
Canyon Elementary
John Swett Unified
Knightsen Elementary
Lafayette Elementary
Liberty Union High
Martinez Unified
Moraga Elementary
Mt. Diablo Unified
Oakley Union Elementary
Orinda Union Elementary
Pittsburg Unified
San Ramon Valley Unified
Walnut Creek Elementary
West Contra Costa Unified

Community Colleges

Contra Costa

Del Norte County

K-12
County Superintendent
Del Norte County Unified

El Dorado County

K-12
County Superintendent
Black Oak Mine Unified
Buckeye Union Elementary
Camino Union Elementary
El Dorado Union High
Gold Oak Union
Gold Trail Union
Indian Diggings Elementary
Lake Tahoe Unified
Latrobe
Mother Lode Union Elementary
Pioneer Union Elementary
Placerville Union Elementary
Pollock Pines Elementary
Rescue Union Elementary
Silver Fork Elementary

Community Colleges

Lake Tahoe

Fresno County

K-12
County Superintendent
Alvina Elementary
American Union Elementary

Big Creek Elementary
Burrel Union Elementary
Caruthers Unified
Central Unified
Clay Joint Elementary
Clovis Unified
Coalinga/Huron Joint Unified
Firebaugh-Las Deltas Unified
Fowler Unified
Fresno Unified
Golden Plains Unified
Kerman Unified
Kings Canyon Joint Unified
Kingsburg Joint Union
Elementary
Kingsburg Joint Union High
Laton Joint Unified
Mendota Unified
Monroe Elementary
Orange Center
Pacific Union Elementary
Parlier Unified
Pine Ridge Elementary
Raisin City Elementary
Riverdale Joint Unified
Sanger Unified
Selma Unified
Sierra Unified
Washington Colony Elementary
Washington Union High
West Fresno Elementary
West Park Elementary
Westside Elementary

Community Colleges

State Center
West Hills

Glenn County

K-12
County Superintendent
Capay Joint Union Elementary
Hamilton Union Elementary
Hamilton Union High
Lake Elementary
Orland Joint Unified
Plaza Elementary
Princeton Joint Unified
Stony Creek Joint Unified
Willows Unified

Humboldt County

K-12
County Superintendent
Arcata Elementary
Big Lagoon Union Elementary
Blue Lake Union Elementary
Bridgeville Elementary

Cuddeback Union Elementary
 Cutten Elementary
 Eureka City
 Ferndale Unified
 Fieldbrook Elementary
 Fortuna Union Elementary
 Fortuna Union High
 Freshwater Elementary
 Garfield Elementary
 Green Point Elementary
 Hydesville Elementary
 Jacoby Creek Elementary
 Klamath-Trinity Joint Unified
 Kneeland Elementary
 Loleta Union Elementary
 Maple Creek Elementary
 Mattole Unified
 McKinleyville Union Elementary
 Northern Humboldt Union High
 Orick Elementary
 Pacific Union Elementary
 Peninsula Union Elementary
 Rio Dell Elementary
 Rohnerville Elementary
 Scotia Union Elementary
 South Bay Union Elementary
 Southern Humboldt Joint Unified
 Trinidad Union Elementary

Community Colleges
 Redwoods

Imperial County

K-12
 County Superintendent
 Brawley Elementary
 Brawley Union High
 Calexico Unified
 Calipatria Unified
 Central Union High
 El Centro Elementary
 Heber Elementary
 Holtville Unified
 Imperial Unified
 Magnolia Union Elementary
 McCabe Union Elementary
 Meadows Union Elementary
 Mulberry Elementary
 San Pasqual Valley Unified
 Seeley Union Elementary
 Westmorland Union Elementary

Community Colleges
 Imperial

Inyo County

K-12
 County Superintendent
 Big Pine Unified
 Bishop Joint Union High
 Bishop Union Elementary
 Death Valley Unified
 Lone Pine Unified
 Owens Valley Unified
 Round Valley Joint Elementary

Kern County

K-12
 County Superintendent
 Arvin Union Elementary
 Bakersfield City
 Beardsley Elementary
 Belridge Elementary
 Blake Elementary
 Buttonwillow Union Elementary
 Caliente Union Elementary
 Delano Joint Union High
 Delano Union Elementary
 Di Giorgio Elementary
 Edison Elementary
 El Tejon Unified
 Elk Hills Elementary
 Fairfax Elementary
 Fruitvale Elementary
 General Shafter Elementary
 Greenfield Union
 Kern Union High
 Kernville Union Elementary
 Lakeside Union Elementary
 Lamont Elementary
 Linns Valley-Poso Flat Union
 Elementary
 Lost Hills Union
 Maple Elementary
 Maricopa Unified
 McFarland Unified
 McKittrick Elementary
 Midway Elementary
 Mojave Unified
 Muroc Joint Unified
 Norris
 Panama-Buena Vista Union
 Pond Union Elementary
 Richland
 Rio Bravo-Greeley Union
 Elementary
 Rosedale Union Elementary
 Semitropic Elementary
 Sierra Sands Unified
 South Fork Union
 Southern Kern Unified
 Standard Elementary
 Taft City Elementary
 Taft Union High
 Tehachapi Unified
 Vineland Elementary
 Wasco Union Elementary
 Wasco Union High

Community Colleges
 Kern
 West Kern

Kings County

K-12
 County Superintendent
 Armona Union Elementary
 Central Union Elementary
 Corcoran Joint Unified
 Delta View Joint Union
 Elementary
 Hanford Elementary
 Hanford Joint Union High
 Island Union Elementary

Kings River-Hardwick Union
 Elementary
 Kit Carson Union Elementary
 Lakeside Union Elementary
 Lemoore Union Elementary
 Lemoore Union High
 Pioneer Union Elementary
 Reef-Sunset Unified

Lake County

K-12
 County Superintendent
 Kelseyville Unified
 Konocit Unified
 Lakeport Unified
 Lucerne Elementary
 Middletown Unified
 Upper Lake Union Elementary
 Upper Lake Union High

Lassen County

K-12
 County Superintendent
 Big Valley Joint Unified
 Fort Sage Unified
 Janesville Union Elementary
 Johnstonville Elementary
 Lassen Union High
 Ravendale-Termo Elementary
 Richmond Elementary
 Shaffer Union
 Susanville
 Westwood Unified

Community Colleges
 Lassen

Los Angeles County

K-12
 Los Angeles County Office of
 Education
 ABC Unified
 Acton-Agua Dulce Unified
 Alhambra City Elementary
 Alhambra City High
 Antelope Valley Union High
 Arcadia Unified
 Azusa Unified
 Baldwin Park Unified
 Bassett Unified
 Bellflower Unified
 Beverly Hills Unified
 Bonita Unified
 Burbank Unified
 Castaic Union
 Centinela Valley Union High
 Charter Oak Unified
 Claremont Unified
 Compton Unified
 Covina-Valley Unified
 Culver City Unified
 Downey Unified
 Duarte Unified
 East Whittier City Elementary
 Eastside Union
 El Monte City
 El Monte Union High
 El Rancho Unified
 El Segundo Unified

Garvey Elementary
 Glendale Unified
 Glendora Unified
 Gorman Elementary
 Hacienda La Puente Unified
 Hawthorne
 Hermosa Beach City Elementary
 Hughes-Elizabeth Lakes Union
 Elementary
 Inglewood Unified
 Keppel Union Elementary
 La Canada Unified
 Lancaster Elementary
 Las Virgenes Unified
 Lawndale Elementary
 Lennox Elementary
 Little Lake City Elementary
 Long Beach Unified
 Los Angeles Unified
 Los Nietos Elementary
 Lowell Joint Elementary
 Lynwood Unified
 Manhattan Beach Unified
 Monrovia Unified
 Montebello Unified
 Mountain View Elementary
 Newhall Elementary
 Norwalk-La Mirada Unified
 Palmdale Elementary
 Palos Verdes Peninsula Unified
 Paramount Unified
 Pasadena Unified
 Pomona Unified
 Redondo Beach Unified
 Rosemead Elementary
 Rowland Unified
 San Gabriel Unified
 San Marino Unified
 Santa Monica-Malibu Unified
 Saugus Union Elementary
 South Pasadena Unified
 South Whittier Elementary
 Sulphur Springs Union
 Elementary
 Temple City Unified
 Torrance Unified
 Valle Lindo Elementary
 Walnut Valley Unified
 West Covina Unified
 Westside Union Elementary
 Whittier City
 Whittier Union High
 William S. Hart Union High
 Wilsona
 Wiseburn Elementary

Community Colleges
 Antelope Valley

Cerritos
 Citrus
 Compton
 El Camino
 Glendale
 Long Beach
 Los Angeles
 Mt San Antonio
 Pasadena Area
 Rio Hondo

Santa Clarita
Santa Monica

Madera County

K-12
County Superintendent
Alview-Dairyland Union
Elementary
Bass Lake Joint Union Elementary
Chawanakee Joint Unified
Chowchilla Elementary
Chowchilla Union High
Coarsegold Union
Golden Valley Unified
Madera Unified
Raymond-Knowles Union
Elementary
Yosemite Union High

Marin County

K-12
County Superintendent
Bolin-Stinson Union Elementary
Dixie Elementary
Kentfield Elementary
Laguna Joint Elementary
Lagunitas Elementary
Larkspur Elementary
Lincoln Elementary
Mill Valley Elementary
Nicasio Elementary
Novato Unified
Reed Union Elementary
Ross Elementary
Ross Valley
San Rafael City Elementary
San Rafael City High
Sausalito Elementary
Shoreline Unified
Tamalpais Union High
Union Joint Elementary

Community Colleges
Marin

Mariposa County

K-12
County Office of Education
Mariposa County Unified

Mendocino County

K-12
County Superintendent
Anderson Valley Unified
Arena Union Elementary
Fort Bragg Unified
Laytonville Unified
Leggett Valley Unified
Manchester Union Elementary
Mendocino Unified
Point Arena Joint Union High
Potter Valley Community Unified
Round Valley Unified
Ukiah Unified
Willits Unified

Community Colleges
Mendocino Lake

Merced County

K-12
County Superintendent
Atwater Elementary
Ballico-Cressey Elementary
Delhi Unified
Dos Palos Oro-Lima Joint Unified
El Nido Elementary
Gustine Unified
Hilmar Unified
Le Grand Union Elementary
Le Grand Union High
Livingston Union
Los Banos Unified
McSwain Union Elementary
Merced City Elementary
Merced River Union Elementary
Merced Union High
Plainsburg Union Elementary
Planada Elementary
Snelling-Merced Falls Union
Elementary
Weaver Union
Winton Elementary

Community Colleges
Merced

Modoc County

K-12
County Superintendent
Modoc Joint Unified
Surprise Valley Joint Unified
Tulelake Basin Joint Unified

Mono County

K-12
Mono County Office of Education
Eastern Sierra Unified
Mammoth Unified

Monterey County

K-12
County Superintendent
Alisal Union Elementary
Bradley Union Elementary
Carmel Unified
Chualar Union Elementary
Gonzales Unified
Graves Elementary
Greenfield Union
King City Joint Union High
King City Union Elementary
Lagunita
Mission Union Elementary
Monterey Peninsula Unified
North Monterey County Unified
Pacific Grove Unified
Pacific Unified
Salinas City Elementary
Salinas Union High
San Antonio Union Elementary
San Ardo Union Elementary
San Lucas Union Elementary
Santa Rita Union Elementary
Soledad Unified

Spreckels Union
Washington Union Elementary

Community Colleges
Hartnell
Monterey Peninsula

Napa County

K-12
County Superintendent
Calistoga Joint Unified
Howell Mountain Elementary
Napa Valley Unified
Pope Valley Union
St. Helena Unified

Community Colleges
Napa Valley

Nevada County

K-12
County Superintendent
Chicago Park Elementary
Clear Creek Elementary
Grass Valley Elementary
Nevada City
Nevada Joint Union High
Pleasant Ridge Union Elementary
Pleasant Valley Elementary
Ready Springs Union
Twin Ridges Elementary
Union Hill Elementary

Orange County

K-12
County Superintendent
Anaheim City
Anaheim Union High
Brea-Olinda Unified
Buena Park Elementary
Capistrano Unified
Centralia Elementary
Cypress Elementary
Fountain Valley Elementary
Fullerton Elementary
Fullerton Joint Union High
Garden Grove Unified
Huntington Beach City
Elementary
Huntington Beach Union High
Irvine Unified
La Habra City Elementary
Laguna Beach Unified
Los Alamitos Unified
Magnolia Elementary
Newport-Mesa Unified
Ocean View Elementary
Orange Unified
Placentia-Yorba Linda Unified
Saddleback Valley Unified
Santa Ana Unified
Savanna Elementary
Tustin Unified
Westminster Elementary

Community Colleges
Coast
North Orange County
Rancho Santiago
South Orange

Placer County

K-12
County Superintendent
Ackerman Elementary
Alta-Dutch Flat Union
Elementary
Auburn Union Elementary
Colfax Elementary
Dry Creek Joint Elementary
Eureka Union Elementary
Foresthill Union Elementary
Loomis Union Elementary
Newcastle Elementary
Ophir Elementary
Penryn Elementary
Placer Hills Union Elementary
Placer Union High
Rocklin Unified
Roseville City Elementary
Roseville Joint Union High
Tahoe-Truckee Unified
Western Placer Unified

Community Colleges
Sierra Joint

Plumas County

K-12
County Superintendent
Plumas Unified

Community Colleges
Feather River

Riverside County

K-12
County Superintendent
Alvord Unified
Banning Unified
Beaumont Unified
Coachella Valley Unified
Corona-Norco Unified
Desert Center Unified
Desert Sands Unified
Hemet Unified
Jurupa Unified
Lake Elsinore Unified
Menifee Union Elementary
Moreno Valley Unified
Murrieta Valley Unified
Nuview Union
Palm Springs Unified
Palo Verde Unified
Perris Elementary
Perris Union High
Riverside Unified
Romoland Elementary
San Jacinto Unified
Temecula Valley Unified
Val Verde Unified

Defined Benefit and Defined Benefit Supplement Programs

Community Colleges

Desert
Mt San Jacinto
Palo Verde
Riverside

Sacramento County

K-12

County Superintendent
Arcohe Union Elementary
Center Unified
Del Paso Heights Elementary
Elk Grove Unified
Elverta Joint Elementary
Folsom-Cordova Unified
Galt Joint Union Elementary
Galt Joint Union High
Grant Joint Union High
Natomas Unified
North Sacramento Elementary
Rio Linda Union Elementary
River Delta Unified
Robla Elementary
Sacramento City Unified
San Juan Unified

Community Colleges

Los Rios

San Benito County

K-12

County Superintendent
Aromas/San Juan Unified
Bitterwater-Tully Union
Elementary
Cienega Union Elementary
Hollister Elementary
Jefferson Elementary
North County Joint Union
Elementary
Panoche Elementary
San Benito High
Southside Elementary
Tres Pinos Union Elementary
Willow Grove Union Elementary

San Bernardino County

K-12

County Office of San Bernardino
Adelanto Elementary
Alta Loma Elementary
Apple Valley Unified
Baker Valley Unified
Barstow Unified
Bear Valley Unified
Central Elementary
Chaffey Joint Union High
Chino Valley Unified
Colton Joint Unified
Cucamonga Elementary
Etiwanda Elementary
Fontana Unified
Helendale
Hesperia Unified
Lucerne Valley Unified
Morongo Unified
Mountain View Elementary
Mt. Baldy Joint Elementary

Needles Unified
Ontario-Montclair
Oro Grande Elementary
Redlands Unified
Rialto Unified
Rim of the World Unified
San Bernardino City Unified
Silver Valley Unified
Snowline Joint Unified
Trona Joint Unified
Upland Unified
Victor Elementary
Victor Valley Union High
Yucaipa-Calimesa Joint Unified

Community Colleges

Barstow
Chaffey
San Bernardino
Victor Valley

San Diego County

K-12

County Superintendent
Alpine Union
Bonsall Union Elementary
Borrego Springs Unified
Cajon Valley Union Elementary
Cardiff Elementary
Carlsbad Unified
Chula Vista Elementary
Coronado Unified
Dehesa
Del Mar Union
Encinitas Union Elementary
Escondido Union Elementary
Escondido Union High
Fallbrook Union Elementary
Fallbrook Union High
Grossmont Union High
Jamul-Dulzura Union Elementary
Julian Union Elementary
Julian Union High
La Mesa-Spring Valley
Lakeside Union Elementary
Lemon Grove Elementary
Mountain Empire Unified
National
Oceanside Unified
Poway Unified
Ramona Unified
Rancho Santa Fe Elementary
San Diego Unified
San Dieguito Union High
San Marcos Unified
San Pasqual Union
San Ysidro Elementary
Santee Elementary
Solana Beach Elementary
South Bay Union Elementary
Spencer Valley Elementary
Sweetwater Union High
Vallecitos
Valley Center-Pauma Unified
Vista Unified
Warner Unified

Community Colleges

Grossmont-Cuyamaca
MiraCosta
Palomar
San Diego
Southwestern

San Francisco County

K-12

San Francisco County Office
of Education
San Francisco Unified

Community Colleges

San Francisco

San Joaquin County

K-12

County Superintendent
Banta Elementary
Escalon Unified
Holt Union Elementary
Jefferson Elementary
Lammersville Elementary
Lincoln Unified
Linden Unified
Lodi Unified
Manteca Unified
New Hope Elementary
New Jerusalem Elementary
Oak View Union Elementary
Ripon Unified
Stockton City Unified
Tracy Joint Unified

Community Colleges

San Joaquin Delta

San Luis Obispo County

K-12

County Superintendent
Atascadero Unified
Cayucos Elementary
Coast Unified
Lucia Mar Unified
Paso Robles Joint Unified
Pleasant Valley Joint Union
Elementary
San Luis Coastal Unified
San Miguel Joint Union
Elementary
Shandon Joint Unified
Templeton Unified

Community Colleges

San Luis Obispo County

San Mateo County

K-12

County Superintendent
Bayshore Elementary
Belmont Redwood Shores
Elementary
Brisbane Elementary
Burlingame Elementary
Cabrillo Unified
Hillsborough City
Jefferson Elementary

Jefferson Union High
La Honda-Pescadero Unified
Laguna Salada Union Elementary
Las Lomitas Elementary
Menlo Park City Elementary
Millbrae Elementary
Portola Valley Elementary
Ravenswood City Elementary
Redwood City Elementary
San Bruno Park
San Carlos Elementary
San Mateo-Foster City
San Mateo Union High
Sequoia Union High
South San Francisco Unified
Woodside Elementary

Community Colleges

San Mateo

Santa Barbara County

K-12

County Superintendent
Ballard Elementary
Blochman Union Elementary
Buellton Union Elementary
Carpinteria Unified
Casmalia Elementary
Cold Spring Elementary
College Elementary
Cuyama Joint Unified
Goleta Union Elementary
Guadalupe Union Elementary
Hope Elementary
Lompoc Unified
Los Alamos Elementary
Los Olivos Elementary
Montecito Union Elementary
Orcutt Union Elementary
Santa Barbara Elementary
Santa Barbara High
Santa Maria-Bonita
Santa Maria Joint Union High
Santa Ynez Valley Union High
Solvang Elementary
Vista Del Mar Union

Community Colleges

Allan Hancock Joint
Santa Barbara

Santa Clara County

K-12

County Superintendent
Alum Rock Union Elementary
Berryessa Union
Cambrian Elementary
Campbell Union Elementary
Campbell Union High
Cupertino Union
East Side Union High
Evergreen Elementary
Franklin-Mckinley Elementary
Fremont Union High
Gilroy Unified
Lakeside Joint
Loma Prieta Joint Union
Elementary

Los Altos Elementary
 Los Gatos Union Elementary
 Los Gatos-Saratoga Joint Union High
 Luther Burbank
 Milpitas Unified
 Montebello Elementary
 Moreland Elementary
 Morgan Hill Unified
 Mountain View-Whisman Elementary
 Mountain View-Los Altos Union High
 Mt. Pleasant Elementary
 Oak Grove Elementary
 Orchard
 Palo Alto Unified
 San Jose Unified
 Santa Clara Unified
 Saratoga Union Elementary
 Sunnyvale Elementary
 Union Elementary

Community Colleges
 Foothill-DeAnza
 Gavilan
 San Jose/Evergreen
 West Valley Mission

Santa Cruz County

K-12
 County Superintendent
 Bonny Doon Union Elementary
 Happy Valley Elementary
 Live Oak Elementary
 Mountain Elementary
 Pacific Elementary
 Pajaro Valley Unified
 San Lorenzo Valley Unified
 Santa Cruz City Elementary
 Santa Cruz City High
 Scotts Valley Unified
 Soquel Union Elementary

Community Colleges
 Cabrillo

Shasta County

K-12
 County Superintendent
 Anderson Union High
 Bella Vista Elementary
 Black Butte Union Elementary
 Cascade Union Elementary
 Castle Rock Union Elementary
 Columbia Elementary
 Cottonwood Union Elementary
 Enterprise
 Fall River Joint Unified
 French Gulch-Whiskeytown Elementary
 Gateway Unified
 Grant Elementary
 Happy Valley Union Elementary
 Igo, Ono, Platina Union Elementary
 Indian Springs Elementary
 Junction Elementary

Millville Elementary
 Mountain Union Elementary
 North Cow Creek Elementary
 Oak Run Elementary
 Pacheco Union Elementary
 Redding Elementary
 Shasta Union Elementary
 Shasta Union High
 Whitmore Union Elementary

Community Colleges
 Shasta-Tehama-Trinity Joint

Sierra County

K-12
 County Superintendent
 Sierra-Plumas Joint Unified

Community Colleges
 Sierra Joint

Siskiyou County

K-12
 County Superintendent
 Big Springs Union Elementary
 Bogus Elementary
 Butte Valley Unified
 Butteville Union Elementary
 Delphic Elementary
 Dunsmuir Elementary
 Dunsmuir Joint Union High
 Etna Union Elementary
 Etna Union High
 Forks of Salmon Elementary
 Fort Jones Union Elementary
 Gazelle Union Elementary
 Grenada Elementary
 Happy Camp Union Elementary
 Hornbrook Elementary
 Junction Elementary
 Klamath River Union Elementary
 Little Shasta Elementary
 McCloud Union Elementary
 Montague Elementary
 Mt Shasta Union
 Quartz Valley Elementary
 Seiad Elementary
 Siskiyou Union High
 Weed Union Elementary
 Willow Creek Elementary
 Yreka Union Elementary
 Yreka Union High

Community Colleges
 Siskiyou Joint

Solano County

K-12
 County Superintendent
 Benicia Unified
 Dixon Unified
 Fairfield-Suisun Unified
 Travis Unified
 Vacaville Unified
 Vallejo City Unified

Community Colleges
 Solano County

Sonoma County

K-12
 County Superintendent
 Alexander Valley Union Elementary
 Bellevue Union Elementary
 Bennett Valley Union Elementary
 Cinnabar Elementary
 Cloverdale Unified
 Cotati-Rohnert Park Unified
 Dunham
 Forestville Union Elementary
 Fort Ross Elementary
 Geyserville Unified
 Gravenstein Union Elementary
 Guerneville Elementary
 Harmony Union Elementary
 Healdsburg Unified
 Horicon Elementary
 Kashia Elementary
 Kenwood Elementary
 Liberty Elementary
 Mark West Union
 Monte Rio Union Elementary
 Montgomery Elementary
 Oak Grove Union Elementary
 Old Adobe Union Elementary
 Petaluma City Elementary
 Petaluma Joint Union High
 Piner-Olivet Union Elementary
 Rincon Valley Union Elementary
 Roseland Elementary
 Santa Rosa Elementary
 Santa Rosa High
 Sebastopol Union Elementary
 Sonoma Valley Unified
 Twin Hills Union Elementary
 Two Rock Union Elementary
 Waugh Elementary
 West Side Union Elementary
 West Sonoma County Union High
 Wilmar Union Elementary
 Windsor Unified
 Wright Elementary

Community Colleges
 Sonoma County

Stanislaus County

K-12
 County Superintendent
 Ceres Unified
 Chatom Union Elementary
 Denair Unified
 Empire Union
 Graton Elementary
 Hart-Ransom Union Elementary
 Hickman Elementary
 Hughson Unified
 Hughson Union High
 Keyes Union Elementary
 Knights Ferry Elementary
 La Grange Elementary
 Modesto City Elementary
 Newman-Crows Landing Unified

Oakdale Joint Unified
 Paradise Elementary
 Patterson Joint Unified
 Riverbank Unified
 Roberts Ferry Union Elementary
 Salida Union
 Shiloh Elementary
 Stanislaus Union Elementary
 Sylvan Union Elementary
 Turlock Joint Elementary
 Turlock Joint Union High
 Valley Home Joint Elementary
 Waterford Unified

Community Colleges
 Yosemite

Sutter County

K-12
 County Superintendent
 Brittan Elementary
 Browns Elementary
 East Nicolaus Joint Union High
 Franklin Elementary
 Live Oak Unified
 Marcum-Illinois Union
 Meridian Elementary
 Nuestro Elementary
 Pleasant Grove Joint Union Elementary
 Sutter Union High
 Winship Elementary
 Yuba City Unified

Tehama County

K-12
 County Superintendent
 Antelope Elementary
 Bend Elementary
 Corning Union Elementary
 Corning Union High
 Elkins Elementary
 Evergreen Union Elementary
 Flornoy Union Elementary
 Gerber Union Elementary
 Kirkwood Elementary
 Lassen View Union Elementary
 Los Molinos Unified
 Manton Joint Union Elementary
 Mineral Elementary
 Plum Valley Elementary
 Red Bluff Joint Union High
 Red Bluff Union Elementary
 Reeds Creek Elementary
 Richfield Elementary

Trinity County

K-12
 County Superintendent
 Burnt Ranch Elementary
 Coffee Creek Elementary
 Cox Bar Elementary
 Douglas City Elementary
 Junction City Elementary
 Lewiston Elementary
 Mountain Valley Unified
 Southern Trinity Joint Unified
 Trinity Center Elementary

Defined Benefit and Defined Benefit Supplement Programs

Trinity Union High
Weaverville Elementary

Tulare County

K-12

County Superintendent
Allensworth Elementary
Alpaugh Unified
Alta Vista Elementary
Buena Vista Elementary
Burton Elementary
Citrus South Tule Elementary
Columbine Elementary
Cutler-Orosi Unified
Dinuba Unified
Ducor Union Elementary
Earlimart Elementary
Exeter Union Elementary
Exeter Union High
Farmersville Unified
Hope Elementary
Hot Springs Elementary
Kings River Union Elementary
Liberty Elementary
Lindsay Unified
Monson-Sultana Joint Union
Elementary
Oak Valley Union Elementary
Outside Creek Elementary
Palo Verde Union Elementary
Pixley Union Elementary
Pleasant View Elementary
Porterville Unified
Richgrove Elementary
Rockford Elementary
Saucelito Elementary
Sequoia Union Elementary
Springville Union Elementary
Stone Corral Elementary
Strathmore Union Elementary
Strathmore Union High
Sundale Union Elementary
Sunnyside Union Elementary
Terra Bella Union Elementary
Three Rivers Union Elementary
Tipton Elementary
Traver Joint Elementary
Tulare City Elementary
Tulare Co. DOE Child Care Div.
Tulare Co. Org for Voc. Ed.
Tulare Joint Union High
Visalia Unified
Waukena Joint Union Elementary
Woodlake Union Elementary
Woodlake Union High
Woodville Elementary

Community Colleges

College of the Sequoias

Tuolumne County

K-12

County Superintendent
Bellevue Elementary
Big Oak Flat-Groveland Unified
Chinese Camp Elementary
Columbia Union

Curtis Creek Elementary
Jamestown Elementary
Sonora Elementary
Sonora Union High
Soulsbyville Elementary
Summersville Elementary
Summersville Union High
Twain Harte-Long Barn Union

Ventura County

K-12

County Superintendent
Briggs Elementary
Conejo Valley Unified
Fillmore Unified
Hueneme Elementary
Mesa Union Elementary
Moorpark Unified
Mupu Elementary
Oak Park Unified
Ocean View Elementary
Ojai Unified
Oxnard Elementary
Oxnard Union High
Pleasant Valley Elementary
Rio Elementary
Santa Clara Elementary
Santa Paula Elementary
Santa Paula Union High
Simi Valley Unified
Somis Union Elementary
Ventura Unified

Community Colleges

Ventura County

Yolo County

K-12

County Superintendent
Davis Joint Unified
Esparto Unified
Washington Unified
Winters Joint Unified
Woodland Joint Unified

Yuba County

K-12

County Superintendent
Camptonville Union Elementary
Marysville Joint Unified
Plumas Elementary
Wheatland Elementary
Wheatland Union High

Community Colleges

Yuba

Regional Occupational Programs

Amador County
Antelope Valley
Baldy View
Butte County
Calaveras County
Capistrano Laguna Beach
Central County Occupational Ctr

Central County
Central Sierra
Coastline
Colton-Redlands-Yucaipa
Compton Unified
Contra Costa County
Del Norte County
East San Gabriel Valley
Eden Area
Forty-Niner
Fresno
Glenn County
Hart
Humboldt County
Imperial Valley
Inyo County
Kern County
Kern High School District
Kings County
La Puente Valley
Lake County
Lassen County
Long Beach Unified School
District
Los Angeles County
Los Angeles Unified School
District
Marin County
Mendocino County
Merced County
Mission Trails
Mission Valley ROC/P
Modoc County
Napa County Regional
North Kern Vocational Training
North Orange County
Oakland-Alameda
Plumas and Sierra County
Riverside County
Sacramento County
San Antonio
San Bernardino County
San Diego County
San Francisco County
San Joaquin County
San Mateo County
Santa Barbara County–North
Santa Barbara County–South
Santa Clara County–North
Santa Clara County–South
Santa Cruz County
Santa Lucia
Shasta-Trinity
Siskiyou County
Siskiyou (9-12)
Solano County
Sonoma County
Southeast Los Angeles County
Southern California

Tehama County
Tri-Cities
Tri-County
Tri-Valley
Tulare Co. Org. for Vocational
Education
Valley
Ventura County
West Side
Yolo County
Yosemite

State of California

Cash Balance Benefit Program

Table 1 Schedule of revenues by source (dollars in thousands)

Fiscal Year Ending June 30	Participant Contributions	Employer Contributions	Percentage of Annual Covered Payroll	Investment Income	Other Income	Total
2004	\$3,866.6	\$3,844.9	8.05%	\$5,384.4	\$0.0	\$13,095.9
2003	3,580.9	3,589.6	8.05	1,381.9	0.0	8,552.3
2002	3,535.1	3,586.0	8.05	(943.8)	0.0	6,177.3
2001	2,936.1	3,035.0	8.05	(942.2)	0.0	5,028.9
2000	2,589.8	2,364.8	8.05	812.0	0.0	5,766.6
1999	1,520.5	1,562.3	8.05	1,796.1	0.0	4,878.9
1998	772.0	772.0	8.00	105.0	0.0	1,649.0
1997	74.0	74.0	8.00	20.3	0.0	168.3
1996	0.0	0.0	8.00	15.2	0.0	15.2

Table 2 Expenses by type (dollars in thousands)

Fiscal Year Ending June 30	Benefit Payments	Administrative Expenses	Refunds	Misc	Total
2004	\$580.3 ⁽¹⁾	\$27.7	\$196.7	\$0.0	804.7
2003	188.0	16.8	132.5	0.0	337.3
2002	105.5 ⁽²⁾	10.8	89.8 ⁽¹⁾	0.0	206.1
2001	0.0	8.2	118.7	0.0	126.9
2000 ⁽³⁾	0.0	4.8	58.5	0.0	63.3
1999	0.0	711.6	15.0	1,326.0 ⁽⁴⁾	2,052.6
1998	0.0	397.0	0.0	69.0	466.0
1997	0.0	393.0	0.0	34.9	427.9
1996	0.0	128.0	0.0	19.8	147.8

⁽¹⁾ The benefit payments for 2004 include \$220,256 of member-elected Administrative Transfers to purchase service credit in the Defined Benefit program.

⁽²⁾ In prior years, benefit payments were categorized as refunds. Beginning 2002 they are identified separately.

⁽³⁾ 2000 represents cost savings to administrative expenses to Cash Balance Benefit Program absorbed by Teachers' Retirement Board per California Education Code

⁽⁴⁾ Interfund interest expense on loan payable to Teachers' Retirement Fund at December 31, 1998, \$41,648. Equity transfer to Teachers' Retirement Fund recorded at fund closure \$1,285,093.

Table 3 Schedule of benefit expenses by type (dollars in thousands)

Fiscal Year Ending June 30	Age & Service Benefits			Disability Benefits		Refunds		
	Retired Members	Survivors	Death in Service Benefits	Retired Members	Survivors	Death	Separation	Total
2004	\$535.4 ⁽¹⁾	\$0.0	\$44.9	\$0.0	\$0.0	\$0.0	\$196.7	\$777.0
2003	132.2	0.0	48.3	7.5	0.0	0.0	132.5	320.5
2002	82.7	0.0	22.8	0.0	0.0	0.0	89.8	195.3
2001	0.0	0.0	0.0	0.0	0.0	0.0	118.7	118.7
2000	0.0	0.0	0.0	0.0	0.0	0.0	58.5	58.5
1999	0.0	0.0	0.0	0.0	0.0	0.0	15.0	15.0
1998	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

⁽¹⁾ The benefit payments for 2004 include \$220,256 of member-elected Administrative Transfers to purchase service credit in the Defined Benefit program.

Participating Employers

Alameda County

Berkeley Unified School District
 Chabot-Las Positas Community College District
 Fremont Unified School District
 Ohlone Community College District
 Peralta Community College District

Butte County

Butte County Community College District

Contra Costa County

Contra Costa Community College District
 West Contra Costa Unified School District

Los Angeles County

Antelope Valley Community College District
 El Camino Community College District
 Glendale Community College District
 Los Angeles Community College District
 Mountain View Elementary

Merced County

Atwater Elementary

Placer County

Sierra Community College District

Sacramento County

Robla Unified School District

San Diego County

Grossmont Union High School District
 Mira Costa Community College District

San Francisco County

City College of San Francisco

San Mateo County

San Bruno Park Elementary School District
 San Mateo Community College District

Santa Barbara County

Allan Hancock Joint Community College

Santa Clara County

Foothill-DeAnza Community College District
 San Jose/Evergreen Community College District

Solano County

Solano County Community College District

Sonoma County

Sonoma County Junior College

Ventura County

Ventura Community College District

Yuba County

Yuba Community College District

Programs Administered or Overseen by the Retirement System

Voluntary Investment Program

Table 1 Schedule of revenues by source (dollars in thousands)

Fiscal Year Ending June 30	Participant Contributions	Interest, Dividends and Other Investment Income	Other	Total
2004	\$19,535	\$9,754	\$0	\$29,289
2003	17,481	1,054	0	18,535
2002	14,472	(6,158)	0	8,314
2001	14,732	(5,099)	0	9,633
2000	13,792	3,116	0	16,908
1999	8,675	4,121	0	12,796
1998	5,079	2,911	0	7,990
1997	3,235	1,833	0	5,068
1996	1,168	978	15,978 ⁽¹⁾	18,124

⁽¹⁾ Transfer of Tax Shelter Annuity Fund

Table 2 Schedule of expenses by type (dollars in thousands)

Fiscal Year Ending June 30	Annuity Payments	Administrative Expenses	Refunds	Total
2004	\$1,617	\$807	\$6,440	\$8,864
2003	1,965	504	\$3,478	5,947
2002	453	372	2,553	3,378
2001	250	344	2,288	2,882
2000	250	275	2,201	2,726
1999	237	205	1,610	2,052
1998	165	155	1,662	1,982
1997	710	124	888	1,722
1996	1,907	111	0	2,018

Participating Employers

Alameda County

K-12

Alameda Unified
Albany
Berkeley Unified
Castro Valley Unified
Dublin Unified
Emery Unified
Fremont Unified
Hayward Unified
Livermore Valley Joint Unified
Newark Unified
Oakland Unified
Piedmont Unified
Pleasanton Unified
San Leandro Unified
San Lorenzo Unified
Sunol Glen Unified

Community Colleges

Chabot Las Positas
Fremont Newark
Peralta

Alpine County

K-12

Alpine County Unified

Amador County

K-12

Amador County Unified

Butte County

K-12

County Superintendent
Bangor Union Elementary
Chico Unified
Manzanita Elementary
Oroville City Elementary
Palermo Union
Pioneer Union Elementary

Community Colleges

Butte

Calaveras County

K-12

Calaveras Unified
County Superintendent
Mark Twain

Colusa County

K-12

Colusa Unified

Contra Costa County

K-12

County Superintendent
Acalanes Union High
Brentwood Union
John Swett
Lafayette Elementary

Mt Diablo Unified
Oakley Union Elementary
Orinda Union Elementary
Pittsburg
Walnut Creek Elementary
West Contra Costa Unified

Community Colleges

Contra Costa

Del Norte County

K-12

County Superintendent
Del Norte County Unified

El Dorado County

K-12

El Dorado Union High
Lake Tahoe Unified
Pioneer Union Elementary
Placerville Union Elementary
Rescue Union Elementary

Community Colleges

Lake Tahoe

Fresno County

K-12

American Union Elementary
Caruthers Union Elementary
Central Unified
Clovis Unified
Coalinga/Huron Unified
Fresno Unified
Kerman Unified
Kings Canyon Joint Unified
Mendota Unified
Pine Ridge Elementary
Sanger Unified
Washington Union High

Community Colleges

State Center

Glenn County

K-12

County Superintendent
Capay Joint Union
Elementary
Hamilton Union Elementary
Hamilton Union High
Lake Elementary
Orland Joint Union Elementary
Orland Joint Union High
Plaza Elementary
Princeton Joint Unified
Stony Creek Joint Unified
Willows Unified

Humboldt County

K-12

Arcata Elementary
Big Lagoon Union Elementary
Blue Lake Union Elementary
Bridgeville Elementary
Cuddeback Union Elementary
Cutten Elementary
Eureka City
Ferndale Unified
Fortuna Union High
Freshwater Elementary
Garfield Elementary
Green Point Elementary
Humboldt County Office of
Education
Hydesville Elementary
Jacoby Creek Elementary
Klamath-Trinity Joint Unified
Kneeland Elementary
Loleta Union Elementary
Maple Creek Elementary
Mattole Unified
Mckinleyville Union Elementary
Northern Humboldt Union High
Orick Elementary
Pacific Union Elementary
Peninsula Union Elementary
Rio Dell Elementary
Rohnerville Elementary
Scotia Union Elementary
South Bay Union Elementary
Southern Humboldt Joint Unified
Trinidad Union Elementary

Community Colleges

College of The Redwoods

Imperial County

K-12

Brawley Elementary
Calexico Unified
Central Union High
El Centro Elementary
Imperial Unified

Inyo County

K-12

Bishop Joint Union High
Bishop Union Elementary

Kern County

K-12

County Superintendent
Bakersfield City Elementary
Beardsley Elementary
Belridge Elementary
Delano Union Elementary
Edison Elementary
El Tejon Unified
Fruitvale Elementary
Greenfield Union
Kernville Union Elementary
Lamont School District
Mojave Unified
Muroc Joint Unified

Richland-Lerdo Elementary
Rosedale Union Elementary
Sierra Sands Unified
Taft Union High

Community Colleges

West Kern

Kings County

K-12

County Superintendent
Corcoran Joint Unified
Hanford Elementary

Lake County

K-12

Konociti Unified
Lake County Office of
Education
Lakeport Unified
Lucerne Elementary
Middletown Unified
Upper Lake Elementary

Lassen County

K-12

Susanville Elementary

Los Angeles County

K-12

ABC Unified
Acton-Agua Dulce Unified
Antelope Valley Union High
Arcadia Unified
Basset Unified
Bellflower Unified
Belvedere Middle School
Bonita
Burbank Unified
Centinela Valley Union High
Claremont Unified
Compton Unified
Covina Valley Unified
Culver City Unified
Downey
East San Gabriel ROP
East Whittier Elementary
Eastside Union
El Monte Union High
El Rancho Unified
El Segundo Unified
Garvey Elementary
Glendale Unified
Glendora Unified
Hacienda La Puente Unified
Hawthorne Elementary
Inglewood Unified
La Canada Unified
Lancaster Elementary
Las Virgenes Unified
Lennox Elementary
Long Beach Unified
Los Angeles Unified
Los Angeles County Office of
Education
Los Nietos Elementary
Lynwood Unified
Manhattan Beach Intermediate

Manhattan Elementary
 Monrovia Unified
 Montebello Unified
 Mountain View Elementary
 Newhall Elementary
 Norwalk-La Mirada Unified
 Palmdale Elementary
 Palos Verdes Peninsula Unified
 Palos Verdes Unified
 Pasadena Unified
 Pomona Unified
 Redondo Beach Unified
 Rosemead Elementary
 Rowland Unified
 San Gabriel Elementary
 San Marino Unified
 Santa Monica-Malibu Unified
 Santa Ynez Valley Union High
 Saugus Unified
 Soledad-Agua Dulce Union
 Elementary
 Synergy Charter Academy
 Torrance Unified
 Valle Lindo Elementary
 Walnut Valley Unified
 Westside Union
 Whittier Union High
 William S Hart Union High
 Wiseburn Elementary

Community Colleges

Antelope Valley
 Cerritos
 Citrus
 El Camino
 Long Beach
 Los Angeles
 Rio Honda
 Santa Clarita
 Santa Monica

Madera County

K-12
 Madera Unified
 Yosemite Union High

Marin County

K-12
 County Superintendent
 Lincoln Elementary
 Novato Unified
 Ross Valley Unified
 San Rafael City High
 San Rafael Elementary

Community Colleges

College of Marin

Mendocino County

K-12
 Fort Bragg Unified
 Mendocino Unified
 Round Valley Unified
 Ukiah Unified
 Willits Unified

Community Colleges

Mendocino-Lake

Merced County

K-12
 County Superintendent
 Atwater Elementary
 Ballico Cressey Elementary
 Delhi Elementary
 Dos Palos-Oro Loma Joint Unified
 El Nido Elementary
 Gustine Unified
 Hilmar Unified
 Le Grand Union Elementary
 Le Grand Union High
 Livingston Union
 Los Banos Unified
 McSwain Elementary
 Merced City Elementary
 Merced River Union Elementary
 Merced Union High
 Plainsburg Elementary
 Planada Elementary
 Snelling Merced Falls Union
 Elementary
 Weaver Union Elementary
 Winton Elementary

Monterey County

K-12
 Alisol Union
 Bradley Union Elementary
 Carmel Unified
 Greenfield Union Elementary
 Monterey County Office of
 Education
 Monterey Peninsula Unified
 North Monterey County Unified
 Pacific Grove Unified
 Salinas City Elementary
 Santa Rita Union Elementary
 Soledad Union Elementary

Community Colleges

Monterey Peninsula

Napa County

K-12
 County Superintendent
 Napa Valley Unified
 Pleasant Ridge Unified
 Pope Valley Union
 Elementary
 St Helena Unified

Community Colleges

Napa Valley College

Nevada County

K-12
 Grass Valley Elementary
 Pleasant Ridge Union Elementary
 Ready Springs Union
 Twin Ridges Elementary
 Union Hill Elementary

Orange County

K-12
 Anaheim City
 Anaheim Union High
 Brea-Olinda Unified
 Capistrano Unified
 Fullerton Joint Union High
 Garden Grove Unified
 Huntington Beach City
 Elementary
 Irvine Unified
 La Habra City Elementary
 Laguna Beach Unified
 Magnolia Elementary
 Newport-Mesa Unified
 North Orange ROP
 Ocean View Elementary
 Orange Unified
 Placentia-Yorba Linda Unified
 Saddleback Valley Unified
 Santa Ana Unified
 Savanna School District
 Tustin Unified

Community Colleges

Coast
 North Orange
 Rancho Santiago
 South Orange County

Placer County

K-12
 Alta-Dutch Flat Union
 Elementary
 Auburn Union Elementary
 Eureka Union Elementary
 Penryn Elementary
 Placer Hills Union Elementary
 Placer Union High
 Prosser Creek Charter
 Rocklin Unified
 Roseville City Elementary
 Roseville Joint Union High

Community Colleges

Sierra College

Plumas County

Community Colleges
 Feather River

Riverside County

K-12
 Banning Unified
 Coachella Valley Unified
 Corona-Norco Unified
 Desert Sands Unified
 Hemet Unified
 Jurupa Unified
 Lake Elsinore Unified
 Moreno Valley Unified
 Murrieta Valley Unified
 Palm Springs Unified
 Palo Verde Unified
 Riverside Office of Education

Riverside Unified
 Romoland Elementary
 San Jacinto Unified
 Temecula Valley Unified

Community Colleges

Desert

Sacramento County

K-12
 County Superintendent
 Center Unified
 Elk Grove Unified
 Folsom Cordova Unified
 Galt Joint Union High
 Grant Joint Union High
 Natomas Union Elementary
 Rio Linda Union Elementary
 River Delta Joint Unified
 San Juan Unified
 Sacramento City Unified

Community Colleges

Los Rios

San Benito County

K-12
 Aromas San Juan Elementary
 County Superintendent
 San Benito County Office of
 Education

San Bernardino County

K-12
 San Bernardino COE
 Adelanto Elementary
 Alta Loma Elementary
 Apple Valley
 Baldy View ROP
 Barstow Unified
 Bear Valley Unified
 Chaffey Union High
 Chino Unified
 Colton Joint Unified
 Etiwanda Elementary
 Fontana Unified
 Helendale
 Morgan Hill
 Morongo Unified
 Needles Unified
 Ontario Montclair Elementary
 Redlands Unified
 Rialto Unified
 Rim of the World Unified
 Silver Valley Unified
 Upland Unified
 Victor Elementary
 Victor Valley Union High
 Yucaipa Calimesa Unified

Community Colleges

Chaffey
 San Bernardino
 Victor Valley

Voluntary Investment Program

San Diego County

K-12

Alpine Union
Borrego Springs Unified
County Superintendent
Cajon Valley Union Elementary
Carlsbad Unified
Chula Vista City
Del Mar Union
Escondido Union Elementary
Escondido Union High
Fallbrook Union Elementary
Grossmont Union High
Julian Union Elementary
La Mesa Spring Valley
Lakeside Union Elementary
Mountain Empire Unified
Oceanside City Unified
Poway Unified
Ramona Unified
San Diego City Unified
San Marcos Unified
San Ysidro Elementary
Santee Elementary
Solana Beach Elementary
South Bay Union Elementary
Sweetwater Union High
Vista Unified
Warner Unified

Community Colleges

Grossmont Cuyamaca
Mira Costa
San Diego

San Francisco County

K-12

San Francisco County Office of
Education
San Francisco Unified

Community Colleges

San Francisco

San Joaquin County

K-12

County Superintendent
Banta Elementary
Delta Island Union Elementary
Escalon Unified
Holt Union Elementary
Lammersville Elementary
Lincoln Unified
Lodi Unified
Manteca Unified
New Hope Elementary
Oak View Union Elementary
Stockton City Unified
Tracy Elementary

Community Colleges

San Joaquin Delta

San Luis Obispo County

K-12

Atascadero Unified
Cambria Union Elementary
Cayucos Elementary
Lucia Mar Unified
Paso Robles Union Elementary
Phillips Elementary
Pleasant Valley Joint Union
Elementary
San Luis Coastal Unified

Community Colleges

Cuesta
San Luis Obispo County

San Mateo County

K-12

Bayshore
Belmont-Redwood Shores
Elementary
Brisbane Elementary
Cabrillo Unified School District
Hillsborough City
Jefferson Elementary
Las Lomitas Elementary
Menlo Park City Elementary
Portola Valley Elementary
Redwood City Elementary
San Bruno Park
San Mateo City
South San Francisco Unified

Community Colleges

San Mateo

Santa Barbara County

K-12

Ballard Elementary
College Elementary
Cuyama Joint Unified
Goleta Union
Guadalupe Union Elementary
Hope Elementary
Los Alamos Elementary
Montecito Union Elementary
Santa Barbara County Office of
Education
Santa Barbara Solvang Elementary
Santa Maria Bonita
Santa Maria Joint Union High
Santa Ynez Valley Union High
Solvang Elementary

Community Colleges

Allan Hancock
Santa Barbara

Santa Clara County

K-12

County Superintendent
Alum Rock Union Elementary
Berryessa Union Elementary
Central County Regional Program
Cupertino Union
East Side Union High
Evergreen Elementary

Franklin McKinley Elementary
Gilroy Unified
Los Gatos-Saratoga Joint Union
High
Milpitas Unified
Moreland Elementary
Mountain View-Los Altos Union
High
San Jose Unified
Solvang

Community Colleges

De Anza College
Foothill-De Anza
San Jose/Evergreen
West Valley

Santa Cruz County

K-12

County Superintendent
Happy Valley Elementary
Live Oak Elementary
Mountain Elementary
Pacific Elementary
Pajaro Valley Unified
San Lorenzo Valley Unified
Santa Cruz City Elementary
Scotts Valley Unified

Community Colleges

Cabrillo

Shasta County

K-12

Anderson Union High
Black Butte Union Elementary
Enterprise School District
Grant Elementary
Millville Elementary
Shasta Union Elementary
Shasta Union High

Community Colleges

Shasta Tehema Trinity

Sierra County

K-12

Sierra-Plumas Joint Unified

Siskiyou County

K-12

County Superintendent
Dunsmuir Joint Union High
Etna Union High
Klamath River Union Elementary
Mt Shasta Union

Community Colleges

Siskiyou Joint

Solano County

K-12

Benicia Unified
Dixon Unified
Fairfield-Suisun Unified
Vacaville Unified
Vallejo City Unified

Sonoma County

K-12

Analy Union High
Cloverdale Unified
Cotati-Rohnert Park Unified
Fort Ross Elementary
Guerneville Elementary
Old Adobe Union Elementary
Petaluma City
Sebastopol Union Elementary
Two Rock Union Elementary
Waugh Elementary
Westside Union Elementary
Wright Elementary

Community Colleges

Sonoma County Junior College

Stanislaus County

K-12

Ceres Unified
Hart Ransom Union Elementary
Hickman Elementary
Hughson Union Elementary
Keyes Union Elementary
Knights Ferry Elementary
Oakdale Joint Union High
Paradise Elementary
Patterson Joint Unified
Riverbank Elementary
Roberts Ferry Union Elementary
Salida Union Elementary
Shiloh Elementary
Stanislaus County Office of
Education
Stanislaus Union Elementary
Sylvan Union Elementary
Turlock Joint Union High
Valley Home Joint Elementary
Waterford Elementary

Community Colleges

Yosemite

Sutter County

K-12

Browns Elementary
County Superintendent
Live Oak Unified
Yuba City Unified

Tehama County

K-12

Los Molinos Unified
Red Bluff Union Elementary

Trinity County

K-12

County Superintendent
Southern Trinity Joint Unified

Tulare County

K-12
 Allensworth Elementary
 Alpaugh Unified
 Alta Vista Elementary
 Buena Vista Elementary
 Burton Elementary
 Citrus South Tule Elementary
 Columbine Elementary
 Cutler Orosi Joint Unified
 Dinuba Elementary
 Ducar Union Elementary
 Earlimart Elementary
 Exeter Union Elementary
 Farmersville Unified
 Hope Elementary
 Hot Spring Elementary
 Kings River Union Elementary
 Liberty Elementary
 Lindsay Unified
 Oak Valley Union Elementary
 Palo Verde Union Elementary
 Pixley Union Elementary
 Porterville Union High
 Tulare County Organization for
 Vocations
 Tulare County Superintendent
 Visalia Unified

Tuolumne County

K-12
 Columbia Union
 Curtis Creek Elementary
 Jamestown Elementary
 Sonora Union High

Ventura County

K-12
 Conejo Valley Unified
 Moorpark Unified
 Oak Park Unified
 Oceanview Elementary
 Oxnard Elementary
 Rio Elementary


Yolo County

K-12
 County Superintendent
 Davis Joint Unified

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